ANNUAL REPORT 2021

A sustainable way forward with room for all of us

DSB

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Contents

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

In May 2023, the translation was updated some places.

Management report

The profit/loss before tax in 2021 amounted to a profit of DKK 805 million

- The number of journeys in 2021 amounted to 118.1 million. This is same level as in 2020, but a decrease of 36 percent compared to 2019 when adjusted for relinquished traffic
- The number of journeys has been strongly impacted by COVID-19 and the restrictions and recommendations issued by the authorities
- The profit for the year includes DKK 1,451 million in compensation for COVID-19 measures in 2021 pursuant to supplemental contract 38
- The profit for the year is positively impacted by the compensation paid for financial losses in 2020 due to COVID-19 which amounted to DKK 295 million and revenue from the sale of properties amounting to DKK 240 million, DKK 535 million in total
- The customer punctuality has been challenged in 2021 and is impacted by, among other things, Banedanmark's infrastructure work
- The ME diesel locomotives have been fully phased out in connection with the timetable change in December
- A contract has been signed for the purchase of Coradia electric train sets from Alstom
- The security certification obtained for both Long-distance & Regional trains and S-trains has been renewed.

Profit/loss for the year
The profit/loss before tax for the year amounted to a profit of DKK 805 million, compared to a loss of DKK 104 million in 2020. The profit for the year was impacted by compensation paid for financial losses in 2020 and revenue from the sale of properties totalling DKK 535 million.

Customers
The number of journeys in 2021 has been impacted by and followed the development of the COVID-19 situation.

DSB has entered into supplemental contract 38 with Ministry of Transport. This supplemental contract compensates DSB for lost passenger revenue in 2021 compared to 2019 in periods where the number of customers has been significantly impacted by the restrictions affecting train operations.

The reputation levels in 2021 have been historically high. At the end of December, the reputation score was at 72.6. The high reputation has been achieved and maintained even though the operations in some periods have been significantly impacted by track works with knock-on effects for the customers. At the same time, a large part of the year was impacted by COVID-19 and the requirements for seat reservations and face coverings for trains and stations.

There has been a strong focus on maintaining train operations and ensuring a safe journey during the pandemic and on creating the foundation needed to win back customers once life in Denmark is no longer significantly impacted by COVID-19.

In 2020 and 2021, COVID-19 has also resulted in far more people working from home than before. We expect this will continue to some extent as a structural change in the labour market. Therefore, DSB in June launched 'Pendler20', a new commuter product for customers who want to take 20 travel days of their own choosing within 60 consecutive days.

Selected key figures

Amounts in DKK million	Q4 2021	Q4 2020	Q4 2019	2021	2020	2019
Passenger revenue	1,227	831	1,362	3,795	3,411	5,173
Contract revenue	974	1,888	989	5,075	4,819	4,025
Total income	2,592	3,378	2,917	10,848	10,463	11,385
Total expenses	2,171	2,461	2,340	8,662	9,162	9,371
Profit/loss before tax	23	537	(1,610)	805	(104)	(1,641)
Number of journeys (million)	37.6	28.1	48.7	118.1	120.2	187.5
Number of journeys corrected for relinquished traffic (million)	37.6	27.7	48.1	118.1	118.4	184.9
Customer punctuality for Long-distance & Regional trains (percent)	74.1	84.8	79.1	78.6	86.7	79.1
Customer punctuality for S-trains (percent)	90.1	94.9	93.2	92.0	94.4	93.0

In September, DSB Plus was expanded with a customer loyalty programme - DSB Bonus. With this, customers can accrue points when buying tickets via DSB App or www.dsb.dk. The points can be used to buy certain products in DSB's 7-Eleven kiosks.

Customer punctuality was challenged in 2021
Customer punctuality for both Long-distance & Regional trains and S-trains has been challenged during large parts of 2021.

The very comprehensive track works have resulted in a difficult planning process for both DSB and Banedanmark. Among other things, this has resulted in track works and timetable changes being planned late, and this has been challenging in terms of maintaining punctuality.

In the coming years there will still be a lot of track works. DSB and Banedanmark are working together to better address the challenges resulting from this. Among other things, more resources will be added, and initiatives carried out to better manage the planning process. There has already been good progress in this collaboration at the end of 2021, and it will continue in 2022 in order to ensure that customers have a safe and stable journey - also during periods of track works.

Security at stations
Today, there are CCTV cameras at all S-train stations and in all S-trains. The video surveillance is monitored at DSB's monitoring centre at its headquarters in Høje Taastrup and it is staffed 24/7. The video surveillance equipment is mainly used reactively - for example, for a police investigation. However, it is also possible to access a small number of cameras at a time and watch the feed in real time. In some situations, DSB has been monitoring exposed stations where there have been known problems and where the police have been called when needed.

In connection with the Danish Government's safety and security package, it has been agreed that DSB will increase the number of people working at the monitoring centre. Over 700 cameras will also be upgraded at S-train stations in order to improve the quality of the video feeds. We will deploy additional security staff at S-train stations and launch a number of initiatives to promote safety and security at S-train stations. Among other things, it is being investigated whether loudspeaker messages can be issued from the monitoring centre if an unsafe incident is observed and there will also be notifications at S-train stations and in S-trains that the area is being monitored by video.

Transitioning to electric trains
In connection with the timetable change in December, all ME diesel locomotives were fully phased out.

The phasing out is part of the plan to provide completely carbon neutral train journeys in 2030 and to continually increase the deployment of electric rolling stock. In connection with the phasing out of the ME diesel locomotives, the deployment of Vectron electric locomotives has been increased with significant environmental and climate benefits - an important milestone on the journey towards a sustainable DSB.

The Vectron electric locomotives are gradually being deployed and at the end of the year 32 electric locomotives were used in the daily operations. The final 10 locomotives will be delivered in 2022.

The new locomotives are very operationally reliable. They have been built to operate together with the new signal system. A temporary solution has been integrated for managing driving on lines with the existing signal system until the new system is fully implemented. This has resulted in a few start-up challenges, but these are expected to be addressed in 2022 with a software update from the manufacturer, Siemens. The locomotives have on average had a Mean Distance Between Failures of 3,000 km in 2021. There has been an ongoing improvement in the performance of the locomotives, however, and at the end of the year, the Mean Distance Between Failures was around 10,000 km. It is expected that this positive trend will continue in 2022.

"The retirement of our old ME diesel locomotives will spare the climate from 27,000 tonnes of CO_2 emissions per year. By transitioning towards Vectron electric locomotives, we have achieved a significant milestone in our work for a greener and more climate-friendly transport sector."
Flemming Jensen, CEO

A contract has been signed for the purchase of Coradia electric train sets
DSB has signed a contract with Alstom to deliver at least 100 Coradia electric train sets, which will form the backbone of the future sustainable train operations. With these new trains, customers can look forward to a better travel experience, shorter travel times and improved punctuality.

This is the largest single investment in DSB's history. DSB expects to purchase up to 150 electric train sets with full maintenance for up to 40 years. Preparations for receiving the new electric train sets from Alstom are in progress. Among other things, DSB will need to start building new workshops for the maintenance of the train sets.

The aging diesel trains can be retired as the new electric trains are deployed. The transition towards electric rolling stock will result in significant reductions of both energy consumption, CO_2 emissions and particle emissions and provide more profitable operations. This will be an important milestone that has been reached in the transition towards a more climate-friendly and sustainable public transport system.

S-trains of the future
In June, the political agreement on Infrastructure Plan 2035 was presented. Out of the total investments of DKK 161 billion, around DKK 86 billion will go to investments in the railway system. The overall plan for public transport matches really well with DSB's ambitions for the future. It provides an element of predictability when there is a long-term plan with broad support in the Danish Parliament.

When agreeing upon the details of the infrastructure plan, it was decided that there should be automated 'Metro-type' operations on the S-train tracks. It was also decided that DSB will be charged with implementing the transition. We are pleased to have been given this task. A transition of the aging S-train tracks towards Metro-type operations is a major job to undertake, and it is critical that the transition is as smooth as possible for the customers. DSB will also ensure that employees feel confident about the transition as new technology is adopted.

Renewed safety certification
In October, DSB successfully renewed its 5-year safety certification for running a railway business. With the EU's 4th railway package, a new and more detailed legislative framework has been introduced with stricter requirements.

The German company Knorr-Bremse acquires DSB's Component Workshop
For the new electric rolling stock, the maintenance will be outsourced to the manufacturer. For the old fleet of diesel trains, DSB will still need to ensure a reliable production of components and spare parts as the diesel rolling stock is phased out.

In order to maintain supply security, DSB has therefore decided to sell the Component Workshop to the German Knorr-Bremse AG. The agreement is conditional upon approval from the authorities, which is expected to materialise in first half 2022.

Service & Retail have also been impacted by COVID-19
Service & Retail, which operate the 7-Eleven kiosks at stations and Kaffeexpressen in trains, has, just like DSB's train operations, witnessed a large decrease in the number of customers due to the COVID-19 situation. The staffing levels at kiosks have been adjusted where possible and Kaffeexpressen has been closed during periods with restrictions. Service & Retail operated at a loss in 2021.

Property development
Throughout 2021, a number of major sales have been completed and in partnerships with private investors work has been carried out to develop properties that are no longer relevant for train operations. This is for the purposes of renting out such properties and in the future using them to contribute to financing train operations.

At the former Grønttorv in Valby, 375 apartments have been built in the Hibiscus Hus property in partnership with FB Gruppen A/S. The construction project is certified under the DGBN Gold standard. The renting out of the apartments began in July 2021 and the property has been fully rented out in January 2022 prior to the completion of the final phase of the construction work.

In 2021, an agreement has also been signed with Danica Ejendomsselskab ApS concerning the development of approximately 25,000 floor metres in Postbyen in downtown Copenhagen. The project will be launched at the end of 2023 and is expected to be completed in 2027.

DSB has taken the initiative to develop Jernbanebyen as an entirely new and attractive district in Copenhagen in the historical workshop areas around Otto Busses Vej between Vesterbro and Sydhavnen. We want to contribute to developing a mixed city district with space for everyone and with activities and free urban spaces that have a strong green profile and a high quality of construction. The realisation of this depends on the local plan that is being prepared for the area and on an agreement with a joint venture partner who will contribute with expertise and financing.

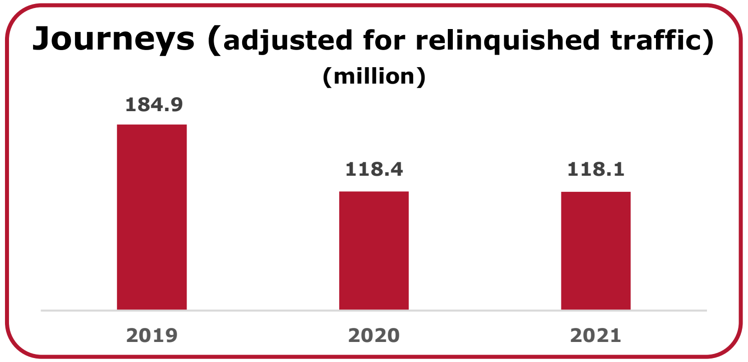
Our employees have put in a lot of work in a difficult time
The authorities' requirements for corona passports and seat reservations have led to many employees having extra work and needing to be highly flexible. Particularly operational staff was exposed to the risk of COVID-19 infections. We would like to express a big thank you to the employees for helping each other and the customers during this period. You are doing a great job, even if the conditions have sometimes been difficult.

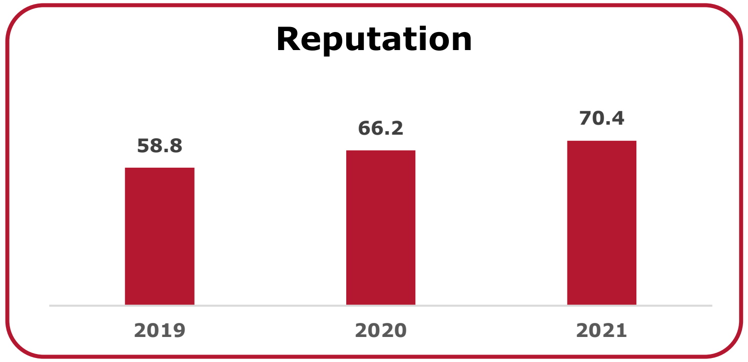
"Even though 2021 has been a difficult year, I am optimistic because in periods without COVID-19 restrictions we have managed to regain a lot of customers. Danes like to travel by train."
Flemming Jensen, CEO

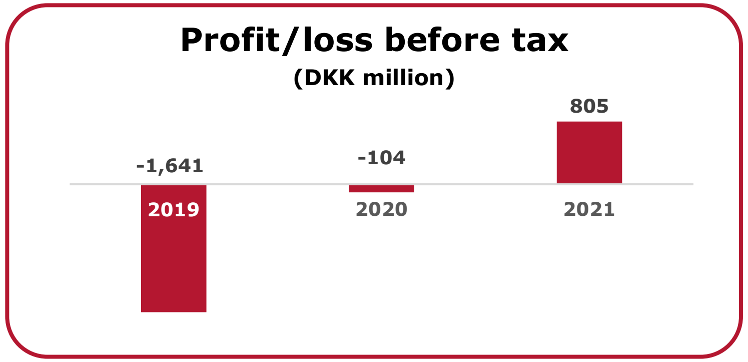
Taastrup, 10 February 2022

Peter Schütze Chairman of the Board of Directors	Flemming Jensen CEO

Overview 2021







- The number of journeys was impacted by the COVID-19 situation just like in 2020. Compared to 2019, the number of journeys decreased by 36 percent when adjusted for relinquished traffic. As the COVID-19 restrictions related to travel were lifted for DSB, the customers began returning. The re-introduction of restrictions at the end of the year did, however, reverse this trend with a major decrease in number of journeys in December in particular

- During periods where the number of journeys was impacted by COVID-19 restrictions, supplemental contract 38 has ensured that DSB receives compensation for lost passenger revenue

- DSB has launched a new bonus programme. The customers earn points when they buy tickets via the DSB App or www.dsb.dk if logged into their DSB Plus account. The points can be used to buy certain products in DSB's 7-Eleven kiosks

- DSB's reputation has been at a historically high level in 2021. At the end of December, the reputation score was 72.6, which in RepTrak Company's model is a strong reputation

- In October, DSB received an EU certification for Long-distance & Regional trains and a national safety certificate for S-trains. The certifications are an expression of how DSB's safety management system meets the strict requirements for safe train operations

- The first turnkey contract for the building of a new workshop in Copenhagen for the environmentally friendly electric rolling stock of the future was signed in August

- The signed agreements for new rolling stock and workshops and property development are strong contributions towards competitive operations and a market oriented DSB.

Business areas, 2021

Amounts in DKK million	Group	Train operations	Service & Retail[1]	Property development[1]	Others, incl. eliminations
Total income	10,848	10,216	798	173	(339)
Profit/loss before tax	805	463	(13)	138	217
Total assets	13,722	12,907	117	698	-
Operating profit margin (EBITDA margin)	24.2	17.1	(1.6)	79.4	-
Solvency ratio	37.1	34.6	22.5	86.4	-

[1] Activities in Service & Retail and Property development are presented in greater detail on pages 24-26.

DSB's activities are conducted in 3 business areas: Train operations, Service & Retail and Property development. Train operations are DSB's core area and the largest business area. Train operations include train activities, ownership, operations and maintenance of rolling stock and train stations. Service & Retail operates kiosks directly at stations and are part of the service concept for travellers. Property development creates value by developing areas which are no longer used for Train operations.

Train operations

In December, all ME diesel locomotives were phased out and the new Vectron electric locomotives have taken over their operations. An important milestone in reaching DSB's environmental and climate targets has thus been reached.

The customers have been satisfied with how DSB has handled the COVID-19 situation and they have also appreciated the higher levels of cleaning at stations and in trains.

The comprehensive track works in 2021 challenged customer punctuality levels. There will also be comprehensive track works in the coming years. Among other things, an effort will be made to improve the planning process to ensure that customers have a stable journey even during periods where track works are in progress.

196 Stations

8 Workshops

396 Train sets

5,506 Full-time employees

Service & Retail

Overall responsibility for service and catering in trains and at stations in 2021 comes under Service & Retail. The objective is to improve standards and be able to offer better deals for customers.

In December, a new station house opened in Bramminge and in January 2022 another will open in Holstebro. DSB now has a total of 4 station houses.

The 7-Eleven at Copenhagen Central Station has been refurbished into a modern kiosk that appeals to more types of customers. The customers have taken well to the new setup.

63 Kiosks

545 Full-time employees

Property development

The first leases for apartments in Hibiscus Hus in Valby were signed on 1 July. The property has 375 apartments certified under the DGNB Gold standard and has been fully rented out in January 2022 - before the end of the final phase of the construction project.

In April, Team Cobe won the contest for designing the best holistic plan for Jernbanebyen. Their proposal will form the basis for an entire new city district in Copenhagen.

A joint venture agreement has been signed with Danica Ejendoms-selskab ApS to develop approximately 25,000 floor metres in Postbyen in Copenhagen. The area will turn into a new city district focused on sustainability as well as open and friendly facilities.

102 Buildings

10 Full-time employees

2.3 million m^2 Parcels of land

Purpose

A sustainable way forward with room for all of us

DSB's overall purpose is to ensure that there is 'A sustainable way forward with room for all of us.' This purpose is based on DSB's societal task of reducing congestion on the roads and being a climate-friendly mode of transport as an alternative to taking the car.

As a vital part of Danish society, DSB contributes to connecting Denmark and ensuring mobility for the hundreds of thousands of people who each day depend on the trains to go about their daily business. DSB contributes to solving congestion challenges for traffic into and out of the major cities.

Well-functioning public transport is a vital element in the green transition. It is DSB's goal to provide a significant contribution to the green transition and to help Denmark meet its climate targets. On that basis, DSB has specified 4 specific and ambitious environmental and climate targets for 2030:

- Objective 1: CO_2 neutral - all of DSB is to be supplied with renewable energy
- Objective 2: Reducing energy consumption by 50 percent - driven by improved energy efficiency
- Objective 3: No particle emissions from the locomotives' engines - avoiding environmental impact
- Objective 4: At least 90 percent of waste is to be recycled - i.e., turned into new resources.

Between now and 2030, DSB will invest over DKK 13 billion in new electric rolling stock and new green workshops. The investments are to ensure the realisation of the societal, cost-saving and environmental gains that will result from the electrification of the railway network. Specifically for customers, it will mean shorter travel times, higher frequencies of departures, more punctuality and increased comfort.

This goal and the associated element of social responsibility is anchored in DSB's strategy. In the strategy work, it is a condition that the goal must be an integral part of the way the corporation is managed, and it must be 'lived' through DSB's culture and values.

The EU’s Taxonomy Regulation

Focus on ESG reporting
ESG (Environment, Social and Governance) factors have become more of a focus area as climate changes and environmental damage are an existential threat to Europe and the world. The EU is therefore working on The European Green Deal, which is an overall timetable for the green transition of the EU countries’ economies. The European Commission’s target is for the emission of greenhouse gases in 2030 to be reduced by at least 55 percent compared to the 1990 level. At the same time, 2050 is set as a long-term target date for a climate-neutral EU.

In order to meet the EU’s climate and energy targets and the long-term targets in the European Green Deal, it is critical that investments are directed towards sustainable projects and activities. At the same time, it is also important that companies can work with clear definitions of what is or is not a sustainable activity and how reporting on this is done. Particularly two directives, which support the EU’s ambitions on the sustainability front, are expected to have an impact on DSB’s reporting in the coming years.

- The EU’s Taxonomy Regulation defines which economic activities contribute to meeting EU’s environmental and climate targets and it imposes requirements on companies to make their contributions to this clear. The technical screening criteria for the first 2 climate targets ‘Counteracting climate change’ and ‘Adjusting to climate change’ will be applied from 1 January 2022 while the remaining 4 environmental targets will apply from 2023. DSB is subject to the EU’s Taxonomy Regulation.
- The CRSD (Corporate Sustainability Reporting Directive) is aimed at improving companies’ reporting on sustainability and making it more uniform. The European Commission published its proposal for a draft directive in April 2021. The proposal is not yet adopted, but DSB is continually monitoring the progress in order to be able to meet the new requirements for sustainability reporting.

The first part of the EU’s Taxonomy Regulation has been adopted. This concerns reporting on sustainable investments and activities that focus on the climate and CO_2 reductions.

2021 is the first year in which this must be reported on. The annual report must account for the proportion of activities covered by the Taxonomy Regulation. The reporting is part of the accounting for social responsibility, cf. the Danish Financial Statements Act’s Section 99(a) on pages 83-94.

In the 2022 annual report, the reporting requirements will be expanded to include:

- An assessment of whether the economic activity makes a significant contribution to one of the 6 environmental targets (the technical screening criteria)
- Verification that the economic activity does not have a significantly negative impact on the other 6 environmental targets
- Due diligence in order to avoid any violation of the social minimum guarantees specified in the EU’s Taxonomy Regulation.

Sustainability

Phasing out of ME diesel locomotives

DSB took a big step towards sustainable train operations when changing timetable in December as the last ME diesel locomotives were phased out after 40 years of faithful service. This was done as part of the plan to reduce particle emissions and provide completely carbon neutral train journeys to Danes in 2030 by continually increasing the deployment of electric rolling stock while phasing out the diesel trains.

In connection with the timetable change in December, the deployment of Vectron electric locomotives was increased and this resulted in significant environmental and climate benefits. The phasing out of the ME diesel locomotives from 2022 and beyond is estimated to reduce CO_2 emissions by at least 27,000 tonnes per year, and the environment will also be spared from 10 tonnes of particle emissions per year - or almost 60 percent of the total particle emissions from DSB's train operations.

An agreement has been signed with the Swedish company Nordic Re-Finance concerning the sale of the 26 ME diesel locomotives. The diesel locomotives are expected to continue being used in several other areas of the Nordic region. For example, they will be deployed to lines that are not electrified or serve as emergency locomotives in the event of power lines being cut off so that electric trains cannot operate.

Coradia from Alstom are the sustainable train sets of the future

As more and more lines become electrified, DSB can increase the deployment of more environmentally friendly rolling stock. An important milestone in the transition towards a more sustainable and climate-friendly train operation has been reached by signing the contract with Alstom concerning the delivery of new Coradia electric train sets.

"It will probably surprise most people that selling the ME diesel locomotives is actually better than having them sent to be scrapped. However, locomotives contribute to moving goods on the railway instead of doing so by trucks. They will also typically be replacing locomotives that are even older and, unlike DSB's diesel locomotives, rarely fitted with environmental upgrades. This means that selling them limits the emissions of NO_X and particles."
Aske Mastrup Wieth-Knudsen, Vice President, Sustainability

"We shouldn't scrap our rolling stock just because it is being phased out. If it can stay in use, it absolutely makes sense - both from a sustainability perspective and a financial one."
Michael Beckmann, Vice President, Rolling Stock

DSB will buy at least 100 electric train sets which, together with the Vectron electric locomotives, will represent the electrification of the future's train traffic. The plan is for the electric train sets to be put into operation from 2025.

When purchasing the electric train sets of the future, emphasis has been put on buying a standard product. In other words, electric train sets that are based on existing product platforms and well-known technologies.

The preparations for being able to receive the new electric train sets from Alstom are well under way - including the building of new green workshops to maintain the electric train sets.

"Our new electric rolling stock makes it more attractive for customers and more sustainable for the environment to travel by train. The phasing in of the new rolling stock is therefore a critical milestone for DSB's purpose of creating 'A sustainable way forward with room for all of us'."
Jürgen Müller, Executive Vice President, Strategy & Rolling Stock

Already today, trains are one of the most sustainable forms of transport. With the new electric trains, this will be even more true.

The workshops of the future
3 new modern and green workshops will be established to maintain the future electric rolling stock in addition to a new extension for temporary use at the Helgoland workshop.

Sustainability is being considered in the establishment of the workshops right from the project planning phase. There is also a close dialogue with the Green Building Council concerning which initiatives can contribute to achieving a high sustainability score so that the workshops can be certified under the DGNB Gold standard. This requires sustainability issues being considered throughout the projects and everything from building materials to solar panels and the impact on the environment and biodiversity being included in the considerations. The process is to ensure that the new modern workshops have the smallest environmental and climate impact possible.

In 2021, a turnkey contract has been signed for the workshop at Godsbanegården close to Copenhagen Central Station. This is where the Coradia electric train sets will be maintained. The construction is expected to start once the final construction permit is granted from The City of Copenhagen. The workshop at Godsbanegården will thus be the first of the new sustainable workshops.

DSB is also expecting to sign a turnkey contract for the remaining 3 workshops in Næstved, Aarhus and Helgoland during 2022.

Focus on recycling and energy savings
In 2021, several initiatives were completed to increase recycling at stations, in 7-Eleven kiosks and at Copenhagen Central Station.

In the Long-distance & Regional trains, an entirely new kind of waste bag has been introduced which consists of 100 percent recycled plastic (compared to just 10-20 percent in the old waste bags). DSB uses around 7 million waste bags each year. This is the equivalent of 19,000 bags per day.

"I am glad that we have found the most sustainable materials for this purpose, both in terms of the environment but particularly the climate. The new waste bags are certified by the German environmental label Blauer Engel, which is the equivalent of the Nordic Swan Ecolabel. The production of the waste bags has also been moved from China to Bosnia, and thus there is less impact on the climate from transport."
Jesper Vind, Finance Analysis, Flexijob

DSB owns significant properties and has operations all over Denmark with more than 550 buildings at stations, workshops, offices, warehouses, etc.

As part of DSB's target to halve its energy consumption in 2030, a new energy consumption system has been developed within the property area to support the long-term energy savings target. In 2021, the energy consumption system was launched and at first it will improve the management and follow-up processes for the total energy consumption. The system will be expanded in 2022 to include energy consumption from heating buildings.

Sustainable investments lower the interest rate
DSB's long-term focus on sustainability in investments means that it is possible to get lower interest rates on loans. At the same time, the new loan agreements commit DSB to do more to continue its sustainable development, as higher interest rates will be charged if the planned improvements on the environmental front are not realised.

Results

Key Financial and Operating Data

Group (DKK million)	2017[1]	2018[1]	2019[1]	2020	2021	Growth (percent)	Fourth quarter 2021
Income statement							
Net revenue[2]	9,990	9,684	9,546	8,701	9,039	4	2,275
Profit/loss before amortization, depreciation and write-downs	2,261	2,502	2,014	1,301	2,186	68	421
Amortization, depreciation and write-downs of intangible and tangible fixed assets	1,854	1,829	3,551	1,335	1,315	(1)	385
Operating profit/loss	407	673	(1,537)	(34)	(871)	-	36
Net financials	(133)	(105)	(104)	(70)	(66)	(6)	(13)
Profit/loss before tax	274	568	(1,641)	(104)	805	-	23
Profit or loss for the year	211	450	(1,276)	(57)	623	-	10
Balance sheet							
Total assets	16,305	14,832	12,081	12,147	13,722	13	13,722
Investments in property, plant and equipment	1,472	828	829	823	1,361	65	399
Total equity	5,497	5,822	4,345	4,092	5,093	24	5,093
Interest-bearing debt, net	4,802	3,860	3,320	2,826	2,725	(4)	2,725
Key figures*							
Operating profit margin (EBITDA margin)	22.6	25.8	21.1	15.0	24.2	61	18.5
Profit ratio (EBIT margin)*	4.0	6.9	(16.1)	(0.4)	9.6	-	1.6
Return on invested capital after tax (ROIC after tax)	2.9	5.3	(13.8)	0.0	9.2	-	1.0
Gearing	2.1	1.5	1.6	2.2	1.2	(45)	6.5
Solvency ratio	33.7	39.3	36.0	33.7	37.1	10	37.1
Average number of full-time employees	**7,292**	**7,092**	**6,866**	**6,757**	**6,061**	**(10)**	**6,058**

Key Financial and Operating Data, cont.

Group (DKK million)	2017[1]	2018[1]	2019[1]	2020	2021	Growth (percent)	Fourth quarter 2021
Customers							
Number of journeys (million)	194.5	189.4	187.5	120.2	118.1	(2)	37.6
Number of journeys corrected for relinquished traffic (million)	191.4	186.1	184.9	118.4	118.1	0	37.6
Reputation[3]							
DSB	53.6	56.0	58.8	66.2	70.4	6	70.6
Customer punctuality*							
Long-distance & Regional trains (percent)	79.4	79.2	79.1	86.7	78.6	(9)	74.1
S-trains (percent)	91.8	92.9	93.0	94.4	92.0	(3)	90.1
Productivity[3]							
Passenger revenue per seat kilometre (DKK 0.01/km)	31.4	32.5	31.0	20.5	23.5	15	30.5
Passenger revenue per seat kilometre (DKK 0.01/km), adjusted for Metro double factor	32.5	33.6	32.3	21.5	23.5	9	30.5
Cost per seat kilometre (DKK 0.01/km)[4]	56.8	60.6	59.7	56.2	56.5	1	55.9

[1] Comparative figures for 2017, 2018 and 2019 have not been changed in connection with applied accounting practices in 2020.
[2] Net revenue includes revenue relating to railway activities.
[3] The methodology for calculating reputation and productivity was changed in January 2021. Comparative figures have been adjusted.
[4] Cost per seat kilometre for 2017, 2018 and 2019 have been adjusted for non-recurring items.
* Calculated pursuant to the definitions laid down in Key figure definitions.

"We have reduced our debt by DKK 2 billion over the past 4 years and by around DKK 10 billion over the past 10 years. This means that we have the financial strength to make very large investments in modern, sustainable trains and workshops over the coming years."
Thomas Thellersen Børner, CFO

Customers

A review of customer developments in 2021

The year started with Danish society in lockdown. This was, of course, reflected in the number of journeys taken. In January 2021, the number of journeys was 34 percent of the level in January 2019. DSB's market share for Great Belt crossings was 15.7 percent. The restrictions were gradually lifted during the year, and in July the number of journeys was 71 percent of the amount in July 2019 and the market share for Great Belt crossings was 15.9 percent.

The summer also saw fare reductions for pensioners, an Orange campaign and Rejsepas, which were all initiatives that contributed to getting customers back to travelling by train. In September, the number of journeys was 85 percent of the level in 2019 and the market share for Great Belt crossings was 20.0 percent.

At the end of the year, the COVID-19 infection rates began to rise. The restrictions reimposed by the authorities once again had an impact on the number of journeys. In December, the number of journeys was thus 69 percent of the level in 2019 and the market share for Great Belt crossings was 19.3 percent.

Over the past 2 years, COVID-19 has also meant that the amount of people working from home grew significantly, and it is to be expected that this will be a structural change in the labour market with more people also still working from home after the pandemic than before. Therefore, DSB in June launched 'Pendler20', a new commuter product for customers who want to take 20 travel days of their own choosing within 60 consecutive days.

"It has been a challenge for DSB to manage the restrictions and recommendations issued in connection with the pandemic, which have opened and shut down society several times. However, we could see that customers slowly began coming back when the restrictions were lifted in August."
Jan Sigurdur Christensen,
Executive Vice President, Commercial

DSB wants to give back to the loyal customers

In September, DSB Plus was expanded to include a loyalty programme - DSB Bonus. With this, customers can accrue points when buying tickets via DSB App or www.dsb.dk. The points can be used to buy certain products in DSB's 7-Eleven kiosks.

On a very general level, DSB aims to create valuable relationships to customers by gaining more knowledge about its customers. Having knowledge about customer preferences can be used to improve the customer experience.

At the end of the year, over 200,000 people had signed up for the loyalty programme and the customers have embraced this new opportunity.

The loyalty programme will continue to be developed as more knowledge is gained about the customer responses and interests. The idea is that in the long run customers will have more opportunities to use and accrue points in the loyalty programme.

Customer satisfaction developments

Table 1: Customer satisfaction[1)]

(Scale 0-10)	2021	2020	Growth Abs.	Growth Pct.
Satisfaction with the journey (Long-distance & Regional Trains)	7.9	8.0	(0.1)	(1)
Satisfaction with Long-distance & Regional trains in general	6.9	7.2	(0.3)	(4)
Satisfaction with the journey (S-trains)	7.7	7.8	(0.1)	(1)
Satisfaction with S-trains in general	7.2	7.6	(0.4)	(5)
Satisfaction with the journey (all of DSB)	7.8	7.9	(0.1)	(1)

1) Due to the COVID-19 situation, customer satisfaction surveys were not conducted March-June 2020 and January-April 2021.

Each month over 5,000 customer interviews are made. The customers are asked about their satisfaction with DSB during their journey. The customer satisfaction rating is on a scale of 0-10.

In 2021, the customer satisfaction levels for both Long-distance & Regional trains and S-trains decreased. The decrease in satisfaction has particularly been related to the trains' ability to observe the timetable.

For Long-distance & Regional trains, a minor decrease in satisfaction with the traffic information from station loudspeakers, the interior climate and the opportunity to sit undisturbed and have the same seat for the entire journey has been observed. The latter may be a consequence of more people in the trains during the periods where COVID-19 restrictions have been lifted - including the requirement to have a seat reservation. On the other hand, satisfaction levels have increased with the cleaning of the restrooms in trains, the interior cleaning and the traffic information when there are delays.

For S-trains, there has been a minor decrease in satisfaction with traffic information on station displays and from loudspeakers and both the interior and exterior cleaning of the trains. In addition, there is also a minor decrease in satisfaction with the opportunity to get a seat on the train and to sit undisturbed, which may be due to the increasing number of customers in the trains as society gradually reopened over the course of the year.

The changing COVID-19 conditions have an impact on the customer experience and thus also satisfaction levels with their journeys. During the pandemic, many people have experienced that working from home had become a regular part of the work week. Generally, the customers have been very satisfied with DSB's handling of the COVID-19 situation. They have experienced a welcoming and relevant communication that shows DSB takes responsibility.

"DSB's employees must have been well-trained in how to handle pandemics. So, there is no doubt in my mind that DSB can easily manage this again."
Steffen B., customer

"I have great faith in DSB's preparedness, as I think they did what they could during the last lockdown. I am sure there are many things they can just bring back. I am certainly counting on assistance from DSB if that should happen."
Ann Sofie, customer

A busy year in the Customer Centre
There were 13.3 customer inquiries per 1,000 journeys in 2021 compared to 13.3 in 2020 and 9.1 in 2019.

There have been more customer enquiries than expected regarding, among other things, refunds of Orange tickets, questions about traffic-related challenges and COVID-19 restrictions - including seat reservation requirements. Despite the increase in the number of inquiries, the Customer Centre and the staffed ticket sales have managed to maintain a high level of customer service. One of the things customers were grateful for was DSB's ability to solve their problems during the first point of contact. Customer satisfaction levels in Personal Sales & Customer Service were thus measured at 9.1 out of 10 in 2021.

More customers want to travel abroad in a sustainable manner
DSB wants to help more people travel sustainably - also outside of Denmark. Despite COVID-19, 2021 has seen a strong demand for sustainable international travel by train.

Therefore, in 2021 it was decided to expand the capacity of the future international train traffic. Originally, the new train coach groups from Talgo were intended to have 442 seats each, but the order has been expanded with more train coaches so the capacity will now be 492 seats per train coach group. The train coaches from Talgo will be pulled by the new Vectron electric locomotives. As a result, now more people can travel sustainably to Hamburg by train and then take further train trips from there to the rest of Europe. The plan is for the first trains to be deployed to operations between Copenhagen, Aarhus and Hamburg in 2024.

In addition, DSB is cooperating with other European train operators to improve the international connections. Since June, the Swedish Snälltåget has operated night trains to Berlin with stops in several Danish cities along the way. Trafikverket has announced that from August 2022 SJ (a Swedish train operator) will operate a new night train connection from Stockholm to Hamburg. DSB is in dialogue with SJ about the operation of the Danish part of the line where, among other things, the new environmentally friendly Vectron electric locomotives are intended to have a leading role.

DSB views this development of increasing interest in night train journeys among Danes positively.

The sustainable choice to and from the station
DSB has developed 'Kørmit', which is an offer to make it easier to choose a sustainable form of travel for the benefit of the climate and to reduce congestion - also when the station is some distance away from the workplace.

Kørmit is an app-based solution where customers can book an electric scooter or an electric bicycle for the final stretch from the journey to the workplace - and back. Together with Voi Technology, who delivers scooters, DSB has tested Kørmit together with certain companies at 6 stations: Aarhus Central Station, Odense Station, Måløv Station, Malmparken Station, Rungsted Kyst Station and Kokkedal Station.

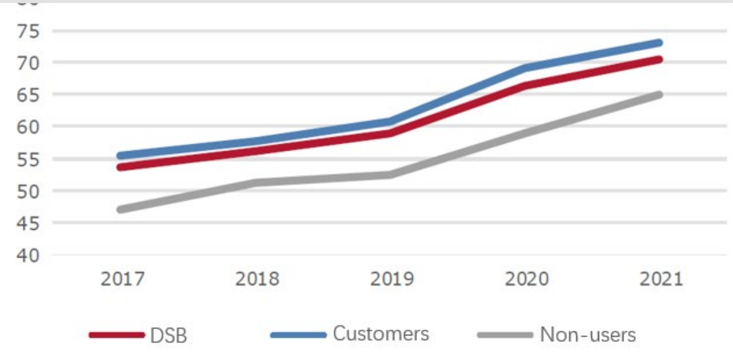
The solution provides the companies and customers with data about the journeys - including kilometres travelled and CO_2 savings - and thus it helps the companies in their sustainability reporting and makes it clear that the train is a greener and easily accessible form of transport. DSB expects to expand the trials with Kørmit in additional workplaces and stations during 2022.

"Most of us would like to make sustainable choices, but we also need things to work relatively smoothly. The train station is rarely the end destination, so some help is required to manage the last bit of the trip to work. We want to make it easier to choose the train, and by trying out different things, we hope to find a solution for the future mobility."
Jan Sigurdur Christensen,
Executive Vice President, Commercial

Reputation
DSB's reputation has been at a historically high level in 2021. At the end of the year, the reputation was at 72.6. That is the highest recorded reputation level DSB has had since measurements began.

Figure 1: Reputation - average for the year

Index 0-100



The reputation level is an expression of how the Danes perceives DSB as a corporation. This applies to customers, but also recipients of the communications that relate to DSB from, for example, news media. In this year's survey, Danes show their appreciation for DSB's efforts over the year. The high reputation level has been achieved and maintained even though for some periods operations have been significantly impacted by track works with knock-on effects for customers while a large part of the year was also marked by COVID-19 and the associated recommendations and restrictions issued by the authorities.

Customers still have a significantly better perception of DSB, as the reputation score for fourth quarter 2021 is 73.6 compared to the non-users of DSB with a reputation score of 64.1.

Number of journeys

Table 1: Number of journeys

1,000 journeys	2021	2020	2019	Growth (2021 vs. 2020) Abs.	Growth (2021 vs. 2020) Pct.	Growth (2021 vs. 2019) Abs.	Growth (2021 vs. 2019) Pct.
Long-distance & Regional trains	43,852	42,065	72,910	1,787	4	(29,058)	(40)
Øresund - over broen	5,851	4,984	12,261	867	17	(6,410)	(52)
Sjælland inkl. Kyst- og Kastrupbanen	23,895	23,220	40,914	675	3	(17,019)	(42)
Vest (Jylland og Fyn)	7,881	8,436	11,203	(555)	(7)	(3,322)	(30)
Øst/Vest (over Storebælt)	5,775	5,151	7,843	624	12	(2,068)	(26)
Others	450	274	689	176	64	(239)	(35)
S-trains	74,206	76,345	111,960	(2,139)	(3)	(37,754)	(34)
Total, including relinquished traffic	**118,058**	**118,410**	**184,870**	**(352)**	**0**	**(66,812)**	**(36)**
Relinquished traffic	-	1,750	2,598	(1,750)	-	(2,598)	-
Total	**118,058**	**120,160**	**187,468**	**(2,102)**	**(2)**	**(69,410)**	**(37)**

In December 2020, the traffic from Roskilde-Køge, Odense-Svendborg and Vejle-Struer was handed over to other train operators. The comments below on the number of journeys are therefore based on the number of journeys excluding the handed over traffic.

The number of journeys in 2021 has been negatively impacted by COVID-19 and the restrictions and recommendations issued by the authorities. There were restrictions in effect for most of 2021, except of the 14 August - 28 November period. The restrictions involved the wearing of face coverings in all trains, seat reservations in Long-distance & Regional trains and the possibility to refund all tickets and cards.

In 2021, 118.1 million journeys were taken via DSB compared to 118.4 million journeys in 2020 and 184.9 million journeys in 2019. The decrease has had different impacts on the individual markets:

- The traffic on Sjælland inkl. Kyst- og Kastrupbanen - including the commuter traffic to and from Copenhagen - has decreased by 42 percent compared to 2019. The large decrease is correlated with the ongoing policy of many employees sent home early in the year and recommendations for working from home late in the year. DSB is facing some challenges in winning back commuters in this market - presumably due to more people having work-from-home days and more competition from cars.

- Shutdowns and restrictions on the Danish-Swedish border have also impacted the number of journeys for Øresund - over broen which decreased by 52 percent compared to

2019. The combination of different restrictions in both Sweden and Denmark has had a negative impact on the market in 2021

- The number of journeys for Vest (Jylland og Fyn) decreased by 30 percent. This makes it the market quickest to win back customers. In September and October, the market was, respectively, 9 and 8 percent below the same periods of 2019

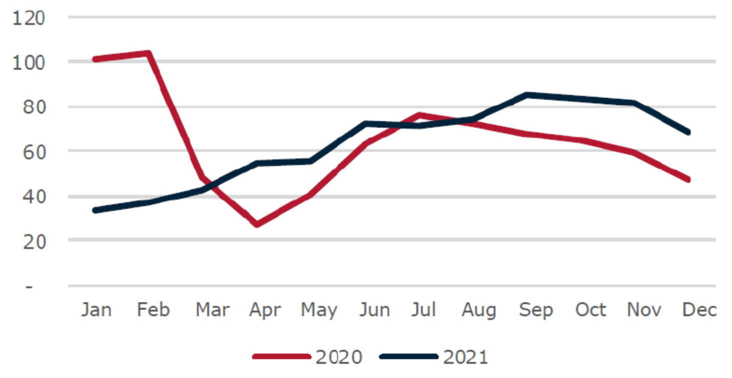
- Øst/Vest (over Storebælt) has seen the number of journeys decrease by 26 percent compared to 2019. Orange and Orange Free tickets are customer favourites and in 2021, 2.9 million such tickets were sold. This is 25 percent higher than in 2020 and 7 percent higher than in 2019. The Orange products have thus contributed to winning back train customers. The commercial customers have not returned to the same extent as the leisure travel customers.

For S-trains, the number of journeys decreased by more than 34 percent in 2021 compared to 2019. In September, where all travel restrictions for trains were lifted, the number of journeys was 12 percent lower compared to September 2019. The customers were thus returning to trains. The growing COVID-19 cases in the fall, however, resulted in a decrease in the number of journeys, which in October, November and December were respectively 17, 20 and 31 percent lower than in 2019. S-trains have had challenges in winning back customers just like the rest of the traffic on Zealand.

The Orange campaigns and Pendler20 are expected to increase the number of journeys taken once COVID-19 is no longer having a significant impact in Denmark.

Figure 2: Total number of journeys, excluding relinquished traffic

(Percent compared to 2019)



Train operations

Customer punctuality was challenged in 2021

During large parts of 2021 customer punctuality for both Long-distance & Regional trains and S-trains has been challenged.

After the historically high punctuality in 2020, customer punctuality levels for both Long-distance & Regional trains and S-trains continued to be at a high level in first quarter and most of second quarter. In third and fourth quarters, there were major challenges for customer punctuality. Many large, complex and overlapping track work projects, particularly in the summer months and in second half, generally resulted in operational disruptions. S-trains were also in particular impacted by more infrastructure errors.

The very comprehensive track works have resulted in a difficult planning process for both DSB and Banedanmark. Among other things, this has resulted in track works and timetable changes being planned late, and this have been challenging in terms of maintaining punctuality.

Also, in the coming years a lot of track works will take place. Together with Banedanmark, work will be done to ensure that the challenges resulting from this are better addressed. Among other things, this will include adding more resources and having initiatives to ensure that the planning process is better managed. Already by the end of 2021, there has been good progress on this work, which will continue in 2022 in order to ensure that customers have a stable and safe journey - also during periods of track works.

Table 3: Customer punctuality[1)]

Percent	2021	2020	Growth Abs.	Growth Pct.
Long-distance & Regional trains	78.6	86.7	(8.1)	(9)
S-trains	92.0	94.4	-2.4	(3)

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

The customer punctuality for Long-distance & Regional trains decreased in 2021 due to the challenges mentioned above and infrastructure errors in general. On top of this, more errors on rolling stock and many delayed trains from Sweden have had a negative impact on Danish traffic in 2021.

The customer punctuality of 78.6 percent is below the traffic contract's target for 2021 of 78.7 percent.

The customer punctuality for S-trains has decreased and been impacted by more infrastructure incidents, including signal and track issues. On top of this, also an increase in the number of errors on the rolling stock has been observed.

The customer punctuality of 92.0 percent is below the traffic contract's target of 92.3 percent.

Productivity

The number of full-time employees was 6,047 at the end of 2021 - a decrease of 580 for the year. The decrease is among the staff on trains due to the handover of traffic, at the workshops due to the handover of maintenance tasks, due to the efficiency improvements and a consequence of the presentation of Component Workshop as discontinued operations.

Table 4: Productivity

	2021	2020	Growth Abs.	Growth Pct.
Passenger revenue per seat kilometre[1)] (DKK 0.01/km)	23.5	21.5	2.0	9
Cost per seat kilometre[1)] (DKK 0.01/km)	56.5	56.2	0.3	1

1) The passenger revenue for 2020 has been adjusted for the Metro double factor, which was discontinued from 1 January 2021.
2) Seat kilometres are calculated as the number of seats contained in a litra unit multiplied by the number of litra-kilometres travelled.

Passenger revenue per seat kilometre increased by 9 percent in 2021 compared with 2020. The increase is driven by higher passenger revenue of 6 percent and a slight decrease in the number of seat kilometres.

Cost per seat kilometre increased by 1 percent compared to 2020. Cost is 2 percent lower than in 2020. The decrease in cost is, among other things, driven by the ongoing efficiency improvements, lower cost due to traffic handovers and compensation in the form of refunded infrastructure charges for the September-December 2020 period. Conversely, there are 3 percent fewer seat kilometres, which has a negative impact on productivity figures.

Rolling stock

Preparations for future electrified train operations

In 2021, focus continued making DSB's train fleet ready for the future electrified rail network and the new signal system which is being deployed between now and 2030. The work on preparing the IC3 and IR4 train sets and double-decker coaches to operate with the new signal system continues.

As DSB during 2021 has received more Vectron electric locomotives from Siemens, a greater proportion of the production has shifted from using diesel rolling stock to electric rolling stock. Based on the total number of litra kilometres travelled with Long-distance & Regional trains and S-trains, 50 percent in 2021 were driven by electric rolling stock. For Long-distance & Regional trains alone, 34 percent of the production was with electric rolling stock in 2021 compared to 30 percent in 2020. This is achieved although the Vectron electric locomotives have been phased in over the year and, especially in first half, ME diesel locomotives had a proportional greater production.

Sale of DSB's Component Workshop

In July, an agreement was signed with the German company Knorr-Bremse AG to sell DSB's Component Workshop. The sale is to ensure ongoing deliveries of spare parts and components to the existing fleet. The sale is awaiting regulatory approval and is expected to be completed during first half 2022.

Kilometres driven

The total number of litra kilometres travelled in 2021 was lower than in 2020. In December 2020 the Vejle-Struer and Odense-Svendborg lines were handed over to Arriva in connection with the timetable change. This was a result of a political agreement from 2017. Lokaltog took over the Roskilde-Køge line as a result of an agreement between Ministry of Transport and Region Sjælland from 2018.

Table 5: Litra kilometres[1)]

Kilometres (1,000)			Growth	
	2021	2020	Abs.	Pct.
IC4 train sets	6,244	7,303	(1.059)	(15)
IC3 train sets	28,356	27,622	734	3
IR4 train sets	11,177	10,778	399	4
Øresund train sets[2)]	6,773	6,791	(18)	0
Double decker coaches[3)]	14,334	15,372	(1.038)	(7)
Desiro train sets[4)]	-	2,291	(2,291)	-
ME diesel locomotives	1,905	3,550	(1.645)	(46)
EA electric locomotives[4)]	-	124	(124)	-
Vectron electric locomotives[5)]	1,359	n/a	1,359	-
S-train sets	18,119	18,494	(375)	(2)
Total	**88,267**	**92,325**	**(4,058)**	**(4)**

1) Litra kilometres represent the total number of kilometres travelled in Denmark.
2) Litra kilometres for Øresund train sets include travel with both Danish and Swedish train sets.
3) Litra kilometres for double decker coaches are calculated per coach, although multiple coaches are usually connected.
4) No longer in operation as of 13 December 2020.
5) Not calculated for 2020 due to the small number of kilometres.

Operational stability

The reliability of rolling stock has varied during the year across the various types of litra. The IC4, IC3 and Øresund train sets have been challenged on parameter of Mean Distance Between Failures in 2021. Among other things, this is due to more errors on the signal-retrofitted IC3 train sets and generally lower operational stability for the 77 Øresund train sets maintained by SJ/Mantena in Sweden.

Table 6: Mean Distance Between Failures[1)]

Kilometres (1,000)			Growth	
	2021	2020	Abs.	Pct.
IC4 train sets	8.4	10.0	(1.6)	(16)
IC3 train sets	26.6	34.9	(8.3)	(24)
IR4 train sets	25.6	26.0	(0.4)	(2)
Øresund train sets SE[2)]	18.6	36.5	(17,9)	(49)
Øresund train sets DK[2)]	41.5	36.5	5.0	14
Double decker coaches	36.8	26.1	10.7	41
Desiro train sets[3)]	-	13.1	(13.1)	-
ME diesel locomotives	46.5	34.5	12.0	35
EA electric locomotives[3)]	-	6.5	(6.5)	-
Vectron electric locomotives	3.0	0.8	2.2	275
S-train sets	19.8	20.7	(0.9)	(4)

1) A technical incident on the rolling stock that causes a delay.
2) The Desiro train sets have been sold and handed over to Arriva as of 13 December 2020.
3) No longer in operation as of 13 December 2020.

IC4 train sets

The number of litra kilometres for the IC4 train sets in 2021 was lower than in 2020.

Of the total production by diesel trains in 2021, 17 percent were with the IC4 train sets.

In 2021, the IC4 train sets were primarily utilised in interregional traffic in Jutland and on Zealand, but also for selected departures in the long-distance rail traffic.
In 2021, the IC4 train sets have had a lower Mean Distance Between Failures than in 2020, a record year. The Mean Distance Between Failures remains higher than in prior years. This can be attributed to the ongoing structured work on managing errors and optimising processes at the IC4 workshop.

IC3 train sets

The IC3 train sets continue to constitute a very central part of the train fleet for Long-distance & Regional trains. In 2021, they have represented 50 percent of the total traffic in Long-distance & Regional trains and 77 percent of the total traffic with diesel trains.

The operational stability for the IC3 train sets has decreased in 2021 compared to 2020. This is mainly due to ongoing challenges with errors related to the new signal system and operating on the old signal system with ERTMS-retrofitted train sets. DSB and Banedanmark are continuing to work on fixing the system errors that occur and on minimising the inconvenience cause by such errors.

IR4 train sets

In 2021, the IR4 train sets have been deployed on Kystbanen and in the Long-distance & Interregional traffic together with the IC3 train sets.

In 2021, the IR4 train sets travelled more litra kilometres than in 2020. This is, among other things, due to a general prioritisation of deploying electric rolling stock.

In 2021, the IR4 train sets have had approximately the same Mean Distance Between Failures as in 2020 and thus maintained a good level of operational stability in 2021.

Øresund train sets

The Øresund train sets serve the Øresund traffic on both the Danish and Swedish sides and are operated via a partnership with SJ.

Litra kilometres in 2021 were same level as in 2020.

In December 2020, the maintenance of the 77 Swedish-owned Øresund train sets was handed over to SJ and the maintenance company Mantena in Sweden. DSB continues to maintain the 34 Danish-owned Øresund train sets at the Helgoland workshop.

In 2021, there have been major challenges associated with lower operational stability and missing deliveries of the 77 Øresund train sets maintained by SJ/Mantena in Sweden. This has impacted customers in Denmark in the form of fewer seats available on individual departures.

Double decker coaches

In 2021, the double decker coaches were deployed to interregional traffic on Zealand and were pulled by ME diesel locomotives and Vectron electric locomotives.

The double decker coaches travelled fewer litra kilometres and had higher Mean Distance Between Failures than in 2020 and thus continue a high level of operational stability.

The double decker coaches are going to be part of inter-regional traffic on Zealand but will in the future only be pulled by the new Vectron electric locomotives. A general cosmetic upgrade of the double decker coaches is planned so that they appear neat and modern.

26 of the coaches will have more seats installed. The vending machines will be removed and replaced with new seats to benefit customers - particularly during the busy commuter traffic on Zealand. The retrofitting is making good progress. The first coach was retrofitted in December. It is expected that all double decker coaches will have been retrofitted in first quarter 2023.

ME diesel locomotives

At the timetable change in December, DSB said farewell to the ME diesel locomotives after 40 years of service.

The ME diesel locomotive operation has been gradually reduced during 2021 and 46 percent fewer litra kilometres was driven compared to 2020.

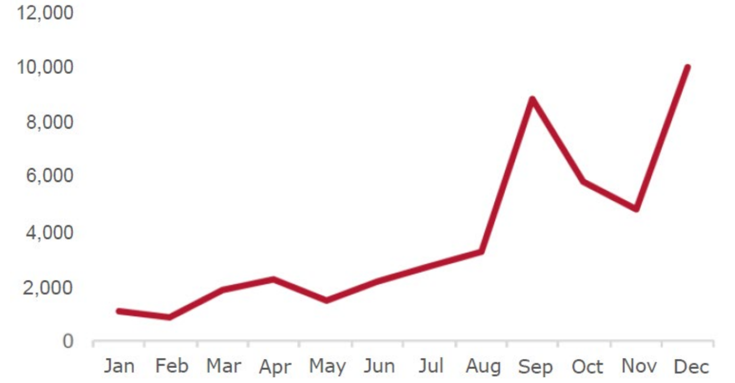
Vectron electric locomotives

At the timetable change in December, the Vectron electric locomotives have now completely replaced the ME diesel locomotives and been deployed to the new train system between Elsinore and Roskilde/Næstved, which ties Kystbanen with the rest of interregional traffic on Zealand.

The Vectron electric locomotives have gradually been phased in during 2021 and have travelled relatively few kilometres in 2021 compared to other litra and to expected kilometre production when fully phased in. The Vectron electric locomotives, cf. Table 6 above, have on average had a Mean Distance Between Failures of 3,000 kilometres in the January-December 2021 period. There has been an ongoing improvement in the performance of the locomotives, and at the end of 2021, the Mean Distance Between Failures was at around 10,000 kilometres. This positive trend is expected to continue in 2022.

Figure 3: Mean Distance Between Failures 2021

Vectron electric locomotives



The locomotives are very reliable in operations but have certain challenges when it comes to communications between signal equipment and existing signals along the tracks. The problem is expected to be solved with a software update from the German manufacturer, Siemens being implemented from the start of 2022. The last 10 locomotives will be delivered with new software installed.

Phasing in of Vectron electric locomotives

In October 2020, the first 3 Vectron electric locomotives were deployed to commercial operations. 29 locomotives have been delivered in 2021, amounting to 2-3 per month. In connection with the timetable change in December, all 32 are now deployed to commercial operations.

The last 10 locomotives will be delivered in second and third quarters 2022.

S-train sets

The S-trains have travelled fewer litra kilometres in 2021. Among other things, this is due to more train sets being deployed per departure throughout most of 2020 in order to ensure proper distancing between customers in the trains.

The Mean Distance Between Failures has decreased compared to 2020. The decrease is due to more errors occurring in 2021, including errors related to the signal system and doors. However, S-trains are still operating at a high level of stability.

Planning of the Future - a new planning and disposition system

In 2021, the new standard system, IVU.rail from IVU Traffic Technologies, has been implemented and used in the traffic and rolling stock planning work and for determining the disposition of S-trains.

The rest 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 2023 onwards.

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 the lines that DSB operates on. Banedanmark's project is scheduled to continue up to 2027. As more and more lines are electrified, DSB can deploy more electric rolling stock. From the timetable change in December 2021, for example, DSB has deployed electric rolling stock in the form of Vectron electric locomotives and double decker coaches between Elsinore and Næstved, using the driving lines between Næstved and Ringsted. 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 its target of being carbon neutral in 2030.

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

Signalling Programme

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

Long-distance & Regional trains

The roll-out of the Signalling Programme for the long-distance and interregional traffic sets the framework for the train traffic of the future. The new Vectron electric locomotives from Siemens and the new incoming Coradia electric train sets from Alstom will come with the new signal system installed. Parts of DSB's existing train fleet will also in these years be retrofitted with the new signal system.

In 2021, work continues retrofitting the IC3 and IR4 train sets and the double decker coaches, which will all be ready to operate on lines using the new ERTMS signal system.

The retrofitting of the IC3 train sets continued in 2021 and at the end of the year 56 train sets had been retrofitted. The plan for the retrofitting of IC3 train sets is on track.

In addition, by the end of 2021, 14 double decker driving cabs have also been converted. As a result of the phasing in of Vectron electric locomotives, the double decker control carriages have also in 2021 been upgraded to drive with the electric locomotives, which is a prerequisite in order to be able to fully use the electric locomotives.

Permission was granted to deploy the first IR4 train sets in 2021. At the end of the year, 3 IR4 train sets had been retrofitted. In fourth quarter, an agreement was also signed to retrofit 2 IR4 train sets at a time and this work was begun in December. The retrofitting can thus be accelerated in 2022 to ensure that there are enough retrofitted train sets for the operations planned for 2023.

There are still challenges associated with the familiar system errors, and this also results in lower levels of operational stability for the retrofitted train sets. DSB and Banedanmark are still working on fixing these system errors and on minimising the impact from them.

S-trains

In January 2021, the new signal system on the S-train lines was deployed on the lines between Ny Ellebjerg-Ryparken, Ryparken-Farum and Nordhavn-Svanemøllen.

In 2021, the focus has been on operations and making improvements to the coming rollouts. Yet another roll-out has been completed in January 2022, and the final roll-out will take place during third quarter 2022. After this, the new signal system will be fully rolled out on the S-train lines.

Service & Retail

Service & Retail plays an important role in offering customers food, drinks and snacks, regardless of where they are on their journey.

63 7-Eleven kiosks, 3 station houses, Kaffeexpressen and the Baggage Centre at Copenhagen Central Station are being operated under Service & Retail. In addition, in 2021 Catering was internally handed over to Service & Retail in order to create a fully integrated and uniform experience for customers across sales channels.

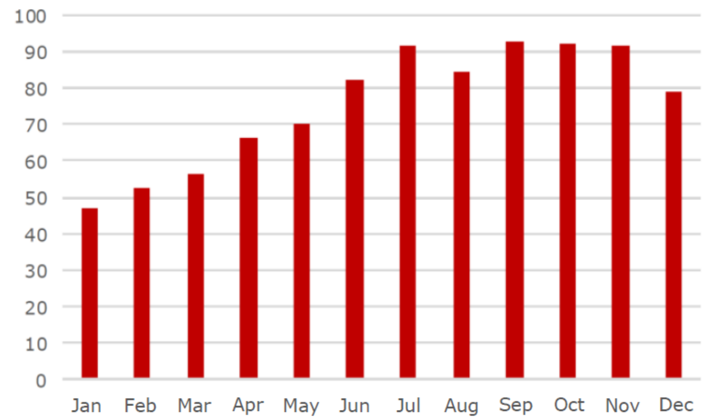
2021 was impacted by COVID-19 and the restrictions and recommendations issued by the authorities. This resulted in periods with large decreases in the number of customers, with estimated net impact of around DKK 20-30 million.

The profit/loss before tax for Service & Retail in 2021 amounted to a loss of DKK 13 million.

The many restrictions and recommendations at the start of 2021 meant that the number of customers in January was 53 percent below that of the same period in 2019. As Danish society began reopening in 2021, the customers returned. The re-introduction of restrictions at the end of 2021 meant fewer customers again, however, and in December the number of customers was 21 percent below the same period of 2019. The overall decrease for the year was 24 percent compared to 2019.

Figure 4: Number of customers in Service & Retail

(Percent compared to 2019)



In periods of low activity, staffing and costs have been adjusted to the extent possible.

In December, a new station house opened in Bramminge and in January 2022 and new station house has opened in Holstebro. DSB now has 4 station houses helping liven up the stations.

Property development

The main activity of Property development is to sell, develop and manage properties no longer used for train operations on a commercial basis.

Besides the revenue from sales and project development as well as commercial property development, property development also receives revenue from renting out properties.

In 2021, focus has been on working with a number of projects related to commercial property development and sales of properties.

The profit/loss before tax in 2021 for Property development amounted to a profit of DKK 138 million.

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 to realise high-quality and sustainable property projects. 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.

Frugtmarkedet, Grønttorvet, Valby

The project on the former Grønttorvet in Valby involves the construction of 375 apartments in the Hibiscus Hus property. The construction is certified under the DGNB Gold standard and thus contributes to DSB's sustainability strategy. The apartments began being rented out in July 2021 and the property is fully rented out as of January 2022 - before the final construction phase is completed.

The project is being completed in partnership with Ny Valby Udvikling A/S, a company under FB-gruppen A/S.

Project Downtown in Postbyen

In 2021, an agreement was signed with Danica Ejendomsselskab ApS (a subsidiary of Danica Pension) concerning the development of approximately 25,000 floor metres in Postbyen in downtown Copenhagen. All in all, the area will turn into a new city district focused on sustainability and open and audience-oriented facilities.

The project will consist of around 8,500 m^2 of social housing built via a delegated developer model together with the social housing company FSB, around 7,800 m^2 of rental homes and 8,700 m^2 of office and commercial leases.
The project is to begin at the end of 2023 and is expected to be completed in 2027.

Jernbanebyen, Copenhagen

Jernbanebyen will be a new attractive city district in Copenhagen covering 450,000 m^2, surrounded by Vasby-gade, Ingerslevsgade and Enghavevej. Emphasis is placed on high-quality construction and a distinct green profile.

The new city district will consist of approximately 5,000 homes and 200,000 m^2 of commercial real estate, retail stores, schools and institutions.

In April, Team Cobe was selected as the winner of a holistic plan contest for Jernbanebyen, and their proposal is now being processed. The holistic plan will form the basis for the local plan prepared for the area.

On 30 November, the landlords submitted materials for the early project outline, which is expected to be approved by the Copenhagen City Council in first quarter 2022, after which the work on preparing a proposal for the local plan can commence. The district plan with the associated environmental impact assessment will then begin after that.

The process of finding a joint venture partner for the project has begun and is expected to be completed during 2022.

"With the proposal from Team Cobe, we have a very strong foundation for a long-term and robust holistic plan. Systematically working towards an ambitious DGNB sustainability certification is important to us."
Søren Beck-Heede, CEO, DSB Ejendomsudvikling A/S

Major real estate sales
In 2021, Property development has sold off areas in Horsens, Vejle, Nyborg and Bispebjerg/Lygten.

Financial activities

The profit/loss before tax in 2021 amounted to a profit of DKK 805 million, which is DKK 909 million higher than in 2020.

The profit for the year was positively impacted by the fact that DSB has received and recognised compensation payments for financial losses resulting from COVID-19, which amounts to DKK 295 million for the period September-December 2020 in this year's results pursuant to the rulings in the EU in 2021 which allowed for the payment of compensation.

There have also been efficiency improvements via a targeted effort during the year. This work will continue in the coming years.

Discontinued operations
In July, an agreement was reached with a large industrial actor, Knorr-Bremse AG, concerning the selling of Component Workshop. The agreement is conditional upon approval from the Danish competition authorities and the handover is expected to take place in first half 2022.

As a result of the agreement, the activity is presented as discontinued operations in 2021. In accordance with the Danish Financial Statements Act, the activity from 1 January 2021 is no longer consolidated in the individual line items of the income statement. The discontinued operations have had a DKK 0 million impact on the profit/loss for the period but have had an impact on Expenses for raw materials and consumables, Other external expenses and Staff expenses.

Table 7: Impact from discontinued operations

Amounts in DKK million	2021
Net revenue	(39)
Work performed by the entity at its own expense and capitalised	(32)
Expenses for raw materials and consumables	407
Other external expenses	(520)
Staff expenses	174
Amortization, depreciation and write-downs of intangible and tangible fixed assets	10
Net effect	**0**

Contract revenue and compensation
DSB's passenger revenue has since the lockdown of Denmark on 11 March 2020 been significantly negatively impacted by COVID-19 and the restrictions and recommendations issued by the authorities.

For 2021, DSB has entered into supplemental contract 38 with Ministry of Transport. The supplemental contract covers losses in passenger revenue in 2021 compared to 2019 for periods where the number of journeys has been significantly impacted by COVID-19 and the issued restrictions. This has resulted in extra contract revenue up until 14 August, after which all COVID-19 restrictions related to DSB journeys were cancelled. From 29 November, the supplemental contract has once again resulted in additional contract revenue due to the re-introduction of the requirement to wear face coverings while on public transport.

Compensation for 2020 due to COVID-19

In June 2021, DKK 88 million in compensation payments was recognised for the period 1 September - 31 December 2020 pursuant to EU decision.

In August, the European Commission approved that notification can be given for compensation for the repayment of infrastructure charges of DKK 207 million for the period September-December 2020. The compensation has been recognised in December 2021.

Increasing revenue
DSB's net revenue amounted to DKK 9,039 million (DKK 8,701 million).

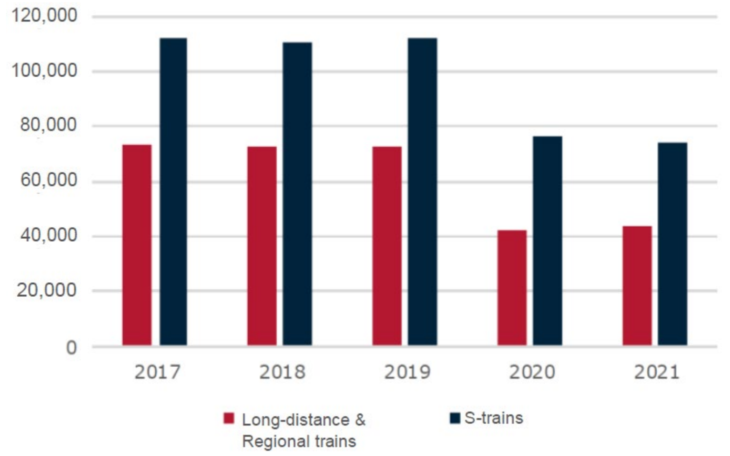
Passenger revenue amounted to DKK 3,795 million, which is DKK 384 million higher than in 2020, but DKK 1,378 million lower than in 2019.

The increase in passenger revenue compared to 2020 is mainly due to the abolishment of the Metro double factor[1] and to a smaller extent the sale of more journeys for interregional traffic and adjustments to previous years' passenger revenue figures.

Contract revenue from the state increased by DKK 256 million compared to 2020, mainly as a result of the supplemental contract. However, there has been a reduction of contract revenue resulting from the discontinued Metro double factor.

Figure 5: Number of journeys

(1,000 journeys)



Sale of repair and maintenance services, etc. amounted to DKK 111 million, which was a decrease of DKK 201 million. This is mainly due to the discontinuation of the maintenance task for the Swedish Øresund train sets as of December 2020.

Decreasing expenses
Expenses totalled DKK 8,662 million (DKK 9,162 million).

Expenses for raw materials and consumables decreased by DKK 446 million compared to 2020. This is mainly a result of Component Workshop no longer being part of this income statement line item. In addition, there is also an impact from no longer being tasked with maintaining the Swedish Øresund train sets. The development is also impacted by lower energy costs for propulsion, which can partly be attributed to relinquished traffic.

Other external expenses increased by DKK 225 million compared to 2020. The expenses for repair and maintenance of rolling stock were higher due to all expenses for Component Workshop being recognised as purchases in the income statement line item. In addition, in 2021 DSB has completed additional improvements at stations focused on creating a better customer experience. Conversely, Other external expenses have decreased due to the reimbursement of infrastructure charges for the September-December period in 2020.

Staff expenses decreased by DKK 279 million compared to 2020. The decrease is partly due to fewer employees and partly due to staff expenses associated with Component Workshop no longer being part of this income statement line item.

Amortization, depreciation and write-downs
Amortization, depreciation and write-downs amounted to DKK 1,315 million compared with DKK 1,335 million in 2020.

Developments in assets and liabilities
At the end of 2021 total assets amounted to DKK 13,722 million compared to DKK 12,147 million at the end of 2020.

[1] The Metro double factor has previously meant that Metroselskabet I/S has received a disproportionately high share of the total passenger revenue in the Greater Copenhagen area which was taken from DSB's passenger revenue. The Metro double factor was abolished on 1 January 2021.

The increase in total assets is mainly driven by the profit for the year and the taking of loans to finance the future electric trains.

In 2021, DSB invested DKK 1.452 million (DKK 885 million). The investments were mainly in the acquisition of new Vectron electric locomotives and major overhauls of trains.

Interest-bearing debt, net has been reduced by DKK 101 million compared with 31 December 2020 and amounted to DKK 2,725 million on 31 December 2021.

Dividend for Ministry of Transport
The Board of Directors recommends that the Annual Meeting adopts a resolution that no dividend will be paid for 2021.

Solid levels of cash and cash equivalents
DSB must always be able to maintain an appropriate level of cash and cash equivalents to support new investment projects and to pay the operational costs.

Throughout all of 2021, DSB has had solid levels of cash and cash equivalents and this amounted to DKK 10,571 on 31 December 2021. The cash and cash equivalents reserves have been used on an ongoing basis to finance operations until DSB received the contract revenue from supplemental contract 38.

The cash and cash equivalents reserves grew by DKK 2,254 million in 2021 due to receiving the contract revenue from supplemental contract 38.

To strengthen these cash and cash equivalents reserves further with a view to, for example, investing in the future electric trains and green workshops, in 2021 bank credit agreements were signed amounting to DKK 1,500 million. The new credit lines will replace existing credit lines of DKK 1,000 million due for repayment in 2022.

DSB's focus on sustainable and green investments is now also for the first time integrated into the terms for the loan interest rates in the latest signed bank credit agreements. This reinforces DSB's commitment to its sustainability strategy and its specific objectives. On a practical level, this means that the interest rate charged depends on whether DSB will achieve the planned reductions in emissions of CO_2 and particles and its waste recycling targets. If these targets are met, DSB will obtain a discounted interest rate - but conversely, the interest rate will be higher if the targets are not met.

"Sustainability and green investments are strategically important to DSB. With these new lines of credit, we commit ourselves to realising our long-term environmental targets and thus obtain a discounted interest rate."
Eske Hansen, Head of Treasury

During 2021, DSB has made use of its EUR 400 million credit line from the Nordic Investment Bank by taking a EUR 200 million (DKK 1,487 million) loan with a maturity date of 15 years. At the end of 2021, EUR 67 million (DKK 498 million) remain in the credit line, which will be paid out in 2022.

The European Investment Bank has also agreed to a project loan framework amounting to EUR 500 million (DKK 3,718 million) for new electric train sets. Under the loan framework, in 2020 an agreement has been concluded concerning EUR 150 million and in 2021 an agreement was reached on the remaining EUR 350 million. Both agreements allow for the establishment of a loan with a maturity date of up to 25 years. At the end of 2021, payments have not yet been made.

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

Expectations for 2022

The expectations for the profit/loss for 2022 are associated with a great deal of uncertainty, including the impact of COVID-19, how soon the customers return to DSB and the uncertainty as to how many people will be working from home more frequently.

DSB has entered into supplemental contract 44 with Ministry of Transport. This gives DSB the option of receiving additional contract revenue in 2022 during the months where number of journeys is more than 15 percent lower than in the same month of 2019 on the condition that there are restrictions or recommendations by the authorities related to COVID-19.

On this basis, a profit/loss before tax of close to DKK 0 million is expected in 2022.

Events after 31 December 2021

No events have occurred after 31 December 2021 which, in the opinion of the management, have a significant impact on the assessment of the annual report for 2021.

Other circumstances

Executive Vice President of Commercial, Jan Sigurdur Christensen, has resigned and will step down on 1 March 2022. From 15 March 2022, Jens Visholm Uglebjerg will be the new Executive Vice President of Commercial.

There are no other circumstances that, in the opinion of the management, have a significant impact on the assessment of the annual report for 2021.

Consolidated accounts and annual accounts

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

Management's statement
The Board of Directors and the Executive Board have today discussed and approved DSB's annual report for 2021.

The annual report is presented in accordance with the Danish Financial Statements Act and the Danish DSB Act. We consider the accounting policies applied to be appropriate. Accordingly, the annual report gives a true and fair view of the group's and the parent corporation's assets, liabilities and financial position at 31 December 2021 and of the results of the group's and the parent corporation's operations and the group's cash flows for the financial year from 1 January to 31 December 2021.

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, 10 February 2022

Executive Board

Flemming Jensen
CEO

Thomas Thellersen Børner
CFO

Jan Sigurdur Christensen
Executive Vice President, Commercial

Jürgen Müller
Executive Vice President, Strategy & Rolling stock

Per Schrøder
Executive Vice President, Operations

The Board of Directors

Peter Schütze
Chairman

Anne Hedensted Steffensen
Vice-Chairman

Henrik Amsinck

Hanne Blume

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 2021, 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 34-68. 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’s and the independent public corporation DSB’s assets, liabilities and financial position at 31 December 2021 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 2021 in accordance with the Danish Financial Statements Act and the DSB Act.

Basis of opinion

We have 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 Audit (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 responsibility 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 Accountant’s International Code of Ethics for Professional Accountant ethics (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 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’ responsibility 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 that 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, individual 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 misstatements 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 omission, misrepresentation or the override of internal control

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the independent public corporation DSB's internal control

- Evaluate the appropriateness of accounting policies used and 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 and 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, supervision and performance of the group audit. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit 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 report and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during our 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 financial statements.

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

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

Copenhagen, 10 February 2022

EY Authorised Limited Company of Accountants CVR no. 30700228		**Rigsrevisionen** CVR No. 77806113	
Søren Skov Larsen State-authorised public accountant mne26797	Michael N. C. Nielsen State-authorised public accountant mne26738	Lone Lærke Strøm Auditor General	Malene Sau Lan Leung Head of Office

Income statement

Parent corporation				Group	
2020	2021	Note	Amounts in DKK million	2021	2020
			Income		
8,524	9,659	2.1	Net revenue	9,039	8,701
97	88	2.2	Work performed by the entity at its own expense and capitalised	480	468
757	669	2.3	Other operating income	1,329	1,294
9,378	**10,416**		**Total income**	**10,848**	**10,463**
			Expenses		
692	1,108	2.5	Expenses for raw materials and consumables	1,495	1,941
4,947	4,900	2.6, 2.7, 2.8	Other external expenses	3,753	3,528
2,686	2,630	2.9,2.10	Staff expenses	3,414	3,693
8,325	**8,638**		**Total expenses**	**8,662**	**9,162**
1,053	**1,778**		**Profit/loss before amortization, depreciation and write-downs**	**2,186**	**1,301**
1,189	1,205	3.1,3.2, 3.3	Amortization, depreciation and write-downs of intangible and tangible fixed assets	1,315	1,335
(136)	**573**		**Operating profit/loss**	**(871)**	**(34)**
			Financials		
88	216	4.3	Profit/loss after tax in group and associated companies plus joint ventures	5	0
15	16	4.1	Financial income	8	13
81	79	4.1	Financial expenses	79	83
22	**153**		**Net financials**	**(66)**	**(70)**
(114)	**726**		**Profit/loss before tax**	**805**	**(104)**
57	(103)	5.1	Tax on profit/loss for the year	(182)	47
(57)	**623**		**Profit/loss for continuing operations**	**623**	**(57)**
-	-		Profit/loss from discontinued operations	0	-
(57)	**623**		**Profit/loss for the year after discontinued operations**	**623**	**(57)**

Allocation of the results

Parent corporation				Group	
2020	2021	Note	Amounts in DKK million	2021	2020
		4.2	**The earnings for the period are distributed as follows:**		
			Corporation participant in DSB	623	(57)
			Total	**623**	**(57)**
		4.2	**The parent corporation's profit is proposed to be allocated as follows:**		
0	0		Dividend for Ministry of Transport		
(17)	26		Reserve for development costs		
(40)	597		Retained earnings		
(57)	**623**		**Total**		

Balance sheet - assets

Parent corporation 2020	Parent corporation 2021	Note	Amounts in DKK million	Group 2021	Group 2020
		3.1	**Intangible fixed assets**		
77	61		Development projects	73	77
67	117		Intangible fixed assets in progress and prepayments	117	76
144	**178**		**Total intangible fixed assets**	**190**	**153**
		3.2	**Tangible fixed assets**		
3,706	3,476		Land and buildings	3,765	4,034
3,620	3,234		Rolling stock	4,606	4,420
561	527		Operating equipment, fixtures and fittings and other equipment	593	678
105	156		Tangible fixed assets in progress and prepayments	643	499
7,992	**7,393**		**Total tangible fixed assets**	**9,607**	**9,631**
		4.3	**Financial fixed assets**		
1,604	1,899		Equity investments in group and associated companies plus joint ventures	184	75
569	971		Loans to group companies	-	-
129	79		Subordinated loan capital in associated companies	79	129
24	67		Other receivables	69	26
2,326	**3,016**		**Total financial assets**	**332**	**230**
10,462	**10,587**		**Total fixed assets**	**10,129**	**10,014**
10	**16**	6.1	**Inventories**	**165**	**435**
1	**1**	3.2	**Commercial properties**	**1**	**15**
		6.2	**Receivables**		
327	534		Trade receivables	580	495
283	54		Receivables from group companies	-	-
9	-		Receivable joint taxation contribution	-	-
51	212		Other receivables	246	85
422	641	6.3	Accruals and prepayments	163	140
1,092	**1,441**		**Total receivables**	**989**	**720**
-	**1,500**		**Securities**	**1,500**	**-**
914	**540**		**Cash and cash equivalents**	**546**	**963**
-	**-**	8.5	**Assets held for sale**	**392**	**-**
2,017	**3,498**		**Total current assets**	**3,593**	**2,133**
12,479	**14,085**		**Total assets**	**13,722**	**12,147**

Balance sheet - equity and liabilities

Parent corporation 2020	Parent corporation 2021	Note	Amounts in DKK million	Group 2021	Group 2020
			Equity		
4,760	4,760		Contributed capital	4,760	4,760
89	121	2.2	Reserve for development costs	-	-
(414)	(35)	7.6	Reserve for hedging transactions	(35)	(414)
(343)	247		Retained earnings	368	(254)
0	0		Proposed dividends	0	0
4,092	**5,093**		**Total equity**	**5,093**	**4,092**
			Provisions		
104	79	8.1	Other provisions	80	108
188	289	5.2	Deferred tax liabilities	316	152
292	**368**		**Total provisions**	**396**	**260**
			Non-current liabilities		
3,228	4,013		Long-term loans	4,013	3,228
650	439		Other non-current liabilities	439	650
174	142		Other liabilities	142	174
4,052	**4,594**	4.5	**Total non-current liabilities**	**4,594**	**4,052**
			Current liabilities		
574	664	4.5	Current portion of non-current liabilities	664	574
1,296	1,775		Trade accounts payable	1,928	1,511
769	636		Debt to associated companies	-	-
0	90		Corporation tax	92	0
848	397		Other liabilities	445	1,094
556	468	6.4	Accruals and prepayments	468	564
-	-	8.5	Liabilities held for sale	42	-
4,043	**4,030**		**Total current liabilities**	**3,639**	**3,743**
8,095	**8,624**		**Total liabilities**	**8,233**	**7,795**
12,479	**14,085**		**Total equity and liabilities**	**13,722**	**12,147**

1.1 Accounting policies applied, **1.2** Significant accounting practices, **1.3** Significant accounting estimates, **2.4** Commercial property development, **8.2** Contingent assets and liabilities, as well as other financial obligations, **8.3** Closely 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 trans-actions	Retained earnings	Proposed dividends	Total equity
Equity at 1 January 2020	**4,760**	**106**	**(220)**	**(301)**	**0**	**4,345**
Declared dividend	-	-	-	-	0	0
Profit/loss for the year	-	(17)	-	(40)	0	(57)
Value adjustment of hedging instruments	-	-	(194)	-	-	(194)
Equity movements in group companies	-	-	-	(2)	-	(2)
Equity at 31 December 2020	**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 companies	-	-	-	(1)	-	(1)
Equity at 31 December 2021	**4,760**	**121**	**(35)**	**247**	**0**	**5,093**

Statement of changes in equity - group

Amounts in DKK million	Contributed capital	Reserve for hedging trans-actions	Retained earnings	Proposed dividends	Total equity
Equity at 1 January 2020	**4,760**	**(220)**	**(195)**	**0**	**4,345**
Declared dividend	-	-	-	0	0
Profit/loss for the year	-	-	(57)	0	(57)
Value adjustment of hedging instruments	-	(194)	-	-	(194)
Other changes in equity, tax	-	-	(2)	-	(2)
Equity at 31 December 2020	**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, tax	-	-	(1)	-	(1)
Equity at 31 December 2021	**4,760**	**(35)**	**368**	**0**	**5,093**

Cash flow statement

Amounts in DKK million	Note	Group 2021	Group 2020
Operating profit/loss		**(871)**	**(34)**
Adjustment for non-cash operating items			
Amortization, depreciation and write-downs of intangible and tangible fixed assets	3.1, 3.2, 3.3	1,315	1,335
Change in other provisions, net	8.1	(28)	(38)
Other adjustments			
Gains and losses from sale and scrapping of intangible and tangible fixed assets	8.4	(274)	(110)
Net financials, paid	4.6	(127)	(75)
Corporation tax, paid	5.1	(42)	(68)
Change in working capital	6.5	(524)	130
Total cash flow from operating activities from discontinued operations	8.5	(409)	-
Total cash flow from operating activities		**782**	**1,140**
Cash flow from investment activities			
Acquisition of intangible and tangible fixed assets - excluding capitalised interest	3.1, 3.2	(1,027)	(885)
Sales of intangible and tangible fixed assets	3.1, 3.2	374	230
Repayment of subordinated loan capital	4.3	51	38
Changes to securities		(1.500)	-
Total cash flow from investment activities from discontinued operations	8.5	(14)	-
Total cash flow from investment activities		**(2.116)**	**(617)**
Cash flow from financing activities			
Proceeds from raising of long-term loans		1,487	1,586
Proceeds from raising of short-term loans		1,785	2,045
Repayment and payment of instalments on long-term loans		(570)	(491)
Repayment and payment of instalments on short-term loans		(1,785)	(2,545)
Change in credit institutions		0	(185)
Dividends paid		0	0
Total cash flow from financing activities in discontinued operations	8.5	-	-
Total cash flow from financing activities		**917**	**410**
Total change to cash and cash equivalents		**(417)**	**933**
Cash and cash equivalents at 1 January		963	30
Cash and cash equivalents at 31 December		**546**	**963**

Notes and accounting policies applied

Section 1
Interpretation

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

The notes are divided into 8 groups according to theme:

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

This section contains the following notes:

1.1	Accounting policies applied
1.2	Significant accounting 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 2020 except for the change below.

Discontinued operations
Discontinued operations cover the activities and cash flows that 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 held for sale are liabilities directly associated to these assets which will be transferred during the transaction.

Assets and liabilities held for sale are presented as a separate balance sheet line item.

Cash flows from operating, investments and financing activities for the discontinued operations are presented on a separate line item in the group cash flow statement.

Changes in accounting estimates
There have been no changes to significant accounting estimates in 2021.

Consolidated accounts
The consolidated accounts comprise the parent corporation and group companies in which the parent corporation directly or indirectly holds more than 50 percent of the voting rights and exercises a controlling influence. Companies 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 companies. Companies owned and operated jointly with others and where the parties together exercise a controlling influence are considered as joint ventures.

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

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

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

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

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

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

Intragroup business combinations

In connection with business combinations such as purchase and sale of equity investments, mergers, demergers, addition of assets and share exchanges etc. with participation of companies under the control of the parent 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 company is recognised in equity.

Foreign currency translation

Transactions denominated in foreign currencies are translated on initial recognition using the exchange rate on the transaction date. Differences between the exchange rate on the transaction date and the exchange rate on the payment day are recognised in the income statement under 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 liability arose or was recognised in the latest annual accounts is recognised in the income statement under Net financials.

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

Non-deductible VAT

DSB has a partial right of deduction of incoming VAT, since the group has VAT-liable as well as 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 companies in cases where there had been full right of deduction if the associated company had an independent VAT registration.

Equity

Reserve for development costs

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

Reserve for hedging transactions

The reserve for hedging transactions includes recognised financial instruments that are classified as hedges for future cash flows. The reserve cannot be used for payment of dividends or covering losses. The reserve is value-adjusted with the changes made to the financial instruments.

Dividends

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

Cash flow statement

The cash flow statement shows the cash flow divided into operating, investment and financing activities 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 companies.

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, financial income and expenses paid, corporation tax paid and changes in working capital. The working capital comprises the change in Current assets less the change in Current liabilities exclusive of items included in cash and cash equivalents. Changes in working capital are adjusted for changes that have no effect on liquidity.

Cash flows from investment activities

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

Cash flows from financing activities

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

Securities

Securities are recognised at amortised cost price.

Cash and cash equivalents

Cash and cash equivalents include cash and short-term securities with insignificant currency risk.

Other accounting policies applied

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

Section 2 - Operations

2.1 Net revenue
2.2 Work performed by the entity at its own expense and capitalised
2.3 Other operating income
2.4 Commercial property development
2.5 Expenses for raw materials and consumables
2.6 Other external expenses
2.7 Consultancy fees excluding audit fees
2.8 Audit 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 income and expenses
4.2 Allocation of the results
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/loss 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 Closely 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 Significant accounting practices

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

The senior management considers 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 and 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 that are significant to delivering the accounts are made, among other things, for the life expectancy of fixed assets, the cash flow from investments and the associated discounting rates, sales values, deferred provisions and contingent liabilities.

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

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

Rolling stock
The valuation of rolling stock is 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 that are included in Operating profit.

The section includes information on revenue and cost in connection with the carrying out of operations.

The main events of 2021 are described in further detail under Results - Financial activities.

This section contains the following notes:

Note 2.1: Net revenue

Parent corporation			Group	
2020	**2021**	**Amounts in DKK million**	**2021**	**2020**
		Passenger revenue distributed on business areas:		
2,324	2,427	Long-distance & Regional trains	2,407	2,303
1,108	1,388	S-trains	1,388	1,108
3,432	**3,815**	**Total passenger revenue**	**3,795**	**3,411**
4,819	5,075	Contract revenue	5,075	4,819
8	60	Sale of repair and maintenance services, etc.	111	312
265	709	Sale and leasing of rolling stock	58	159
8,524	**9,659**	**Total**	**9,039**	**8,701**

Total passenger revenue in the parent corporation and the group includes penalty fees of DKK 79 million (2020: DKK 83 million).

The net revenue for 2021 was impacted by additional contract revenue of DKK 1,451 due to financial losses incurred in connection with COVID-19 (2020: DKK 914 million) for 2021 and DKK 88 million for 2020.

The sale and leasing of rolling stock in 2021 are impacted by the parent corporation having sold 29 Vectron electric locomotives to a group company. The sales are presented as Net revenue, as the sale of rolling stock is a natural extension of the purpose of running a railway business.

Accounting practices

Passenger revenue is recognised at the time of carriage. Provision is made in respect of the value of tickets sold but not 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 fees is measured after the deduction of expected losses.

Contract revenue is recognised over the periods to which it relates.

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

Revenue from the sale of rolling stock that has been acquired with the intent to sell 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 capitalised

In the parent corporation, the addition of capitalised development projects covered by the rules of the Danish Financial Statements Act for binding of separate equity reserve amounts to DKK 89 million in 2021 (2020: (DKK 57 million). As of 31 December 2021, the reserve amounts to DKK 115 million. (2020: DKK 89 million) and has been reduced with depreciation and deferred taxes.

Accounting practices

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

Note 2.3: Other operating income

Parent corporation			Group	
2020	2021	Amounts in DKK million	2021	2020
1	2	Sales from kiosks, etc.	724	643
155	137	Renting and leasing	177	195
17	70	Revenue on sales of intangible and tangible fixed assets	285	118
346	337	Intragroup revenue	-	-
238	123	Others	143	338
757	**669**	**Total**	**1,329**	**1,294**

In 2021, Other operating income in the group was affected by income from the sale of properties, etc., amounting to net profits of DKK 240 million. (2020: (DKK 110 million).

Sales from kiosks, etc., relate to the sales from the 7-Eleven kiosks at stations with DSB as the franchisee.

Others in 2021 and 2020 was impacted by compensation for salaries and cost 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 rental activities or gains from selling land and buildings - and income from commissions and Sales from kiosks, etc.

Intragroup income in the parent corporation includes trading with group companies.
Revenue is recognised when delivery and transfer of risk have taken place at the fair value of the agreed consideration exclusive of VAT, discounts and taxes collected on behalf of a third party.

Note 2.4: Commercial property development

Commercial property development	2021	2020
Other operating income	173	149
Profit/loss before tax for the year	138	120
Total equity	603	495
Total assets	698	526

In 2021, a joint venture agreement has been entered into with Danica Ejendomsselskab ApS concerning the development of 25,000 floor metres in a construction project at Postbyen in downtown Copenhagen. The project will be launched at the end of 2023 and is expected to be completed in 2027.

In April, Team Cobe won the holistic plan contest for Jernbanebyen, which will become a new attractive district in Copenhagen. The realisation of the project on the local plan that is being prepared for the area and on an agreement with a joint venture partner. Both are expected to be in place during 2022.

Note 2.5: Expenses for raw materials and consumables

Parent corporation			Group	
2020	2021	Amounts in DKK million	2021	2020
450	411	Energy for train operation	411	450
14	18	Goods for sale in kiosks, etc.	508	459
228	679	Spare parts and rolling stock, etc.	576	1,032
692	**1,108**	**Total**	**1,495**	**1,941**

In 2021, spare parts and rolling stock, etc., in the parent corporation were impacted by the acquisition of 29 Vectron electric locomotives intended for onward sale to a group company.

The development in Spare parts and rolling stock, etc. for the group is impacted by the Component Workshop being presented as discontinued operations.

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 realised derivative financial instruments.

Note 2.6: Other external expenses

Parent corporation			Group	
2020	2021	Amounts in DKK million	2021	2020
583	389	Infrastructure charges	389	583
2,134	2,190	Repair, maintenance and cleaning, etc.	1,361	767
563	587	Administrative expenses	563	609
111	108	Leasing of buildings and premises, etc.	168	179
538	485	Consultancy fees etc., including audit fee	481	540
218	213	Leasing of rolling stock	32	79
102	100	Replacement transport, etc.	100	102
263	247	Commissions, etc.	201	216
80	114	Sales and marketing	114	80
72	99	Staff-related costs	103	84
78	109	Payroll tax	141	103
8	10	Losses on sale and scrapping of intangible and tangible fixed assets	11	8
197	249	Other external expenses	89	178
4,947	**4,900**	**Total**	**3,753**	**3,528**

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

The development in Repair, maintenance and cleaning, etc. for the group is impacted by Component Workshop being presented as discontinued operations.

Accounting practices

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

Note 2.7: Consultancy fees excluding audit fees

Parent corporation			Group	
2020	2021	Amounts in DKK million	2021	2020
37	30	Lawyers	30	37
248	281	IT consultants	278	248
28	26	Management consultants	26	28
3	5	Tax, VAT and accounting assistance	5	3
84	90	Technical consultancy	88	85
120	45	Programme management	45	120
520	**477**	**Total**	**472**	**521**

Programme management mainly covers the costs for the following programmes: The trains of the future, S-trains of the future and New Green Workshops.

Note 2.8: Audit fee

Parent corporation			Group	
2020	2021	Amounts in DKK million	2021	2020
		Audit fee for EY Godkendt Revisionspartnerselskab:		
3.9	3.5	Statutory audit	4.2	4.5
0.8	0.7	Other assurance statements	0.7	0.9
0.3	0.3	Tax and VAT consultancy	0.3	0.3
13.3	4.1	Other services:	4.3	13.3
18.3	**8.6**	**Total**	**9.5**	**19.0**

Audit fee includes fee for external auditor appointed at the Annual Meeting.

Other services in 2020 and 2021 was impacted by a non-recurring task that was 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	2021	2020
Remuneration of Board of Directors	2.6	2.5
Remuneration of committees	0.9	0.8
Total remuneration of Board of Directors	**3.5**	**3.3**
Fixed remuneration	18.0	17.1
Pension	2.7	2.6
Value of employee benefits	0.6	0.6
Variable remuneration	2.8	2.4
Total remuneration of Executive Board	**24.1**	**22.7**
Total remuneration of Board of Directors and Executive Board	**27.6**	**26.0**

Remuneration of Board of Directors and Executive Board is elaborated upon in ‘Vederlagsrapport 2021’, which can be found at www.dsb.dk.

Note 2.10: Staff expenses

Parent corporation			Group	
2020	**2021**	**Amounts in DKK million**	**2021**	**2020**
2,370	2,337	Wages and salaries	3,028	3,264
268	249	Pensions	330	371
48	44	Other social security costs	56	58
2,686	**2,630**	**Total**	**3,414**	**3,693**
4,576	**4,401**	**Average number of full-time employees**	**6,061**	**6,757**

The development in the average number of full-time employees in the group is impacted by the presentation of Component Workshop as discontinued operations.

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

Pension contributions for civil servants paid to the state are recognised as an expense. The pension contribution in 2021 amounted to 15 percent (2020: 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 expenses for social security 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 fixed assets.

The main events of 2021 are described in further detail under Result - Financial activities, Customers and Train operations.

This section contains the following notes:

Note 3.1: Intangible fixed assets - parent corporation

Amounts in DKK million	Development projects	Intangible fixed assets in progress and prepayments	Total intangible fixed assets
Cost price at 1 January 2021	**1,234**	**73**	**1,307**
Correction of cost price at 1 January 2021	(25)	-	(25)
Cost price at 1 January 2021 – adjusted	**1,209**	**73**	**1,282**
Additions	-	89	89
Retained	39	(39)	0
Disposals	-	-	-
Cost price at 31 December 2021	**1,248**	**123**	**1,371**
Amortization, depreciation and write-downs at 1 January 2021	**1,157**	**(6)**	**(1,163)**
Correction of amortization, depreciation and write-downs at 1 January 2021	25	-	25
Amortization, depreciation and write-downs at 1 January 2021 – adjusted	**(1,132)**	**(6)**	**(1.138)**
Amortization and depreciation for the year	(44)	-	(44)
Write-downs for the year	(11)	-	(11)
Disposals	-	-	-
Amortization, depreciation and write-downs at 31 December 2021	**(1,187)**	**(6)**	**(1,193)**
Carrying amount at 31 December 2021	**61**	**117**	**178**
Carrying amount at 31 December 2020	77	67	144

Note 3.1: Intangible fixed assets - group

Amounts in DKK million	Development projects	Intangible fixed assets in progress and prepayments	Total intangible fixed assets
Cost price at 1 January 2021	**1,250**	**82**	**1,332**
Correction of cost price at 1 January 2021	(25)	-	(25)
Cost price at 1 January 2021 - adjusted	**1,225**	**82**	**1,307**
Additions	-	91	91
Retained	50	(50)	0
Disposals	-	-	-
Cost price at 31 December 2021	**1,275**	**123**	**1,398**
Amortization, depreciation and write-downs at 1 January 2021	**(1.173)**	**(6)**	**(1,179)**
Correction of amortization, depreciation and write-downs at 1 January 2021	25	-	25
Amortization, depreciation and write-downs at 1 January 2021 – adjusted	**(1,148)**	**(6)**	**(1,154)**
Amortization and depreciation for the year	(43)	-	(43)
Write-downs for the year	(11)	-	(11)
Disposals	-	-	-
Amortization, depreciation and write-downs at 31 December 2021	**(1,202)**	**(6)**	**(1,208)**
Carrying amount at 31 December 2021	**73**	**117**	**190**
Carrying amount at 31 December 2020	77	76	153

Additions in Development projects and Intangible fixed assets in progress and prepayments mainly cover the development of new planning tools for train and staff management and system support for digital sales and information channels. The additions of the year are essentially costs for external consultants, direct salaries and acquisitions of systems.

Accounting practices

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

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

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

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

The cost of development projects is 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 prepayments	Total tangible fixed assets
Cost price at 1 January 2021	**7,605**	**24,275**	**2,413**	**105**	**34,398**
Correction of cost price at 1 January 2021	(28)	0	-	28	0
Cost price at 1 January 2021 - adjusted	**7,577**	**24,275**	**2,413**	**133**	**34,398**
Additions	-	403	2	154	559
Retained	54	16	53	(123)	0
Disposals	(13)	(1,424)	(98)	(8)	(1.543)
Cost price at 31 December 2021	**7,618**	**23,270**	**2,370**	**156**	**33,414**
Amortization, depreciation and write-downs at 1 January 2021	**(3,899)**	**(20.655)**	**(1,852)**	**0**	**(26,406)**
Correction of amortization, depreciation and write-downs at 1 January 2021	-	14	-	-	14
Amortization, depreciation and write-downs at 1 January 2021 - adjusted	**(3,899)**	**(20,641)**	**(1,852)**	**0**	**(26,392)**
Amortization and depreciation for the year	(181)	(811)	(89)	-	(1.081)
Write-downs for the year	(74)	(1)	-	-	(75)
Disposals	12	1,417	98	-	1,527
Amortization, depreciation and write-downs at 31 December 2021	**(4,142)**	**(20,036)**	**(1,843)**	**0**	**(26,021)**
Carrying amount at 31 December 2021	**3,476**	**3,234**	**527**	**156**	**7,393**
Carrying amount at 31 December 2020	3,706	3,620	561	105	7,992

Note 3.2: Tangible fixed assets - group

Amounts in DKK million	Land and buildings	Rolling stock	Operating equipment, fixtures and fittings and other equipment	Tangible fixed assets in progress and prepayments	Total tangible fixed assets
Cost price at 1 January 2021	**8,301**	**25,430**	**3,092**	**499**	**37,322**
Correction of cost price at 1 January 2021	(29)	18	(21)	28	(4)
Cost price at 1 January 2021 - adjusted	**8,272**	**25,448**	**3,071**	**527**	**37,318**
Additions	-	1,046	3	312	1,361
Retained	57	16	60	(133)	0
Disposals of the year for discontinued operations	-	-	(231)	(51)	(282)
Disposals	(50)	(1,656)	(112)	(12)	(1,830)
Cost price at 31 December 2021	**8,279**	**24,854**	**2,791**	**643**	**36,567**
Amortization, depreciation and write-downs at 1 January 2021	**(4,267)**	**(21,010)**	**(2,414)**	**0**	**(27,691)**
Correction of amortization, depreciation and write-downs at 1 January 2021	-	11	21	-	32
Amortization, depreciation and write-downs at 1 January 2021 - adjusted	**(4,267)**	**(20,999)**	**(2,393)**	**0**	**(27,659)**
Amortization and depreciation for the year	(185)	(901)	(105)	-	(1,191)
Write-downs for the year	(74)	(1)	(1)	-	(76)
Disposals of the year for discontinued operations	-	-	192	-	192
Disposals	12	1,653	109	-	1,774
Amortization, depreciation and write-downs at 31 December 2021	**(4,514)**	**(20,248)**	**(2,198)**	**0**	**(26,960)**
Carrying amount at 31 December 2021	**3,765**	**4,606**	**593**	**643**	**9,607**
Carrying amount at 31 December 2020	4,034	4,420	678	499	9,631

For Land and buildings, in 2021 a need was identified to write down the value of properties that were no longer relevant for train operations.

In 2021, there has been no indications of a need to write down Rolling stock.

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

In connection with the operation of Kystbanen/Øresund traffic, collateral has been provided in the form of 10 train sets at a book value of DKK 233 million. The financing amounted to EUR 32.9 million as of 31 December 2021.

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

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

Parent corporation			Group	
2020	**2021**	**Amounts in DKK million**	**2021**	**2020**
79	55	Development projects	54	79
197	255	Land and buildings	259	201
835	812	Rolling stock	902	931
84	89	Operating equipment, fixtures and fittings and other equipment	106	130
(6)	(6)	Set-off for received grants	(6)	(6)
1,189	**1,205**	**Total**	**1,315**	**1,335**

Accounting practices

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

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

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

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

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

In connection with capitalisation, the cost price is distributed on the most important individual components (decomposition) and amortised over their useful life. The basis of depreciation is calculated, taking into account the scrap value of the asset after the end of its useful life and reduced by any write-down. The amortization 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 amortization period or the scrap value changes, the impact on amortization in the future is recognised 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 cost 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.

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

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

Leasing
In terms of accounting, leasing obligations are divided into finance and operating leases. Expenses regarding operational leases are recognised in the income statement over the term of the lease. Total commitments regarding operational leasing and rent agreement are disclosed under Contingent assets and liabilities, 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 except 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 that lower recoverable amount. Any write-downs are recognised in the income statement.

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

Section 4
Financing and capital structure

This section describes the financing of DSB's activities.

The interest-bearing debt, net was reduced by DKK 101 million in 2021.

This section contains the following notes:

Note 4.1 Financial income and expenses

Parent corporation		Financial income	Group	
2020	2021	Amounts in DKK million	2021	2020
10	10	Interest on receivables from group companies	-	-
2	1	Interest on receivables from associated companies	1	2
1	0	Foreign currency exchange gains, etc.	2	9
2	5	Others	5	2
15	**16**	**Total**	**8**	**13**

Parent corporation		Financial expenses	Group	
2020	2021	Amounts in DKK million	2021	2020
81	78	Interest on loans, debt to credit institutions etc.	79	83
0	1	Foreign currency exchange losses, etc.	0	0
81	**79**	**Total**	**79**	**83**

Accounting practices

Net financials comprise financial income and costs, 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 the results

Parent corporation			Group	
2020	2021		2021	2020
		The earnings for the period are distributed as follows:		
		Corporation participant in DSB	623	(57)
		Total	**623**	**(57)**
		The parent corporation's profit is proposed to be allocated as follows:		
0	0	Dividend for Ministry of Transport		
(17)	26	Reserve for development costs		
(40)	597	Retained earnings		
(57)	**623**	**Total**		

Note 4.3: Financial fixed assets - parent corporation

Amounts in DKK million

Parent corporation	Equity investments in group companies	Equity investments in associated companies	Loans to group companies	Subordinated loan capital in associated companies	Other receivables	Total financial fixed assets
Cost price at 1 January 2021	**2,045**	**413**	**569**	**129**	**24**	**3,180**
Foreign currency translation adjustments	-	-	-	-	-	-
Additions	207	-	485	1	49	742
Disposals	-	-	(83)	(51)	(6)	(140)
Cost price at 31 December 2021	**2,252**	**413**	**971**	**79**	**67**	**3,782**
Value adjustments at 1 January 2021	**(441)**	**(413)**	**0**	**0**	**-**	**(854)**
Foreign currency translation adjustments	0	-	-	-	-	0
Profit/loss for the year	216	0	-	-	-	216
Received dividend	(55)	-	-	-	-	(55)
Disposals	-	-	-	-	-	-
Other adjustments	(73)	-	-	-	-	(73)
Value adjustments at 31 December 2021	**(353)**	**(413)**	**0**	**0**	**-**	**(766)**
Carrying amount at 31 December 2021	**1,899**	**0**	**971**	**79**	**67**	**3,016**
Carrying amount at 31 December 2020	1,604	0	569	129	24	2,326

Note 4.3: Financial fixed assets - parent corporation (cont.)

Equity investments in group companies:

Amounts in DKK million

Name	Registered office	Ownership, percent	Share capital, DKK	Share of book value in parent corporation, 2021
DSB Ejendomsudvikling A/S	Denmark	100	101 million	603
- 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 Service & Retail A/S	Denmark	100	6.0 million	26
DSB Vedligehold A/S	Denmark	100	28.5 million	(803)
Selskabet af 3. juli 2021 ApS	Denmark	100	40,000	0
Selskabet af 23.05.2017 46DD A/S	Denmark	100	1.5 million	132
Selskabet af 28.08.2017 67DD A/S	Denmark	100	1.5 million	159
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	159
DOT - Din Offentlige Transport I/S[1]	Denmark	33	0.9 million	0
BSD ApS	Denmark	100	125,000	0
Total				**1,899**

[1] Companies jointly owned and operated with others and with a jointly exercise a controlling influence (joint ventures) are consolidated in the consolidated accounts on a book value basis.

Accounting practices

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

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

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

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

Note 4.3: Financial fixed assets - group

Amounts in DKK million	Equity investments in associated companies[1)]	Equity investments in joint ventures[1)]	Subordinated loan capital in associated companies	Other receivables	Total financial fixed assets
Cost price at 1 January 2021	**413**	**75**	**129**	**26**	**643**
Additions	0	104	1	49	154
Disposals	0	0	(51)	(6)	(57)
Cost price at 31 December 2021	**413**	**179**	**79**	**69**	**740**
Value adjustments at 1 January 2021	**(413)**	**0**	**0**	**-**	**(413)**
Profit/loss for the year	0	5	-	-	5
Value adjustments at 31 December 2021	**(413)**	**5**	**0**	**-**	**(408)**
Carrying amount at 31 December 2021	**0**	**184**	**79**	**69**	**332**
Carrying amount at 31 December 2020	0	75	129	26	230

1) Presented on the balance sheet as 'Equity investments in group and associated companies plus joint ventures.'

Equity investments in associated companies:

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	74
- Ejendomsselskabet Frugtmarkedet 11 ApS	Denmark	50	80,000	-
Komplementaranpartsselskabet Downtown CBD	Denmark	50	80,000	110
- P/S Downtown CBD	Denmark	50	370 million	-
Total				**184**

Accounting practices

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

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

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

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

Note 4.4: Borrowing

Parent corporation			Group	
2020	2021	Amounts in DKK million	2021	2020
1,600	1,559	Bonds issued	1,559	1,600
500	0	Bank facilities	0	500
1,860	3,318	Others	3,318	1,860
3,960	**4,877**	**Total**	**4,877**	**3,960**

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

In the parent corporation and the group, DKK 4,632 million of the debt portfolio was raised without state guarantee (2020: (DKK 3,673 million). The remaining loans are all guaranteed by the Danish state, to which a guarantee commission is payable.

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

Other financial liabilities are measured at amortised cost price.

Note 4.5: Interest-bearing debt, net

	Group	
Amounts in DKK million	2021	2020
Long-term loans	4,013	3,228
Current portion of non-current liabilities	664	574
Others	200	158
Interest-bearing liabilities	**4,877**	**3,960**
Securities	1,500	-
Cash and cash equivalents	546	963
Deposits	27	42
Subordinated loan capital, receivable	79	129
Interest-bearing assets	**2,152**	**1,134**
Total	**2,725**	**2,826**

In the parent corporation and group, long-term debt liabilities which are due after more than 5 years amount to DKK 3,865 million as of 31 December 2021 (2020: DKK 2,855 million).

Note 4.6: Net financials, paid

Amounts in DKK million	2021	2020
Financial income	8	13
Financial expenses	(79)	(83)
Others - including financial instruments	(56)	(5)
Total	**(127)**	**(75)**

Section 5
Taxation

In 2021, tax on the profit for the year amounted to DKK 103 million in the parent corporation and DKK 182 million in the group.

This section contains the following notes:

Note 5.1: Tax on profit/loss for the year

Parent corporation				Group	
2020	2021	Note	Amounts in DKK million	2021	2020
0	(79)		Tax on profit/loss for the year	(82)	(9)
44	(27)		Change in deferred tax regarding the profit/loss for the year	(108)	39
-	-		Tax regarding internal profit	4	6
44	**(106)**		**Tax on profit/loss for the year**	**(186)**	**36**
13	3		Adjustment of tax relating to previous years	4	11
57	**(103)**		**Total**	**(182)**	**47**
			Reconciliation of tax rate:		
22.0%	22.0%		Tax on profit/loss for the year	22.0%	22.0%
0.0%	(0.8%)		Tax effect of non-taxable income and non-deductible expenses	1.2%	10.5%
16.9%	(6.5%)		Tax effect regarding group and associated companies plus joint ventures	(0.1%)	-
11.7%	(0.5%)		Adjustment of tax relating to previous years	(0.5%)	12.9%
50.6%	**14.2%**		**Effective tax rate for the year**	**22.6%**	**45.4%**
68	**42**		**Tax paid for the year**	**42**	**68**

Accounting practices

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

The parent 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 companies relative to their taxable income. In this connection, any companies with a tax loss receive joint taxation contributions from companies that were able to use this loss to reduce their own tax profit.

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

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

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

Note 5.2: Deferred tax liabilities

Parent corporation 2020	Parent corporation 2021	Note	Amounts in DKK million	Group 2021	Group 2020
287	**188**		**Deferred tax liabilities at 1 January**	**152**	**248**
-	23		Adjustment at 1 January	9	2
-	(4)		Adjustment regarding previous years	(4)	2
-	-		Change in deferred tax regarding group profit	(4)	(6)
(44)	27		Change in deferred tax regarding the profit/loss for the year	108	(39)
(55)	55		Change in deferred tax regarding joint taxation	55	(55)
188	**289**		**Deferred tax liabilities at 31 December**	**316**	**152**
			Deferred tax concerns:		
18	34		Intangible fixed assets	35	20
361	320		Tangible fixed assets	377	398
(2)	(1)		Current assets	(1)	(2)
(81)	(64)		Other provisions	(71)	(88)
-	-		Intragroup profits	(24)	(20)
(108)	0		Tax loss	0	(156)
188	**289**		**Deferred tax liabilities at 31 December**	**316**	**152**

The group's Danish companies are jointly and severally liable for tax on the consolidated taxable income, etc. The total corporation tax liability is DKK 92 million at 31 December 2021 (2020: DKK 0 million). The group’s Danish companies are jointly and severally liable for Danish withholding tax in the form of tax on dividend, royalty and interest. Any subsequent corrections of corporation and withholding taxes may increase the corporation’s liability.

DSB, DSB Service & Retail A/S, DSB Ejendomsudvikling A/S, DSB Vedligehold A/S and Selskabet af 23.05.2017 46DD A/S are jointly registered for VAT and payroll tax purposes and are jointly and severally liable for payment of the companies’ aggregate VAT and payroll tax liabilities.

Accounting practices

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

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

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

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

Section 6
Working capital

The most important items regarding working capital include inventories, receivables, accruals and prepayments, trade accounts payable and other liabilities.

This section contains the following notes:

Note 6.1: Inventories

Parent corporation			Group	
2020	2021	Amounts in DKK million	2021	2020
8	14	Oil for train operation	14	8
0	0	Spare parts, etc.	117	390
2	2	Goods for sale in kiosks, etc.	34	37
10	**16**	**Total**	**165**	**435**

Spare parts, etc., are used for repair and maintenance services, etc. For certain groups of Spare parts, etc., there is an element of uncertainty surrounding the time they are used, while emergency stockpiles are created for critical product groups with long delivery times.

At 31 December 2021, the inventories have been written down due to inventory obsoleteness with a total of DKK 266 million. (2020: DKK 343 million), almost entirely related to Spare parts, etc.

Spare parts, etc. is impacted by the Component Workshop in 2021 being presented as discontinued operations.

Accounting practices

Oil for train operation and Spare parts, etc. are measured at cost according to the average cost method. The cost price comprises the purchase price plus delivery costs and any processing and other costs directly or indirectly attributable to inventories. Goods for sale in kiosks, etc., are measured at cost, calculated in accordance with the FIFO method. The cost price comprises the purchase price plus delivery costs.

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

Note 6.2: Receivables

Parent corporation			Group	
2020	2021	Amounts in DKK million	2021	2020
		Thus, trade receivables from sales and services comprise the following:		
25	8	Receivables from issued penalty fees	8	25
118	161	Receivables, passenger revenue	167	118
69	78	Reimbursements from government agencies	78	69
115	287	Others	327	283
327	**534**	**Total**	**580**	**495**

DSB is not significantly exposed to single customers, since receivables from sales and services are distributed across a significant number of customers, including private individuals, private companies and public institutions. There is no significant amount of collateral received for Trade receivables. Paid deposits are considered as collateral for receivables from leasing activities.

All Trade receivables are due for payment within 1 year.

Provision for losses on receivables

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

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

At 31 December 2021, provisions for losses have not been made concerning Receivables from group undertakings, Receivable joint taxation contribution, Other receivables, Accruals and prepayments, Debt to group companies, or Subordinated loan capital in associated companies.

Accounting practices

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

Note 6.3: Accruals and prepayments (assets)

Parent corporation			Group	
2020	2021	Amounts in DKK million	2021	2020
377	555	Prepaid costs, etc.	72	88
9	55	Financial instruments	55	9
36	31	Prepaid wages and salaries plus pension contributions (civil servants)	36	43
422	**641**	**Total**	**163**	**140**

Accounting practices

Accruals and prepayments (assets) comprise costs incurred relating to subsequent financial years.

Note 6.4: Accruals and prepayments (liabilities)

Parent corporation			Group	
2020	2021	Amounts in DKK million	2021	2020
240	163	Tickets sold but not used	163	240
231	232	Prepaid contract revenue	232	231
72	66	Subsidies for facilities	66	72
11	2	Financial instruments	2	11
2	5	Others	5	10
556	**468**	**Total**	**468**	**564**
		Accruals and prepayments (liabilities fall due in the following periods):		
379	30	Within 1 year	30	387
177	438	After 1 year	438	177
556	**468**	**Total**	**468**	**564**

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	2021	2020
Change in Total receivables	(64)	194
Change in Inventories	270	28
Change in Trade accounts payables and Other liabilities	(730)	(92)
Total change in working capital	**(524)**	**130**

Section 7
Financial conditions

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

Interest rate risks are related to changes in financing interest.

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

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

Liquidity risks relate to the opportunities for ensuring liquidity.

Counterparty risks occur when a counterparty fails to fulfil their obligations.

This section contains the following notes:

As a result of its operations, investments and financing, DSB is exposed to changes in risk relating to interest, currency exchange rates, raw material prices and liquidity and 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 must monitor, calculate, administer and manage risks, in addition to continuously monitoring risk exposure and cash resources.

The purpose of the financial hedging is to limit and control the impact on profit caused by fluctuations in the financial markets. There are no significant changes in risk exposure or risk management compared with 2020.

Accounting practices

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

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

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

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

Note 7.1: Interest risk

	Remaining debt, local currency (million)	Remaining debt, DKK (million)	At variable interest rates	At fixed interest rates	Remaining loan period	Average effective interest rate	Duration (years)	Fair value of currency and interest swaps
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)**
At 31 December 2020								
DKK	990	990	-	100%	9.9	0.4%	9.7	(2)
JPY	20,000	1,314	-	100%	19.5	4.4%	14.8	(575)
SEK	371	286	-	100%	3.9	0.4%	3.9	(15)
NOK	682	500	-	100%	0.4	(0.2%)	0.4	(25)
EUR	117	870	-	100%	2.2	1.0%	2.3	(52)
Total		**3,960**	**-**	**100%**	**9.8**	**1.8%**	**9.5**	**(669)**

As a result of financing activities, DSB is exposed to fluctuations in interest rates, both in Denmark and abroad. The exposure to interest rates is related to fluctuations in CIBOR, STITOR and the short-term EUR interest rate. The policy is to contract loans so unhedged currency risks are in DKK and EUR only. Interest rate risks are normally hedged using interest rate swaps in which variable rate loans are converted to a fixed rate.

Within a 12-month period, interest rate sensitivity shall not exceed DKK 100 million (with a percentage point change in interest rates), the debt portfolio must have a duration of 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 9.2 years (2020: 9.5 years). Of the financial liabilities, 100 percent were converted to a fixed rate of interest with maturity of longer than one year (2020: 100 percent). Variable-rate debt is adjusted regularly during the year.

DSB has a short-term need to place excess cash and has bought DKK 1,500 million (nominal) of short-term bonds. If the effective interest rates increased by 1 percent, the value of the bonds will fall by 0.27 percent or DKK 4 million.

Note 7.2: Currency exchange rate risk

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

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.

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

Currency risks associated with operations are, among other things, related to oil 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.

DSB has no other significant currency risks.

The hypothetical impact on profit/loss for the year and equity due to sensitivity to changes in exchange rates is as follows:

	Nominal position in local currency (million)				Sensitivity in DKK million		
	Cash, cash equivalents and receivables, total	Financial liabilities (non-derivative)	Derivative financial instruments for securing future cash flows	Total	Change in exchange rate	Hypothetical impact on Profit/loss before tax	Hypothetical impact on equity before tax
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
At 31 December 2020							
JPY	0	(20,000)	20,000	0	10.0%	0	-
SEK	15	(379)	408	44	10.0%	3	31
NOK	0	(682)	682	0	10.0%	0	48
EUR	2	(134)	116	(16)	0.5%	(1)	12
USD[1)]	0	(21)	22	1	10.0%	1	195

[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 recognised in the balance sheet at 31 December 2021 (2020).

Note 7.3: Raw materials price risk

		Nominal		Sensitivity		
Amounts in DKK million	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 2021						
Raw materials – oil	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
At 31 December 2020						
Raw materials – oil	(17)	43,144 tonnes	40,000 tonnes	10.0%	0	10
Raw materials – electricity	(17)	324,331 MWh	309,808 MWh	10.0%	0	7

Conditions for sensitivity analysis:

- Financial instruments which are recognised in the balance sheet at 31 December 2021 (2020).

DSB uses oil and electricity in its 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.

91 percent of the expected oil consumption in 2022 is hedged as of 31 December 2021 (2020: 93 percent). Similarly, 68 percent of the expected electricity consumption in 2022 is hedged as of 31 December 2021 (2020: 96 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	4,677	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**

Amounts in DKK million

Group	Carrying amount	Contractual cash flows, total	Within 1 year	Year 1-5	After 5 years
Long-term loans and Subordinated loan capital	3,802	3,960	574	1,090	2,296
Long-term loans and Subordinated loan capital - interest	822	1,235	68	283	884
Other financial instruments	44	224	205	19	-
Trade accounts payable	1,511	1,511	1,511	-	-
In total, at 31 December 2020	**6,179**	**6,930**	**2,358**	**1,392**	**3,180**

[1)] A negative value indicates an asset.

DSB's policy is to always maintain sufficient cash reserves. The target is to have a cash reserve corresponding to the development in the approved budget year's expected net debt plus DKK 200 million, 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 2021, agreements were concluded on revocable bank facilities of DKK 5,718 million and irrevocable bank facilities of DKK 5,225 million, expiring during the period 2022-2028 (2020: revocable for DKK 3,616 million and irrevocable for DKK 5,225 million, expiring during the period 2021-2025). Of these cash resources, DKK 10,571 million is not utilised. (2020: (DKK 8.317 million).

In 2021, a non-terminable facility of EUR 350 million was signed with The European Investment Bank (EIB) with a total pledged amount of EUR 500 million, expiring no later than 2045. Thus, the entire framework at EIB has been used.

Note 7.5: Counterparty risk

Counterparty risk arises when financial derivative instruments are concluded to hedge financial risks or when cash and cash equivalents are 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 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 830 million as of 31 December 2021 (2020: (DKK 1,013 million). If the access to offsetting exposure in financial contracts with financial counterparties is included, the receivables from these items as of 31 December 2021 amount instead to DKK 586 million. (2020: DKK 368 million).

Note 7.6: Fair values calculated in the equity

Parent corporation			Group	
2020	2021	Amounts in DKK million	2021	2020
(431)	(200)	Currency swaps	(200)	(431)
(55)	5	Interest swaps	5	(55)
(17)	133	Electricity price swaps	133	(17)
(17)	13	Oil price swaps	13	(17)
(11)	4	Foreign exchange contracts	4	(11)
117	10	Deferred tax	10	117
(414)	**(35)**	**Total**	**(35)**	**(414)**

The fair value of the received financial instruments 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 -396 million at 31 December 2021 (2020: DKK -669 million), of which DKK -195 million is recognised in equity (2020: DKK -486 million).

At 31 December 2021, derivative financial instruments with a positive and a negative fair value amounted to DKK 61 million (2020: DKK 8 million) and DKK 441 million (2020: (DKK 721 million).

Note 7.7: Information on fair values

Financial instruments

Parent corporation			Group	
2020	2021	Amounts in DKK million	2021	2020
(414)	(35)	Fair value at 31 December	(35)	(414)
-	-	Value adjustments in the income statement	-	-
(194)	379	Changes recognised in the Reserve for hedging transactions	379	(194)
2	2	Fair value level	2	2

The valuation of the derivative financial instruments takes place based on common methodologies, as observable prices at fixed times are spread out over the lifetime of the instruments for the purposes of forming price curves. They are used to discount the payment of the instruments. The 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.

Note 7.7: Information on fair values (cont.)

Securities

Parent corporation			Group	
2020	2021	Amounts in DKK million	2021	2020
-	1,505	Fair value at 31 December	1,505	-
-	(1)	Value adjustments in the income statement	(1)	-
-	1	Fair value level	1	-

The holdings of Securities exclusively consist of short-term bonds. The valuation of the short-term bonds is made based on observable prices of the bonds in question.

Section 8
Other notes

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

In 2021, the group has sold properties. Gains are recognised under Other operating income while losses are recognised under Other external expenses.

This section contains the following notes:

Note 8.1: Other provisions

Amounts in DKK million

Parent corporation	Other liabilities	Total Other provisions
Other provisions at 1 January 2021	**104**	**104**
Provisions	2	2
Applied	(2)	(2)
Reversed	(25)	(25)
Other provisions at 31 December 2021	**79**	**79**

Note 8.1: Other provisions (cont.)

Amounts in DKK million

Group	Other liabilities	Total Other provisions
Other provisions at 1 January 2021	**108**	**108**
Provisions	2	2
Applied	(2)	(2)
Reversed	(28)	(28)
Other provisions at 31 December 2021	**80**	**80**

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

Accounting practices

Provisions are recognised when, as a consequence of an event occurring 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 that obligation.

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

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

Parent corporation			Group	
2020	**2021**	**Amounts in DKK million**	**2021**	**2020**
624	0	Contingent assets	0	624
34	61	Contingent liabilities	159	149
4,982	12,896	Other financial obligations	12,405	4,622

Contingent assets
In 2020, contingent assets include compensation payments from the Danish Government in connection with the financial impacts of COVID-19 for the September-December 2020 period. The compensation for 2020 was received in 2021 and recognised with DKK 295 million. The compensation for 2021 has also been recognised.

Contingent 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 service, see section 32 of the Danish Civil Servant Act. DSB also has a commitment to the Agency for Public Finance and Management to pay pension costs for civil servants until the expected retirement age of 62 years. On the balance sheet date, DSB has only recognised a liability for dismissed civil servants.

In 2018, DSB has cancelled the contract with DXC concerning data centre and SAP operations. In 2019, DSB has raised claims against DXC. DXC has raised a counterclaim against DSB. The outcome and the financial consequences are uncertain. DSB has not included any potential compensation payments in 2021.

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

Other financial obligations
Other financial obligations mainly consist of agreements to purchase Vectron electric locomotives, Talgo train coaches, Coradia electric train sets and new green workshops The increase in obligations compared to 2020 can particularly be attributed to agreements concerning the purchase of Coradia electric train sets and new green workshops.

As part of DSB's agreement with Rejsekort & Rejseplan A/S concerning the use of the Rejsekort system, DSB is obliged to pay an annual subscription fee until the year 2028. The total liability amounts to DKK 1,241 million (DKK 1,615 million), of which DKK 169 is due for payment in 2022 (DKK 194 million in 2021) and DKK 530 million is due in the period 2023-2026 (DKK 808 million in the period 2022-2025).

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 215 million (DKK 302 million) of which DKK 111 million falls due in 2022 (DKK 182 million in 2021) and DKK 104 million falls due in the period 2023-2026 (DKK 120 million in 2022-2025).

DSB has signed a contract for leasing Telegade 2 in Taastrup. The lease is non-terminable by DSB for the period until 2026 for parts of the premises. The total liability in this regard is DKK 103 million (DKK 114 million) of which DKK 23 million falls due in 2022 (DKK 23 million in 2021) and DKK 80 million falls due in the period 2023-2026 (DKK 91 million in the period 2022-2025).

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

DSB is a partner in DOT - Din Offentlige Transport I/S and is jointly and severally liable for the partnership's total debts and liabilities amounting to DKK 3 million (DKK 13 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: Closely related parties

Closely 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 Trafikstyrelsen (Danish Civil Aviation and Railway Authority) and Banedanmark) consist of:

	Group	
Amounts in DKK million	2021	2020
Revenue		
Contract revenue	5,075	4,819
Other rental and sale of repair, goods and services	11	12
Expenses, etc.		
Infrastructure charges	389	583
Guarantee commission	1	3
Prepayments		
Prepaid contract revenue	232	231

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

Note 8.4: Gains and losses on sale and scrapping of intangible and tangible fixed assets

	Group	
Amounts in DKK million	2021	2020
Gains on sales of intangible and tangible fixed assets	285	118
Losses on sale and scrapping of intangible and tangible fixed assets	(11)	(8)
Total	**274**	**110**

Note 8.5: Discontinued operations

	Group
Amounts in DKK million	2021
Income statement	
Net revenue[1)]	703
Work performed by the entity at its own expense and capitalised	25
Expenses for raw materials and consumables	407
Other external expenses	137
Staff expenses	174
Amortization, depreciation and write-downs of intangible and tangible fixed assets	10
Net financials	0
Tax on profit/loss for the period	0
Profit/loss for the year	**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
Total Other debt liabilities	42
Total liabilities	**42**

[1)] The intragroup net revenue amounted to DKK 664 million in 2021.

Amounts in DKK million	Group 2021
Cash flow statement	
Cash flow from operating activities	(409)
Cash flow from investment activities	(14)
Cash flow from financing activities	-
Cash flow, total	**(423)**

In 2021, Component Workshop is recognised as discontinued operations.

Comparative figures have not been adjusted, as the discontinued operations was not previously separated from other activities related to the maintenance of trains. The separation would have impacted the balance sheet items shown on the table above.

The average number of full-time employees amounted to 372 in 2021.

Note 8.6: Events after the balance sheet date

No events have occurred after 31 December 2021 which, in the opinion of the management, have a significant impact on the assessment of the annual report for 2021.

Other circumstances

Executive Vice President of Commercial, Jan Sigurdur Christensen, has resigned and will step down on 1 March 2022. From 15 March 2022, Jens Visholm Uglebjerg will be the new Executive Vice President of Commercial.

There are no other circumstances that, in the opinion of the management, have a significant impact on the assessment of the annual report for 2021.

Supplemental key figures

Number of journeys (thousand)	2017	2018	2019	2020	2021
Øst (Øresund - over broen)	11,902	12,386	12,261	4,984	5,851
Øst (Sjælland inkl. Kyst- og Kastrupbanen)	41,877	41,574	40,914	23,220	23,895
Vest (Jylland og Fyn)	11,394	10,557	11,203	8,436	7,881
Øst/Vest (over Storebælt)	8,010	7,644	7,843	5,151	5,775
Other[1]	667	637	689	274	450
Long-distance & Regional trains	**73,850**	**72,798**	**72,910**	**42,065**	**43,852**
S-trains	**112,669**	**111,105**	**111,960**	**76,345**	**74,206**
Total, including relinquished traffic	**186,519**	**183,903**	**184,870**	**118,410**	**118,058**
Relinquished traffic	**3,062**	**3,365**	**2,598**	**1,750**	**-**
Total Danish activities	**189,581**	**187,268**	**187,468**	**120,160**	**118,058**
Upptåget[2]	2,733	-	-	-	-
VIAS[3]	2,165	2,165	-	-	-
Total foreign activities	**4,898**	**2,165**	**-**	**-**	**-**
Total journeys	**194,479**	**189,433**	**187,468**	**120,160**	**118,058**

Passenger kilometres (million)	2017	2018	2019	2020	2021
Øst (Øresund - over broen)	238	315	313	126	126
Øst (Sjælland inkl. Kyst- og Kastrupbanen)	1,468	1,466	1,415	837	885
Vest (Jylland og Fyn)	843	748	771	554	553
Øst/Vest (over Storebælt)	1,787	1,705	1,691	1,082	1,259
Others[1]	102	102	112	44	74
Long-distance & Regional trains	**4,438**	**4,336**	**4,302**	**2,643**	**2,897**
S-trains	**1,317**	**1,303**	**1,304**	**893**	**874**
Total, including relinquished traffic	**5,755**	**5,639**	**5,606**	**3,536**	**3,771**
Relinquished traffic	**71**	**73**	**70**	**47**	**-**
Total Danish activities	**5,826**	**5,712**	**5,676**	**3,583**	**3,771**
Upptåget[2]	114	-	-	-	-
VIAS[3]	64	64	-	-	-
Total foreign activities	**178**	**64**	**-**	**-**	**-**
Total passenger kilometres	**6,004**	**5,776**	**5,676**	**3,583**	**3,771**

1) Other includes IC Bornholm until 9 December 2017 and International.
2) The operations have been transferred to Transdev Sverige as of 1 September 2017.
3) The activities in Germany were sold as of 1 January 2019.

Supplemental key figures (cont.)

Train kilometres (1,000 km)	2017	2018	2019	2020	2021
Øst[1]	12,795	13,022	13,226	12,761	12,923
Vest[2]	4,051	3,875	3,884	3,614	3,430
Long distance traffic[3]	19,497	18,496	18,579	18,871	19,601
International trains[4]	477	357	247	-	-
Long-distance & Regional trains	**36,820**	**35,750**	**35,936**	**35,246**	**35,954**
S-trains	**15,149**	**14,916**	**15,329**	**15,087**	**15,444**
Total, including relinquished traffic	**51,969**	**50,666**	**51,265**	**50,333**	**51,398**
Relinquished traffic	**3,155**	**2,913**	**2,864**	**2,695**	**-**
Total Danish activities	**55,124**	**53,579**	**54,129**	**53,028**	**51,398**
Upptåget[5]	1,995	-	-	-	-
VIAS[6]	2,300	2,300	-	-	-
Total foreign activities	**4,295**	**2,300**	**-**	**-**	**-**
Total train kilometres	**59,419**	**55,879**	**54,129**	**53,028**	**51,398**

1) Øst includes Roskilde-Køge until 13 December 2020.
2) Vest includes Struer-Vejle, Langå-Thisted and Odense-Svendborg until 13 December 2020.
3) Long-distance traffic in Denmark includes IC Bornholm in Denmark until 9 December 2017.
4) International trains in Denmark, IC Bornholm in Sweden until 9 December 2017 and charter trains abroad.
5) The operations have been transferred to Transdev Sverige as of 1 September 2017.
6) The activities in Germany were sold as of 1 January 2019.

Supplemental key figures (cont.)

Rolling stock in operation[1]	2017	2018	2019	2020	2021
IC4 train sets	77	75	63	63	62
IC3 train sets	96	96	96	96	96
IR4 train sets	44	44	44	44	44
Øresund train sets[2]	111	111	111	34	34
Double decker coaches	113	113	113	113	113
MR train sets	12	12	-	-	-
Leased Desiro train sets[3]	12	12	12	-	-
Desiro train sets[3]	4	4	4	-	-
Desiro train sets on loan/leased from Ministry of Transport, Building and Housing[3]	4	4	4	-	-
ME diesel locomotives	33	32	29	28	-
EA electric locomotives	5	5	5	-	-
Vectron electric locomotives	-	-	-	3	32
S-trains (eight-coach train sets)	104	104	104	104	104
S-trains (four-coach train sets)	31	31	31	31	31
VIAS – electric train sets [4]	19	19	-	-	-
Shunting locomotives/tractors	14	14	14	5	5

1) Rolling stock included in the group's operations at year-end.
2) 34 Øresund train sets are owned and maintained by DSB. They are part of the operator partnership with SJ, which as of December 2020 has 77 Øresund train sets at its disposal.
3) All Desiro train sets 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 (cont.)

Mean Distance Between Failures[1] (1.000 km)	2017	2018	2019	2020	2021
IC4 train sets	4.5	4.7	8.1	10.0	8.4
IC3 train sets	42.8	28.9	35.0	34.9	26.6
IR4 train sets	12.4	12.4	17.5	26.0	25.6
Øresund train sets SE[2]	21.2	21.0	22.5	36.5	18.6
Øresund train sets DK[2]	21.2	21.0	22.5	36.5	41.5
Double decker coaches	18.2	18.5	22.1	26.1	36.8
MR train sets	10.2	9.0	1.6	-	-
Desiro train sets[3]	14.1	8.6	12.0	13.1	-
ME diesel locomotives	26.4	22.5	25.0	34.5	46.5
EA electric locomotives[3]	6.7	5.8	4.2	6.5	-
Vectron electric locomotives	-	-	-	0.8	3.0
S-train sets	14.6	14.2	16.9	20.7	19.8

1) A technical incident on the rolling stock which causes a delay.
2) The Øresund train sets SE are maintained by Mantena in Sweden. The Øresund train sets DK are maintained by DSB.
3) No longer in operation as of December 2020.

Supplemental key figures (cont.)

Average number of full-time employees	2017	2018	2019	2020	2021
DSB	4,735	4,667	4,586	4,572	4,392
- of which social chapter[1]	90	94	85	80	65
DSB Service & Retail A/S	605	575	550	516	545
- of which social chapter[1]	12	13	12	11	9
DSB Vedligehold A/S[2]	1,797	1,760	1,726	1,659	1,114
- of which social chapter[1]	30	34	31	25	20
DSB Ejendomsudvikling A/S	1	1	4	10	10
- of which social chapter[1]	-	-	-	-	-
Total Danish activities	**7,138**	**7,003**	**6,866**	**6,757**	**6,061**
Upptåget[3]	66	-	-	-	-
VIAS[4]	88	89	-	-	-
Total foreign activities	**154**	**89**	**-**	**-**	**-**
Total DSB group	**7,292**	**7,092**	**6,866**	**6,757**	**6,061**

[1] The social chapter includes programmes such as flex jobs, light jobs, rehabilitation, partial pension and early retirement benefit, which was introduced in 1996 with the aim of promoting employment in the government labour market for people with reduced working capacity in Denmark.
[2] In 2021, DSB Vedligehold A/S was impacted by Component Workshop being presented as discontinued operations.
[3] The operations have been transferred to Transdev Sverige as of 1 September 2017.
[4] The activities in Germany were sold as of 1 January 2019.

Supplemental key figures (cont.)

Negotiation-entitled organisation (number of employees at year-end)	2017	2018	2019	2020	2021
AC	508	499	488	484	541
Individual	236	247	251	254	284
DJ	3,522	3,464	3,448	3,400	3,165
FO DSB	1,162	1,186	1,127	1,045	615
HK	2,019	1,926	1,907	1,829	1,880
Others	42	49	35	32	19
Total	**7,489**	**7,371**	**7,256**	**7,044**	**6,504**

Supplemental key figures (cont.)

Employee group - type of employment (number of employees at year-end)	2017	2018	2019	2020	2021
Contract staff	236	247	251	254	284
Collective agreement employees	5,383	5,424	5,443	5,351	4,937
Hourly-paid employees	20	22	17	11	16
Civil servants	1,850	1,678	1,545	1,428	1,267
Total	**7,489**	**7,371**	**7,256**	**7,044**	**6,504**

Supplemental key figures (cont.)

Number of operated railway stations (year-end)	2017	2018	2019	2020	2021
Long-distance train stations, including joint stations	144	135	140	126	119
S-train, including joint stations	85	85	86	87	87
S-train joint stations with Long-distance & Regional trains	(9)	(9)	(11)	(10)	(10)
S-train, excluding joint stations	76	76	75	77	77
Stations in Germany operated by VIAS[1]	28	28	-	-	-
Total operated railway stations	**248**	**239**	**215**	**203**	**196**
Km of track operated by DSB in Denmark	**1,593**	**1,593**	**1,576**	**1,406**	**1,287**
Km track operated by DSB in Germany[1]	**504**	**504**	**-**	**-**	**-**

[1] The activities in Germany were sold as of 1 January 2019.

Income statement by quarter

Amounts in DKK million	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4
Passenger revenue	506	878	1,184	1,227	1,047	567	966	831
Contract revenue	1,663	1,446	992	974	975	976	980	1,888
Sale of repair and maintenance services, etc.	23	11	10	67	75	73	81	83
Sale and leasing of rolling stock	27	10	14	7	14	7	18	120
Net revenue	**2,219**	**2,345**	**2,200**	**2,275**	**2,111**	**1,623**	**2,045**	**2,922**
Work performed by the entity at its own expense and capitalised	148	85	171	76	136	106	105	121
Other operating income	431	323	334	241	269	361	329	335
Total income	**2,798**	**2,753**	**2,705**	**2,592**	**2,516**	**2,090**	**2,479**	**3,378**
Expenses for raw materials and consumables	464	303	359	369	485	405	435	616
Other external expenses	842	1,064	923	924	900	868	805	955
Staff expenses	883	809	844	878	914	967	922	890
Total expenses	**2,189**	**2,176**	**2,126**	**2,171**	**2,299**	**2,240**	**2,162**	**2,461**
Profit/loss before amortization, depreciation and write-downs	**609**	**577**	**579**	**421**	**217**	**(150)**	**317**	**917**
Amortization, depreciation and write-downs of intangible and tangible fixed assets	334	298	298	385	318	323	332	362
Operating profit/loss	**275**	**279**	**281**	**36**	**(101)**	**(473)**	**(15)**	**555**
Net financials	(19)	(18)	(16)	(13)	(18)	(15)	(19)	(18)
Profit/loss before tax	**256**	**261**	**265**	**23**	**(119)**	**(488)**	**(34)**	**537**
Profit/loss for the period	**200**	**204**	**209**	**10**	**(91)**	**(371)**	**(32)**	**437**
Total equity	**4,467**	**4,767**	**5,044**	**5,093**	**4,191**	**3,770**	**3,679**	**4,092**
Operating profit margin (EBITDA margin)	27.4	24.6	26.3	18.5	10.3	(9.2)	15.5	31.4
Return on invested capital after tax (ROIC after tax) p.a.	11.3	10.3	10.1	1.0	(4.0)	(19.0)	(0.9)	25.3

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


DSB
SIEMENS

Corporate issues

Safety

Safety certification
In October, DSB successfully renewed its 5-year safety certification for running a railway business. With the EU's 4th railway package, a new and more detailed legislative framework has been introduced with stricter requirements. S-trains are certified as an urban train line in accordance with Danish legislation, the requirements of which are close to the EU legislation.

The certification underscores how DSB's safety management system has developed since the previous certification and how DSB is compliant with the new legislation.

As part of the certification process, the Danish Civil Aviation and Railway Authority has conducted several inspections. The inspections are part of developing and supporting the ongoing focus on the work with railway safety at DSB.

Due to new legislation, the maintenance activities must be ECM certified (Entity in Charge of Maintenance). In 2021, a project group was established to ensure that the required certification was achieved. The work is proceeding on schedule, and the certification is expected to be completed before 16 June 2022 when the regulation enters into force.

The work towards preventing incidents
In 2021, there has once again been a particular focus on accidents resulting in injuries. For several years, DSB has seen that incidents are caused by individuals with a lack of consideration of their own safety and the safety of others. Accessing unauthorised railway areas and inappropriate behaviour is the factor that most often triggers both serious personal injuries and deaths. DSB's analysis has shown that particularly boys and young men are in the risk group for injuries.

Recklessness, drunkenness and inconsiderate behaviour may be reasons why it is particularly young boys between the ages of 15-17 ending up in DSB's statistics about serious injuries or, in the worst cases, death caused by trains. In the last few years, this figure has increased.

Therefore, DSB decided upon a new approach and launched the safety campaign called 'Aldrig Glemt' ('Never Forgotten') with the message (translated) 'Life on the edge is dangerous. Stay on the platform.' The campaign has been focused towards the target and age group with the highest risks of getting injured. Together with ICEKIID and 'Aldrig Glemt', which was written for the campaign, DSB provided a platform to reach young people with the message of behaving in a safe manner.

The campaign has been nominated for several marketing awards and has been shown across social media to reach the target group in the digital universe. The campaign has achieved so far unprecedented results in terms of exposure and new knowledge about the subject and how much the target group has backed up around the campaign.

DSB hopes that the message will hit home to the extent that the number of young people who are seriously injured or die due to inappropriate behaviour will start falling. The same applies to the many times of a 'near miss', as those kinds of experiences are also traumatising to the train drivers exposed to them. In December, DSB chose to expand its campaign both in terms of the age range of the target group and with a new focus on taking good care of each other when on railway grounds.

Just as the work with preventing suicides, DSB can only create awareness and knowledge and get people thinking about danger and safety when on railway grounds. The work with changing behaviour ultimately is in the hands of the individual person.

In 2022, DSB will continue to act as a responsible railway corporation taking care of the customers' safety by having railway safety be a natural part of every workday.

Incidents in 2021
As in previous years, in 2021 DSB has worked on reducing the number of signal overruns and significant accidents.

Table 1: Incidents[1-2)]

Number	2021[3)]	2020[3)]	Growth Abs.	Growth Pct.
Significant accidents	**10**	**8**	**2**	**20**
Injuries				
- Fatalities	4	3	1	33
- Serious injuries	4	3	1	33
- Minor injuries	45	32	13	41
Signal overruns				
- Secured area (A-B-C)	200	168	32	19
- Unsecured area (D-E)	74	96	(22)	(23)
Defective wheel or axle	**4**	**5**	**(1)**	**(20)**

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 2020 have been changed in relation to previously published figures as a result of final calculations. Similarly, the figures for 2021 represent the status at the time of reporting but may be changed later in connection with the reporting for the annual safety report.

In 2021, there was a negative development in the number of signal overruns. DSB is following up on the incidents on an ongoing basis. There are no clear causes for the signal overruns, and therefore the steps taken to address them are also different. In the internal follow-up on incidents, it is ensured that important knowledge and learning are spread among employees and work is also carried out with data in analyses and at the management level and in dialogues with business partners. When following up with business partners, both physical conditions and stringency are discussed in relation to, for example, communications about operations.

The initiatives that are launched are evaluated on an ongoing basis. The initiatives that have a positive impact on developments will be continued and supplemented with new potential initiatives aimed at preserving the positive trend.

There is similar work being done to address serious accidents. 3 of the most significant accidents in 2021 happened with DSB’s rolling stock.

One accident was a derailment at Copenhagen Central Station, which had comprehensive consequences for customers and operations. The accident was caused by an insufficient railway infrastructure and we have learned from how this incident was managed as we continue to develop railway safety.

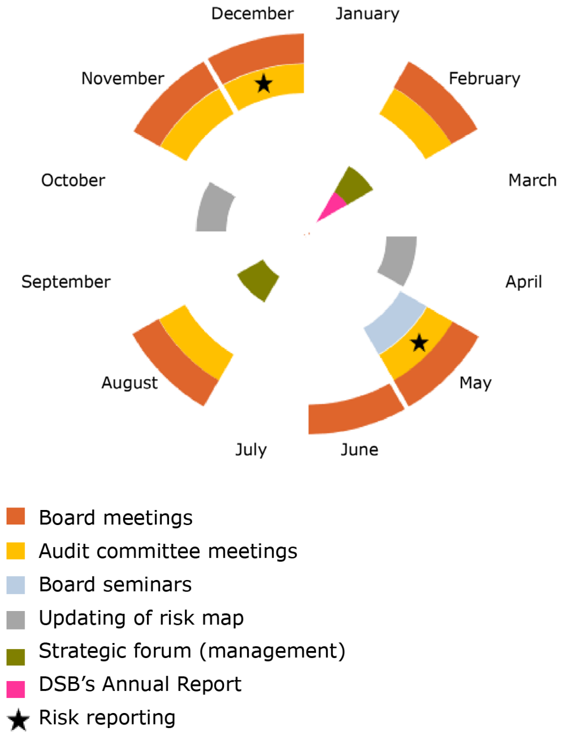
The other rolling stock incident was the collision between DSB rolling stock while shunting at Kastrup. The required investigation and follow-up have been conducted and knowledge gained from the incident will be used in DSB’s ongoing work with training drivers in bringing trains forward and shunting.

The third incident happened in connection with hitting a hanging wire supplying electricity to trains. This resulted in the halt of operations for more than 6 hours on a main line. On this basis, the incident is categorised as a significant accident, even if there were no injuries to people or comprehensive damage to equipment. The information gained from the incident will of course be used in the ongoing work to improve railway safety.

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.

Planning wheel - risk management process



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 that estimates 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 for this, and it 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 plus liquidity risks

DSB is exposed to a number of financial risks that are 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 how these risks are managed, 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 2021

Below there is a description of the significant risks defined for DSB in 2021 and how they are kept down 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 - continue to be an inconvenience to customers in 2021. This situation will continue for a number of years due to the politically decided investments in upgrading the railway. DSB contributes to creating opportunities for the upgrades but is as a train operator impacted by the many changes to DSB's operations. This requires re-planning which in addition to the delays in projects have had an impact on operations multiple times in 2021.

Potential consequence
The replacement of the current signal 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 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 and streamlining initiatives that will increase the amount of time that DSB's train staff have to devote to operations. DSB is also continuing to work on finding and optimising various ways of mitigating the impact of delays and changes due to infrastructure works.

Structural changes in customer behaviour

Description
The COVID-19 pandemic continued to be a barrier for collective transport in 2021. As the authorities began lifting restrictions, the customers also began coming back. This development really accelerated from mid-August. However, while the interregional traffic quickly reached the same levels as in 2019, the short journeys and particular journeys via S-trains have had a harder time winning back customers. Recently, the rise in case numbers and the re-introduction of restrictions resulted in a decrease in both the number of long and short journeys. In addition, the pandemic has also resulted in a structural loss of customers who use trains on a daily basis, mainly due to more people working from home.

Potential consequence
DSB expects that the development in the number of journeys will track the development of the pandemic, as DSB expects that the authorities will also in the future decide that collective transport is an area that should face restrictions when case numbers rise. In addition, DSB also does not expect that the structural losses from people working from home will change significantly. This means that it is not enough to just win customers back, as those customers will tend to travel less by train than before. New customers must therefore be motivated to use the collective transport options.

Mitigating initiatives
When COVID-19 case numbers rise, DSB will launch a number of visible initiatives aimed at putting people more at ease - for example, doing extra cleaning work while the train is in operation. This is to make it safer for customers to return to the train in greater numbers.
In order to address the structural loss of customers, DSB is working on several fronts: The development of attractive products and mobility solutions must make it easier for customers to get to and from stations and attract new permanent customers. Attractive prices and campaigns in connection with, for example, cultural events need to motivate new customers who do not take the train on a daily basis to use DSB for their travel activities.

Corporate Governance

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

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

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

Openness and transparency

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

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

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

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

Annual and interim reports
As an independent public corporation, financial reporting complies with the Danish Financial Statements Act and the DSB Act. The annual report is audited by a state-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 interim reports are sent to the Minister for Transport and the Danish Business Authority.

DSB has 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.

Social Responsibility
Pursuant to the Danish Financial Statements Act, DSB is required, as an independent public corporation, to publish a report on the corporation's approach to corporate social responsibility. Among other things, the report must include information on policies for corporate social responsibility and how these policies are put into practice. The Board of Directors will ensure on an ongoing basis that DSB complies with the corporation's policy for social responsibility - including considering sustainability issues. For more information, see the sections on Sustainability and Reporting on corporate social responsibility, cf. the Danish Financial Statement Act, Section 99(a).

Ethics
DSB has developed a Code of Conduct which, in accordance with DSB's compliance policy, shall ensure that the corporation is run in an ethical and sustainable manner. This Code of Conduct applies to all employees. The Code of Conduct is based on DSB's fundamental values and is a guideline for how employees, the management and the Board of Directors should act, make the right decisions on an everyday basis and how to treat each other, the customers and other stakeholders.

DSB's whistle-blower scheme, which covers the parent corporation and the group companies DSB Service & Retail A/S and DSB Vedligehold A/S, is managed by the internal audit, which reports to the Audit Committee. If the report concerns the Board of Directors, Executive Vice Presidents or the internal audit, the case will be processed by an external attorney. The external attorney will sort all the reports before they are passed on to an administrator. Employees, former employees and external business partners can use the whistle-blower scheme to report anonymously on suspicious or irregular behaviour such as, for example, violations of DSB's Code of Conduct, abusive behaviour or financial fraud. In 2021, 4 reports were submitted via the scheme. None of these cases was assessed as having material consequences for DSB.

Diversity in the Board of Directors
The Board of Directors has set the target figures for the underrepresented gender on the Board of Directors. As an independent public company, DSB is subject to the provisions of the Gender Equality Act relating to public sector administration. These provisions state that the corporation's Board of Directors should have a balanced composition in terms of gender. This target is met as there is an equal gender distribution on the current board (not including the employee representatives). The activities related to ensuring diversity at other management levels are described in the section on Reporting on corporate social responsibility, cf. the Danish Financial Statements Act, Section 99(a).

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

The articles of association and the annual report are published on www.dsb.dk.

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

DSB regulation
DSB is governed by Consolidation Act no. 1184 of 12 October 2010 with the latest amendment being the Executive Order concerning The DSB Act of 7 May 2019 (The DSB Act). DSB's Articles of Association dated 15 March 2021 were issued pursuant to the DSB Act.

The management

Board meetings

In 2021, the Board of Directors held 6 board meetings, 1 extraordinary board meetings and participated in 1 strategy seminar where, among other things, the following subjects were dealt with:

- Overall strategy
- Annual report and interim reports
- Budget for the coming year
- The future acquisition of rolling stock - including the New Green Workshops
- S-trains of the future
- Rolling stock, general
- Signalling Programme
- Electrification
- Digitalisation
- Fare adjustments
- Supplementary contracts to the traffic contract
- Compliance
- Corporate Governance
- Railway safety
- Significant policies
- Sustainability - including ESG
- Punctuality
- Traffic information
- Commercial and operational activities
- Sector collaboration
- The COVID-19 situation

Management committees

The Board of Directors has set up 3 management committees: The 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 that are needed in order to operate the rolling stock. The framework for the committee's work is set out in a mandate.

At the end of 2021, 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 has held 7 meetings in 2021, at which, among other things, the following topics were dealt with:

- Long-term plan for rolling stock
- Signalling Programme
- Electrification
- Environmental upgrades

- The future acquisition of rolling stock - including the New Green Workshops
- Operational status
- S-trains of the future
- 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 committee's work is set out in a mandate.

At the end of 2021, the Remuneration Committee comprised the following members, all of whom are independent:

Anne Hedensted Steffensen, Chairman
Peter Schütze
Hanne Blume

The Committee has held 4 meetings in 2021, at which, among other things, the following topics were dealt with:

- Remuneration policy
- Remuneration of the Board of Directors
- Pay conditions for the Executive Vice Presidents, those reporting directly to the CEO and highly paid employees
- Remuneration report
- Analysis and evaluation of salary developments and trend applying to all salaries
- Performance-based salary
- Targets for the underrepresented gender in top management
- Ensuring that the remuneration policy and the salary conditions are in accordance with statutory requirements and support DSB's objectives 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.

By the end of 2021, 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 has held 5 meetings in 2021, 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
- Reports from the whistle-blower scheme
- External auditor's independence and delivery of non-audit services
- Risk management
- IT security
- Internal control structure
- Policies related to, among other things, IT security and financial instruments
- The EU's Taxonomy Regulation - including preparing for reporting on taxonomy eligibility
- Notification of GDPR and compliance function activities.

The Board of Directors, election and eligibility

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

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

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

The chairman of the board carries out an annual evaluation of the work in the Board of Directors and the Executive Board. In addition to complying with the recommendations on corporate governance, the aim is to ensure that the Board of Directors, via its composition and competences, always supports DSB and DSB's 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 are 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 its 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 1-2 years. It is possible to be re-elected. The Minister for Transport may at any time during an Annual Meeting remove the members selected by the minister.

Composition of the Board of Directors, 2021
In 2021, the Board of Directors comprised 9 members, 6 of whom were selected by Ministry of Transport and 3 elected by the employees. An overview of the Board of Directors can be found in the section on Organisation.

The members of the Board of Directors elected at the Annual Meeting are considered to be independent.

The management's tasks and responsibilities
The Board of Directors is in charge of the general and strategic management of DSB's affairs. The Board of Directors employs and dismisses the Executive Board and specifies its terms of employment. The 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 one or more members whose appointment is registered with the Danish Business Authority. The Executive Board is in charge of day-to-day management.

Reporting on 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 that apply to the area. In December 2021, 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 will be implemented in 2022 and 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 date collected
- Personal data will be protected 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
- There is particular attention 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. This work will continue in 2022.

Reporting on corporate social responsibility, cf. the Danish Financial Statements Act, Section 99(a)

In 2021, COVID-19 has once again had a significant impact on DSB. This impact also extends to DSB's work with social responsibility. As a part of society's critical infrastructure, DSB has been tasked with ensuring that Danes can have safe and reliable public transport available on an everyday basis, regardless of the restrictions that have been in effect for large parts of the year.

Generally speaking, just as in 2020, DSB has been following the recommendations of the authorities and ensuring that the restrictions imposed are enforced. This relates both to the requirement of wearing face coverings in all trains and at all stations and the requirement to have a seat reservation and Corona passport in InterCity, InterCityLyn and Lyn+ trains. This has also resulted in a communications campaign aimed at customers to put them more at ease, which has run on news media and online channels, and there have also been specific instructions and nudging in the form of, for example, loudspeaker calls, posters and pictograms.

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

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

- The customers can travel easily, safely and securely with DSB. This includes elderly and disabled customers
- An environmentally and climate-friendly public transport benefits society, customers, employees and DSB.
- Good working environment, where, amongst others, diversity contributes to the development of DSB

DSB's business model

RESOURCES →

Capital:
DSB is financed through revenue from ticket and kiosk sales, the leasing and selling of properties and contract revenue.

Energy and water:
DSB uses electricity, heating and water for trains, buildings and stations in addition to diesel for locomotives and train sets. DSB is in the process of replacing the diesel trains with electric trains.

Rolling stock:
DSB has train sets, locomotives and train coaches to transport our customers.
Rail replacement buses are used for replacement traffic when there is track work or other incidents impacting the timetable.

Partnerships:
DSB has a wide range of partnerships that are critical to its business - our owners (Ministry of Transport), politicians (both local and national) and our suppliers, including Banedanmark and the traffic companies, trade unions and other interest organisations.

People:
DSB has competent and committed employees to solve the many tasks and to bring our customers safely from A to B.

Land and buildings:
DSB owns land and buildings all over Denmark.

ACTIVITIES →

Train operations:
Each day, DSB operates almost 2,300 train departures from their stations of origin and travels more than 88 million kilometres per year.

Maintenance:
DSB's workshops maintain and prepare our more than 500 trains for operations.

Ticket systems:
In a partnership with other traffic companies, DSB ensures that customers can buy tickets for trains, the Metro and buses at stations, websites, via apps and with Rejsekort.

Traffic information:
DSB notifies its customers of train traffic via loudspeaker messages at stations and in trains and via apps, websites, platform signage, etc. in a close partnership with Banedanmark.

Kiosks:
DSB has 63 kiosks and 4 station rooms (a mix between a kiosk and a cafe) with an annual revenue of DKK 723 million.

Stations:
Our customers can embark and disembark from trains at 196 stations.

Property development:
Selling, developing and renting out properties that are no longer relevant for train operations create additional revenue for operations.

VALUE CREATION

Cohesion:
DSB forms the backbone of the public transport system in Denmark. Our objective is to contribute to a sustainable growth and mobility via reliable train operations and a cohesive public transport system.

Climate and environment:
DSB contributes to reducing the climate footprint of the transport sector via a sustainability programme with 4 ambitious climate and environmental targets for 2030.

Customers:
Each day, our customers take 0.3 million journeys with DSB, and they rate their satisfaction with their journeys as 7.8 on a scale of 0 to 10.

Employees:
At the end of 2021, DSB had 6,504 employees. The average number of full-time employees in 2021 was 6,061.

Revenue:
In 2021, DSB had revenue totalling DKK 10,848 million, 35 percent of which was from passenger revenue and 47 percent was from contract revenue. The remaining revenue is from other activities - for example, property development.

Knowledge and partnerships:
DSB collects a great deal of knowledge about public transport that we share with our partners and owner - both directly to the ordinary Danes, to Denmark's decision makers and public authorities and to stakeholders and traffic companies.

- Employees proud of working for a corporation which makes a positive contribution to society.

DSB's purpose is 'A sustainable way forward with room for all of us.' We work towards creating of a more sustainable corporation focusing on reducing congestion and promoting the green transition in Denmark. The part of the work involving social responsibility is described in more detail in the Sustainability section.

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

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

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

The procurement policy aims to ensure that DSB handles acquisitions in a professional manner and prevents bribery. Social responsibility is also expressed in the requirements towards suppliers. DSB focuses on purchasing items that support DSB's goals for sustainability and, when signing contracts with external suppliers, DSB ensures that they are familiar with the code of ethics to a relevant extent.

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

Collaboration and support

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

THE GLOBAL COMPACT
WE SUPPORT

DSB has had a four-year strategic partnership with the UN's association for children, UNICEF. The purpose of the collaboration was to make it easy for customers and employees to become involved in helping the world's most vulnerable children, and in that way contribute towards the creation of a more fair and sustainable future. In 2021, DKK 1 million was once more donated to UNICEF. The partnership with UNICEF expired at the end of 2021.

Since 2008, DSB has collaborated with 'Natteravnene', a night watch group consisting of more than 3,000 adult volunteers who patrol the cities at night - including at stations and in trains - to create a safer environment. DSB continues to provide financial support to 'Natteravnene'. They can travel by all DSB trains free of charge when they carry out their volunteer work. Additionally, DSB works with 'Natteravnene' to spread awareness of the confidence-building initiative.

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

Safety and security

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

Surveillance in trains and at stations contributes to putting both customers and employees at ease. At the end of 2021, a video policy has been approved where DSB wants to improve the efficiency of the surveillance work by moving from a reactive surveillance to a proactive one in 2022. At the same time, the cameras installed at stations will be upgraded. This upgrade will create a better overview and result in people feeling safer at stations. The collaboration with the police, which is already good, will be an even higher priority. By moving towards a proactive surveillance, there will be more focus on reporting cases of vandalism, violence, theft, etc.

DSB has installed heart defibrillators in trains and at certain stations and buildings. The heart defibrillators have once again in 2021 been used at stations and in trains, and in multiple cases, they have helped to save lives. Due to

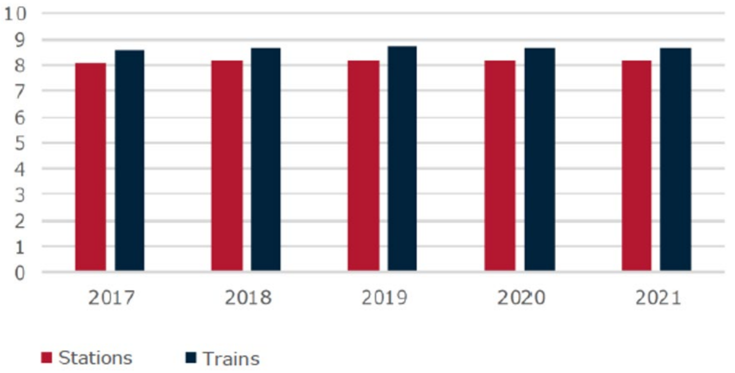
COVID-19, only a few courses have been held on how to use heart defibrillators in 2021.

Suicides and attempted suicides are, unfortunately, recurring events. Besides being a tragedy for those run over by trains as well as for their families, it also affects customers and employees in the form of mental strain and short impacts such as cancelled trains and delays. In addition, suicides are a significant societal burden. In 2021, 20 suicides and 13 attempted suicides were registered, which is a small decrease compared to previous years.

Following a joint application for a grant from the Tryg Foundation, DSB, Dansk Forskningscenter for Selvmordsforebyggelse and Livslinien have received a grant of DKK 2.8 million for a research project on how to prevent suicides on the railway tracks. The funds have been granted based on the preventive effect achieved at Valby Station from putting up signs referring to Livslinien's phone number (a suicide hotline). So far, it is assessed that the signs at Valby Station have prevented 2 persons from committing suicide by jumping in front of a train. In 2022, the project will result in more signs being put up at additional stations. The possibility of having digital surveillance of platform edges at particularly vulnerable stations will also be invested in 2022.

Figure 1: Customer satisfaction with security[1)]

Scale 0-10



[1)] Each month, Epinion completes over 5,000 customer interviews where customers are asked about their satisfaction with DSB while on their journey. The customer satisfaction rating is on a scale of 0-10. The responses are representative for customers in terms of the lines, time of day and whether it is weekday or weekend customers. Due to COVID-19, customer satisfaction levels have not been measured for all parts of 2020 and 2021.

The customers' perception of security in trains and at stations is monitored continually in customer surveys. The survey reveals that customers' perception of security increased by 0.1 percentage point in 2021 compared to 2020. The customer satisfaction levels for 2021 are

- Security in trains: 8.6
- Security at stations: 8.2

Overall, the reported 'satisfaction with this journey' was 7.8 in 2021, which is 0.1 percentage points lower than in 2020.

In 2021, DSB also spent significant sums on removing graffiti and creating attractive and safe environments for customers both in trains and at stations. Via measures such as preventive security guard schemes and using a targeted cleaning effort for trains and properties, continuous efforts are made to create the best possible conditions for how customers perceive security.

DSB's partnership with Banedanmark on a zero-tolerance policy for graffiti at all stations on Zealand continues. The stations most at-risk are checked for graffiti on a daily basis while the other stations are checked once a week. The organised graffiti actions at the stations have been virtually eliminated, but there is still a lot of 'tagging' going on - though these are quickly removed. The additional anti-graffiti initiatives have made customers feel more secure in trains.

DSB is focused on ensuring that the stations are kept as clean and tidy as possible, as this makes customers feel more secure there as well. The presence of service staff and monitoring initiatives also make customers feel more secure and they can also help the police in any investigative work. Finally, in several cities, DSB has a close and ongoing partnership with the police and the relevant authorities when it comes to the collaboration between schools, social authorities and the police.

Bribery

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

DSB also has 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.

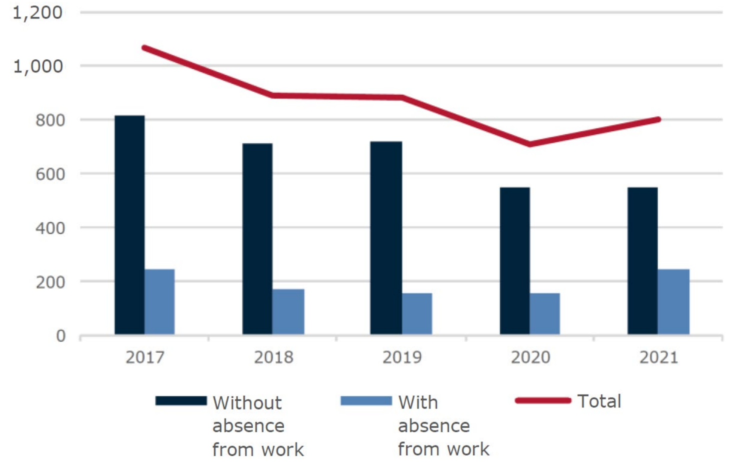
Finally, DSB has a whistle blower scheme that is administered by the internal audit.

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 2021.

Health and safety
Part of DSB's strategy involves developing employees and the culture while being a competitive and sustainable corporation. A targeted effort is therefore being made to ensure that the working environment is always a natural component of decision making and the daily work. This is, among other things, supported via a systematic approach to health and safety issues. On this basis, DSB has also been certified under the latest working environment standard - ISO45001.

Figure 2: Work-related accidents[1)]

Number



[1)] A work-related accident is a physical and/or mental injury that is due to an incident or an impact from work which happens suddenly or within 5 days. Work-related accidents where employees are absent from work for more than the day of the accident itself are classified as a work-related accident with absence. If the absence is only on the day of the injury itself, it is classified as a work-related injury without absence.

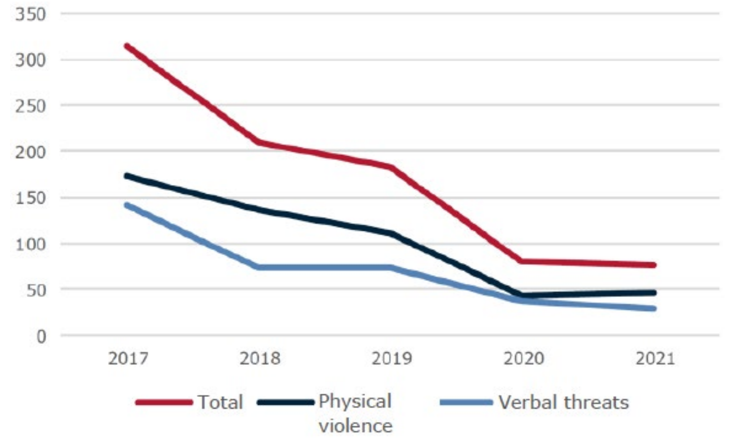
DSB is continually focused on creating a better working environment and reducing the number of work-related accidents and absences. The number of work-related accidents has, however, increased from 710 in 2020 to 800 in 2021.

Work-related accidents without absence have fallen drastically since 2019. There has been a major decrease in cases of violence, threats and collision issues due to fewer customers in 2020 and 2021. Work-related accidents with absence have risen from 157 in 2020 to 248 in 2021, which is mainly due to COVID-19 issues.

When many people are bunched together at stations, kiosks and in trains, and when it comes to ticket controls, disagreements may occur that can escalate to threats and violence against employees. DSB makes every effort to become better at preventing and managing these situations. Among other things, this is done by training employees in conflict management. In 2021, new e-learning courses have been introduced for this area and a pilot programme has also been initiated involving body cameras. Following the introduction of new guidelines for 2018 to prevent and manage violence and threats, there has been a continual decrease of such incidents. The guidelines are focused on ensuring that the employees' health is always the top priority and that they receive support when violence and threats occur.

Figure 3: Violence and threats against employees[1)]

Number



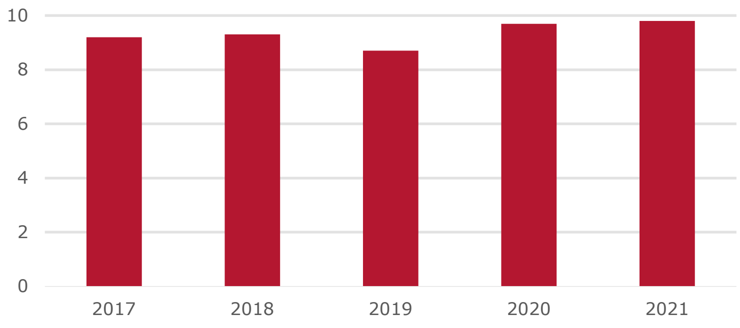
[1)] For cases involving violence and threats, a distinction is made between physical violence, threats involving weapons, etc. and verbal threats.

DSB has zero tolerance for abusive behaviour in all situations - both external and internal. This applies to sexual harassment, bullying, violence, threats or other abusive behaviour. DSB's annual workplace assessment includes an investigation of the scope of abusive behaviour, and this forms the basis for a management-level follow-up.

The workplace assessment for 2021 continues to show challenges with stress. It has therefore been decided that the workplace assessment action plans across DSB will deal with stress and abusive actions such as violence and threats in customer-facing areas.

Figure 4: Absence due to sickness[1)]

Number of sick days, average



1) Absence due to sickness counts the number of sick days taken by employees when they are sick themselves. Leaves of absence, holidays, a child's first sick day, and Section 56 sicknesses are not included in the figure. Hourly paid employees, employees hired via social chapter and employees who have been let go are not included.

The absence due to sickness increased from an average of 9.7 days in 2020 to 9.8 days in 2021. The COVID-19 situation has had a major impact on the figures for both years.

Accessibility
DSB wants to ensure that it is easy for everyone to take the train - including those challenged by disabilities.

DSB offers assistance for the disabled, and it can be ordered around the clock - however, at least 12 hours before the planned start of the journey. Similarly, DSB has a companion scheme which allows for people with disabilities to bring a companion along at a reduced price.

In 2021, DSB provided disabled assistance in 13,284 cases (2020: 9,167) and sold 37,486 disability/disability companion tickets (2020: (38.029)

DSB has also trained 70 child guides to take care of children travelling alone during the journey. The children travel in a special train coach with access for the children only. In 2021, 11,063 tickets were sold for children's guides (2020: (11,433)

As for other journeys, the numbers above have decreased compared to 2019 due to the COVID-19 pandemic.

With the Infrastructure Plan 2035, a pool of DKK 650 million has been set aside for the 2022-2035 period to increase accessibility across all stations in Denmark. The primary purpose of this pool is to make train stations more accessible for everyone, regardless of their level of disability, and thus ensure that spontaneous trips can be made across the country.

The accessibility projects may include, among other things, adjusting platform heights, installing guiding lines, level-free access and elevators. How the pool is to be used will be based on a principle of ongoing planning work, so that each year new projects will be decided upon as they are investigated.

Report on diversity, cf. the Danish Financial Statements, Section 107(d)
DSB's purpose of 'A sustainable way forward with room for all of us' sets the direction for work with diversity. In 2021, DSB has launched a new diversity strategy aimed at creating a workplace with a broad composition of employees across parameters such as gender, age, ethnicity, education, etc.

There must be equal access and opportunities for all employees, and DSB want all employees to feel that they are part of a team, can relate to the workplace and be respected for their viewpoints. This is, among other things, done via recruitment processes and the development and retention of employees. DSB is also convinced that a diverse group of employees strengthens the business and increases competitiveness.

On an overall basis, DSB will work towards ensuring that the composition of employees reflects the Danish population. Among other things, this means that more work will be done to ensure a more even gender distribution in DSB and to increase the number of women in management roles. Specifically, the target is for the Management to be 35 percent female in 2025 and 40 percent in 2030.

The above target is in line with the Confederation of Danish Industry's 'Gender Diversity Pledge' and it also reinforces DSB's commitments under the European Union Agency for Railways and the work involving 'Women in Rail'.

The diversity work is based on 4 strategic prioritisations:

- Gender diversity - a more balanced gender distribution in DSB
- Inclusive management and culture - curiosity, engagement with and acceptance of differences
- Ethnicity - international employees - DSB has room for everyone
- Social responsibility - customised jobs, integration and education for the future.

A more specific example of the strategic work with diversity is the implementation of the tool 'Develop Diverse', which will be used during recruitment processes. The tool aims to eliminate unconscious biases in DSB's job adverts and thus attract a more diverse range of applicants. DSB also works in a focused manner with digitalisation where, among other things, e-learning videos emphasise that DSB is a workplace with room for everyone.

In 2021, an additional 16 office students were hired, bringing the total throughout DSB to 34. In addition, the number of apprentices increased slightly, and now there are 59 employed.

In 2021, it has not been possible to facilitate the usual company apprenticeship programmes for refugees in the 7-Eleven kiosks. This is because the kiosks have been focused on managing various operational and personnel-related consequences from COVID-19. Among other things, this involved managing employees who were sent home and employees who were returning to work. Despite this, the proportion of DSB employees with a non-Danish ethnic background increased from 8.8 percent in 2020 to 10.2 percent in 2021.

Report on gender distribution, cf. the Danish Financial Statements Act, Section 99(b)
The gender composition has been improved on the management level. In the Board of Directors, the gender distribution is 44 percent female and 56 percent male, meaning the gender composition of the board meets the target of having 40 percent women in management roles.

At the end of 2021, the gender distribution amongst the Executive Vice Presidents was 29 percent female. Across all management tiers at DSB, the proportion of women was at 30 percent. This more or less matches the proportion of female employees. The proportion of female managers increased in some areas. For example, there are now 25 percent female managers at the Vice President level compared to 20 percent in 2020.

Environment and climate
DSB is part of the green transition in Denmark, and it has specified 4 ambitious environmental and climate targets for 2030 as part of the journey towards a sustainable future:

- CO_2 neutral - all of DSB is to be supplied with renewable energy
- Reducing energy consumption by 50 percent - driven by improved energy efficiency
- No particle emissions from the locomotives' engines - avoiding environmental impact
- At least 90 percent of waste is to be recycled - i.e., turned into new resources.

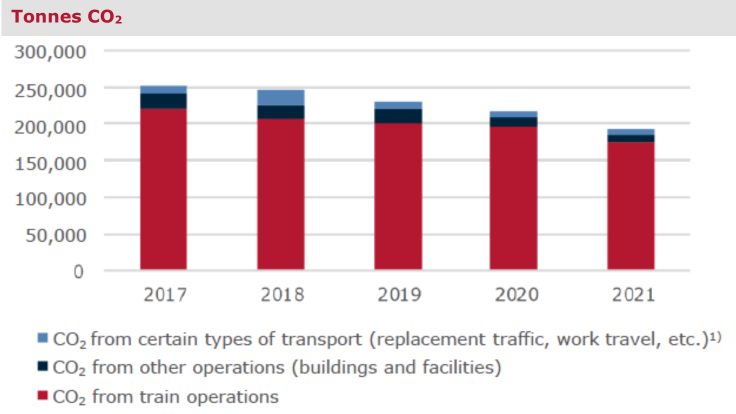
Accounting practices and more detailed information about policies, initiatives and results are available in the 'Miljøårsopgørelse 2021', which can be found at www.dsb.dk.

CO_2 emissions
DSB's goal is to be carbon neutral in 2030, where both trains and the rest of the operations will be powered by renewable energy.

DSB's Vectron electric locomotives and Coradia electric train sets will make significant contributions to reducing DSB's CO_2 emissions. As the transition is made from diesel trains to electric rolling stock, new and more energy-efficient workshops will be established and will also have a positive impact on CO_2 emissions.

The total CO_2 emissions in 2021 have fallen by 11 percent compared to 2020.

Objective 1: CO_2 neutral



1) CO_2 emissions are calculated based on emission key figures for each individual type of energy. The carbon neutrality target no longer includes employee commutes from 2020. Comparative figures have been adjusted.

Decrease in CO_2 emissions in 2021
The first step has been taken towards transitioning from diesel trains to electric trains with the deployment of the Vectron electric locomotives and the phasing out of the ME diesel locomotives. The effect has been an overall reduction of CO_2 emissions from train operations of 10 percent, the equivalent of 19,000 tonnes of CO_2.

The decrease consists of a reduction of CO_2 emissions from diesel-driven train operations of 15 percent and an increase in CO_2 emissions from electric train operations of 16 percent, of which 10 percent comes from a changed methodology for calculation CO_2 emissions from the electric train operations. The same methodological change is the reason for a significant increase in CO_2 emissions from the consumption of district heating. The methodology needed to be changed because Energinet has stopped using the former method for stating emissions. The change is described in more detail under accounting practices in the 'Miljøårsopgørelse 2021', which can be found at www.dsb.dk.

Energy consumption

DSB's objective for energy consumption in 2030 is to halve this compared to 2018. The Vectron electric locomotives and the Coradia electric train sets will contribute to a large part of the energy optimisation targets together with the new and more energy-efficient workshops. At the same time, DSB will continue to optimise the operation in general of workshops and other types of buildings.

Through the environmental policy and the certification of workshops and preparation centres, DSB focuses on reducing both impact on the local environment and reducing energy consumption.

88 percent of DSB's total energy consumption in 2021 was used for train operations, which is a small decrease compared to 2020. DSB's total energy consumption has decreased by 7 percent compared to 2020. The relinquishment of traffic on the Roskilde-Køge, Odense-Svendborg and Vejle-Struer lines have contributed to the reduced energy consumption.

The transition from diesel to electric train operations has resulted in the consumption of diesel for train operations decreasing by 15 percent while the consumption of electricity for train operations has increased by 5 percent. Overall, this results in a 9 percent reduction of energy consumption for train operations.

The traffic with the ME diesel locomotives has been reduced during the year and the deployment of Vectron electric locomotives has increased proportionally. With the timetable change in December 2021, the final ME diesel locomotives were removed from scheduled operations. From 2022, the phasing out will therefore be seen as a full-year impact.

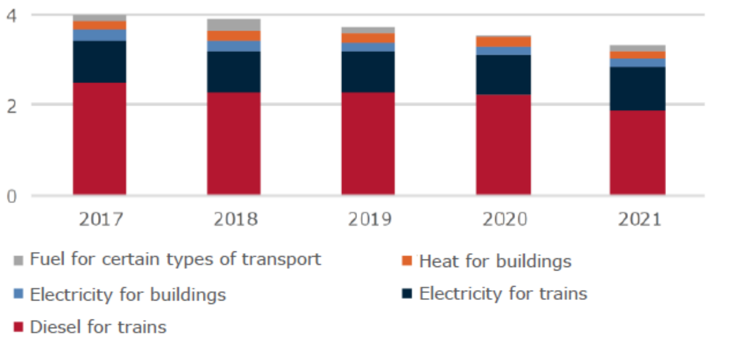
The energy consumption for buildings and facilities increased by 5 percent in 2021 compared to 2020. The development in energy consumption is mainly due to an increase in heating of 7 percent and a small increase in electricity consumption of 3 percent.

A contributing factor to the increase is that the heat consumption at Copenhagen Central Station is now back to normal levels after a major construction project has ended. At DSB's headquarters in Høje Taastrup, the heating consumption has also increased in 2021 compared to 2020 as people began returning to the office.

During 2021, a number of energy-saving initiatives have been completed, particularly at workshops and when preparing trains and at DSB's 7-Eleven kiosks.

Objective 2: Energy consumption[1)]

GJ (million)



1) Diesel for trains is automatically registered when filling up the tanks. Electricity for trains is settled based on invoices from Banedanmark. The target for energy reduction will from 2020 also include fuel for selected modes of transport (replacement traffic, school and work-related trips). Comparative figures have been adjusted.

There is a focus on energy savings
At the workshops, there is a strong focus on reducing energy consumption - among other things, by continually optimising the management of the heating units and changing the lighting to use LED bulbs. In 2021, there has been a small reduction in energy consumption of around 800 MWh just in the workshops.

At DSB's 7-Eleven kiosks, in addition to implementing energy saving initiatives, there has also been a focus on behaviour and the daily routines. The initiatives have included such things as a more optimised and sensorcontrolled LED lightning. An initial test of the new lighting setup in 3 kiosks has shown a significant 10 percent energy saving potential. The implementation of the energy-saving initiatives has resulted in energy savings of around 200 MWh in total in 2021. DSB will continue investing in the replacement of light sources with LED bulbs in all 63 kiosks in 2022.

"The Green Agenda is a top priority in all of our kiosks. There is a great deal of commitment to this from everyone and the concepts are being applied really well. We are also keen on finding easy and practical projects that lead to good and quick results." Martin Zunda, CEO, DSB Service & Retail A/S

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.

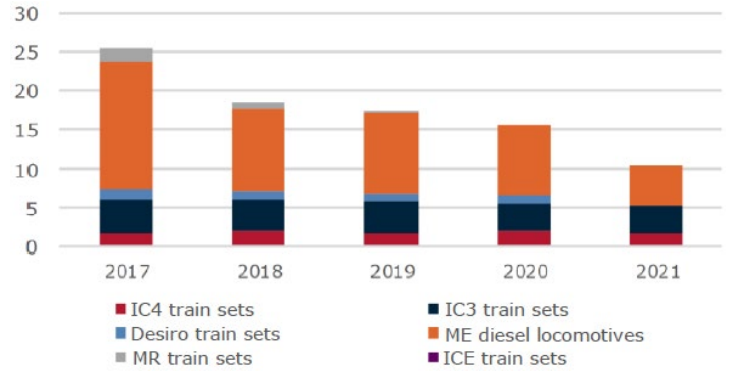
Diesel trains have local impacts on air quality in the form of particles and NO_x, etc. The electric trains emit no particles from their engines.

A significant reduction in particle emissions as the diesel trains are phased out

DSB's greatest focus is on reducing particle emissions - including the ultrafine particles. The continued reduction in diesel train operations can be clearly seen in the particle emission figures. In 2021, particle emissions from train engines decreased by 32 percent compared to 2020 by mass (tonnes). The reason for this is mainly less deployment of ME diesel locomotives and, to a smaller extent, the fact that DSB no longer uses the Desiro train sets which were sold off in 2020 and handed over to Arriva in connection with the handover of the Odense-Svendborg line.

Objective 3: No particle emissions from the train's engines[1)]

Particles, tonnes



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

The reduction in particle emissions will be clear to customers in entirely or partially enclosed stations - for example, Nørreport Station and Copenhagen Central Station, but the neighbours on the impacted lines will also clearly be able to see and feel the difference.

Waste

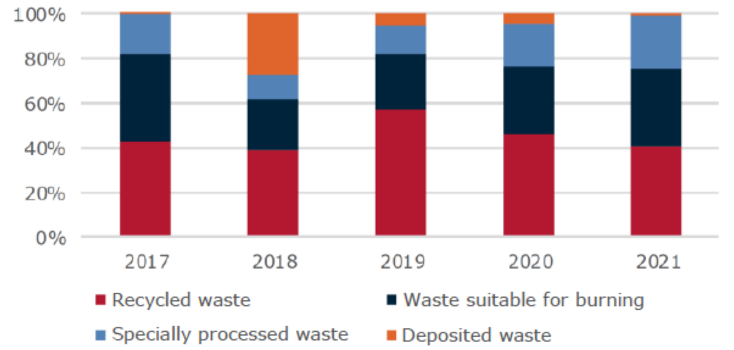
DSB's objective is to recycle at least 90 percent of waste in 2030. In order to reach this goal, focus is on optimization of waste management at workshops, when preparing the trains, at stations and in administration to reduce the amount of waste and to recycle to a higher degree than at present. The remaining 10 percent of the waste in 2030 will be waste that requires other treatment.

In 2021, the overall recycling percentage was 40 percent. In 2021, DSB has sold off rolling stock instead of scrapping it. DSB has not scrapped any rolling stock in 2021, but sold:

- 9 KÖF ("work trains")
- 8 ME diesel locomotives
- 4 EA electric locomotives
- 2 MR train sets

Objective 4: At least 90 percent of waste is to be recycled[1)]

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.

Initiatives to increase the recycling rate

All DSB's 7-Eleven kiosks have throughout 2021 been signed up for the Too Good to Go scheme. In 2021, this has resulted in 34,000 meals being saved, which amounts to 34 tonnes of food that would otherwise have been thrown out.

The modernisation of the waste area at Copenhagen Central Station in 2020 has paid off in 2021. All waste from customers, commercial leases and administrative areas is now managed in order to ensure a better sorting of (in particular) cardboard, plastics and bio waste. In addition, the waste is also being compressed to a greater degree, which reduces the need for waste removal. The degree of waste sorting is also continually being improved.

Over the last year, DSB has tested a solution for customer-oriented waste sorting. At Roskilde and Vejle stations, bins have been set up that allow customers to sort their waste. The tested solutions did, however, show that the shape of the bins was sub-optimal in terms of helping customers sort waste on the go. The fractions were not clean enough to allow for recycling.

During 2022, alternative solutions for waste sorting will be tested in order to find the optimal solution for customers so that they have an easy way of sorting waste while on the go. DSB is also engaged in dialogues with other players in order to increase the uniformity of waste sorting in public spaces.

"Sorting waste in public spaces is a particularly difficult challenge. DSB would like to reach out to companies, municipalities and traffic companies facing the same challenges to share experiences. We believe that as a society, we can sort even more waste if we work together to develop user-friendly solutions for public spaces."
Aske Mastrup Wieth-Knudsen,
Vice President for Sustainability

The recycling target also has an impact on the selection of disposal methods for old workwear and uniforms. In 2021, DSB replaced the workwear (among other things, worn at workshops) and the uniforms worn by train staff and other frontline personnel. In connection with this replacement, DSB collected around 25 tonnes of old uniforms to try to find a recycling solution for them. DSB is considering various solutions that will result in the lowest possible environmental and climate impact. The market for recycled textiles is going through a very rapid development, and DSB hopes to find a recycling solution in 2022.

Other environmental issues

DSB will build 3 new workshops
The new workshops in Copenhagen and Aarhus will be used for the new Coradia electric train sets and are expected to open in 2025 and 2027 respectively. The new workshop in Næstved will be used for the Talgo train coaches and the Vectron electric locomotives and is expected to open in 2025. All 3 workshops will be certified by the DGNB Gold sustainability standard.

Complaints have been submitted to Planklagenævnet (a Planning Complaints Board) about Næstved Municipality's local plan for the workshop. Planklagenævnet has, by the end of December, cancelled the local plan due to issues with an associated municipal planning annex. The construction work will therefore be delayed, as it can only begin once the planning basis is valid. The Danish Environmental Protection Agency's Section 25 permit (Environmental Impact Assessment) has also been complained about to the complaints board dealing with environmental and food issues, but the case is still ongoing.

Inquiries about noise from municipalities
In 2021, DSB received inquiries about noise from train operations and loudspeakers from 3 municipalities.

Næstved Municipality has inquired about diesel locomotives that were running in neutral in the southern area of Næstved Station. The phasing out of the ME diesel locomotives and the deployment of the Vectron electric locomotives have resolved this issue.

Gentofte Municipality has contacted DSB about loudspeaker messages at Dyssegård Station. The reason for this was more loudspeaker messages about precautionary measures on platforms and trains in connection with COVID-19.

Aarhus Municipality has passed on complaints about noise from residents around the workshop in Sonnesgade in May and November. The workshop is doing its best to minimise the noise from its activities. In addition, dialogue meetings have also been held with the residents.

The oil spill at the supply facility in Nykøbing Falster
At the end of 2018, diesel oil was observed in a ditch. DSB was ordered to clean it up and has subsequently removed the contaminated soil and water. In May 2019, DSB was also ordered by Guldborgsund Municipality to investigate the cause of the oil spill. DSB has investigated the extent of the contamination and an oil separator at the supply plant was replaced at the end of 2021.

The case involving spilled diesel oil at DSB's utility plant in Nykøbing Falster is not yet concluded. Guldborgsund Municipality has asked DSB for additional information before they can reach a decision on whether the oil pollution should be completely removed immediately or whether it should be monitored for a period and then perhaps removed later.

ESG reporting

For the first time in the 2021 fiscal year, all European corporations now need to report in accordance with the EU's Taxonomy Regulation. This regulation is a common European classification system for economic activities and is intended to contribute to reaching the EU's climate and 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, an active effort has been made to assess which activities are covered by the 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 Taxonomy Regulation. The uncertainty is due to the fact that the delegated act for the first 2 climate targets was only adopted in December, and there are still a number of unanswered questions about the Taxonomy Regulation and its requirements for reporting.

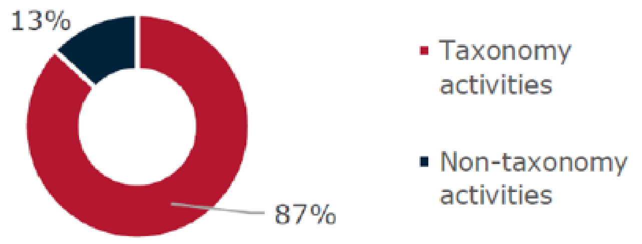
Based on the current information, it is assessed that the vast majority of DSB's revenue is covered by the Taxonomy Regulation and thus 'Taxonomy-eligible' and that this also applies to most of the expenses. This reflects DSB's significant potential in terms of making a positive contribution to the environment and climate.

In the 2022 annual report, the proportion of activities that meet the requirements for being sustainable and can thus be classified as 'Taxonomy aligned' is reported for the first time.

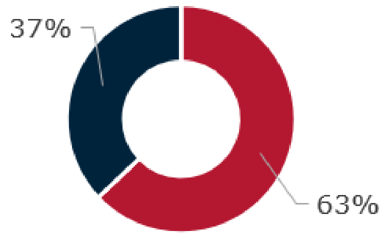
Work has begun on preparing for the additional requirements of the EU's Taxonomy Regulation, which are expected to materialise in the coming years.

The implementation of authority requirements such as the CSRD Directive and Due Diligence Directive interacts with DSB's future ESG reporting. Thus, ESG targets and follow-ups will be integrated at the core of DSB's management systems.

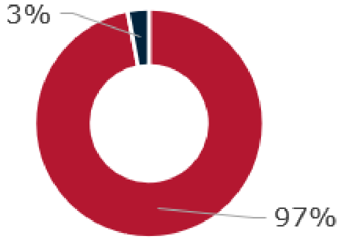
Revenue



Expenses (OPEX)



Investments (CAPEX)



Assessment of compliance with the EU's Taxonomy Regulation

DSB's reporting on 'the Classification Regulation' (hereinafter referred to as the 'Taxonomy Regulation') follows 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 Taxonomy Regulation specifies the framework for the EU classification system, as it specifies the conditions that an economic activity must fulfil in order to qualify as environmentally sustainable. Among other things, the economic activity must contribute significantly to fulfilling one or more of the 6 environmental targets specified in Article 9 in accordance with Articles 10-15.

The Taxonomy Regulation states that the European Commission shall adopt a delegated legal act in accordance with Article 23 to supplement Articles 10-15. The European Commission's delegated legal act of 4 June 2021 is based on the powers granted in the Taxonomy Regulation's Article 10(3) and Article 11(3), and it specifies the technical screening criteria under which certain economic activities can be classified as activities that make a significant contributing to counteracting climate change (Article 10) and adapting to climate change (Article 11) and it is used to determine whether the relevant economic activities have a significant negative impact on some of the other environmental targets. The Commission has not yet adopted a delegated legal act stating the technical screening criteria for the 4 other environmental targets (Articles 12-15).

The delegated legal act of 6 July 2021 specifies the contents and presentation of information that non-financial corporations must publish. It is stated in Article 8(5) that until 12 months after a delegated legal act is adopted for the other 4 environmental targets, the key result indicators exclusively relate to the 2 environmental targets of 'Counteracting climate change' and 'Adapting to climate changes'. Therefore, DSB is only reporting on these 2 environmental targets in 2021.

Applied accounting practices in the context of the EU Taxonomy Regulation

Pursuant to Article 10(1) of the Delegated Regulation of 6 July 2021, for the 2021 fiscal year, DSB is only reporting on the proportion of total revenue and capital and operating expenses that amount to economic activities covered by the classification system ('Taxonomy-eligible') and economic activities that are not covered by the classification system.

The total revenue, capital and operating expenses (hereinafter referred to as 'revenue, CAPEX and OPEX') is based on figures stated for the group.

Taxonomy-eligibility
Taxonomy-eligibility states which proportion of the group's revenue, CAPEX and OPEX is composed of economic activities covered by the Taxonomy Regulation.

Taxonomy-eligibility thus only states whether an activity is described in the regulation's delegated legal acts and not whether these economic activities fulfil the requirements of being classified as environmentally sustainable.

Annex I and II for the European Commission's Regulation of 4 June 2021 ('The Delegated Regulation, hereinafter referred to as the 'Climate Delegated Act') describes the economic activities that are covered by the Taxonomy Regulation within the 2 environmental targets of 'Counteracting climate change' and 'Adapting to climate changes'.

Based on the descriptions of activities identified, the group is covered by the following economic activities:

- 6.1. Inter-city passenger transport by rail, where the activity must meet one of the following criteria: Trains and coaches have no direct CO_2 emissions (from exhaust pipes) or trains and coaches have no direct CO_2 emissions (from exhaust pipes) when operating on a track with the necessary infrastructure and using a conventional engine where such infrastructure is not available (electro-diesel).

- 6.14. The infrastructure for railway transport, where the activity must, among other things, meet the following criteria: Infrastructure and facilities are intended to transfer passengers from railway to railway or from other forms of transport to railways.

Taxonomy-eligibility is expressed via a KPI and stated as the relationship between, respectively, revenue, CAPEX and OPEX, which are regarded as Taxonomy-eligible and the group's total revenue, CAPEX and OPEX.

The statement of KPIs for, respectively, revenue, CAPEX and OPEX is described below.

KPI for Revenue

Counts:

Taxonomy-eligible revenue is stated as the proportion of DSB's revenue attributed to one of the above economic activities. The revenue includes Passenger revenue, Contract revenue, Sale of repair and maintenance services, etc., Sale and leasing of rolling stock and Work performed by the entity at its own expense and capitalised.

Revenue from selling or renting out properties and areas or revenue from selling Kiosk products, etc. is not part of the economic activities covered by the Taxonomy Regulation and thus not included.

Mentions:

The group's total revenue, as stated in notes 2.1, 2.2 and 2.3.

KPI for Expenses (OPEX)

OPEX is defined as non-capitalised expenses concerning research and development, measures to renovate buildings, short-term leasing contracts, repair and maintenance work and, if relevant, other direct costs involved in the daily maintenance of fixed assets, cf. Annex I in Section 1.1.3.1 of the Commission's Delegated Regulation of 6 July 2021.

When reviewing the English version of the mentioned delegated regulation, it has been assessed that what in the Danish version is designated 'the daily maintenance of fixed assets' can be extended to include operating costs of fixed assets.

Counts:

Taxonomy-eligible OPEX is stated as the proportion of operating expenses attributed to one of the above activities. OPEX includes costs in connection with train operations - including costs for train staff, energy, maintenance, leasing of rolling stock, service at stations, rolling stock acquisition projects and costs from operating traffic.

Staff expenses of a purely administrative nature are not included. In addition, costs incurred by DSB Ejendomsudvikling A/S and DSB Service & Retail are not covered by the Taxonomy Regulation and therefore not included.

Mentions:

The group's total operating costs, as stated in notes 2.5, 2.6 and 2.10.

KPI for Investments (CAPEX)

Counts:

Eligible CAPEX is 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 bypass parts and spare parts, and investments in stations and sales and information channels.

Investment related to kiosk activities and the selling of properties and areas are not included, as these economic activities are not covered by the Taxonomy Regulation.

Mentions:

The group's addition of intangible and tangible assets, as stated in notes 3.1 and 3.2

Notifications to the Danish Business Authority

11 February 2021
DSB’s Annual report 2020

1 March 2021
Notice convening the ordinary Annual Meeting, 2021

24 March 2021
Minutes of ordinary Annual Meeting of DSB

12 April 2021
Notification regarding the awarding of contracts for New Trains

12 May 2021
Interim report first quarter 2021

19 May 2021
Notice convening the extraordinary Annual Meeting of 2021

24 August 2021
Half year report 2021

5 October 2021
Message: DSB’s Executive Vice President, Commercial is stepping down

4 November 2021
Interim report third quarter 2021.

Organisation

Board of Directors

The Board of Directors’ directorships in Danish and foreign commercial enterprises. The special competencies of the Board of Directors are described on www.dsb.dk.

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

Member of:
- Board of Directors for Tænketanken Europa.

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 LEGO GmbH
- The Board of Directors of LEGO India, Private Limited
- The Board of Directors of STG A/S
- Entreprise 50 (Global CIO network).

Hanne Blume
Joined DSB's Board of Directors on 29 June 2018
(at the extraordinary Annual Meeting).
Re-elected on 10 March 2020 (ordinary Annual Meeting)
Term of office ends: 2022.

Chairman of:
- The Board of Directors of Insero Horsens.

Member of:
- The Board of Directors of NEL ASA
- The Board of Directors, University College Syddanmark (UC Syd)
- The Board of Directors of Danmarks Cykle Union.

Carsten Gerner
Joined DSB's Board of Directors on 24 April 2012 (ordinary Annual Meeting)
Re-elected on 10 March 2020 (ordinary Annual Meeting)
Term of office ends: 2022.

Vice-chairman of:
- The Board of Directors of Ib Andresen Industri A/S
- The Board of Directors of IAI Holding A/S.

Member of:
- The Board of Directors of Boligfonden DTU
- The Board of Directors of Impero A/S.

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.

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:
Vejlekassen c/o Tjenestemændenes Forsikring.

Vice-chairman of:
Dansk Jernbaneforbund.

Member of:
- 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 Forsikringsagenturforeningen afd. 1
- The Board of Directors of Transporterhvervets Uddannelser (TUR).

Lone Riis Stensgaard
Joined DSB’s Board of Directors on 8 March 2019 (elected by employees).
Re-elected on 10 March 2020 (elected by employees).

Senior Traffic Controller.

Joint union representative for:
- HK Civil Servants.

Executive Board

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

Flemming Jensen, CEO
Employed with DSB since 2015.

Chairman of:
- Board of Directors, TP Aerospace.

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

Thomas Thellersen Børner, CFO
Employed with DSB since 2013.

Jan Sigurdur Christensen, Executive Vice President, Commercial
Employed with DSB since 2014.
Has resigned and will step down on 1 March 2022.

Vice-chairman of:
- The Board of Directors of Rejsekort & Rejseplan A/S.

Member of:
- The Board of Directors of DI Transport
- The Board of Directors of DOT I/S
- The Committee for DI Transport og Infrastruktur
- The Committee for Kollektiv Mobilitet.

Jürgen Müller, Executive Vice President, Strategy & Rolling Stock
Employed with DSB since 2015.

Chairman of:
- The Board of Directors for Bladins Foundation.

Member of:
- The Board of Directors of Rejsekort & Rejseplan A/S.

Per Schrøder, Executive Vice President, Operations
Employed with DSB since 2018.

Executive management

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

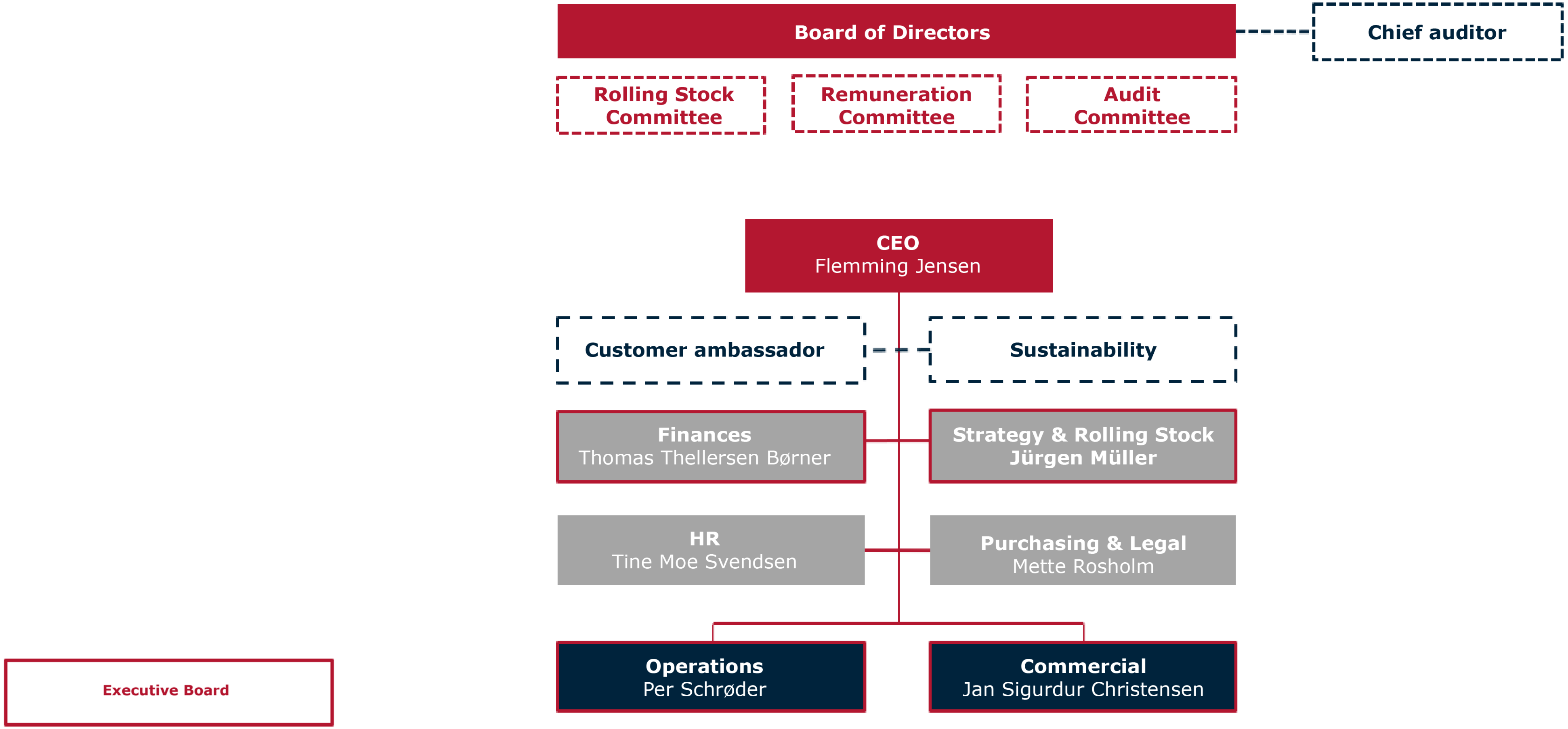
Mette Rosholm, Executive Vice President, Procurement & Legal Affairs
Employed with DSB since 2014.

Member of:
- The Board of Directors of Rejsekort & Rejseplan A/S
- The Board of Directors of M/S Museet for Søfart.

Tine Moe Svendsen, 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.

Organisational chart



Financial calendar 2022

Expected publication of interim reports:

First quarter 2022	5 May 2022
First half 2022	25 August 2022
Third quarter 2022	15 November 2022

Publications

The annual report for 2021 can be found at www.dsb.dk

Environmental reports for 2021 can be found at www.dsb.dk.

The remuneration report for 2021 can be found at www.dsb.dk.

Company 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
Authorised 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

Graphic design
Communication & Branding

Line accounts

Management statement

DSB’s management has today considered and approved DSB's Line accounts for 2021.

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 respected in 2021, including implementing the necessary accounting breakdown, see Section 2 of the Accounting Regulations so that DSB can account for the need for subsidies for the passenger traffic.

- The model instrument and the basis of allocation used are documented in accordance with Section 3 of the Accounting Regulations so that DSB can account for the financial allocation to the lines.

Taastrup, 10 February 2022

Flemming Jensen CEO	Thomas Thellersen Børner CFO

Accounts

DSB has prepared financial reports on the train operations divided into activity areas in order to promote transparency in their finances and profit/loss. Combined with a division of operator tasks according to lines, this contributes to adding transparency to DSB's train operations in Denmark, and DSB continually uses the line accounts to streamline operations.

The following is highlighted:
- The COVID-19 situation in Denmark has also in 2021 impacted passenger revenue, and for all 3 Train Service areas, the levels are significantly lower than normal
- The profit for 2021 was impacted by compensation for financial losses in 2020 resulting from COVID-19
- A supplemental contract has been signed with Ministry of Transport which provides compensation for lost passenger revenue in 2021 when compared to 2019 during periods when COVID-19 and the subsequent restrictions have impacted the number of journeys
- Compensation payments and the supplemental contract mean that the results from Train Service amounted to a profit in 2021.

Activity Area Accounts

Public services delivered by DSB pursuant to the traffic contract are divided between Train Service, Train System, and General Obligations, see Table 1.

- Train Service relates to the operator task of running trains
- Train System is a collective designation for the activities that support the task of running trains, from operation of stations, provision of rolling stock, planning and monitoring the daily train operations to traffic information and the sale of tickets
- General obligations are activities that do not depend on train operations - for example, subsidies given to Fonden Danmarks Jernbanemuseum and the relative costs for stations DSB does not service but operates and maintains and where the costs are not covered by the other operators.

Train Service is furthermore categorised as Long-distance and Regional train traffic, S-train traffic and Øresund traffic. Train System is categorised as Stations, Rolling Stock and Systems & Channels. Systems & Channels includes Sales Channels and Customer Service as well as Traffic Handling and shared functions.

For 2021, revenue before the leasing of rolling stock amounted to DKK 10,215 million. The revenue finance the delivered Public service traffic.

In 2021, passenger revenue amounted to DKK 3,815 million, and in the line accounts this is distributed to the Train Operations Services[2)], i.e., the passenger traffic, while the Train System tasks in the model are almost entirely financed by the contract revenue. Commission revenue from the sale of tickets by other operators are distributed to Systems & Channels and amounts to DKK 28 million of Other operating revenue. The sale of Vectron electric locomotives to the rolling stock companies is stated under Other operating income in Rolling stock and amounts to DKK 652 million.

Danish train passenger traffic is characterised by a strong desire for cohesion in the public transport, including an integrated and uniform customer experience for the entire journey. In order to deliver this, the public transport sector is characterised by a high degree of integration and collaboration across traffic companies and operators, in addition to shared and integrated commercial solutions such as, for example, Rejsekort, Rejseplanen and DOT. Calculation of the passenger revenue has been based on the signed agreements between the traffic companies and operators on revenue sharing.

On 1 January 2021, an amended Executive Order[3] entered into force with the section on the discussed Metro double factor being removed. The Metro double factor meant that Metroselskabet I/S received a proportion of the total passenger revenue which exceeded the Metro's share of the total number of journeys in the Greater Copenhagen area. This disproportionate share had a negative impact on DSB's passenger revenue.

The applicable executive order on the sharing of ticket revenue in the Greater Copenhagen area between the current parties on Zealand (Trafikselskabet Movia, Metroselskabet and DSB) expires on 30 June 2022.

[2)] 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 was also allocated to Train System, the amount of the contract revenue to be allocated to these areas of activities would be reduced.

[3]Cf. Executive Order no. 804 of 4 May 2021: Executive Order on sharing ticket revenue in the Greater Copenhagen area

Therefore, a new revenue-sharing model is being worked on. The new model is a so-called 'source distribution model' based on factors such as Rejsekort data rather than the corporations' 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 the inter-regional traffic and offers a significantly better and more transparent basis for DSB's revenue sharing.

In 2021, 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 to do so. In practice, contracted traffic means that DSB pays for the cost of operating a number of departures from central and western Jutland in order to thereby ensure direct departures for customers to the rest of the country. The revenue from the contractor traffic accrue to Arriva Danmark, and DSB is compensated via contract revenue.

In 2021, the total contract revenue amounted to DKK 5,075 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. Contract revenue in 2021 was impacted by compensation payments for financial losses in 2020 resulting from COVID-19.

DSB has a general purpose of aiming to make a sustainable way forward with room for all of us, which is based on DSB's societal task of helping to reduce congestion and be 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 realisation of the societal, financial and environmental gains from the electrification of the railway network. For customers, it will mean shorter travel times, higher frequencies of departures, more punctuality and increased comfort.

Of the total Revenue before leasing out rolling stock, Passenger revenue amounted to 37 percent, Contract revenue amounted to 50 percent and Other operating revenue amounted to 13 percent.

In accordance with the traffic contract, the contract revenue is distributed so that, for Stations, it reflects a risk-adjusted return on the invested capital (ROIC) of 3 percent. For Material and General obligations, it reflects a cost coverage without return and, for Systems & Channels, it reflects a profit margin of 5 percent. The remaining contract revenue goes to Train Service.

The positive result for Stations and for Systems & Channels is therefore due to the technical distribution of the contract revenue.

Of the total revenue from leasing of rolling stock, 64 percent finances Train Services and 34 percent finances Train System tasks, while the remaining 2 percent finances General Obligations.

In 2021, Costs before leasing of rolling stock amounted to DKK 8,562 million for Public services. 63 percent of these are used for Train Service, 36 percent for Train System and the rest for General obligations.

For income as well as cost, cost relating to leasing of 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.

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: The results of Train Operations divided into areas of activity

Amounts in DKK million	Public services	Train Service: Long-Distance & Regional train traffic	Train Service: S-train traffic	Train Service: Øresund traffic [1]	Train System: Stations	Train System: Rolling stock	Train System: Systems & Channels	General obligations[2]	Others[3]
Passenger revenue	3,815	2,228	1,165	422	0	0	0	0	0
Contract revenue	5,075	1,875	419	277	768	350	1,360	26	0
Other operating income[4]	1,325	87	31	54	82	(803)	153	4	111
Revenue before leasing out rolling stock	**10,215**	**4,190**	**1,615**	**753**	**850**	**1,153**	**1,513**	**30**	**111**
Leasing out rolling stock	812	0	0	0	0	812	0	0	0
Total revenue	**11,027**	**4,190**	**1,615**	**753**	**850**	**1,965**	**1,513**	**30**	**111**
Expenses for raw materials and consumables[5]	1,092	308	69	35	1	676	3	0	0
Other external expenses	4,848	2,179	504	376	485	397	780	21	106
Staff expenses	2,622	1,181	452	245	106	77	579	(29)	11
Costs before leasing of rolling stock	**8,562**	**3,668**	**1,025**	**656**	**592**	**1,150**	**1,362**	**(8)**	**117**
Leasing of rolling stock	812	250	504	58	0	0	0	0	0
Total expenses	**9,374**	**3,918**	**1,529**	**714**	**592**	**1,150**	**1,362**	**(8)**	**117**
Profit/loss before amortization, depreciation and write-downs	**1,653**	**272**	**86**	**39**	**258**	**815**	**151**	**38**	**(6)**
Amortization, depreciation and write-downs	1,159	34	11	5	185	812	75	37	0
Operating profit/loss	**494**	**238**	**75**	**34**	**73**	**3**	**76**	**1**	**(6)**
Net financials	(31)	(1)	(1)	0	(20)	(3)	(5)	(1)	0
Profit/loss before tax	**463**	**237**	**74**	**34**	**53**	**0**	**71**	**0**	**(6)**
Tax on profit/loss for the year	(87)								
Profit/loss for the year	**376**								
Distribution:									
Contract revenue		37%	8%	5%	15%	7%	27%	1%	0%
Revenue before leasing out rolling stock		41%	16%	7%	8%	11%	15%	0%	2%
Costs before leasing of rolling stock		43%	12%	8%	7%	13%	16%	0%	1%
Costs, amortization, depreciation and write-downs plus net financials	**10,564**	**3,953**	**1,541**	**719**	**797**	**1,965**	**1,442**	**30**	**117**

1) Øresund traffic includes Øresund - over broen and Kyst- og Kastrupbanen.
2) General Obligations concern subsidies to Fonden Danmarks Jernbanemuseum, civil servants on loan, own superfluous civil servants, the relative revenue 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 concerns the regulation of net profits from property sales in the parent corporation, costs for preparing for the divestment of 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 income from the sale of tickets from other operators, renting out of rolling stock and the sale of Vectron electric locomotives to the rolling stock companies.
5) Costs for raw materials and consumables under Rolling stock includes the purchase of Vectron electric locomotives which are sold on to the rolling stock companies.

Costs of Train service

Most of DSB's costs for 2021, including amortization, depreciation and write-downs and net financials have been related to Train Services (DKK 6,213 million), categorised as Long-distance & Regional train traffic (DKK 3,953 million), S-train traffic (DKK 1,541 million) and Øresund traffic (DKK 719 million), see Table 1.

Maintenance of rolling stock and Leasing of rolling stock amount to DKK 2,806 million or 45 percent of the total costs for Train Services, while costs for onboard personnel amount to DKK 1,430 million or 23 percent, see Figure 1.

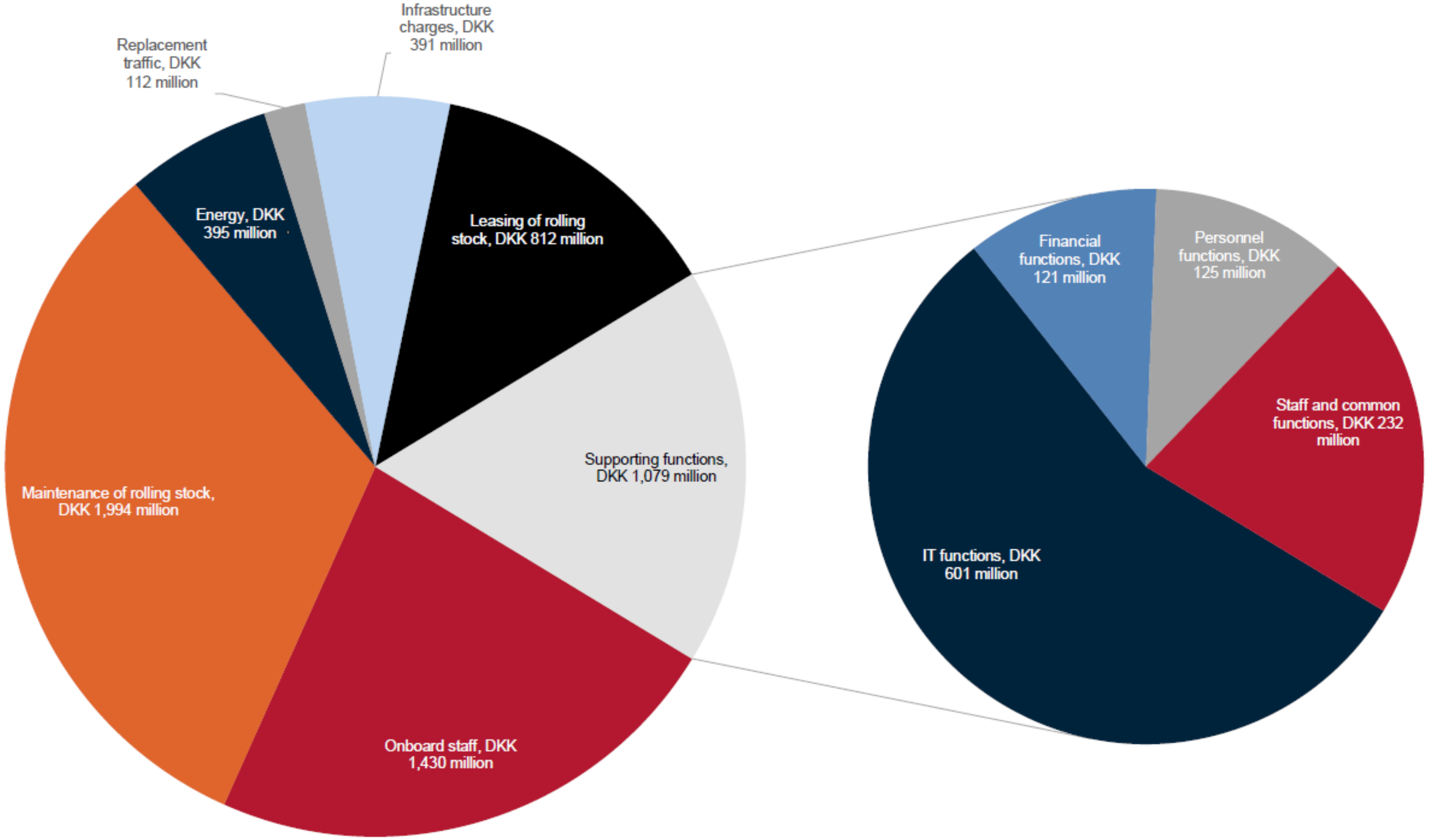
In the coming years, a very large number of infrastructure works will be implemented in Denmark. These works are essential and, once they have been completed, they will - together with the new electric trains - ensure well-functioning and sustainable train operations that will benefit DSB's customers. During the infrastructure work, DSB's finances are impacted to a very significant degree. In particular, this is in the form of reduced passenger revenue as the customers opt out of taking the train and use other modes of transportation, but it is also in the form of increased cost for replacement traffic.

Banedanmark's grants cover the project cost of infrastructure works, while DSB pays the cost of replacement traffic when train operations are prevented due to track closures. In 2021, DSB has spent DKK 112 million on replacement traffic. Banedanmark plans and carries out the infrastructure works.

In accordance with the Accounting Regulations, DSB shall allocate the complete costs of the activities and thus also a

Figure 1: Costs of Train service

Amounts in DKK million



part of the Supporting functions, which constitute DKK 1,079 million or 17 percent of the train service costs.
The support functions include cross-sector IT functions, Staff and common functions, and Finance and Personnel functions.

More than half of the costs of Support functions are staff and consultancy costs. The remainder includes costs of software development, licences, outsourced data operations centre, insurance, rental of premises, and costs of consumption, marketing plus amortization and depreciation, etc.

Costs of Support functions are allocated to the activity areas based on the number of employees, converted into full-time employees involved in carrying out the individual activities. This means that employee-intensive activities account for a substantial part of the costs.

Consequently, Train Services, to which the largest share of employees contributes directly as members of the onboard personnel and indirectly in the workshops, carries a relatively large share of the costs of supporting functions.

The costs of support functions are only variable to a limited extent in relation to the extent of Train Services. The handover of traffic to other operators thus has no substantial effect on the costs for interdepartmental IT functions or other support functions.

Train System Costs
The Train System costs, excluding rolling stock, which ensures coherence in train services in Denmark, are DKK 2,239 million in 2021 including amortization, depreciation and write-downs plus net financials, see Table 1. Systems & Channels, which comprises Traffic Handling & Common Functions and Sales Channels & Customer Service, accounts for DKK 1,442 million or 64 percent of this while Stations accounts for DKK 797 million or 36 percent.

Sales Channels & Customer Service comprises customer-oriented activities such as ticket sales channels (personal service, self-service sales and other sales channels), Customer service, Traffic information, Rejsekort and Marketing. Traffic Handling & Common Functions includes traffic-oriented activities such as planning of personnel, rolling stock, and traffic, traffic education, safety, monitoring and control of railway traffic at the operations centres, etc. run by DSB in cooperation with Banedanmark. In line with Train service, the figures for Train systems must be calculated with the fully allocated costs and thus carry a share of DSB's total supporting functions.

VAT and tax
DSB has a partial right of deduction of incoming VAT, since the group has VAT-liable as well as VAT-free activities. The non-deductible proportion of incoming VAT is included in the individual line items in the income statement and the balance sheet.

For 2021, the non-deductible proportion of incoming VAT amounts to a total cost of DKK 417 million. DSB and a number of group companies share a common VAT registration. The non-excluded VAT is distributed to the activity areas based according to the relative VAT weighting of the relevant activities. Subsequently, the non-deductible VAT matches the actual costs via the distribution model.

Figure 2: Train System Costs

Amounts in DKK million

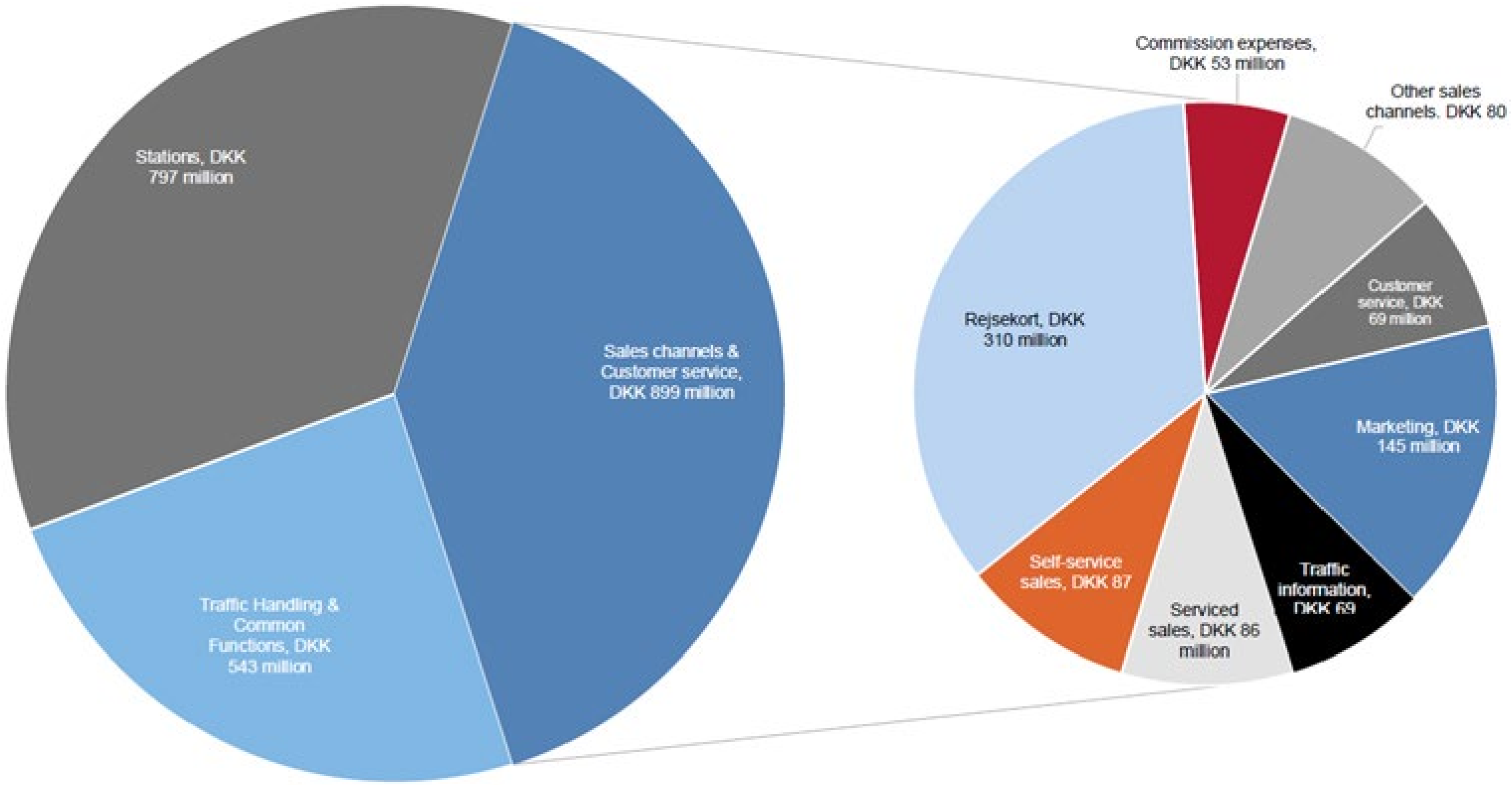
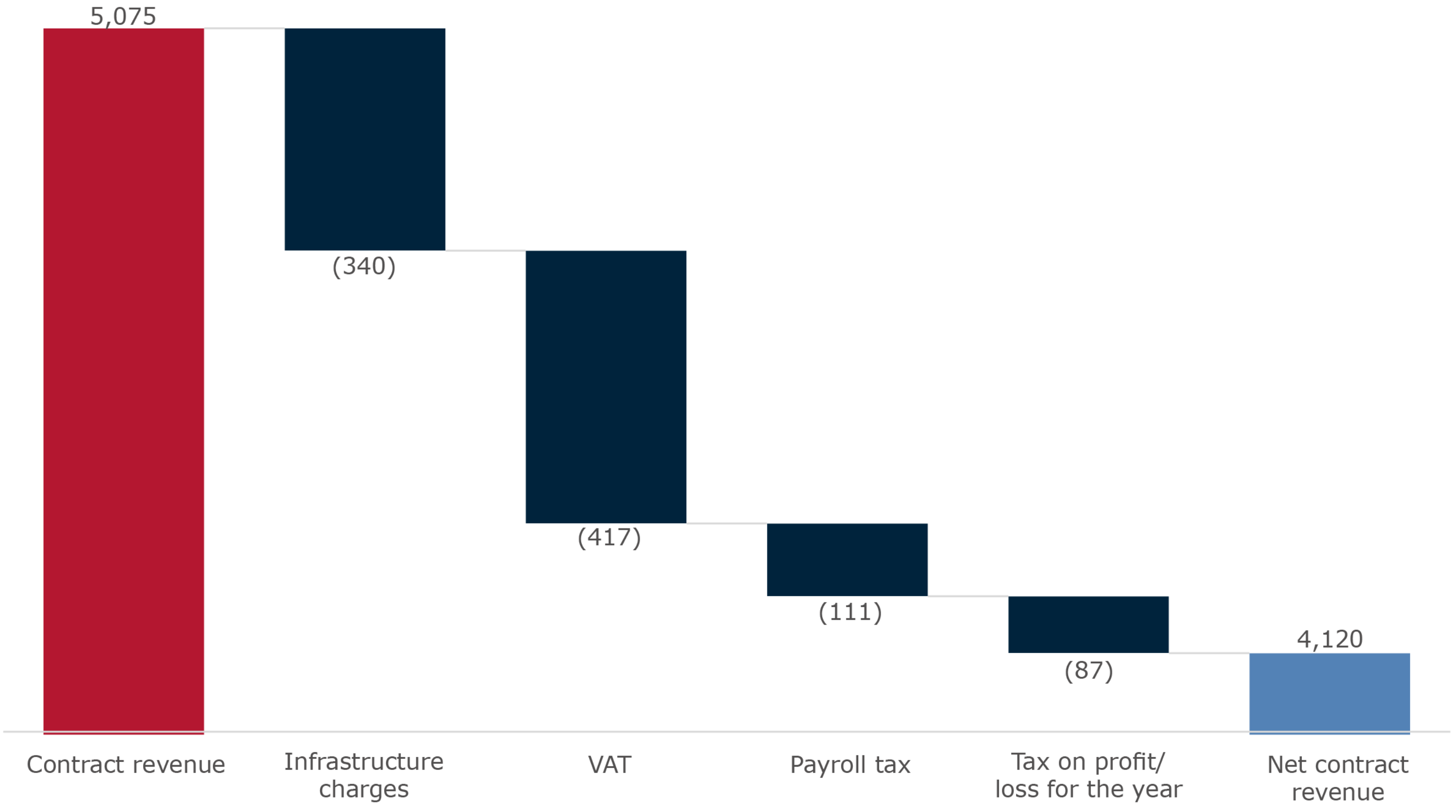


Figure 3: The state's net contract revenue payments to DSB

Amounts in DKK million



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 87 million for 2021.

Profit/loss for the year and statement of net contract revenue

Profit/loss for the year for Public services has been calculated as a profit of DKK 376 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 salaries that are returned to the state, and DSB also pays infrastructure charges to use the infrastructure (tracks and fixed links) that DSB relies upon for its Long-distance & Regional train operations.

Figure 3 thus calculates the state's net contract revenue to DSB once these factors have been taken into account - in other words when the contract revenue has been deducted from the internal distribution of resources in the sector in addition to the redistribution to other state actors. The net contract revenue is thus an expression of the state's actual payment to DSB for Train operations.

The net contract revenue to DSB from the state thus amounts to DKK 4,120 million.

Line accounts

The line accounts are primarily an internal analysis tool used by DSB to understand the correlations between operations and to analyse and optimise the financial structure of the individual lines. The information about the finances of train operations on individual 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 that 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 costs 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 costs, like all other corporations' costs, are variable to differing degrees depending on the production volume. This means that parts of the costs are only vaguely or not at all correlated with the number of train or seat-kilometres driven. Therefore, it applies that there is no notable correlation between the extent of the train services and costs for, e.g., sales and distribution channels, planning systems and monitoring centres. When DSB transfers train traffic, it means that DSB loses economies of scale and opportunities for transversal synergy.

The line accounts are based on the activity area Train Services that reflects the costs of operating train services. The costs 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 and Table 3.

A positive result reflects that the line has operated at a profit and can, therefore, be operated without any state subsidies. On the other hand, negative results 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 costs, regardless of whether the individual cost concerns the extent of production. Therefore, the Train System costs of both Stations and Systems & Channels are broken down into lines in Table 4 and Table 5. In practice, this means expenses are included regarding, for example, operation of stations, the Rejsekort 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 Cost per seat kilometre provide the best indication of how the seat capacity is utilised on the individual lines, see Table 4 and Table 5. The seat-kilometre takes into account the number of seats available in the individual litra and the number of train sets/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 Long-distance trains, Regional Vest and Øst

Amounts in DKK million	Passenger revenue	Total revenue	Onboard personnel	Rolling stock maintenance	Energy	Replacement traffic	Infrastructure charges	Total direct costs	Leasing of rolling stock (avg. costs)	Supporting function costs	Profit/loss
Copenhagen - Aarhus - Aalborg (InterCityLyn)	748	765	168	285	69	34	84	640	63	134	(72)
Copenhagen - Aalborg (InterCity)	470	488	187	228	59	9	93	576	58	143	(289)
Copenhagen - Esbjerg (InterCity)	327	336	87	85	18	4	56	250	24	69	(7)
Copenhagen - Odense - Hamburg (InterCity)	82	84	17	45	13	1	13	89	(17)	14	(2)
Long-distance trains	**1,627**	**1,673**	**459**	**643**	**159**	**48**	**246**	**1,555**	**128**	**360**	**(370)**
Aarhus - Hamburg	15	16	6	15	4	0	1	26	(22)	5	7
Aarhus - Fredericia - Esbjerg	81	86	46	159	22	2	10	239	13	38	(204)
Odense - Fredericia	19	21	19	22	4	0	3	48	4	14	(45)
Aarhus - Fredericia - Flensburg	33	35	21	18	5	1	5	50	5	15	(35)
Fredericia - Sønderborg	30	32	26	17	4	0	4	51	5	20	(44)
Fredericia - Vejle - Struer	0	1	16	9	2	0	2	29	2	12	(42)
Regional Vest	**178**	**191**	**134**	**240**	**41**	**3**	**25**	**443**	**7**	**104**	**(363)**
Copenhagen - Holbæk - Kalundborg	191	201	107	240	37	3	11	398	40	84	(321)
Copenhagen - Roskilde - Ringsted - Slagelse	86	93	65	113	17	2	7	204	31	51	(193)
Copenhagen - Nykøbing F - Rødby Færge	132	141	93	210	34	26	11	374	40	72	(345)
Køge - Næstved	14	16	19	17	4	1	3	44	4	14	(46)
Regional Øst	**423**	**451**	**284**	**580**	**92**	**32**	**32**	**1,020**	**115**	**221**	**(905)**
Long-Distance & Regional train traffic	**2,228**	**2,315**	**877**	**1,463**	**292**	**83**	**303**	**3,018**	**250**	**685**	**(1.638)**

Table 3: Line accounts for Train Service Øresund and S-trains

Amounts in DKK million	Passenger revenue	Total revenue	Onboard personnel	Rolling stock maintenance	Energy	Replacement traffic	Infrastructure charges	Total direct costs	Leasing of rolling stock (avg. costs)	Supporting function costs	Profit/loss
Copenhagen - Elsinore	226	263	144	137	23	4	12	320	26	104	(187)
Copenhagen - Malmö	196	213	49	63	11	4	76	203	32	34	(56)
Øresund traffic	**422**	**476**	**193**	**200**	**34**	**8**	**88**	**523**	**58**	**138**	**(243)**
Central (Hellerup-Valby)	432	440	94	63	11	5	0	173	113	67	87
Køge (Sydhavn - Køge)	156	161	63	70	15	8	0	156	98	45	(138)
Høje Taastrup (Danshøj - Høje Taastrup)	108	111	25	23	5	2	0	55	34	18	4
Frederikssund (Langgade - Frederikssund)	130	134	54	58	13	2	0	127	81	38	(112)
Farum (Ryparken - Farum)	76	79	33	33	7	1	0	74	51	24	(70)
Hillerød (Bernstorffsvej - Hillerød)	136	140	45	50	11	2	0	108	68	32	(68)
Klampenborg (Charlottenlund- Klampenborg)	25	26	10	9	2	0	0	21	14	7	(16)
Ringbanen (Ny Ellebjerg - Hellerup)	102	105	36	25	5	1	0	67	45	25	(32)
S-train traffic	**1,165**	**1,196**	**360**	**331**	**69**	**21**	**0**	**781**	**504**	**256**	**(345)**
Train Services, excluding contract revenue	**3,815**	**3,987**	**1,430**	**1,994**	**395**	**112**	**391**	**4,322**	**812**	**1,079**	**(2,226)**
Calculated contract revenue	0	2,571	0	0	0	0	0	0	0	0	2,571
Train Services, including contract revenue	**3,815**	**6,558**	**1,430**	**1,994**	**395**	**112**	**391**	**4,322**	**812**	**1,079**	**345**

Table 4: Line accounts for Train Operations Long-distance trains, Regional Vest and Øst

Amounts in DKK million	Train Services Passenger revenue	Train Services Other revenue	Train Services Costs	Profit/loss from Train Services	Other revenue	Other costs	Train Operations Profit/loss	Passenger revenue per seat-kilometre[1]	Services Cost per seat kilometre[1]	Profit/loss from Train Services per passenger kilometre[1]	Passenger kilometres Million units[2]	Train kilometres Million units
Copenhagen - Aarhus - Aalborg (InterCityLyn)	748	17	837	(72)	29	189	(232)	0.37	0.41	(0.27)	844	6.16
Copenhagen - Aalborg (InterCity)	470	18	777	(289)	27	200	(462)	0.25	0.41	(0.85)	541	7.03
Copenhagen - Esbjerg (InterCity)	327	9	343	(7)	17	136	(126)	0.32	0.33	(0.34)	368	3.30
Copenhagen - Odense - Hamburg (InterCity) [3]	82	2	86	(2)	3	24	(23)	0.22	0.23	(0.29)	79	1.13
Long-distance trains[3]	**1,627**	**46**	**2,043**	**(370)**	**76**	**549**	**(843)**	**0.31**	**0.38**	**(0.46)**	**1,832**	**17.62**
Aarhus - Hamburg[3]	15	1	9	7	1	6	2	0.13	0.09	0.00	14	0.59
Aarhus - Fredericia - Esbjerg	81	5	290	(204)	9	71	(266)	0.16	0.56	(2.79)	95	2.57
Odense - Fredericia	19	2	66	(45)	2	25	(68)	0.11	0.37	(4.42)	15	0.81
Aarhus - Fredericia - Flensburg[3]	33	2	70	(35)	3	22	(54)	0.24	0.51	(1.61)	33	0.82
Fredericia - Sønderborg	30	2	76	(44)	3	25	(66)	0.15	0.38	(1.79)	37	0.97
Fredericia - Vejle - Struer	0	1	43	(42)	1	14	(55)	0.00	0.65	(1.23)	45	0.44
Regional Vest [3]	**178**	**13**	**554**	**(363)**	**19**	**163**	**(507)**	**0.15**	**0.45**	**(2.12)**	**239**	**6.20**
Copenhagen - Holbæk - Kalundborg	191	10	522	(321)	16	158	(463)	0.21	0.56	(2.32)	199	(2.86)
Copenhagen - Roskilde - Ringsted - Slagelse	86	7	286	(193)	10	95	(278)	0.12	0.41	(3.16)	88	1.77
Copenhagen - Nykøbing F - Rødby Færge	132	9	486	(345)	12	112	(445)	0.14	0.53	(2.47)	181	(2.93)
Køge - Næstved	14	2	62	(46)	3	27	(70)	0.12	0.52	(4.34)	16	0.78
Regional Øst	**423**	**28**	**1,356**	**(905)**	**41**	**392**	**(1,256)**	**0.16**	**0.51**	**(2.60)**	**484**	**8.34**
Long-distance & Regional train traffic[3]	**2,228**	**87**	**3,953**	**(1,638)**	**136**	**1.104**	**(2,606)**	**0.24**	**0.43**	**(1.02)**	**2,555**	**32.16**

[1] Calculated financial ratios are not rounded off.
[2] Passenger kilometres are exclusive of the transport obligation and new products
[3] Train production includes traffic in Germany

Table 5: Line accounts for Train operations Øresund and S-trains

Amounts in DKK million	Train Services Passenger revenue	Train Services Other revenue	Train Services Costs	Profit/loss from Train Services	Other revenue	Other costs	Train Operations Profit/loss	Passenger revenue per seat-kilometre[1)]	Services Cost per seat kilometre[1)]	Profit/loss from Train Services per passenger kilometre[1)]	Passenger kilometres Million units[2)]	Train kilometres Million units
Copenhagen - Elsinore	226	37	450	(187)	21	202	(368)	0.21	0.42	(1.89)	195	3.11
Copenhagen - Malmö	196	17	269	(56)	21	215	(250)	0.37	0.52	(1.84)	136	(1.45)
Øresund traffic	**422**	**54**	**719**	**(243)**	**42**	**417**	**(618)**	**0.27**	**0.45**	**(1.86)**	**331**	**4.56**
Central (Hellerup-Valby)	432	8	353	87	21	226	(118)	0.48	0.40	(0.64)	183	2.48
Køge (Sydhavn - Køge)	156	5	299	(138)	7	104	(235)	0.13	0.25	(1.19)	197	3.38
Høje Taastrup (Danshøj - Høje Taastrup)	108	3	107	4	4	54	(46)	0.28	0.28	(0.64)	75	1.08
Frederikssund (Langgade - Frederikssund)	130	4	246	(112)	6	100	(206)	0.13	0.24	(1.48)	138	2.81
Farum (Ryparken - Farum)	76	3	149	(70)	4	54	(120)	0.14	0.28	(1.88)	65	1.53
Hillerød (Bernstorffsvej - Hillerød)	136	4	208	(68)	6	77	(139)	0.15	0.24	(0.86)	162	2.43
Klampenborg (Charlottenlund- Klampenborg)	25	1	42	(16)	1	18	(33)	0.18	0.29	(3.60)	9	0.40
Ringbanen (Ny Ellebjerg - Hellerup)	102	3	137	(32)	3	46	(75)	0.29	0.38	(1.70)	44	1.23
S-train traffic	**1,165**	**31**	**1,541**	**(345)**	**52**	**679**	**(972)**	**0.21**	**0.28**	**(1.11)**	**873**	**15.34**
Total lines[3)]	**3,815**	**172**	**6,213**	**(2,226)**	**230**	**2,200**	**(4,196)**	**0.24**	**0.38**	**(1.12)**	**3.759**	**52.06**
Public services [3)]	**3,815**	**172**	**6,213**	**(2,226)**	**350**	**2,620**	**(4,496)**	**0.24**	**0.38**	**(1.20)**	**3.759**	**52.06**

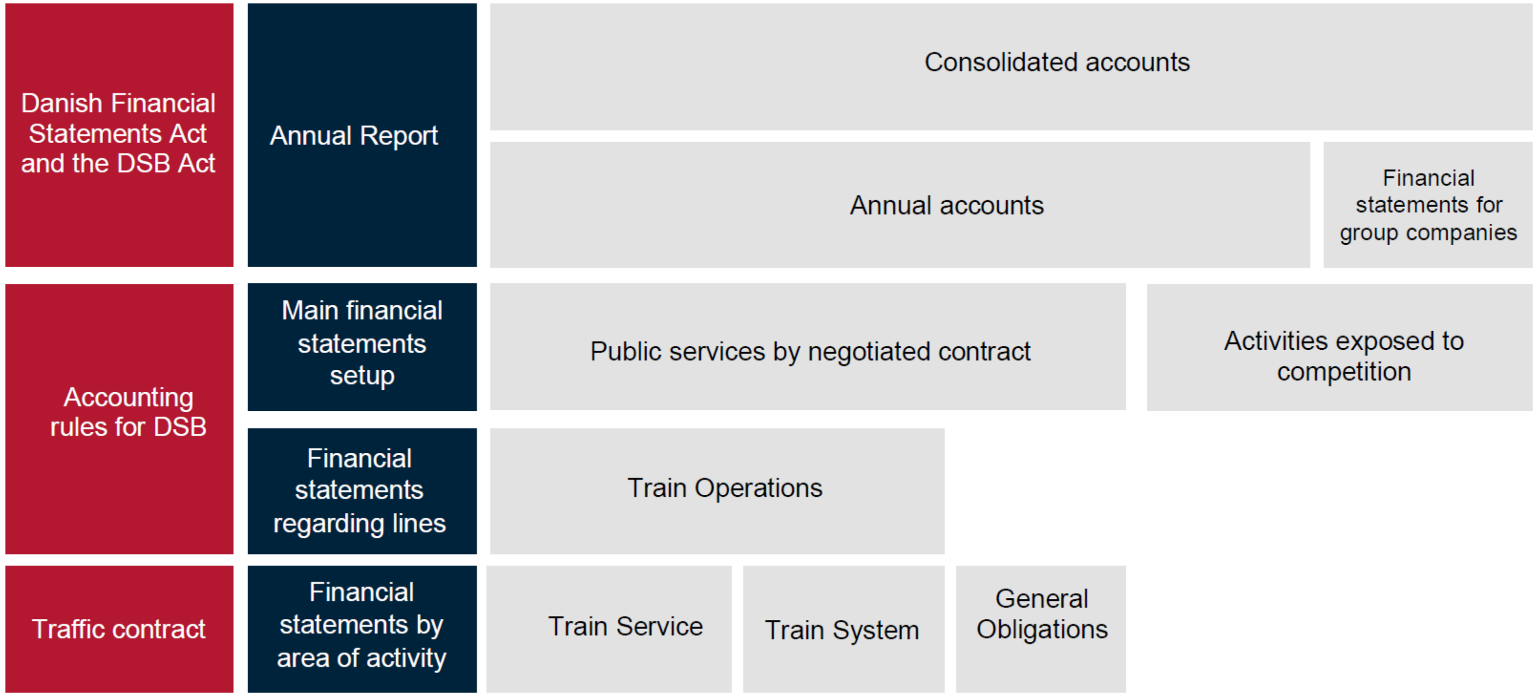
[1)] Calculated financial ratios are not rounded off.
[2)] Passenger kilometres are exclusive of the transport obligation and new products
[3)] Train production includes traffic in Germany

Method used for preparation of the line accounts

As a public undertaking, DSB must satisfy a number of reporting requirements, see Figure 4. 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 company.

Figure 4: Reporting requirements in DSB



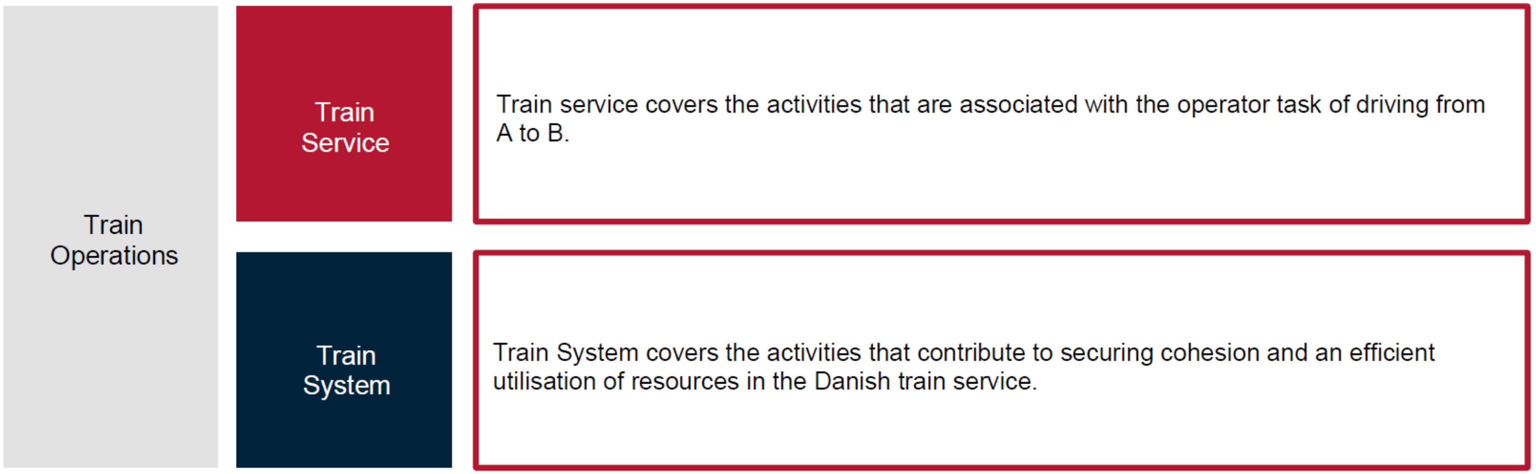
DSB's Accounting Regulations are designed to separate Public Services from Competitive Activities in order to provide an insight into the activities subject to contract revenue and ensure that there is no illegal state support. The presentation of the General Accounts, which are reviewed by DSB's External Auditor, divides the parent corporation's profit/loss into Public Services under a negotiated contract and Competitive Activities.

The traffic contract covers only 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 Services. Neither is DSB Service & Retail A/S covered by the public service obligation.

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 5.

Figure 5: Elements of Train Operations



The Line Economy Model
The Line Economy Model provides a basis for DSB's General Accounts and Line accounts. This creates an unambiguous correlation and a complete transaction trail between the individual accounts.

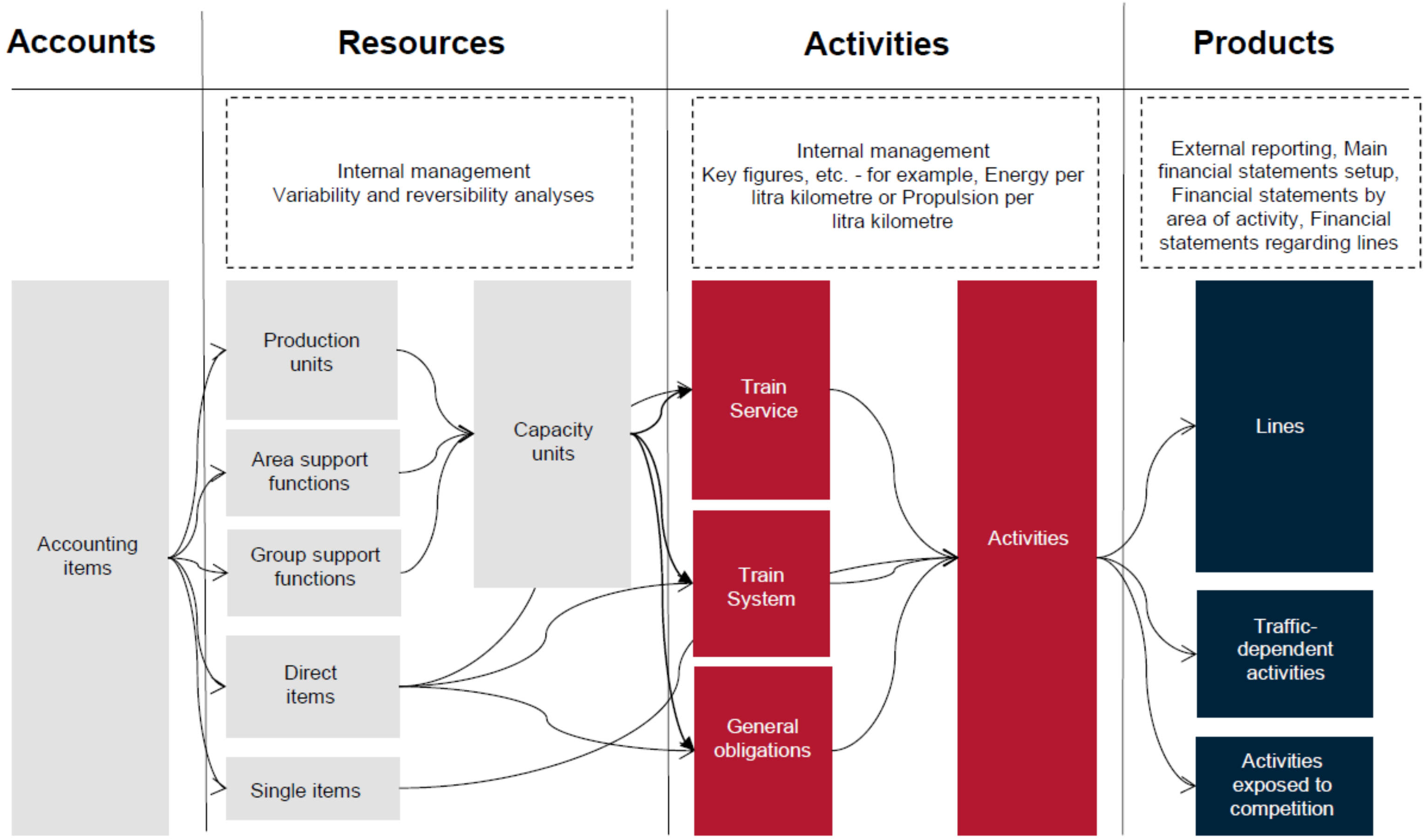
The model creates the General Accounts setup by dividing activities into Public Services under a negotiated contract and Competitive Activities, such as, for example, renting out properties to external customers.

Public Services are further divided into activity areas and the activities DSB implements to operate the individual lines. The lines contain all accounting entries relating to Train operations, see previous definition.

Figure 6 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 basis 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 costs are allocated to the lines.

Figure 6: Design of the Line Economy Model



Definition of lines

Figure 7 shows the definitions used for the individual lines that have been adapted to the production and timetable DSB has used in 2021. The changes compared to 2020 are that lines have been handed over to Arriva and Lokaltog and the line to Aalborg Airport has opened.
Lines that have been handed over to other operators are as follows:

- Odense - Ringe - Svendborg
- Fredericia - Vejle - Struer (Regional Vest)
- Aarhus - Langå -Struer (contract traffic)
- Roskilde - Køge

The lines operated by DSB in 2021 are defined as follows:

- Long-distance trains are defined as trains crossing the Great Belt and consist of the InterCityLyn and InterCity lines Copenhagen - Aarhus - Aalborg, Copenhagen - 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 without receiving the associated passenger revenue but instead compensation from Arriva.

Figure 7: Line definitions 2021

Long-distance & Regional trains

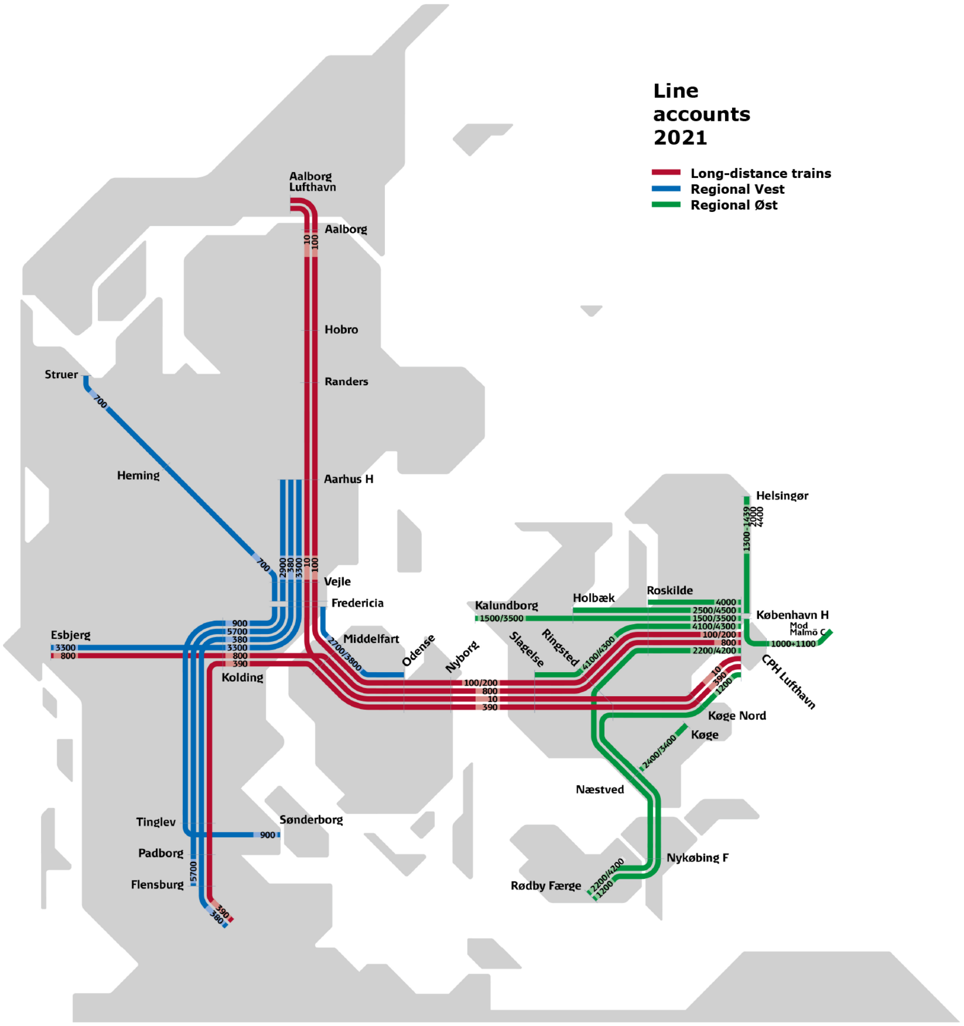
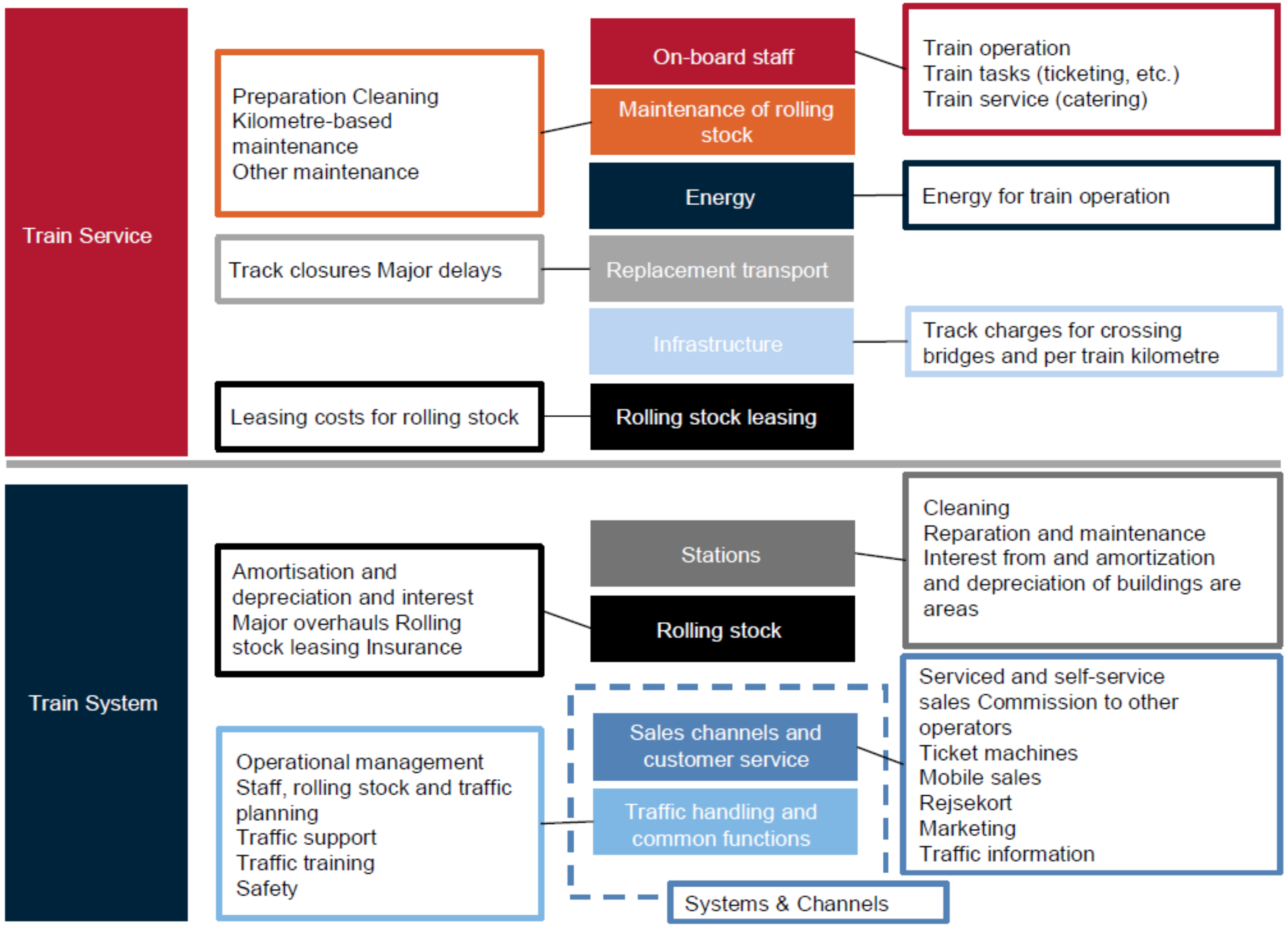


Illustration 8: Activities in Train Services and Train System



- The Øresund traffic is divided into 2 lines (Copenhagen - Elsinore and Copenhagen - Malmö (only to the Øresund border)).
- The train categories Regional Vest and Regional Øst follow the underlying train production.

Definition of activities and division into the activity areas Train Services and Train System

The central element in the Line Economy Model is the definition of the activities carried out by DSB in the train operations. The activity definitions and groupings used support the distinction between Train Operations and Train Systems on which the Activity area accounts are based.

The basic accounting registrations do not directly support a division of the train services in accordance with the activity area perception in the traffic contract. The basic registrations are aimed at supporting the company's current organisation and thus the most effective combined reporting. That is why the reports on activity areas are based on the Line Economy Model's basis of allocation.

Basis of allocation

Development of the Line Economy Model is based on the objective that the model should reflect the revenue, cost and production structure. Since it is an allocation model, the amount of the revenue and costs 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 run multiple lines, the costs will be distributed to lines in accordance with an appropriate production parameter.

Figure 9 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 full costs of the train transport activity under onboard personnel are distributed among the lines based on the locomotive driver's time registration that is connected to the individual lines via the rolling stock
- The full maintenance costs of, for example, IC3 train sets are distributed relative to the lines where IC3 train sets are used based on the number of kilometres that the IC3 train set has travelled

Figure 9: Main basis of allocation for Train Services in the Line Economy Model

On-board staff	Train driver and train driver hours plus number of travellers
Maintenance of rolling stock	Litra hours and litra kilometres
Energy	Litra kilometre
Replacement transport	Partial journeys and directly attributed to specific lines
Infrastructure	Bridge crossings and per train kilometre
Rolling stock leasing	Average

- The infrastructure costs for crossing the Great Belt are allocated in proportion to the number of 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 to period tickets as well as single journeys, since it is possible to buy an open ticket for, e.g., Copenhagen - Aarhus. Thus, it is not possible to determine whether the journey has been made on the long-distance train headed for Esbjerg, Aarhus or Aalborg. In addition, a journey can be made using multiple operators and lines. For example, a journey from Tisvildeleje to Aarhus involving the local train from Tisvildeleje to Hillerød, S-train from Hillerød to Copenhagen H, and regional train from Copenhagen to Aarhus can be travelled on the same ticket.

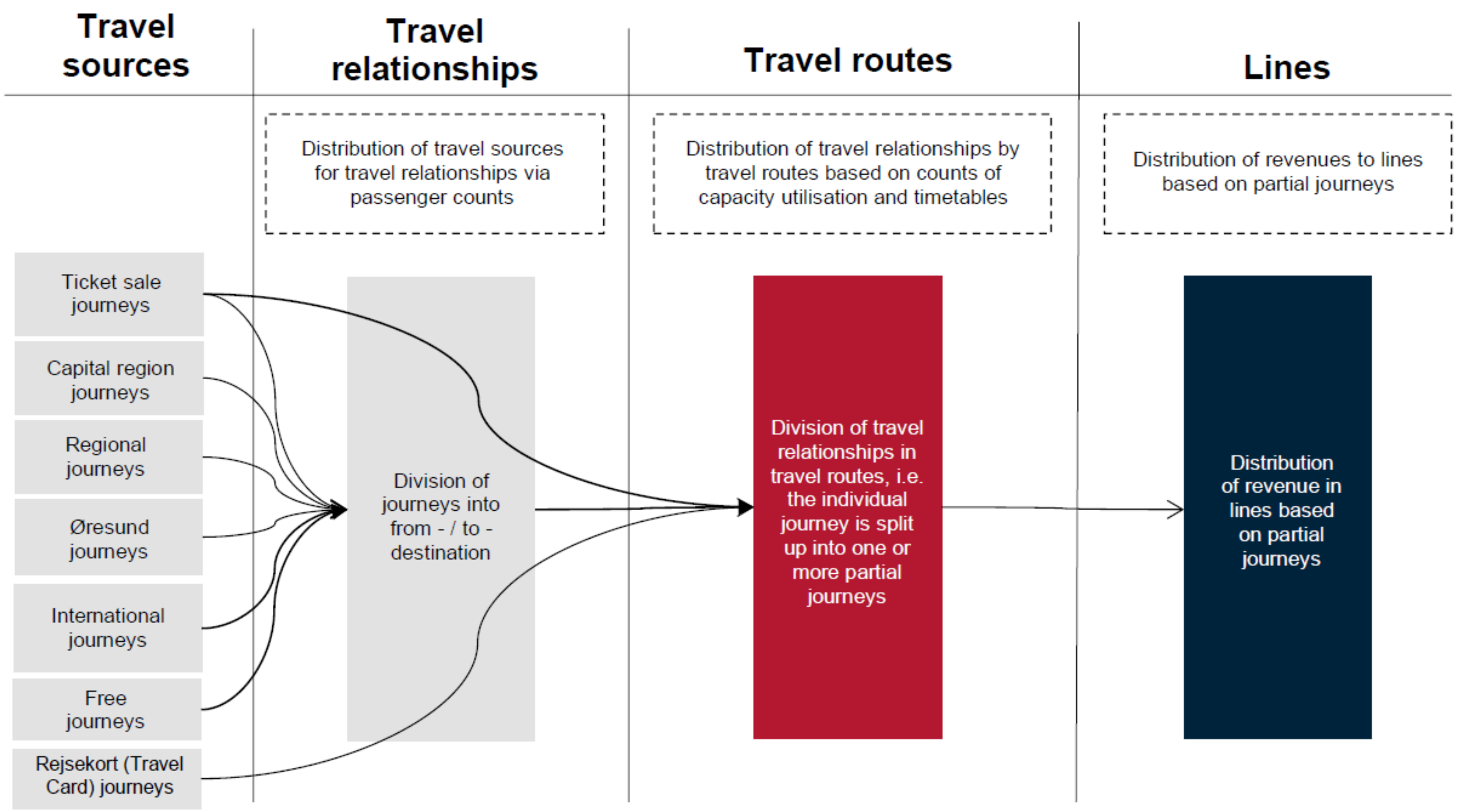
The calculation is further complicated by the fact that there are currently many ticket systems and fare zones that need to be coordinated between different operators.

For Long-distance & Regional trains, therefore, DSB has a number of travel sources, see Figure 10, of which the most significant are DSB's own ticket sales and Greater Copenhagen area travels in addition to the Rejsekort. Among other things, the journeys are assessed by passenger counts in trains and the weighing of trains which is converted to customer numbers. The methods may vary from travel source to travel source and are agreed with the other operators in a given tariff area.

The trips must then be divided into travel relationships showing from where and to where the journey is made. This is, among other things, based on passenger studies[4)] of travel patterns that provide a statistical weighting that can be

[4)] The BRIK count in the Greater Copenhagen area and the Country count, carried out by COWI for Long-distance & Regional trains.

Figure 10: Principles behind the allocation of passenger revenue to lines



used for the travel sources This means that the distribution comes with a certain statistical uncertainty relative to the size of the samples on the individual line and total population of travellers on that line.

When travel relationships are established, the journey's line must be determined - in other words, which of the possible lines have been used to travel between 2 destinations. Since a journey can be made over several lines, it must be shared relatively between the lines. Thus, a trip can be divided into one or more partial journeys. Occupancy counts and timetables are used for dividing across travel lines.

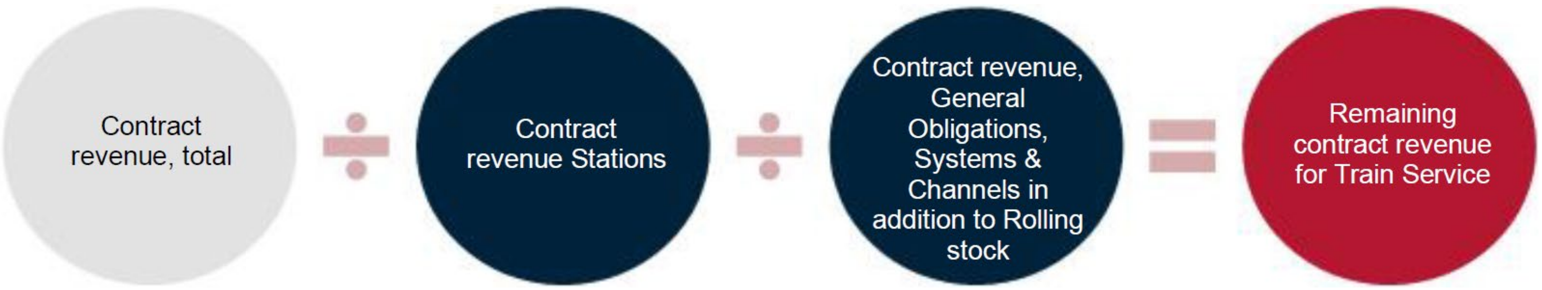
Partial journeys are used to allocate passenger revenue to lines in the overall Travel revenue Model. In the Line Economy Model, this input is used as a basis for distributing the registered passenger revenue. There is thus a certain amount of estimation involved in the passenger revenues linked to individual lines.

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.

Figure 11: Principles for distributing contract revenue to activity areas



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 so as to ensure an annual return on the invested capital (ROIC) of 3 percent.
- The contract revenue for General Obligations is based on cost 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 costs in connection with the preparations for buying new electric train sets, 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 coaches and improvements to IR4 train sets[5)] is allocated to Rolling stock.

The remaining contract revenue accrues to Train Services where it is distributed such that the profit ratio is identical for Long-distance & Regional train traffic, Øresund traffic and S-train traffic. If a line generates a profit without contract revenue, the payment is distributed to the loss-making traffic areas alone.

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.

[5)] See the political agreement, "Fare reductions and investments in improving public transport" of 12 June 2012 and the political agreement 'Acquisition of double-decker coaches' of 1 April 2014.

Distribution of leasing of rolling stock
All revenue and costs as well as amortization, depreciation and write-downs plus net financials for rolling stock are collected in 2 pools, one for Long-distance & Regional Trains (including Øresund) and one for S-trains. However, both pools exclude The trains 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 costs are settled directly with the specific rolling stock costs. The remaining rolling stock pool is regarded as a common pool and is, therefore, calculated as an average rolling stock lease using the travelled litra kilometres on the individual lines. The leasing of rolling stock for S-trains is solely based on the actual costs for the rolling stock.

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