

# INTERIM FINANCIAL REPORT

## Q1 2023

### Company Announcement No. 1030

#### Selected key figures and ratios for the period 1 January – 31 March 2023

27 April 2023

	Q1 2023	Q1 2022
<b>Key figures (DKK m)</b>		
Revenue	40,954	61,125
Gross profit	11,391	12,877
Operating profit (EBIT) before special items	4,672	6,496
Special items, costs	-	404
Profit for the period	3,287	4,386
Adjusted earnings for the period	3,340	4,747
Adjusted free cash flow	4,898	4,858
<b>Ratios</b>		
Conversion ratio	41.0%	50.4%
Diluted adjusted earnings per share of DKK 1 for the last 12 months	76.9	60.5

Jens Bjørn Andersen, Group CEO: "As anticipated, the demand for transport services and freight rates declined during the first quarter of 2023. Nonetheless, we achieved good results and strong cash flow in all our business areas by providing good customer service and efficiently managing our capacity. We expect that global trade volumes will improve gradually in the upcoming quarters, and we stand by our full-year EBIT guidance for 2023."

### Outlook for 2023

We maintain our outlook for 2023 as announced in the 2022 Annual Report:

- Operating profit (EBIT) before special items is expected to be in the range of DKK 16,000-18,000 million.
- The effective tax rate is expected to be approximately 24.0%.

### Share buyback

A separate company announcement about the launch of a new share buyback programme of up to DKK 4.5 billion is issued today. The programme will be concluded no later than 24 July 2023.

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Yours sincerely,  
DSV A/S

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#### DSV Group

We provide and manage supply chain solutions for thousands of companies every day – from the small family run business to the large global corporation. Our reach is global, yet our presence is local and close to our customers. 75,000 employees in more than 80 countries work passionately to deliver great customer experiences and high-quality services. Read more at [www.dsv.com](http://www.dsv.com)

# Interim Financial Report

## Q1 2023

Keeping supply chains flowing in a world of change



Global Transport and Logistics



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# Financial highlights

	Q1 2023	Q1 2022
<b>Results (DKKm)</b>		
Revenue	40,954	61,125
Gross profit	11,391	12,877
Operating profit before amortisation and depreciation (EBITDA) before special items	5,941	7,676
Operating profit (EBIT) before special items	4,672	6,496
Special items, costs	-	404
Net financial expenses	346	329
Profit for the period	3,287	4,386
Adjusted earnings for the period	3,340	4,747
<b>Cash flows (DKKm)</b>		
Operating activities	6,121	5,301
Investing activities	(397)	49
Free cash flow	5,724	5,350
Adjusted free cash flow	4,898	4,858
Share buyback	(3,019)	(3,546)
Dividends distributed	(1,424)	(1,320)
Cash flow for the period	1,580	2,420
Gross investment in property, plant and equipment	408	148
<b>Financial position (DKKm)</b>		
DSV A/S shareholders' share of equity	70,503	75,621
Non-controlling interests	217	197
Equity total	70,720	75,818
Balance sheet total	154,772	168,308
Net working capital	3,126	9,051
Net interest-bearing debt	28,960	29,621
Invested capital	97,151	103,986
<b>Financial ratios (%)</b>		
Gross margin	27.8	21.1
Operating margin	11.4	10.6
Conversion ratio	41.0	50.4
Effective tax rate	24.0	23.9
ROIC before tax	23.2	23.1
Return on equity	22.5	21.8
Solvency ratio	45.6	44.9
Gearing ratio	1.0	1.2
<b>Share ratios</b>		
Earnings per share of DKK 1 for the last 12 months	73.8	57.6
Diluted adjusted earnings per share of DKK 1 for the last 12 months	76.9	60.5
Number of shares issued ('000)	219,000	240,000
Number of treasury shares ('000)	2,901	8,097
Average number of shares issued ('000) for the last 12 months	223,204	229,807
Average diluted number of shares ('000) for the last 12 months	225,714	234,733
Diluted number of shares ('000) at 31 March	218,280	235,507
Share price end of period (DKK)	1,326.5	1,300.5
<b>Non-financials</b>		
Employees (FTE) at 31 March	74,613	77,358

For a definition of key figures and ratios, please refer to page 83 of the DSV Annual Report 2022.

# Management's commentary

The DSV Group had a good start to 2023, despite a competitive market with declining freight volumes. Gross profit was down 11.4% and EBIT declined 28.2% compared to last year's extraordinarily strong results. Owing to a significant reduction of net working capital, adjusted free cash flow for the quarter was on level with last year.

As expected, global trade volumes were impacted by the general macroeconomic slowdown and reduction of inventory levels during the first quarter of 2023. This led to lower freight volumes and declining freight rates, especially for air and sea freight activities – however, this was compensated by continued strong gross profit yields.

## Results for the period

### Revenue

For Q1 2023, revenue amounted to DKK 40,954 million, compared to DKK 61,125 million last year. In constant currencies, revenue declined 32.9% compared to same period last year.

Revenue and growth by division compared to same period last year are specified below:

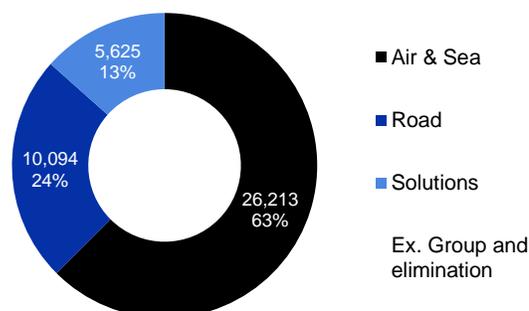
(DKKm)	Q1 2023	Q1 2022	Growth*
Air & Sea	26,213	45,887	(43.0%)
Road	10,094	10,188	0.1%
Solutions	5,625	6,162	(8.1%)
Group and eliminations	(978)	(1,112)	
<b>Total</b>	<b>40,954</b>	<b>61,125</b>	<b>(32.9%)</b>

\* Growth in constant currencies

Air & Sea revenue declined in Q1 due to lower volumes and lower average freight rates compared to the same period last year. The freight markets have largely normalised following the disruptions and capacity constraints witnessed in 2021 and H1 2022.

Road and Solutions also experienced reduced activity in Q1 2023. However, in Road, the decline in activity was offset by increased average freight rates and higher fuel surcharges compared to the same period last year.

Revenue by division, Q1 2023



### Gross profit

For Q1 2023, gross profit amounted to DKK 11,391 million, compared to DKK 12,877 million last year. In constant currencies, gross profit declined 11.4% compared to same period last year.

Gross profit and growth by division compared to same period last year are specified below:

(DKKm)	Q1 2023	Q1 2022	Growth*
Air & Sea	7,027	8,637	(18.7%)
Road	1,976	1,938	3.2%
Solutions	2,285	2,322	(1.4%)
Group and eliminations	103	(20)	
<b>Total</b>	<b>11,391</b>	<b>12,877</b>	<b>(11.4%)</b>

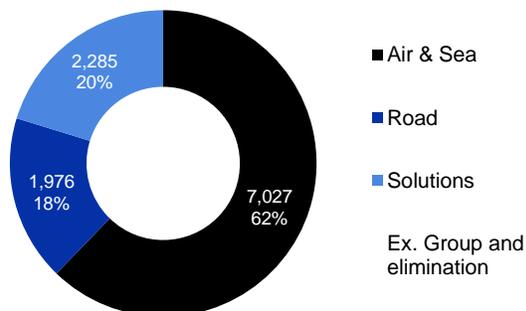
\* Growth in constant currencies

Air & Sea's lower gross profit was primarily due to reduced activity. Gross profit per unit remained relatively strong in Q1 2023, supported by the division's pricing discipline and focus on higher-yielding cargo. However, as the normalisation of freight markets continues, we expect gross profit yields to gradually decline in the coming quarters.

Road achieved 3.2% gross profit growth for the quarter driven by good performance on international business activity, while Solutions reported gross profit levels similar to last year despite challenging market conditions.

Gross profit declined in most regions, particularly in APAC where lower export volumes from the region had a significant impact. The Middle East was the only region to experience gross profit growth in Q1 2023.

### Gross profit by division, Q1 2023



The gross margin for the Group was 27.8% for Q1 2023, compared to 21.1% for the same period last year. This development was mainly due to the continued strong gross profit yields in Air & Sea, despite the lower freight rates.

### EBIT before special items

EBIT before special items amounted to DKK 4,672 million for Q1 2023, compared to DKK 6,496 million last year. In constant currencies, EBIT before special items was down 28.2%.

The reduced EBIT was mainly due to lower gross profit in Air & Sea and Solutions and is in line with our expectations for the full year.

EBIT and growth by division compared to same period last year are specified below:

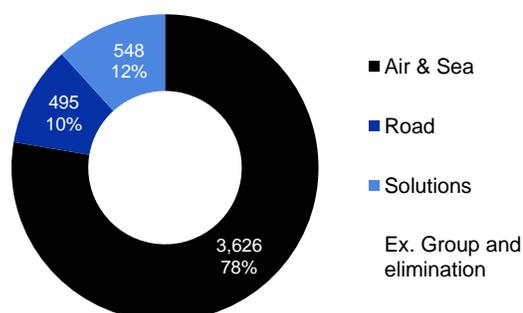
(DKKm)	Q1 2023	Q1 2022	Growth*
Air & Sea	3,626	5,224	(30.7%)
Road	495	498	0.4%
Solutions	548	789	(31.0%)
Group and eliminations	3	(15)	
<b>Total</b>	<b>4,672</b>	<b>6,496</b>	<b>(28.2%)</b>

\* Growth in constant currencies

The conversion ratio for the Group reached 41.0% for Q1 2023, compared to 50.4% for the same period last year. Across the organisation, we have initiated relevant cost saving initiatives to adjust capacity to the lower activity levels. The initiatives had limited impact in Q1 2023, but are expected to gradually reduce the cost base in the coming quarters; however, the effect will be partly offset by cost inflation.

Most regions reported lower EBIT in Q1 2023 compared to the same period last year. The Middle East performed well achieving results on level with last year.

### EBIT by division, Q1 2023



### Growth 2022 - 2023

(DKKm)	Q1 2022	Currency translation	Q1 2022 in constant currencies	Growth	Growth %*	Q1 2023
Revenue	61,125	(48)	61,077	(20,123)	(32.9%)	40,954
Gross profit	12,877	(19)	12,858	(1,467)	(11.4%)	11,391
EBIT before special items	6,496	7	6,503	(1,831)	(28.2%)	4,672
Gross margin (%)	21.1					27.8
Operating margin (%)	10.6					11.4
Conversion ratio (%)	50.4					41.0

\* Growth in constant currencies

## Financial items

Financial items totalled a net expense of DKK 346 million for Q1 2023, compared to a net expense of DKK 329 million for the same period last year. This development was mainly due to an increase in lease liabilities.

(DKKm)	Q1 2023	Q1 2022
Interest on lease liabilities	195	162
Other interest cost, net	100	112
Interest on pensions	8	2
Foreign exchange adjustments	43	53
<b>Net financial expenses</b>	<b>346</b>	<b>329</b>

## Tax on profit for the period

The effective tax rate came to 24.0% for Q1 2023, compared to 23.9% for the same period last year.

## Profit for the period

Profit for Q1 2023 was DKK 3,287 million, compared to DKK 4,386 million for the same period of 2022. The decline was mainly due to the lower EBIT for the quarter; however, this was partly offset by the absence of special items (restructuring costs).

## Diluted adjusted earnings per share

The rolling 12-month figure increased by 27.1% compared to last year and came to DKK 76.9 per share (2022: DKK 60.5 per share). The increase was driven by the high earnings levels over the 12-month period and supported by a decline in number of shares issued following the Group's share buyback programmes.

## Cash flow

### Cash flow statement – summary

(DKKm)	Q1 2023	Q1 2022
<b>EBITDA before special items</b>	<b>5,941</b>	<b>7,676</b>
Change in net working capital	1,989	(1,145)
Tax, interests, change in provisions, etc.	(1,677)	(833)
Special items	(132)	(397)
Cash flow from operating activities	6,121	5,301
Cash flow from investing activities	(397)	49
<b>Free cash flow</b>	<b>5,724</b>	<b>5,350</b>
Cash flow from financing activities	(4,144)	(2,930)
<b>Cash flow for the period</b>	<b>1,580</b>	<b>2,420</b>
Free cash flow	5,724	5,350
Special items	132	397
Repayment of lease liabilities	(958)	(889)
<b>Adjusted free cash flow</b>	<b>4,898</b>	<b>4,858</b>

Adjusted free cash flow for Q1 2023 was on level with same period last year. The lower EBITDA and higher tax payments for the period were offset by a significant improvement in NWC.

Cash flow from investing activities came to a cash outflow of DKK 397 million for Q1 2023 and was impacted by installation of equipment and automation technology in warehouses.

Cash flow from financing activities was a cash outflow of DKK 4,144 for Q1 2023 and primarily related to share buyback and dividend.

## Net working capital

On 31 March 2023, the Group's net working capital was DKK 3,126 million, compared to DKK 9,051 million on 31 March 2022, a decline of DKK 5,925 million. The significant decline was driven by both lower activity and lower average freight rates, which have led to a reduction in capital tied up in trade receivables. Furthermore, we constantly monitor NWC and optimise processes across the organisation.

Relative to estimated full-year revenue, funds tied up in NWC were 1.9% on 31 March 2023 (31 March 2022: 3.7%).

## Capital structure and finances

### DSV A/S shareholders' share of equity

DSV shareholders' share of equity was DKK 70,503 million on 31 March 2023 (DKK 71,519 million on 31 December 2022). The decrease was mainly driven by allocations to shareholders and currency translation adjustments, offset by profit for the period.

On 31 March 2023, the Company's portfolio of treasury shares was 2,901,064 shares. On 26 April 2023, the portfolio of treasury shares was 3,300,514 shares.

The solvency ratio excluding non-controlling interests was 45.6% on 31 March 2023 (31 March 2022: 44.9%).

### Development in equity – summary

(DKKm)	Q1 2023	Q1 2022
<b>Equity at 1 January</b>	<b>71,519</b>	<b>74,103</b>
Profit for the period (attributable to DSV shareholders)	3,266	4,360
Currency translation, foreign enterprises	(899)	1,737
Allocated to shareholders	(4,443)	(4,866)
Sale of treasury shares	888	199
Other equity movements	172	88
<b>Equity end of period</b>	<b>70,503</b>	<b>75,621</b>

### Net interest-bearing debt

Net interest-bearing debt amounted to DKK 28,960 million on 31 March 2023, compared to DKK 29,621 million on 31 March 2022.

The gearing ratio (NIBD/EBITDA) was 1.0x on 31 March 2023, compared to 1.2x last year. We maintain a financial gearing ratio

target of below 2.0x. A new share buyback programme of DKK 4,500 million is initiated on 27 April 2023.

The weighted average duration of the company's long-term bonds and drawn credit facilities was 8.0 years on 31 March 2023.

### **Invested capital and ROIC**

The invested capital including goodwill and customer relationships amounted to DKK 97,151 million on 31 March 2023, compared to DKK 103,986 million on 31 March 2022. The decrease was mainly due to lower net working capital.

Return on invested capital (including goodwill and customer relationships) was 23.2% for the rolling 12-month period ended 31 March 2023. This was on level with the same period last year.

Excluding goodwill and customer relationships, return on invested capital was 97.8% for the rolling 12-month period ended 31 March 2023, compared to 88.2% for the same period last year.

### **Outlook**

We maintain our outlook for 2023 as announced in the 2022 Annual Report:

- EBIT before special items is expected to be in the range of DKK 16,000-18,000 million.
- The effective tax rate is expected to be approximately 24.0%.

The outlook assumes volume decline of up to 5% in the air and sea market for the full year 2023. For Road and Solutions, we expect markets will be flat or decline by low single digits in 2023. The outlook assumes that currency exchange rates will remain at current levels. As the geopolitical and macroeconomic environment remains uncertain, unforeseen changes may impact our financial results.

# Air & Sea

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

In a market with lower volumes and freight rates, the division saw a 18.7% decrease in gross profit and 30.7% decrease in EBIT before special items for Q1 2023 compared to the same period last year. This development was in line with our expectations and reflects the gradual normalisation of global supply chains after the pandemic.

## Income statement

(DKKm)	Q1 2023	Q1 2022
Divisional revenue	26,213	45,887
Direct costs	19,186	37,250
<b>Gross profit</b>	<b>7,027</b>	<b>8,637</b>
Other external expenses	1,023	1,076
Staff costs	2,093	2,033
<b>EBITDA before special items</b>	<b>3,911</b>	<b>5,528</b>
Amortisation and depreciation	285	304
<b>EBIT before special items</b>	<b>3,626</b>	<b>5,224</b>

## Key figures and ratios

	Q1 2023	Q1 2022
Gross margin (%)	26.8	18.8
Operating margin (%)	13.8	11.4
Conversion ratio (%)	51.6	60.5
Number of full-time employees	22,270	23,700
Total invested capital (DKKm)	65,118	73,608
Net working capital (DKKm)	2,738	10,584
ROIC before tax (%)	27.5	26.4

## Market development

Freight volume growth	DSV Q1 2023
Air freight – tonnes	(20%)
Sea freight – TEUs	(12%)

In Q1 2023, the global air and sea freight markets were characterised by lower demand, driven by the general macroeconomic slowdown, reduction of inventory levels and continued normalisation of consumer behaviour after the pandemic (shift towards services and less material goods).

DSV's air volumes declined approximately 20% in Q1 2023, with the weakest development on export volumes from APAC. The

volume decline was most significant at the beginning of the quarter, and momentum gradually improved towards the end. Air freight rates dropped further during the quarter and measured excluding fuel rates are now close to pre-pandemic levels on most trade lanes.

DSV's sea freight volumes were down 12% in Q1 2023. As for air freight, momentum improved during the quarter.

The congestion which has impacted the market over the past two years has largely disappeared. Furthermore, new container vessels have entered the market and added additional capacity. In combination with weaker demand, especially on the large Trans-Pacific and Asia-Europe lanes, this has caused a further drop in spot rates, and for sea freight the rate levels are now in most cases close to pre-pandemic levels.

For both air and sea freight, we estimate that DSV's volume development was slightly below the general market in Q1 2023 (based on preliminary market data). Under the current highly competitive market conditions, the underperformance can partly be attributed to our continued pricing discipline and focus on higher-yielding cargo. Still, we will reinforce our commercial efforts, and we maintain our long-term ambition of outgrowing the general market.

## Divisional revenue

The division's revenue amounted to DKK 26,213 million for Q1 2023, compared to DKK 45,887 million for the same period last year, and was down 43.0% in constant currencies.

The development was driven by the decline in volumes and lower freight rates. The division's average revenue per unit was 26% below last year for air and 37% below last year for sea.

In Q1 2023, DSV strengthened its position within the semiconductor industry with the acquisition of two US-based transport and logistics companies, S&M Moving Systems West and Global Diversity Logistics. The acquisitions are expected to add annual revenue of approximately USD 80 million, and closing took place on 24 April 2023.

## Gross profit

For Q1 2023, gross profit amounted to DKK 7,027 million, compared to DKK 8,637 million for the same period last year. In constant currencies, gross profit dropped 18.7%.

The decline in gross profit was most significant for air freight and was mainly driven by lower freight volumes. Gross profit per unit remained relatively strong in Q1 2023, supported by the division's focus on higher-yielding cargo. In a competitive market, the division has maintained its focus on pricing discipline and higher-margin business. Furthermore, in line with the procurement strategy, the division has not taken long positions by entering into long-term capacity commitments.

## Growth Air & Sea 2022 – 2023

(DKKm)	Q1 2022	Currency translation	Q1 2022 in constant currencies	Growth	Growth %*	Q1 2023
Divisional revenue	45,887	79	45,966	(19,753)	(43.0%)	26,213
Gross profit	8,637	8	8,645	(1,618)	(18.7%)	7,027
EBIT before special items	5,224	9	5,233	(1,607)	(30.7%)	3,626

\* Growth in constant currencies

It is expected that gross profit yields will gradually decline in the coming quarters, as the normalisation of freight markets continues and contracts are renewed.

The division's gross margin was 26.8% for Q1 2023, compared to 18.8% last year. The development was mainly due to the product mix and less pass-through revenue compared to last year.

Geographically, APAC saw the weakest development in gross profit during Q1, due to declining export volumes from the region.

## EBIT before special items

EBIT before special items came to DKK 3,626 million for Q1 2023, compared to DKK 5,224 million for the same period last year. In constant currencies, EBIT declined 30.7%.

The decline in EBIT before special items was mainly due to the reduced gross profit. Also on EBIT level, all geographical regions were impacted by lower activity and lower earnings compared to the same period last year.

The conversion ratio was 51.6% for Q1 2023, compared to 60.5% for the same period last year. Relevant cost reduction initiatives have been initiated to adjust operations to the lower activity levels, the effect of which will be visible in the coming quarters.

## Net working capital

The Air & Sea division's net working capital came to DKK 2,738 million on 31 March 2023, compared to DKK 10,584 million on 31 March 2022. The development was mainly due to the lower activity and lower freight rates. Furthermore, the division has had focus on process optimisation after the integration of GIL.

## Air & Sea freight performance

(DKKm)	Air freight	
	Q1 2023	Q1 2022
Divisional revenue	14,265	24,207
Direct costs	10,538	19,512
<b>Gross profit</b>	<b>3,727</b>	<b>4,695</b>
Gross margin (%)	26.1	19.4
Volume (tonnes)	327,712	410,911
Gross profit per unit (DKK)	11,373	11,426

(DKKm)	Sea freight	
	Q1 2023	Q1 2022
Divisional revenue	11,948	21,680
Direct costs	8,648	17,738
<b>Gross profit</b>	<b>3,300</b>	<b>3,942</b>
Gross margin (%)	27.6	18.2
Volume (TEUs)	588,207	667,653
Gross profit per unit (DKK)	5,610	5,904

# Road

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

In Q1 2023, the Road division reported 3.2% growth in gross profit and a 0.4% increase in EBIT before special items. This is considered satisfactory in a market characterised by declining activity.

## Income statement

(DKKm)	Q1 2023	Q1 2022
Divisional revenue	10,094	10,188
Direct costs	8,118	8,250
<b>Gross profit</b>	<b>1,976</b>	<b>1,938</b>
Other external expenses	363	341
Staff costs	902	871
<b>EBITDA before special items</b>	<b>711</b>	<b>726</b>
Amortisation and depreciation	216	228
<b>EBIT before special items</b>	<b>495</b>	<b>498</b>

## Key figures and ratios

	Q1 2023	Q1 2022
Gross margin (%)	19.6	19.0
Operating margin (%)	4.9	4.9
Conversion ratio (%)	25.1	25.7
Number of full-time employees	16,291	17,001
Total invested capital (DKKm)	11,312	10,617
Net working capital (DKKm)	87	(1,130)
ROIC before tax (%)	18.6	19.7

## Market development

We estimate that the market retracted by low single digits in Q1 2023, compared to the same period last year. This was driven by softened activity across most industries.

The reduced activity has led to more available capacity in the market. However, the market is still impacted by the changes related to the EU Mobility Package and general cost inflation causing rates to remain relatively high.

## Divisional revenue

The division's revenue amounted to DKK 10,094 million for Q1 2023, which was on level with last year.

The activity level was slightly down compared to last year, mainly on domestic distribution activities, whereas demand for international transports held up better. The lower activity was compensated by higher freight rates and fuel surcharges compared to Q1 2022.

The division generates more than 85% of its revenue in Europe and saw good performance across most countries in the region.

## Gross profit

For Q1 2023, gross profit totalled DKK 1,976 million, compared to DKK 1,938 million for the same period last year. In constant currencies, growth for the period was 3.2%.

The division's gross margin was 19.6% for Q1 2023, compared to 19.0% for the same period in 2022. The development was supported by better performance on international transports, including international groupage shipments, which normally carry a higher gross margin than domestic distribution activities.

### EBIT before special items

EBIT before special items was DKK 495 million for Q1 2023, which was on level with last year. The best performance was achieved in Europe, where especially the division's activities in Germany saw good momentum.

The cost base for Q1 2023 was impacted by inflation, and the division maintains its focus on productivity and cost management. The conversion ratio came to 25.1% for Q1 2023, compared to 25.7% for the same period last year.

### Net working capital

The Road division's net working capital was DKK 87 million on 31 March 2023 compared to a negative DKK 1,130 million on 31 March 2022. The development was impacted by an increase in funds tied up in property projects.

## Growth Road 2022 - 2023

(DKKm)	Q1 2022	Currency translation	Q1 2022 in constant currencies	Growth	Growth %*	Q1 2023
Divisional revenue	10,188	(100)	10,088	6	0.1%	10,094
Gross profit	1,938	(24)	1,914	62	3.2%	1,976
EBIT before special items	498	(5)	493	2	0.4%	495

\* Growth in constant currencies

# Solutions

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

In Q1 2023, the Solutions division achieved an EBIT of DKK 548 million, compared to DKK 789 million for the same period last year. The financial performance for the quarter was impacted by lower inbound and outbound activity in the warehouses.

## Income statement

(DKKm)	Q1 2023	Q1 2022
Divisional revenue	5,625	6,162
Direct costs	3,340	3,840
<b>Gross profit</b>	<b>2,285</b>	<b>2,322</b>
Other external expenses	453	423
Staff costs	588	525
<b>EBITDA before special items</b>	<b>1,244</b>	<b>1,374</b>
Amortisation and depreciation	696	585
<b>EBIT before special items</b>	<b>548</b>	<b>789</b>

## Key figures and ratios

	Q1 2023	Q1 2022
Gross margin (%)	40.6	37.7
Operating margin (%)	9.7	12.8
Conversion ratio (%)	24.0	34.0
Number of full-time employees	31,511	31,845
Total invested capital (DKKm)	23,660	22,280
Net working capital (DKKm)	1,741	1,553
ROIC before tax (%)	10.7	13.4

## Market development

It is our estimate that the contract logistics market dropped by low/mid-single digits in Q1 2023. The decline was mainly related to companies within the high-tech, retail and e-commerce sectors, although weakening activity levels were also noted in other industries.

## Divisional revenue

The division's revenue was DKK 5,625 million for Q1 2023, compared to DKK 6,162 million for the same period of 2022. In constant currencies, revenue decreased 8.1%.

The division operates with a warehouse utilisation rate above 90%, which is slightly below same period last year. Furthermore, following the general decline in demand, warehouse activity (order lines handled) in Q1 2023 was also below last year's level.

Regionally, Americas achieved the best performance and grew revenue in the first quarter of 2023.

## Gross profit

For Q1 2023, gross profit was DKK 2,285 million, compared to DKK 2,322 million for the same period of 2022. In constant currencies, gross profit was down by 1.4%.

The division's gross margin was 40.6% for Q1 2023, compared to 37.7% for the same period last year.

The gross margin was supported by high warehouse utilisation rates, continued consolidation in large and efficient warehouses and implementation of warehouse automation.

### EBIT before special items

EBIT before special items was DKK 548 million for Q1 2023, compared to DKK 789 million for the same period of 2022, and was down by 31.0% in constant currencies.

On regional level, Americas achieved the best performance compared to last year.

The conversion ratio was 24.0% for Q1 2023, compared to 34.0% for the same period last year. The cost base in Q1 2023 was impacted by general cost inflation and higher depreciations on lease liabilities, due to investments in new warehouses.

### Net working capital

The division's net working capital came to DKK 1,741 million on 31 March 2023, compared to DKK 1,553 million on 31 March 2022.

## Growth Solutions 2022 - 2023

(DKKm)	Q1 2022	Currency translation	Q1 2022 in constant currencies	Growth	Growth %*	Q1 2023
Divisional revenue	6,162	(39)	6,123	(498)	(8.1%)	5,625
Gross profit	2,322	(5)	2,317	(32)	(1.4%)	2,285
EBIT before special items	789	5	794	(246)	(31.0%)	548

\* Growth in constant currencies

# Interim financial statements

## Income statement

(DKKm)	Q1 2023	Q1 2022
Revenue	40,954	61,125
Direct costs	29,563	48,248
<b>Gross profit</b>	<b>11,391</b>	<b>12,877</b>
Other external expenses	1,340	1,289
Staff costs	4,110	3,912
<b>Operating profit before amortisation and depreciation (EBITDA) before special items</b>	<b>5,941</b>	<b>7,676</b>
Amortisation and depreciation	1,269	1,180
<b>Operating profit (EBIT) before special items</b>	<b>4,672</b>	<b>6,496</b>
Special items, costs	-	404
Financial income	90	67
Financial expenses	436	396
<b>Profit before tax</b>	<b>4,326</b>	<b>5,763</b>
Tax on profit for the period	1,039	1,377
<b>Profit for the period</b>	<b>3,287</b>	<b>4,386</b>
<i>Profit for the period attributable to:</i>		
Shareholders of DSV A/S	3,266	4,360
Non-controlling interests	21	26
<i>Earnings per share:</i>		
Earnings per share of DKK 1 for the period	15.1	18.7
Diluted earnings per share of DKK 1 for the period	14.9	18.4

## Statement of comprehensive income

(DKKm)	Q1 2023	Q1 2022
<b>Profit for the period</b>	<b>3,287</b>	<b>4,386</b>
<i>Items that may be reclassified to the income statement when certain conditions are met:</i>		
Net foreign exchange differences recognised in OCI	(901)	1,736
Fair value adjustments of hedging instruments	(2)	8
Fair value adjustments of hedging instruments transferred to financial expenses	2	1
Tax on items reclassified to the income statement	-	(2)
<i>Items that will not be reclassified to the income statement:</i>		
Actuarial gains/(losses)	(84)	288
Tax on items that will not be reclassified	16	(67)
<b>Other comprehensive income, net of tax</b>	<b>(969)</b>	<b>1,964</b>
<b>Total comprehensive income</b>	<b>2,318</b>	<b>6,350</b>
<i>Total comprehensive income attributable to:</i>		
Shareholders of DSV A/S	2,299	6,325
Non-controlling interests	19	25
<b>Total</b>	<b>2,318</b>	<b>6,350</b>

## Cash flow statement

(DKKm)	Q1 2023	Q1 2022
<b>Operating profit before amortisation and depreciation (EBITDA) before special items</b>	5,941	7,676
<i>Adjustments:</i>		
Share-based payments	53	41
Change in provisions	(6)	245
Change in working capital	1,989	(1,145)
Special items	(132)	(397)
Interest received	90	67
Interest paid, lease liabilities	(195)	(162)
Interest paid, other	(198)	(201)
Income tax paid	(1,421)	(823)
<b>Cash flow from operating activities</b>	<b>6,121</b>	<b>5,301</b>
Purchase of intangible assets	(90)	(87)
Purchase of property, plant and equipment	(408)	(148)
Disposal of property, plant and equipment	15	296
Change in other financial assets	86	(12)
<b>Cash flow from investing activities</b>	<b>(397)</b>	<b>49</b>
<b>Free cash flow</b>	<b>5,724</b>	<b>5,350</b>
Proceeds from borrowings	424	4,719
Repayment of borrowings	(47)	(2,065)
Repayment of lease liabilities	(958)	(889)
Other financial liabilities incurred	(3)	(86)
<i>Transactions with shareholders:</i>		
Dividends distributed to shareholders of DSV A/S	(1,424)	(1,320)
Purchase of treasury shares	(3,019)	(3,546)
Sale of treasury shares	888	199
Other transactions with shareholders	(5)	58
<b>Cash flow from financing activities</b>	<b>(4,144)</b>	<b>(2,930)</b>
<b>Cash flow for the period</b>	<b>1,580</b>	<b>2,420</b>
Cash and cash equivalents 1 January	10,160	8,299
Cash flow for the period	1,580	2,420
Currency translation	(58)	330
<b>Cash and cash equivalents end of period</b>	<b>11,682</b>	<b>11,049</b>

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

Statement of adjusted free cash flow	Q1 2023	Q1 2022
Free cash flow	5,724	5,350
Special items	132	397
Repayment of lease liabilities	(958)	(889)
<b>Adjusted free cash flow</b>	<b>4,898</b>	<b>4,858</b>

## Balance sheet – Assets

(DKKm)	31.03.2023	31.12.2022	31.03.2022
Intangible assets	77,020	77,674	77,940
Right-of-use assets	14,782	14,694	14,165
Property, plant and equipment	6,363	6,284	6,309
Other receivables	2,371	2,461	2,407
Deferred tax assets	3,396	3,494	3,248
<b>Total non-current assets</b>	<b>103,932</b>	<b>104,607</b>	<b>104,069</b>
Trade receivables	26,570	32,387	39,251
Contract assets	4,724	5,785	8,778
Inventories	2,602	1,889	958
Other receivables	5,217	4,179	4,188
Cash and cash equivalents	11,682	10,160	11,049
Assets held for sale	45	38	15
<b>Total current assets</b>	<b>50,840</b>	<b>54,438</b>	<b>64,239</b>
<b>Total assets</b>	<b>154,772</b>	<b>159,045</b>	<b>168,308</b>

## Balance sheet – Equity and liabilities

(DKKm)	31.03.2023	31.12.2022	31.03.2022
Share capital	219	219	240
Reserves	19	919	1,385
Retained earnings	70,265	70,381	73,996
<b>DSV A/S shareholders' share of equity</b>	<b>70,503</b>	<b>71,519</b>	<b>75,621</b>
Non-controlling interests	217	222	197
<b>Total equity</b>	<b>70,720</b>	<b>71,741</b>	<b>75,818</b>
Lease liabilities	13,236	13,190	12,562
Borrowings	21,433	21,398	21,487
Pensions and other post-employment benefit plans	1,270	1,183	673
Provisions	4,179	4,260	3,477
Deferred tax liabilities	464	504	503
<b>Total non-current liabilities</b>	<b>40,582</b>	<b>40,535</b>	<b>38,702</b>
Lease liabilities	3,611	3,577	3,442
Borrowings	1,221	814	2,644
Trade payables	13,514	14,992	16,899
Accrued cost of services	10,460	12,085	14,537
Provisions	2,325	2,407	2,074
Other payables	9,688	9,640	10,615
Tax payables	2,651	3,254	3,577
<b>Total current liabilities</b>	<b>43,470</b>	<b>46,769</b>	<b>53,788</b>
<b>Total liabilities</b>	<b>84,052</b>	<b>87,304</b>	<b>92,490</b>
<b>Total equity and liabilities</b>	<b>154,772</b>	<b>159,045</b>	<b>168,308</b>

## Statement of changes in equity at 31 March 2023

Attributable to shareholders of DSV A/S

(DKKm)	Share capital	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
<b>Equity at 1 January 2023</b>	<b>219</b>	<b>919</b>	<b>70,381</b>	<b>71,519</b>	<b>222</b>	<b>71,741</b>
Profit for the period	-	-	3,266	3,266	21	3,287
Other comprehensive income, net of tax	-	(899)	(68)	(967)	(2)	(969)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(899)</b>	<b>3,198</b>	<b>2,299</b>	<b>19</b>	<b>2,318</b>
<i>Transactions with shareholders and non-controlling interests:</i>						
Share-based payments	-	-	53	53	-	53
Tax on share-based payments	-	-	168	168	-	168
Dividends distributed	-	-	(1,424)	(1,424)	(24)	(1,448)
Purchase of treasury shares	-	(3)	(3,016)	(3,019)	-	(3,019)
Sale of treasury shares	-	2	886	888	-	888
Dividends on treasury shares	-	-	19	19	-	19
<b>Total equity transactions</b>	<b>-</b>	<b>(1)</b>	<b>(3,314)</b>	<b>(3,315)</b>	<b>(24)</b>	<b>(3,339)</b>
<b>Equity at 31 March 2023</b>	<b>219</b>	<b>19</b>	<b>70,265</b>	<b>70,503</b>	<b>217</b>	<b>70,720</b>

## Statement of changes in equity at 31 March 2022

Attributable to shareholders of DSV A/S

(DKKm)	Share capital	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
<b>Equity at 1 January 2022</b>	<b>240</b>	<b>(356)</b>	<b>74,219</b>	<b>74,103</b>	<b>175</b>	<b>74,278</b>
Profit for the period	-	-	4,360	4,360	26	4,386
Other comprehensive income, net of tax	-	1,741	224	1,965	(1)	1,964
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>1,741</b>	<b>4,584</b>	<b>6,325</b>	<b>25</b>	<b>6,350</b>
<i>Transactions with shareholders and non-controlling interests:</i>						
Share-based payments	-	-	41	41	-	41
Tax on share-based payments	-	-	(231)	(231)	-	(231)
Dividends distributed	-	-	(1,320)	(1,320)	-	(1,320)
Purchase of treasury shares	-	-	(3,546)	(3,546)	-	(3,546)
Sale of treasury shares	-	-	199	199	-	199
Dividends on treasury shares	-	-	43	43	-	43
Other adjustments	-	-	7	7	(3)	4
<b>Total equity transactions</b>	<b>-</b>	<b>-</b>	<b>(4,807)</b>	<b>(4,807)</b>	<b>(3)</b>	<b>(4,810)</b>
<b>Equity at 31 March 2022</b>	<b>240</b>	<b>1,385</b>	<b>73,996</b>	<b>75,621</b>	<b>197</b>	<b>75,818</b>

# Notes to the interim financial statement

## 1 Accounting policies

This Interim Financial Report has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union and additional disclosure requirements for listed companies under the Danish Financial Statements Act.

Accounting policies applied in preparing the Interim Financial Report are consistent with those applied in preparing the DSV Annual Report 2022. The DSV Annual Report 2022 provides a full description of the Group's accounting policies.

### Changes in accounting policies

The DSV Group has implemented amendments to the International Financial Reporting Standards (IFRS) effective as of 1 January 2023 as adopted by the European Union.

None of the amendments implemented have had any material impact on the Group's financial statements, nor are they expected to have so in the foreseeable future.

## 2 Management judgements and estimates

In preparing the Interim Financial Statements, Management makes various accounting estimates and judgements that affect

the reported amounts and disclosures in the statements and in the notes to the financial statements. These are based on professional experience, historical data and other factors available to Management.

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

Primary financial statement items in which more significant accounting estimates are applied are listed in Chapter 1 of the Notes to the 2022 DSV Annual Report to which is referred.

## 3 New accounting regulations

The IASB has issued a number of new standards and amendments not yet in effect or endorsed by the EU and therefore not relevant for the preparation of the Q1 2023 Interim Financial Report.

None of those are currently expected to carry any significant impact on the financial statements of the DSV Group when implemented.

## 4 Segment information

(DKKm)	Air & Sea		Road		Solutions		Non-allocated items and eliminations		Total	
	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022
<i>Condensed income statement</i>										
Revenue	26,062	45,638	9,409	9,473	5,429	5,973	54	41	40,954	61,125
Intercompany revenue	151	249	685	715	196	189	(1,032)	(1,153)	-	-
<b>Divisional revenue</b>	<b>26,213</b>	<b>45,887</b>	<b>10,094</b>	<b>10,188</b>	<b>5,625</b>	<b>6,162</b>	<b>(978)</b>	<b>(1,112)</b>	<b>40,954</b>	<b>61,125</b>
Direct costs	19,186	37,250	8,118	8,250	3,340	3,840	(1,081)	(1,092)	29,563	48,248
<b>Gross profit</b>	<b>7,027</b>	<b>8,637</b>	<b>1,976</b>	<b>1,938</b>	<b>2,285</b>	<b>2,322</b>	<b>103</b>	<b>(20)</b>	<b>11,391</b>	<b>12,877</b>
Other external expenses	1,023	1,076	363	341	453	423	(499)	(551)	1,340	1,289
Staff costs	2,093	2,033	902	871	588	525	527	483	4,110	3,912
<b>Operating profit before amortisation, depreciation (EBITDA) before special items</b>	<b>3,911</b>	<b>5,528</b>	<b>711</b>	<b>726</b>	<b>1,244</b>	<b>1,374</b>	<b>75</b>	<b>48</b>	<b>5,941</b>	<b>7,676</b>
Amortisation and depreciation	285	304	216	228	696	585	72	63	1,269	1,180
<b>Operating profit (EBIT) before special items</b>	<b>3,626</b>	<b>5,224</b>	<b>495</b>	<b>498</b>	<b>548</b>	<b>789</b>	<b>3</b>	<b>(15)</b>	<b>4,672</b>	<b>6,496</b>
<i>Condensed balance sheet</i>										
Total assets	89,919	101,346	25,147	24,311	29,599	28,987	10,107	13,664	154,772	168,308
Total liabilities	62,276	79,796	18,233	18,247	23,519	23,198	(19,976)	(28,751)	84,052	92,490

## 5 Revenue

Sale of services by geographical segment:

(DKKm)	EMEA		Americas		APAC		Total	
	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022
Air services	5,840	7,394	4,444	7,755	3,981	9,058	14,265	24,207
Sea services	5,871	11,145	4,016	6,787	2,061	3,749	11,948	21,681
Road services	9,190	9,181	904	1,007	-	-	10,094	10,188
Solutions services	3,644	4,322	1,147	940	834	900	5,625	6,162
<b>Total</b>	<b>24,545</b>	<b>32,042</b>	<b>10,511</b>	<b>16,489</b>	<b>6,876</b>	<b>13,707</b>	<b>41,932</b>	<b>62,238</b>
Non-allocated items and eliminations							(978)	(1,113)
<b>Total revenue</b>							<b>40,954</b>	<b>61,125</b>

## 6 Financial instruments – fair value hierarchy

DSV has no financial instruments measured at fair value based on level 1 input or level 3 input. The fair value of derivative financial instruments is determined based on level 2 input. The fair value of issued bonds measured at amortised cost is within level 1 of the fair value hierarchy.

Other financial instruments are considered to have a carrying value equal to fair value.

(DKKm)	31 March 2023		31 December 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
<i>Financial assets:</i>				
Currency derivatives	74	74	93	93
Trade receivables	26,570	26,570	32,387	32,387
Other receivables	7,588	7,588	6,640	6,640
Cash and cash equivalents	11,682	11,682	10,160	10,160
Financial assets measured at amortised costs	45,840	45,840	49,187	49,187
Issued bonds measured at amortised cost	21,413	17,337	21,377	16,615
Overdraft and credit facilities	1,235	1,235	829	829
Trade payables	13,514	13,514	14,992	14,992
Financial liabilities measured at amortised cost	36,162	32,086	37,198	32,436

## 7 Share options schemes

DSV has launched a new 2023 share-based payment incentive scheme with the purpose of motivating and retaining key employees across the organisation and aligning the interests of these with our shareholders. Share options are awarded at all levels in the organisation, e.g. from team leads, specialists, branch managers, country managers, up to Executive Management.

Share options are granted pursuant to the latest DSV Remuneration Policy as adopted at the Extraordinary General Meeting held on 8 September 2021.

The share options granted are equity-settled and can be exercised by cash purchase of shares only during the exercise period. The obligation relating to the share options scheme is covered by the Company's treasury shares.

The exercise price of share options granted amounts to DKK 1,485 and has been determined based on the average quoted market price of the DSV share for the last five trading days

leading up to the date of grant at 31 March 2023, plus a strike premium of 13.8%.

The fair value of the 2023 share options granted amounts to DKK 368.1 million and has been determined based on a Black & Scholes valuation model.

Key assumptions applied in the valuation are:

Vesting period	01.04.2023-31-03.2026
Exercise period	01.04.2026-31-03.2028
Number of employees included	2,516
<i>Number of options granted:</i>	
Executive Board	198,750
Key employees	2,465,250
<b>Total</b>	<b>2,664,000</b>
<i>Value assumptions:</i>	
Exercise price	1,485
Volatility (%)	18
Risk-free interest rate (%)	3.39
Expected dividend (%)	0.80
Expected remaining life (years)	3.5

# Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today considered and adopted the Interim Financial Report of DSV A/S for the three-month period ended 31 March 2023.

The Interim Financial Report, which has not been audited or reviewed by the Company auditor, has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union and additional requirements in accordance with the Danish Financial Statements Act.

In our opinion, the Interim Financial Statements give a true and fair view of the Group's assets, equity, liabilities and financial position on 31 March 2023 and of the results of the Group's activities and the cash flow for the three-month period ended 31 March 2023.

We also find that the Management's commentary provides a fair statement of developments in the activities and financial situation of the Group, financial results for the period, the general financial position of the Group and a description of the major risks and elements of uncertainty faced by the Group. Aside from the disclosures in the Interim Financial Report, no changes in the Group's most significant risks and uncertainties have occurred relative to the disclosures in the Annual Report for 2022.

Hedehusene, 27 April 2023

## Executive Board:

**Jens Bjørn Andersen**  
CEO

**Jens H. Lund**  
COO and Vice CEO

**Michael Ebbe**  
CFO

## Board of Directors:

**Thomas Plenborg**  
Chairman

**Jørgen Møller**  
Deputy Chairman

**Marie-Louise Aamund**

**Beat Walti**

**Niels Smedegaard**

**Tarek Sultan**  
**Al-Essa**

**Benedikte Leroy**

**Helle Østergaard**  
**Kristiansen**