DSV

Global Transport and Logistics

DSV Annual Report 2021

Keeping supply chains flowing in a world of change

Delivering sustainable growth

DSV is one of the world's leading freight forwarders. We help companies connect with the world and ensure smooth and efficient storage and transport of their goods. By road, sea and air.

We keep supply chains flowing – from shipper to customer doorstep – and help to deliver sustainable growth. By giving our customers the logistics services they require. By running a profitable operation that delivers return on investment for our shareholders. And by giving our people an inspiring place to work and equal opportunities to develop their talent.

Combining the latest technologies and the talent of our strong global workforce, we make supply chains leaner and greener. That is how we will help to shape a sustainable future.

Welcome to our Annual Report 2021.

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Annual Report for the year ending
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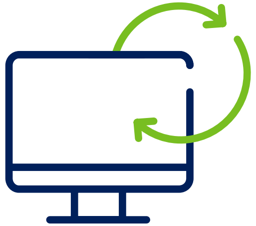

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In 2021, we launched a new industry-leading Green Logistics product

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Letter from our CEO

Keeping supply chains flowing in a world of change

To say 2021 was a turbulent year would be an understatement. The continuing repercussions of COVID-19 dominated and affected consumer behaviour, supply chains, logistics – and our working lives. In 2021, we also took another step forward in our continued growth strategy with the acquisition of Global Integrated Logistics (GIL) from Agility. In the middle of all this change and extraordinary disruption, we performed well – continuing to help customers keep their supply chains flowing.

We understand what our customers are going through, and we will keep finding solutions.

Strong financial results
2021 was a successful year for the DSV Group. Our revenue amounted to DKK 182.3 billion (+58.6%), gross profit was DKK 37.6 billion (+32.7%) and operating profit before special items was DKK 16.2 billion (+71.3%).

Our adjusted free cash flow was DKK 8,659 million. We distributed DKK 18,761 million to shareholders in 2021 via share buybacks and dividends. And the DSV share price rose 49.8%.

A perfect storm
In the past year, we saw several unprecedented factors conspiring across global supply chains.

Beyond the continuous pandemic lockdowns and restrictions, a surging demand for goods strained transport capacity, equipment, infrastructure and labour across the supply chain. Bottlenecks persist and have led to record-high freight rates in 2021. These disruptions continue to impact the global economy, raising difficult questions for the logistics industry and exposing global supply chain vulnerabilities.

There is no quick fix when it comes to solving these challenges. It will call for concerted collaboration between public and private sectors. We understand what our customers are going through, and we will keep finding solutions, optimising operations and mitigating all the risks we can to keep supply chains running smoothly.

DSV is in a good position to ride out the storm. We have solid relationships with carriers. We have strong freight forwarding capabilities and skilled people who take immediate action when needed. We have worked to develop our digital production platforms and ensure more transparent supply chains. We have modern, automated warehouses that can handle the larger inventories that come with increasing demand for e-fulfilment or increasing stock reserves.

Growing through acquisition
In 2021, we completed the DKK 30 billion acquisition of GIL. This was a major milestone in our growth journey. Through this acquisition, we expanded our geographical reach – particularly in Asia and the Middle East – and improved our network and services. Today, we are in a stronger position than ever to support customers and grow our business with confidence.

Our teams are now bringing GIL into the DSV family, consolidating operations, IT, administration and logistics. While we integrate we make sure day-to-day business and service levels stay high for our customers, and we strive to keep momentum and progress in our other key strategic projects within IT and business development.

Our GIL integration plan is on track, and we expect to complete it in Q3 2022.

Trading on nature's terms
Today and tomorrow, sustainability should underpin every aspect of our business. The supply chains we support have to significantly decarbonise if they are to keep flowing sustainably, and DSV must play an active role in helping our industry shape a genuinely sustainable future.

We have begun the long journey to achieve our science-based targets for cutting CO_2 emissions. In 2021, we were proud to receive the Danish Climate Strategy Award in recognition of our ambitious goals and the actions we have already taken to reduce our scope 1, 2 and 3 emissions. We use this recognition as motivation to handle the significant tasks ahead of us – tasks that we can only solve in close co-operation with our customers, suppliers, authorities and other important stakeholders. Cooperation, innovation and regulation are all needed to get us all the way to the target.

Last year, we launched a set of services under our new Green Logistics banner. The services range from CO_2 reporting and supply chain optimisation to emission compensation and sustainable fuel solutions. We have designed each solution to cut our customers' supply chain carbon footprints and at the same time reduce our own scope 3 emissions.

Always a people-centred business
Finally, I want to acknowledge the huge contribution of our employees and thank them for their resolute efforts in very difficult circumstances. 2021 taught us many valuable lessons; most importantly, it reminded us that freight forwarding will always be a people-centred business – supported by digital tools and a flexible approach to how we operate.

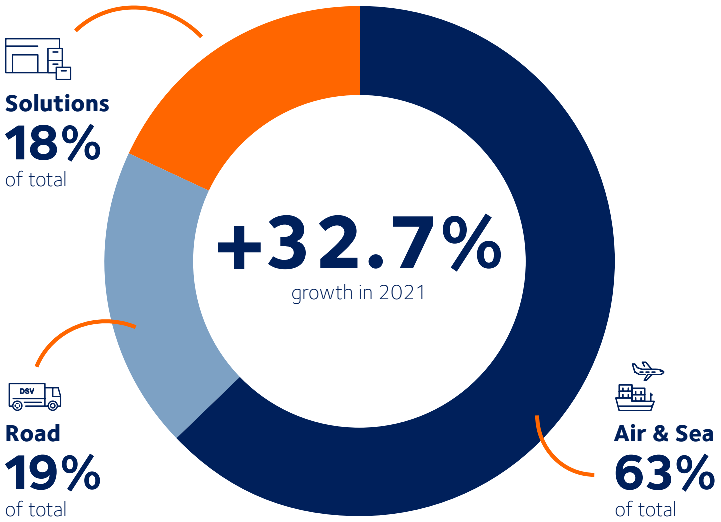
Whatever market challenges persist next year, we are optimistic about the future – and we are committed to keep supply chains flowing in this world of change.

Jens Bjørn Andersen
Group CEO, DSV A/S

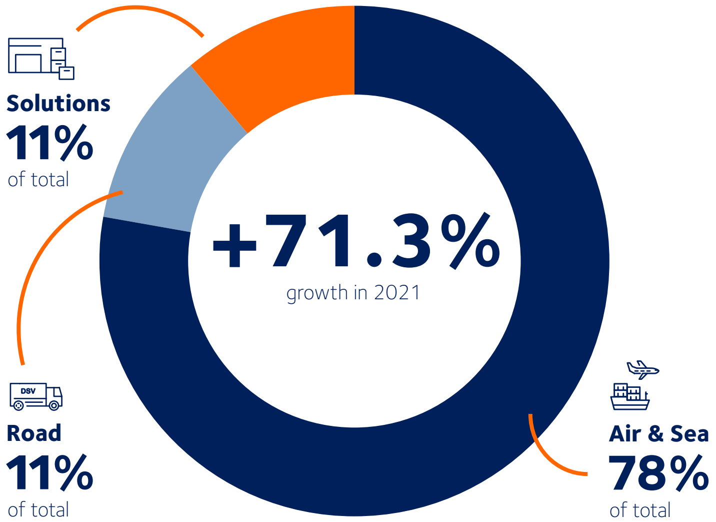
Highlights 2021

Group results

Gross profit
DKK 37,615 million



EBIT before special items
DKK 16,223 million



EBIT before special items

In 2021, DSV's operating profit before special items was DKK 16,223 million, up DKK 6,703 million from 2020. The development was driven by a 32.7% increase in gross profit, strong cost management and our acquisition of Global Integrated Logistics (GIL).

Adjusted free cash flow

For 2021, adjusted free cash flow was DKK 8,659 million compared to DKK 8,746 million last year. Adjusted free cash flow was impacted positively by higher EBIT before special items but negatively by higher net working capital.

ROIC before tax

The return on invested capital was 19.6% in 2021 compared to 14.3% for 2020. This increase can mainly be attributed to higher operating profit before special items.

Global footprint

EMEA

Gross profit:
DKK 21,739 million

58%
of total

EBIT before special items:
DKK 7,707 million

47%
of total

AMERICAS

Gross profit:
DKK 8,199 million

22%
of total

EBIT before special items:
DKK 4,042 million

25%
of total

APAC

Gross profit:
DKK 7,675 million

20%
of total

EBIT before special items:
DKK 4,473 million

28%
of total

Air & Sea

Our Air & Sea division achieved 42.3% increase in gross profit in 2021, driven by higher activity and extraordinary market conditions. The growth in EBIT before special items was supported by a record-high conversion ratio and the GIL acquisition.

EBIT before special items:
DKK 12,768 million

+83.5%

Road

The increase in EBIT before special items for our Road division was driven by a 15.1% increase in gross profit and an improved conversion ratio. All regions contributed to the growth, and the division benefitted from its strong network and market position.

EBIT before special items:
DKK 1,857 million

+32.6%

Solutions

The division achieved growth across most industries and a 23.9% growth in gross profit in 2021. The increase in EBIT before special items was driven by a record-high utilisation of warehouse capacity and a continued focus on cost optimisation. The acquisition of GIL added approximately 25% extra capacity to the division.

EBIT before special items:
DKK 1,775 million

+51.3%

DSV and Agility's Global Integrated Logistics business (GIL)

GIL – our latest acquisition

By adding GIL's network and competencies to DSV's, we strengthen our ability to keep supply chains flowing – especially in the fast-growing markets of the Middle East and APAC. We also boost our competitiveness mainly in our Solutions and Air & Sea divisions.

Joining forces for more integrated global supply chain solutions
Before we acquired GIL, it was a leading global transport and logistics provider with a strong footprint in emerging markets and particular expertise in air and sea freight-related services. GIL had over 17,000 employees and operations in more than 60 countries worldwide.

As a combined company, we are one of the top three freight forwarders on the globe, with a workforce of more than 75,000 employees. The acquisition of GIL also brings extra warehousing capacity of more than 1.4 million m² (mainly in the Middle East and APAC), which will significantly strengthen our Solutions division.

The legal and operational integration of GIL into our existing structure is well underway. We work to maintain high customer service levels during the transition. We expect to complete the integration in Q3 2022.

A strong contribution to earnings
We estimate that bringing GIL into the DSV family will increase annual revenue by more than 20%. Once fully integrated in 2023, GIL is expected to contribute around DKK 3,000 million to combined operating profit (EBIT) before special items annually.

With each of our acquisitions, DSV has come out a stronger company, better able to keep supply chains moving reliably and predictably – regardless of the pace of change in the industry and wider world.

Five-year overview

Financials

	2021	2020	2019	2018*	2017*
Results (DKKm)					
Revenue	182,306	115,932	94,701	79,053	74,901
Gross profit	37,615	28,534	23,754	17,489	16,605
Operating profit before amortisation, depreciation (EBITDA) before special items	20,417	13,559	10,292	6,212	5,664
Operating profit (EBIT) before special items	16,223	9,520	6,654	5,450	4,878
Special items, costs	478	2,164	800	-	525
Net financial expenses	841	1,729	858	249	556
Profit for the year	11,254	4,258	3,706	3,988	3,012
Adjusted earnings	11,847	6,146	4,456	4,093	3,484
Cash flow (DKKm)					
Operating activities	12,202	10,276	6,879	4,301	4,664
Investing activities	420	(556)	1,371	(444)	(325)
Free cash flow	12,622	9,720	8,250	3,857	4,339
Adjusted free cash flow	8,659	8,746	3,678	3,916	4,835
Share buyback	17,841	5,031	4,888	4,161	1,559
Dividends distributed	920	588	423	380	342
Cash flow for the year	3,942	2,721	766	(143)	(376)
Financial position (DKKm)					
DSV A/S shareholders' share of equity	74,103	47,385	49,430	14,561	14,835
Non-controlling interests	175	(88)	(111)	(29)	(26)
Balance sheet total	161,395	96,250	97,557	38,812	38,388
Net working capital	8,031	2,701	3,125	1,767	1,410
Net interest-bearing debt (NIBD)	29,245	18,189	18,355	5,831	5,575
Invested capital	101,231	64,285	68,595	20,381	20,391
Gross investment in property, plant and equipment	1,180	1,121	1,000	720	620

* The implementation of IFRS 16 Leases as of 1 January 2019 had a material impact on the financial statements and key ratios for 2019 onwards. Comparative figures for 2017-2018 have not been restated.
** Comparative figures have been restated, as our method for calculation and data transparency has improved.

Ratios

	2021	2020	2019	2018*	2017*
Financial ratios (%)					
Gross margin	20.6	24.6	25.1	22.1	22.2
Operating margin	8.9	8.2	7.0	6.9	6.5
Conversion ratio	43.1	33.4	28.0	31.2	29.4
Effective tax rate	24.5	24.3	25.8	23.3	20.7
ROIC before tax	19.6	14.3	13.4	26.7	23.4
Return on equity	18.4	8.8	11.6	27.2	21.1
Solvency ratio	45.9	49.2	50.7	37.5	38.6
Gearing ratio	1.4	1.3	1.8	0.9	1.0
Share ratios					
Earnings per share of DKK 1	49.3	18.7	18.7	22.0	16.0
Diluted adjusted earnings per share of DKK 1	50.9	26.5	22.1	22.1	18.4
Number of shares issued ('000)	240,000	230,000	235,000	188,000	190,000
Share price at year-end (DKK)	1,527.5	1,020.0	767.8	429.2	488.6
Proposed dividend per share (DKK)	5.50	4.00	2.50	2.25	2.00

ESG data

	2021	2020	2019	2018	2017
CO_2e (g/tonne-km) - Air transport	694.4	704.0	718.2	728.0	751.0
CO_2e (g/tonne-km) - Sea transport	6.1	6.2	6.4	7.0	7.3
CO_2e (g/tonne-km) - Road transport**	92.4	92.8	93.2	96.5	97.4
Lost Time Injury Frequency Rate	4.5	6.7	5.0	4.6	4.2
Lost workdays due to lost time injury	61.0	78.8	97.5	98.0	81.2
Gender diversity (%) (female/male)	38/62	38/62	39/61	38/62	39/61
Employee turnover ratio (adjusted for synergies)	21.9	20.5	21.1	20.1	16.4
Employees (FTE)	77,958	56,621	61,216	47,394	45,636

For a definition of financial key figures and ratios, please refer to page 85. For definition of ESG data, please refer to Sustainability Report.

Our corporate purpose and strategy

In 2021, we defined our corporate purpose: Keeping supply chains flowing in a world of change. We are proud to be part of the critical infrastructure that enables our customers, employees, shareholders and societies at large to grow and prosper.

Our corporate purpose
COVID-19 affected our company and our industry in several ways. A positive effect was that it shone a light on the importance of our commitment – now clearly articulated in our new corporate purpose: Keeping supply chains flowing in a world of change.

We are proud to be part of the critical infrastructure that enables the world to trade and our customers, employees, shareholders and societies at large to grow and prosper. This was especially true during the toughest times of the pandemic in 2020 where we played our part in making sure PPE reached the people who needed it, and in 2021 where we took part in vaccine distribution.

But it is also true for the everyday transport services our customers require. We are there for our customers. To help them navigate complex supply chains and logistics markets ravaged by disruption and volatility. And to provide greener and more efficient transport solutions through better planning, new technologies and innovative solutions.

Focusing on sustainable growth
We strive to help our customers, employees, shareholders and the societies in which we operate to grow. This way we create sustainable growth for DSV.

We help our customers grow. By providing reliable, cost-effective services with as little environmental impact as possible, we help our customers develop and grow their business. Our general logistics expertise and industry-specific solutions for Automotive, Industrial, Chemicals, Retail & Fashion, Healthcare, Technology and Renewable Energy help customers succeed.

In 2021, DSV won CX Network's award for Best Customer Centric Culture for the way we embedded our Customer Success Programme into every part of the organisation. The jury cited our combination of people and customer strategies to drive a genuinely customer-first culture change in our business.

We help our employees grow. Our employees are the heart of our business and responsible for the long-term success of our company. DSV employs more than 75,000 people worldwide – from office workers to warehouse operatives and truck drivers. Regardless of function or position, we respect our employees' rights and work to provide them with a safe, healthy and motivating workplace where everyone has the chance to grow and develop their talent.

To help our employees give their best, we give them the right tools, training and conditions. The pandemic showed how quickly transport markets could be disrupted. It was the skills and knowledge of our experienced teams that kept the supply chains flowing.

As for any company, hiring and keeping talented employees is critical to our business. To attract, motivate and retain the best of them, we always seek to recruit new leaders internally, and we provide career-advancing opportunities through our DSV Academy as well as our talent management and global mobility programmes.

Having a diverse workforce, with people from different backgrounds all able to realise their potential, brings great advantages. It creates an inclusive and responsive culture, makes our workplaces more dynamic, and ultimately leads to better business decisions. In 2021, all managers across the Group completed a mandatory e-learning programme, ensuring that they are familiar with our policy and initiatives within inclusion and diversity.

We grow shareholder value. Creating profitable growth means balancing solid, above-market organic growth and an active acquisition strategy. Measured by revenue and profit margins, we are one of the industry's largest and most profitable players. This gives us a strong market position. It is also a foundation for continuously growing our business above market level everywhere we operate.

Strong footholds with large, global customers as well as in the SME segment give us diverse and resilient revenue streams. And the Group's focus (and track record) on mergers, acquisitions and company integrations remains a key part of our strategy. In 2021, our acquisition of Global Integrated Logistics (GIL) from Agility added scale and capabilities to our network across more than 60 countries.

We help societies grow. We do business with integrity, respecting the dignity and rights of individuals in all cultures and countries. We believe in giving back to the communities we operate in, while finding new ways of reducing our operational environmental footprint.

We are a United Nations Global Compact signatory, pledging to follow its 10 principles. Since 2015, we have also supported the UN Sustainable Development Goals – identifying and working systematically with nine SDGs in the areas our business affects most.

We believe in giving back to the communities we operate in, while finding new ways of cutting our operational environmental footprint.

Delivering operational excellence

World trade drives world prosperity, but seamless trade is not a given. Through our persistent focus on transparency, productivity and scalability, we support more efficient global trade flows for all businesses.

Based on clear targets for each business area, we standardise our service catalogues and workflows. This boosts our productivity and guarantees high quality services to customers – and it enables us to implement efficient operational systems and benefit from automation and new technology.

Working according to the principle of one main system per business area, we run a consolidated, standardised and scalable IT landscape. Where available, we use standard off-the-shelf IT systems. We take a systematic approach to prioritising data quality and security.

We maintain a flat, locally empowered organisation, firmly anchored in local markets and working closely with local customers. By constantly measuring service quality, productivity and financial performance, we make sure our leaders have good, transparent insights for decision making. We believe in local ownership and decisions based on sound business acumen, supported by solid data.

As one global company, we aim to benefit from scale where we can. We work together as one global network, and we have centralised selected activities. This is reflected in our international shared service centres and group functions which among others include Property, Insurance and Procurement.

Purpose and strategy working together

For each of our main business areas, we select strategic projects and prepare separate business plans for each and prioritise how we roll them out in a group-wide road map.

The DSV Group Executive Committee sets priorities, objectives and success measures for all our projects. This way, we ensure that the Group sticks to the long-term plans, adapts to market changes and takes advantage of new technologies and emerging opportunities.

Each of our key strategic projects must support one or more of our strategy focus areas: Sustainable growth, Operational excellence, Customers and People.

In 2021, some of the biggest projects were:

- M&A – mainly acquiring and integrating GIL
- the Road Way Forward project – a new digital production system and standardised workflows to support our European Road network
- further developing our digital infrastructure and workflows – including our advanced integration and hybrid computing platforms
- our digital customer interaction capabilities
- developing our physical infrastructure and workflows – developing large and efficient warehouses, warehouse automation, terminals and offices
- developing and launching Green Logistics services

We will continue to focus on these areas in 2022.

We describe key projects for each of our divisions in the divisional reviews on pages 25-31. And you can read about our 2026 revised financial targets on page 18.

Sustainable logistics for a fast-changing world

As the world's third-largest transport and logistics company, DSV strives to hold a strong and responsible position on environmental, social and governance (ESG) issues. These duties include helping combat climate change by moving the industry towards more sustainable practices.

ESG strategy anchored at the top

Our ESG work is anchored at the top. In close cooperation with the Executive Board, the Board of Directors is responsible for setting the direction, shaping the strategy and determining our targets for each area. In this work, we are guided by our commitment to fulfilling and promoting the UN 2030 Sustainable Development Goals (SDGs) and the United Nations Global Compact's Ten Principles.

Our ESG strategy

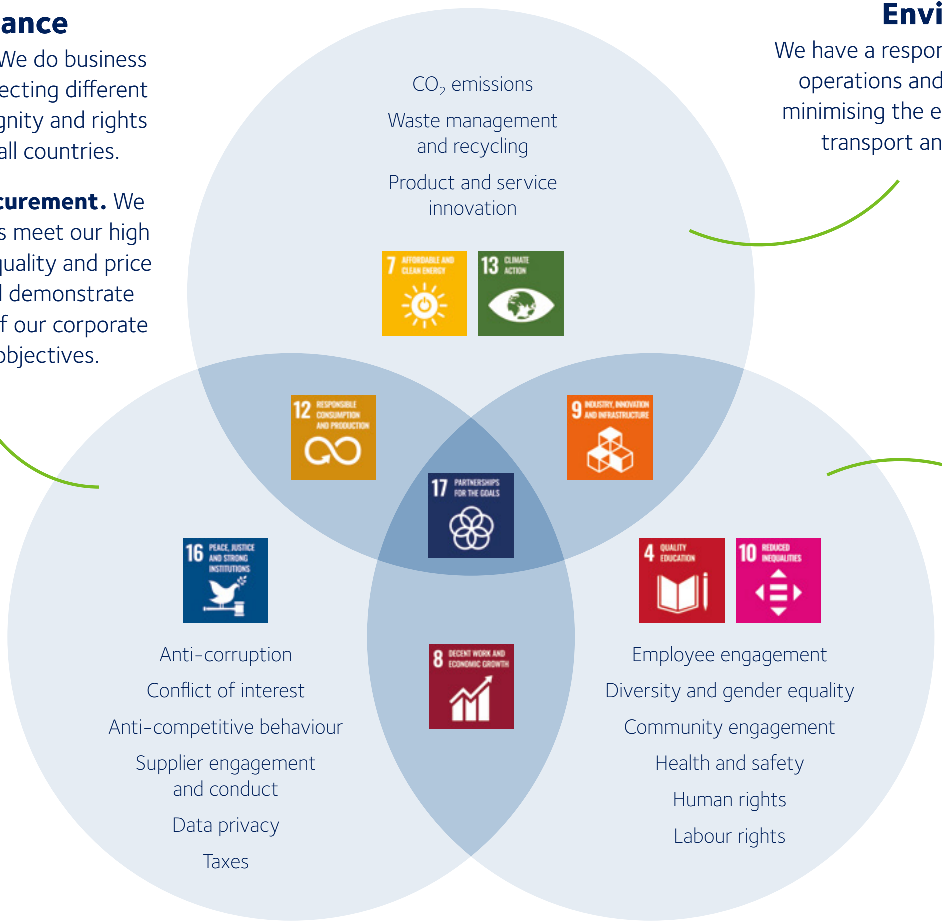
Governance

Business ethics. We do business with integrity, respecting different cultures and the dignity and rights of individuals in all countries.

Responsible procurement. We ensure our suppliers meet our high standards, service quality and price requirements, and demonstrate an understanding of our corporate sustainability objectives.

Environment

We have a responsibility to drive our own operations and the industry towards minimising the environmental impact of transport and logistics services.



Social

Our people. We provide safe and healthy workplaces, and we strive to attract, motivate and retain talented people by offering responsibility, empowerment and growth opportunities.

Community engagement. We engage with and support the communities we do business in, and we use our expertise to support people in need.

We have defined strategies and specific targets for the three areas: environment, social and governance. As a global company, we rely on strong alignment throughout the organisation – from top management to divisions and countries – in order to realise the strategy for each of the areas.

Developing partnerships

We value open and honest communication with our employees, customers, suppliers and investors on ESG issues. As part of our strategic management, we regularly engage in dialogue with our key stakeholders to ensure that we consider their primary concerns and listen to their input and good ideas.

We have entered into several partnerships, both with organisations in our industry and other areas, in order to cooperate and make progress within different areas. Especially within the environmental area, we acknowledge that we cannot achieve our targets alone – we have to engage in partnerships with customers, suppliers and organisations, such as Clean Cargo Working Group (CCWG), GoodShipping and Eco-Skies Alliance.

The journey towards greener logistics

The transport and logistics industry is the world's third-largest source of greenhouse gas emissions. So the whole industry must work together and play an active role in reducing its CO_2 footprint. We are working on a number of different initiatives to reduce both our internal (scope 1 and 2) emissions and, not least, our scope 3 emissions from transports carried out by our suppliers.

> As part of our strategic management, we regularly engage in dialogue with our key stakeholders.

With our Green Logistics services we have taken the first steps, but the journey towards greener logistics is long. We depend on new technologies and alternative fuels becoming available, and we are involved in several partnerships to drive this agenda forward. At the same time, we will also help our customers to optimise their current supply chains; significant reductions can be achieved through better logistics planning.

We continue to work towards reducing our emissions, following the Science Based Targets Initiative (SBTi). The targets aim to reduce our CO_2 emissions by 2030 from a 2019 baseline year. In 2021, we completed our acquisition of GIL, and because of the scale of this business transaction, we will in 2022 recalculate the emissions baseline to reflect our larger business. Throughout this process, we plan to evaluate how best to align with the 1.5°C warming scenarios and net zero greenhouse gas emissions target.

Managing the risk from climate change

The long-term negative effects of climate change have the potential of significantly impacting our industry. Therefore, it is a risk that we monitor closely. We have implemented the Task Force on Climate-related Financial Disclosures (TCFD) framework to help us identify risks and opportunities from climate changes which can impact us.

The key risks identified are related to possible changes to global supply chains and the demand for specific transport services (e.g. air freight), implementation of new technology, implementation of taxation on carbon emission, changes to transport lanes because of extreme weather and potential reputational damages if we as a company do not act against climate changes.

On the other hand, climate changes may also provide business opportunities if we as a company are able to lead our industry and provide new low-emission transport services.

The uncertainty related to different future scenarios for transport is high, but, based on our current assessment, we do not expect a significant negative impact on our business operations as a direct result of climate change.

Social and governance factors

While the environment is at the top of the global ESG agenda – for good reasons – we maintain our focus on social and governance factors as reflected in our ESG strategy. In short, we aim to do business with integrity and provide safe and healthy workplaces, where our colleagues all over the world are respected and given equal opportunities. We apply the same policies globally, and when we acquire companies, we ensure that the DSV standards are implemented across the organisation.

ESG value from acquisitions

Our M&A strategy does not only contribute to DSV's financial results. We get new inspiration and capabilities on board across many areas; Panalpina took our approach to the environment and SBTi to a new level, and GIL adds a strong community engagement programme, which we will take inspiration from.

When we integrate, we always aim to take the best of both worlds in all parts of the business. Long term, this is the best way to achieve sustainable growth and value creation for all stakeholders.

Our business model

DSV is one of the world's biggest global freight forwarders. We ship freight by land, sea and air – and provide contract logistics too. From shipper to consignee, our business model keeps the entire supply chain flowing.

The right resources to keep supply chains moving
Our business model is asset light. This means we can quickly scale activities to match changes in market demand. We can also pick the best suppliers for any service – depending on factors like reliability, available capacity, transit time, sustainability factors and price.

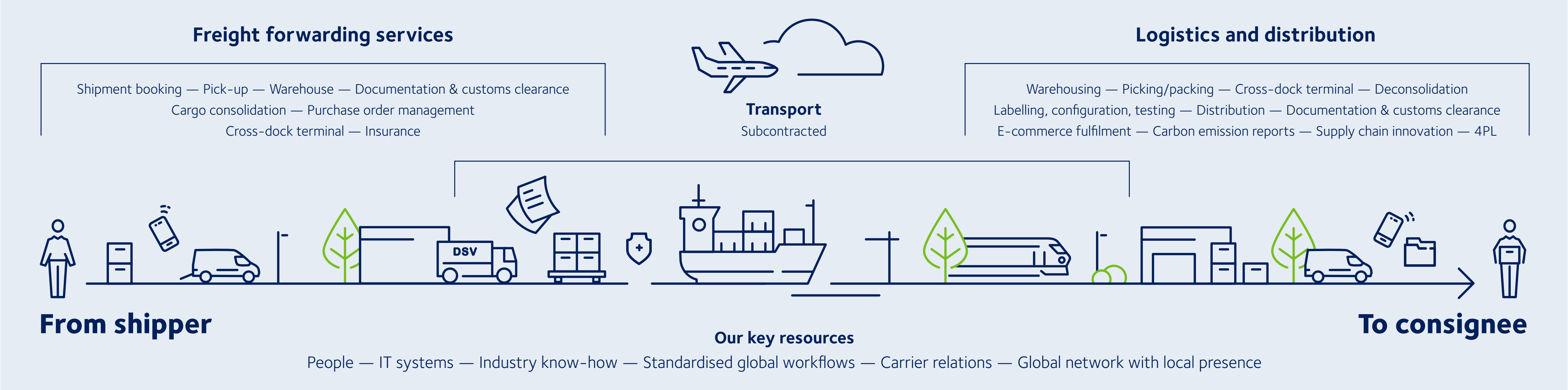
We believe we have a unique combination of skilled people with industry know-how, advanced IT systems, modern warehouses and terminals, strong carrier relationships and our global network across 90 countries. This blend helps us meet the needs of our customers across the world.

DSV is a global business – but always close to the local market. Working with container carriers, airlines, road hauliers and railway operators, we can move goods to wherever they are needed. And being one of the largest buyers globally means we combine keen pricing and strong, long-standing relationships with carriers.

Adding value to complex supply chains
As well as transport, our customers buy a full range of freight forwarding, logistics and distribution services from us. These include digital tools for purchase order management, booking and track-and-trace, green logistics, cargo consolidation, insurance, customs clearance and pick-and-pack.

Our highly digitalised operation gives us competitive advantage. We integrate many of our IT systems with both customers and suppliers. This helps us keep entire supply chains running transparently; it also helps us to find new ways of making them flow more seamlessly.

To respond to the increasing complexity and time-sensitivity of global supply chains, we have in recent years added Lead Logistics (4PL) and Supply Chain Innovation to our offerings. Together with a bigger focus on sustainable logistics, our market and services are continuously developing.



Industry and market trends

By understanding market trends in our own industry – and in others that affect us – we can take advantage of opportunities as they arise and act quickly to reduce risks.

A fragmented competitive landscape

We are one of the top three global freight forwarders in our industry, with a market share of roughly 4%. Together, the top 20 forwarders have an estimated global market share of 30-40%. The rest of the market consists of a long tail of smaller regional and local freight forwarders.

The mix of industry fragmentation and service standardisation creates a competitive pricing landscape. But because of our scale, global networks, better IT systems and service levels, big freight forwarders like DSV are in a good position to consolidate the market and take market share from smaller players. Our acquisition track record is a strong example of this, and we expect the consolidation trend to prevail in the coming years.

The impact of the pandemic on global supply chains and e-commerce

COVID-19 is still affecting the logistics industry. The last two years have highlighted vulnerabilities – particularly when it comes to global supply chains – as well as opportunities to do things better. Both will have far-reaching consequences for the way our industry develops.

Customers are adapting to different conditions. They wanted more transparent supply chains before the pandemic and that need has only increased – especially when it comes to early warnings on delays. They are also making contingency plans to protect themselves against future risks to their own supply chains. Diversifying outsourced production between China and other East Asian countries is one example. Storing extra buffer stock at distribution centres is another. But with more countries and locations involved, complexity goes up – which offers new opportunities for freight forwarders to help with things like purchase order management and customs clearance.

E-commerce continues to grow as lockdowns have accelerated existing shifts in consumers' buying behaviour. More people switched from brick-and-mortar to e-commerce, sending activity in fulfilment centres and last-mile deliveries skyward.

Logistics companies who have adapted to these disruptions will be best placed to succeed in this market. At DSV, we are responding by continuously optimising our processes and operations, supporting them with the latest digital technology to make sure we are able to meet the changing needs of our customers.

Increasing digitisation of logistics

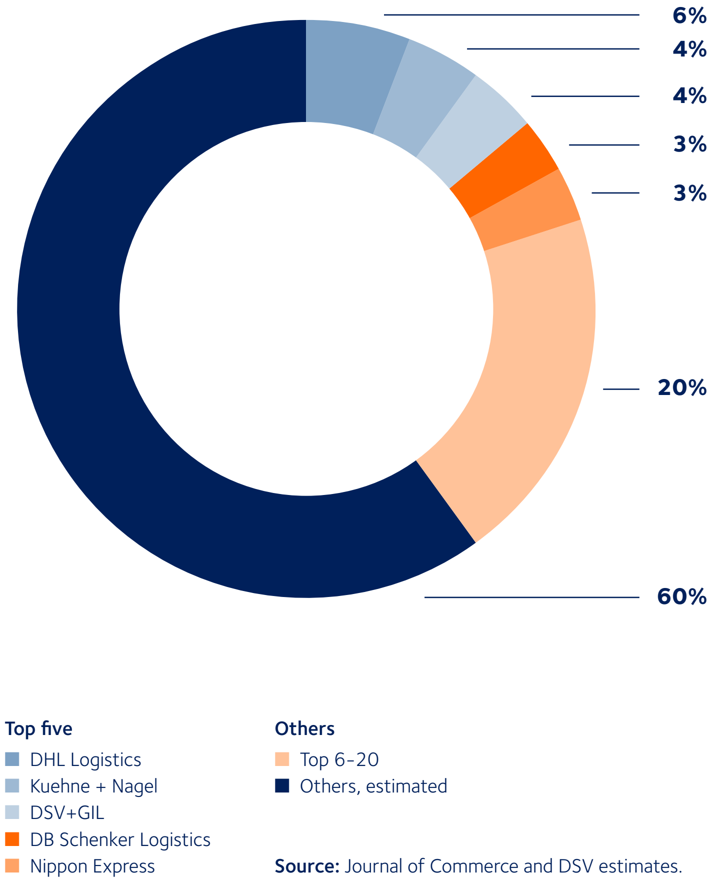
Over the past two decades, the speed of introducing digital technologies has increased – also in logistics. This is helping providers respond faster to changing customer needs and a rapidly shifting supply chain landscape.

To take proper advantage of new technologies, logistics providers are creating digital road-maps and strategies, which include integration and data exchange across different supply chain parties: shippers, freight forwarders, carriers and authorities.

DSV believes that further digitalisation is crucial to the long-term evolution of the industry. We also believe that the use of technology has the greatest impact when implemented together with standardised global processes and systems and a relentless focus on high data quality.

Market share

Top five global freight forwarders and market share based on 2020 revenue.

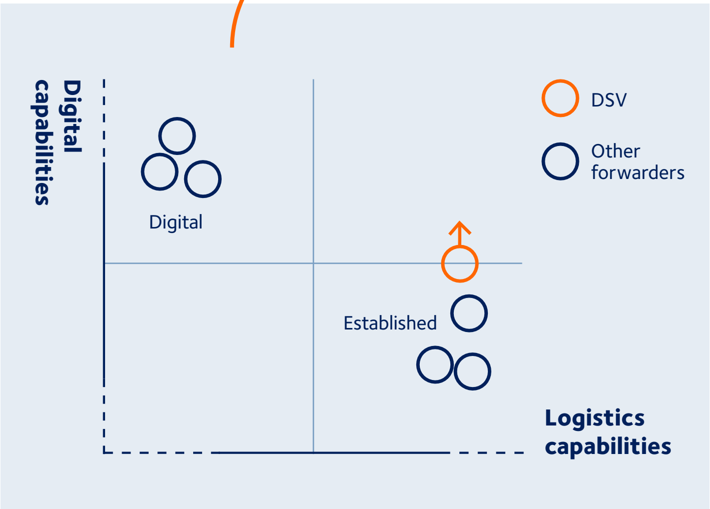


Source: Journal of Commerce and DSV estimates.

Digital start-ups
In recent years, a number of purely digital forwarders have entered the industry. These organisations tend to offer a simple, standardised range of services, mainly focused on online price quoting and booking.

Digital forwarders have a high level of digital capabilities but a low level of logistics capabilities, such as operational expertise, global networks, scale, physical infrastructure and carrier relationships. Their challenge is competing against established freight forwarders that have existing logistics capabilities and – as with DSV – a clear roadmap to further enhance digital capabilities.

Logistics versus digital capabilities



The strategy of asset owners
While many large ocean carriers maintain a consistent strategy and market focus, some have changed track in recent years.

They now aim to provide door-to-door transport services, air and overland transport as well as ocean freight. This has created scenarios where they are both suppliers and competitors to freight forwarders.

Driven by 2021's extraordinary market conditions, we have seen examples of shippers moving business away from forwarders and directly to ocean carriers. But we have also seen the opposite. In general, we are confident that the logistics capabilities, scale and buying power of large, established forwarders will keep demand for our services high and continuing to grow.

More centred on ESG and sustainability
Sustainability has become a critical topic across all industries, and ours is no exception. As a major contributor to carbon emissions, the transport and logistics industry must develop more environmentally sustainable business practices. It has to drive change from within – supported by stakeholders across the supply chains and in line with government regulation.

As well as environmental standards, social, labour and governance frameworks are increasingly central to informing strategic decisions and influencing how organisations operate.

At DSV, we are actively embedding sustainable practices into different aspects of our business. This is reflected in the way we design our offices and warehouses and, not least, in our suite of Green Logistics services launched in 2021.

Understanding the pace of market growth
There were relieving signs of global economic recovery in 2021, with markets bouncing back from the impact of COVID-19.

The transport and logistics industry is still affected by congestion and COVID-related disruption, but underlying demand has been solid in most markets and the outlook for 2022 is positive.

In recent years, global trade growth has gone hand-in-hand with Gross Domestic Product (GDP) growth, and we think this correlation will continue.

Based on our strong market position, we have a clear ambition to outperform underlying market growth in the coming years.

Politics and trade flows
Global and local trade flows are impacted by politics. Across the globe, we continue to see new examples of protectionism, changes to tariffs and trade regulation, trade restrictions, embargoes and new security measures.

Brexit is an obvious example. At the start of 2021, the UK left the EU. This has had a big impact on every aspect of UK supply chains and for all its trading partners. Import regulation, customs and tariff changes have brought challenges for logistics providers, and at DSV we have added more staff and implemented systems to handle the changes. This way we have successfully helped our customers navigate the changes in the UK.

Ultimately, we expect the benefits of global supply chains to win out over protectionism. There will be examples of more local production, but we believe globalisation is here to stay. And we have a strong compliance setup to help customers prepare for and adapt to market changes.

A responsive approach to technology and digitalisation

Technological developments have always driven change in our industry. At DSV, we monitor the development and adapt new technologies to ensure that we – and our stakeholders – benefit from new developments.

Adaptable IT for a flexible future

To fulfill our strategy and react quickly to our dynamic markets, we have a strong, scalable IT infrastructure. We take a hybrid computing approach blending on-premises and cloud-based infrastructure across operational systems, customer integrations and engagement services.

During 2021, we introduced a new advanced integration platform which enables us to connect our production systems with the cloud, ensuring that data can be delivered on time and accurately, supporting complex workflows and expanding data volumes.

We plan on developing a range of digitalisation tools on this foundation. The first was a booking transparency tool that went live in 2021. This allows us to systematically measure booking data quality and work with customers to enhance it.

Providing supply chain visibility

Digitalisation is changing the way we interact with customers and vendors through every phase of a shipment. From quote, purchase order, booking, shipment tracking and status alerts to final bills and KPI reports. Our digital tools must provide supply chain visibility to our customers – and must make it easy to do business with DSV.

In 2021, our digital freight forwarding platform, myDSV, took more than 300,000 bookings a month. This platform is now part of our critical infrastructure, not only managing bookings but tracking, claims and reporting too. Besides myDSV, we provide direct customer integrations for our larger customers. Increasingly, we are seeing the classic EDI connections being replaced by the more advanced API integrations. Road ETA is a recent myDSV addition, providing real-time GPS tracking and traffic data over the whole European Road Network. Drivers get up-to-the-minute help with route planning, and customers get close arrival time estimates and are alerted about delays.

Automated, efficient warehousing

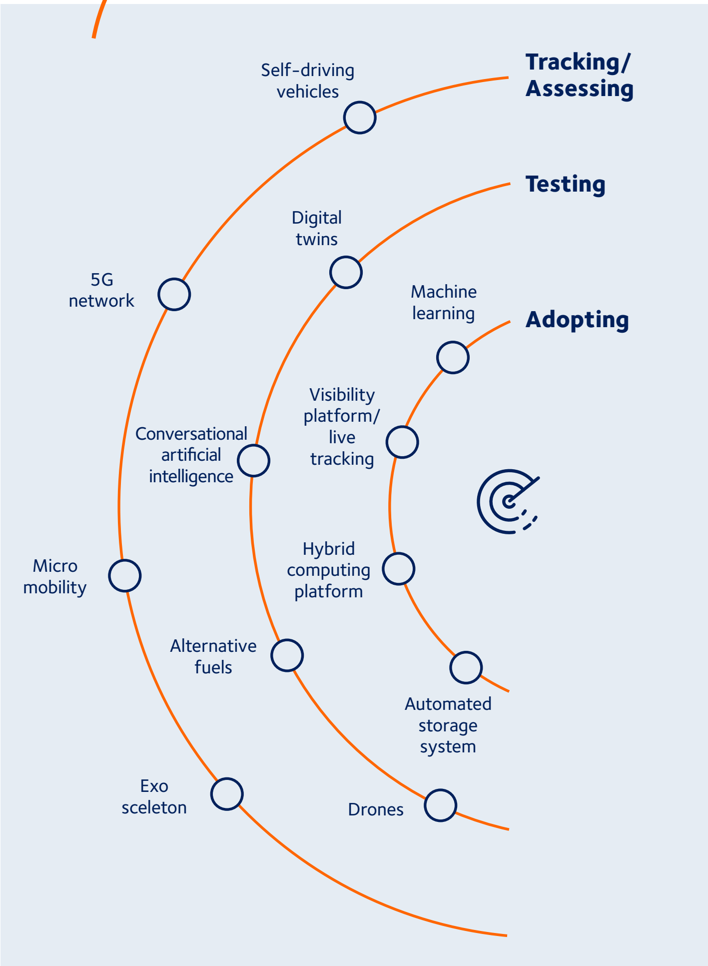
Automating and optimising warehouse processes improve customers' experiences and enable us to utilise warehouse space more efficiently. The recent growth in e-commerce transactions means that the demand for efficient warehouse solutions is growing too.

In 2021, we launched DSV Fulfilment Factory. It consists of large-scale multi-user warehouses equipped with automated goods-to-person storage and retrieval technology. Four out of a total of 20 planned warehouses are now operating, enabling smaller companies (both B2C and B2B) to benefit from warehouse automation usually only accessible to bigger customers.

Staying abreast of the latest trends

Our DSV Innovation Hub drives our global innovation efforts, monitoring trends and technologies and prioritising which to explore. Working with the Group COO, operational units and IT – and external tech innovators and start-ups – this team tests ideas, establishes financial business cases and implement projects across our global network.

DSV technology trend radar – selected examples



Outlook for 2022 and long- term financial targets

For 2022, we expect EBIT before special items of DKK 18,000-20,000 million. We have updated our long-term targets following the Global Integrated Logistics (GIL) acquisition. We now expect to reach a conversion ratio of 45% for the Group in 2026.

Outlook 2022 (DKKm)	2021 actual	**Outlook 2022**
Operating profit (EBIT) before special items	16,223	18,000-20,000
Effective tax rate	24.5%	23%

Assumptions for 2022 financial outlook

OECD and IMF project global economic growth around 4% in 2022, and we expect growth rates in the transport markets to be in line with underlying economic growth. Our ambition is to gain market share in all the markets in which we operate. However, the ongoing integration of GIL may limit our ability to outperform the market in Air & Sea, especially in the first half of 2022.

The outlook is based on the assumption that the current situation in transport markets – with congestion, tight capacity and high rate levels – will continue in the first half of 2022. A gradual improvement could start during the second half of the year, and this could have a positive impact on transport volumes and our productivity but also a negative impact on our gross profit yields.

We assume that the integration of GIL will continue as planned and that we will achieve approximately 85% of the total expected EBIT contribution of DKK 3,000 million in 2022. Full-year impact of the GIL integration is expected in 2023. Special items at the level of DKK 1,000 million related to the integration are expected in 2022.

The outlook for 2022 assumes that the currency exchange rates, especially the US dollar against DKK, will remain at the current level. Due to the volatile and unpredictable transport markets, the assumptions that our outlook for 2022 rely on are more uncertain than they would normally be.

Long-term financial targets

Following the acquisition of GIL in 2021, our financial targets have been adjusted for the DSV Group and for the Air & Sea division. We expect to achieve the revised targets by 2026.

The targets are based on the assumption of stable global economic development during the period, with annual global GDP growth of approximately 3% and transport market growth in line with GDP. Based on our market position, we expect that we can take market share in all divisions and exceed market growth in the five-year period.

With growth in activity and our continuous focus on operational excellence, we see opportunities to improve productivity across the Group. Our IT systems, infrastructure and back-office functions are scalable, providing opportunities to leverage operations in all three divisions.

The Air & Sea division is expected to benefit from the integration of GIL and from further optimisation of work flows and improved utilisation of IT systems in the period. The extraordinary market conditions in 2021 have led to elevated gross profit yields and conversion ratio in Air & Sea. For the five-year period, we have assumed that gross profit yields will gradually decline.

The Road division is expected to continue the positive momentum from 2021 and gradually improve the network and productivity during the period.

The Solutions division will continue their work on automation, consolidation of existing infrastructure and addition of new warehouse capacity at key logistics locations.

The targets are based on organic growth and do not include the potential impact from larger acquisitions in the period. The strategic objectives of the Group are translated into the following targets:

2026 targets (%)	2021 actual	**Previous 2025 targets**	**Revised 2026 targets**
DSV Group			
Conversion ratio	43.1	>40.0	>45.0
ROIC (before tax)	19.6	>20.0	>20.0
Divisional targets for conversion ratio			
Air & Sea	53.7	>47.5	>50.0
Road	26.2	>30.0	>30.0
Solutions	26.7	>30.0	>30.0

Forward-looking statements

This Annual Report includes forward-looking statements on various matters, such as expected earnings and future strategies and expansion plans.

Such statements are uncertain and involve various risks, because many factors, some of which are beyond our control, may result in actual developments differing considerably from the expectations set out in the 2021 Annual Report.

Such factors include, but are not limited to, general economic and business conditions, exchange rate and interest rate fluctuations, the demand for our services, competition in the transport sector, operational problems in one or more of DSV's subsidiaries and uncertainty in connection with the acquisition and divestment of enterprises.

Capital structure and allocation

Capital structure
The aim of DSV's target capital structure is to ensure:
- sufficient financial flexibility to meet our strategic objectives; and
- a robust financial structure to maximise the return for our shareholders.

Our target financial gearing ratio is below 2.0 x EBITDA before special items. The ratio may exceed this level following significant acquisitions.

Capital allocation policy
Our free cash flow allocation prioritisation remain unchanged:

1 Repayment of net interest-bearing debt in periods when the financial gearing ratio is above target range.
2 Value-adding investments in the form of acquisitions or development of the existing business.
3 Distribution to the shareholders through share buybacks and dividends.

Value-adding investments
DSV pursues an active acquisition strategy. Our acquisitions have created substantial value for shareholders over the years and have also contributed to consolidating an otherwise fragmented industry.

As a Group, we have a track record of successful company integrations – the most recent chapter in this story being the acquisition of Agility's Global Integrated Logistics business in 2021.

We have been able to create increasing return on invested capital (ROIC) over time. However, large acquisitions have initially diluted ROIC before tax.

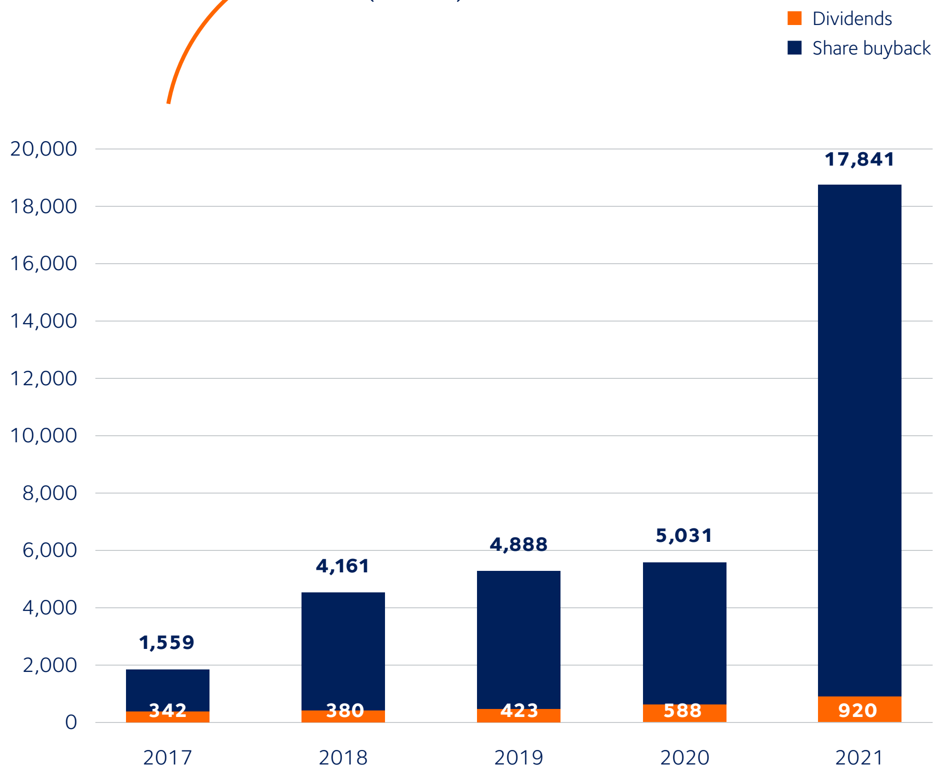
Capital structure
Group Management continuously monitors whether the capital structure is in line with the targets, and excess capital is distributed to shareholders through share buybacks and dividends.

Adjustments to the capital structure are usually announced in connection with the release of quarterly financial reports and are made primarily through share buybacks.

Dividend policy
DSV aims to ensure an annual dividend pay-out ratio of approximately 10-15% of our net profit.

Proposed dividend for 2021 amounts to DKK 5.50 per share (2020: 4.00 per share). The proposed dividend for 2021 is equivalent to 11.7% of net profit and 11.1% of adjusted earnings.

Distribution of capital
(DKKm)



Michael Ebbe
CFO

Financial review

Our 2021 EBIT before special items was DKK 16,223 million – up 71.3% and above the expected level of DKK 15,250-16,000 million.

Income statement (DKKm)	**2021**	2020	Growth*
Revenue	182,306	115,932	58.6%
Direct costs	144,691	87,398	
Gross profit	**37,615**	**28,534**	**32.7%**
Gross margin	*20.6%*	*24.6%*	
Other external expenses	4,173	3,291	
Staff costs	13,025	11,684	
Operating profit before amortisation and depreciation (EBITDA) before special items	**20,417**	**13,559**	
Amortisation and depreciation	4,194	4,039	
Operating profit (EBIT) before special items	**16,223**	**9,520**	**71.3%**
Conversion ratio	*43.1%*	*33.4%*	
Special items, costs	478	2,164	
Net financial expenses	841	1,729	
Profit before tax	**14,904**	**5,627**	
Tax on profit for the year	3,650	1,369	
Profit for the year	**11,254**	**4,258**	

* Growth including M&A and in constant currencies.

Strong performance

2021 saw extraordinary market conditions for global logistics, especially for air and sea freight. This was a result of strong demand and pandemic-driven congestion and imbalances in worldwide supply chains. Despite these unique challenges, our skilled freight forwarders, scale and strong carrier relationships helped us deliver transport solutions for customers as well as strong results and growth for our company this year.

In line with our M&A strategy, we acquired Global Integrated Logistics (GIL) in 2021. The integration is going to plan, and we expect to complete it in Q3 2022.

Adjusted free cash flow for the year was DKK 8,659 million (2020: DKK 8,746 million). During 2021, our net working capital increased, as receivables from customers were affected by record-high freight rates. Relative to revenue, our net working capital was at the expected level.

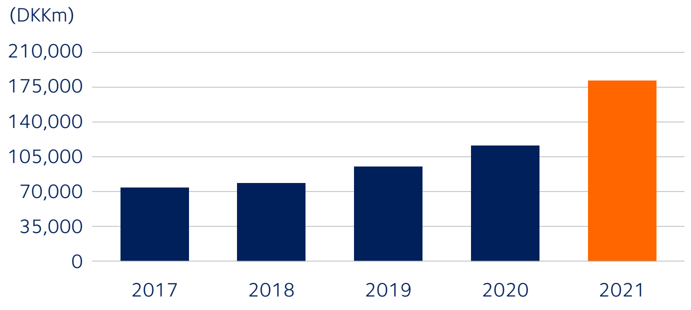
Return on invested capital (ROIC before tax) including goodwill and customer relationships was 19.6% for 2021 compared to 14.3% last year. The increase was due to growth in earnings, only partly offset by the higher average invested capital following the GIL transaction.

Integration of GIL

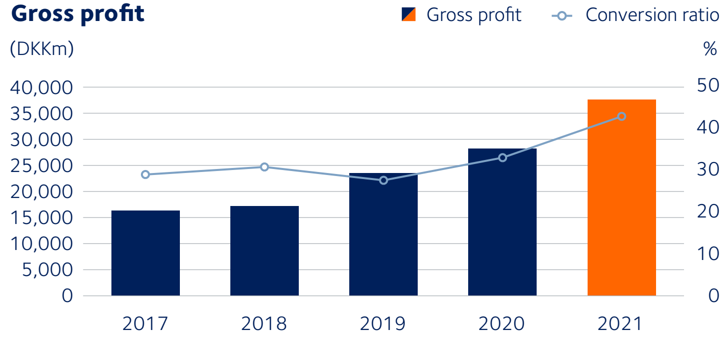
The acquisition of GIL was completed on 16 August 2021. From that date, we included GIL in our consolidated financial statements, and it had a material impact on the profit and loss statement, cash flow and balance sheet statements. Between 16 August and 31 December 2021, GIL contributed around DKK 15,000 million to revenue and DKK 950 million to EBIT before special items for the Group.

More details about GIL are available in note 6.1 on page 78.

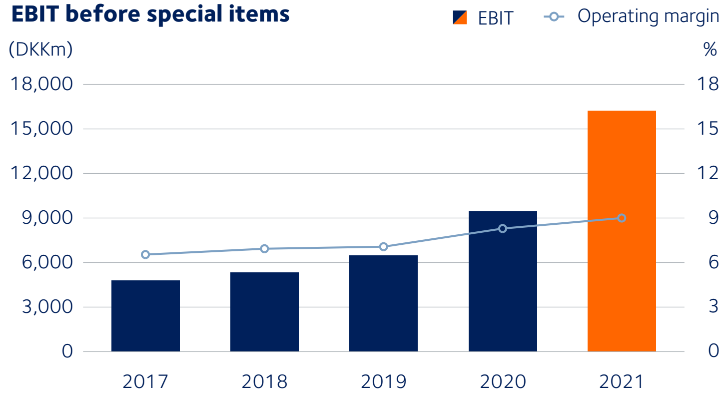
Revenue



Gross profit



EBIT before special items



Results

Revenue

Our Air & Sea division grew revenue by 81.6%. Apart from the impact of acquisitions, the increase was driven by record-high rates for both air and sea freight and organic growth.

Compared to 2020, our Road and Solutions divisions also grew revenue. This was driven by volume recovery after the pandemic in 2020, market share gains and the impact of acquisitions.

(DKKm)	**2021**	2020	Growth*
Air & Sea	131,901	73,689	81.6%
Road	35,416	30,395	16.2%
Solutions	18,734	14,608	28.4%
Group and eliminations	(3,745)	(2,760)	n.a.
Total revenue	**182,306**	**115,932**	**58.6%**

* Growth including M&A and in constant currencies.

Gross profit

Gross profit was up 32.7% in 2021. The Air & Sea increase was mainly driven by volume growth and higher gross profit yields, partly due to extraordinary market conditions. Gross profit increases in Road and Solutions were mainly driven by growth in activity compared to 2020.

While absolute gross profit growth was strong in 2021, gross margin for the Group came to 20.6% compared to 24.6% last year. This drop was mainly related to our Air & Sea division; because of its growth, this division now forms a larger part of the total Group. Moreover, record-high freight rates lowered our gross margin due to pass-through element of freight rates on revenue.

(DKKm)	**2021**	2020	Growth*
Air & Sea	23,769	16,909	42.3%
Road	7,095	6,138	15.1%
Solutions	6,653	5,369	23.9%
Group and eliminations	98	118	n.a.
Total gross profit	**37,615**	**28,534**	**32.7%**

* Growth including M&A and in constant currencies.

EBIT before special items

For the Group, EBIT before special items rose 71.3%, driven by strong gross profit growth, continued focus on cost management and the positive impact of the GIL integration. With an increase of 83.5%, our Air & Sea division grew the most in 2021, driven both by underlying improvements and by the extraordinary market conditions in the sector.

The 2021 conversion ratio was 43.1% compared to 33.4% last year. All our divisions improved their ratios, driven by growth in gross profit and a continued focus on operational excellence.

(DKKm)	**2021**	2020	Growth*
Air & Sea	12,768	7,026	83.5%
Road	1,857	1,390	32.6%
Solutions	1,775	1,161	51.3%
Group and eliminations	(177)	(57)	n.a.
Total EBIT before special items	**16,223**	**9,520**	**71.3%**

* Growth including M&A and in constant currencies.

Total staff costs (excluding hourly workers) were DKK 13,025 million in 2021 (2020: DKK 11,684 million). This rise in costs is explained by the inclusion of GIL as well as the organic increase in activity and cost inflation.

Other external expenses totalled DKK 4,173 million in 2021 (2020: DKK 3,291 million) and were affected by the same factors as staff costs.

Depreciations totalled DKK 4,194 million in 2021 (2020: DKK 4,039 million), mainly because of the inclusion of GIL.

Special items totalled DKK 478 million in 2021 (2020: DKK 2,164 million) – consisting of transaction and integration costs for the GIL acquisition.

Net financial expenses totalled DKK 841 million in 2021 (2020: DKK 1,729 million). Loss on currency translation was DKK 56 million compared to a DKK 1,055 million loss in 2020. Currency translation mainly related to intercompany loans and had no cash impact.

(DKKm)	**2021**	2020
Interest on lease liabilities	495	434
Other interest cost, net	276	224
Interest on pensions	17	16
Currency translation, net	53	1,055
Net financial expenses	**841**	**1,729**

Tax on profit for the year was 24.5% compared to 24.3% in 2020. Our 2021 effective tax rate was affected by non-deductible restructuring costs and other one-offs during the year.

Diluted adjusted earnings per share

Diluted adjusted earnings per share in 2021 went up by 91.9% to DKK 50.9 (2020: DKK 26.5). This was driven by the significant increase in adjusted earnings, only partly offset by the capital increase from the GIL integration.

Cash flow statement

Cash flow from operating activities in 2021 rose by 18.7% to DKK 12,202 million. Cash flow was positively affected by higher EBITDA before special items but offset by an increase in net working capital.

On 31 December 2021, our net working capital was DKK 8,031 million compared to DKK 2,701 million in 2020. In the second half of 2021, receivables from our customers went up as a result of record-high freight rates and acquisition which led to a revenue increase and so an increase in trade receivables.

Relative to full-year revenue (pro forma incl. GIL and based on current rate levels), funds tied up in NWC at year-end increased to 3.5%, from 2.3% in 2020.

Cash flow from investing activities was a cash inflow of DKK 420 million in 2021 (2020: cash outflow of DKK 556 million). Purchase of intangible and tangible assets were on level with last year, and the difference can mainly be explained by the GIL acquisition, where a net cash position of DKK 1,819 million was included as positive cash flow from acquisition.

Adjusted free cash flow (adjusted for acquisitions, special items and IFRS 16) was DKK 8,659 million and on level with last year. Cash flow was impacted positively by higher EBIT before special items but reduced by higher working capital and higher tax payments.

Cash flow from financing activities was negative by DKK 8,680 million in 2021 (2020: negative DKK 6,999 million). This was mainly due to shareholder allocations and repayment of lease liabilities.

The GIL acquisition was an all-share transaction and had no direct impact on financing activities. In line with our capital allocation policy, we have allocated DKK 18,761 million to shareholders via share buybacks and dividend in 2021, to make sure the financial gearing ratio stayed on target throughout the year. At year end, the ratio was 1.4x EBITDA (2020: 1.3x).

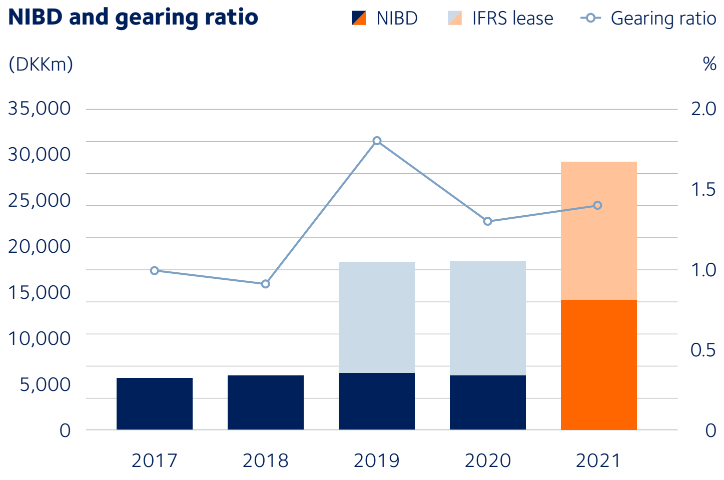
Capital structure

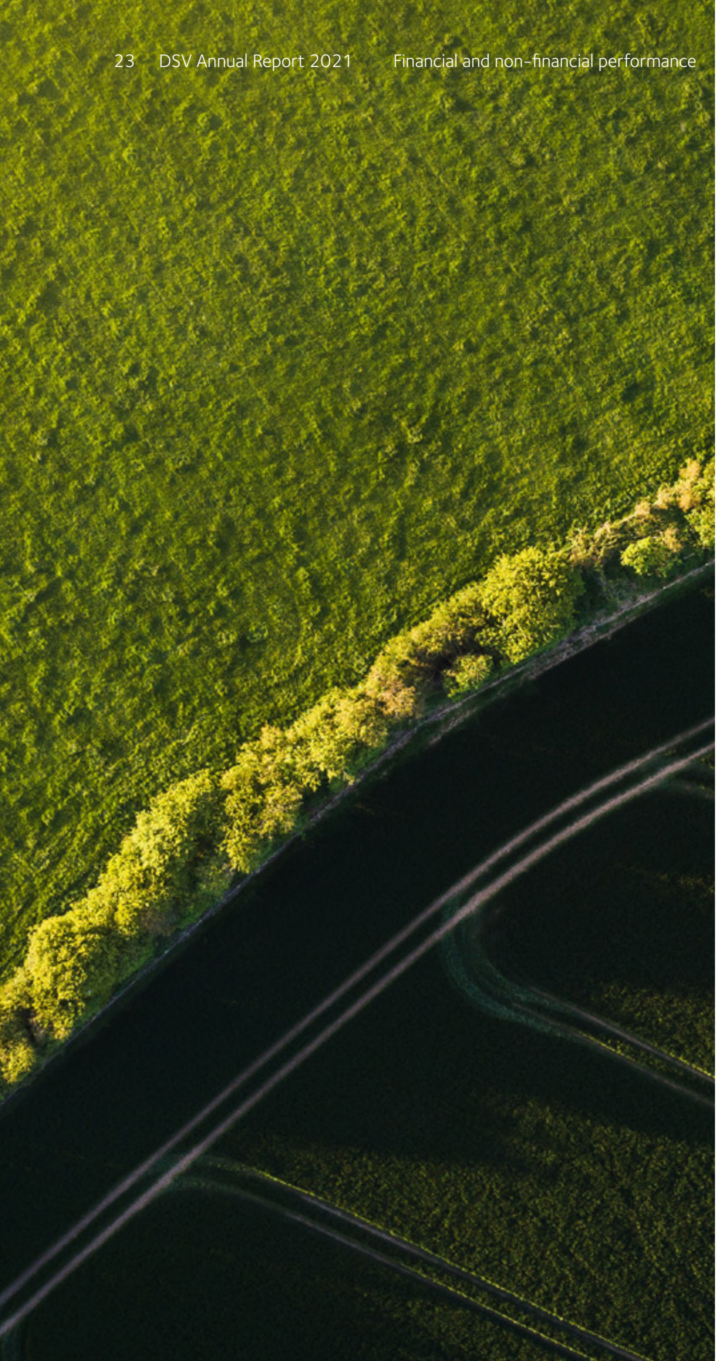
On 31 December 2021, DSV shareholders' share of equity was DKK 74,103 million (2020: DKK 47,385 million). This rise was mainly driven by the capital increase and share transfer to Agility in connection with the GIL transaction, where we increased share capital by nominally DKK 16 million. After the capital increase, share capital was nominally DKK 240 million divided into 240 million shares of DKK 1 each. Each share has one vote.

Net interest-bearing debt was DKK 29,245 million by the end of 2021 (2020: DKK 18,189 million). NIBD increased by DKK 11,056 million – of which DKK 1,168 million relates to GIL. The rest of the increase was mainly due to shareholder allocations during the year.

In 2021, we issued three new corporate bonds totalling EUR 1,600 million and with durations between 10-15 years. The weighted average duration of corporate bonds, committed loans and credit facilities was 9.6 years on 31 December 2021 compared to 3.2 years on 31 December 2020.

NIBD and gearing ratio





Non-financial review

DSV reached several milestones in 2021 across all areas of ESG – from launching Green Logistics and completing the rollout of our global Diversity and Inclusion policy to receiving our first Group Multisite ISO certification.

ESG data

Indicator	Unit	Target 2022	**2021**	2020
CO_2e - Air transport*	g/tonne-km		694.4	704.0
CO_2e - Sea transport*	g/tonne-km		6.1	6.2
CO_2e - Road transport*	g/tonne-km**		92.4	92.8
Lost Time Injury Frequency Rate	Number per million working hours	<5.0	4.5	6.7
Lost workdays due to lost time injury	Number per million working hours	<100	61.0	78.8
Fatalities	Number	0	1	0
Code of Conduct e-learning***	Percentage	100%	100%	100%

* Targets regarding CO_2 performance are to be reassessed in 2022 when submitting a new baseline.
** Comparative figures have been restated, as our method for calculation and data transparency has improved.
*** Percentage of salaried employees trained out of salaried employees in scope for training.

Progress towards environmental targets

Among the major achievements in 2021 was the launch of DSV Green Logistics – a new initiative to reduce scope 3 emissions from transports. With a vast majority of our CO_2 emissions originating in our value chain, DSV Green Logistics provides us with a catalogue of green solutions to support us to take steps towards achieving our SBTi commitments and to support our customers on their journey to decarbonise their supply chain.

The next phase of Green Logistics includes evaluating and mapping out the expected pathways for different sustainable fuels and technologies across air, sea and road freight. From applicability to availability and scalability, this project will help form DSV's perspective on the future of transportation fuel.

In 2021, we also introduced initiatives that will help us reduce the scope 1 and 2 impact of our activities. We introduced more hybrid and electrical cars to our company car fleet and increased our installed solar power capacity, and we also continued to implement environmental standards in all new constructions using international standards such as DGNB, BREEAM and LEED.

Due to the GIL acquisition, we will in 2022 recalculate the baseline for our Science Based Targets. Therefore, we do not comment on our total emissions and the progress compared to the 2019 baseline. However, we can see that our energy efficiency (g/tonne-km) improved in 2021 for all transport modes. This is a continuation of the development we have seen over the last decade, driven by more energy efficient technology and better utilisation of the transport equipment.

Group ISO certification within health and safety

The health and safety of our employees are of utmost importance to us. In 2021, we implemented a framework in more than 400 locations globally to achieve our first Group Multisite ISO certification. This certification proves to our customers – and to our employees – that DSV runs efficient and streamlined processes to ensure a safe and healthy workplace for our people.

Reporting on corporate social responsibility

Reporting on corporate social responsibility cf. section 99a of the Danish Financial Statements Act
We have reported separately on corporate social responsibility in our Sustainability Report 2021, in accordance with section 99a of the Danish Financial Statements Act.

Reporting on management gender composition cf. section 99b of the Danish Financial Statements Act
We have reported separately on management gender composition in our Sustainability Report 2021, in accordance with section 99b of the Danish Financial Statements Act.

Reporting on diversity cf. section 107d of the Danish Financial Statements Act
We have reported separately on diversity in our Sustainability Report 2021, in accordance with section 107d of the Danish Financial Statements Act.

During 2022, more locations will be added and we expect that, by the end of the year, 50% of our locations will be covered by the multisite certificate.

Our focus on health and safety is reflected in the frequency rate for lost time due to injuries. This KPI improved in 2021 and is now below our target level. However, sadly, in 2021 we had one fatal working accident. This is one too many, and the event was followed up by an accident investigation based on which several initiatives have been launched, such as increased focus on high-visibility workwear and training of frontline workers.

Successful roll-out of new Diversity and Inclusion policy

In early 2021, we introduced DSV's global Diversity and Inclusion Policy. This policy formalises our position on equal rights for all our staff as well as our dedication to providing opportunities for everyone to realise their potential.

During the year, we introduced various measures to ensure that the standards defined in our Diversity and Inclusion Policy are adopted and put into practice. These initiatives have yielded positive results, as we can observe a positive trend in terms of gradually improving gender diversity composition across our multi-national global workforce. All of our people managers and HR staff completed diversity and inclusion e-learning courses in 2021. The purpose of this training is to help develop their understanding of potential biases and stereotyping – and ensure that these issues are top of mind for everyone, across all locations.

For more information on developments within each ESG area, please refer to our **Sustainability Report** at https://www.dsv.com/en/sustainability-reports

Doing business with integrity

Our Code of Conduct (CoC) defines what doing business with integrity means at DSV. Available in 10 different languages, the CoC provides the basis for our principles and our behaviour and stresses our approach of zero tolerance to corruption and bribery matters.

In 2021, 100% of salaried employees completed our global CoC E-learning programme, and hourly workers without access to IT in their daily job received classroom training instead.

Our whistleblower programme allows anyone – inside as well as outside DSV – to anonymously report if they experience any potential misconduct. During 2021, 47 cases were reported compared to 42 in 2020. None of the reported cases were of material nature.

Working with suppliers

To strengthen our supplier onboarding process, we piloted a new global Third-Party Risk Management (TPRM) programme during 2021. We tested this programme with a selected group of suppliers to carry out a step-by-step implementation of what will be our global framework for supplier management going forward.

The TPRM programme is planned to be fully launched during Q1 of 2022, with smarter services and streamlined onboarding as well as tighter restrictions on supplier generation, human rights, anti-trafficking and anti-bribery. We are convinced that once all our suppliers have been onboarded and the TPRM is fully implemented, it will operate as an efficient tool to mitigate risk among all suppliers in our network.

New partnerships

Our ESG work depends on cooperation with organisations in and outside our industry. In 2021, we joined United Airlines' Eco-Skies Alliance and GoodShipping – both programmes involve leading global corporations working towards more sustainable transport. We also joined The World Economic Forum, which will enable us to meet relevant companies and organisations and discuss the challenges and opportunities our industry is facing.

Partnerships and membership in associations

GoodShipping better world

Cardiff University Prifysgol Caerdydd

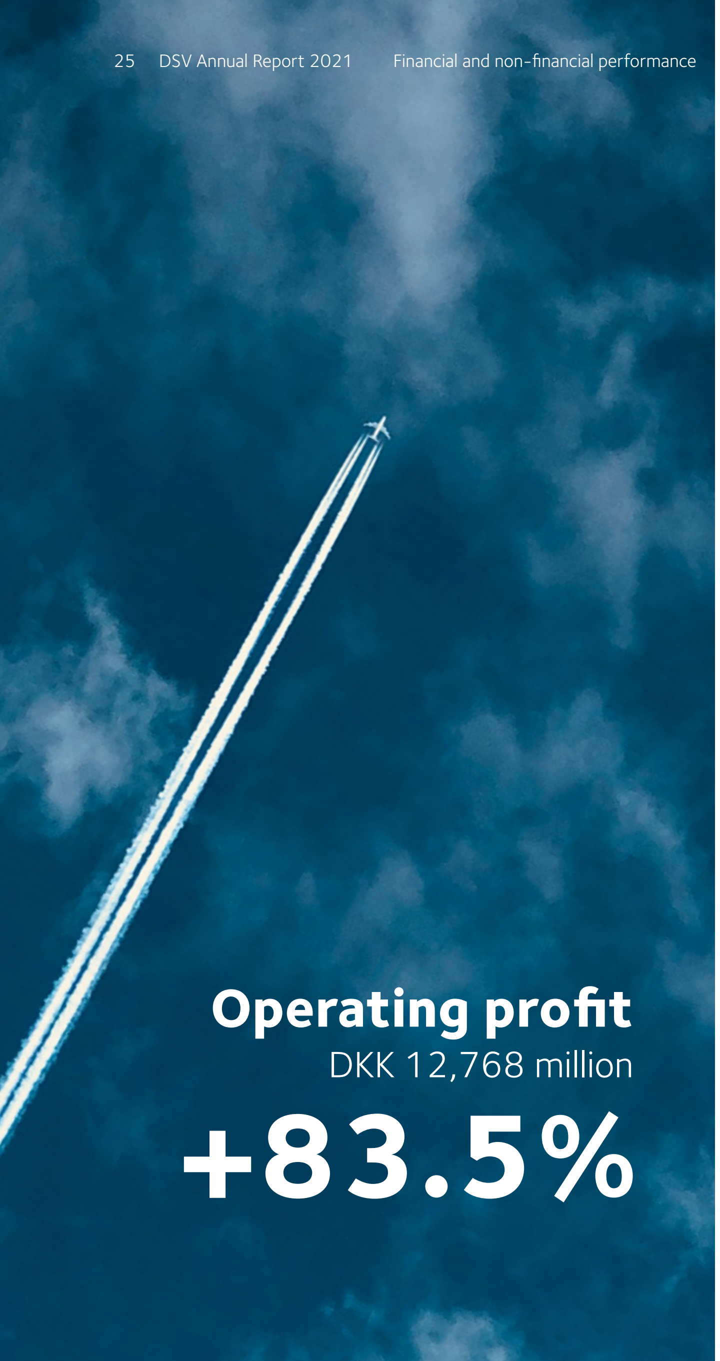
clean Cargo Sustainable Transportation

World Economic Forum

Nasdaq ESG Transparency Partner

Eco Skies Alliance

Smart Freight Centre



Operating profit
DKK 12,768 million
+83.5%

Air & Sea

Driven by 42.3% gross profit growth, the division reported EBIT before special items of DKK 12,768 million – compared to DKK 7,026 million in 2020.

Condensed income statement and key figures (DKKm)	**2021**	2020	Growth*
Revenue	131,901	73,689	81.6%
Direct costs	108,132	56,780	
Gross profit	**23,769**	**16,909**	**42.3%**
Other external expenses	3,366	2,870	
Staff costs	6,598	6,048	
Operating profit before amortisation and depreciation (EBITDA) before special items	**13,805**	**7,991**	
Amortisation and depreciation	1,037	965	
Operating profit (EBIT) before special items	**12,768**	**7,026**	**83.5%**
Gross margin (%)	18.0	22.9	
Conversion ratio (%)	53.7	41.6	
Operating margin (%)	9.7	9.5	
Number of full-time employees at year end	24,675	18,008	
Total invested capital	73,256	43,305	
Net working capital	10,675	3,215	
ROIC before tax (%)	21.9	15.8	

* Growth including M&A and in constant currencies.

Market situation
In 2021, supply chains continued to be disrupted by the pandemic, subsequently impacting both demand and available capacity.

Air
The global air freight market continues to be affected by high demand and limited belly space in passenger planes, meaning less available cargo capacity and high rates. Passenger traffic did gradually return in 2021, but the associated belly capacity increase has mainly been on domestic and regional passenger flights, not long-haul intercontinental routes.

Lockdowns and congestion at airports in different parts of the world caused significant disruptions for air freight during 2021. Additionally, sea freight challenges added more volume to air freight, with delays forcing shippers to find alternatives.

This year, we achieved air freight volume growth of 18.7% (including M&A impact). Adjusted for the acquisition of Agility's Global Integrated Logistics business (GIL) and discontinued activities, the division's 2021 growth figures were in line with the market.

Sea
The sea freight market is still characterised by solid demand and tight capacity due to port congestion and lack of equipment. The US West Coast ports have been the most congested, but it is a worldwide issue. This is mainly due to the pandemic, but the market was also impacted by other events during the year, like the temporary blocking of the Suez Canal in June 2021.

Freight rates have been record high and schedule reliability low. There was also stagnant market growth during the second half of 2021, partly because of capacity constraints but also lower growth rates on the trans-Pacific trade lane.

Geographic segmentation 2021

Division gross profit can be broken down into geographical areas:

Air freight (DKKm)	**2021**	2020
Revenue	70,846	44,756
Direct costs	57,795	34,481
Gross profit	**13,051**	**10,275**
Gross margin (%)	18.4	23.0
Volume (tonnes)	1,510,833	1,272,405
Gross profit per unit (DKK)	8,638	8,075
Sea freight (DKKm)		
Revenue	61,055	28,933
Direct costs	50,337	22,299
Gross profit	**10,718**	**6,634**
Gross margin (%)	17.6	22.9
Volume (TEUs)	2,493,951	2,204,902
Gross profit per unit (DKK)	4,298	3,009

In 2021, we saw sea freight volume growth of 13.1% (including M&A impact). Adjusted for the GIL acquisition, this was in line with the market. Securing extra capacity in a tight market has been the main obstacle to winning new customers this year, as we prioritise existing customers.

Strategic and operational highlights

Given the very challenging market – combined with acquiring and integrating GIL – this year we focused on providing the best possible service to existing customers. Thanks to our skilled teams, scale benefits and strong carrier relationships, we found transport solutions for our customers despite all the disruption. Because of the unusual conditions, our gross profit per shipment went up. At the same time, the disruptions increased the time we spent managing each shipment.

We focused on maintaining strong key strategic carrier relationships all year for both air and sea freight. We also expanded our air charter network, which now covers more than 10% of DSV and GIL volumes.

Acquiring GIL added volume to our network globally and made Air & Sea even stronger, especially in the Middle East and APAC. GIL also gave us new competences (for example in the chemicals sector) and made us a top-three player in both the air and sea markets. Merging our two businesses is going well, and thanks to highly motivated and talented teams on both sides, the integration is ahead of our original plan.

We keep optimising processes, making sure we use systems like myDSV and other customer integration tools the right way across all teams and markets. Our robust digital infrastructure and processes put us in a strong position for more Air & Sea growth.

Results

DSV Air & Sea revenue was DKK 131,901 million in 2021 (2020: DKK 73,689 million). This is an annual growth of 81.6%.

The revenue growth was mainly due to record-high freight rates combined with volume growth – especially in air freight. The growth was driven by all regions and, from August 2021, was boosted by the GIL acquisition.

This year's gross profit was DKK 23,769 million (2020: DKK 16,909 million), corresponding to an annual growth of 42.3%.

Higher gross profit yields per unit, combined with increased activity levels, drove this growth. Tight capacity, congestion and high freight rates on the global logistics markets drove up gross profit per TEU for sea freight and per tonne for air freight.

The division's gross margin was 18.0% in 2021 compared to 22.9% last year. The drop was due to higher freight rates leading to lower gross margin because of the pass-through effect of freight rates on revenue.

This year, EBIT before special items was DKK 12,768 million (2020: DKK 7,026 million) – an annual rise of 83.5%. The increase was driven by the gross profit rise, supported by our continued cost management focus. The full-year impact from integrating Panalpina contributed to the EBIT increase, and, from August 2021, the GIL acquisition also had positive impact.

All regions delivered strong EBIT growth in 2021. All our teams across the whole organisation deserve a lot of credit for this performance. The highest 2021 growth rate was in Latin America – a strong example of how our network has developed in recent years.

This year, the conversion ratio came to 53.7% compared to 41.6% last year. The rise was due to the gross profit increase, but it is also a testament to the skills of our staff and scalability of our systems.

Net working capital (NWC) was DKK 10,675 million at the end of this year, compared to DKK 3,215 million at year-end 2020. This was mainly because of increased activity and higher freight rates. NWC was also affected by the inclusion of GIL.

In 2021, return on invested capital was 21.9% compared to 15.8% in 2020. The increase was driven by strong earnings growth, partly offset by increased invested capital because of the GIL acquisition.

Focus areas for 2022

Congestion and capacity constraints were an issue throughout 2021 – for air and sea freight. These challenges will continue well into 2022. So our focus will be on finding the right solutions, helping our customers and keeping supply chains flowing in a challenging market.

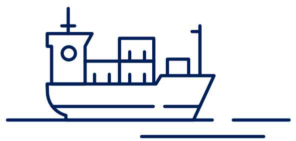
We will continue our efforts to fully and successfully integrate GIL into our existing business. Once this work is complete, we will capitalise on our strong new market position. Our target is above-market growth, and our ability to reach this target will improve as 2022 progresses.

Our roadmaps will help us develop our IT tools and further workflow standardisation. But we need to make sure everything we do here is in line with what our customers want; we must offer strong digital services but combined with personal service where it is needed.

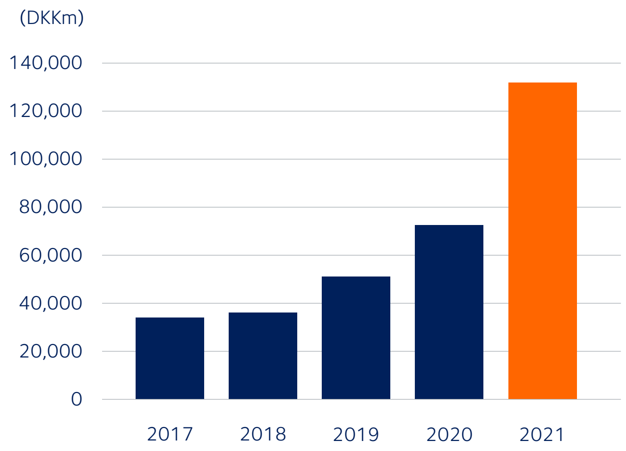
Last – but certainly not least – sustainability is moving up on our agenda. We will present our new Green Logistics services to customers in 2022.

One of the leading freight forwarders

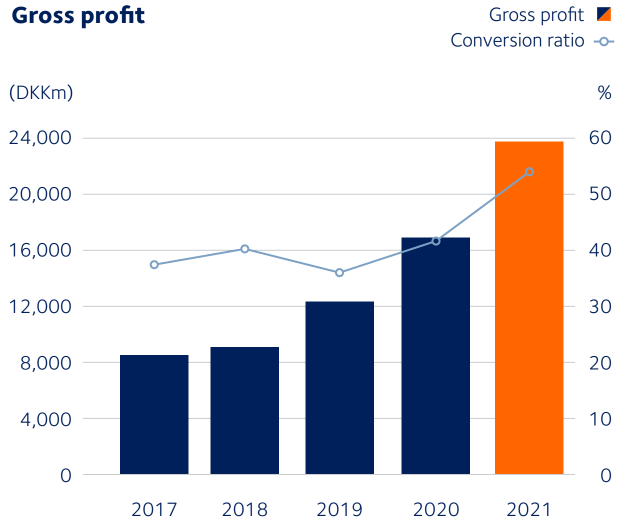
With the inclusion of GIL, we significantly strengthened the Air & Sea division and are now a top-3 player in the market.



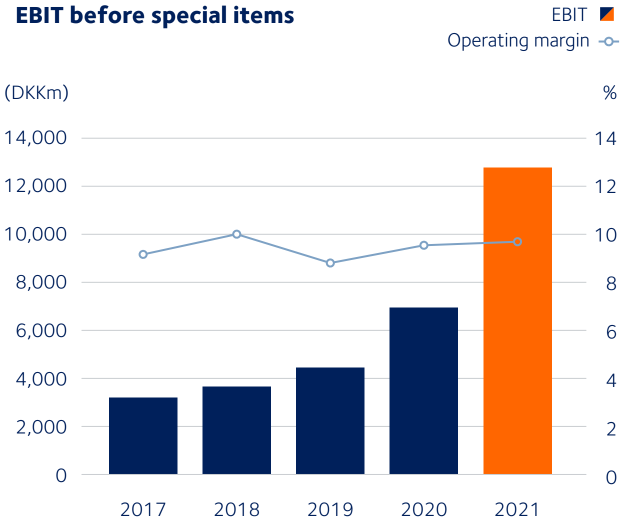
Revenue

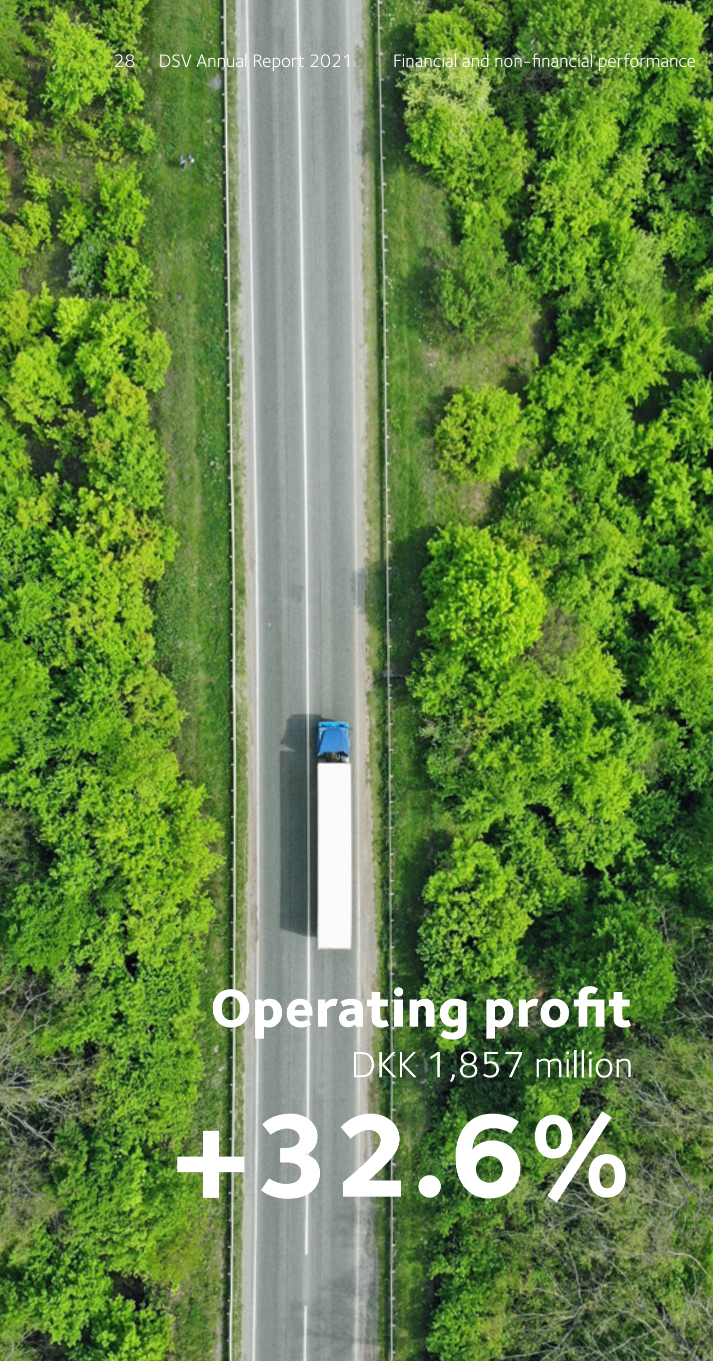


Gross profit



EBIT before special items





Road

Driven by a 15.1% rise in gross profit, DSV Road achieved EBIT before special items of DKK 1,857 million this year – compared to DKK 1,390 million in 2020.

Condensed income statement and key figures (DKKm)	**2021**	2020	Growth*
Revenue	35,416	30,395	16.2%
Direct costs	28,321	24,257	
Gross profit	**7,095**	**6,138**	**15.1%**
Other external expenses	1,122	1,021	
Staff costs	3,149	2,799	
Operating profit before amortisation and depreciation (EBITDA) before special items	**2,824**	**2,318**	
Amortisation and depreciation	967	928	
Operating profit (EBIT) before special items	**1,857**	**1,390**	**32.6%**
Gross margin (%)	20.0	20.2	
Conversion ratio (%)	26.2	22.6	
Operating margin (%)	5.2	4.6	
Number of full-time employees at year end	16,888	14,003	
Total invested capital	9,624	8,942	
Net working capital	(2,133)	(1,310)	
ROIC before tax (%)	20.0	14.5	

* Growth including M&A and in constant currencies.

Market situation

We estimate that the road freight market grew by around 5-7% this year compared to 2020. Growth was highest in the first half of 2021 as activity rebounded after the COVID-19 lockdowns in 2020.

International transport activity is in most markets back at 2019 levels and domestic distribution in many cases higher. These high activity levels are leading to tight capacity, increased road freight rates and general cost inflation across most regions. Some sectors, like Automotive, suffered, from a lack of components in 2021, while others – especially B2C companies – have seen high growth.

This year, we estimate DSV Road grew its share across most markets because of its strong network and market position. The division also benefitted from the acquisition of Global Integrated Logistics (GIL) and Globeflight in South Africa.

Strategic and operational highlights

COVID-19 restrictions, Brexit and other challenging market conditions were top of mind for us in 2021. Thanks to our teams' dedication and hard work, combined with our strong network, we kept the road supply chains flowing. We were well-prepared for Brexit, but disruptions and capacity issues were more severe than everyone expected. Still, we stayed open for business in the UK and helped our customers during the most challenging months.

This year, we made more progress on our Road Way Forward programme. Its aim is to bring DSV Road in Europe to the next level – with a new IT production platform (transport management system) and improvements to our network and operational procedures. We completed planned pilots in three countries over the year, and, overall, the Road Way Forward programme is on track.

Geographic segmentation 2021

Division gross profit can be broken down into geographical areas:

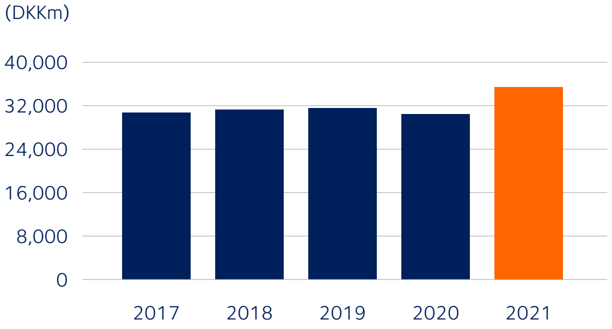
AMERICAS

5%

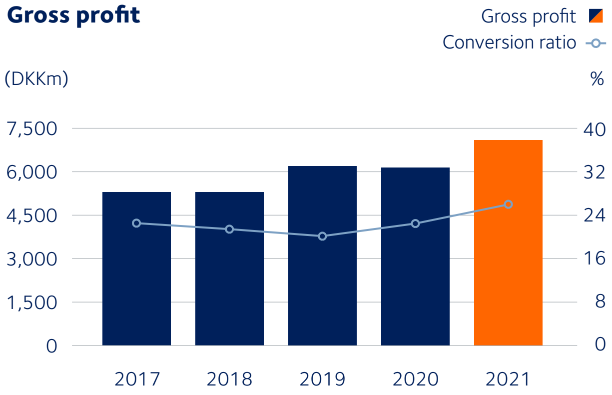
EMEA

95%

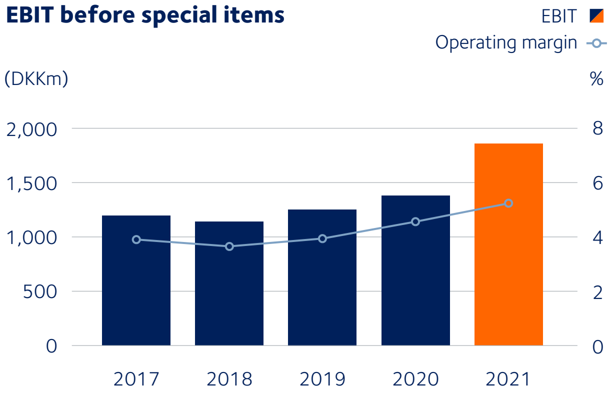
Revenue



Gross profit



EBIT before special items



GIL added new activities to the division in the Middle East and Europe and, in 2021, we also completed the acquisition of Globeflight in South Africa. Integrations are progressing well and both acquisitions have added new capabilities and volume to our network.

Results

DSV Road revenue was DKK 35,416 million in 2021 (2020: DKK 30,395 million) – an annual growth of 16.2%. Our scale and strong network helped us find efficient transport solutions for customers despite disruption, and the growth was driven by organic growth in activity as well as the impact from M&A. A gradual increase in haulier rates and oil prices also had an impact on revenue.

Gross profit was DKK 7,095 million in 2021 (2020: DKK 6,138 million), an annual increase of 15.1%. The division's 2021 gross margin was 20.0% and on level with last year. All regions contributed positively to the growth in both revenue and gross profit.

EBIT before special items was DKK 1,857 million in 2021 compared to DKK 1,390 million in 2020. This 32.6% increase was driven mainly by gross profit increases. The conversion ratio in 2021 rose to 26.2% compared to 22.6% last year. This was driven by higher productivity and the effect of the COVID-19 cost saving initiatives we implemented in 2020.

Net working capital (NWC) was negative by DKK 2,133 million at the end of this year, against a negative DKK 1,310 million at year-end 2020. The increase was a result of higher activity levels in 2021.

Return on invested capital was 20.0% in 2021 (2020: 14.5%), driven by the earnings increase.

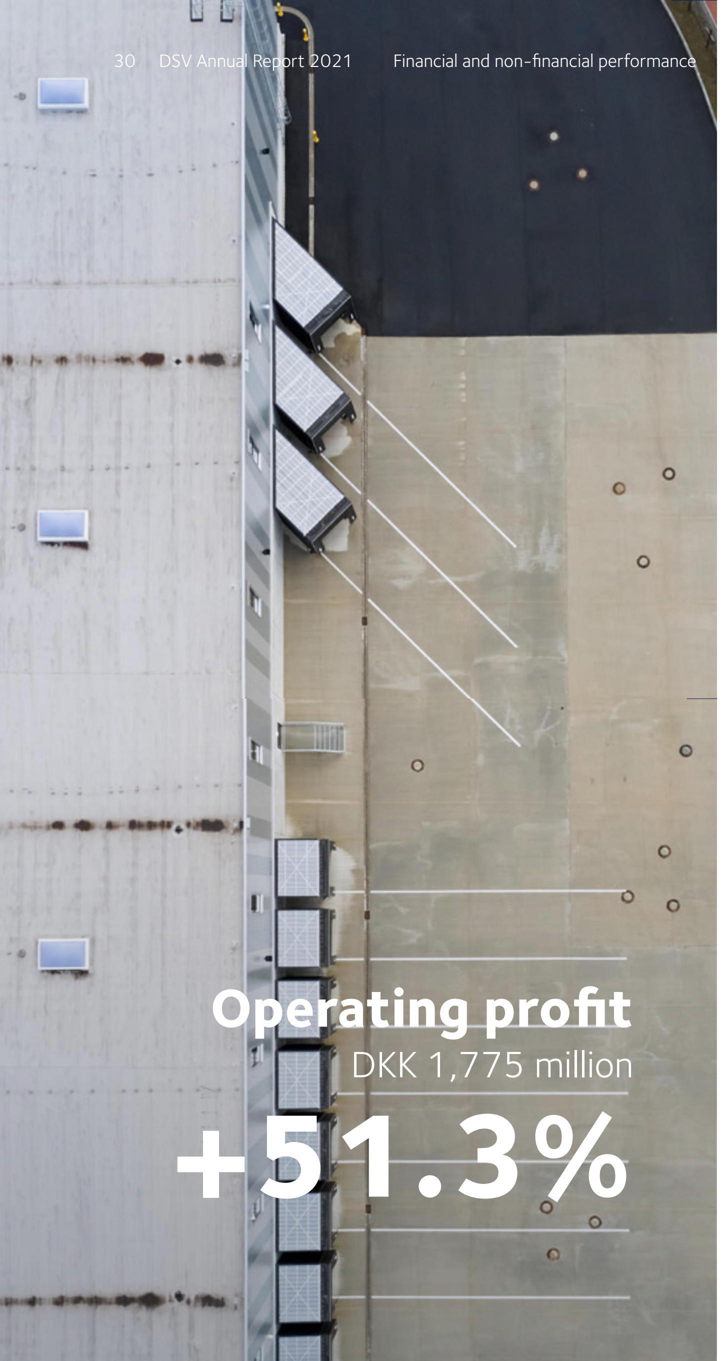
Focus areas in 2022

Our Road Way Forward programme continues in 2022. That includes finalising the proof of concept and rolling out the new transport management systems. It also includes developing our European Groupage services further – as well as our less-than-truckload (LTL) and full-truckload (FTL) activities.

The EU Mobility Package came into force February 2022. While we still do not know how we will implement the new rules in each country, we will work closely with customers and subcontractors to make sure we handle the changes and secure the necessary capacity.

The GIL integration is well underway, and we are looking forward to exploring new Road opportunities in the Middle East. Based on strong 2021 performance, we also expect continued growth in North America and South Africa.

At the end of 2021, we launched our Green Logistics services. In 2022, we look forward to offering more customers these services.



Operating profit
DKK 1,775 million
+51.3%

Solutions

Driven by organic growth and the positive effect of our acquisition of Global Integrated Logistics (GIL), the division reported EBIT before special items of DKK 1,775 million – compared to DKK 1,161 million in 2020.

Condensed income statement and key figures

(DKKm)	**2021**	2020	Growth*
Revenue	18,734	14,608	28.4%
Direct costs	12,081	9,239	
Gross profit	**6,653**	**5,369**	**23.9%**
Other external expenses	1,338	1,089	
Staff costs	1,664	1,449	
Operating profit before amortisation and depreciation (EBITDA) before special items	**3,651**	**2,831**	
Amortisation and depreciation	1,876	1,670	
Operating profit (EBIT) before special items	**1,775**	**1,161**	**51.3%**
Gross margin (%)	35.5	36.8	
Conversion ratio (%)	26.7	21.6	
Operating margin (%)	9.5	7.9	
Number of full-time employees at year end	31,866	21,478	
Total invested capital	20,182	11,370	
Net working capital	1,061	775	
ROIC before tax (%)	11.3	10.0	

* Growth including M&A and in constant currencies.

Market situation

The contract logistics market grew by roughly 6-8% last year compared to 2020. The market had good momentum – with growth across most industries and e-commerce as a major driver. Warehouse capacity is in high demand, especially in Europe and North America, and labour shortages and cost inflation are increasing.

We estimate that DSV Solutions took market share in 2021. This was because of our strong service offering, new warehouse capacity and high utilisation of existing capacity. With GIL on board, the division is well placed for more growth in the coming years.

Strategic and operational highlights

In recent years, the UTi and Panalpina acquisitions strengthened DSV Solutions in North America, South Africa and APAC. Following the integration of GIL into our business this year, our position is even stronger – especially in the Middle East and APAC.

E-commerce grew faster in 2021, as the pandemic changed customers' purchasing patterns. Handling ever-larger goods volumes – as well as dealing with seasonal peaks in online sales – calls for strong, standardised processes and often warehouse automation.

During 2021, we addressed that call, making good progress on several automation projects. We launched DSV Fulfilment Factory: a string of multi-user facilities to help us offer warehouse automation to all sizes of companies with multiple distribution channels, both B2B and B2C. Today, we are operating 4 of 20 planned facilities. That includes Prime Cargo, which we acquired at the end of 2020.

During 2021, Solutions' warehouse utilisation rate was at a record high, and the need for new, efficient warehouses across

Geographic segmentation 2021

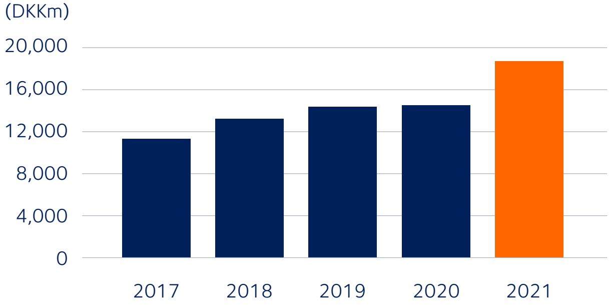
Division gross profit can be broken down into geographical areas:

AMERICAS
18%

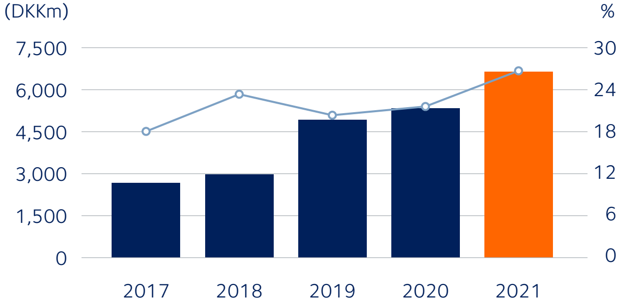
EMEA
71%

APAC
11%

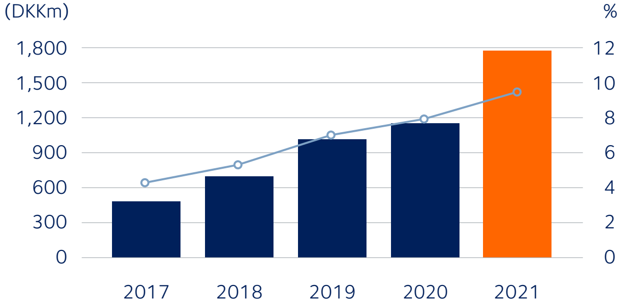
Revenue



Gross profit



EBIT before special items



most markets remains high. During the year, we finished constructing several large, multi-client warehouses in key European, North American and South African markets and we kept working on strategic roadmaps for all regions. This will give us a strong base for organic growth and to continue offering attractive solutions for our customers.

Our new warehouses optimise productivity and space use – maximum pallets per square metre – through higher racking, narrower aisles and automation. We have also made them greener, using the best building standards and technologies to minimise energy consumption for heating, cooling and lighting.

Results

DSV Solutions revenue was DKK 18,734 million in 2021 (2020: DKK 14,608 million), corresponding to an annual growth of 28.4%. The increase was driven by organic growth and by the acquisition of GIL, which extended the reach of the division's activities.

Gross profit was DKK 6,653 million in 2021 (2020: DKK 5,369 million) – an annual increase of 23.9% driven by higher activity and M&A.

The division achieved a gross margin of 35.5% in 2021 compared to 36.8% last year. The gross margin was in line with our internal expectations. It should be noted that the division's 2020 gross margin was influenced by temporary COVID-19 cost savings.

In 2021, EBIT before special items was DKK 1,775 million (2020: DKK 1,161 million). This is an annual increase of 51.3%, driven by good organic performance, improvements in the legacy DSV business and a strong EBIT contribution from GIL.

The conversion ratio was 26.7% this year, compared to 21.6% last year. The improved ratio came from improved productivity and the impact of the COVID-19 cost-saving initiatives we implemented in 2020.

Net working capital (NWC) was DKK 1,061 million at the end of 2021 compared to DKK 775 million last year – mainly because of higher activity levels and the inclusion of GIL into our business.

Driven by the improved EBIT, return on invested capital came to 11.3 % for 2021 compared to 10.0% last year.

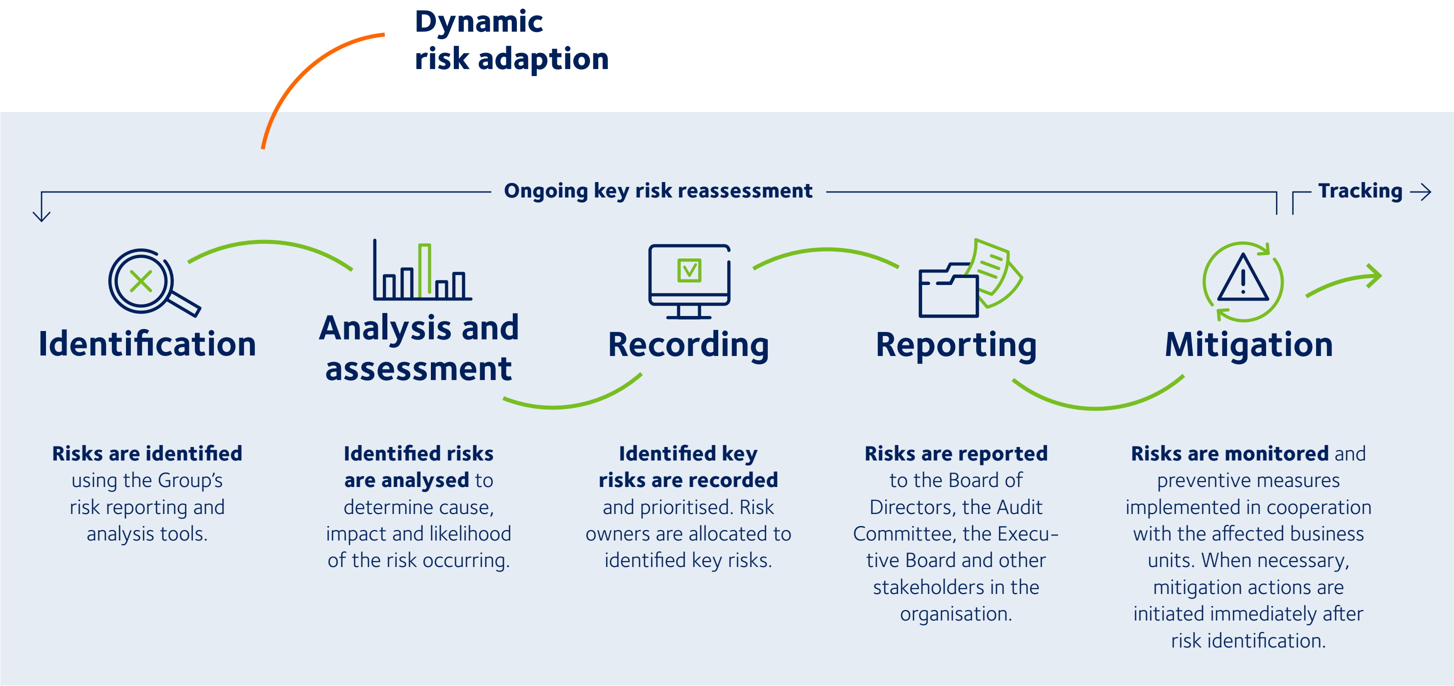
Focus areas in 2022

In the near future, the contract logistics market will be characterised by tight warehousing capacity, cost inflation and labour shortages in several markets. We have a strong organisation, well prepared to navigate these challenges and win new business. An improved healthcare sector offering and new e-commerce products in the Middle East are examples of upcoming commercial initiatives.

GIL is already proving a strong addition to DSV Solutions. The integration will continue, benefiting us and our customers in 2022.

We will continue working on several other strategic projects in 2022. They include carrying on the rollout of DSV Fulfilment Factories and developing our e-commerce services, consolidating and developing new, modern warehouse capacity and continuing to consolidate and optimise our IT infrastructure and back-office workflows.

Risk management



Risk governance structure

As a global freight forwarder, we are exposed to a variety of risks that are inherent to our operations. Managing these risks is an integrated part of our management activities.

Our risk management framework is based on structured risk identification, analysis and reporting processes, all of which provide the basis for risk assessments and subsequent initiation of relevant mitigation actions.

Our flat organisational structure facilitates fast escalation and timely response to issues that may have a material impact on the Group's earnings and financial and strategic targets.

The Board of Directors is responsible for the Group's risk management strategy and the overall framework for identifying and mitigating risks. The Audit Committee supervises compliance with the established framework.

The Executive Board is responsible for the day-to-day risk management processes as well as the continuous development of the Group's risk management activities.

Risk management

Our risk management process is structured into two parallel tracks:

1. Operational risk management – comprising continuous handling of various identified risks resulting from our normal day-to-day operations;
2. Strategic risk management – addressing key risks and the more strategic mid- to long-term risk scenario in which we operate.

Operational risk management

Every week, operational risks and other matters of importance that arise as part of the daily operation of our business are gathered across the organisation, processed, and subsequently reported to the Executive Board and senior management. The reporting also includes information on actions taken to mitigate risks.

This weekly operational risk reporting forms the basis for the Executive Board's day-to-day risk management activities and serves as input for the regular reporting to the Board of Directors and the Audit Committee.

The weekly operational risk reporting is also distributed at all management levels across the organisation to create awareness and support proper knowledge sharing on risks and other matters of importance to the Group.

Strategic risk management

The operational risk management process is followed up annually by high-level strategic risk assessments. They focus on identifying and mapping the key risks and climate risks facing the Group.

These assessments are based on input from the operational risk management process and from an extensive risk survey involving a large number of key employees across functions, departments and regions.

The key risks identified are addressed by the Executive Board and assigned to risk owners within the Group to make sure that relevant preventive measures are implemented. In line with the established framework, the key risks are reported to the Audit Committee and the Board of Directors.

Key risk analysis

Our daily operations involve various financial risks; however, these are not considered key risks. Our financial risks are monitored by our Group Finance departments to ensure a high level of management attention on the effectiveness of our hedging strategies. Please refer to Chapter 4 of the notes for additional information on our financial risks.

Key risk assessment 2021

The latest assessment of the Group's internal and external strategic risks was carried out in Q4 2021.

The analysis reconfirmed the seven overall key risk areas, also identified in previous years, which may have a significant impact on the Group's earnings, financial position and our ability to achieve other strategic objectives – should these risks materialise.

In 2021, climate risk – that is, the risk that DSV fails to mitigate and adapt to the inherent risks of climate change – has been added to the list of key risks.

The results of the risk analysis are presented in the adjacent risk map and described in greater detail in the following pages. The indicated likelihood of occurrence and worst-case annual EBIT impact are based on our best estimates, taking mitigation strategies into consideration. However, we wish to mention that these scenarios are associated with some degree of uncertainty.

Key risk map

IT

System and process breakdowns

Risk description

IT systems, networks and related processes are crucial to our day-to-day operations – from the delivery of our core logistics services to our analytic capabilities and reporting to the financial markets.

This makes us vulnerable to system outages, cyberattacks and failed IT implementation.

We rely on the scalability of our systems, continuous innovation and improvement of our IT landscape to be able to offer competitive services that meet our customers' expectations; to improve our productivity; and to respond to new business opportunities as they arise. Our current Road Way Forward project is a good example of a strategic IT project.

Mitigation strategies

Consolidation, centralisation and standardisation of our systems and processes are cornerstones of our IT strategy. This strategy also applies to acquired companies, which we move to our operational and administrative IT platforms as quickly as possible, only retaining systems that add additional value and which are not duplicated by our existing systems.

Our Group IT department oversees IT risks globally. In cooperation with the rest of the organisation, Group IT undertakes the implementation and operation of uniform systems, standards and controls; the decommissioning of redundant systems; and oversees the coordinated reporting on operational status, security risks, etc.

We focus on rolling out centrally managed solutions worldwide to reduce the number of software and hardware applications in use. This allows for central management and monitoring of platforms, master data, control systems and security functions.

The Executive Board always sponsors strategic IT projects, ensuring that relevant and sufficient resources are allocated to the projects and that proactive monitoring is in place – and notifies Management if implementation starts deviating from plan.

Risk assessment 2021

In 2021, we experienced stable performance from our IT and security systems – both in terms of operational stability and mitigation of cyberattacks, phishing attempts and other IT security risks. This track record was achieved while still facing the challenge of running our business with parts of our organisation working from home and other related challenges wrought by the COVID-19 pandemic.

During the year, we also continued to invest and develop our IT infrastructure and related processes, roll-out of centralised operational and reporting systems, and extend our IT security measures.

The acquisition of Agility's Global Integrated Logistics (GIL) in August 2021 has meant taking over a number of systems, servers and data centers, although not to the same extent as was the case for our Panalpina acquisition in 2019. The move of GIL operations and people to the DSV IT platform is therefore expected to be executed faster and with less risks than in previous acquisitions.

Everything considered, the IT risk of the Group remains on par with last year, with a slight drop in risk of occurrence.

Macro-economy

Recession and regional exposure

Risk description

An economic recession triggered by e.g. geopolitical events, distortion of the financial markets or a global pandemic, will indirectly impact our activity levels and consequently our financial results.

Similarly, protectionist measures enacted by the major world economic powers can have a negative impact on overall economic growth, although restrictions may be counterbalanced to some extent by increasing domestic activities and demand for customs clearance and other logistics services.

Finally, changing industry and consumer patterns leading to lower global trade volumes – e.g., as a consequence of increasing environmental awareness – is something we monitor closely, although we have yet to see any impact of this on our business.

Mitigation strategies

To diversify our geographical exposure, we have for several years focused on organic and acquisitive growth outside Europe, which has historically been our main market.

We combine this strategy with a continued focus on staying true to our asset-light business model and paying great attention to process and cost optimisation.

Our asset-light approach implies that the majority of our terminals, warehouses and operational equipment are leased on short- to medium-term contracts, with the average duration closely monitored to accommodate capacity requirements.

This allows us to quickly adapt to any potential slowdown in individual markets. We have a history of stable earnings margins, even in periods of declining freight volumes.

Risk assessment 2021

The global economic impact of the COVID-19 pandemic has, similar to the previous year, been high on the agenda for 2021. However, by taking advantage of our scalable business model, emphasising a dedicated focus on keeping costs in check, and by executing on the business opportunities emerging from the distortion to the global supply chains wrought by the pandemic, we have still managed to deliver all-time high financial results.

This achievement – combined with the power of scale, more diversified regional exposure, and the freight forwarding opportunities gained by the Panalpina acquisition in 2019 and the acquisition of GIL in August 2021 – has further strengthened our business. It has also made us less vulnerable to changes in the European economy compared to before the acquisitions and allowed us to better ride the storm in scenarios of global downturns.

As such, the macroeconomic risk exposure of the Group is considered largely unchanged from last year.

Employees

Retention and attraction failure

Risk description

Employees are a vital resource to DSV.

Our business depends on highly-qualified management teams and employees with technical and operational qualifications at all organisational levels – who are capable of handling situations that are out of the ordinary and collectively contributing to the Group's financial results.

Failure to attract new talent or to retain existing, experienced key employees can potentially have long-term consequences for the operational, strategic and financial development of the Group.

Mitigation strategies

To retain and attract the right colleagues, we strive to ensure that our company is an attractive place to work.

Across the organisation, we aim to offer a supportive and inspiring working environment for all employees. This includes a good and safe physical environment in offices and warehouses, user-friendly IT systems and a healthy psychological environment – all of which are to be ensured through good leadership, transparency and mutual respect.

We have established a performance culture based on employee empowerment, enabling our employees to influence their everyday work life. Additionally, we offer clear career-advancing opportunities to talented employees.

We implement this strategy through several initiatives driven by both local management teams and our Group HR department. Examples include our updated Inclusion and Diversity Policy, employer branding activities and talent development programmes.

Risk assessment 2021

Although the world has been through a global pandemic in the past years – which has had a derived effect on the global economy – this has not affected the job market for skilled and experienced specialists or managers. In fact, many of the countries in which we operate are experiencing heated job markets, making it challenging to recruit new candidates for open positions and retain existing colleagues.

During integrations we strive to maintain a high level of information towards the staff and to carry out the changes as quickly as possible, to avoid a prolonged period of uncertainty.

Still, the acquisition and integration of GIL will inherently carry uncertainties when it comes to key employee retention in both the DSV and former GIL organisations, as a consequence of the restructuring and reorganisations taking place during the integration phase.

We are seeing these challenges reflected in our employee turnover rate, although still at a manageable level. Still, as a consequence, the employee key risk has slightly increased in 2021.

Compliance

Fines, claims and damages, etc.

Risk description

At all levels of our organisation and in all the countries we do business, we are committed to honest and ethical business practices and complying with all relevant local regulations.

As a result of our global operations, we are subject to extensive national and international regulatory requirements. In particular, regulations relating to tax, customs, VAT, data privacy and competition law continue to increase in scope and complexity. Trade embargoes impacting international transports is another area undergoing continuous changes.

Cases of non-compliance may carry a long-term impact on our public reputation, which may negatively impact relationships with our customers and other stakeholders. Additionally, cases of non-compliance may lead to fines, claims, etc., for the Group, our Management and employees.

Mitigation strategies

'We do not deal in compliance' is a mantra which is well-known throughout the DSV organisation. The high standards are set not only to safeguard the company and its employees, but simply because we believe it is the right thing to do.

Our internal procedures, systems and employee training programmes are designed to ensure compliance with relevant legislation and our Code of Conduct.

Our compliance framework is integrated into our business processes, containing clear guidelines on how to identify compliance-related issues and how to act accordingly. In addition, communicating and creating awareness of relevant issues is high on our agenda, enacted through regular news updates, global newsletters, webcasts and internal conferences.

Significant compliance-related risks are monitored and managed at Group level in close cooperation with the local business units.

Risk assessment 2021

Following the trend from previous years, regulatory requirements continue to expand in scope and complexity within areas such as international taxation and transfer pricing, GDPR (data privacy) and goods/country restrictions.

This year's acquisition of GIL has added further to this complexity, as the acquisition implied taking over new business activities, which, until fully integrated, implied an increased risk of non-conformance with existing DSV compliance processes.

However, our previous history of successful integration of acquired businesses into our compliance framework reassures us that we will manage similarly on the GIL acquisition.

With regulatory complexity remaining high and the GIL acquisition adding additional complexity, the overall compliance risk exposure is considered to be largely on par with last year.

M&A

Acquisitions and integration failure

Risk description

Growth through acquisitions is fundamental to our corporate strategy, and the current DSV network is, to a large extent, a result of past strategic acquisitions.

Acquisitions always entail a risk of unsuccessful integration of the acquired company, which could result in cost synergies, strategic advantages and economies of scale being delayed or not fully realised.

Deciding on, and carrying out, the wrong acquisition may be costly and take up valuable resources that could have been spent on other potential acquisition candidates.

Mitigation strategies

We have a history of successful integration of acquired companies and realisation of expected synergies. This rests on several factors. First of all, we stress the importance that any potential acquiree matches our business model. During the due diligence process, we make sure to involve the right people from our organisation, considering all vital aspects of the business.

Our IT, reporting and operational systems are designed to be scalable and to accommodate effective integration. This means that we are able to integrate acquired companies quickly.

Large integrations are headed by an integration board, and the activities are organised into work streams (operational, commercial, financial, IT, legal, tax, etc.). Each work stream reports systematically on the progress and risks during the entire process. The integration of operational activities is anchored with and led by local management teams, based on guidance from Group Management. Local ownership ensures that acquired activities are well integrated.

Risk assessment 2021

In August 2021, DSV acquired GIL in a DKK 30 billion business combination – making this the second-largest acquisition in the history of our company.

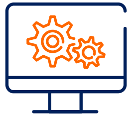
An acquisition of this magnitude inherently implies an increased risk of a negative financial impact occurring, should the integration fail and the expected synergies not be fully realised.

As GIL is a well-run business, the experienced integration management teams from previous DSV acquisitions intact, and the processes and lessons learned from the UTi and Panalpina acquisitions fresh in mind, the added risk of the GIL acquisition is considered manageable.

The integration is progressing according to plan. As there is still some way to go before the GIL integration is complete, the M&A risk exposure is still considered slightly higher in 2021 compared to last year. However, the increase in risk is not at the same level as during previous acquisitions for the reasons previously mentioned.

Technology

Disruption and technological adoption



Risk description

As with most industries, the freight forwarding business is undergoing gradual changes in terms of technological developments as well as the competitive landscape, driven by both existing players and new entrants to the market.

Currently, digitalisation and automation of processes (quoting, booking, tracking, reporting and billing) are the most significant developments in the freight forwarding industry. These developments imply an opportunity to optimise workflows and increase productivity, while also providing higher levels of service and product offerings to our customers.

Failure to keep up with, adapt to and utilise these new technological opportunities will lead to gradual long-term loss of market share and earnings.

Mitigation strategies

Our overall mitigation approach focuses on monitoring of the logistics market, technologies, customer offerings and other processes that could potentially impact the way we do business. As highlighted in 'A responsive approach to technology and digitalisation' (page 17), we see new technologies as opportunities, not threats – and we are open to new ideas and ways of working.

We focus on developing our services, systems and operational procedures to ensure that we have a strong and competitive product offering that meets customer needs and enables us to remain price competitive. The aim of our IT strategy is to ensure that we can continue to benefit from our scale and global network in the future as a classic freight forwarder, while increasing our digital competences and utilising the benefits of technology.

An indirect impact of new technologies and changes in the competitive landscape is that some of the basic freight forwarding services are becoming increasingly commoditised, leading to increasing price pressure. To compensate for this, we continuously seek to increase the scope of value-added services towards our customers.

Risk assessment 2021

Failure to adapt the existing DSV business model to new technologies, services or other related business opportunities is a risk that we take seriously.

However, even though new technologies and related new ways of doing business continue to emerge, we are still to see new innovations that will have the potential to impact our core business in any significant way in the near future.

Likewise, we feel confident that our current technological initiatives will help us to stay competitive and on a par with developments in our industry.

Consequently, the potential financial impact and likelihood of technology risks occurring remain largely unchanged from last year.

Commercial

Failure to execute on organic growth strategy

Risk description

With the acquisitions of UTi Worldwide in 2016, Panalpina in 2019 and GIL in 2021, DSV has grown significantly in a few years, more than tripling our revenue and the number of employees of the Group.

Our network and market position have been strengthened, but the growth also carries challenges. While we integrate acquired companies and as we grow, we must maintain a strong commercial focus and collaboration across the organisation.

Most of all, we must retain the focus on our customer's needs, adapt to market changes and develop our services to ensure that we have a clear value proposition in the market. If we fail to adapt to these changes, our ability to execute on our organic growth strategy will be impaired and the long-term financial results of the Group will be impacted.

Mitigation strategies

Managing our commercial risk is anchored with the Executive Board and the Group Executive Committee. In this forum, strategic initiatives are aligned and our commercial threats and opportunities are explored. For each of our business areas we define the overall strategy and purpose, our value proposition and which customer segments we target.

In 2021 the executive board was expanded, and it is a part of the new COO role to support the strategic planning and drive strategic execution across the organisation.

Through regular business reviews with divisions and our operational companies in each country, Executive Management ensures that each division and country is aligned with the Group's strategy and policies. The business reviews include financial performance, market situation, organisation, local strategic initiatives, etc.

Risk assessment 2021

During 2021, the organisation has made good progress on several strategic projects to support future organic growth.

In both Road and Solutions, it is our estimate that we have taken market shares in 2021, thanks to our strong market position, services and our dedicated teams. In Air & Sea, the disruption of the global markets meant that we focused more on servicing existing customers than on winning new business. The acquisition of GIL further impaired our ability to gain market shares short term, as parts of our organisation have been working on the integration of GIL and retaining its customers.

We go into 2022 with a stronger market position than ever, and as we gradually put the GIL integration behind us, we are in a good position to get back on the organic growth path in Air & Sea the coming years. The risk assessment is unchanged from last year and management will continue to ensure that our organisation has the right commercial focus and works closely together in order to gain market share.

Climate

Failure to adapt to and mitigate risks from climate change

Risk description

The long-term negative effects of climate change suggested by the UN and other organisations have the potential of significantly impacting our industry. As such, it is a risk that we monitor closely.

Associated risks may manifest themselves as physical disruptions of our logistic sites and operations or other forms of disruption in the global transport lanes, triggered by an increasing number of extreme weather events such as floods, storms and heatwaves.

Higher cost and complexity in running our business as a result of increasing climate regulations, taxations and customer requirements may also impact the financial results of our company – to the extent that we are not able to transfer the associated costs to our customers.

Finally, increasing consumer climate awareness may also carry changes in global supply and demand patterns, resulting in supply chains moving closer to home markets. This could have a dampening effect on the long-term growth potential on the intercontinental transport lanes.

Mitigation strategies

Like other areas, risk management for this area is anchored with the Board of Directors. Furthermore, our Sustainability Board, headed up by the Group CEO, is the executive management lead when it comes to identifying, assessing and reporting on the development in climate-related risk.

Our asset-light model enables us to adapt to changes in the market, as we have not invested in specific transport equipment.

As part of our mitigation strategy, we include the potential impact from climate changes when we plan our physical infrastructure. For example, our new warehouses are designed to resist more extreme weather and we choose locations where the risk of flooding is reduced.

To address the longer-term risk from climate change, we remain dedicated to contributing to reducing global CO_2 emissions through our commitment to the Science Based Targets initiative. We aim to achieve this through a number of initiatives, such as continuing to invest in a modern and energy-efficient infrastructure and supporting green innovations.

Risk assessment 2021

As reflected in our risk map, we are currently not seeing any significant financial impact on our business operations as a direct result of climate change.

2021 was the first year we applied a climate risk assessment based on the principles from Task Force on Climate-related Financial Disclosures (TCFD). The assessment helps guide us and improves our internal understanding of the impact of climate change on our business.

Taking into consideration the potential extreme long-term climate change scenarios projected by the UN and others, this may very well change in the future. However, at the current stage, making any projections on the long-term effects on our business involves a significant degree of uncertainty and guesswork.

For additional details and results on our 2021 Task Force on Climate-related Financial Disclosures (TCFD) climate risk assessment, please see the DSV Sustainability Report 2021: https://www.dsv.com/en/sustainability-reports

Corporate governance

Management structure

Together, the Board of Directors and the Executive Board form the governing body of DSV. The ultimate authority rests with the shareholders at the General Meeting.

The Board of Directors outlines and supervises the overall vision, strategy and objectives of the Group's business activities.

The Executive Board is responsible for the execution of the strategy, the objectives set for the business and the overall day-to-day management of the Group. It also contributes essential input to support the work done by the Board of Directors.

The Board of Directors is responsible for setting up audit, nomination and remuneration committees to perform various preparatory tasks relating to key areas of responsibility of the Board.

The allocation of responsibilities between the Board of Directors and the Executive Board is defined by our Rules of Procedure.

Division Management is responsible for the day-to-day management of the operational activities in the divisions, all of which are supported by centralised Group functions.

Composition of the Executive Board

In October 2021, the Executive Board was expanded as Michael Ebbe – former Deputy Group CFO – joined the Board and took up the position as new CFO of the Group. Michael Ebbe has been with DSV for more than 15 years. Former Group CFO, Jens Lund took up a new position as Group COO and Vice CEO responsible for developing and optimising the business, our digital strategy, IT operations and the continued strengthening of the Group's infrastructure and global network. As such, the Executive Board now consists of three members.

Executive Board

Jens Bjørn Andersen

Office	CEO
Member since	2008
Born	1966

Jens H. Lund

Office	COO and Vice CEO
Member since	2002
Born	1969

Michael Ebbe

Office	CFO
Member since	2021
Born	1970

Board of Directors

Composition of the Board of Directors

In accordance with DSV's Articles of Association, the Board of Directors must comprise at least five and not more than nine Directors. Directors are elected for a term of one year, and new Directors are elected according to the Danish Companies Act.

In September 2021, Tarek Sultan Al-Essa joined the Board following the acquisition of Agility's Global Integrated Logistics (GIL). As previous CEO and current Deputy Chairman of Agility Public Warehousing Company K.S.C.P., Tarek joins with substantial management experience within the shipping and logistics industry and furthermore brings extended ESG experience to the Board.

Competencies of the Board

The composition of the Board of Directors is intended to ensure that the Board's competency profile is diverse so that it is able to perform its duties effectively. Overboarding is also taken into consideration when evaluating the Board's composition.

The current competencies required of Board members are: knowledge of the transport sector, international commercial experience as well as experience in strategy, M&A, risk management, IT, human resources and accounting.

See page 41 for a description of the individual Directors' competencies and experience.

Board of Directors' self-evaluation

Once a year, the Board of Directors performs a general evaluation of the composition and competencies of the Board as well as the results achieved that year. In this regard, diversity, overboarding, internal management cooperation, succession planning and focus areas for the coming year are also considered.

The Chairman of the Board is responsible for initiating and running the evaluation process. When completed, a report is presented to and discussed by the Board.

In 2021, the Board of Directors has drawn on external help to conduct the annual self-evaluation.

The use of an external advisor helps to ensure an independent perspective on the Board of Directors' work, reflecting an outside view of what would otherwise be a purely internal assessment.

The evaluation process starts with the Board of Directors defining the scope of the self-evaluation, taking into account recommendations presented by the external advisor.

The evaluation itself is prepared using a mix of questionnaires and interviews. All findings are analysed and collated in a feedback report, which is subsequently presented to the Board of Directors.

One of the key topics arising from the self-evaluation process this year centred around the Board's mix of competencies in relation to operating in a fast-changing world and being able to address current developments within ESG and digitalisation, in particular.

The report on the self-evaluation process concluded that no significant remarks or actions were necessary. The report also validated that the current composition of the Board was appropriate.

As such, the Board is considered to have the right competencies to ensure the long-term value creation for our shareholders. The Board's current mix of competencies will be used as guidance for the composition of our Board of Directors in the future.

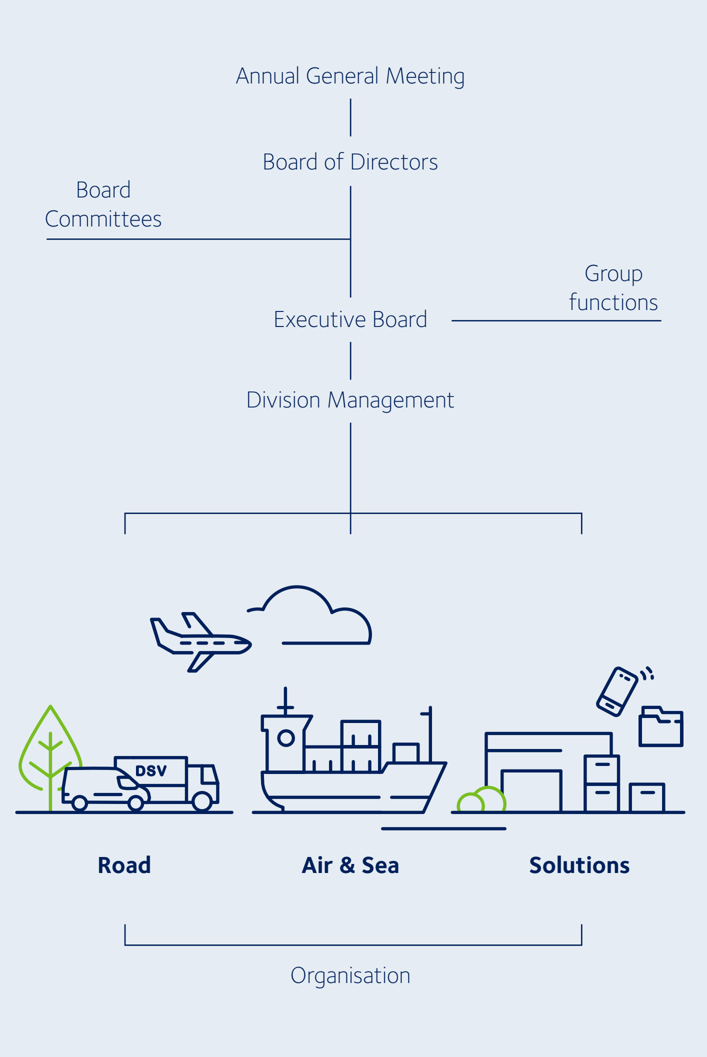
Board meetings

In 2021, the Board of Directors held nine ordinary and three extraordinary board meetings. The agenda for each meeting is defined according to the annual cycle of the Board to ensure that the strategic and operational policy framework of the Group is reviewed and always up to date.

Besides the work laid down in the annual cycle, the Board mainly focused on the acquisition of Global Integrated Logistics (GIL) in 2021 as well as adapting the business to the consequences of the COVID-19 pandemic.

Meeting attendance 2021

	Board of Directors	Audit Committee	Nomination Committee	Remuneration Committee
Thomas Plenborg	12/12	3/3	2/2	2/2
Jørgen Møller	12/12	-	2/2	2/2
Annette Sadolin	12/12	3/3	-	-
Birgit W. Nørgaard	12/12	-	2/2	-
Marie-Louise Aamund	12/12	3/3	-	-
Beat Walti	12/12	-	-	2/2
Niels Smedegaard	12/12	2/3	-	-
Tarek Sultan Al-Essa (elected September 2021)	2/2	-	-	-



Board committees

Three committees assist the Board of Directors within each of their areas of responsibility. They evaluate and assess all material presented to the Board of Directors to make sure that the Board of Directors has a solid and informed basis for making its decisions.

The rules of procedure for the three committees are available at: https://www.dsv.com/en/board-committees

Remuneration of the Board of Directors and the Executive Board

Remuneration policy

Remuneration of the Board of Directors and the Executive Board is carried out in accordance with the DSV Remuneration Policy as adopted by the Annual General Meeting.

The purpose of the Remuneration Policy is to ensure that DSV is able to attract and retain a qualified management team, to align management and shareholder interest, and to create sufficient incentive for the long-term value creation of the Company.

At the Extraordinary General Meeting held in September 2021, an updated Remuneration Policy was approved. Changes included the introduction of ESG variables as basis for the granting of variable remuneration as well as the removal of the option to grant discretionary bonuses to the Executive Board.

The new DSV Remuneration Policy is available at: https://www.dsv.com/en/remuneration-policy

Remuneration report

The remuneration of the members of the Board of Directors and the Executive Board is reported separately in the DSV Remuneration Report.

The report is prepared in accordance with section 139b of the Danish Companies Act and the Danish Recommendations on Corporate Governance and is available at: https://www.dsv.com/en/remuneration-reports

Report on Corporate Governance cf. section 107b of the Danish Financial Statements Act

In managing DSV, the Board of Directors apply the latest Recommendations on Corporate Governance issued by the Danish Committee on Corporate Governance.

The Board uses the Recommendations for guidance when setting up management structures, tasks and procedures and checks against them to make sure that we are acting in accordance with the principal intentions of the Recommendations. The Board regularly assesses its procedures based on the Recommendations.

DSV fully abided by the Recommendations in 2021.

Adherence to the Recommendations – including reporting on internal controls and risk management systems applied as basis for the financial reporting process – is reported in the Statutory Report on Corporate Governance available at https://www.dsv.com/en/governance-reports

Reporting on Data Ethics policies cf. section 99d of the Danish Financial Statements Act

We report separately on our policies and approach to Data Ethics in accordance with section 99d of the Danish Financial Statements Act. This report is found in our Statutory Report on Data Ethics, available at: https://www.dsv.com/en/data-ethics

Board of Directors

Thomas Plenborg

Office	Chairman
Member since	2011
Up for re-election	Yes
Born	1967

Committee

Audit Committee	Member
Nomination Committee	Chairman
Remuneration Committee	Chairman

Skills and experience
- Management experience from directorships and honorary offices
- Strategy and financial management
- Professor of accounting and auditing at Copenhagen Business School

Jørgen Møller

Office	Deputy Chairman
Member since	2015
Up for re-election	Yes
Born	1950

Committee

Audit Committee	-
Nomination Committee	Member
Remuneration Committee	Member

Skills and experience
- General international management experience
- Extensive experience in shipping and logistics (industry expert)
- CEO of DSV Air & Sea Holding A/S 2002-2015

Annette Sadolin

Office	Member
Member since	2009
Up for re-election	No
Born	1947

Committee

Audit Committee	Chairman
Nomination Committee	-
Remuneration Committee	-

Skills and experience
- General international management experience
- Acquisition and divestment of enterprises

Other Board positions

ME KNI A/S

Beat Walti

Office	Member
Member since	2019
Up for re-election	Yes
Born	1968

Committee

Audit Committee	-
Nomination Committee	-
Remuneration Committee	Member

Skills and experience
- Professional board and general management experience
- Acquisition and divestment of enterprises
- Dr. jur. and legal experience serving as an attorney-at-law

Other Board positions

CM Ernst Göhner Foundation, Zurzach Care AG
DC Rahn AG
ME EGS Beteiligungen Ltd, Wenger Vieli AG

Marie-Louise Aamund

Office	Member
Member since	2019
Up for re-election	Yes
Born	1969

Committee

Audit Committee	Member
Nomination Committee	-
Remuneration Committee	-

Skills and experience
- General international management experience
- International tech leadership experience from Microsoft, IBM and Google
- Digital transformation and sustainability
- Acquisition and divestment of enterprises

Other Board positions

CM Thinkproject GmbH
ME The Lego Foundation
ME KIRKBI A/S
ME WS Audiology A/S

Birgit W. Nørgaard

Office	Member
Member since	2010
Up for re-election	Yes
Born	1958

Committee

Audit Committee	-
Nomination Committee	Member
Remuneration Committee	-

Skills and experience
- General international management experience
- Acquisition and divestment of enterprises
- Strategy and financial management

Other Board positions

CM NO Invest A/S and two related subsidiaries
DC NNE A/S
DC The Danish Council for ICT
DC Dansk Vækstkapital I
ME Dansk Vækstkapital II
ME NCC AB*
ME ABP Asspcoated British Ports
ME WSP Global Inc.*
ME RGS Nordic A/S
ME Consolis Group SAS

Niels Smedegaard

Office	Member
Member since	2020
Up for re-election	Yes
Born	1962

Committee

Audit Committee	Member
Nomination Committee	-
Remuneration Committee	-

Skills and experience
- General international management experience
- Extensive experience in shipping, logistics and the airline industry (industry expert)
- Acquisition and divestment of enterprises

Other Board positions

CM ISS A/S*
CM Molslinjen A/S
CM Abacus Medicine A/S
CM Bikubenfonden
ME Falck A/S
ME UK P&I
ME TT Club

Tarek Sultan Al-Essa

Office	Member
Member since	2021
Up for re-election	Yes
Born	1964

Committee

Audit Committee	-
Nomination Committee	-
Remuneration Committee	-

Skills and experience
- Extensive experience in shipping and logistics
- Acquisition and sale of enterprises
- General international management experience
- Extensive insight in Environmental, Social and Governance regulation (ESG expert)

Other Board positions

DC Agility Public Warehousing Company K.S.C.P.*

CM = Chairman DC = Deputy Chairman ME = Member * = Listed company

Shareholder information

Share price performance in 2021

At year-end, the closing price for DSV shares on Nasdaq Copenhagen was DKK 1,527.5 – up 49.8% since year-end 2020. During the same period, the Danish C25 Index increased by 17.2%.

The average daily trading volume of DSV shares on Nasdaq Copenhagen was 358,548 shares in 2021 (0.1% of shares issued).

At year-end, DSV's market capitalisation (excluding treasury shares) was DKK 358 billion against DKK 231 billion at the end of 2020.

Ownership

On 31 December 2021, DSV had 86,073 registered shareholders. The registered shares totalled 233 million, corresponding to 97.1% of the share capital. The 25 largest shareholders owned 59.6% of the free-floating share capital.

DSV has no majority shareholders.

Shareholders owning more than 5% of the share capital in DSV A/S according to latest shareholding notifications, are:

- Ernst Göhner Stiftung, Switzerland (9.7%)
- Agility Public Warehousing Company K.S.C.P, Kuwait (8.0%)
- BlackRock, Inc., USA (7.8%)
- Capital Group Companies, Inc., USA (5.1%)
- Morgan Stanley, USA (5.0%)

Cash distribution to shareholders

Our capital allocation principles are described on page 19. DSV has increased both share buybacks and dividend paid over the last five years.

Share buyback and treasury shares

In 2021, DSV acquired 13.3 million treasury shares at a total purchase price of DKK 17,841 million (average purchase price DKK 1,341.0 per share).

During 2021, 6 million treasury shares were cancelled in connection with reduction of the registered share capital.

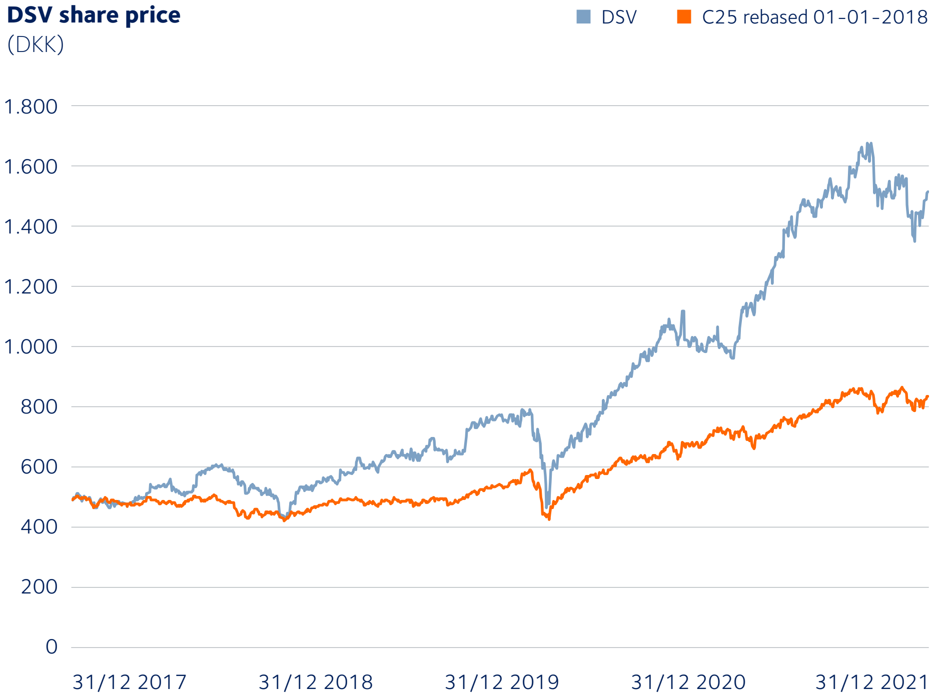
On 31 December 2021, DSV held 5.8 million shares as treasury shares, corresponding to 2.43% of the share capital.

On 8 February 2022, our portfolio of treasury shares amounted to 6.6 million shares.

Throughout 2021, we have engaged in three share buyback programmes. The purpose of these was to accommodate the exercise of share options under incentive schemes and to adjust the capital structure in accordance with the financial targets.

The shares were acquired under the authorisation of the Annual General Meeting and in compliance with the Safe Harbour principles.

DSV share price
(DKK)



Shares issued

('000)	2017	2018	2019	2020	**2021**
Number of shares issued	190,000	188,000	235,000	230,000	240,000
Average number of shares issued during the past 12 months	186,028	182,092	198,273	227,246	227,501
Average diluted number of shares during the past 12 months	189,112	185,287	201,405	231,576	232,639

Financial calendar

The financial calendar for 2022 is as follows:

Annual General Meeting
17 March

Q1 2022 Report
27 April

H1 2022 Report
26 July

Q3 2022 Report
25 October

Dividends

The Board of Directors proposes an ordinary dividend of DKK 5.5 per share for 2021. The ordinary dividend per share in 2020 was DKK 4.00.

Authorities granted to the Board of Directors

The following authorities have been granted to the Board of Directors:

- to increase DSV's share capital by issuing up to 48 million shares with or without pre-emptive rights for existing shareholders. This authority remains valid until 8 September 2026; and
- to acquire up to 22.4 million own shares, of which 10.4 million was utilised as per 8 February 2022. This authority remains valid until 15 March 2026. At the next Annual General Meeting, the Board of Directors intends to propose a renewal of this authority.

Share capital reduction

Following the acquisition of treasury shares, the Board of Directors intends to propose to the 2022 Annual General Meeting that the Board be authorised to reduce the share capital by a nominal value of DKK 6 million.

Communication with shareholders

Through open and proactive communication, we wish to provide the basis for fair and efficient pricing of the DSV share.

To keep investors and other stakeholders up to date with the latest developments, our Executive Management host conference calls following the release of financial results. Throughout the year, Executive Management and Investor Relations stay in close contact with existing and potential investors as well as market analysts, engaging with them through virtual roadshows and virtual conferences hosted by various brokers.

We observe a four-week silent period prior to the publication of annual and interim reports. DSV is covered by approximately 25 equity analysts. For more information about analyst coverage, please visit investor.dsv.com

DSV share data

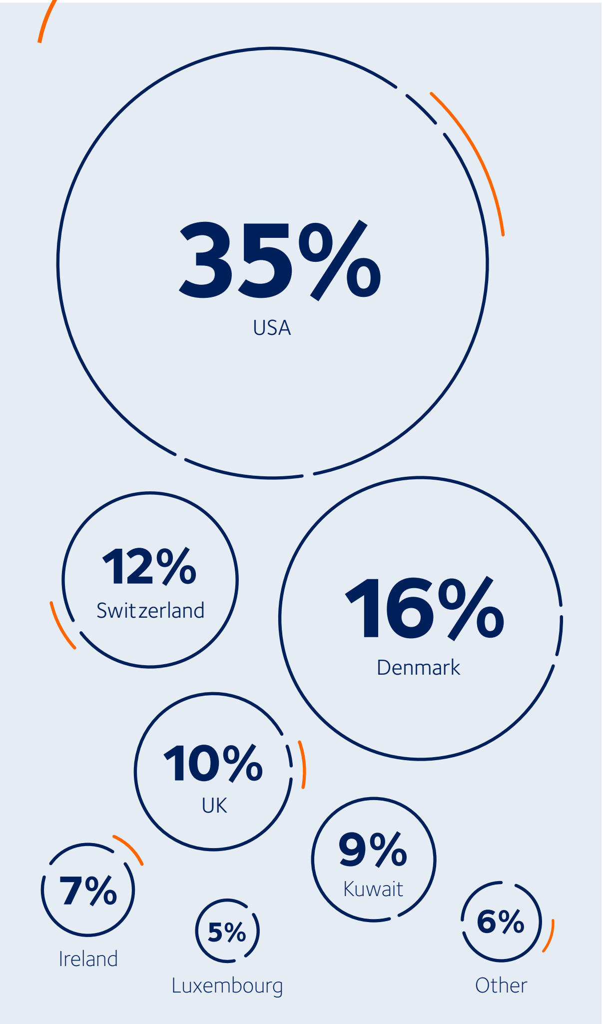
Number of shares of DKK 1 on 31 Dec. 2021	240,000,000
Share classes	1
Restrictions on transferability and voting rights	None
Listed	Nasdaq Copenhagen
Trading symbol	DSV
ISIN code	DK0060079531

Company announcements

In 2021, we published 83 company announcements (Nos. 853-935). The most important of these are listed in the chart below:

10 Feb.	No. 861	Annual Report 2020
15 Mar.	No. 873	Annual General Meeting
27 Apr.	No. 881	DSV to acquire Agility's Global Integrated Logistics Business
27 Apr.	No. 882	Interim Financial Report – Q1
11 Jun.	No. 890	Upgrade of financial outlook for 2021
29 Jul.	No. 900	Interim Financial Report – Q2
16 Aug.	No 903	Capital increase by DKK 16,000,000
16 Aug.	No. 904	Completion of the acquisition of Agility's Global Integrated Logistics Business
8 Sep.	No. 913	Extraordinary General Meeting of DSV A/S 8 September 2021
11 Oct.	No. 920	Trading update for Q3 2021 and upgrade of financial outlook for 2021
26 Oct.	No. 924	Interim Financial Report – Q3
26 Oct.	No. 926	DSV expands Executive Board

The geographical distribution of our shareholders



Quarterly financial highlights

	2021					2020				
	Q1	Q2	Q3	Q4	**Full year**	Q1	Q2	Q3	Q4	**Full year**
Income statement (DKKm)										
Revenue*	33,616	37,831	49,557	61,302	**182,306**	27,309	28,782	28,125	31,716	**115,932**
Gross profit*	7,785	8,333	9,823	11,674	**37,615**	6,684	7,386	7,252	7,212	**28,534**
EBIT before special items*	3,067	3,571	4,472	5,113	**16,223**	1,566	2,613	2,725	2,616	**9,520**
Operating margin (%)	9.1	9.4	9.0	8.3	**8.9**	5.7	9.1	9.7	8.2	**8.2**
Conversion ratio (%)	39.4	42.9	45.5	43.8	**43.1**	23.4	35.4	37.6	36.3	**33.4**
ROIC before tax (%) (trailing 12 months)	16.4	17.8	16.6	19.6	**19.6**	13.7	16.0	12.9	14.3	**14.3**
Invested capital (YTD)	66,420	67,690	100,316	101,231	**101,231**	67,868	66,546	65,018	64,285	**64,285**
Segment information (DKKm)										
Air & Sea										
Revenue	22,924	25,948	36,861	46,168	**131,901**	16,674	19,144	17,910	19,961	**73,689**
Gross profit	4,788	5,142	6,314	7,525	**23,769**	3,875	4,663	4,303	4,068	**16,909**
EBIT before special items	2,393	2,843	3,521	4,011	**12,768**	1,130	2,112	1,994	1,790	**7,026**
Operating margin (%)	10.4	11.0	9.6	8.7	**9.7**	6.8	11.0	11.1	9.0	**9.5**
Conversion ratio (%)	50.0	55.3	55.8	53.3	**53.7**	29.2	45.3	46.3	44.0	**41.6**
Road										
Revenue	8,056	8,663	8,783	9,914	**35,416**	7,921	6,987	7,521	7,966	**30,395**
Gross profit	1,657	1,768	1,745	1,925	**7,095**	1,535	1,431	1,585	1,587	**6,138**
EBIT before special items	403	476	465	513	**1,857**	259	263	448	420	**1,390**
Operating margin (%)	5.0	5.5	5.3	5.2	**5.2**	3.3	3.8	6.0	5.3	**4.6**
Conversion ratio (%)	24.3	26.9	26.6	26.6	**26.2**	16.9	18.4	28.3	26.5	**22.6**
Solutions										
Revenue	3,609	3,997	4,739	6,389	**18,734**	3,441	3,256	3,388	4,523	**14,608**
Gross profit	1,348	1,377	1,717	2,211	**6,653**	1,256	1,271	1,313	1,529	**5,369**
EBIT before special items	263	278	486	748	**1,775**	159	234	312	456	**1,161**
Operating margin (%)	7.3	7.0	10.3	11.7	**9.5**	4.6	7.2	9.2	10.1	**7.9**
Conversion ratio (%)	19.5	20.2	28.3	33.8	**26.7**	12.7	18.4	23.8	29.8	**21.6**

Please refer to page 85 for a definition of key figures and financial ratios.

* Reference is made to note 2.1 Segment information for a reconciliation of revenue, gross profit and EBIT before special items.

Consolidated financial statements 2021

Income statement

(DKKm)	Note	2021	2020
Revenue	2.2	182,306	115,932
Direct costs	2.3	144,691	87,398
Gross profit		**37,615**	**28,534**
Other external expenses	2.4	4,173	3,291
Staff costs	2.5	13,025	11,684
Operating profit before amortisation and depreciation (EBITDA) before special items		**20,417**	**13,559**
Amortisation and depreciation	2.6	4,194	4,039
Operating profit (EBIT) before special items		**16,223**	**9,520**
Special items, costs	2.7	478	2,164
Financial income	2.8	206	254
Financial expenses	2.8	1,047	1,983
Profit before tax		**14,904**	**5,627**
Tax on profit for the year	5.1	3,650	1,369
Profit for the year		**11,254**	**4,258**
Profit for the year attributable to:			
Shareholders of DSV A/S		11,205	4,250
Non-controlling interests		49	8
Earnings per share:	4.6		
Earnings per share of DKK 1		49.3	18.7
Diluted earnings per share of DKK 1		48.2	18.4

Statement of comprehensive income

(DKKm)	Note	2021	2020
Profit for the year		**11,254**	**4,258**
Items that may be reclassified to the income statement when certain conditions are met:			
Net foreign exchange differences recognised in OCI		2,472	(2,577)
Fair value adjustments relating to hedging instruments	4.5	(21)	(1)
Fair value adjustments relating to hedging instruments transferred to financial expenses	4.5	6	18
Tax on items reclassified to the income statement	5.1	3	(3)
Items that will not be reclassified to the income statement:			
Actuarial gains/(losses)	3.7	555	18
Tax relating to items that will not be reclassified	5.1	(119)	(5)
Other comprehensive income, net of tax		**2,896**	**(2,550)**
Total comprehensive income		**14,150**	**1,708**
Total comprehensive income attributable to:			
Shareholders of DSV A/S		14,109	1,691
Non-controlling interests		41	17
Total		**14,150**	**1,708**

Cash flow statement

(DKKm)	Note	2021	2020
Operating profit before amortisation and depreciation (EBITDA) before special items		**20,417**	**13,559**
Adjustments:			
Share-based payments	6.2	160	134
Change in provisions		105	93
Change in working capital etc.		(4,604)	209
Special items	2.7	(828)	(1,944)
Interest received		153	225
Interest paid, lease liability		(495)	(434)
Interest paid, other		(443)	(499)
Income tax paid		(2,263)	(1,067)
Cash flow from operating activities		**12,202**	**10,276**
Purchase of intangible assets	3.2	(303)	(220)
Purchase of property, plant and equipment	3.3	(1,180)	(1,121)
Disposal of intangible assets, property, plant and equipment	3.3	420	803
Acquisition and disposal of subsidiaries and activities	6.1	1,631	(140)
Change in other financial assets		(148)	122
Cash flow from investing activities		**420**	**(556)**
Free cash flow		**12,622**	**9,720**
Proceeds from borrowings	4.3	12,834	4,108
Repayment of borrowings	4.3	(489)	(3,243)
Repayment of lease liabilities	3.6	(3,160)	(3,058)
Other financial liabilities incurred		118	5
Transactions with shareholders:			
Dividends distributed	4.2	(920)	(588)
Purchase of treasury shares	4.1	(17,841)	(5,031)
Sale of treasury shares	4.1	784	818
Other transactions with shareholders		(6)	(10)
Cash flow from financing activities		**(8,680)**	**(6,999)**
Cash flow for the year		**3,942**	**2,721**
Cash and cash equivalents 1 January		4,060	2,043
Cash flow for the year		3,942	2,721
Currency translation		297	(704)
Cash and cash equivalents 31 December	4.2	**8,299**	**4,060**

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

Statement of adjusted free cash flow (DKKm)	Note	2021	2020
Free cash flow		12,622	9,720
Net acquisition of subsidiaries and activities (reversed)	6.1	(1,631)	140
Special items (reversed)	2.7	828	1,944
Repayment of lease liabilities		(3,160)	(3,058)
Adjusted free cash flow		**8,659**	**8,746**

Enterprise value of acquirees (DKKm)	Note	2021	2020
Net acquisition of subsidiaries and activities *		29,686	140
Interest-bearing debt		989	275
Enterprise value of acquirees		**30,675**	**415**

* Fair value of total consideration excluding cash and cash equivalents.

Balance sheet

Assets (DKKm)	Note	**2021**	2020
Intangible assets	3.2	76,661	48,665
Right-of-use (ROU) assets	3.6	13,709	11,111
Property, plant and equipment	3.3	6,262	3,014
Other receivables		2,395	372
Deferred tax assets	5.2	3,544	2,536
Total non-current assets		**102,571**	**65,698**
Trade receivables	4.4	36,369	19,038
Contract assets	3.4	9,797	3,283
Inventories	3.5	284	1,426
Other receivables		4,009	2,635
Cash and cash equivalents		8,299	4,060
Assets held for sale		66	110
Total current assets		**58,824**	**30,552**
Total assets		**161,395**	**96,250**

Equity and liabilities (DKKm)	Note	**2021**	2020
Share capital	4.1	240	230
Reserves and retained earnings	4.1	73,863	47,155
DSV A/S shareholders' share of equity		**74,103**	**47,385**
Non-controlling interests		175	(88)
Total equity		**74,278**	**47,297**
Lease liabilities	3.6	11,848	9,428
Borrowings	4.3	16,993	7,696
Pensions and similar obligations	3.7	908	1,219
Provisions	3.8	3,508	1,253
Deferred tax liabilities	5.2	447	243
Total non-current liabilities		**33,704**	**19,839**
Lease liabilities	3.6	3,440	2,850
Borrowings	4.3	4,472	1,185
Trade payables	4.4	17,040	9,926
Accrued cost of services	3.4	13,289	5,913
Provisions	3.8	1,841	1,525
Other payables		10,257	6,316
Tax payables		3,074	1,399
Total current liabilities		**53,413**	**29,114**
Total liabilities		**87,117**	**48,953**
Total equity and liabilities		**161,395**	**96,250**

Statement of changes in equity

	2021						2020					
	Attributable to shareholders of DSV A/S						Attributable to shareholders of DSV A/S					
(DKKm)	Share capital	Reserves*	Retained earnings	Total	Non-controlling interests	Total equity	Share capital	Reserves*	Retained earnings	Total	Non-controlling interests	Total equity
Equity at 1 January	**230**	**(2,836)**	**49,991**	**47,385**	**(88)**	**47,297**	**235**	**(265)**	**49,460**	**49,430**	**(111)**	**49,319**
Profit for the year	-	-	11,205	11,205	49	11,254	-	-	4,250	4,250	8	4,258
Other comprehensive income, net of tax	-	2,482	422	2,904	(8)	2,896	-	(2,573)	14	(2,559)	9	(2,550)
Total comprehensive income for the year	**-**	**2,482**	**11,627**	**14,109**	**41**	**14,150**	**-**	**(2,573)**	**4,264**	**1,691**	**17**	**1,708**
Transactions with shareholders:												
Share-based payments	-	-	160	160	-	160	-	-	134	134	-	134
Tax on share-based payments	-	-	791	791	-	791	-	-	383	383	-	383
Dividends distributed	-	-	(920)	(920)	(7)	(927)	-	-	(588)	(588)	(3)	(591)
Purchase of treasury shares	-	(13)	(17,828)	(17,841)	-	(17,841)	-	(6)	(5,025)	(5,031)	-	(5,031)
Sale of treasury shares	-	2	782	784	-	784	-	3	1,367	1,370	-	1,370
Capital increase	16	-	24,479	24,495	-	24,495	-	-	-	-	-	-
Capital reduction	(6)	6	-	-	-	-	(5)	5	-	-	-	-
Transfer of treasury shares as business combination consideration	-	3	5,073	5,076	-	5,076	-	-	-	-	-	-
Addition/disposal of non-controlling interests	-	-	-	-	273	273	-	-	-	-	1	1
Dividends on treasury shares	-	-	28	28	-	28	-	-	23	23	-	23
Other adjustments	-	-	36	36	(44)	(8)	-	-	(27)	(27)	8	(19)
Total transactions with shareholders	**10**	**(2)**	**12,601**	**12,609**	**222**	**12,831**	**(5)**	**2**	**(3,733)**	**(3,736)**	**6**	**(3,730)**
Equity at 31 December	**240**	**(356)**	**74,219**	**74,103**	**175**	**74,278**	**230**	**(2,836)**	**49,991**	**47,385**	**(88)**	**47,297**

* For a specification of reserves, please see note 4.1.

Notes to the consolidated financial statements

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Chapter 1

Basis of preparation

The 2021 Annual Report of DSV A/S has been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and additional disclosure requirements in the Danish Financial Statements Act.

IFRS standards have been applied to the extent these have been endorsed by the European Union.

Introduction
The Annual Report of DSV A/S comprises the consolidated financial statements of DSV A/S and its subsidiaries.

The Board of Directors and Executive Board considered and approved the 2021 Annual Report of DSV A/S on 9 February 2022. The Annual Report will be submitted to the shareholders of DSV A/S for approval at the Annual General Meeting on 17 March 2022.

Basis of measurement
All amounts in the Annual Report are stated in Danish kroner (DKK) and rounded to the nearest million. The Annual Report has been prepared under the historical cost convention with the exception of derivative financial instruments and acquisition opening balances, which are measured at fair value. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The accounting policies described in the notes have been applied consistently for the financial year and for the comparative figures.

Changes in accounting policies
All amendments to the International Financial Reporting Standards (IFRS) effective for the financial year 2021 have been implemented as basis for preparing the consolidated financial statements and notes to the statements.

None of the implementations has had any material impact on the statements or notes presented.

Management judgements and estimates
In preparing the consolidated financial statements, Management makes various accounting judgements and estimates that affect the reported amounts and disclosures in the financial statements and notes to the 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.

The primary financial statements items for which more significant accounting estimates are applied are listed below:

- Contract assets and accrued cost of services (note 3.4)
- Provisions (note 3.8)
- Acquisition and disposal of entities (note 6.1)
- Tax (note 5.1 and note 5.2)

Additional description of management judgements and estimates made are provided in the relevant notes.

Basis of consolidation
The consolidated financial statements include the Parent Company (DSV A/S) and all subsidiaries over which DSV A/S exercises control. Entities in which the Group directly or indirectly controls at least 20%, but not more than 50%, of the voting power are accounted for as associates and measured using the equity method. Investments with negative net asset values are recognised at DKK 0.

The consolidated financial statements are prepared based on uniform accounting policies in all Group entities. Consolidation of Group entities is performed after elimination of all intra-group transactions, balances, income and expenses.

Group composition
The Group holds interests in 570 entities and was composed as follows at 31 December 2021:

Entities (Number)	Region EMEA	Americas	APAC	Total
Subsidiaries	356	68	134	558
Associates	8	1	3	12

Foreign currency

Functional currency
A functional currency is determined for each Group entity. The functional currency is the currency used in the primary financial environment in which the individual Group entity operates.

Foreign currency translation
On initial recognition, foreign currency transactions are translated into the functional currency at the exchange rate at the transaction dates. Foreign currency translation differences between the exchange rates at the transaction date and the date of payment are recognised in the income statement under financials.

Monetary items denominated in a foreign currency are translated at the exchange rate at the reporting date. The difference between the exchange rates at the reporting date and the transaction date or the exchange rate used in the latest annual report is recognised in the income statement under financials.

Foreign currency translation differences arising on the translation of non-monetary items, such as investments in associates, are recognised directly in other comprehensive income.

Recognition in the consolidated financial statements
On preparation of the consolidated financial statements, the income statements of entities with a functional currency other than DKK are translated at the average exchange rate for the period, and balance sheet items are translated at the closing rate at the end of the reporting period.

Foreign exchange differences arising on translation of the equity of foreign entities and on translation of receivables considered part of net investment are recognised directly in other comprehensive income.

Foreign exchange differences arising on the translation of income statements from the average exchange rate for the period to the exchange rate at the reporting date are also recognised in other comprehensive income. Adjustments are presented under a separate translation reserve in equity.

Presentation

Cash flow statement
The cash flow statement is prepared using the indirect method based on operating profit before amortisation, depreciation and special items. The cash flow statement cannot be derived directly from the balance sheet and income statement.

Materiality in financial reporting
In preparing the Annual Report, Management seeks to improve the information value of the consolidated financial statements, the notes to the statements and other measures disclosed by presenting the information in a way that supports the understanding of the Group's performance in the reporting period.

This objective is achieved by presenting fair transactional aggregation levels on items and other financial information, emphasising information that is considered of material importance to the user and making relevant rather than generic descriptions throughout the Annual Report.

All disclosures are made in compliance with the International Financial Reporting Standards, the Danish Financial Statements Act and other relevant regulations, ensuring a true and fair view throughout the Annual Report.

Presentation of items and subtotals
The presentation of items and subtotals is based on separate classification of material groups of similar items. In the income statement, income and expense items are classified based on the 'nature of expense' method in accordance with IAS 1. Furthermore, the use of special items is applied to improve the transparency and understanding of the Group's financial statements by separating the core performance of the Group from exceptional items. For a definition and reconciliation of Group results before and after special items, please see note 2.7 Special items.

New accounting regulations

The IASB has issued a number of new standards and amendments not yet in effect or adopted by the EU and therefore not relevant for the preparation of the 2021 consolidated financial statements. DSV expects to implement these standards when they take effect.

None of the new standards issued are currently expected to have any significant impact on the Group's financial statements when implemented.

Chapter 2

Profit for the year

This chapter includes disclosures on components of consolidated profit for the year. The consolidated profit is based on the combined results of our three operating segments – Air & Sea, Road and Solutions – as described in the following.

Reference is also made to the comments on the financial performance of the Group and the divisions in Management's commentary.

2.1 Segment information

Accounting policies

Operating segments are defined by the operational and management structure of DSV, which is derived from the types of services we deliver and our geographical presence on the world market. As such, our operating segments reflect our divisional and Group reporting used for management decision-making.

Operating segments

Our business operations are carried out by three divisions, forming the basis of our segment reporting.

Air & Sea

The Air & Sea division provides air and sea freight services across the globe. This includes a special Projects department, handling out of gauge cargo and special transportation projects.

Road

The Road division provides road freight services across Europe, Middle East, North America and South Africa.

Solutions

The Solutions division offers contract logistics services, incl. warehousing and inventory management, across the globe.

Measurement of earnings by segment

Our business segments are measured and reported down to operating profit before special items. Segment results are accounted for in the same way as in the consolidated financial statements.

Segment income/expenses and assets/liabilities comprise the items directly attributable to the individual segment as well as the items that may be allocated to the individual segment on a reliable basis.

Income and expenses relating to Group functions, investing activities, etc., are managed at Group level. These items are not included in the statement of segment information, but are presented under 'Non-allocated items and eliminations'.

Financial position of business segments

Assets and liabilities are included in the segmental reporting to the extent they are used for the operation of the segment.

Assets and liabilities that cannot be attributed to any of the three segments on a reliable basis are presented under 'Non-allocated items and eliminations'.

Geographical information

DSV operates in most parts of the world and has activities in more than 90 countries, which are divided into the following geographical regions:

- EMEA: Europe, Middle East and Africa
- Americas: North and South America
- APAC: Asia, Australia and the Pacific

Revenue and non-current assets are allocated to the geographical areas according to the country in which the individual consolidated entity is based. The corporate headquarter of DSV is located in Denmark, which is included in the EMEA segment. DSV business is based on transactions in our global network rather than in individual countries or regions. Therefore, goodwill is not allocated to regions.

Intersegment transactions are made on an arm's length basis.

Major customers

DSV is not reliant on any major customers. No single customer exceeds 5% of combined Group revenue.

2.1 Segment information — continued

Segment information – divisions (DKKm)	Air & Sea 2021	Air & Sea 2020	Road 2021	Road 2020	Solutions 2021	Solutions 2020	Non-allocated items and eliminations 2021	Non-allocated items and eliminations 2020	Total 2021	Total 2020
Condensed income statement and balance sheet										
Revenue	130,899	73,032	33,077	28,410	17,989	13,747	341	743	182,306	115,932
Intercompany revenue	1,002	657	2,339	1,985	745	861	(4,086)	(3,503)	-	-
Divisional revenue	**131,901**	**73,689**	**35,416**	**30,395**	**18,734**	**14,608**	**(3,745)**	**(2,760)**	**182,306**	**115,932**
Direct costs	108,132	56,780	28,321	24,257	12,081	9,239	(3,843)	(2,878)	144,691	87,398
Gross profit	**23,769**	**16,909**	**7,095**	**6,138**	**6,653**	**5,369**	**98**	**118**	**37,615**	**28,534**
Other external expenses	3,366	2,870	1,122	1,021	1,338	1,089	(1,653)	(1,689)	4,173	3,291
Staff costs	6,598	6,048	3,149	2,799	1,664	1,449	1,614	1,388	13,025	11,684
Operating profit before amortisation, depreciation and special items	**13,805**	**7,991**	**2,824**	**2,318**	**3,651**	**2,831**	**137**	**419**	**20,417**	**13,559**
Amortisation and depreciation	1,037	965	967	928	1,876	1,670	314	476	4,194	4,039
Operating profit before special items*	**12,768**	**7,026**	**1,857**	**1,390**	**1,775**	**1,161**	**(177)**	**(57)**	**16,223**	**9,520**
Total gross investments	17,262	1,233	1,958	1,161	4,118	1,754	7,864	369	31,202	4,517
Total assets	96,879	51,047	24,135	22,123	26,245	16,024	14,136	7,056	161,395	96,250
Total liabilities	79,824	50,560	18,883	16,107	20,310	12,435	(31,900)	(30,149)	87,117	48,953

* Reference is made to the income statement for a reconciliation from operating profit before special items to profit for the year.

Geographical information – major countries (DKKm)	Revenue 2021	Revenue 2020	Non-current assets** 2021	Non-current assets** 2020
USA	36,532	19,386	1,715	882
Denmark	17,452	10,200	4,774	2,120
Germany	15,061	10,727	1,523	1,609
United Kingdom	7,807	4,146	813	671
Italy	7,190	4,288	854	835
Other	98,264	67,185	13,439	9,088
Total	**182,306**	**115,932**	**23,118**	**15,205**

Geographical information – regions (DKKm)	Revenue 2021	Revenue 2020	Non-current assets** 2021	Non-current assets** 2020
EMEA	106,701	72,639	18,154	12,294
Americas	51,061	28,191	2,542	1,632
APAC	24,544	15,102	2,422	1,279
Total	**182,306**	**115,932**	**23,118**	**15,205**

** Non-current assets less tax assets, customer relationships and goodwill.

2.2 Revenue

Accounting policies

Revenue comprises freight forwarding services, contract logistics and other related services delivered in the financial year.

Revenue from services delivered is recognised in accordance with the over-time recognition principle following the satisfaction of various milestones as the performance obligation is fulfilled towards the customer. Our main services comprise air, sea, road and solutions services as described in the following.

Air services
Air services comprise air freight logistics facilitating transportation of goods across the globe. Air services are reported within the Air & Sea reporting segment. Air services are characterised by short delivery times as most air transports are completed within a few days.

Sea services
Sea services comprise sea freight logistics facilitating transportation of goods across the globe. Sea services are reported within the Air & Sea reporting segment. Sea services are characterised by longer delivery times, averaging one month depending on destination.

Road services
Road services comprise road freight logistics facilitating transportation of goods by road networks mainly in Europe, Middle East, the US and South Africa. Road services are reported within the Road reporting segment. Road services are characterised by short delivery times as most road transports are completed within a few days.

Solutions services
Solutions services comprise contract logistics, incl. warehousing and inventory management, across the globe. Solutions services are reported within the Solutions reporting segment. Solutions services are characterised by very short delivery times, happening almost instantaneously as agreed actions under the customer contract are carried out.

General recognition principles
Revenue from services delivered are recognised based on the price specified in the contract with the customer. Revenue is measured excluding VAT and other tax collected on behalf of third parties, and any discounts are offset against the revenue. Incremental costs of obtaining a contract with a customer are not recognised as an asset but as an expense when incurred due to the short delivery times.

Trade receivables are recognised as services delivered are invoiced to the customer and are not adjusted for any financing components as credit terms are short – typically between 14 and 60 days – and the financing component therefore insignificant. Where services delivered have yet to be invoiced and invoices on services received from hauliers have still to be received, contract assets and accrued cost of services are recognised at the reporting date.

Revenue allocated to remaining performance obligations are not disclosed following the practical expedient of IFRS 15.

Revenue also comprises income from sale of property projects in the form of sale of land and buildings acquired, constructed and held for sale in the ordinary course of business.

Revenue from property projects is recognised at a point in time in the reporting segment to which it relates when control of and legal title to the property has been transferred to the customer. Revenue is recognised based on the price specified in the contract with the customer, and the consideration is due upon transfer of the legal title. Delivery times on property projects are typically 8-18 months.

If the property is leased back after completion, the right-of-use asset arising from the leaseback is recognised at the proportion of the previous carrying amount of the asset that relates to the right of use retained by DSV. As such, any gain or loss recognised only corresponds to rights transferred to the buyer.

Sale of services and geographical segmentation specify as follows:

Services and geographical segmentation (DKKm)	EMEA		Americas		APAC		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
Air services	24,867	18,187	19,624	11,405	26,355	15,163	70,846	44,755
Sea services	32,053	14,607	18,317	8,874	10,685	5,453	61,055	28,934
Road services	32,452	28,076	2,964	2,319	-	-	35,416	30,395
Solutions services	12,914	10,348	3,639	2,910	2,181	1,350	18,734	14,608
Total	**102,286**	**71,218**	**44,544**	**25,508**	**39,221**	**21,966**	**186,051**	**118,692**
Non-allocated items and eliminations							(3,745)	(2,760)
Total revenue							**182,306**	**115,932**

2.2 Revenue — continued

Revenue
Revenue is specified as follows:

Revenue (DKKm)	**2021**	2020
Sale of services	181,707	115,298
Other operating income	599	634
Total revenue	**182,306**	**115,932**

Sale of services includes revenue from freight forwarding services, contract logistics, sale of property projects and other related services. Sale of services recognised at a point in time constitutes less than 2% of total revenue (2020: less than 2%). Other operating income includes rental income from terminal and building leases, gains from disposal of non-current assets and income from insurance contracts.

2.3 Direct costs

Accounting policies
Direct costs comprise costs paid to generate the revenue for the year. Direct costs include settlement of accounts with haulage contractors, shipping companies, airlines, etc. Direct costs also include staff costs relating to hourly workers used for fulfilling orders and other direct costs of operation, such as rental of logistics facilities and costs of property projects.

Direct costs (DKKm)	**2021**	2020
Cost of carriers	133,631	78,473
Staff costs, hourly workers	6,280	5,274
Other costs of operation	4,780	3,651
Direct costs	**144,691**	**87,398**

2.4 Other external expenses

Accounting policies
Other external expenses include expenses relating to marketing, IT, other rent, training and education, office premises, travelling, communications as well as other selling costs and administrative expenses, less costs transferred to direct costs.

Other external expenses (DKKm)	**2021**	2020
Other external expenses	8,953	6,942
Transferred to direct costs	(4,780)	(3,651)
Total other external expenses	**4,173**	**3,291**

2.5 Staff costs

Accounting policies
Staff costs include wages and salaries, pensions, social security costs and other staff costs for salaried employees, but exclude staff costs for hourly workers, which are recognised as direct costs.

Staff costs are recognised in the financial year in which the employee renders the related service. Costs related to long-term employee benefits, e.g. share-based payments, are recognised in the periods in which they are earned.

Reference is made to note 3.7 for detailed information on pension plans, note 6.3 for detailed information on remuneration of Management and note 6.2 for detailed information on the Group's share options.

Staff costs (DKKm)	**2021**	2020
Salaries and wages, etc.	16,250	14,137
Defined contribution pension plans	567	578
Defined benefit pension plans	74	27
Other social security costs	2,254	2,082
Share-based payments	160	134
Total staff costs	**19,305**	**16,958**
Recognised in the income statement items:		
Hourly workers – recognised as direct costs	6,280	5,274
Salaried employees – recognised as staff costs	13,025	11,684
Total	**19,305**	**16,958**
Weighted average number of full-time employees	67,016	56,079
Number of full-time employees at year-end	77,958	56,621

2.6 Amortisation and depreciation

Accounting policies
Amortisation and depreciation for the year are recognised based on the amortisation and depreciation profiles of the underlying assets (see notes 3.2 and 3.3).

Amortisation and depreciation (DKKm)	**2021**	2020
Customer relationships	212	208
Software and other intangible assets	218	332
Buildings	231	154
Other operating equipment	388	355
ROU assets – Land and buildings	2,757	2,451
ROU assets – Other operating equipment	388	539
Total amortisation and depreciation	**4,194**	**4,039**

2.7 Special items

Accounting policies

Special items are used in connection with the presentation of profit or loss for the year to distinguish consolidated operating profit from exceptional items, which by their nature are not related to the Group's ordinary operations or investment in future activities.

Special items comprise:

- Restructuring costs, impairment costs, etc., relating to fundamental structural, procedural and managerial reorganisations as well as any related gains or losses on disposals;
- Transaction and restructuring costs relating to the acquisition and divestment of enterprises.

Special items reconcile to the income statement items as specified in the table below:

Management judgements and estimates

In the classification of special items, judgement is applied in ensuring that only exceptional items not associated with the ordinary operations of the Group are included.

Special items (DKKm)	**2021**	2020
Restructuring and integration costs	392	2,161
Transaction costs relating to acquisitions	86	3
Special items, costs	**478**	**2,164**

	2021			2020		
Special items Bridge (DKKm)	Reported income statement	Special items	Adjusted income statement	Reported income statement	Special items	Adjusted income statement
Revenue	182,306	23	182,329	115,932	58	115,990
Direct costs	144,691	12	144,703	87,398	118	87,516
Gross profit	**37,615**	**11**	**37,626**	**28,534**	**(60)**	**28,474**
Other external expenses	4,173	184	4,357	3,291	386	3,677
Staff costs	13,025	277	13,302	11,684	1,363	13,047
Operating profit before amortisation and depreciation	**20,417**	**(450)**	**19,967**	**13,559**	**(1,809)**	**11,750**
Amortisation and depreciation	4,194	29	4,223	4,039	360	4,399
Operating profit	**16,223**	**(479)**	**15,744**	**9,520**	**(2,169)**	**7,351**
Special items, costs	478	(478)	-	2,164	(2,164)	-
Financial income	206	-	206	254	-	254
Financial expenses	1,047	(1)	1,046	1,983	(5)	1,978
Profit before tax	**14,904**	**-**	**14,904**	**5,627**	**-**	**5,627**

2.8 Financial income and expenses

Accounting policies

Financial income and expenses include interest, share of associates' profit/loss, foreign currency gains and losses and impairment of securities, payables and foreign currency transactions as well as amortisation of financial assets and liabilities, including finance lease obligations. Furthermore, realised and unrealised gains and losses on derivative financial instruments that cannot be classified as hedging contracts are included.

Financial income (DKKm)	**2021**	2020
Interest income	202	248
Share of associates' profit, net of tax	4	6
Total financial income	**206**	**254**

Interest income includes interest on financial assets measured at amortised cost of DKK 202 million (2020: DKK 248 million).

Financial expenses (DKKm)	**2021**	2020
Interest expenses on lease liabilities	495	434
Other interest expenses	482	478
Calculated interest on pension obligations, see note 3.7	17	16
Currency translation	53	1,055
Total financial expenses	**1,047**	**1,983**

Interest expenses include interest on financial liabilities measured at amortised cost of DKK 977 million (2020: DKK 912 million).

Chapter 3

Operating assets and liabilities

This chapter includes notes disclosures on the Group's invested capital that forms the basis of our business activities. Invested capital represents the Group's property, plant and equipment, intangible assets and net working capital in the form of operating assets and liabilities.

Invested capital is structured based on our asset-light business model, including our focus on minimising funds tied up in working capital to optimise the generation of available free cash flow. Invested capital also comprises significant intangible assets mainly relating to acquired goodwill from business combinations carried out over the years.

3.1 Impairment testing

Accounting policies

Goodwill

The carrying amount of goodwill is tested for impairment at least annually together with other non-current assets of the Group.

Impairment testing is performed for each cash-generating unit to which consolidated goodwill is allocated, as defined by our divisional management and operational structure. The cash-generating units thereby follow our divisional structure: Air & Sea, Road and Solutions.

Goodwill is written down to its recoverable amount through the income statement if lower than the carrying amount.

The recoverable amount is determined as the present value of the discounted future net cash flow from the cash-generating unit to which the goodwill relates. In calculating the present value, discount rates are applied reflecting the risk-free interest rate with the addition of risks relating to the individual cash-generating units, such as geographical and financial exposure.

Other non-current intangible assets, property, plant and equipment

The carrying amount of other non-current assets is tested for impairment at least once a year in connection with the impairment test of goodwill. If the tests show evidence of impairment, the asset is written down to the recoverable amount through the income statement if lower than the carrying amount. The recoverable amount is the higher of the fair value of the asset less the expected costs to sell and its value in use.

The value in use is calculated as the present value of expected future cash flows from the asset or the division of which the asset forms part.

Management judgements and estimates

For goodwill impairment testing, a number of estimates are made on the development in revenues, gross profits, operating margins, future capital expenditures, discount rates and growth expectations in the terminal period. These are based on an assessment of current and future developments in the three cash-generating units and on historical data and assumptions of future expected market developments, including expected long-term average market growth rates.

Material value drivers affecting the future net cash flows of the three cash-generating units are:

Air & Sea

The Air & Sea division operates globally, so developments in the global economy and world trade therefore have a material impact on the division's future net cash flow. Developments in gross profit per shipment, cost management initiatives and development in internal productivity (number of shipments per employee) also affect the division's cash flow.

Road

The Road division mainly operates on the EMEA and US markets, which means that the division's future net cash flow is affected by the growth rate in these regions. Developments in gross profit per shipment, including truck and terminal utilisation rates, cost management initiatives and development in internal productivity (number of shipments per employee) also affect the division's cash flow.

Solutions

The Solutions division operates globally, so developments in the global economy and world trade therefore have a material impact on the division's future net cash flow. Developments in warehouse lease costs and costs of related services, utilisation of warehouse facilities, cost management initiatives and development in internal productivity (number of order lines per employee) also affect the division's cash flows.

3.1 Impairment testing — continued

The expected future net cash flow is based on budgets and business plans approved by Management for the year 2022 and projections for subsequent years up to and including 2026. From 2026 onwards, DSV expects the growth rate to remain in line with the expected long-term average growth rate for the industry.

Impairment test
Goodwill was tested for impairment at 31 December 2021. The tests did not result in any impairment of carrying amounts.

The assumptions used, including a sensitivity analysis, are stated in the following. The pre-tax discount rate is calculated in accordance with IAS 36.

The sensitivity analysis assesses the impact of changes in cash flows and discount rates on the impairment test results. The analysis concluded that even negative changes, which are unlikely to occur, will not result in impairment of goodwill in any of the three cash-generating units.

Sensitivity analysis
The sensitivity analysis shows the lowest possible growth rate or highest possible discount rate in percentage points by which the assumptions used can change before goodwill becomes impaired.

Other non-current intangible assets, property, plant and equipment
Other non-current assets were also tested for impairment indications together with goodwill at 31 December 2021. No indication of impairment was identified in connection with these tests.

Goodwill impairment test at 31 December 2021 (DKKm)	**2021**			2020		
	Air & Sea	Road	Solutions	Air & Sea	Road	Solutions
Carrying amount of goodwill	57,893	7,901	9,269	36,883	6,006	4,587
Budget period						
Annual revenue growth	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Operating margin	9.1%	5.6%	11.0%	9.5%	4.6%	7.9%
Terminal period						
Growth	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Pre-tax discount rate	7.2%	6.0%	7.3%	7.2%	5.4%	6.5%
Sensitivity analysis						
Growth in budget period – allowed decline (percentage points)	28.3%	40.0%	18.4%	29.6%	42.7%	26.7%
Discount rate – allowed increase (percentage points)	8.7%	13.2%	4.1%	7.4%	5.2%	6.7%

3.2 Intangible assets

Accounting policies

Goodwill

Only goodwill arising from business combinations is recognised in the financial statements. Goodwill is measured as the difference between the total of the fair value of the consideration transferred, the value of non-controlling interests and any equity investments previously held in the acquiree, compared to the fair value of identifiable net assets on the date of acquisition.

Goodwill is not amortised, but is tested for impairment at least annually.

Customer relationships

On initial recognition, customer relationships identified from business combinations are recognised in the balance sheet at fair value. Subsequently, customer relationships are measured at cost less accumulated amortisation and impairment losses.

Customer relationships are amortised over a period of eight years using the diminishing balance method.

Computer software and software in progress

Computer software bought or developed for internal use is measured at the lower of cost less accumulated amortisation and impairment losses and the recoverable amount. Cost comprises payments for the software and other directly attributable expenses of preparing the software for its intended use.

After commissioning, software is amortised on a straight-line basis over its expected useful life. The amortisation period is 1-10 years.

	2021					2020				
Intangible assets (DKKm)	Goodwill	Customer relationships	Software	Software in progress	Total	Goodwill	Customer relationships	Software	Software in progress	Total
Cost at 1 January	47,476	2,032	1,265	206	50,979	50,250	2,059	2,316	230	54,855
Additions from business combinations/previous period adjustments	25,333	569	1	13	25,916	(35)	-	-	-	(35)
Additions for the year	-	-	56	247	303	-	-	26	194	220
Disposals	-	(56)	(246)	(43)	(345)	-	-	(1,276)	-	(1,276)
Reclassifications	-	-	143	(143)	-	-	-	215	(215)	-
Currency translation	2,254	20	(7)	-	2,267	(2,739)	(27)	(16)	(3)	(2,785)
Total cost at 31 December	**75,063**	**2,565**	**1,212**	**280**	**79,120**	**47,476**	**2,032**	**1,265**	**206**	**50,979**
Total amortisation and impairment at 1 January	-	1,551	763	-	2,314	-	1,368	1,499	-	2,867
Amortisation and impairments for the year	-	212	218	-	430	-	208	332	-	540
Disposals	-	(56)	(241)	-	(297)	-		(1,056)	-	(1,056)
Reclassification	-	-	7	-	7	-			-	-
Currency translation	-	12	(7)	-	5	-	(25)	(12)	-	(37)
Total amortisation and impairment at 31 December	**-**	**1,719**	**740**	**-**	**2,459**	**-**	**1,551**	**763**	**-**	**2,314**
Carrying amount at 31 December	**75,063**	**846**	**472**	**280**	**76,661**	**47,476**	**481**	**502**	**206**	**48,665**

3.3 Property, plant and equipment

Accounting policies

Land and buildings and other plant and operating equipment are measured at cost less accumulated depreciation and impairment losses.

The cost comprises the acquisition price and other directly attributable expenses of preparing the asset for its intended use. The present value of estimated expenses for dismantling and disposing of the asset as well as restoration expenses are added to the cost if such expenses are recognised as a provision. Material borrowing costs directly attributable to the construction of the individual asset are also added to cost.

If the individual components of an asset have different useful lives, each component will be depreciated separately.

The cost of self-constructed assets comprises direct and indirect costs for materials, components, subcontractors, wages and salaries. Costs for self-constructed assets are recognised as property, plant and equipment in progress on an ongoing basis until the assets are ready for use.

Subsequent costs, such as partial replacement of property, plant and equipment, are included in the carrying amount of the asset in question when it is probable that such costs will result in future economic benefits.

The carrying amount of the replaced parts is derecognised from the balance sheet and recognised in the income statement.

Property, plant and equipment (DKKm)	**2021**				2020			
	Land and buildings	Other plant and operating equipment	Property, plant and equipment in progress	Total	Land and buildings	Other plant and operating equipment	Property, plant and equipment in progress	Total
Cost at 1 January	2,355	2,649	473	5,477	2,663	2,772	99	5,534
Additions from business combinations/previous period adjustments	2,229	295	30	2,554	11	-	-	11
Additions for the year	241	762	177	1,180	276	403	442	1,121
Disposals	(146)	(348)	(33)	(527)	(528)	(388)	(19)	(935)
Transferred to assets held for sale	2	-	(2)	-	-	-	-	-
Reclassification	64	356	(375)	45	59	(22)	(37)	-
Currency translation	162	124	12	298	(126)	(116)	(12)	(254)
Total cost at 31 December	**4,907**	**3,838**	**282**	**9,027**	**2,355**	**2,649**	**473**	**5,477**
Total depreciation and impairment at 1 January	967	1,496	-	2,463	972	1,540	-	2,512
Depreciation for the year	231	388	-	619	154	355	-	509
Disposals	(87)	(289)	-	(376)	(137)	(317)	-	(454)
Transferred to assets held for sale	-	-	-	-	-	-	-	-
Reclassification	24	31	-	55	15	(15)	-	-
Currency translation	(24)	28	-	4	(37)	(67)	-	(104)
Total depreciation and impairment at 31 December	**1,111**	**1,654**	**-**	**2,765**	**967**	**1,496**	**-**	**2,463**
Carrying amount at 31 December	**3,796**	**2,184**	**282**	**6,262**	**1,388**	**1,153**	**473**	**3,014**

3.3 Property, plant and equipment — continued

Depreciation is carried out on a straight-line basis over the expected useful lives of the assets. The expected useful lives on the overall asset categories are as follows:

- Terminals and administration buildings: 40-60 years
- Other buildings and building elements: 10-25 years
- Technical plant and machinery: 6-10 years
- Other plant and operating equipment: 3-8 years
- Land is not depreciated

The basis of depreciation takes into account the residual value of assets and is reduced by any impairment losses. The residual value is calculated on the date of acquisition and reassessed once a year. Depreciation will be halted if the residual value exceeds the carrying amount of the asset.

Assets are transferred to assets held for sale if it is highly probable that their carrying amount will be recovered primarily through sale rather than through continuing use.

Management judgements and estimates

Judgement is applied in determining the depreciation period and future residual value of the assets recognised and is generally based on historical experience. Reassessment is done annually to ascertain that the depreciation basis applied is still representative and reflects the expected life and future residual value of the assets.

3.4 Contract assets and accrued costs of services

Accounting policies

Contract assets and accrued costs of services include accrued revenue and accrued costs from freight forwarding services, contract logistics and other related services in progress at 31 December 2021.

Contract assets are recognised when a sales transaction fulfils the criteria for revenue recognition, but no final invoice has yet been issued to the customer for the services delivered.

Accrued costs of services are estimated and recognised when supplier invoices relating to recognised revenue for the reporting period have yet to be received.

Management judgements and estimates

At the close of accounting periods, significant estimates are applied in assessing services in progress, including accrual of income and pertaining direct costs. These estimates are based on experience and continuous follow-up on services in progress relative to subsequent invoicing.

3.5 Inventories

Accounting policies

Inventories are measured at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchase, processing and other costs incurred in bringing the inventories to their present condition. Write-downs of inventories to net realisable value are recognised as direct costs in the income statement.

Inventories (DKKm)	**2021**	2020
Stocks	119	57
Property projects under construction	165	1,369
Total	**284**	**1,426**

Inventories mainly consist of land and buildings under construction held for the purpose of sale in the ordinary course of business (property projects). In total, DKK 1,562 million relating to property projects was recognised as an expense in 2021 (2020: DKK 1,169 million).

3.6 Leases

Accounting policies

Whether a contract contains a lease is assessed at contract inception. For identified leases, a right-of-use asset and corresponding lease liability are recognised on the lease commencement date.

Upon initial recognition, the right-of-use asset is measured at cost corresponding to the lease liability recognised, adjusted for any lease prepayments or directly related costs, including dismantling and restoration costs. The lease liability is measured at the present value of lease payments of the leasing period discounted using the interest rate implicit in the lease contract. In cases where the implicit interest rate cannot be determined, an appropriate incremental DSV borrowing rate is used. In determining the lease period extension, options are only included if it is reasonably certain they will be utilised.

At subsequent measurement, the right-of-use asset is measured less accumulated depreciation and impairment losses and adjusted for any remeasurements of the lease liability.

Depreciation is carried out following the straight-line method over the lease term or the useful life of the right-of-use asset, whichever is shortest.

3.6 Leases — continued

The lease liability is measured at amortised cost using the effective interest method and adjusted for any remeasurements or modifications made to the contract.

Right-of-use assets and lease liabilities are not recognised for low value lease assets or leases with a lease term of 12 months or less. These are recognised as an expense on a straight-line basis over the term of the lease. Any service elements separable from the lease contract are also accounted for following the same principle.

Extension options are only included in the lease term if extension of the lease is reasonably certain. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Management judgements and estimates
In accounting for lease contracts, various judgements are applied in determining right-of-use assets and lease liabilities. Judgements include assessment of lease periods, utilisation of extension options and applicable discount rates.

Leases
Right-of-use assets classified as land and buildings mainly relate to leases of warehouses, terminals and office buildings, whereas assets recognised as other plant and operating equipment mainly relate to leases of trailers, trucks, company cars, forklifts, IT hardware and other office equipment.

Land and building leases normally have a lease term of up to ten years, whereas leases of other plant and operating equipment normally have a lease term of up to five years.

Land and buildings may include extension options with the intention of securing flexibility in the lease – however, any leasing period beyond the normal ten years expected at the initiation of the lease will normally be reflected in the contractual lease term agreed.

Analysis of lease liabilities showing the remaining contractual maturities is provided in the following table:

	2021			2020		
Right-of-use assets (DKKm)	Land and buildings	Other plant and operating equipment	Total	Land and buildings	Other plant and operating equipment	Total
Carrying amount at 1 January	10,146	965	11,111	10,313	1,358	11,671
Additions from business combinations	2,367	8	2,375	51	-	51
Additions for the year	3,488	227	3,715	2,739	472	3,211
Disposals for the year	(336)	(224)	(560)	(121)	(297)	(418)
Depreciation for the year	(2,757)	(388)	(3,145)	(2,451)	(539)	(2,990)
Currency translation	213	-	213	(385)	(29)	(414)
Carrying amount at 31 December	**13,121**	**588**	**13,709**	**10,146**	**965**	**11,111**

Contractual maturity of lease liabilities (DKKm)	**2021**	2020
0-1 year	3,692	3,122
1-5 years	9,835	7,299
> 5 years	4,803	3,499
Total undiscounted lease liabilities at 31 December	**18,330**	**13,920**
Current/non-current classification (discounted):		
Current	3,440	2,850
Non-current	11,848	9,428

The profit or loss and cash flow impact of leases recognised for the year are specified below:

Lease effects recognised in profit or loss and cash flow (DKKm)	**2021**	2020
Profit or loss:		
Interest expenses on lease liabilities	495	434
Expenses relating to short-term leases	457	334
Expenses relating to leases of low-value assets	308	135
Expenses relating to variable lease payments not included in the measurement of lease liabilities	103	81
Gains from sale and leaseback transactions	56	56
Cash flow:		
Total cash outflow for leases	3,655	3,492

3.7 Pension obligations

Accounting policies

Pension obligations relating to defined contribution plans, under which the Group pays regular pension contributions to independent pension funds, are recognised in the income statement for the period in which they are earned. Contributions payable are recognised in the balance sheet under other current liabilities.

In regards to defined benefit plans, an actuarial valuation of the present value of future benefits payable under the plan is made once a year. The present value is calculated based on various assumptions, including the future development in wage/salary levels, interest rates, inflation and mortality. The present value is only calculated for benefits to which the employees have become entitled during their employment with the Group. The actuarial calculation of the present value less the fair value of assets under the plan is recognised in the balance sheet under pension obligations. Pension costs for the year are recognised in the income statement based on actuarial estimates and the financial outlook at the beginning of the year.

Differences between the calculated development in pension plan assets and liabilities and the realised values are recognised in other comprehensive income as actuarial gains or losses.

Changes in benefits payable for employees' past services to the company result in an adjustment of the actuarial calculation of the present value, which is classified as past service costs. Past service costs are charged to the income statement immediately if the employees have already earned the right to the adjusted benefits. Otherwise, they will be recognised in the income statement over the period in which the employees earn the right to the adjusted benefits.

Management judgements and estimates

In determining pension obligations, management makes use of external and independent actuaries as basis for the estimates applied in measuring the obligations. The actuarial assumptions used in the valuations vary from country to country owing to national, economic and social conditions.

Pension obligations

Pension obligations (DKKm)	**2021**	2020
Present value of defined benefit plans	5,693	4,218
Fair value of pension plan assets	4,785	2,999
Pension obligations, net	**908**	**1,219**

Of these obligations, DKK 1,032 million relates to unfunded pension obligations (2020: DKK 863 million) and negative DKK 124 million relates to partly funded obligations (2020: DKK 356 million). The latter is primarily due to the Swiss plans being overfunded.

Total pension costs for the year
In 2021, net costs of DKK 658 million relating to the Group's pension plans were recognised in the income statement (2020: DKK 621 million) and break down as follows:

Pension cost 2021 (DKKm)	Defined contribution plans	Defined benefit plans	Total
Staff costs	567	74	641
Financial expenses	-	17	17
Total costs recognised	**567**	**91**	**658**

Pension cost 2020 (DKKm)	Defined contribution plans	Defined benefit plans	Total
Staff costs	578	27	605
Financial expenses	-	16	16
Total costs recognised	**578**	**43**	**621**

Defined benefit pension obligations
Development in the present value of defined benefit pension obligations break down as follows:

Defined benefit pension obligations (DKKm)	**2021**	2020
Obligations at 1 January	4,218	4,878
Current service cost	100	131
Past service cost from plan amendments, curtailments and gains/losses on settlements	(26)	(104)
Calculated interest on obligations	56	43
Actuarial gains/losses arising from changes in financial assumptions	(186)	22
Actuarial gains/losses arising from changes in demographic assumptions	(63)	21
Actuarial gains/losses arising from experience adjustments	(8)	(9)
Payments from the plan	(1,211)	(552)
Additions from business combinations	2,667	-
Currency translation	146	(212)
Obligations at 31 December	**5,693**	**4,218**

The expected average duration of the obligations is 14 years.

Expected maturity of pension obligations (DKKm)	**2021**	2020
0-1 year	206	208
1-5 years	747	589
> 5 years	4,740	3,421
Total obligations recognised	**5,693**	**4,218**

3.7 Pension obligations — continued

Pension plan assets

Development in the fair value of pension plan assets breaks down as follows:

Pension plan assets (DKKm)	**2021**	2020
Pension plan assets at 1 January	2,999	3,384
Calculated interest on plan assets	29	27
Return on plan assets excluding calculated interest	298	52
Contributions to the plan	121	108
Payments from the plan	(1,168)	(527)
Additions from business combinations	2,312	-
Currency translation	194	(45)
Pension plan assets at 31 December	**4,785**	**2,999**

Actuarial gains included in statement of comprehensive amounts to DKK 555 million.

DSV expects to contribute DKK 55 million to defined benefit plan assets in 2022 (2021: DKK 55 million). The composition of the pension plan assets is as follows:

Composition of pension plan assets (%)	**2021**	2020
Shares	52%	50%
Bonds	37%	37%
Insurance contracts	11%	13%
Total	**100%**	**100%**

Sensitivity analysis

The following table illustrates the change in the gross obligation relating to defined benefit plans from a change in the key actuarial assumptions. The analysis is based on fairly probable changes, provided that the other parameters remain unchanged.

Sensitivity analysis (DKKm)	**2021**	2020
Defined benefit pension obligation	5,693	4,218
Discount rate		
Increase of 0.5 percentage point	5,293	3,891
Decrease of 0.5 percentage point	6,126	4,570
Future wage/salary increase		
Increase of 0.5 percentage point	5,744	4,282
Decrease of 0.5 percentage point	5,595	4,129
Inflation		
Increase of 0.5 percentage point	5,900	4,396
Decrease of 0.5 percentage point	5,479	4,026
Life expectancy		
Life expectancy increase of 1 year	5,810	4,296
Life expectancy decrease of 1 year	5,507	4,100

Significant pension plans

The most significant defined benefit plans of the Group relate to Germany, Sweden and Switzerland constituting in total 81% (2020: 67%) of the total net obligation of DKK 908 million (2020: DKK 1,219 million). No other countries have individual defined benefit plans of significance. The plan in Sweden is a final pay scheme, which covers all salaried employees born in or before 1978 and is based on a collective labour agreement. Salaried employees born in or after 1979 are covered by a defined contribution plan.

The plan in Germany covers both salaried and hourly workers. Under this plan, employees earn a fixed amount for each year in service. The plan has been closed for new employees since 1994. We continuously work to change our defined benefit plans in DSV into defined contribution plans for the benefit of the Group and the employees.

Key assumptions on the most significant pension plans are as follows:

Key assumptions 2021	Discount rate	Future wage/salary increase	Future rate of inflation
Sweden	1.5%	2.0%	1.5%
Germany	1.0%	2.0%	1.5%
Other	0.3-6.1%	0-10.0%	0-2.1%
Weighted average	1.5%	2.8%	1.2%
Mortality prognosis table			
Sweden	DUS14 (w-c)		
Germany	RT Heubeck 2018 G		

Key assumption 2020	Discount rate	Future wage/salary increase	Future rate of inflation
Sweden	1.9%	2.3%	1.8%
Germany	0.8%	2.0%	1.5%
Other	0.1-6.8%	0-10.0%	0-2.0%
Weighted average	1.6%	2.9%	1.0%

Mortality prognosis table

Sweden	DUS14 (w-c)
Germany	RT Heubeck 2018 G

3.8 Provisions

Accounting policies
Provisions are recognised when, due to an event occurring on or before the reporting date, the Group has a legal or constructive obligation and it is probable that the Group will have to give up future economic benefits to meet the obligation.

Provisions are measured on the basis of Management's best estimate of the anticipated expenditure for settlement of the relevant obligation and are discounted if deemed material.

Management judgements and estimates
Management continually assesses provisions, including contingencies and the likely outcome of pending and potential legal proceedings. The outcome of such proceedings depends on future events, which are, by nature, uncertain.

When considering provisions involving significant estimates, opinions and estimates by external legal experts as well as existing case law are applied in assessing the probable outcome of material legal proceedings etc.

Provisions
Provisions have not been discounted as the effect thereof is immaterial. Provisions are expected to be settled within two years in all material respects.

Restructuring costs
Restructuring costs relate mainly to the integration of acquirees and the restructuring plans previously announced, which consist mainly of termination benefits and costs under terminated leases.

Disputes and legal actions
Provisions for disputes and legal actions relate mainly to probable liabilities taken over at the acquisition of enterprises.

Other provisions
Other provisions relate mainly to restoration obligations in connection with property leases and onerous contracts relating to business combinations.

Provisions - 2021 (DKKm)	Restructuring costs	Disputes and legal actions	Other	Total
Provisions at 1 January	781	443	1,554	2,778
Additions for the year	203	383	675	1,261
Additions from business combinations	248	271	2,205	2,724
Used for the year	(533)	(132)	(606)	(1,271)
Reversal of provisions made in previous years	(36)	(40)	(108)	(184)
Currency translation	10	15	16	41
Provisions at 31 December	**673**	**940**	**3,736**	**5,349**
Current/non-current classification:				
Non-current liabilities	214	444	2,850	3,508
Current liabilities	459	496	886	1,841
Provisions at 31 December	**673**	**940**	**3,736**	**5,349**

Chapter 4

Capital structure and finances

This chapter includes disclosures on the financial basis and exposures of the Group's activities derived by our capital structure and net working capital.

The capital structure is linked to our long-term financial target of a gearing ratio below 2.0 x EBITDA before special items and the principles for capital allocation.

In order of priority, the free cash flow is used to reduce the Group's net interest-bearing debt in periods when the gearing ratio exceeds the target, for investments and business combinations, and for share buybacks or distribution to the Company's shareholders.

4.1 Equity

Accounting policies

Share capital

At year-end, the share capital of DSV A/S amounted to 240 million shares with a nominal value of DKK 1 each. In 2021, the share capital was increased by 16 million shares and used as consideration for acquiring Agility's Global Integrated Logistics business. For additional information on the acquisition, please refer to note 6.1. Additionally, 6 million shares were cancelled. Shares consist of only one share class and include no special rights, preferences or restrictions. All shares are fully paid up.

Reserves specification – 2021 (DKKm)	Treasury share reserve	Hedging reserve	Translation reserve	Total reserves
Reserves at 1 January	(4)	(11)	(2,821)	(2.836)
Other comprehensive income, net of tax	-	2	2,480	2,482
Total comprehensive income for the year	-	2	2,480	2,482
Transactions with owners:				
Purchase of treasury shares	(13)	-	-	(13)
Sale of treasury shares	2	-	-	2
Capital reduction	6	-	-	6
Transfer of treasury shares as business combination consideration	3	-	-	3
Reserves at 31 December	**(6)**	**(9)**	**(341)**	**(356)**

Reserves specification – 2020 (DKKm)	Treasury share reserve	Hedging reserve	Translation reserve	Total reserves
Reserves at 1 January	(6)	(24)	(235)	(265)
Other comprehensive income, net of tax	-	13	(2,586)	(2,573)
Total comprehensive income for the year	-	13	(2,586)	(2,573)
Transactions with owners:				
Purchase of treasury shares	(6)	-	-	(6)
Sale of treasury shares	3	-	-	3
Capital reduction	5	-	-	5
Reserves at 31 December	**(4)**	**(11)**	**(2,821)**	**(2,836)**

4.1 Equity — continued

Reserves
Reserves as presented in the statement of changes in equity comprise treasury reserve, hedging reserve and translations reserve, as specified on the previous page.

Treasury share reserve
The reserve comprises the nominal value of treasury shares. The difference between the market price paid and the nominal value plus dividends on treasury shares is recognised directly as retained earnings in equity.

Treasury shares are bought back to meet obligations under the Company's incentive schemes and to adapt the capital structure.

The reserve is a distributable reserve.

Hedging reserve
The hedging reserve comprises the fair value of hedging instruments qualifying for hedge accounting.

Hedge accounting ceases when the hedging instrument matures or if a hedge is no longer effective.

Translation reserve
The reserve comprises foreign currency translation arising on the translation of net investments and related hedging in entities with a functional currency other than DKK.

The reserve is dissolved upon disposal of entities.

	2021			2020		
Treasury shares	Market value (DKKm)	% of share capital at 31 December	Nominal value (DKKm)	Market value (DKKm)	% of share capital at 31 December	Nominal value (DKKm)
Portfolio, beginning of year	3,972	1.7%	3.9	4,247	2.7%	6.1
New shares issued	24,495	6.7%	16.0	-	-	-
Cancellation of treasury shares	(5,863)	(2.5%)	(6.0)	(3,317)	(2.2%)	(5.0)
Purchased during the year	17,841	5.5%	13.3	5,031	2.7%	6.2
Consideration for acquisition	(29,571)	(8.0%)	(19.3)	-	-	-
Sold during the year	(784)	(0.9%)	(2.1)	(1,370)	(1.5%)	(3.4)
Value adjustment	(1,169)	-	-	(619)	-	-
Portfolio, end of year	**8,921**	**2.4%**	**5.8**	**3,972**	**1.7%**	**3.9**

4.2 Capital structure and capital allocation

Capital structure
The capital structure of DSV is intended to maintain financial stability, optimise cost of capital and to ensure financial readiness allowing to act on business opportunities as they present themselves. The gearing ratio was 1.4 at 31 December 2021 (2020: 1.3). The target gearing ratio is below 2.0 x EBITDA, but may exceed this level following significant acquisitions.

Capital allocation
The Group aims to spend its free cash flow in the following order of priority:
1. Repayment of net interest-bearing debt in periods when the financial gearing ratio is above target;
2. Value-adding investments in the form of acquisitions or development of the existing business;
3. Distribution to the Company's shareholders by means of share buybacks and dividends.

Net interest-bearing debt
The Group increased its net interest-bearing debt in 2021 by DKK 11,056 million (2020: reduced by DKK 166 million). Net interest-bearing debt can be specified as follows:

Net interest-bearing debt (DKKm)	**2021**	2020
Lease liabilities	15,288	12,278
Interest-bearing borrowings	21,472	8,881
Pensions and similar obligations	908	1,219
Other receivables	(124)	(129)
Cash and cash equivalents	(8,299)	(4,060)
Net interest-bearing debt	**29,245**	**18,189**

Value-adding investments
The Group had a positive cash flow on acquisitions of DKK 1,631 million in 2021, primarily relating to the acquisition of GIL, as a result of taking over a positive net cash position.

4.2 Capital structure and capital allocation — continued

Distribution to the Company's shareholders

In 2021, the Group spent DKK 17,841 million on purchase of treasury shares and DKK 920 million on dividends distributed (2020: DKK 5,031 million and DKK 588 million, respectively). It is proposed to distribute a dividend of DKK 5.50 per share for 2021 (2020: DKK 4.00).

Cash and capital restrictions

Cash and cash equivalents comprise cash on hand and short-term liquid assets that are readily convertible to cash. Of total cash and cash equivalents, DKK 839 million (2020: DKK 930 million) are subject to restrictions implying that the cash may not be readily available for general use or distribution by the Group. Major types of cash and capital restrictions specify as follows:

Cash and capital restrictions (DKKm)	**2021**	2020
Exchange control restrictions	654	736
Insurance collaterals	178	187
Other collaterals	7	7
Total	**839**	**930**

Exchange control restrictions

Exchange control restrictions comprise cash balances in countries where various forms of foreign exchange controls or other legal restrictions apply. While the cash balances are available for the daily operations of the local entities, the balances cannot be immediately repatriated to the ultimate parent company in Denmark (DSV A/S).

Insurance collaterals

Insurance collaterals constitutes security for outstanding insurance contracts sold to customers by DSV Insurance. The amount is regulated and measured in accordance with laws and regulations issued by the Danish Financial Supervisory Authority.

4.3 Financial liabilities

Accounting policies

The financial liabilities of the Group are divided into four financing categories: bank loans and credit facilities, issued bonds, lease liabilities and other financial liabilities.

Bank loans and other borrowings and loans obtained through the issuance of bonds are initially recognised at fair value net of transaction expenses.

Subsequently, the financial liability is measured at amortised cost, corresponding to the capitalised value using the effective interest method, so that the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Lease liabilities are described in further detail in note 3.6.

Other liabilities are measured at amortised cost, which, in all essentials, corresponds to the net realisable value.

Financial liabilities (DKKm)	**2021**	2020
Non-current liabilities	28,841	17,124
Current liabilities	7,912	4,035
Total	**36,753**	**21,159**

Financing activities 2021 (DKKm)	Beginning of year	Cash flow	Non-cash change: Additions from business combinations	Non-cash change: Currency effects	Non-cash change: Other*	End of year
Loans and credit facilities	1,089	563	139	105	-	1,896
Issued bonds	7,730	11,782	-	48	(3)	19,557
Lease liabilities	12,278	(3,160)	2,539	246	3,385	15,288
Total liabilities from financing activities	**21,097**	**9,185**	**2,678**	**399**	**3,382**	**36,741**
Other non-current liabilities	62					12
Total financial liabilities	**21,159**					**36,753**

Financing activities 2020 (DKKm)	Beginning of year	Cash flow	Non-cash change: Additions from business combinations	Non-cash change: Currency effects	Non-cash change: Other*	End of year
Loans and credit facilities	2,867	(1,791)	10	3	-	1,089
Issued bonds	5,046	2,697	-	(25)	12	7,730
Lease liabilities	12,612	(3,058)	51	(368)	3,041	12,278
Total liabilities from financing activities	**20,525**	**(2,152)**	**61**	**(390)**	**3,053**	**21,097**
Other non-current liabilities	71					62
Total financial liabilities	**20,596**					**21,159**

* Other includes additions and remeasurement of financial liabilities.

4.4 Financial risks

Liquidity risk

The cash readiness of the Group is ensured through short and long-term credit facilities from the main banks of the Group and through the issuance of bonds. The purpose of issuing bond loans is to diversify the Group's long-term debt, making the Group less dependent on bank loans.

The Group's bank and bond loans are subject to standard clauses, according to which the Group's debt must be repaid in case of a change of control. The long-term credit facilities with banks are furthermore subject to one covenant. The covenant relates to the gearing ratio of the Group and is reported on every quarter. The covenant has not been breached in 2021.

The total duration of the Group's long-term loan commitments and the amounts drawn on its credit lines at 31 December 2021 are shown in the accompanying table. Furthermore, a maturity analysis has been provided based on contractual cash flows, including estimated interest payments. The amounts have not been discounted and as such do not reconcile directly to the balance sheet.

Foreign currency risk

Due to its global activities, the Group is exposed to exchange rate fluctuations to a certain extent. DSV seeks to eliminate foreign currency risks by hedging currency exposures centrally via the Group's Treasury department. The risk exposure is managed on a net basis, primarily by using foreign exchange forward contracts.

The Group's foreign subsidiaries are not affected where trading income and costs are denominated in the local functional currency. This applies to a large part of the Group's subsidiaries. Furthermore, a large proportion of the income and expenses of the Group are denominated in EUR, and the total foreign currency risk is therefore limited.

Commitments and amounts drawn on long-term credit facilities at 31 December 2021:

Loan facilities	Amount (EURm)	Amount (DKKm)	Expiry of commitments	Duration (years)	Undrawn
Long-term loan I	200	1,487	31-01-2024	2.1	1,487
Long-term loan II	180	1,339	31-12-2023	2.0	1,339
Long-term loan III	100	744	31-01-2024	2.1	744
Long-term loan IV	100	744	28-02-2025	3.2	744
Long-term loan V	125	930	28-02-2024	2.2	930
Long-term loan VI	75	558	15-12-2023	2.0	558
Bond loan III	200	1,488	20-09-2024	2.7	-
Bond loan V	500	3,718	26-02-2027	5.2	-
Bond loan IV	500	3,718	03-03-2031	9.2	-
Bond loan IV	600	4,462	05-07-2033	11.5	-
Bond loan IV	500	3,718	17-09-2036	14.7	-
Total and weighted duration	**3,080**	**22,906**		**9.6**	**5,802**

The Group's financial liabilities fall due as follows:

Financial liabilities – maturity 2021 (DKKm)	Carrying amount	Total cash flow, including interest	0-1 year	1-5 years	> 5 years
Loans and credit facilities	1,896	1,932	1,932	-	-
Issued bonds	19,557	20,923	2,741	1,952	16,230
Lease liabilities	15,288	18,330	3,692	9,835	4,803
Trade payables	17,040	17,040	17,040	-	-
Currency derivatives	33	33	33	-	-
Interest rate derivatives	7	(9)	(9)	-	-
Total	**53,821**	**58,249**	**25,429**	**11,787**	**21,033**

Financial liabilities – maturity 2020 (DKKm)	Carrying amount	Total cash flow, including interest	0-1 year	1-5 years	> 5 years
Loans and credit facilities	1,089	1,096	1,096	-	-
Issued bonds	7,730	7,985	89	4,160	3,736
Lease liabilities	12,278	13,920	3,122	7,299	3,499
Trade payables	9,926	9,926	9,926	-	-
Interest rate derivatives	17	20	3	17	-
Total	**31,040**	**32,947**	**14,236**	**11,476**	**7,235**

4.4 Financial risks — continued

The Group is also exposed to foreign currency risks, partly on the translation of debt denominated in foreign currency other than the functional currency and partly on the translation of net investments in enterprises with a functional currency other than DKK. The former risk affects profit before tax. On recognition of net investments in foreign subsidiaries, the Group is exposed to a translation risk when the profit or loss and equity of foreign subsidiaries are translated into DKK at the reporting date based on the average rates of exchange and the closing rates. The need to hedge the Parent's net investments in subsidiaries is assessed on a regular basis. It is Group policy to reduce net investments in Group subsidiaries on an ongoing basis by distributing the subsidiaries' profits as dividends.

The Group hedges booked external net currency positions and currencies with larger expected short-term operational cash flows for up to six months. At year-end 2021, 41% of expected six-month cash flows in USD were hedged.

As hedge accounting is only applied to a limited extent, and we do not hedge currency exposure related to intra-group balances with no underlying cash flow impact, significant changes in currency rates, especially EUR/DKK, CNY/DKK and CHF/DKK, will result in more fluctuations in reported financial items. Unhedged intra-group balances at 31 December are highlighted in the main currency exposures table to the right.

In general, the Group does not hedge EUR positions as it expects that the official Danish fixed exchange-rate policy against the EUR will continue.

The sensitivity analysis of foreign currency translation exposures shows the effect of a 5% change in average exchange rates for the year on profit/loss (EBIT) and the effect of a 5% change in year-end closing rates on other comprehensive income. The calculation method applied in the sensitivity analysis is unchanged compared to previous years.

	Unhedged intra-group balances				Currency exposures – sensitivity analysis			
	2021		2020		**2021**		2020	
Main currency exposures (DKKm)	Net position	Impact on profit/loss	Net position	Impact on profit/loss	Impact on profit/loss	Impact on OCI	Impact on profit/loss	Impact on OCI
EUR/DKK	(12,154)	(608)	(3,378)	(169)	191	238	104	229
CNY/DKK	(3,143)	(157)	(1,167)	(58)	84	54	68	44
CHF/DKK	(1,771)	(89)	(5,478)	(274)	14	38	9	310
GBP/DKK	(1,085)	(54)	213	11	41	34	28	24
PLN/DKK	(543)	(27)	(234)	(12)	22	24	12	16
USD/DKK	(188)	(9)	5,540	277	145	293	86	180
Total	**n.a.**	**(944)**	**n.a.**	**(225)**	**497**	**681**	**307**	**803**

	2021			2020		
Loan and credit facilities (DKKm)	Carrying amount	Fixed/floating interest rate	Expiry	Carrying amount	Fixed/floating interest rate	Expiry
Bank loans	818	Fixed	2022	444	Fixed/floating	2021
Bond loans	19,557	Fixed/floating	2022-2036	7,730	Fixed/floating	2022-2027
Overdraft facility	1,078	Floating	2022	645	Floating	2021
Loans and credit facilities at 31 December	21,453			8,819		
Current/non-current classification:						
Non-current liabilities	16,981			7,730		
Current liabilities	4,472			1,089		

4.4 Financial risks — continued

Interest rate risk

The Group's interest rate risk relates to the long-term floating-rate loans raised by the Parent. These loans are partly converted to fixed rate loans by using interest rate swaps with a duration of up to 120 months. The Group's loans and credit facilities break down as shown on the previous page.

At 31 December 2021, 92% (2020: 81%) of Group borrowings were secured either through fixed-rate loans or other hedge transactions. The duration of hedges relating to net borrowings of the Group was 151 months (2020: 88 months).

The weighted average interest rate on the Group's loans, credit facilities and interest rate hedging was 1.2% at the end of 2021 (2020: 1.3%).

A 1 percentage point increase in interest rates would increase profit for the year by DKK 57 million (2020: DKK 9 million loss) and increase other comprehensive income by DKK 5 million (2020: DKK 12 million), based on average net interest-bearing debt for 2021. The calculation method applied in the sensitivity analysis is unchanged compared to previous years.

Credit risk

The Group's credit risk mainly relates to trade receivables.

The Group is not dependent on particular customer segments or any specific customers, and all customers are subjected to individual credit assessments and credit limits in accordance with the Group's Credit Policy. As a result, the credit risk of the Group is generally considered insignificant.

The Group mainly hedges credit risks through the use of credit insurance.

For a limited number of customers, the Group uses non-recourse factoring. At 31 December 2021, non-recourse factoring amounted to DKK 1,696 million (2020: 1,407 million).

DSV is exposed to counterparty credit risk when entering into derivative financial instruments. In order to reduce this risk, DSV only enters into derivative financial instruments with the existing banks of the Group whose credit ratings from Standard & Poor's are long-term A or higher.

As a general rule, the Group only makes short-term deposits with banks rated short-term A-2 or higher by Standard & Poor's and/or P-2 or higher by Moody's.

Impairment of trade receivables

Impairment of trade receivables are assessed on an ongoing basis and insurance policies taken out for the majority of these.

At 31 December 2021, credit insurances amounted to DKK 25,295 million, corresponding to 70% of total trade receivables (2020: DKK 15,163 million or 78%).

Loss allowances for impaired trade receivables are provided for following an expected credit loss model. The model includes uninsured trade receivables and also factors in any own risk on insured receivables. Expected credit loss at 31 December 2021 is presented in the following table:

Expected credit loss 2021 (DKKm)	Carrying amount	Expected loss rate (%)	Loss allowance
Current	31,079	0.4%	117
Overdue 1-30 days	3,834	1.6%	62
Overdue 31-60 days	970	5.8%	56
Overdue 61-90 days	413	13.3%	55
Overdue 91-120 days	167	24.4%	41
Overdue >121 days	663	64.2%	426
Total	**37,126**		**757**

Expected credit loss 2020 (DKKm)	Carrying amount	Expected loss rate (%)	Loss allowance
Current	15,901	0.3%	40
Overdue 1-30 days	2,204	2.0%	45
Overdue 31-60 days	530	7.1%	37
Overdue 61-90 days	230	15.2%	35
Overdue 91-120 days	137	21.9%	30
Overdue >121 days	459	51.4%	236
Total	**19,461**		**423**

Current receivables are considered to have high creditworthiness with a low risk of loss.

The loss allowance provision for the year is specified below:

Loss allowance provision (DKKm)	**2021**	2020
Provision at 1 January	423	510
Additions from business combinations	351	-
Additions for the year	337	251
Losses recognised	(79)	(94)
Reversal of provisions from previous years	(277)	(211)
Currency translation	2	(33)
Provision at 31 December	**757**	**423**

Impairment losses on trade receivables for 2021 amounted to DKK 79 million, corresponding to 0.04% of consolidated revenue (2020: DKK 94 million, or 0.08%).

4.5 Derivative financial instruments

Accounting policies

Derivative financial instruments are recognised on the trade date and are measured at fair value. Positive and negative fair values are included in other current receivables or other current payables in the balance sheet. Positive and negative fair values are only offset if the Group has a right and an intention to settle several financial instruments net (by means of settlement of differences). Fair value is determined based on generally accepted valuation methods using available observable market data.

When entering into contracts for financial instruments, an assessment is made of whether the instrument qualifies for hedge accounting, including whether the instrument hedges recognised assets and liabilities or net investments in foreign entities. The effectiveness of recognised financial instruments is assessed on a monthly basis, and any ineffectiveness is recognised in the income statement.

Fair value changes which are classified as and fulfil the criteria for recognition as a fair value hedge are recognised in the income statement together with changes in the value of the part of the asset or liability that has been hedged.

Fair value changes in the part of the derivative which is classified as and qualifies for recognition as a future cash flow hedge and which effectively hedges against changes in the value of the hedged item are recognised in other comprehensive income as a separate hedging reserve.

When the underlying hedged item is realised, any gain or loss on the hedging transaction is transferred from equity and recognised together with the hedged item.

Fair value changes that do not meet the criteria for treatment as hedging instruments are recognised on an ongoing basis in the income statement under financials.

Foreign currency risk hedging

The Group mainly uses foreign exchange forward contracts to hedge foreign currency risks. The main currencies hedged are CNY and USD. The foreign exchange forward contracts are used as fair value hedges of currency exposures relating to external balance sheet assets and liabilities as well as expected short-term operational cash flows.

A loss on hedging instruments of DKK 84 million was recognised in the income statement for 2021 (2020: a gain of DKK 76 million). In the same period, a loss of DKK 28 million was recognised relating to assets and liabilities (2020: a loss of DKK 1,131 million). The net loss in 2021 primarily relates to hedging instruments loss.

Interest rate risk hedging

The Group has obtained long-term loans on a floating rate basis, implying that the Group is exposed to interest rate fluctuations.

The Group mainly uses interest rate swaps to hedge future cash flows relating to interest rate risks. Thereby, floating-rate loans are converted to fixed-rate financing.

The weighted average effective interest rate for existing interest rate instruments used as hedges of long-term loans was 0.8% at the reporting date (2020: 0.8%).

	2021			2020		
External hedging instruments (DKKm)	Currency instruments	Interest rate instruments	Total	Currency instruments	Interest rate instruments	Total
Contractual value	11,801	744	12,545	6,447	744	7,191
Maturity (year)	2022	2022		2021	2021-2022	
Fair value	(33)	(7)	(40)	50	(17)	33
Of which recognised in income statement	(34)	-	(34)	51	-	51
Of which recognised in OCI	1	(7)	(6)	(1)	(17)	(18)

4.6 Earnings per share

Earnings per share (DKKm)	**2021**	2020
Profit for the year	11,254	4,258
Non-controlling interests' share of consolidated profit for the year	49	8
DSV A/S shareholders' share of profit for the year	**11,205**	**4,250**
Amortisation of customer relationships	212	208
Share-based payment	160	134
Special items, costs	478	2,164
Related tax effect	(208)	(610)
Adjusted profit for the year	**11,847**	**6,146**
('000 shares)		
Total average number of shares	231,732	231,462
Average number of treasury shares	(4,231)	(4,216)
Average number of shares in circulation	227,501	227,246
Average dilutive effect of outstanding share options under incentive schemes	5,138	4,330
Diluted average number of shares in circulation	**232,639**	**231,576**
Earnings per share of DKK 1	49.3	18.7
Diluted earnings per share of DKK 1	48.2	18.4
Adjusted earnings per share of DKK 1	52.1	27.0
Diluted adjusted earnings per share of DKK 1	50.9	26.5

Diluted average number of shares

Diluted earnings per share and diluted adjusted earnings per share have been calculated excluding out-of-the money share options. The number of out-of-the money share options was 0 in 2021 (2020: 0).

4.7 Financial instruments — fair value hierarchy

Fair value hierarchy by category

DSV has no financial instruments measured at fair value based on level 1 input (quoted active market prices) or level 3 input (non-observable market data).

All financial instruments are measured based on level 2 input (input other than quoted prices that are observable either directly or indirectly).

Derivative financial instruments
The fair value of currency and interest rate derivatives is determined based on generally accepted valuation methods using available observable market data. Calculated fair values are verified against comparable external market quotes on a monthly basis.

Financial liabilities measured at amortised cost
The carrying value of financial liabilities measured at amortised cost is not considered to differ significantly from fair value.

Trade receivables, trade payables and other receivables
Receivables and payables pertaining to operating activities and with short churn ratios are considered to have a carrying value equal to fair value.

Financial instruments by category (DKKm)	**2021** Carrying amount	2020 Carrying amount
Financial assets:		
Currency derivatives	-	50
Trade receivables	36,369	19,038
Other receivables	6,404	3,007
Cash and cash equivalents	8,299	4,060
Financial assets measured at amortised cost	51,072	26,105
Financial liabilities:		
Interest rate derivatives	7	17
Currency derivatives	33	-
Issued bonds measured at amortised cost	19,557	7,730
Loans and credit facilities	1,896	1,089
Lease liabilities	15,288	12,278
Trade payables	17,040	9,926
Financial liabilities measured at amortised cost	53,781	31,023

Chapter 5

Tax

In 2021, we contributed with direct and indirect taxes such as corporate taxes, VAT, GST, duties etc. in more than 90 countries. Our corporate tax payments amounted to DKK 2,263 million.

We believe in contributing to the societies and communities we do business in. One of the ways we do that is through our global tax payments. In all tax matters, we act in a fair, compliant and in a responsible way.

5.1 Income tax

Accounting policies

Current tax payable and receivable is recognised in the balance sheet as tax calculated on the taxable income for the year adjusted for tax on taxable income for previous years and for prepaid tax.

Tax for the year comprises current and deferred tax on profit or loss for the year, interest expenses related to pending tax disputes and adjustments to previous years, including adjustments due to tax rulings. Tax for the year is recognised in the income statement, unless the tax expense relates directly to items included in other comprehensive income or equity.

Tax for the year (DKKm)	**2021**	2020
Tax for the year is disaggregated as follows:		
Tax on profit for the year	3,650	1,369
Tax on other changes in equity	(791)	(383)
Tax on other comprehensive income	116	8
Total tax for the year	**2,975**	**994**
Tax on profit for the year is calculated as follows:		
Current tax	3,830	1,905
Deferred tax	(220)	(621)
Tax adjustment relating to previous years	40	85
Total tax on profit for the year	**3,650**	**1,369**
Tax on other comprehensive income specifies as follows:		
Fair value adjustment of hedging instruments	3	(3)
Actuarial gains/(losses)	(119)	(5)
Total	**(116)**	**(8)**

Tax rate (%)	**2021**	2020
Tax rate specifies as follows:		
Calculated tax on profit for the year before tax	22.0%	22.0%
Adjustment of calculated tax in foreign group enterprises relative to 22.0%	2.4%	3.3%
Change in deferred tax based on change in income tax rate	(0.1%)	0.0%
Tax effect of:		
Non-deductible expenses/non-taxable income	0.7%	(2.5%)
Non-deductible losses/non-taxable gains on shares	0.0%	0.2%
Tax adjustment relating to previous years	0.3%	1.5%
Tax asset valuation adjustments, net	(1.2%)	(1.7%)
Other taxes and adjustments	0.4%	1.5%
Effective tax rate	**24.5%**	**24.3%**

5.2 Deferred tax

Accounting policies

Deferred tax is recognised based on temporary differences between the carrying amount and the tax value of assets and liabilities. No recognition is made of deferred tax on temporary differences relating to amortisation or depreciation of goodwill, properties and other items if disallowed for tax purposes, except at the acquisition of enterprises, if such temporary differences arose on the date of acquisition without affecting the results or the taxable income. In cases where it is possible to calculate the tax value according to different taxation rules, deferred tax is measured on the basis of the planned use of the asset or the settlement of the liability.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised as other non-current assets at the expected value of their utilisation, either by elimination in tax on future earnings or by offsetting deferred tax liabilities within the same legal tax entity and jurisdiction.

Deferred tax assets and tax liabilities are offset if the enterprise has a legally enforceable right to set off current tax liabilities and tax assets or intends either to settle current tax liabilities and tax assets on a net basis or to realise the assets and liabilities simultaneously.

Deferred tax is adjusted for elimination of unrealised intra-group gains and losses. Deferred tax is measured on the basis of the tax rules and tax rates of the relevant countries that will be effective under current legislation at the reporting date on which the deferred tax is expected to materialise as current tax.

Management judgements and estimates

Management applies significant estimates when recognising and measuring deferred tax assets.

Deferred tax assets, including the tax base of tax loss carryforwards are recognised if it is assessed that there will be sufficient future taxable income against which the temporary differences and unutilised tax losses can be utilised. This assessment is based on budgets and business plans for the following years, including planned business initiatives. Deferred tax assets are tested annually and are only recognised if likely to be utilised.

The resolution of disputes may take several years, and the outcome is subject to considerable uncertainty.

Deferred tax recognised in the balance sheet (DKKm)	**2021**	2020
Deferred tax at 1 January	2,293	1,709
Deferred tax for the year	220	621
Tax adjustment relating to previous years	(337)	(162)
Tax on changes in equity	675	383
Additions from business combinations	456	-
Other adjustments	(210)	(258)
Deferred tax at 31 December	**3,097**	**2,293**

Deferred tax not recognised in the balance sheet (DKKm)	**2021**	2020
Temporary differences	(58)	(27)
Tax loss carryforwards	1,220	982
Total tax assets not recognised	**1,162**	**955**

Of tax loss carryforwards, DKK 1,220 million may be carried forward indefinitely.

5.2 Deferred tax — continued

The deferred tax assets and liabilities recognised are allocated to the following items:

Deferred tax allocation 2021 (DKKm)	Intangible assets	PPE and ROU assets	Provisions	Other liabilities	Tax base of tax loss carry-forwards	Total
Deferred tax at 1 January	(253)	(1,778)	1,225	2,228	871	2,293
Recognised in profit/loss	105	(475)	(1,325)	1,321	256	(118)
Recognised in equity	-	-	791	(116)	-	675
Additions from business combinations	6	(135)	210	(21)	396	456
Other adjustments	-	-	1	-	(162)	(161)
Currency translation	(1)	17	(13)	(24)	(27)	(48)
Deferred tax at 31 December	**(143)**	**(2,371)**	**889**	**3,388**	**1,334**	**3,097**
Balance sheet classification:						
Deferred tax assets	(128)	(1,615)	701	3,250	1,336	3,544
Deferred tax liabilities	(15)	(756)	188	138	(2)	(447)

Deferred tax allocation 2020 (DKKm)	Intangible assets	PPE and ROU assets	Provisions	Other liabilities	Tax base of tax loss carry-forwards	Total
Deferred tax at 1 January	(364)	(1,762)	988	1,989	858	1,709
Recognised in profit/loss	111	(61)	(103)	310	202	459
Recognised in equity	-	-	380	3	-	383
Additions from business combinations	-	-	-	-	-	-
Other adjustments	-	(3)	(2)	-	(131)	(136)
Currency translation	-	48	(38)	(74)	(58)	(122)
Deferred tax at 31 December	**(253)**	**(1,778)**	**1,225**	**2,228**	**871**	**2,293**
Balance sheet classification:						
Deferred tax assets	(129)	(1,576)	1,310	2,071	860	2,536
Deferred tax liabilities	(124)	(202)	(85)	157	11	(243)

Chapter 6

Other notes

This chapter includes disclosures on other statutory information not directly related to the operating activities of the Group.

The chapter describes the acquisition and disposal of entities during the year, contingent liabilities and security for debt as well as transactions with Group Management, auditors and other related parties.

6.1 Acquisition and disposal of entities

Accounting policies

When accounting for business combinations, the acquisition method is applied in accordance with IFRS 3.

Acquirees are recognised in the consolidated financial statements from the date of acquisition. The date of acquisition is the date on which DSV obtains control of the company. Entities disposed of are recognised in the consolidated financial statements until the date of disposal. The date of disposal is the date on which DSV surrenders control of the company.

The consideration transferred as payment for the acquiree consists of the fair value of assets transferred, liabilities incurred to former owners of the acquiree and equity instruments issued. Contingent considerations dependent on future events or the performance of contractual obligations are also recognised at fair value and form part of the total consideration transferred. Fair value changes in contingent considerations are recognised in the income statement until final settlement.

Identifiable assets, liabilities and contingent liabilities of the acquiree are measured at fair value at the date of acquisition by applying relevant valuation methods. Identifiable intangibles are recognised if they are separable or arise from a contractual right. Deferred tax is recognised for identifiable tax benefits existing at the date of acquisition and from the perspective of the new combined Group in compliance with local tax legislation.

The excess of the total consideration transferred, value of non-controlling interests and the fair value of any equity investments previously held in the acquiree over the total identifiable net assets measured at fair value are recognised as goodwill.

If measurement of the identifiable net assets is uncertain at the date of acquisition, initial recognition is done based on provisional amounts. Measurement period adjustments to the provisional amounts may be done for up to 12 months following the date of acquisition.

The effects of cross-period measurement period adjustments are recognised in equity at the beginning of the financial year, and comparative figures are restated.

After the end of the measurement period, goodwill is no longer adjusted. Transaction costs inherent from the acquisition are recognised in the income statement when incurred.

Goodwill and fair value adjustments arising from the acquisition of an acquiree whose functional currency differs from the presentation currency of the Group are translated into the functional currency of the foreign entity using the exchange rate ruling at the date of acquisition.

Other than cross-period measurement period adjustments, comparative figures are not adjusted when acquiring or disposing of entities.

Management judgements and estimates

In applying the acquisition method of accounting, estimates are an integral part of assessing fair values of several identifiable assets acquired and liabilities assumed, as observable market prices are typically not available.

Valuation techniques where estimates are applied typically relate to determining the present value of future uncertain cash flows or assessing other events in which the outcome is uncertain at the date of acquisition.

More significant estimates are typically applied in accounting for property, plant and equipment, customer relationships, trade receivables, debt and contingent liabilities. As a result of the uncertainties inherent in fair value estimation, measurement period adjustments may be applied.

Acquisitions and disposals

On 16 August 2021, DSV acquired the Global Integrated Logistics business (GIL) (from Agility Public Warehousing Company K.S.C.P.). No other material enterprises, non-controlling interests or activities were acquired

6.1 Acquisition and disposal of entities — continued

or divested in 2021. In 2020, no material enterprises, non-controlling interests or activities were acquired or divested.

About GIL

The GIL business was a leading global transport and logistics provider with a strong footprint in emerging markets. The business offered a mix of integrated logistics services, including air, ocean and road freight forwarding services, contract logistics and specialised logistics capabilities. GIL operated a flexible, customer-centric and sustainability-driven business with a global workforce of approximately 17,000 employees and service provision across 100+ countries around the world (incl. agents). GIL empowered businesses of all sizes, from small businesses to large multinationals, through sector-specific expertise and digital tools and technology to enhance supply chain efficiency.

Strategic rationale and synergies

Acquisitions are an integral part of DSV's strategy, and DSV has a track record of successful integrations. The combination with GIL is expected to increase DSV's annual revenue by approximately 23%, thereby ranking the combined company in the freight forwarding industry top three with a combined workforce of more than 75,000 employees. The combined company has own operations in more than 90 countries.

Scale remains one of the key competitive advantages in freight forwarding with significant operational and commercial benefits.

The Air & Sea division has been strengthened and will further cement its position as one of the largest providers. GIL's presence in the fast-growing emerging markets in APAC as well as Europe and Americas is a strong addition to DSV's existing network.

Contract logistics capabilities are increasingly important due to complex supply chains and changing distribution channels. GIL brings additional warehousing capacity of more than 1.4 million square metres, mainly in APAC and the Middle East, and has thereby significantly strengthened the Solutions division. Finally, GIL adds road freight activities to DSV's network in Europe and the Middle East.

DSV and GIL are a strong match with many potential synergies as a result of similarities in business models, services and strategies:

- Commercial synergies and cross-selling opportunities from stronger network and service offerings, new competencies and skills
- Consolidation of operations, administration and logistics facilities
- Consolidation of IT infrastructure
- Strong focus on corporate responsibility and sustainability

The transaction is expected to be EPS accretive (diluted and adjusted) in year 2 after completion, and it is DSV's aspiration to lift the operating margin of the combined entity to DSV's existing levels within the respective business areas.

Consideration transferred

The consideration transferred for Global Integrated Logistics has been made in DSV equity instruments by offering in total 19,304,348 DSV shares at a fair value of DKK 29,493 million based on the acquisition date closing price of DKK 1,531 on Nasdaq Copenhagen offset by a cash consideration transferred from Agility to DSV of approximately DKK 61 million. Adjusted for the fair value of cash and cash equivalents acquired of DKK 1,759 million, the total net consideration amounted to DKK 27,734 million.

Transaction costs

Total transaction costs recognised until 31 December 2021 amount to DKK 86 million (recognised as special items).

Earnings impact

As a consequence of the integration of Global Integrated Logistics into DSV, the disclosed earnings impact is based on estimates as no financial reporting capabilities are maintained that provide detailed consolidated financial data on the separate pre-acquisition consolidation groups.

The acquisition is estimated to have contributed revenues of around DKK 15,000 million and operating profit before special items of DKK 950 million to the DSV Group results for the period 16 August 2021 to 31 December 2021.

If the acquisition had occurred on 1 January 2021, consolidated pro-forma revenue and operating profit before special items for the period ended 31 December 2021 of the combined Group would have been approximately DKK 200,000 million and DKK 17,000 million, respectively.

Fair value of acquired net assets and recognised goodwill

Fair value of acquired net assets have been identified and goodwill recognised. Net assets, goodwill and contingent assets and liabilities recognised at the reporting date are to some extent still provisional. Adjustments may be applied to these amounts for a period of up to twelve months from the acquisition date in accordance with IFRS 3.

The major categories of net assets for which acquisitional accounting is still ongoing mainly relate to other provisions and deferred tax assets. In addition, other minor adjustments may be applied to the various net asset categories as full alignment to DSV accounting policies is being finalised.

The fair value of acquired trade receivables, contract assets and other receivables amounts to DKK 9,265 million. Collectability of receivables has been assessed based on credit assessment policies; in this regard, expected credit losses of DKK 340 million have been provided for.

The fair value of other receivables recognised includes indemnification assets totalling DKK 1,818 million relating to various company- and value added taxes. Indemnification assest have not been excluded from the consideration transferred or opening balance recognition. Had the indemnification assets been excluded, consideration transferred and net assets recognised would have amounted to DKK 27,675 million and DKK 2,475 million instead, whereas acquisitional goodwill would have remained unchanged.

6.1 Acquisition and disposal of entities — continued

Net assets and goodwill recognised (DKKm)	Fair value at date of acquisition
Customer relationships	569
Other intangible assets	13
Right-of-use assets	2,375
Property, plant and equipment	2,554
Trade receivables	5,452
Contract assets	1,448
Inventories	34
Deferred tax assets	641
Other receivables	2,365
Cash and cash equivalents	1,759
Total assets	**17,210**
Lease liabilities	2,331
Borrowings	139
Provisions	2,724
Pensions and similar obligations	355
Trade payables	2,487
Accrued cost of services	1,881
Deferred tax liabilities	206
Tax payables	601
Other payables	1,929
Total liabilities	**12,653**
NCI share of acquired net assets	264
Acquired net assets	**4,293**
Fair value of total consideration transferred	29,493
Goodwill arising from the acquisition	**25,200**

Contingent liabilities recognised are presented within the provisions line item and further described in note 3.8. Goodwill recognised mainly relates to the expertise and knowhow of the acquired workforce and expected synergies from the integration into the DSV Group. Recognised goodwill is non-deductible for tax purposes. The fair value of identified net assets and goodwill recognised is as specified to the left.

Fair value measurement

Material net assets acquired for which significant estimates have been applied in the fair value assessment have been recognised using the following valuation techniques:

Property, plant and equipment

Fair value of individual material property, plant and equipment assets has been measured based on external market valuations carried out by professional appraisers and assessments of prices on an active market.

Customer relationships

Customer relationships have been measured using a multi-period excess earnings model (MPEE), by which the present value of future cash flows from recurring contract customers expected to be retained after the date of acquisition has been valuated using a peer-group WACC of 7% as discount rate. In total, customer relationships amounting to DKK 569 million have been included in the opening balance.

The main input value drivers in the MPEE model used are the estimated future retention rate and net cash flow of the acquired contract customer base. These inputs have been estimated based on Management's professional judgement from analysis of the acquired customer base, historical data and general business insight.

Trade receivables and payables, contract assets and accrued cost of services

Fair value of trade receivables and trade payables, contract assets and accrued cost of services has been measured at the contractual amount expected to be received or paid. In addition, collectability has been taken into consideration on trade receivables. The amounts have not been discounted, as maturity on trade receivables and payables generally is very short and the discounted effect therefore immaterial.

Financial liabilities

Lease liabilities have been measured at the present value of the remaining lease payments at the acquisition date discounted using an appropriate incremental borrowing rate.

Other financial liabilities have been measured at the present value of the repayable amounts discounted using a representative DSV borrowing rate, unless the discount effect is insignificant. A DSV borrowing rate has been applied as DSV vouches for the acquired debt, hence the credit enhancement of the Group has been applied in the valuation.

6.2 Share option schemes

Accounting policies

DSV's share option schemes are equity-settled, measured at the grant date and recognised in the income statement as staff costs over the vesting period. The offsetting item is recognised directly in equity.

The value of employee services received during the vesting period in exchange for share options granted corresponds to the fair value of the share options at the date of granting.

The fair value of the options granted is determined based on the Black & Scholes valuation model. The assumptions used in the valuation takes into account the terms and conditions applicable to the options granted and Management's expectations of the various parameters on which the valuation model is based.

On initial recognition, an estimate is made of the number of share options that the employees are expected to earn. The estimated number of share options is adjusted subsequently to reflect the actual number of share options earned.

The estimated volatility is based on historical data over the preceding three years adjusted for any unusual circumstances during the period. The valuation of the share options granted in 2021 and 2020 is based on the assumptions disclosed in the following table:

Assumptions	**2021**	2020
Share price	1,325.0	560.0
Volatility	18.0%	16.0%
Risk-free interest rate	(0.1%)	0.0%
Expected dividends	0.8%	1.0%
Expected remaining life (years)	3.5	3.5

Current share option schemes

Scheme	Options granted	Exercise period	Exercise price	Number of employees	Market value at date of granting (DKKm)
2017	2,723,500	01.04.2020 - 31.03.2022	357.0	1,574	101.8
2018	2,733,500	28.03.2021 - 28.03.2023	477.5	1,600	118.2
2019	2,735,000	29.03.2022 - 27.03.2024	545.0	1,624	141.7
2020	3,080,750	31.03.2023 - 31.03.2025	560.0	2,000	155.5
2021	2.438.300	01.04.2024 - 31.03.2026	1,325.0	2,202	205.3

Share option schemes at 31 December 2021

Scheme	Executive Board	Key employees	Total	Average exercise price per option
2017*	-	326,500	326,500	357.0
2018*	190,000	1,051,073	1,241,073	477.5
2019	202,000	2,433,000	2,635,000	545.0
2020	202,000	2,761,750	2,963,750	560.0
2021	168,750	2,242,325	2,411,075	1,325.0
Outstanding at 31 December 2021	**762,750**	**8,814,648**	**9,577,398**	**730.9**
Open for exercise at 31 December 2021	190,000	1,377,573	1,566,073	452.4
Life (years)	2.7	2.9	2.9	n.a.
Market value (DKKm)	630.8	7,054.4	7,685.2	n.a.

* Share options granted in 2017 and 2018 are currently exercisable.

6.2 Share option schemes — continued

Share option schemes

DSV has launched incentive share-based payment schemes with the purpose of motivating and retaining key employees throughout the organisation. Share options are awarded at all levels in the organisation, e.g. from team leads, specialists, branch managers, country managers, up to Executive Management.

Retention is motivated by requiring continued service for a period covering the vesting period as a minimum. The schemes are also intended to align the interests of employees and shareholders.

All active schemes entail a three-year vesting period and a two-year exercise period. In case of a change of control, all outstanding share options will vest. Exercise prices are set based on the quoted market prices leading up to the date of granting. The share options can be exercised by cash purchase of shares only. The obligation relating to the schemes is partly covered by the Company's treasury shares.

Share options are granted pursuant to the procedures laid down in the Group's Remuneration Policy applicable in the relevant year.

A total of 2,625 employees held share options at 31 December 2021 (2020: 2,378 employees).

Total costs recognised in 2021 for services received but not recognised as an asset amounted to DKK 160 million (2020: DKK 134 million).

The average share price for options exercised in the financial year was DKK 1,324.5 per share at the date of exercise (2020: DKK 795.3 per share).

Outstanding share options	Executive Board	Key employees	Total	Average exercise price per option
Outstanding at 1 January 2020	760,000	8,228,700	8,988,700	438.2
Granted	190,000	2,890,750	3,080,750	560.0
Exercised	(190,000)	(2,326,071)	(2,516,071)	325.0
Options waived/expired	-	(147,250)	(147,250)	515.2
Outstanding at 31 December 2020	**760,000**	**8,646,129**	**9,406,129**	**507.2**
Outstanding at 1 January 2021	760,000	8,646,129	9,406,129	507.2
Granted	156,750	2,281,550	2,438,300	1,325.0
Transferred [1]	36,000	(36,000)	-	-
Exercised	(190,000)	(1,953,556)	(2,143,556)	427.9
Options waived/expired	-	(123,475)	(123,475)	684.7
Outstanding at 31 December 2021	**762,750**	**8,814,648**	**9,577,398**	**730.9**

[1] A member of the Executive Board has previously received share options in the Director's former capacity as DSV key employee.

6.3 Remuneration of the Executive Board and the Board of Directors

Executive Board

The members of the Executive Board are subject to a notice period of up to 24 months.

The aggregate remuneration for the members of the Executive Board for 2021 was DKK 41.5 million (2020: DKK 37.6 million). The remuneration of the Executive Board breaks down as follows:

Executive Board's remuneration (DKKm)	**2021** Jens Bjørn Andersen	Jens H. Lund	Michael Ebbe*	Total
Fixed salary	15.2	11.3	1.1	27.6
Pension	1.2	0.9	0.1	2.2
Share-based payment	6.7	4.9	0.1	11.7
Total	**23.1**	**17.1**	**1.3**	**41.5**

* Michael Ebbe became a member of the Executive Board on 26 October 2021.

Executive Board's remuneration (DKKm)	2020 Jens Bjørn Andersen	Jens H. Lund	Michael Ebbe*	Total
Fixed salary	15.2	11.3	-	26.5
Pension	1.2	0.9	-	2.1
Share-based payment	5.2	3.8	-	9.0
Total	**21.6**	**16.0**	**-**	**37.6**

Board of Directors

The aggregate remuneration for the Board of Directors of DSV A/S for 2021 was DKK 7.2 million (2020: DKK 6.9 million).

Board of Directors' remuneration (DKK '000)	**2021**	2020
Thomas Plenborg, Chairman	2,250	2,250
Jørgen Møller, Deputy Chairman	1,000	1,000
Annette Sadolin	1,000	1,000
Birgit W. Nørgaard	625	625
Marie-Louise Aamund	750	750
Beat Walti (elected in 2020)	625	584
Niels Smedegaard (elected in 2020)	750	565
Tarek Sultan Al-Essa (elected in 2021)	157	-
Robert S. Kledal (resigned in 2021)	-	130
Total	**7,157**	**6,904**

6.4 Fees to auditors appointed at the Annual General Meeting

Audit fees and services (DKKm)	**2021**	2020
Statutory audit fees	42	33
Assurance engagements other than audits	4	1
Tax and VAT advisory services	2	1
Other services	4	4
Total fees to auditors appointed at the Annual General Meeting	**52**	**39**
Statutory audit fees	13	5
Tax and VAT advisory services	21	13
Other services	12	8
Total fees, other*	**46**	**26**
Total fees	**98**	**65**

* Includes fees to EY (the appointed auditor for GIL) amounting to DKK 4 million for statutory audit fees and DKK 3 million for tax and VAT advisory services. The amounts are pro-rate for the period after closing of the acquisition of GIL.

Non-audit services provided by PwC Denmark amounted to DKK 8 million in 2021 relating to cyber security advisory services, data AI solution advisory services, valuation reports, various tax advisory services and other advisory services. Non-audit services provided by PwC Denmark did not exceed 70% of the audit fees in accordance with EU audit legislation.

6.5 Related-party transactions

DSV has no related parties with control of the Group and no related parties with significant influence other than key management personnel – mainly in the form of the Board of Directors and the Executive Board.

Related-party transactions

Board of Directors and Executive Board
No transactions with related parties were made in 2021 other than ordinary remuneration, as described in notes 6.2 and 6.3.

Associated companies
DSV holds ownership interests in 12 associates (2020: seven associates). The Group's share of associates' profit for the year amounted to DKK 4 million (2020: DKK 6 million).

The carrying amount of the investment was DKK 63 million at 31 December 2021 (2020: DKK 37 million).

The Group had the following transactions with associates:

Associated companies transactions

(DKKm)	**2021**	2020
Sale of services	163	193
Purchase of services	18	19

The Group had the following balances with associates at 31 December:

Associated companies balances

(DKKm)	**2021**	2020
Receivables	26	29
Payables	1	2

6.6 Contingent liabilities and security for debt

Contingent liabilities

Accounting policies

Contingent liabilities comprise possible obligations which have not yet been confirmed, are uncertain or cannot be measured reliably, but which, if realised, may result in a drain on the Group's resources. Obligations are recognised in the financial statements only to the extent that the criteria for recognising a provision is met.

Management judgements and estimates

Management applies judgements in assessing the existence of contingent liabilities on an ongoing basis and in this regard considers if the criteria for recognising a provision is met.

These judgements may involve advice from external experts, legal advisors, etc.

Contingent liabilities
As an international transport service provider, the Group is regularly involved in tax and VAT disputes, legal proceedings or inquiries from competition authorities. Management believes that the cases currently identified will have no material impact on the financial position of the Group.

A detailed disclosure of individual contingent liabilities is considered impracticable and has therefore not been included in the notes to the financial statements.

Security for debt

Bank guarantees
As part of its ordinary operations, DSV has provided bank guarantees to authorities, suppliers, etc.

The counterparties may claim appropriation of collateral if DSV fails to pay any amount due.

At the reporting date, all liabilities relating to the bank guarantees provided were recognised in the balance sheet or described in note 3.6 as operating lease obligations.

Pledges
At 31 December 2021, property, plant and equipment and other financial assets with a carrying value of DKK 140.9 million were pledged as security (2020: DKK 9.8 million). The carrying amount of debt secured by pledges amounted to DKK 64 million (2020: DKK 0 million).

Contracts
DSV has concluded IT service contracts. Costs related to these contracts are recognised as the services are provided.

Definition of key figures and ratios

Key figures and ratios are disclosed in accordance with 'Recommendations & Ratios' published by the Danish Finance Society, except for financial ratios marked with (*) as these are either derived or not included in the Recommendations. Earnings per share and diluted earnings per share are disclosed in accordance with IAS 33. Environmental, social and governmental key figures and ratios are defined in the DSV Sustainability Report 2021 to which reference is made.

Key figures

Net interest-bearing debt	=	Interest-bearing debt less interest-bearing assets and cash and cash equivalents
Net working capital	=	Receivables and other current operating assets less trade payables and other payables and other current operating liabilities
Invested capital	=	NWC + property, plant and equipment, right-of-use (ROU) assets, intangible assets including goodwill and customer relationships less long-term provisions
Adjusted earnings	=	The DSV A/S shareholders' share of profit for the reporting period adjusted for amortisation and impairment of goodwill and customer relationships, costs related to share-based payments and special items. The tax effect of the adjustments has been taken into account
Net financial expenses	=	Financial income less financial expenses
Special items	=	Exceptional items of income or expense which by nature are not related to the Group's ordinary operation or investments in future activities. See note 2.7 for additional details on items included
Adjusted free cash flow	=	Free cash flow adjusted for net acquisition of subsidiaries and activities, lease liability repayments, special items and normalisation of working capital in subsidiaries and activities acquired

Financial ratios

$$\text{Gross margin} = \frac{\text{Gross profit * 100}}{\text{Revenue}}$$

$$\text{Operating margin} = \frac{\text{Operating profit (EBIT) before special items * 100}}{\text{Revenue}}$$

$$\text{Conversion ratio} = \frac{\text{Operating profit (EBIT) before special items * 100}}{\text{Gross profit}}$$

$$\text{Effective tax rate*} = \frac{\text{Tax on profit for the year * 100}}{\text{Profit before tax}}$$

$$\text{Return on invested capital before tax} = \frac{\text{Operating profit (EBIT) before special items * 100}}{\text{Average invested capital}}$$

$$\text{Return on equity} = \frac{\text{Profit attributable to the shareholders of DSV A/S * 100}}{\text{Average equity excluding non-controlling interests}}$$

$$\text{Solvency ratio} = \frac{\text{Equity excluding non-controlling interests * 100}}{\text{Total assets}}$$

$$\text{Gearing ratio*} = \frac{\text{Net interest-bearing debt}}{\text{Operating profit before amortisation, depreciation (EBITDA) before special items}}$$

Share ratios

$$\text{Earnings per share} = \frac{\text{Profit attributable to the shareholders of DSV A/S}}{\text{Average number of shares}}$$

$$\text{Diluted earnings per share} = \frac{\text{Profit attributable to the shareholders of DSV A/S}}{\text{Average number of shares diluted}}$$

$$\text{Diluted adjusted earnings per share} = \frac{\text{Adjusted earnings}}{\text{Average number of shares diluted}}$$

Number of shares	=	Total number of shares outstanding excluding treasury shares at the reporting date
Average number of shares	=	Average number of shares outstanding during the reporting period
Average number of shares diluted	=	Average number of shares outstanding during the reporting period including share options, but excluding out-of-the-money options measured relative to the average share price for the period

Group company overview

The overview below is a list of companies in the DSV Group at 31 December 2021 showing the companies by segment and not by legal structure.

Activity: ● Air & Sea ● Road ● Solutions ● Group

Company	Country	Ownership share	Activity
Parent			
DSV A/S	Denmark		Group
Subsidiaries			
Europe			
DSV Air & Sea GmbH	Austria	100.00%	Air & Sea
Agility Logistics GmbH	Austria	100.00%	Air & Sea
DSV Road GmbH	Austria	100.00%	Road
DSV Transport Ltd.	Belarus	100.00%	Air & Sea, Road
DSV Air & Sea NV	Belgium	100.00%	Air & Sea
Panalpina World Transport N.V.	Belgium	100.00%	Air & Sea
AD Handling NV	Belgium	100.00%	Air & Sea
Agility Logistics N.V.	Belgium	100.00%	Air & Sea
ABX Worldwide Holdings NV/SA	Belgium	100.00%	Group

Company	Country	Ownership share	Activity
Europe (continued)			
DSV Road Holding NV	Belgium	100.00%	Road, Group
DSV Air & Sea Belgium NV	Belgium	100.00%	Air & Sea
DSV Solutions N.V.	Belgium	100.00%	Solutions
DSV Logistics N.V.	Belgium	100.00%	Solutions
DSV Road N.V.	Belgium	100.00%	Road
MCI Brokers N.V.	Belgium	99.90%	Road
DSV Air & Sea EOOD	Bulgaria	100.00%	Air & Sea
DSV Road EOOD	Bulgaria	100.00%	Road, Solutions
DSV Hrvatska d.o.o.	Croatia	100.00%	Air & Sea, Road
Panalpina Business Services (Prague), s.r.o.	Czech Republic	100.00%	Group
DSV Air & Sea s.r.o.	Czech Republic	100.00%	Air & Sea
Panalpina Czech S.R.O.	Czech Republic	100.00%	Air & Sea
Agility Logistics s.r.o	Czech Republic	100.00%	Air & Sea, Road
DSV Air & Sea Czech Republic s.r.o.	Czech Republic	100.00%	Air & Sea
DSV Solutions s.r.o.	Czech Republic	100.00%	Solutions
DSV Road a.s.	Czech Republic	100.00%	Road
DSV Insurance A/S	Denmark	100.00%	Group
DSV Group Services A/S	Denmark	100.00%	Group
DSV Shop Hub A/S	Denmark	100.00%	Group
DSV FS A/S	Denmark	100.00%	Group
Anpartsselskabet af 25. januar 2017	Denmark	100.00%	Group
DSV Smarter Storage A/S	Denmark	100.00%	Group
DSV Real Estate Glostrup A/S	Denmark	100.00%	Group
DSV Air & Sea Holding A/S	Denmark	100.00%	Air & Sea
DSV Air & Sea A/S	Denmark	100.00%	Air & Sea
DSV Ocean Transport A/S	Denmark	100.00%	Air & Sea
PC KH ApS	Denmark	100.00%	Air & Sea
DSV Air & Sea Denmark ApS	Denmark	100.00%	Air & Sea
Agility A/S	Denmark	100.00%	Air & Sea, Solutions
DSV Solutions Holding A/S	Denmark	100.00%	Solutions

Company	Country	Ownership share	Activity
Europe (continued)			
DSV Solutions A/S	Denmark	100.00%	Solutions
DSV Real Estate Duisburg A/S	Denmark	100.00%	Solutions
DSV Prime Cargo A/S	Denmark	100.00%	Solutions
DSV Road Holding A/S	Denmark	100.00%	Road
DSV Road A/S	Denmark	100.00%	Road
DSV Real Estate Horsens A/S	Denmark	100.00%	Road
DSV Real Estate Hedeland II A/S	Denmark	100.00%	Road
DSV Real Estate Hedeland III A/S	Denmark	100.00%	Road
DSV Real Estate Hedeland IV A/S	Denmark	100.00%	Road
DSV Real Estate Hedeland 2 ApS	Denmark	100.00%	Road
DSV Real Estate Hedeland 3 ApS	Denmark	100.00%	Road
DSV Real Estate Hedeland 4 ApS	Denmark	100.00%	Road
DSV Road Services A/S	Denmark	100.00%	Road
DSV Estonia AS	Estonia	100.00%	Air & Sea, Road
DSV Air & Sea Oy	Finland	100.00%	Air & Sea
DSV Air & Sea Nordic AB – filial Finland	Finland	100.00%	Air & Sea
Oy Agility Logistics AB	Finland	100.00%	Air & Sea, Road
Panalpina CIS Helsinki OY	Finland	100.00%	Air & Sea
DSV Solutions Oy	Finland	100.00%	Solutions
DSV Road Oy	Finland	100.00%	Road
DSV Air & Sea SAS	France	100.00%	Air & Sea
Agility SAS	France	100.00%	Air & Sea, Road
DSV International Air & Sea France	France	100.00%	Air & Sea
DSV Solutions SAS	France	100.00%	Solutions
Agility Europort SNC	France	100.00%	Solutions
DSV Road Holding S.A.	France	100.00%	Road
DSV Road SAS	France	100.00%	Road
ING REEIF WATTRELOS	France	100.00%	Road
LEP Holdings GmbH	Germany	100.00%	Group
DSV Group Services GmbH	Germany	100.00%	Group

Europe (continued)

Company	Country	Ownership share	Activity			
DSV Air & Sea Germany GmbH	Germany	100.0%	●		●	
Agility Logistics GmbH	Germany	100.0%	●	●	●	
Agility Projects GmbH	Germany	100.0%	●			
DSV Air & Sea Deutschland GmbH	Germany	100.0%	●			
DSV Real Estate Duisburg A/S – German Branch	Germany	100.0%			●	
DSV Solutions Group GmbH	Germany	100.0%			●	
DSV Solutions GmbH	Germany	100.0%			●	
DSV Stuttgart GmbH & Co. KG	Germany	100.0%		●	●	
DSV Stuttgart Verwaltung GmbH	Germany	100.0%			●	
Administration & Accounting Service GmbH	Germany	100.0%		●		
DSV Road GmbH	Germany	100.0%		●		
DSV HELLAS S.A.	Greece	100.0%	●	●		
UTi Networks Limited	Guernsey	100.0%	●			
DSV Air & Sea Hungary Kft.	Hungary	100.0%	●			
Agility Hungary LLC	Hungary	100.0%	●	●	●	
DSV Solutions Hungary Kft.	Hungary	100.0%			●	
DSV Hungaria Kft.	Hungary	100.0%		●		
DSV Air & Sea Limited	Ireland	100.0%	●			
Panalpina World Transport (Ireland) Ltd.	Ireland	100.0%	●			
Agility Logistics Ltd	Ireland	100.0%	●	●	●	
LEP Shannon Ltd.	Ireland	100.0%	●			
DSV Air & Sea (Ireland) Limited	Ireland	100.0%	●			
DSV Solutions Ltd.	Ireland	100.0%			●	
UTI Inventory Management Solutions Limited	Ireland	100.0%			●	
DSV Road Limited	Ireland	100.0%		●		
DSV S.p.A.	Italy	100.0%	●			
Panalpina Trasporti Mondiali S.p.A.	Italy	100.0%	●		●	
Agility Logistics S.r.l.	Italy	100.0%	●	●	●	
DSV Real Estate S.p.A.	Italy	89.3%	●	●	●	
DSV Air & Sea Italy S.r.l.	Italy	100.0%	●			
DSV Solutions S.R.L.	Italy	100.0%			●	
DSV Real Estate Novara S.r.l.	Italy	66.0%			●	
DSV Road S.R.L.	Italy	100.0%		●		
UTi Italy SrL	Italy	100.0%	●			
UTi Kazakhstan LLP	Kazakhstan	100.0%	●			
Agility Logistics LLP	Kazakhstan	100.0%	●			
DSV Latvia SIA	Latvia	100.0%	●	●		
DSV Lithuania UAB	Lithuania	100.0%	●	●		
DSV Air & Sea S.A.	Luxembourg	100.0%	●		●	
XB Luxembourg Holdings 1 SA	Luxembourg	100.0%				●
XB Luxembourg Holdings 2 SARL	Luxembourg	100.0%				●
DSV Lead Logistics B.V.	Netherlands	100.0%				●
Agility Logistics International BV	Netherlands	100.0%				●
GeoLogistics European Holdings B.V.	Netherlands	100.0%				●
Telmidas AMS B.V.	Netherlands	100.0%				●
TransOceanic Holdings BV	Netherlands	100.0%				●
DSV Panalpina Finance B.V.	Netherlands	100.0%				●
African Investments BV	Netherlands	100.0%	●			
UTi (Netherlands) Holdings BV	Netherlands	100.0%	●			
DSV Air & Sea Nederland B.V.	Netherlands	100.0%	●			
DSV Shared Services B.V.	Netherlands	100.0%				●
Agility Restart BV	Netherlands	100.0%	●			
Agility BV	Netherlands	100.0%	●	●	●	
Agility Project Logistics BV	Netherlands	100.0%	●			
Agility Logistics Solutions BV	Netherlands	100.0%	●			
DSV Solutions Holding B.V.	Netherlands	100.0%			●	
DSV Solutions Nederland B.V.	Netherlands	100.0%			●	
IMS Holdings BV	Netherlands	100.0%			●	
DSV Multi-Channel Fulfilment B.V.	Netherlands	100.0%			●	
DSV Solutions (Dordrecht) B.V.	Netherlands	100.0%			●	
DSV Solutions (Moerdijk) B.V.	Netherlands	100.0%			●	
DSV Real Estate Dallas Holding B.V.	Netherlands	100.0%			●	
DSV Real Estate Venlo 5 B.V.	Netherlands	100.0%			●	
DSV Real Estate Maastricht B.V.	Netherlands	100.0%			●	
DSV Real Estate Moerdijk B.V.	Netherlands	100.0%			●	
DSV Moerdijk Project B.V.	Netherlands	100.0%			●	
DSV Road Holding N.V.	Netherlands	100.0%				●
DSV Road B.V.	Netherlands	100.0%		●		
DSV ROAD DOOEL Skopje	North Macedonia	100.0%		●		
DSV Air & Sea AS	Norway	100.0%	●			
Panalpina AS	Norway	100.0%	●			
Agility AS	Norway	100.0%	●	●		
DSV Solutions AS	Norway	100.0%			●	
DSV Road AS	Norway	100.0%		●		
DSV International Shared Services Sp. z o.o.	Poland	100.0%				●
DSV Real Estate Warsaw Sp. z o.o.	Poland	100.0%				●
DSV Air & Sea Sp. z o.o.	Poland	100.0%	●			
Panalpina Polska Sp. z o.o.	Poland	100.0%	●			
Agility Logistics Spolka z.o.o	Poland	100.0%	●	●		
DSV Air & Sea Poland Sp. z o.o.	Poland	100.0%	●			
DSV Services Sp. z o.o.	Poland	100.0%			●	
DSV Road Sp. z o.o.	Poland	100.0%		●		
DSV Solutions Sp. z o.o.	Poland	100.0%			●	
DSV Group Services Unipessoal, Lda	Portugal	100.0%				●
Agility Business Services Europe Ltda	Portugal	100.0%				●
DSV Air & Sea Portugal, LDA	Portugal	100.0%	●			
DSV Solutions, Lda.	Portugal	100.0%		●		
DSV SGPS, Lda.	Portugal	100.0%		●		

Company	Country	Ownership share	Activity			
Europe (continued)						
Agility Transitarios, Lda	Portugal	100.0%	●	●	●	
DSV Transitarios, Lda.	Portugal	100.0%		●		
DSV Air & Sea SRL	Romania	100.0%	●			
Agility Logistics SRL	Romania	100.0%	●	●		
DSV Solutions S.R.L.	Romania	100.0%	●	●	●	
DSV Air & Sea JSC	Russia	100.0%	●	●		
DSV Sakhalin, OOO	Russia	68.0%	●	●	●	
Geologistics CJSC	Russia	100.0%	●	●	●	
Agility Logistics LLC	Russia	100.0%	●			
Agility Forwarding LLC	Russia	100.0%	●			
Agility Services LLC	Russia	100.0%	●			
DSV Solutions OOO	Russia	100.0%			●	
DSV Road OOO	Russia	100.0%	●	●		
OOO DSV Transport	Russia	100.0%	●	●		
DSV Road d.o.o.	Serbia	100.0%		●		
DSV Solutions Slovakia s. r. o.	Slovakia	100.0%			●	
DSV Air & Sea Slovakia s.r.o.	Slovakia	100.0%	●			
Agility Logistics s.r.o.	Slovakia	100.0%		●	●	
DSV Slovakia, s.r.o.	Slovakia	100.0%		●		
DSV Transport d.o.o.	Slovenia	100.0%	●	●		
Tacisa Transitaria S.L.	Spain	100.0%	●			
Agility Spain SA	Spain	100.0%	●	●	●	
DSV Air & Sea International, S.L.U.	Spain	100.0%	●			
DSV Solutions Spain S.A.U.	Spain	100.0%			●	
Servicios Logisticos Integrados SLI, S.A.	Spain	100.0%	●			
DSV Road Spain S.A.U.	Spain	100.0%		●		
DSV Holding Spain S.L.	Spain	100.0%		●		
DSV Air & Sea, S.A.U.	Spain	100.0%	●			
DSV Air & Sea AB	Sweden	100.0%	●			
DSV Air & Sea Nordic AB	Sweden	100.0%	●	●		
Agility AB	Sweden	100.0%	●	●	●	
DSV Solutions AB	Sweden	100.0%			●	
DSV Real Estate Rosersberg AB	Sweden	100.0%	●	●	●	
DSV Group AB	Sweden	100.0%		●		
DSV Road AB	Sweden	100.0%		●		
Göinge Frakt EK	Sweden	100.0%		●		
DSV Road Property Holding AB	Sweden	100.0%		●		
Agility Management AG	Switzerland	100.0%				●
Panalpina Welttransport Holding AG	Switzerland	100.0%				●
Panalpina Management AG	Switzerland	100.0%				●
Panalpina International AG	Switzerland	100.0%				●
Panalpina Global Employment Services AG	Switzerland	100.0%				●
Panalpina Air & Ocean AG in liquidation	Switzerland	100.0%	●			
DSV Air & Sea AG	Switzerland	100.0%	●			
Agility Logistics AG	Switzerland	100.0%	●	●	●	
Agility Logistics CIS AG	Switzerland	100.0%	●	●		
Agility GIL Services AG	Switzerland	100.0%	●			
DSV Logistics S.A.	Switzerland	100.0%		●	●	
DSV Air & Sea A.S.	Turkey	100.0%	●			
Agility Lojistik Anonim Sirketi	Turkey	100.0%	●	●		
DSV International Hava ve Deniz Taşimaciliği Ltd.Şirketi	Turkey	100.0%	●			
DSV Road & Solutions A.S.	Turkey	100.0%		●		
Panalpina World Transport Ltd.	Ukraine	100.0%	●			
DSV Logistics LLC	Ukraine	100.0%	●	●		
Agility Logistics LLC	Ukraine	100.0%	●	●		
Agility Logistics Holdings Ltd.	United Kingdom	100.0%				●
DSV Air & Sea Limited	United Kingdom	100.0%	●			
UTi (UK) Holdings Ltd.	United Kingdom	100.0%	●			
UTi Worldwide (UK) Ltd.	United Kingdom	100.0%	●			
Panalpina World Transport Ltd.	United Kingdom	100.0%	●			
Agility Logistics Ltd.	United Kingdom	100.0%	●	●	●	
Agility Fairs and Events Logistics Ltd.	United Kingdom	100.0%			●	
Agility Pension Plan Trustees Ltd.	United Kingdom	100.0%	●			
Agility Management Ltd – Europe Region Management HQ	United Kingdom	100.0%	●			
Agility Management Ltd – IT Bureau	United Kingdom	100.0%	●			
DSV Air & Sea 2018 (UK) Limited	United Kingdom	100.0%	●			
Agility Projects Logistics Limited	United Kingdom	100.0%	●			●
Agility Logistics Solutions Ltd.	United Kingdom	100.0%	●			
Agility Management Ltd	United Kingdom	100.0%	●			
DSV Peterborough Real Estate Limited	United Kingdom	100.0%			●	
DSV Real Estate Thrapston Limited	United Kingdom	100.0%			●	
DSV Road Holding Ltd.	United Kingdom	100.0%		●		
DSV Commercials Ltd.	United Kingdom	100.0%		●		
DSV Road Ltd.	United Kingdom	100.0%		●		
Global Options Worldwide Express (Ltd)	United Kingdom	100.0%		●		
DSV Pension Trustees Ltd.	United Kingdom	100.0%		●		
DSV Solutions Ltd.	United Kingdom	100.0%			●	
DFDS Transport Ltd.	United Kingdom	100.0%		●		
DSV Real Estate Tamworth Ltd.	United Kingdom	100.0%		●		
North America						
GeoLogistics Holdings (Bermuda) Limited	Bermuda	100.0%				●
DSV Air & Sea Inc.	Canada	100.0%	●			
Agility Logistics, Ltd.	Canada	100.0%	●	●	●	
DSV Solutions Inc.	Canada	100.0%			●	
DSV Road, Inc.	Canada	100.0%		●		
DSV Air & Sea, S.A. de C.V.	Mexico	100.0%	●			
Panalpina Servicios S.A. de C.V.	Mexico	100.0%	●			
TransOceanic Shipping Co. S. de RL de C.V.	Mexico	100.0%	●			
DSV Solutions S.A. de C.V.	Mexico	100.0%			●	

North America (continued)

Company	Country	Ownership share	Activity			
DSV Road, S.A. de C.V.	Mexico	100.0%		●		
DSV 4PL Inc.	United States	100.0%				●
Agility Holdings Inc.	United States	100.0%				●
DSV Air & Sea Holding Inc.	United States	100.0%	●			
DSV Air & Sea Inc.	United States	100.0%	●			
Agility Fairs and Events Logistics LLC	United States	100.0%			●	
American Inland Transport, Inc.	United States	100.0%	●			
DSV Air & Sea International Holding Inc.	United States	100.0%	●			
Agility Logistics Corporation	United States	100.0%	●	●	●	
Agility Project Logistics, Inc.	United States	100.0%	●			
Seagull Marine, Inc.	United States	100.0%	●			
Agility Logistics Solutions, Inc.	United States	100.0%	●			
Agility Domestic Solutions LLC	United States	51.0%	●			
DSV Solutions, LLC	United States	100.0%			●	
DSV Inventory Management Solutions Inc.	United States	100.0%			●	
DSV Real Estate Dallas Inc.	United States	100.0%			●	
Market Industries LLC	United States	100.0%		●		
Sammons Transportation, Inc.	United States	100.0%		●		
DSV Road, Inc.	United States	100.0%		●		

South America

Company	Country	Ownership share	Activity			
UTi Logistics Argentina S.A.	Argentina	100.0%	●			
Panalpina Transportes Mundiales S.A.	Argentina	100.0%	●			
DSV Solutions Brasil Serviços de Logística Ltda.	Brazil	100.0%			●	
DSV Air & Sea Brasil Ltda.	Brazil	100.0%	●			
Agility do Brasil Logística Internacional S.A.	Brazil	100.0%	●			
TransOceanic Projects do Brasil Servicos de Cargas Ltda.	Brazil	100.0%	●			
UTi Worldwide Inc.	Brit. Virgin Islands	100.0%				●

South America (continued)

Company	Country	Ownership share	Activity			
Goddard Company Limited	Brit. Virgin Islands	100.0%				●
UTi International Inc.	Brit. Virgin Islands	100.0%				●
UTi Logistics (Proprietary) Limited	Brit. Virgin Islands	100.0%				●
Thomas International Freight Auditors Limited	Brit. Virgin Islands	100.0%				●
UTi Kazakhstan Investments Ltd	Brit. Virgin Islands	100.0%				●
Agility (Asia/Pacific) Limited	Brit. Virgin Islands	100.0%				●
PWC Global Logistics Holdings Ltd	Brit. Virgin Islands	100.0%				●
DSV Air & Sea (Latin America) Holding S.A.	Chile	100.0%	●			
DSV Air & Sea S.A.	Chile	100.0%	●			
Panalpina Chile Transportes Mundiales Ltda.	Chile	100.0%	●			
Agility Logistics Corp. Holding SpA	Chile	100.0%	●			
Agility Logistics Chile SA	Chile	51.0%	●			
DSV Air & Sea S.A.S.	Colombia	100.0%	●			●
Agility Logistics Colombia S.A.S.	Colombia	100.0%	●			
DSV Solutions S.A.S.	Colombia	100.0%			●	
DSV Air & Sea S.A.	Costa Rica	100.0%	●			
Agility Logistics Holdings NV	Curacao	100.0%				●
LEP International NV	Curacao	100.0%	●			
DSV AIR & SEA DOMINICANA, S.R.L.	Dominican Republic	100.0%	●			
DSV-AIR&SEA S.A.	Ecuador	100.0%	●			
DSV Air & Sea, S.A. de C.V.	El Salvador	100.0%	●			
DSV Air & Sea PA Inc.	Panama	100.0%	●			●
Panalpina SEM, S.A.	Panama	100.0%	●			
Panalpina S.A.	Panama	100.0%			●	
Almacenadora Mercantil S.A.	Panama	100.0%			●	
DSV Air & Sea S.A.	Peru	100.0%	●		●	
Agility Logistics Peru S.A.	Peru	100.0%	●			
DSV Air & Sea (PR) Inc.	Puerto Rico	100.0%	●			

South America (continued)

Company	Country	Ownership share	Activity			
Arabella Shipping Ltd	Saint Vincent And The Grenadines	100.0%	●			
DSV Air & Sea Uruguay – Servicios Logisticos SA	Uruguay	100.0%	●			
Panalpina Uruguay Transportes Mundiales S.A.	Uruguay	100.0%	●			
Panalpina Zona Franca S.A.	Uruguay	100.0%	●			
TransOceanic Projects Venezuela SRL	Venezuela	100.0%	●			

Asia

Company	Country	Ownership share	Activity			
DSV Air & Sea Ltd.	Bangladesh	100.0%	●			●
Agility Ltd.	Bangladesh	100.0%	●			
UTI Pership (Pvt) Limited – Bangladesh Branch (BDT)	Bangladesh	100.0%	●			
DSV Air & Sea (Cambodia) Co., Ltd.	Cambodia	100.0%	●			●
Prime Cargo (Cambodia) Co., Ltd.	Cambodia	100.0%	●			
Agility Logistics Limited	Cambodia	100.0%	●			
DSV Air & Sea Co., Ltd.	Cambodia	100.0%	●			
UTi Worldwide Co. Ltd. – Cambodia Branch (USD)	Cambodia	100.0%	●			
DSV Air & Sea Co., Ltd.	China	100.0%	●			●
DSV Air & Sea Co., Ltd. (South East China)	China	100.0%	●			●
Prime Cargo Shanghai Ltd.	China	100.0%	●			
DSV Air & Sea Co., Ltd. (China)	China	100.0%	●			
Baisui United Logistics (Shanghai) Co. Ltd.	China	100.0%	●		●	
Agility Logistics (Shanghai) Limited	China	100.0%	●		●	
Agility Fairs & Events Logistics (Shanghai) Co. Ltd.	China	100.0%			●	
Qingdao Agility Consultancy Services Limited	China	100.0%	●			
DSV Logistics Co., Ltd.	China	100.0%			●	
Panalpina World Transport (PRC) Ltd.	China	100.0%	●		●	

Asia (continued)

Company	Country	Ownership share	Activity		
Agility Warehouse (Shanghai) Co. Ltd.	China	100.0%		●	
DSV Air & Sea Ltd.	Hong Kong	100.0%	●		
Pantainer (H.K.) Ltd.	Hong Kong	100.0%	●		
Prime Cargo (H.K.) Ltd.	Hong Kong	100.0%	●		
Agility Logistics Limited	Hong Kong	100.0%	●	●	
Agility Logistics Limited – Asia Pacific Regional Management	Hong Kong	100.0%	●		
Agility Fairs & Events Logistics Limited	Hong Kong	100.0%		●	
ECT Transport Limited	Hong Kong	100.0%	●		
LEP Int'l NV – Hong Kong	Hong Kong	100.0%	●		
DSV Solutions Limited	Hong Kong	100.0%		●	
DSV Air & Sea (HK) Ltd.	Hong Kong	100.0%	●		
Panalpina World Transport Ltd.	Hong Kong	100.0%	●		
Panalpina China Ltd.	Hong Kong	100.0%		●	
GIL Shared Services Private Limited	India	100.0%			●
DSV Air & Sea Pvt. Ltd.	India	100.0%	●		
DSV Air & Sea International Private Limited	India	100.0%	●		
Agility Logistics Private Limited	India	100.0%	●	●	
LEP Int'l NV – India	India	100.0%	●		
DSV Coload & Clearance Pvt. Ltd.	India	100.0%	●		
DSV Solutions Private Limited	India	100.0%		●	
PT. DSV Transport Indonesia	Indonesia	92.7%	●		●
PT Agility	Indonesia	100.0%	●	●	
PT Agility International	Indonesia	100.0%	●	●	
PT Synergy Indonesia	Indonesia	100.0%	●		
PT Sarana Prima Optima	Indonesia	100.0%	●		
LEP Int'l NV – Indonesia	Indonesia	100.0%	●		
DSV Air & Sea Japan GK	Japan	100.0%	●		
Agility Ltd.	Japan	100.0%	●	●	
LEP Int'l NV – Japan	Japan	100.0%	●		

Asia (continued)

Company	Country	Ownership share	Activity		
DSV Air & Sea Co., Ltd.	Japan	100.0%	●		
DSV Solutions Co., Ltd.	Japan	100.0%		●	
DSV Air & Sea Ltd.	Korea	100.0%	●		
Agility Ltd.	Korea	100.0%	●	●	
LEP Int'l NV – Korea	Korea	100.0%	●		
DSV Air & Sea International Ltd.	Korea	100.0%	●		
DSV Air and Sea Limited	Macao	100.0%	●		
DSV Air & Sea Sdn. Bhd.	Malaysia	100.0%	●		
Panalpina Customs Services (M) SDN BHD	Malaysia	100.0%	●		
Litvest Corporation Sdn Bhd	Malaysia	100.0%	●		
Agility Logistics Sdn Bhd	Malaysia	100.0%	●	●	
GOCT Logistics Sdn Bhd	Malaysia	100.0%	●		
DSV Shared Services Asia Sdn Bhd	Malaysia	100.0%	●		
Logik Pengurusan Sdn Bhd	Malaysia	100.0%	●		
LEP Int'l NV – Malaysia	Malaysia	100.0%	●		
DSV Logistics Sdn. Bhd.	Malaysia	100.0%	●		
DSV SOLUTIONS SDN. BHD.	Malaysia	100.0%		●	
Panalpina Transport (Malaysia) Sdn. Bhd.	Malaysia	100.0%	●	●	
UTi Inventory Management Solutions Sdn Bhd	Malaysia	100.0%		●	
DSV Air & Sea (Myanmar) Limited	Myanmar	100.0%	●		
DSV Air & Sea Ltd.	Myanmar	100.0%	●		
DSV Air and Sea Pakistan (SMC-Private) Limited	Pakistan	100.0%	●		
Agility Logistics (Private) Limited	Pakistan	100.0%	●	●	
Agility Limited	Papua New Guinea	100.0%	●		
Panalpina Global Business Services (GBS) – Philippines	Philippines	100.0%			●
DSV International Shared Services Inc.	Philippines	100.0%			●
DSV Air & Sea Inc.	Philippines	100.0%	●		●

Asia (continued)

Company	Country	Ownership share	Activity		
Agility Holding Company, Inc.	Philippines	100.0%	●		
Agility Logistics Holding, Inc.	Philippines	100.0%	●		
Agility International Logistics, Inc.	Philippines	100.0%	●		
LEP Int'l NV – Philippines	Philippines	100.0%	●		
UTi (Global Logistics) Inc.	Philippines	100.0%		●	
DSV SHARED SERVICES MANILA (ROHQ)	Philippines	100.0%			●
Panalpina World Transport (Philippines) Inc.	Philippines	100.0%	●		
Agility Solutions, Inc.	Philippines	100.0%		●	
Agility Logistics Distribution, Inc.	Philippines	100.0%		●	
DSV Lead Logistics Pte. Ltd.	Singapore	100.0%			●
Agility Logistics Holdings Pte Ltd	Singapore	100.0%			●
Agility Logistics Holdings (S) Pte. Ltd.	Singapore	100.0%			●
DSV Air & Sea Pte. Ltd.	Singapore	100.0%	●		
Agility International Logistics Pte. Ltd.	Singapore	100.0%	●	●	
Agility Fairs & Events Logistics Pte. Ltd.	Singapore	100.0%		●	
Agility Fairs & Events Logistics Pte. Ltd. – Fairs & Events	Singapore	100.0%		●	
Agility Shipping Pte. Ltd.	Singapore	100.0%	●		
Agility Project Logistics Pte. Ltd.	Singapore	100.0%	●	●	
Agility Logistics Solutions Pte Ltd	Singapore	100.0%	●		
China Baisui Logistics Pte Ltd	Singapore	100.0%	●		
Agility Logistics Services Pte Ltd	Singapore	100.0%	●		
ECT Transport Pte. Ltd.	Singapore	100.0%	●		
LEP Int'l NV – Singapore	Singapore	100.0%	●		
ABX LOGISTICS Singapore PTE LTD	Singapore	100.0%	●		
DSV Solutions Pte Ltd.	Singapore	100.0%		●	
DSV Air & Sea Singapore Pte. Ltd.	Singapore	100.0%	●	●	●
Inventory Solutions (Singapore) Pte. Ltd	Singapore	100.0%		●	
UTi Pership (Pvt) Limited	Sri Lanka	51.0%	●		
DSV Pership (Private) Limited	Sri Lanka	40.0%	●		
DSV Air & Sea Co., Ltd.	Taiwan	100.0%	●		

Asia (continued)

Company	Country	Ownership share	Activity			
Trans-Link Exhibition Services Co. Ltd.	Taiwan	50.0%	●		●	
Agility Limited	Taiwan	100.0%	●			
LEP Int'l NV - Taiwan	Taiwan	100.0%	●			
UTi Holding Co., Ltd.	Taiwan	100.0%	●			
DSV Air & Sea (Taiwan) Ltd.	Taiwan	100.0%	●			
DSV Solutions Co., Ltd.	Taiwan	100.0%			●	
Panalpina Asia-Pacific Services (Thailand) Ltd.	Thailand	100.0%				●
Supreme Eliga Co. Ltd.	Thailand	100.0%	●			
Agility Co. Ltd.	Thailand	99.5%	●		●	
LEP Int'l NV - Thailand	Thailand	100.0%	●			
DSV Solutions Ltd.	Thailand	100.0%			●	
DSV Holding (Thailand) Co., Ltd.	Thailand	100.0%	●			
Panalpina World Transport (Thailand) Ltd.	Thailand	100.0%	●		●	
DSV Air & Sea Ltd.	Thailand	100.0%	●			●
Panalpina World Transport (Vietnam) Co. Ltd.	Viet Nam	99.0%	●			●
DSV Solutions Co., Ltd	Viet Nam	100.0%			●	
Agility Logistics Vietnam Company Ltd	Viet Nam	100.0%	●		●	
Agility Ltd	Viet Nam	71.0%	●		●	
DSV Air & Sea Vietnam Limited	Viet Nam	100.0%	●			
Inventory Management Solutions Vietnam Limited	Viet Nam	100.0%			●	

Middle East

Company	Country	Ownership share	Activity			
Agility Logistics Limited	Afghanistan	100.0%	●			
Panalpina Central Asia EC – Azerbaijan Branch	Azerbaijan	100.0%	●			
Panalpina Azerbaijan LLC	Azerbaijan	100.0%	●			
DSV W.L.L.	Bahrain	100.0%	●			
Panalpina Central Asia EC	Bahrain	100.0%	●			

Middle East (continued)

Company	Country	Ownership share	Activity			
Agility Bahrain B.S.C.C.	Bahrain	100.0%	●	●	●	
Panalpina Georgia LLC	Georgia	100.0%	●			
Al-Alb Co. for General Transportation (PLLC)	Iraq	100.0%	●		●	
Agility Kurdistan Company for Administration of Warehouses and Facilitate Storage Process Limited	Iraq	67.5%	●			
The Warehousing Company for Shipping, Discharging and Custom Clearance LLC	Iraq	100.0%	●			
Shebil Company For Goods & Petroleum Products Transportation Ltd	Iraq	100.0%	●			
Panalpina Jebel Ali Ltd. - Erbil Branch	Iraq	100.0%			●	
DSV Air & Sea Ltd.	Israel	100.0%	●			
DSV Marine Insurance Agency Ltd.	Israel	100.0%	●			
Hermes Exhibition & Projects Limited	Israel	100.0%	●			
DSV - E-COMMERCE LTD.	Israel	100.0%	●			
DSV Solutions Ltd	Israel	100.0%			●	
U.T.I.-Inventory Management Solutions Limited partnership	Israel	100.0%			●	
UTI IMS Ltd.	Israel	100.0%			●	
Global Options Worldwide Express (Ltd)	Israel	90.0%		●		
DSV Air & Sea Jordan	Jordan	100.0%	●			
Public warehousing Company -Jordan PSC	Jordan	100.0%	●		●	
Al-Mutakamelah Lekhadmat Al -Takhlees Ltd / East Jordan for clearance	Jordan	100.0%	●			
Public Warehousing Company for Storage and Distribution Services	Jordan	100.0%			●	
Public warehousing Company -Jordan PSC - Aqaba Branch	Jordan	100.0%			●	
Agility GIL for Company Business Management Co. W.L.L	Kuwait	100.0%				●
Global Logistics for General Trading and Contracting Co. WLL	Kuwait	100.0%				●

Middle East (continued)

Company	Country	Ownership share	Activity			
DSV Air & Sea Co. W.L.L.	Kuwait	49.0%	●			
Agility Transport Co. W.L.L.	Kuwait	100.0%	●	●	●	
Muroona Logistics Solution Co. for General Trading of Equipments, Supplier for Construction and Real Estate WLL	Kuwait	100.0%	●			
Agility GIL for Warehousing and Third Party inventory Management S.P.C	Kuwait	100.0%			●	
Agility Logistics Cargo Transport Co. WLL	Kuwait	100.0%		●	●	
Agility Freight Forwarding (Lebanon) SARL	Lebanon	100.0%	●			
PWC Trading and contracting Lebanon SAL (Holding)	Lebanon	100.0%			●	
PWC Lebanon (Holding) SAL	Lebanon	100.0%			●	
Agility Logistics Lebanon SAL	Lebanon	100.0%			●	
PWC investments (Lebanon) SARL	Lebanon	100.0%			●	
DSV Air and Sea LLC	Oman	70.0%	●			
Global Logistics (Oman) LLC	Oman	50.0%	●	●	●	
Panalpina Qatar WLL	Qatar	49.0%	●			
DSV Panalpina Marine Shipping W.L.L.	Qatar	100.0%	●			
Panalpina World Transport (Saudi Arabia) Ltd.	Saudi Arabia	100.0%	●		●	
Agility Company LLC	Saudi Arabia	100.0%	●	●	●	
GIL INTERNATIONAL HOLDINGS I LIMITED	United Arab Emirates	100.0%				●
GIL INTERNATIONAL HOLDINGS II LIMITED	United Arab Emirates	100.0%				●
GIL INTERNATIONAL HOLDINGS III LIMITED	United Arab Emirates	100.0%				●
DSV Air & Sea (LLC)	United Arab Emirates	100.0%	●		●	
DSV Solutions DWC-LLC	United Arab Emirates	100.0%	●		●	
Panalpina Jebel Ali Ltd.	United Arab Emirates	100.0%	●			

Company	Country	Ownership share	Activity		
Middle East (continued)					
DSV Gulf Customs Broker LLC	United Arab Emirates	49.0%	●		
DSV Air and Sea DWC-LLC	United Arab Emirates	100.0%	●		
DSV Air and Sea Middle East DWC-LLC	United Arab Emirates	100.0%	●		
Agility (Abu Dhabi) PJSC	United Arab Emirates	49.0%	●	●	●
Agility Logistics (L.L.C.)	United Arab Emirates	100.0%	●	●	●
Agility Global Logistics FZE – Control Tower – MEA Regional Office	United Arab Emirates	100.0%	●		●
Agility GIL Middle East and Africa FZE	United Arab Emirates	100.0%	●	●	●
Agility Logistics Transport Shipping Services LLC	United Arab Emirates	99.0%	●		
Agility Sport & Recreational Ticketing LLC	United Arab Emirates	99.0%	●		
Agility Global Logistics FZE	United Arab Emirates	100.0%	●		●
Oceania					
DSV Air & Sea Pty. Ltd.	Australia	100.0%	●		
DSV Solutions Pty. Ltd.	Australia	100.0%			●
Agility Logistics Holdings Pty Ltd	Australia	100.0%	●		
Agility Logistics Pty Ltd	Australia	100.0%	●		●
Blockpack Pty Ltd	Australia	100.0%	●		
Agility Fairs & Events Logistics Pty Ltd	Australia	100.0%			●
Agility Project Logistics Pty Ltd	Australia	100.0%	●		
Agility Shipping Pty Ltd	Australia	100.0%	●		
DSV Air & Sea Limited	New Zealand	100.0%	●		
Agility Limited	New Zealand	100.0%	●		

Company	Country	Ownership share	Activity		
Africa					
Agility Maghreb Sarl	Algeria	49.0%	●		
Agility Logistics SARL	Algeria	100.0%			●
Frans Maas Algerie S.a.r.l.	Algeria	100.0%		●	
Panalpina Transportes Mundiais Navegãçao e Trânsitos S.A.R.L.	Angola	49.0%	●		
Global Integrated Logistics Lda	Angola	70.0%	●		
DSV Air & Sea (PTY) Limited	Botswana	100.0%	●		
Panalpina Transports Mondiaux Cameroun S.A.R.L.	Cameroon	90.0%	●		
DSV-UTI Egypt Ltd.	Egypt	100.0%	●		●
Panalpina World Transport Egypt LLC	Egypt	100.0%	●		
Agility Egypt for Shipping and Freight	Egypt	100.0%	●		●
Agility Logistics Egypt SAE	Egypt	100.0%			●
Global Options Worldwide Express Investments (Pty) Ltd	Eswatini	100.0%		●	
Panalpina Transports Mondiaux Gabon S.A.	Gabon	89.8%	●		
DSV Air & Sea Limited	Ghana	100.0%	●		
DSV Air & Sea Limited	Kenya	100.0%	●		
Panalpina Kenya Ltd.	Kenya	100.0%	●		
DSV Air & Sea Limited	Malawi	100.0%	●		
Globeflight Worldwide Express Pty Ltd	Malawi	50.0%		●	
GIL Africa Holdings Ltd	Mauritius	100.0%	●		
Panalpina Morocco S.A.R.L.	Morocco	100.0%	●		
Agility SARLAU	Morocco	100.0%	●		
DSV Transport Int'l S.A	Morocco	100.0%	●		
Terminal Handling Company	Morocco	100.0%	●		
DSV Air & Sea Limitada	Mozambique	100.0%	●		
Agility Logistics LDA	Mozambique	100.0%	●		
Agility Global Integrated Logistics Lda	Mozambique	100.0%	●		
Globeflight Worldwide Express (Pty) Ltd	Namibia	100.0%		●	

Company	Country	Ownership share	Activity			
Africa (continued)						
Saima Nigeria Ltd.	Nigeria	40.0%	●			
Nationwide Clearing & Forwarding Ltd.	Nigeria	36.6%	●			
DSV Freight International Limited	Nigeria	100.0%	●			
Agility Freight Forwarding and Transport International Ltd	Nigeria	70.0%	●			
DSV Air & Sea Ltd.	Rwanda	100.0%	●			
DSV Air and Sea (Proprietary) Limited	South Africa	100.0%	●			
DSV South Africa (Pty) Ltd.	South Africa	75.0%	●			
DSV Shared Services (Pty) Ltd.	South Africa	100.0%				●
UTi Logistics (Proprietary) Limited – SC OCS Division	South Africa	100.0%		●		
DSV AFRICA HOLDING (Pty) Ltd.	South Africa	100.0%	●			
DSV Skyservices (Pty) Ltd	South Africa	100.0%	●			
Scorpion Share Block (Pty) Ltd.	South Africa	100.0%		●		
Marine Link (Pty) Ltd.	South Africa	100.0%	●			
DSV Real Estate Johannesburg (Pty) Ltd.	South Africa	100.0%	●			
Firefly Investments 337 Properties Proprietary Limited	South Africa	100.0%	●			
Linkit Investments (Pty) Ltd.	South Africa	80.0%	●			
DSV Empowerment Trust	South Africa	100.0%	●			
Agility South Africa (Pty) Ltd	South Africa	100.0%	●	●	●	
DSV Healthcare (Pty) Ltd.	South Africa	100.0%			●	
DSV Solutions (Pty) Ltd.	South Africa	100.0%			●	
DSV Assembly Services (Pty) Ltd.	South Africa	65.3%			●	
DSV Mounties (Pty) Ltd.	South Africa	100.0%		●		
DSV Road (Pty) Ltd.	South Africa	100.0%		●		
Globeflight Worldwide Express (SA) Pty Ltd	South Africa	100.0%	●	●	●	
Mercury Couriers (Pty) Ltd	South Africa	100.0%		●		
DSV Air & Sea Limited	Tanzania	100.0%	●			
Panalpina World Transport Tanzania Limited	Tanzania	100.0%	●			

Company	Country	Ownership share	Activity
Africa (continued)			
Agility Logistics Limited	Tanzania	100.0%	●
DSV Air & Sea Limited	Uganda	100.0%	●
Panalpina Uganda Limited	Uganda	100.0%	●
Agility Logistics Limited	Uganda	100.0%	●
Swift Freight International (Zambia) Ltd.	Zambia	100.0%	●
DSV Air & Sea Limited	Zambia	100.0%	●
DSV Air & Sea (Private) Limited	Zimbabwe	100.0%	●
Associates			
Trans-Link Cambodia Ltd	Cambodia	49.0%	●
GT Stevedores Oy	Finland	25.5%	●
KM Logistik GmbH	Germany	35.0%	●
IDS Logistik GmbH	Germany	28.0%	●
Sama Al Imad General Transport LLC	Iraq	30.0%	●
MGM Lines Srl	Italy	30.0%	●
Tristar Transport (Private) Limited	Pakistan	50.0%	●
Beavor Properties (Pty) Ltd.	South Africa	25.0%	●
Agility Logistics (Private) Limited	Sri Lanka	40.0%	●
ATS Air Transport Service AG	Switzerland	48.0%	●
Polymer Logistics Investments LLC	United Arab Emirates	36.5%	●
Key Logistics, Inc.	United States	49.0%	●

Statement by the Board of Directors and the Executive Board

The Board of Directors and Executive Board have today considered and adopted the Annual Report of DSV A/S for the financial year 1 January to 31 December 2021.

The Annual Report has been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standard Board ('IASB') and in accordance with IFRS as adopted by the EU and further requirements in the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Group and the Parent Company and of the results of the Group and Parent Company operations and cash flows for 2021.

In our opinion, the annual report of DSV A/S for the financial year 1 January to 31 December 2021 with the file name DSV-2021-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

In our opinion, Management's commentary includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Hedehusene, 9 February 2022

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

Annette Sadolin

Birgit W. Nørgaard

Marie-Louise Aamund

Beat Walti

Niels Smedegaard

Tarek Sultan Al-Essa

Independent Auditor's reports

To the shareholders of DSV A/S

Report on the audit of the Financial Statements

Our opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2021 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2021 in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB') and in accordance with IFRS as adopted by the EU and further requirements in the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited

The Consolidated Financial Statements and Parent Company Financial Statements of DSV A/S for the financial year 1 January to 31 December 2021 comprise income statement and statement of comprehensive income, cash flow statement, balance sheet, statement of changes in equity and notes, including summary of significant accounting policies for the Group as well as for the Parent Company. Collectively referred to as the "Financial Statements".

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

We were first appointed auditors of DSV A/S on 9 March 2017 for the financial year 2017. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of five years including the financial year 2021.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2021. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Agility Global Integrated Logistics – Purchase price allocation

Agility Global Integrated Logistics ("GIL") was acquired with accounting effect as at 16 August 2021. When acquiring GIL, DSV prepared a purchase price allocation ('PPA') for the acquisition, resulting in assets and liabilities being separately recognised and valued in the opening balance. When preparing the PPA, Management used the Group's valuation methodologies. In order to determine the fair value of the separately identified assets and liabilities in a business combination, the valuation methodologies require input based on assumptions about the future and applied discounted cash flow forecasts, including regarding customer churn rates and WACC. The significant judgements and estimates, including methods and data applied and assumptions made by Management, involved in the PPA and opening balance mainly relate to assessing the fair value of the acquired customer relations and provisions.

We focused on this area because of the significance of the amounts in the PPA and because the PPA requires significant judgements and estimates by Management.

Reference is made to note 6.1 in the Consolidated Financial Statements.

How our audit addressed the key audit matter

Our audit procedures included assessing the appropriateness of the accounting policies for business combinations applied by Management and assessing compliance with applicable financial reporting standards.

We involved our internal specialists in assessing the valuation methodologies and WACC used by management and the fair valuation of the acquired assets and liabilities. We challenged the significant assumptions used to determine the fair value of the acquired assets and liabilities in the business combination, including the fair value of the acquired customer relations and provisions.

Finally, we assessed the adequacy of disclosures relating to the business combination.

Revenue recognition, contract assets and accrued cost of services

The Group's revenue consists primarily of services, i.e. shipments of goods between destinations, which by nature is rendered over a period of time.

We focused on this area, because at year-end, material contract assets and accrued cost of services exist which involve significant accounting estimates and which are complex by nature, i.e. accrual of income (contract assets) and related costs (accrued cost of services), including methods and data applied and assumptions made by Management. The process of accruing for services rendered around the balance sheet date is, therefore, complex and dependent on relevant IT controls in certain operational IT systems. Moreover in the Air & Sea division, an inherent risk exists regarding estimates for recognising revenue in the right period at year-end due to the services being rendered over a lengthier period of time.

In addition, we focused on this area because of the significance of revenue and as revenue comprises a substantial number of transactions, including with different characteristics depending on which business segment the revenue relates to.

Reference is made to notes 2.2 and 3.4 in the Consolidated Financial Statements.

How our audit addressed the key audit matter

Our audit procedures included considering the appropriateness of the accounting policies for revenue recognition applied by Management and assessing compliance with applicable financial reporting standards.
We tested relevant internal controls, including IT controls, concerning the timing of revenue recognition and evaluated whether these were designed in line with the Group's accounting policies and were operating effectively.

For revenue, contract assets and accrued cost of services, we examined reports concerning services in progress and challenged the assumptions made by Management in this regard.

Moreover, we selected a sample of revenue transactions during the year and traced these to underlying evidence to ensure accuracy and existence.

In addition, we applied data analysis in our testing of revenue transactions in order to identify and assess transactions outside the ordinary transaction flow.

Deferred tax assets and income tax positions

The Group operates in many territories and is, consequently, subject to local laws and cross-border transfer pricing legislation, which complicates the Group's tax matters, and which gives rise to provisions for income tax positions.

The Group also carries significant deferred tax assets on the balance sheet. The utilisation of tax assets are, inherently, uncertain, as they are dependent on the financial development of business activities in certain countries and regions.

We focused on this area because the valuation of deferred tax assets and provisions for income tax positions, including from business combinations, is complex and dependent on Management estimates, including Management's applied model, data and assumptions.

Reference is made to note 5.2 to the Consolidated Financial Statement.

How our audit addressed the key audit matter

Our audit procedures included considering the appropriateness of the Group's accounting policies and valuation models within the tax accounting area and assessing compliance with applicable financial reporting standards.

We also assessed Management's process for identifying and assessing complex income tax transactions as well as deferred tax assets that might not be recoverable.

We tested provisions made for income tax positions. As part of this, we reviewed correspondence with tax authorities and discussed methods and data applied as well as assumptions made by Management. In doing so, we used our internal corporate tax specialists.

Moreover, we tested Management's assessment of the recoverability of the carrying value of deferred tax assets arising from temporary differences and tax loss carryforwards on the basis of internal forecasts of future taxable income, and evaluated the assumptions made by Management in this connection.

Statement on Management's Commentary

Management is responsible for Management's Commentary.

Our opinion on the Financial Statements does not cover Management's Commentary, and we do not express any form of assurance conclusion thereon.In connection with our audit of the Financial Statements, our responsibility is to read Management's Commentary and, in doing so, consider whether Management's Commentary is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Commentary includes the disclosures required by the Danish Financial Statements Act. Based on the work we have performed, in our view, Management's Commentary is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Commentary.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB') and in accordance with IFRS as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

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

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on compliance with the ESEF Regulation

As part of our audit of the Financial Statements, we performed procedures to express an opinion on whether the annual report of DSV A/S for the financial year 1 January to 31 December 2021 with the filename DSV-2021-12-31-en.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human-readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error.

The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report of DSV A/S for the financial year 1 January to 31 December 2021 with the file name DSV-2021-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen, 9 February 2022

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no 3377 1231

Lars Baungaard
State Authorised
Public Accountant
Mne23331

Kim Tromholt
State Authorised
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Mne33251

Parent Company financial statements 2021

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Income statement

(DKKm)	Note	**2021**	2020
Revenue	5	2,417	2,290
Gross profit		**2,417**	**2,290**
Other external expenses	6	1,138	964
Staff costs	7	1,095	995
Operating profit before amortisation and depreciation (EBITDA) before special items		**184**	**331**
Amortisation and depreciation		268	395
Operating profit (EBIT) before special items		**(84)**	**(64)**
Special items, costs	8	251	235
Financial income	9	6,543	2,167
Financial expenses	10	212	865
Profit before tax		**5,996**	**1,003**
Tax on profit for the year	11	137	(97)
Profit for the year		**5,859**	**1,100**
Proposed distribution of profit:			
Proposed dividend per share is DKK 5.50 (2020: DKK 4.00 per share)		1,320	920
Transferred to equity reserves		4,539	180
Total distribution		**5,859**	**1,100**

Statement of comprehensive income

(DKKm)	**2021**	2020
Profit for the year	**5,859**	**1,100**
Items that may be reclassified to the income statement when certain conditions are met:		
Fair value adjustments relating to hedging instruments	-	(1)
Fair value adjustments relating to hedging instruments transferred to financial expenses	14	21
Tax on items reclassified to the income statement	(8)	(1)
Other comprehensive income, net of tax	**6**	**19**
Total comprehensive income	**5,865**	**1,119**

Cash flow statement

(DKKm)	Note	2021	2020
Operating profit before amortisation and depreciation (EBITDA) before special items		**184**	**331**
Adjustments:			
Share-based payments		-	23
Change in working capital etc.		(583)	(10,083)
Special items		(185)	(14)
Dividend received		5,746	1,630
Interest received		797	537
Interest paid, other		(212)	(228)
Income tax paid		(477)	(34)
Cash flow from operating activities		**5,270**	**(7,838)**
Purchase of intangible assets	12	(230)	(172)
Purchase of other plant and operating equipment	13	(146)	(65)
Acquisition and disposal of subsidiaries and activities		2,153	14,511
Cash flow from investing activities		**1,777**	**14,274**
Free cash flow		**7,047**	**6,436**

(DKKm)	Note	2021	2020
Proceeds from borrowings		1,522	6,756
Repayment of borrowings		(5,521)	(6,666)
Repayment of lease liabilities		-	(18)
Change in long-term receivables and borrowings, net		15,069	(1,729)
Transactions with shareholders:			
Dividends distributed		(920)	(588)
Dividends on treasury shares		28	23
Purchase of treasury shares		(17,841)	(5,031)
Sale of treasury shares		2,150	2,357
Cash flow from financing activities		**(5,513)**	**(4,896)**
Cash flow for the year		**1,534**	**1,540**
Cash and cash equivalents 1 January		6,160	4,622
Cash flow for the year		1,534	1,540
Currency translation		2	(2)
Cash and cash equivalents at 31 December		**7,696**	**6,160**

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

Balance sheet

Assets (DKKm)	Note	**2021**	2020
Intangible assets	12	657	616
Right-of-use (ROU) assets		-	1
Other plant and operating equipment	13	216	146
Investments in Group entities	20	54,087	26,914
Receivables from Group entities and other receivables		24,062	17,284
Deferred tax assets	18	20	-
Total non-current assets		**79,042**	**44,961**
Receivables from Group entities and other recievables	14	18,463	20,501
Tax receivables		216	-
Cash and cash equivalents		7,696	6,160
Total current assets		**26,375**	**26,661**
Total assets		**105,417**	**71,622**

Equity and liabilities (DKKm)	Note	**2021**	2020
Share capital		240	230
Reserves and retained earnings	15	57,192	38,345
Total equity		**57,432**	**38,575**
Borrowings	16	27,176	6,674
Deferred tax liabilities	18	-	29
Total non-current liabilities		**27,176**	**6,703**
Lease liabilities	16	-	1
Borrowings	16	1,714	4,135
Tax payables		-	75
Payables to Group entities and other payables	17	19,095	22,133
Total current liabilities		**20,809**	**26,344**
Total liabilities		**47,985**	**33,047**
Total equity and liabilities		**105,417**	**71,622**

Statement of changes in equity

(DKKm)	2021 Share capital	2021 Reserves*	2021 Retained earnings	2021 Total equity	2020 Share capital	2020 Reserves*	2020 Retained earnings	2020 Total equity
Equity at 1 January	**230**	**425**	**37,920**	**38,575**	**235**	**552**	**39,868**	**40,655**
Profit for the year	-	59	5,800	5,859	-	(148)	1,248	1,100
Other comprehensive income, net of tax	-	6	-	6	-	19	-	19
Total comprehensive income for the year	**-**	**65**	**5,800**	**5,865**	**-**	**(129)**	**1,248**	**1,119**
Transactions with shareholders:								
Share-based payments	-	-	-	-	-	-	23	23
Dividends distributed	-	-	(920)	(920)	-	-	(588)	(588)
Purchase of treasury shares	-	(13)	(17,828)	(17,841)	-	(6)	(5,025)	(5,031)
Sale of treasury shares	-	2	2,166	2,168	-	3	2,354	2,357
Capital increase	16	-	24,479	24,495	-	-	-	-
Capital reduction	(6)	6	-	-	(5)	5	-	-
Transfer of treasury shares as business combination consideration	-	3	5,073	5,076	-	-	-	-
Dividends on treasury shares	-	-	28	28	-	-	23	23
Other adjustments	-	-	(14)	(14)	-	-	17	17
Total transactions with shareholders	**10**	**(2)**	**12,984**	**12,992**	**(5)**	**2**	**(3,196)**	**(3,199)**
Equity at 31 December	**240**	**488**	**56,704**	**57,432**	**230**	**425**	**37,920**	**38,575**

* For a specification of reserves, please refer to note 15.

1. Accounting policies

As the Parent Company of the DSV Group, the financial statements of DSV A/S are separate financial statements disclosed as required by the Danish Financial Statements Act. The separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in accordance with IFRS as adopted by the EU and further requirements of the Danish Financial Statements Act. The accounting policies of the Parent Company are identical with the accounting policies for the consolidated financial statements, except for the following:

Dividends from investments in subsidiaries
Dividends from investments in subsidiaries are recognised as income in the Parent Company's income statement under financial income in the financial year in which the dividends are declared.

Investments in subsidiaries in the Parent Company's financial statements
Investments in subsidiaries are measured at cost. If there is any indication of impairment, investments are tested for impairment as described in the accounting policies applied by the Group. If the cost exceeds the recoverable amount, the investment is written down to this lower value.

Currency translation
Foreign currency adjustments of balances considered part of the total net investment in enterprises which have a functional currency other than Danish kroner (DKK) are recognised in the income statement of the Parent Company under financials.

2. Changes in accounting policies

All amendments to the International Financial Reporting Standards (IFRS) effective for the financial year 2021 have been implemented as basis for preparing the Parent Company financial statements and notes to the statements.

None of the implementations has had any material impact on the statements or notes presented.

3. Management judgements and estimates

For the preparation of the Annual Report of DSV A/S, Management makes various accounting judgements that affect the reported amounts and disclosures in the statements and in the notes to the financial statements. These judgements are based on professional judgement, historical data and other factors available to Management. By their nature, judgements include a degree of uncertainty and actual results may therefore deviate from the judgements made at the reporting date. Judgements are continuously evaluated, and the effect of any changes is recognised in the relevant period. Accounting judgements considered significant in the preparation and understanding of the financial statements of the Parent Company include the following:

Investments in subsidiaries
Management assesses annually whether there is an indication of impairment of investments in subsidiaries. If so, the investments will be tested for impairment in the same way as Group goodwill, involving various estimates on future cashflows, growth, discount rates, etc. On 31 December 2021, no impairment indicators were identified.

4. New accounting regulations

The IASB has issued a number of new standards and amendments not yet in effect or adopted by the EU and therefore not relevant for the preparation of the 2021 Parent Company financial statements. These standards and amendments are expected to be implemented when they take effect.

None of the new standards or amendments issued are currently expected to have any significant impact on the Parent Company financial statements when implemented.

5. Revenue

(DKKm)	**2021**	2020
Intra-group charges	2,417	2,290
Total revenue	**2,417**	**2,290**

6. Fees to auditors appointed at the Annual General Meeting

(DKKm)	**2021**	2020
Statutory audit	9	5
Assurance engagements other than audits	2	-
Tax and VAT advisory services	1	1
Other services	4	4
Total fees	**16**	**10**

7. Staff costs

For information on remuneration of the Executive Board and the Board of Directors, please see notes 6.2 and 6.3 to the consolidated financial statements.

(DKKm)	**2021**	2020
Remuneration of the Board of Directors	7	6
Salaries etc.	332	202
Intra-group salary charges etc.	721	758
Defined contribution pension plans	35	29
Total staff costs	**1,095**	**995**
Average number of full-time employees	507	437

8. Special items

(DKKm)	**2021**	2020
Restructuring and integration costs	165	235
Transaction costs relating to acquisition of Global Integrated Logistics	86	-
Total special items, costs	**251**	**235**

9. Financial income

(DKKm)	**2021**	2020
Interest income	154	156
Interest income from Group entities	406	381
Currency translation, net	237	-
Dividends from subsidiaries	5,746	1,630
Total financial income	**6,543**	**2,167**

Interest income includes interest on financial assets measured at amortised cost of DKK 154 million (2020: DKK 156 million).

10. Financial expenses

(DKKm)	**2021**	2020
Interest expenses	145	209
Interest expenses for Group entities	67	19
Currency translation, net	-	637
Total financial expenses	**212**	**865**

Interest expenses include interest on financial liabilities measured at amortised cost of DKK 145 million (2020: DKK 209 million).

11. Income tax

Tax for the year is disaggregated as follows:

(DKKm)	**2021**	2020
Tax on profit for the year	137	(97)
Tax on other comprehensive income	8	1
Total tax for the year	**145**	**(96)**

Tax on profit for the year specifies as follows:

(DKKm)	**2021**	2020
Current tax	187	12
Deferred tax	(78)	(109)
Tax adjustment relating to previous years	28	-
Total tax on profit for the year	**137**	**(97)**

Tax rate specifies as follows:

(DKKm)	**2021**	2020
Calculated tax on profit for the year before tax	22.0%	22.0%
Tax effect of:		
Non-deductible expenses/non-taxable income	(20.2%)	(31.7%)
Tax adjustment relating to previous years	0.5%	0.0%
Effective tax rate	**2.3%**	**(9.7%)**

12. Intangible assets

	2021			2020		
(DKKm)	Software	Software in progress	Total	Software	Software in progress	Total
Cost at 1 January	1,004	166	1,170	2,048	209	2,257
Additions for the year	-	230	230	-	172	172
Disposals	(226)	-	(226)	(1,259)	-	(1,259)
Reclassifications	130	(130)	-	215	(215)	-
Total cost at 31 December	**908**	**266**	**1,174**	**1,004**	**166**	**1,170**
Total amortisation and impairment at 1 January	554	-	554	1,289	-	1,289
Amortisation and impairment for the year	140	-	140	232	-	232
Disposals	(177)	-	(177)	(967)	-	(967)
Total amortisation and impairment at 31 December	**517**	**-**	**517**	**554**	**-**	**554**
Carrying amount at 31 December	**391**	**266**	**657**	**450**	**166**	**616**

13. Other plant and operating equipment

(DKKm)	**2021**	2020
Cost at 1 January	350	358
Additions for the year	146	65
Disposals	(36)	(73)
Total cost at 31 December	**460**	**350**
Total amortisation and impairment at 1 January	204	202
Amortisation and impairment for the year	76	75
Disposals	(36)	(73)
Total amortisation and impairment at 31 December	**244**	**204**
Carrying amount at 31 December	**216**	**146**

14. Current receivables from Group entities and other receivables

(DKKm)	**2021**	2020
Receivables from Group entities	18,138	20,177
Other receivables etc.	325	324
Current receivables from Group entities and other receivables at 31 December	**18,463**	**20,501**

15. Equity reserves

Equity reserves are specified below.

	2021			
(DKKm)	Treasury share reserve	Hedging reserve	Development cost reserve	Total reserves
Reserves at 1 January	(4)	(10)	439	425
Profit for the year	–	–	59	59
Other comprehensive income, net of tax	–	6	–	6
Total comprehensive income for the year	–	6	59	65
Transactions with shareholders:				
Purchase of treasury shares	(13)	–	–	(13)
Sale of treasury shares	2	–	–	2
Capital reduction	6	–	–	6
Transfer of treasury shares as business combination consideration	3	–	–	3
Reserves at 31 December	**(6)**	**(4)**	**498**	**488**

	2020			
(DKKm)	Treasury share reserve	Hedging reserve	Development cost reserve	Total reserves
Reserves at 1 January	(5)	(30)	587	552
Profit for the year	–	–	(148)	(148)
Other comprehensive income, net of tax	–	19	–	19
Total comprehensive income for the year	(5)	(11)	439	423
Transactions with shareholders:				
Purchase of treasury shares	(6)	–	–	(6)
Sale of treasury shares	2	1	–	3
Capital reduction	5	–	–	5
Reserves at 31 December	**(4)**	**(10)**	**439**	**425**

For a description of equity reserves, please see note 4.1 to the consolidated financial statements.

16. Financial liabilities

(DKKm)	**2021**	2020
Loans and credit facilities	22,036	4,045
Issued bonds	6,681	6,674
Lease liabilities	-	1
Other financial liabilities	173	90
Total financial liabilities	**28,890**	**10,810**
Financial liabilities as recognised in the balance sheet:		
Non-current liabilities	27,176	6,674
Current liabilities	1,714	4,136
Financial liabilities at 31 December	**28,890**	**10,810**

Loans and credit facilities

			Carrying amount	
(DKKm)	Expiry	Fixed/floating	**2021**	2020
Bond loans	2022-2027	Fixed/floating	6,681	6,674
Lease liabilities	2021	Floating	-	1
Loans and credit facilities	2021-2023	Floating	22,036	4,045
Loans and credit facilities at 31 December			**28,717**	**10,720**

Bank loans are subject to standard trade covenants. All financial ratio covenants were observed during the year. The weighted average interest rate was 0.7% (2020: 1.1%).

	2021					2020				
			Non-cash change					Non-cash change		
Financing activities (DKKm)	Beginning of year	Cash flow	Acqui-sition	Other	End of year	Beginning of year	Cash flow	Acqui-sition	Other	End of year
Loans and credit facilities	4,045	17,807	-	184	22,036	6,671	(2,647)	-	21	4,045
Issued bonds	6,674	7	-	-	6,681	3,975	2,736	-	(37)	6,674
Lease liabilities	1	(1)	-	-	-	19	(17)	-	(1)	1
Total liabilities from financing activities	**10,720**	**17,813**	**-**	**184**	**28,717**	**10,665**	**72**	**-**	**(17)**	**10,720**
Other non-current liabilities	90				173	53				90
Total financial liabilities	**10,810**				**28,890**	**10,718**				**10,810**

17. Payables to Group entities and other payables

(DKKm)	**2021**	2020
Payables to Group entities	18,364	21,552
Other payables	731	581
Payables to Group entities and other payables at 31 December	**19,095**	**22,133**

18. Deferred tax asset

(DKKm)	**2021**	2020
Deferred tax at 1 January	(29)	(128)
Deferred tax for the year	78	109
Tax adjustments relating to previous years	(38)	2
Tax on changes in equity	9	(12)
Deferred tax at 31 December	**20**	**(29)**
Deferred tax as recognised in the balance sheet:		
Deferred tax liabilities	-	29
Deferred tax assets	20	-
Deferred tax, net	**20**	**(29)**
Specification of deferred tax:		
Intangible assets	(86)	(99)
Current assets	(3)	(11)
Other liabilities	109	81
Deferred tax at 31 December	**20**	**(29)**

19. Share option schemes

DSV A/S has issued share options to key employees and members of the Executive Board of the Company. Please see note 6.2 to the consolidated financial statements for a list of current incentive share option schemes and a description of the assumptions used for the valuation of the share options granted in 2021. Total costs recognised in 2021 for services received but not recognised as an asset amounted to DKK 27 million (2020: DKK 23 million). The average share price for options exercised in the financial year was DKK 841.9 per share at the date of exercise.

20. Investments in Group entities

DSV A/S owns the following subsidiaries, all of which are included in the consolidated financial statements:

	Ownership 2021	Ownership 2020	Registered office	Share capital (DKKm)
DSV Road Holding A/S	100%	100%	Hedehusene, Denmark	100
DSV Air & Sea Holding A/S	100%	100%	Hedehusene, Denmark	50
DSV Solutions Holding A/S	100%	100%	Hedehusene, Denmark	100
DSV Insurance A/S	100%	100%	Hedehusene, Denmark	25
DSV Group Services A/S	100%	100%	Hedehusene, Denmark	5
DSV FS A/S	100%	100%	Hedehusene, Denmark	0.5
Panalpina Welt-transport AG	100%	100%	Basel, Switzerland	16
Agility Logistics International B.V.	100%	n.a.	AN Oude Meer, Netherlands	2,635
DSV Finance BV	100%	n.a.	Venlo, Netherlands	0
GIL International Holdings I Ltd.	100%	n.a.	Abu Dhabi, UAE	2,925

Share option schemes at 31 December 2021

Scheme	Exercise period	Executive Board	Key employees	Total	Average exercise price per option
2017*	01.04.2020 - 31.03.2022	-	13,000	13,000	357.0
2018	28.03.2021 - 28.03.2023	190,000	102,573	292,573	477.5
2019	29.03.2022 - 27.03.2024	202,000	261,000	463,000	545.0
2020	31.03.2023 - 31.03.2025	202,000	294,000	496,000	560.0
2021	01.04.2024 - 31.03.2026	168,750	249,575	418,325	1,325.0
Outstanding at 31 December 2021		**762,750**	**920,148**	**1,682,898**	**972.4**
Open for exercise at 31 December 2021		190,000	115,573	305,573	472.4
Life (years)		2.7	3.0	2.9	n.a.
Market value (DKKm)		630.8	720.6	1,351.4	n.a.

* Share options granted in 2017 and 2018 are currently exercisable.

Outstanding share options

	Executive Board	Key employees	Total	Average exercise price per option
Outstanding at 1 January 2020	760,000	828,000	1,588,000	435.0
Granted	190,000	312,000	502,000	560.0
Exercised	(190,000)	(207,871)	(397,871)	310.6
Options waived/expired	-	(6,000)	(6,000)	513.7
Outstanding at 31 December 2020	**760,000**	**926,129**	**1,686,129**	**501.3**
Outstanding at 1 January 2021	760,000	926,129	1,686,129	501.3
Granted	156,750	263,850	420,600	1,325.0
Transferred [1]	36,000	(36,000)	-	-
Exercised	(190,000)	(222,056)	(412,056)	401.7
Options waived/expired	-	(11,775)	(11,775)	703.3
Outstanding at 31 December 2021	**762,750**	**920,148**	**1,682,898**	**972.4**

[1] A member of the Executive Board has previously received share options in the Director's former capacity as DSV key employee.

21. Derivative financial instruments

The weighted average effective interest rate for existing interest rate instruments was 0.8% at the reporting date (2020: 0.8%).

For 2021 a loss on hedging instruments of DKK 51 million was recognised in the income statement (2020: gain of DKK 57 million).

In the same period, a loss of DKK 5 million was recognised relating to assets and liabilities (2020: loss of DKK 694 million).

For more information on foreign currency and interest rate risk hedging, please see notes 4.4 and 4.5 to the consolidated financial statements.

22. Financial risks

Financial risks of the Parent Company are handled within the risk management processes and framework of the Group. Please see note 4.4 to the consolidated financial statements.

The liabilities of DSV A/S fall due as listed in the adjacent table.

The analysis of expected maturity is based on contractual cash flows, including estimated interest payments. No amounts have been discounted, for which reason they cannot necessarily be reconciled to the related items of the balance sheet.

External hedging instruments (DKKm)	**2021**				
	Contractual value	Maturity	Fair value	Of which recognised in income statement	Of which recognised in OCI
Currency instruments	26,137	2022	(26)	(27)	1
Interest rate instruments	744	2022	(7)	-	(7)
Total	**26,881**		**(33)**	**(27)**	**(6)**

(DKKm)	2020				
	Contractual value	Maturity	Fair value	Of which recognised in income statement	Of which recognised in OCI
Currency instruments	6,353	2021	26	-	(2)
Interest rate instruments	744	2021-2022	(17)	-	(17)
Total	**7,097**		**9**	**-**	**(19)**

Loan and credit facilities (DKKm)	**2021**				2020			
	0-1 year	1-5 years	> 5 years	Total cash flows, incl. interest	0-1 year	1-5 years	> 5 years	Total cash flows, incl. interest
Loans, credit facilities and issued bonds	11,805	1,952	16,230	29,987	5,922	3,123	3,736	12,781
Lease liabilities	-	-	-	-	1	-	-	1
Other payables	736	-	-	736	581	-	-	581
Payables to Group entities	18,359	-	-	18,359	21,552	-	-	21,552
Currency derivatives	26	-	-	26	(26)	-	-	(26)
Interest rate derivatives	3	6	-	9	3	17	-	20
Total	**30,929**	**1,958**	**16,230**	**49,117**	**28,033**	**3,140**	**3,736**	**34,909**

22. Financial risks – continued

Financial instruments by category

Carrying amount (DKKm)	**2021**	2020
Financial assets:		
Currency derivatives	13	49
Receivables	18,463	20,501
Other receivables	24,062	17,284
Cash and cash equivalents	7,696	6,160
Total cash and receivables	50,221	43,945
Financial liabilities:		
Interest rate derivatives	9	19
Currency derivatives	39	23
Issued bonds measured at amortised cost	6,681	6,674
Loans and credit facilities	22,036	4,045
Lease liabilities	-	1
Payables to Group entities etc.	19,095	22,133
Financial liabilities measured at amortised cost	47,812	32,853

The fair value of financial assets and liabilities does not differ significantly from the carrying amount.

The valuation of financial instruments measured at fair value is based on other observable input than prices quoted in active markets (level 2). Interest rate swaps and foreign exchange forward contracts are valued using generally accepted valuation techniques based on relevant observable data.

23. Contingent liabilities and security for debt

Contingent liabilities
DSV A/S and the other Danish Group entities are registered jointly for VAT purposes and are jointly and severally liable for the VAT liabilities.

DSV A/S is assessed jointly for Danish tax purposes with the other domestic Group entities. DSV A/S is the administration company of the joint taxation arrangement and is under an unlimited and joint liability regime for all Danish tax payments and withholding taxes on dividends, interest and royalties from the jointly taxed entities. Income tax and withholding tax payables under the joint taxation arrangement amounted to DKK 506 million (2020: payable of DKK 74 million), which is included in the financial statements of DSV A/S.

Parent Company guarantees
DSV A/S has provided guarantees for subsidiaries' outstanding balances with banks and liabilities to leasing companies, suppliers and public authorities, etc. in the amount of DKK 6,354 million (2020: DKK 4,408 million).

Moreover, DSV A/S has issued several declarations of intent relating to outstanding balances between subsidiaries and third parties.

24. Related-party transactions

DSV A/S has no related parties with control of the Group and no related parties with significant influence other than key management personnel – mainly in the form of the Board of Directors and Executive Board.

Related-party transactions

Board of Directors and Executive Board
No transactions with related parties were made in the 2021 financial year other than ordinary remuneration, as described in notes 6.2 and 6.3 to the consolidated financial statements.

Intra-group transactions
No intra-group transactions were made in 2021 other than as stated in the income statement and notes.

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