Annual report 2022

We keep on sailing!

Scandlines increased revenue and results in 2022 despite COVID-19 restrictions early in the year and economic slowdown in the last quarter, and we maintain focus on improving customer offerings and progressing towards the zero direct emissions vision.

Scandlines

Scandlines Infrastructure ApS
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Overview

Scandlines at a glance

Scandlines operates two short-distance ferry routes between Germany and Denmark with high frequency and large capacity. Our ferries provided efficient and reliable transport with 39,000 departures in 2022. With frequent departures and a reliability* around 93 percent, Scandlines is always open and is the floating bridge between Continental Europe and Scandinavia providing an attractive alternative to the Great Belt Bridge and the direct ferry routes between Germany and Sweden as well as air travel.

Landings

4 ports

We own the three ports in Puttgarden, Rødby and Gedser and rent the port in Rostock. Our terminals are directly connected to the European motorway network, providing seamless and swift access, loading and exit for business and private passengers.

Fleet

7 ferries

Our six hybrid ferries are supplemented by a conventional freight ferry, which also acts as a replacement ferry when needed. A new zero direct emission freight ferry will be commissioned in the second half of 2024.

Departures

39 thousand

Our infrastructure and ferries provide a direct connection between Continental Europe and Scandinavia with regular departures throughout the day.

Lorries

754 thousand

The efficiency and reliability of our floating bridge is valued by freight customers who take the opportunity to comply with resting time regulation while sailing.

Cars

1.6 million

Scandlines connects the European motorway network with frequent departures around the clock and an average waiting time of 10 minutes on the Puttgarden-Rødby route.

Passengers

6.1 million

Our ferries, infrastructure and staff create value for professionals, leisure travellers and shoppers looking for efficiency, convenience or a good deal on board.

Border shopping

3 outlets

Customers enjoy unparalleled shopping opportunities and online pre-ordering at two BorderShops and one Easymarked located in the ports of Puttgarden and Rostock, respectively.

Shopping transactions

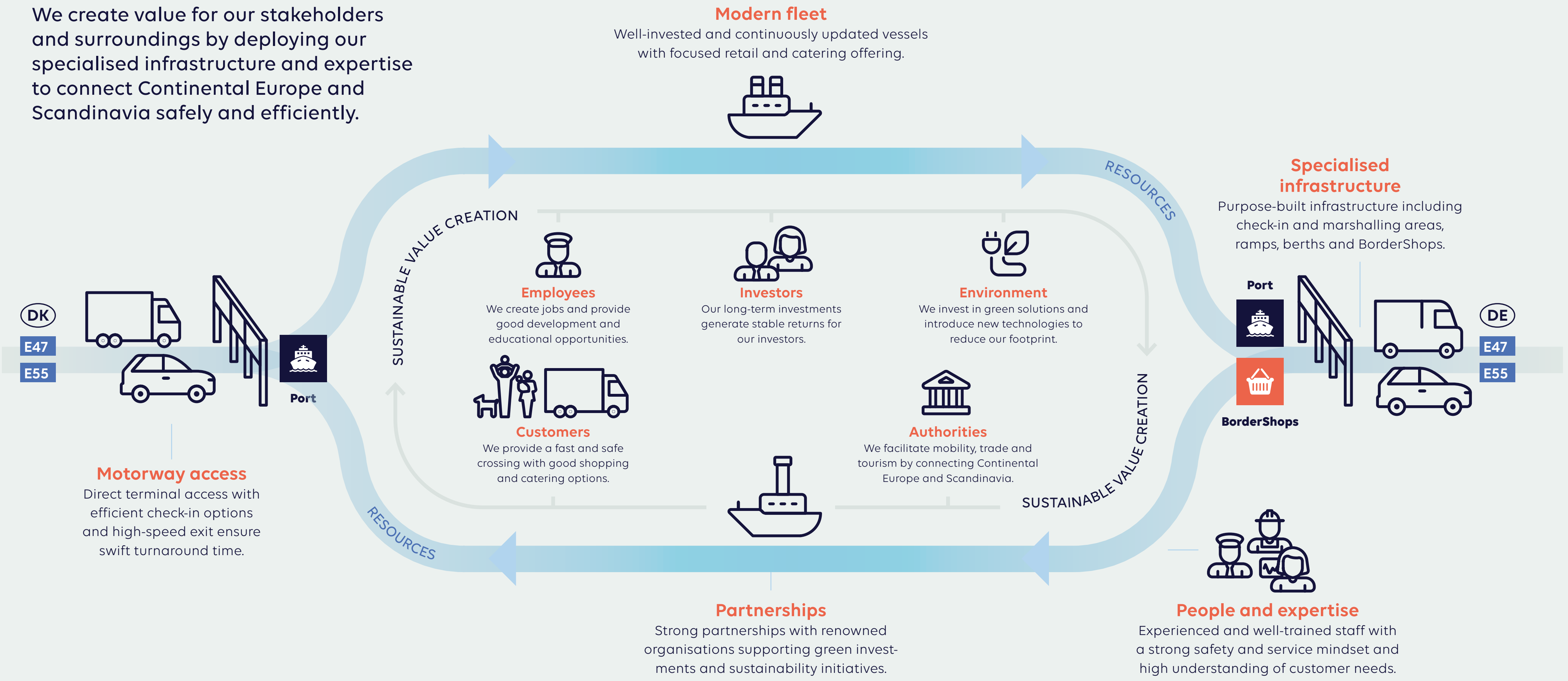
605 thousand

Our shopping outlets offer great customer experience and low prices on a wide range of beer, soft drinks, confectionery, wine and fine spirits.

* Reliability is defined as being on time within 15 minutes

Our sustainable floating bridge

We create value for our stakeholders and surroundings by deploying our specialised infrastructure and expertise to connect Continental Europe and Scandinavia safely and efficiently.



Scandlines route map

Our ports and ferry routes constitute a crucial piece of infrastructure that connects motorways E47 and E55 between Europe and Scandinavia. Scandlines offers a more sustainable alternative to other potential routes (including the Great Belt Bridge), shorter driving times and an opportunity to rest while sailing.

Puttgarden-Rødby

Four hybrid ferries with a crossing time of only 45 minutes and up to 96 departures per day. The route enables cars to travel from Hamburg to Copenhagen in 4 hours and 15 minutes at competitive prices.

One conventional ferry is deployed to meet freight customer demand, while also acting as a replacement ferry. A new zero direct emission freight ferry with significantly higher capacity than existing ferries will be commissioned on the route in the second half of 2024.

Rostock-Gedser

Two hybrid ferries with a maximum crossing time of 2 hours and up to 20 departures per day. The route enables cars to travel from Berlin to Copenhagen in less than 6 hours at competitive prices.

BorderShops

Two BorderShops in Puttgarden and Rostock and Easymarked in Rostock offer low prices and unparalleled shopping opportunities.

CEO letter

Scandlines generated higher revenue and results after car and shopping traffic rebounded in 2022

We continued to make headway in 2022 as the impact of COVID-19 eased and travel restrictions were lifted early in the year. Traffic volume grew significantly driven by a rebound in leisure traffic and continued traction in our freight business. Furthermore, our shopping activities also benefitted significantly from the eased COVID-19 restrictions. Against this backdrop, we increased revenue and earnings and continued to improve our competitive offering with long-term investments in our fleet and facilities.

While the year had a difficult start impacted by travel restrictions and efforts to mitigate the spreading of COVID-19, we were pleased to see passengers return to our ferries in large numbers as soon as restrictions were lifted in Germany, Sweden and Denmark.

Good results driven by volume rebound
The volume growth from increased car traffic, record-high freight activity and shopping boosted revenue by 42 percent to EUR 464 million and the result before tax from EUR 62 million to EUR 125 million.

The solid rebound in 2022 resulted in record high freight volumes and a leisure summer peak season, which exceeded the pre-COVID-19 level realised in 2019, demonstrating the strength, reliability and competitiveness of our customer offerings.

Our markets were highly turbulent again in 2022 in the wake of COVID-19 and Russia's invasion of Ukraine, which resulted in unspeakable human suffering during the year. We were proud to see our employees stepping up and helping around 6,500 Ukrainian refugees on the journey from their home through Germany to a calmer and safer life in Scandinavia.

The geopolitical turmoil drove significant volatility and severe increases in energy and bunker fuel prices as well as the disruption of supply chains across industries. Still, we maintained operations as a reliable provider of critical infrastructure connecting Continental Europe and Scandinavia with our "floating bridge" to secure a reliability around 93 percent and to serve our customers throughout the year.

I am proud of my colleagues and their tenacity and ability to stay the course throughout COVID-19 and deliver strong results in the face of significant market volatility.

We have established a solid foundation and look forward to executing on our plans and investments in emission reductions in the coming years.

Carsten Rhodes-Nørland, CEO

+42%

Rebound in revenue in 2022.

Sharp focus on zero direct emissions vision

At the same time, we maintained our focus on further progressing towards Scandlines' zero direct emissions vision. We continued to invest in our existing fleet with the installation of a rotor sail on M/V Berlin - ensuring that both ferries on the Rostock-Gedser route are equipped with rotor sails - and new, low-noise pull thrusters on M/V Prinsesse Benedikte as the last of the four double-ended ferries on the Puttgarden-Rødby route.

We were also pleased to celebrate the keel-laying of our new zero direct emission freight ferry, which is being built for commissioning in the second half of 2024 on the Puttgarden-Rødby route where we are also rebuilding our terminals to accommodate the new larger ferry and fit the necessary charging facilities. The project will launch the new generation of ferries on the Puttgarden-Rødby route, which we have set out to make emission-free (scope 1 and 2) by 2030 as a milestone in our efforts to reach zero emissions for our entire business by 2040.

We are pleased that our long-standing efforts to reduce Scandlines' environmental footprint and emissions have been noticed by our customers as well as industry experts. In October 2022, this resulted in acknowledgement at the IJGlobal ESG Awards where Scandlines received the "Corporate Transition Award – Infrastructure" for our innovative capacity and leading role in the transformation of the industry as well as our successful measures to reduce CO_2 emissions from the double-ended ferries operating the Puttgarden-Rødby route by more than 50 percent since 1997.

For a number of passengers, taking a greener mode of transport than competing short haul air routes is becoming an increasing consideration.

Greener and more competitive fleet for the future

We will continue on the current trajectory to recapture traffic and grow our business while investing in a greener and more competitive fleet and future ahead of the planned opening of the Fehmarn Belt fixed link.

These efforts will be supplemented by targeted initiatives to drive growth through further improvement of the travel experience for our passengers and freight customers.

For 2023, we expect continued volatility and a likely economic slowdown throughout Europe and the markets with largest impact on our business.

We will remain focused on providing our customers with an excellent service which they value and therefore continue to choose us as their preferred transport route between Scandinavia and Europe.

Carsten Rhodes-Nørland

CEO

Snapshot of 2022

Revenue
464 MEUR

Revenue increased by 42 percent following a strong freight performance and a rebound in car traffic and shopping volumes early in the year after travel restrictions were lifted.

Cars
+65%

As travel restrictions eased, we saw a strong rebound in car traffic, which is gradually returning to pre-COVID-19 levels.

Return on invested capital
6.1%

Despite continued market volatility, the impact from travel restrictions in early 2022 and economic slowdown in the fourth quarter, we delivered an improved return on invested capital.

Freight
+5%

The strong growth in freight traffic continued with volumes reaching new record-highs in 2022.

Investment
25 MEUR

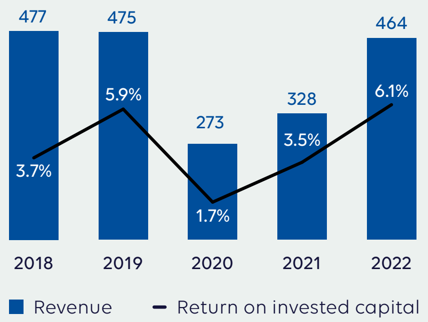
The continued pursuit of the zero direct emissions vision and our long-term investments in the fleet entailed moderately higher investments.

Passengers
+68%

Leisure traffic returned and reached higher levels than before COVID-19 in some months, while shopping traffic improved at a somewhat slower pace.

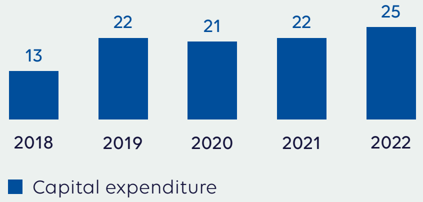
Performance

MEUR



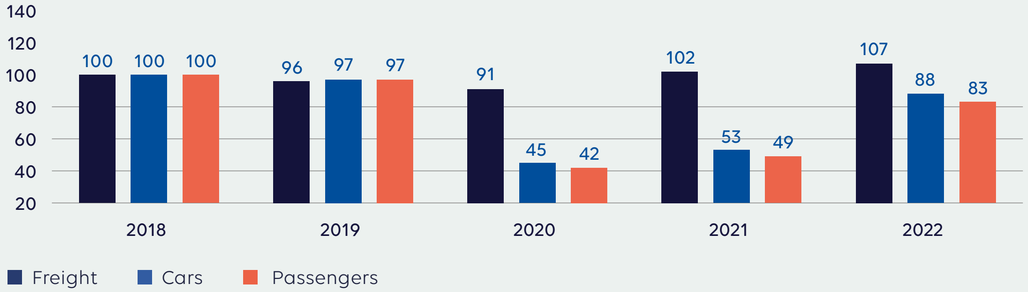
Investment

MEUR



Traffic volumes

INDEX (2018 = 100)



2018 reflects Scandferries ApS group financial statements whereas 2019-2022 reflect Scandlines Infrastructure ApS group financial statements (due to a new holding structure).

Key figures and financial ratios

MEUR	2022	2021	2020	2019	2018
Income statement					
Revenue	463	328	273	475	477
Result from ordinary activities (EBITDA)	185	128	74	181	185
Amortisation and depreciation	-35	-42	-41	-40	-38
Result from ordinary activities (EBIT)	150	85	33	141	148
Net financials	-25	-23	-24	-22	-20
Result before tax	125	62	9	120	128
Result after tax	124	61	18	122	125
Balance sheet					
Total assets	2,570	2,549	2,537	2,538	1,277
Investments (capital expenditure)	25	22	21	22	13
Equity attributable to owners	1,584	1,539	1,520	1,501	445
Interest bearing liabilities	931	934	968	978	768
Invested capital	2,429	2,407	2,427	2,449	2,452
Cash flow statement					
Cash flow from operating activities	126	107	63	151	154
Cash flow from investing activities	-25	-22	-21	-22	-13
Cash flow from financing activities	-80	-80	-13	-135	-145
Return on invested capital (ROIC)	6.1%	3.5%	1.7%	5.9%	3.7%
Average number of employees (FTE)	1,391	1,237	1,357	1,533	1,534

2018 reflects Scandferries ApS group financial statements whereas 2019-2022 reflect Scandlines Infrastructure ApS group financial statements (due to a new holding structure).

Performance

Developments in 2022

Business and financial performance improved in 2022 following strong freight traffic and a rebound in leisure travel and shopping as the impact of COVID-19 eased and travel restrictions were lifted early in the year. Scandlines generated higher revenue and earnings and continued to deliver an attractive transport and travel offering for customers through investments in our fleet, services and facilities.

Revenue
Strong traffic volume growth and good performance in the BorderShops drove an increase in revenue to EUR 464 million in 2022 from EUR 328 million in 2021, which was to a greater extent impacted by COVID-19 restrictions.

Floating bridge
The two Germany-Denmark routes grew revenue, including onboard retail and catering, to EUR 363 million in 2022 from EUR 260 million in 2021 following solid volume growth driven by eased effects of COVID-19 restrictions.

The group's car traffic volume rebounded in 2022 and grew by 65 percent against 2021 with strong improvements on both the Puttgarden-Rødby and Rostock-Gedser routes after all restrictions were lifted early in the year. The growth was supported by strong performance in the summer peak season and several months with traffic volume above the pre-COVID-19 levels.

The freight business continued the good traction and grew traffic volume by 5 percent in 2022 from the record level in 2021. Both routes delivered solid growth in 2022 and exceeded previous volume levels as we continued to provide frequent departures, a high reliability level and flexibility to meet customer demand.

The total number of passengers recovered by 68 percent in 2022 with equal improvements on the two routes.

BorderShops
Activity levels also saw recovery in the group's BorderShops in 2022, and revenue grew to EUR 101 million from EUR 68 million in 2021. The positive development was driven by higher passenger volume and lifted restrictions, but activity

remained significantly lower than before the outbreak of COVID-19 due to increased fuel prices, general inflationary pressure and a weak SEK.

Earnings
Revenue growth and continued focus on cost efficiency drove an increase in profit from ordinary activities (EBITDA) to a pre-COVID-19 level of EUR 185 million in 2022 from EUR 128 million in 2021.

The progress was achieved despite general inflationary pressure and higher bunker costs.

The two ferry routes contributed EUR 179 million to EBITDA compared to EUR 121 million in 2021, with BorderShops contributing EBITDA of EUR 6 million in 2022 against EUR 7 million in 2021.

Financial income and expenses
The group's net financials were an expense of EUR 25 million against an expense of EUR 23 million in 2021.

Profit for the year
The result before tax improved to EUR 125 million against EUR 62 million in 2021, and profit for the year came to EUR 124 million in 2022 against EUR 61 million in 2021.

Investments and cash flow
Intangible assets and property, plant and equipment were stable at EUR 2,410 million at year-end against EUR 2,420 million at the end of 2021.

The group's cash flow from operating activities improved on the back of rebounded earnings and resulted in an inflow of EUR 126 million compared to an inflow of EUR 107 million in 2021.

Continued investments in fleet and facilities drove a slight increase in the cash outflow to investing activities to EUR 25 million against an outflow of EUR 22 million in 2021.

The cash outflow to financing activities was stable at EUR 80 million.

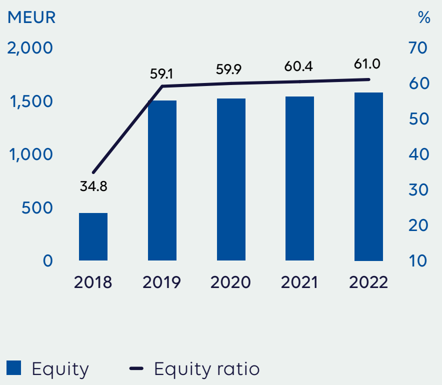
The group's interest-bearing debt was stable at EUR 931 million against EUR 934 million in 2021.

Cash and cash equivalents increased to EUR 86 million at year-end from EUR 66 million in 2021.

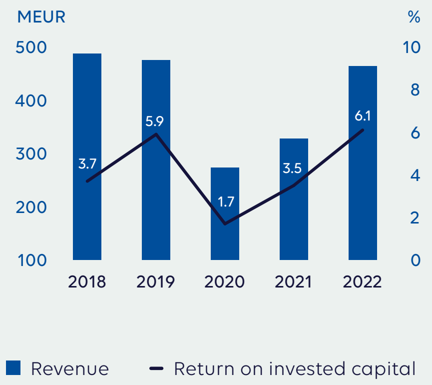
Return on invested capital (ROIC) for 2022 was 6.1% compared to 3.5% for 2021.

The net interest-bearing debt declined to EUR 845 million compared to a net interest-bearing debt of EUR 868 million at the end of 2021.

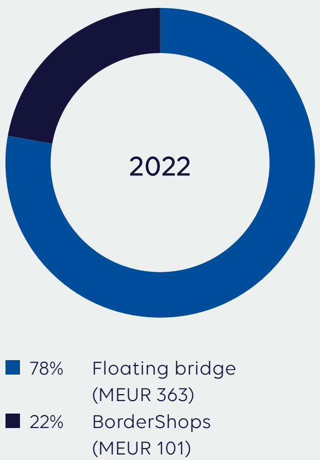
Equity and equity ratio



Revenue and ROIC



Revenue split



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Assets and equity

The group's assets had increased slightly to EUR 2,568 million at 31 December 2022 compared to EUR 2,549 million end of 2021.

Total equity increased to EUR 1,578 million against EUR 1,539 million at the end of 2021, corresponding to a moderate increase in the equity ratio to 61 percent against 60 percent in the previous year.

Events after the balance sheet date

Reference is made to note 27 in the financial statements.

Rebound in passenger volume

Passengers returned to our ferries in 2022 after two highly unusual years marked by significant detrimental effects of COVID-19 and travel restrictions as well as a range of measures undertaken to protect our customers and employees during the pandemic.

The first months of the year were still impacted by restrictions, which were subsequently lifted and allowed for strong performance during the high season.

Travellers preferred our stable and flexible ferry services over air travel, which was characterised by cancellations and long waiting hours in the summer of 2022.

After the slow start, passenger volume thus picked up the pace and outgrew 2019 month by month for the first time after the pandemic.

Our responsibility

We take our social licence to operate very seriously and actively seek to promote positive environmental and social outcomes for the benefit of our customers, employees, suppliers and communities.

Scandlines plays an essential role in our communities. In 2022, we welcomed a total of 6.1 million customers on board our ferries and at our Bordershops, and at the end of 2022, we had 1,391 employees (689 in Denmark and 702 in Germany) and around 1,500 suppliers of which the vast majority are based in Denmark or Germany.

As outlined in our third independent sustainability report, published alongside this annual report, we continued our efforts to build a more sustainable business in 2022 through, inter alia, investments in installation of a rotor sail on M/V Berlin, new thrusters, and the construction of our new zero direct emissions vessel. This went together with a number of social initiatives regarding health and safety, employee wellbeing, customer satisfaction, to name a few.

In positive recognition of our sustainability trajectory, in October 2022, we received the IJGlobal ESG 'Corporate Transition Award – Infrastructure'. It was motivated by the ground-breaking projects we have implemented to continuously reduce our environmental impact and by our leading role in the green transformation of the industry. Furthermore, we remained the highest ranked ferry oper-

Sustainability highlights

WE SUPPORT UN GLOBAL COMPACT

12% CO_2e

We reduced our CO_2e emissions per trip significantly since 2019.

~7.8 MEUR

We increased our green investments with installation of new thrusters and fitting another rotor sail.

2/2

Both ferries on the Rostock-Gedser route have been fitted with new rotor sails, which reduce CO_2 emissions by 4 percent on average, and by 20 percent in optimal wind conditions.

34 charging stations

We installed 19 additional charging stations for electric cars of our employees in all our ports, making it 34 in total.

4/4

4 of 4 ferries on the Puttgarden-Rødby route have been fitted with new Azipull thrusters, which reduce CO_2 emissions by up to 15 percent.

100% renewable electricity

All land-based electricity contracts were switched to renewable sources in 2021, reducing our CO_2 footprint by more than 1,800 tonnes.

72%

Scandlines conducted an Employee Engagement Survey in 2022. We achieved a participation rate of 72 percent and received over 1,000 comments.

100%

Scandlines' Vendor Code of Conduct or an equivalent agreement was signed by 100 percent of the group's vendors with a spend of >20 KEUR.

3.5	4.4	5.1	7.2	8.5	9.4	10.2	12.3	13.1	14.1	15.3	16.2	17.16
3.9		5.5		8.7			12.5			15.5	16.5	
				8.8			12.6			15.8		

ator in the annual Danish Sustainable Brand Index, demonstrating that sustainability is an important part of our customer offering relative to alternative routes or competitive modes of transport (e.g. air travel).

We seek to transparently report on both areas of success and challenge, as a necessary step to improving outcomes. After becoming a signatory to the UN Global Compact and implementing the Task Force on Climate-related Financial Disclosures (TCFD) framework in 2021, we continued to upgrade our ESG reporting by fully embracing the new GRI standard, which enhances transparency of all our sustainability efforts and includes disclosing a wide range of ESG data. Our sustainability report also presents our updated materiality assessment of our key focus areas, our initiatives and ESG risk management.

The sustainability report furthermore represents our statutory statement on social responsibility and gender equality in accordance with sections 99a and 99b of the Danish Financial Statements Act. The report can be found here: https://www.scandlines.com/about-us/management-and-investors/annual-report-and-sustainability-report/ where our account on Scandlines' data ethics policy is also available in accordance with section 99d of the Danish Financial Statements Act.

Scandlines sustainability report 2022

Outlook 2023

Financial guidance 2023

Traffic volumes are expected to increase moderately in 2023 compared to 2022, which was impacted by COVID-19 and related restrictions early in the year and economic slowdown in the fourth quarter as a consequence of high inflation, increased interest rates and a weak SEK.

Modest growth is expected in leisure and shopping traffic volumes, which are seen to be somewhat impacted by a general economic slowdown. Bus travel is expected to gradually return to previous levels, and the steadily growing freight traffic volume is expected to continue the positive trajectory - however at a modest level.

We will maintain strict cost control and focus on ensuring continuous efficiency enhancements to mitigate the general inflationary pressure and macroeconomic volatility in the wake of Russia's invasion of Ukraine in early 2022. Scandlines' fuel supply is sourced from countries that are not subject to international sanctions, and price increases are mitigated by bunker surcharges and hedging.

Management expects revenue and profits to increase moderately in 2023 subject to the level of economic slowdown.

Mid-term perspectives

Scandlines will continue to focus on maintaining and strengthening the competitiveness of the floating bridge operations as well as the port facilities and land-based BorderShops in Puttgarden and Rostock.

Efficiency enhancements will remain a key component of ensuring competitiveness against the Great Belt Bridge, direct routes between Germany and Sweden as well as airline travel, and we will continue our efforts to increase capacity utilisation on the floating bridge. We expect continued progress in the freight business and a continuation of the recovery in leisure traffic.

In the pursuit of our zero direct emissions vision, we have entered into a contract for a zero direct emission freight ferry to be commissioned on the Puttgarden-Rødby route in the second half of 2024. We want to maintain our industry leadership with a clear vision for the sector's green future, and we are basing our efforts on our own hands-on experience from pioneering hybrid ferries and establishing the largest hybrid ferry fleet in operation as well as general technological progress allowing us to reduce our CO_2 footprint further.

The European Commission decided in March 2020 that state guarantees issued by the Danish state constitute state aid, which should be limited to a maximum of EUR 9.3 billion for no more than 16 years. The Danish state and Scandlines have filed complaints, and decisions are expected in 2023. We will maintain our focus on ensuring continued fair competition after the planned opening of the Fehmarn Belt fixed link.

CASE • CASE • CASE • CASE

Milestones reached towards the zero direct emission vision

The construction of our new direct emission free freight ferry with one of the world's largest battery installation progressed well during 2022. We reached several important milestones ahead of the planned commissioning on the Puttgarden-Rødby route in 2024.

The new ferry is being constructed at Cemre Shipyard in Turkey where the first steel plates were cut in April after months of intense preparation and the appointment of numerous skilled sub-contractors who will contribute to the realisation of the project.

In late August, we celebrated the keel-laying of the ferry. Like other modern ships it will not be built around one single keel but instead be comprised of 36 hull sections welded together to form the 9-deck ferry with capacity to transport 66 freight units and 140 passengers across the Fehmarn Belt in 70 minutes emission free and in 45 minutes as a hybrid ferry.

Rebuilding of the terminals in Puttgarden and Rødby was initiated towards the end of the year to ensure compatibility with the new ferry and improve ramps by 2023 to accommodate increased traffic volumes.

During 2023, we will extend the 50 kV / 25 MW power cable in Rødby and install a transformer and charging station as well.

The EUR 80 million investment marks the introduction of the next generation of ferries that will improve our freight product offering further and enable us to reach the target of zero direct emissions (scope 1 and 2) on the Puttgarden-Rødby route by 2030 as a stepping stone in our efforts to reach zero direct emissions for our entire business by 2040.

Governance

Management and ownership

Scandlines is led by a management team with extensive international experience and expertise in infrastructure, shipping, transportation and fast moving consumer goods.

The group bases its corporate governance on Danish and German regulation and is owned by a consortium of long-term infrastructure investors.

Scandlines is subject to German and Danish law, and our corporate governance is based on German and Danish legislation, regulations and recommendations as well as the company's articles of association.

Management
Scandlines has a two-tiered governance structure comprised of a Supervisory Board and Executive Management, which is responsible for the overall strategy as well as the daily operations.

In June 2022, Jesper Mikkelsen Heilbuth succeeded Per Johannesen Madsen as CFO.

None of the major shareholders are directly represented in Executive Management, but are represented through the Supervisory Board and on a separate Investor Committee, which provides input in respect of the overall direction and management of the Scandlines group.

In addition, the Supervisory Board has established an Audit and Risk Committee, which oversees the group's risk management, preparation of financial statements and internal controls. Furthermore, the Audit and Risk Committee monitors and communicates with the auditor appointed by the shareholders. The Audit and Risk Committee reports regularly to the Supervisory Board. Scandlines has also established a Safety and Sustainability Committee, which oversees the group's strategy, governance, risk management and processes with regards to Health & Safety and Sustainability. Further, the Safety and Sustainability Committee monitors appropriate reporting of these matters, including the preparation of the sustainability report.

Executive Management

1. **Carsten Rhodes-Nørland**
CEO

Joined Scandlines as CEO in 2021.

Extensive management and commercial experience from international infrastructure companies as well as comprehensive sales and marketing knowledge – particularly within retail and fast moving consumer goods.

Previously held senior management positions at Royal Unibrew, Copenhagen Airports, Flügger and Masterfoods/MARS.

2. **Jesper Mikkelsen Heilbuth**
CFO

Joined Scandlines as CFO in 2022.

Strong management experience and finance expertise from the food, shipping and logistics industries.

Previously held positions as Group CFO and member of the management board of the international food group A. Espersen A/S as well as Vice President, Head of Group Finance & Tax at the shipping and logistics group DFDS for 10 years.

3. **Michael Guldmann Petersen**
COO

Joined Scandlines as SVP Route Management & Operations in 2017, was appointed COO in 2018 and joined Executive Management in 2021.

Significant management experience and solid international maritime experience.

Previously worked as Port, Rail & Marine Manager for an iron mine in Sierra Leone and has held various positions in the maritime business such as Operations Manager and General Manager in the Netherlands, Nigeria and Italy.

Ownership

Scandlines Infrastructure ApS is indirectly owned by a consortium of infrastructure investors including Igneo Infrastructure Partners (50.1 percent), Federated Hermes (14.9 percent) and 3i Group plc (35.0 percent).

The operational and administrative activities of the group are managed by Scandlines Danmark ApS and Scandlines Deutschland GmbH.

Ownership

50.1% Igneo Infrastructure Partners [1]
14.9% Federated Hermes [1]
35.0% 3i Group plc

[1] Majority owned by Pension Funds.

Risk management

Scandlines is exposed to risks related to the environment in which the group operates ('External risks') as well as specific risks related to the conduct of the group's business ('Commercial risks').

Executive Management has overall responsibility for the group's risk management and internal control procedures.

Executive Management reviews the risks that may affect Scandlines' operational and financial performance and takes an active approach to risk management with a view to identifying and reviewing risk areas and determining how to manage these risks.

We have applied an Enterprise Risk Management framework to ensure a structured and focused process for the identification, assessment, handling and reporting of relevant risks. Specific ESG risks and climate-related risks are addressed in Scandlines' sustainability report 2022 in line with the recommendations of the TCFD.

We have taken out insurance to cover relevant operational, environmental and security risks, but there is no guarantee that such insurance policies will be sufficient to cover all potential risks or claims.

External risks

Economic and political climate

Business might be affected by events impacting the historically stable and predictable economic and political environment in which we operate.

Overall demand for motorway-based transport of freight and passengers is impacted by the general state of the economy, which is affected by a range of variables, including growth and employment rates, inflation, currency exchange rates (SEK and USD), trade conflicts and the right to move freely across borders. Decreasing demand can lead to overcapacity in general and lower operational efficiency on completed departures.

Potential material changes in the wider geographical and geopolitical arena, including increasing tension among EU member states and weakening cohesion in the EU or military conflict impacting the EU, could have a material impact on our business through reduced trade and travel between Continental Europe and Scandinavia or increased cost of doing business (e.g. inflation, sanction checks, lack of availability of goods). Other political risks include material changes in tonnage taxation schemes in Germany and Denmark and material changes to the VAT differentials or product and country-specific taxation in the region, among other things.

Unforeseen events, such as pandemics or military conflicts impacting the European markets, and government responses may materially affect the general economic, political and social climate. Such events may thus impact our business on multiple levels, entailing a reduction in travel between Continental Europe and Scandinavia, increased demands on safety measures, impacts on the workforce for us and our business partners, etc.

Mitigation

Scandlines monitors economic and political developments closely to secure costs are adapted to revenue and may remedy unfavourable changes in demand and potential overcapacity by reducing frequency of departures, reallocating capacity between traffic categories, or by temporarily de-commissioning a ferry from a route.

Efforts to mitigate such effects are balanced against our commitment to act as a good corporate citizen and sustain operations to keep vital supply lines open during crises.

Competitive environment

Our ferries on the Puttgarden-Rødby and Rostock-Gedser routes compete with The Great Belt Bridge, a Danish state-owned infrastructure business, direct ferry routes between Germany/Poland and Sweden and several alternatives for regional air travel. The current competitive landscape is dynamic given high volatility in air freight and fuel prices impacting the professional and private segments. Whilst we offer the fastest route between Scandinavia and the European Continent, our freight customers and private passengers are sensitive to price, so we have to ensure we provide competitive pricing. Changes to the current competitive environment, including the move to a low carbon economy, shifts in expectations and demands of business customers and leisure travellers as well as a potential lack of communications about our ESG activities, may have a negative impact on our reputation and business. Such potential changes most significantly include the planned construction of the Fehmarn Belt fixed link, which has been approved by German and Danish authorities. The uncertainty pertaining to the overall time schedule and financing of the project indicates that the earliest possible opening of the fixed link would be around a decade from now. Potential construction work on the Fehmarn Belt fixed link entails risk of material negative impact on our operations, reliability and, ultimately, competitiveness during the construction period.

Mitigation

We continuously improve Scandlines' offering and operational efficiency to maintain a competitive position against established competitors and the planned fixed link, and we are pursuing and communicating our zero direct emission vision and transforming our fleet to accelerate these efforts. During and after the construction of the Fehmarn Belt fixed link, Scandlines continues to participate in public discussions where necessary to ensure a fair competitive landscape by preventing the granting of state aid on unfair terms to the company operating the fixed link and the deterioration of motorway access to our port in Puttgarden, among other things. In March 2020, the European Commission decided that state guarantees issued by the Danish state to the state-owned company responsible for the construction and operations of the Fehmarn Belt fixed link constitute state aid, which should be limited to a maximum of EUR 9.3 billion and 16 years of operations. Both the Danish state and Scandlines subsequently appealed the European Commission's approval. The decisions on both appeals are expected in 2023.

External risks

Rules and regulations

Our operations are subject to complex national and international rules and regulations governing the transport and shipping sector in the Baltic Sea region including international conventions adopted by the International Maritime Organization (IMO). Applicable rules and regulations concern, among other things, environmental and safety issues.

Scandlines is furthermore subject to regulations governing product and food safety, data protection, anti-bribery and corruption, competition law as well as anti-money laundering, among other things. Changes to applicable rules and regulations, including the introduction of temporary restrictions on travel and the freedom to assemble, and failure to comply with these may have a detrimental effect on Scandlines' business.

Mitigation

We continuously monitor the regulatory environment and take any required mitigating actions to ensure compliance with, among other things, relevant environmental protection regulations, safety and manning requirements, specific regulations concerning working conditions for seafarers and temporary restrictions on travel and the freedom to assemble.

Financial markets

Scandlines is exposed to a range of financial market risks related mainly to interest rates and foreign exchange rates. See notes 14 and 21 for details on exposures and sensitivities.

The group's interest-bearing debt carries a fixed interest rate.

Significant movements in foreign exchange rates may have a negative effect on the group's financial condition and operational results.

Mitigation

To mitigate the potential impact of interest rate fluctuations, 100% of Scandlines' debt is based on fixed interest rates.

The group's functional currency is EUR as the majority of transactions are denominated in either EUR or DKK. As a consequence of Denmark's fixed-rate policy vis-à-vis the EUR, the group's foreign exchange exposure is considered to be limited and mainly relates to cash flow denominated in SEK and USD.

Climate change

Our operations are subject to physical and transition climate risks (see TCFD overview in Scandlines' sustainability report). Increasingly extreme weather conditions would negatively impact our operations and potentially lead to disturbances in our large global vendor base.

In addition, climate change might lead to changed customer behaviours, reduced bunker availability and higher prices as well as increasing taxation and costs. Implementation of new technologies to reduce our environmental footprint may further lead to operational issues.

Mitigation

We continue to invest significantly in reducing the environmental footprint of our ferry operation by, for example, investing in zero direct emission ferries, implementing hybrid solutions and installing state-of-the-art thrusters and rotor sails, ensuring an industry-leading position and full compliance with applicable environmental regulations in the region.

The stable floating bridge concept is highly resistant to adverse weather, exceeding the comparable performance by competition from The Great Belt Bridge as well as regional air travel options and direct ferry routes between Germany/Poland and Sweden. Before implementing new technologies, thorough planning and testing is conducted.

Commercial risks

Operations, environment and safety

Scandlines' main operational risks concern our owned ferries and ports in Puttgarden, Rødby and Gedser. Disruption of service may occur due to technical problems, accidents or failure by vendors – of which we have approximately 1,700 – to meet their contractual obligations to comply with human rights and relevant labour laws, cyber or terrorist attacks, or adverse weather conditions, potentially entailing a material negative impact on our operations, the reputation of our floating bridge concept and the group's financial results and business.

Our operations are subject to comprehensive environmental protection laws, and incidents during operations or in connection with decommissioning or scrapping could impose strict liability, including fines, penalties, criminal liability and remediation costs for natural resource damages in case of spills and release of oil and hazardous substances, regardless of whether Scandlines might have acted negligently. In addition, any environmental incident may entail additional regulatory initiatives or statutes that may affect our operations and financial results.

Work accidents or incidents, but also pandemic events such as COVID-19, might endanger the health of employees, customers or other related parties.

The construction of the Fehmarn Belt fixed link entails increased traffic on the Puttgarden-Rødby route and elevated risk of damages to our port infrastructure during the construction process.

Mitigation

We have taken measures to ensure back-up in the operational setup to avoid disruption of service arising from technical problems or accidents. M/V Kronprins Frederik acts as a freight ferry on the Puttgarden-Rødby route and as a replacement ferry on the Rostock-Gedser route.

We adhere to a systematic and comprehensive maintenance programme for all ferries, including regular dockings. The stable floating bridge concept is highly resistant to adverse weather, exceeding the comparable performance by competition from the existing fixed link on The Great Belt Bridge as well as regional air travel options and direct ferry routes between Germany/Poland and Sweden.

We have waste disposal contracts with certified third parties to ensure the appropriate disposal of all waste fractions.

We continuously take measures, including regular evaluation and training, to reduce the risk of work accidents and environmental incidents arising from operations, including the transportation of hazardous goods on the Puttgarden-Rødby route. We continuously monitor and implement initiatives to reduce the risk and potential impact of cyber and terrorist attacks.

We take any new situation, which might endanger the health and safety of employees, customers or business partners, seriously. As required, relevant committees are established to continuously evaluate the situation and manage initiatives based on upcoming regulation and ad-hoc risk assessments.

A Fehmarn Belt vessel traffic service has been installed with participation of the Danish navy. We provide input to the ongoing operational procedures and participate in the operational and maritime committees with all involved parties to ensure a continued high level of safety for our customers, employees and other relevant stakeholders.

Customers and credit

Our business may be impacted by the loss of significant freight and bus customers as well as any substantial decline in demand from these or their inability to honour financial obligations towards Scandlines.

Scandlines' credit risks are limited and primarily related to trade receivables from freight and bus customers.

Mitigation

Scandlines maintains a well-diversified customer portfolio with the top ten customers accounting for less than 15 percent of total revenue. The customer portfolio consists of several large professional customers, smaller customers in the professional segment and private passengers.

We have implemented a credit policy and structured dunning procedures as well as various early warning systems to systematically reduce bad debts, which have historically been very limited.

Commercial risks

Maintenance and investments

We own and operate modern and purpose-built infrastructure assets including check-in areas, marshalling areas, ramps, berths and ferries. Lack of appropriate maintenance and investments might have a detrimental effect on the infrastructure.

The significant investment in a new zero direct emission freight ferry for commissioning on the Puttgarden-Rødby route in the second half of 2024 and related infrastructure could be subject to delay in delivery entailing a material negative impact on Scandlines' operations and financial performance.

Mitigation

We utilise our assets with a strong focus on cost optimisation measures to remain competitive and follow a constant schedule of maintenance and improvement of all assets to ensure compliance with mandatory and safety maintenance requirements.

We ensure proper project management and close monitoring of the building of the new zero direct emission freight ferry.

Fuel price and availability

Our business is dependent on fuel availability and exposed to fuel price fluctuations arising from events beyond our control, including geopolitical developments, supply and demand for oil and gas, actions by OPEC and other oil and gas producers, among other things.

Mitigation

Our fuel price exposure is commercially hedged through bunker adjustment factor ('BAF') clauses in freight customer contracts or fixed price and additional financial hedging contracts.

Our fuel is sourced from refineries close to our routes, and we enter supply contracts on fuel volumes needed.

IT

Our operations are exposed to disruption of Scandlines' IT systems, including operating, booking and ticketing systems, our SMILE loyalty programme, agreements with customers and third parties, the planned maintenance system and the ERP system. Furthermore, any potential information security breach resulting in loss or exposure of freight customer or passenger data may result in severe reputational, legal and financial consequences.

Mitigation

We continuously work to reduce risks of IT system disruption, information security breaches and cyber attacks by means of constant monitoring and penetration testing of systems, implementation and continuous enhancements of various defence tools, installation of back-up systems and adoption of procedures to restore system functionality as well as internal controls and adherence to rules and regulations governing information security. Furthermore, we are continuously running awareness campaigns to increase employees' security awareness.

Qualified employees and management

The ability to recruit and retain qualified employees and management is critical to our success in the long term and may be affected by circumstances beyond our control, including German, Danish and international employment law, which is subject to change on a continuous basis, changes in the demand for skilled labour as well as demographic developments entailing a reduction of the available workforce. We recognise the risk of mental health problems in view of current global developments.

Mitigation

We monitor relevant regulatory, workforce and demographic developments and make targeted efforts to attract and retain qualified personnel by offering competitive compensation and ensuring continued development and education of employees, thus securing employee retention and reducing the risk of strikes. We engage with our employees and provide diverse initiatives (e.g. mental health first aiders) to counter possible mental health issues.

Financial statements

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Parent company

Income statement

MEUR	Notes	2022	2021
Revenue	3	463.4	327.6
Other operating income		2.6	9.0
Total income		**465.9**	**336.6**
Operating costs for vessels		-59.7	-41.5
Cost of goods sold		-103.7	-64.8
Staff costs	4	-86.8	-74.0
Other external expenses		-30.5	-28.6
Total costs		**-280.7**	**-208.9**
Result before amortisation and depreciation (EBITDA)		**185.2**	**127.7**
Amortisation and depreciation	5	-35.4	-42.2
Result from operations		**149.8**	**85.5**
Financial income	6	0.3	0.0
Financial expenses	7	-25.5	-23.1
Result before tax		**124.6**	**62.4**
Tax for the year	8	-0.6	-1.1
Result after tax		**124.0**	**61.3**

Statement of comprehensive income

MEUR	Notes	2022	2021
Result for the year		**124.0**	**61.3**
Other comprehensive income/loss			
Items that may be reclassified subsequently to profit and loss			
Value adjustments of hedging instruments		0.2	0.7
Foreign exchange adjustments. foreign enterprises		0.0	2.4
Other comprehensive income/loss after tax		**0.2**	**3.1**
Total comprehensive income/loss		**124.2**	**64.4**
Total comprehensive income for the year is attributable to:			
Owners of Scandlines Infrastructure ApS		124.2	64.4

Balance sheet

MEUR	Notes	31.12.22	31.12.21
Assets			
Goodwill		1,905.1	1,905.0
Software		20.8	8.0
Other intangible assets		3.0	3.4
Non-current intangible assets	9	**1,928.9**	**1,916.4**
Land and buildings		157.3	165.3
Vessels		295.2	303.4
Other fixtures and fittings, tools and equipment		2.7	1.8
Right-of-use assets		3.4	4.7
Assets under construction		22.8	28.6
Non-current tangible assets	10	**481.4**	**503.8**
Deferred tax	13	3.3	0.0
Other non-current assets		**3.3**	**0.0**
Total non-current assets		**2,413.6**	**2,420.2**
Inventories	11	21.0	19.7
Receivables	12	30.8	23.6
Corporate tax	17	17.5	17.4
Prepayments		1.0	1.6
Cash		86.2	66.1
Current assets		**156.5**	**128.4**
Total current assets		**156.5**	**128.4**
Assets		**2,570.1**	**2,548.6**

MEUR	Notes	31.12.22	31.12.21
Equity and liabilities			
Share capital		0.0	0.0
Reserves		1.1	1.5
Retained earnings		1,582.5	1,537.9
Total equity		**1,583.6**	**1,539.4**
Interest-bearing liabilities	14	887.1	828.3
Deferred tax	13	1.8	1.9
Pension and anniversary liabilities	15	0.6	0.6
Other liabilities	18	2.0	2.0
Total non-current liabilities		**891.4**	**832.8**
Interest-bearing liabilities	14	44.3	105.7
Pension and anniversary liabilities	15	0.5	0.7
Corporate tax	17	4.3	17.5
Trade payables		22.5	31.1
Other provisions	16	11.1	10.1
Other liabilities	18	11.2	10.5
Deferred income	19	1.2	0.8
Total current liabilities		**95.1**	**176.4**
Total liabilities		**986.5**	**1,009.2**
Equity and liabilities		**2,570.1**	**2,548.6**

Cash flow statement

MEUR	Notes	31.12.22	31.12.21
Result before amortisation and depreciation (EBITDA)		185.2	127.7
Adjustments for non-cash operating items, etc.	22	-2.1	0.3
Working capital changes	23	-15.4	1.5
Income from sale of assets		0.0	0.3
Cash flows from operating activities, gross		**167.7**	**129.8**
Interest paid		-25.2	-22.2
Taxes paid		-16.8	-1.0
Cash flows from operating activities, net		**126.0**	**106.6**
Investments in intangible assets, net	9	0.0	-2.2
Investments in land and buildings, net	10	0.0	-0.1
Investments in vessels	10	0.0	-6.1
Investments in other fixtures and fittings, tools and equipment, net	10	0.0	0.0
Investments in assets under construction, net	10	-25.1	-13.5
Cash flows to/from investing activities		**-25.1**	**-22.0**
Payment of dividends		-80.0	-45.0
Repayment, bank loan	14	-142.6	-35.0
New bank loan	14	142.6	0.0
Cash flows to/from financing activities		**-80.0**	**-80.0**
Cash flows for the year		20.9	4.6
Cash at 1 January		66.1	61.0
Currency exchange adjustment		-0.8	0.5
Cash at 31 December		**86.2**	**66.1**

Statement of changes in equity

MEUR	Share capital	Exchange rate adjustments	Fair value adjustment of hedging instruments	Retained earnings	Total
Equity at 1 January 2022	0.0	1.1	0.4	1,537.9	1,539.4
Comprehensive income/loss for the year					
Result for the year				124.0	124.0
Foreign exchange adjustments, foreign enterprises			-0.4	0.6	0.2
Total comprehensive income/loss	**0.0**	**0.0**	**-0.4**	**124.6**	**124.2**
Transactions with the owners					
Payment of dividend and extraordinary dividend	0.0	0.0	0.0	-80.0	-80.0
	0.0	**0.0**	**0.0**	**-80.0**	**-80.0**
Equity at 31 December 2022	**0.0**	**1.1**	**0.0**	**1,582.5**	**1,583.6**

Share capital
Share capital is nominal EUR 40 thousand at EUR 0,01 each split into EUR 39.8 thousand of A Ordinary Shares and EUR 0.2 thousand of B Ordinary Shares. All B shares are non-voting shares. All shares are fully paid.

Reserves
Hedging reserve:
The hedging reserve includes the accumulated net change in the fair value of hedging interest rate, which qualifies for hedging of future cash flows.

Dividend
In 2022, total dividends of MEUR 80 were paid to the shareholders.

MEUR	Share capital	Exchange rate adjustments	Fair value adjustment of hedging instruments	Retained earnings	Total
Equity at 1 January 2021	0.0	-1.3	-0.3	1,521.6	1,520.0
Comprehensive income/loss for the year					
Result for the year	0.0	0.0	0.0	61.3	61.3
Fair value changes in financial instruments			0.7		0.7
Foreign exchange adjustments, foreign enterprises	0.0	2.4			2.4
Total comprehensive income/loss	**0.0**	**2.4**	**0.7**	**61.3**	**64.4**
Transactions with the owners					
Payment of dividend and extra ordinery dividend	0.0	0.0	0.0	-45.0	-45.0
	0.0	**0.0**	**0.0**	**-45.0**	**-45.0**
Equity at 31 December 2021	**0.0**	**1.1**	**0.4**	**1,537.9**	**1,539.4**

Share capital
Share capital is nominal EUR 40 thousand at EUR 0,01 each split into EUR 39.8 thousand of A Ordinary Shares and EUR 0.2 thousand of B Ordinary Shares. All B shares are non-voting shares. All shares are fully paid.

Reserves
Hedging reserve:
The hedging reserve includes the accumulated net change in the fair value of hedging the interest rate, which qualifies for hedging of future cash flows.

Dividend
In 2021, total dividend of MEUR 45 was paid to the shareholders.

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Notes to the Consolidated financial statements

1. Significant accounting estimates

As part of the preparation of the consolidated financial statements, Management makes a number of accounting estimates and judgements as well as assumptions as a basis for recognising and measuring the group's assets, liabilities, income and expenses.

The estimates, judgements and assumptions made are based on experience gained and other factors that are considered prudent by Management in the circumstances, but which are inherently subject to uncertainty and volatility.

The assumptions may be incomplete or inaccurate, and unforeseen events or circumstances may occur for which reason the actual results may differ from the estimates and judgements made.

The group's accounting policies are described in detail in note 28 to the consolidated financial statements to which we refer.

Management considers the following accounting estimates and judgements to be significant in the preparation of the annual report.

Impairment test of goodwill
Goodwill is tested for impairment at least once a year and in the event of any indication of impairment. Impairment tests are based on the expected future free cash flow from the relevant cash-generating unit.

For a more detailed description of the impairment testing of goodwill, please refer to note 9 to the consolidated financial statements.

Notes to the Consolidated financial statements

2. Adoption of new and amended standards

The group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2022:

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018-2020, and
- Reference to the Conceptual Framework – Amendments to IFRS 3.

The group also elected to adopt the following amendments early:

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to IAS 12 13, and
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3. Revenue

MEUR	2022	2021
Floating bridge, including onboard retail & catering	362.7	260.1
BorderShops	100.7	67.5
	463.4	**327.6**

4. Staff costs

MEUR	2022	2021
Salaries and wages	-71.3	-61.3
Pension contributions	-4.5	-4.0
Other social security costs	-7.9	-6.6
Other employee costs	-3.1	-2.1
	-86.8	**-74.0**
Average number of employees	1,391	1,237
Remuneration to key management personnel (Executive Management):		
Salaries and fees	1.7	2.3
Bonus	1.7	4.0
Pension	0.2	0.3
	3.6	**6.5**

The Management is entitled to bonus dependent on specific performance measures.

Remuneration to Supervisory Board amounts to EUR 0.1 million (2021: EUR 0.1 million).

Notes to the Consolidated financial statements

5. Amortisation and depreciation

MEUR	2022	2021
Amortisation, intangible assets	-7.1	-5.4
Depreciation, vessels	-17.1	-25.6
Depreciation, land and buildings	-8.5	-8.3
Leasing of property, plant and equipment	-1.5	-1.7
Depreciation, other property, plant and equipment	-1.3	-1.2
	-35.4	**-42.2**

6. Financial income

MEUR	2022	2021
Interest on cash etc.	0.3	0.0
	0.3	**0.0**

7. Financial expenses

MEUR	2022	2021
Interest to credit institutions etc.	-24.7	-22.7
Other financial expenses	-0.8	-0.4
	-25.5	**-23.1**

Interest to credit institutions etc. include interests on finance lease commitments of EUR 0,2 million (2021: EUR 0,2 million).

8. Tax for the year

MEUR	2022	2021
Current tax	-1.8	-0.2
Changes in deferred tax	3.3	0.0
Adjustment previous year	-2.1	-0.9
	-0.6	**-1.1**
Tax for year can be specified as follows:		
Result before tax	124.6	62.4
Of this, subject to tonnage taxation	-137.0	-92.1
	-12.4	**-29.7**
Tax calculated as 22% of result before tax	-2.7	-6.5
Calculated tax in foreign companies adjusted to 22%	0.8	-0.6
Non-deductable interest	4.0	5.4
Taxable losses not recognized	-0.9	0.0
Non-deductable expenses	0.0	1.9
Adjustment previous year	-0.6	0.9
	0.6	**1.1**
Effective tax rate	0.50%	1.80%

The Effective Tax rate was positive in 2022 due to reversals of prior year provisions within the year.

The shipping activities of Danish and German group enterprises are subject to tonnage tax schemes, with taxable income from the transport of passengers and goods being calculated based on tonnage for the year.

The group has committed itself to the tonnage tax scheme in Denmark until 2030 and in Germany until 2029. The group does not expect to resign from the schemes, for which reason no provision has been made for deferred tax on the tonnage-taxed assets and liabilities. Income from other activities is taxed under ordinary tax rules.

Notes to the Consolidated financial statements

9. Non-current intangible assets

MEUR	Goodwill	Software	Other intangible assets
2022			
Cost at 1 January	1,905.0	22.6	5.5
Adjustment 1 January*	0.0	7.5	13.3
Exchange rate adjustments	0.1	0.0	0.1
Transfer	0.0	19.3	0.0
Additions	0.0	0.0	0.0
Cost at 31 December	**1,905.1**	**49.4**	**18.9**
Amortisation at 1 January	0.0	14.6	2.1
Adjustment 1 January	0.0	7.5	13.3
Amortisation	0.0	6.5	0.5
Disposals	0.0	0.0	0.0
Amortisation at 31 December	**0.0**	**28.6**	**15.9**
Carrying amount at 31 December	**1,905.1**	**20.8**	**3.0**
2021			
Cost at 1 January	1,903.6	20.3	5.6
Exchange rate adjustments	1.4	0.0	-0.1
Transfer	0.0	0.1	0.0
Additions	0.0	2.2	0.0
Disposals	0.0	0.0	0.0
Cost at 31 December	**1,905.0**	**22.6**	**5.5**
Amortisation at 1 January	0.0	9.9	1.4
Amortisation	0.0	4.7	0.7
Disposals	0.0	0.0	0.0
Amortisation at 31 December	**0.0**	**14.6**	**2.1**
Carrying amount at 31 December	**1,905.0**	**8.0**	**3.4**

* Adjustment 1 January includes a reclassification within the non-current intangible assets note relating to the re-assessment of the presentation of certain underlying asset types.

9. Non-current intangible assets (continued)

Goodwill arising from an acquisition is allocated at the time of acquisition to cash generating units expected to gain economic benefits from the business combination.

The carrying amount of goodwill can be specified as follows by cash generating unit:

MEUR	31.12.22	31.12.21
Ferry services		
Puttgarden – Rødby	1,159.8	1,159.8
Rostock – Gedser	626.2	626.2
	1,786.0	**1,786.0**
BorderShops	119.0	119.0
	119.0	**119.0**
Total goodwill	**1,905.1**	**1,905.0**

Goodwill is tested for impairment at least once a year, and when indication of impairment exists.

No impairment of goodwill was recognised in 2022 and 2021.

The most significant uncertainties and assumptions relate to the determination of weighted average cost of capital (WACC) and estimated changes in selling prices, volume and costs for the budget and terminal periods. Also, the date of commissioning of the Fehmarn Belt fixed link is crucial.

A forecast period extended to the year 2040 (unchanged from last year) is used as base for our calculation of value in use of the cash generating units. This is justified by the expectations of the future construction of the Fehmarn Belt fixed link.

Notes to the Consolidated financial statements

9. Non-current intangible assets (continued)

Calculating cash flows based on budgets or forecasts of a shorter time span will not correctly consider this impact and therefore distort the value of the cash flow.

Cash flows used for calculating the value in use of the cash generating units stems from budgets and forecasts up to 2040, which have all been approved by Management. The WACC applied is 8.03 percent after tax vs. a WACC of 8.23 percent last year.

The impairment test has been prepared on the basis that the group will continue to operate its routes both before and after the commissioning of the Fehmarn Belt fixed link. The construction of the fixed link is estimated to have a material impact on our business. An average revenue growth rate of 3.7-5.6 percent is applied from budget year 2023 up to the time of completion of the Fehmarn Belt fixed link.

By opening of the fixed link, we estimate a material one-off negative impact on revenue, both on our traffic routes and in the BorderShops, and therefore we estimate an average revenue growth of -3.4-3.6 percent from 2034 until 2040. The COVID-19 outbreak did not have a material impact on the calculation of the value in use for the cash generating units.

The Rostock-Gedser route is not assumed to be impacted by the Fehmarn Belt fixed link.

9. Non-current intangible assets (continued)

Cash generating unit	Avg. revenue growth pre-FBFL 2023-'33	Avg. revenue growth post FBFL 2034-'40	WACC	Growth rate, terminal period
2022				
Puttgarden-Rødby	5.0%	-3.4%	8.03%	1.5%
Rostock-Gedser	5.6%	3.6%	8.03%	1.5%
BorderShops	3.7%	1.2%	8.03%	1.5%

Cash generating unit	Avg. revenue growth pre-FBFL 2022-'31	Avg. revenue growth post FBFL 2032-'40	WACC	Growth rate, terminal period
2021				
Puttgarden-Rødby	5.6%	-1.6%	8.23%	1.5%
Rostock-Gedser	6.0%	3.4%	8.23%	1.5%
BorderShops	3.1%	1.7%	8.23%	1.5%

The calculated WACC reflect market assessments of the time value of money, expressed through a risk-free interest rate and specific risk involved in the individual cash generating unit. The WACC is generally calculated after tax based.

Estimated changes in selling prices, volume and costs for the budget and terminal period are based on historic experience and estimated future market developments and maintenance investments.

Notes to the Consolidated financial statements

9. Non-current intangible assets (continued)

Sensitivity Puttgarden-Rødby

- An increase in the revenue projections of 10 percent throughout the forecast period (with unchanged cost base) would result in an increase in the value in use of EUR 380 million (up by 20 percent), and a decrease in the revenue projections of 10 percent throughout the forecast period would result in a decrease in the value in use of EUR 381 million (down by 20 percent).

- An increase in WACC of 1.0 percentage point would result in a decrease in the value in use of EUR 197 million (down by 10 percent) and a decrease in WACC of 1.0 percentage point would result in an increase in the value in use of EUR 261 million (up by 14 percent).

Sensitivity Rostock-Gedser

- An increase in the revenue projections of 10 percent throughout the forecast period (with unchanged cost base) would result in an increase in the value in use of EUR 230 million (up by 20 percent), and a decrease in the revenue projections of 10 percent throughout the forecast period would result in a decrease in the value in use of EUR 230 million (down by 20 percent) and reduce the headroom to zero.

- An increase in WACC of 1.0 percentage point would result in a decrease in the value in use of EUR 161 million (down by 14 percent) and a decrease in WACC of 1.0 percentage point would result in an increase in the value in use of EUR 223 million (up by 19 percent).

9. Non-current intangible assets (continued)

Sensitivity BorderShops

- An increase in the revenue projections of 10 percent throughout the forecast period (with unchanged cost base) would result in an increase in the value in use of EUR 31 million (up by 18 percent) and a decrease in the revenue projections of 10 percent throughout the forecast period would result in a decrease in the value in use of EUR 31 million (down by 18 percent).

- An increase in WACC of 1.0 percentage point would result in a decrease in the value in use of EUR 24 million (down by 14 percent) and a decrease in WACC of 1.0 percentage point would result in an increase in the value in use of EUR 33 million (up by 19 percent).

Notes to the Consolidated financial statements

10. Non-current tangible assets

MEUR	Land and buildings	Vessels	Other fixtures and fittings, tools and equipments	Right-of-use assets	Assets under construction***
2022					
Cost at 1 January	232.6	376.9	-31.3	7.8	28.6
Adjustment 1 January*	25.4	98.5	41.8	0.0	0.0
Transfer	0.5	8.9	2.2	0.0	-30.9
Additions	0.0	0.0	0.0	0.2	25.1
Disposals	0.0	0.0	0.0	-0.1	0.0
Cost at 31 December	**258.5**	**484.3**	**12.7**	**7.9**	**22.8**
Depreciation at 1 January	67.3	73.5	-33.1	3.1	0.0
Adjustment 1 January*	25.4	98.5	41.8	0.0	0.0
Depreciation	8.5	17.1	1.3	1.5	0.0
Disposals	0.0	0.0	0.0	-0.1	0.0
Depreciation at 31 December	**101.2**	**189.1**	**10.0**	**4.5**	**0.0**
Carrying amount at 31 December	**157.3**	**295.2**	**2.7**	**3.4**	**22.8**
Carrying amount includes: Government grants**	6.2	7.0	0.0	0.0	0.0

Scandlines has in 2021 entered into a contract with Cemre Shipyard, Turkey, to build an emission-free ferry for the Puttgarden-Rødby route. As of 31 December 2022 Scandlines has a commitment of EUR 46 million.

Tangible assets are tested for impairment when indication of impairment exists.

* Adjustments 1 January includes a reclassification within the non-current tangible assets note relating to the re-assessment of the presentation of certain underlying asset types.

** Government grants relates to EU-grants for Scandlines' green investments.

*** Assets under construction contain both intangible and tangible projects, which at the point of capitalisation are properly classified. The practice is unchanged from previous years.

Notes to the Consolidated financial statements

10. Non-current tangible assets (continued)

MEUR	Land and buildings	Vessels	Other fixtures and fittings, tools and equipments	Right-of-use assets	Assets under construction***
2021					
Cost at 1 January	144.1	368.0	55.3	7.8	19.9
Adjustment 1 January*	86.6	0.0	-86.6	0.0	0.0
Exchange rate adjustments	-0.5	1.7	-0.1	0.0	0.0
Transfer	2.3	2.4	0.1	0.0	-4.8
Additions	0.1	6.1	0.0	1.5	13.5
Disposals	0.0	-1.3	0.0	-1.5	0.0
Cost at 31 December	**232.6**	**376.9**	**-31.3**	**7.8**	**28.6**
Depreciation at 1 January	12.3	49.1	12.4	2.8	0.0
Adjustment 1 January*	46.7	0.0	-46.7	0.0	0.0
Depreciation	8.3	25.6	1.2	1.7	0.0
Disposals	0.0	-1.2	0.0	-1.4	0.0
Depreciation at 31 December	**67.3**	**73.5**	**-33.1**	**3.1**	**0.0**
Carrying amount at 31 December	**165.3**	**303.4**	**1.8**	**4.7**	**28.6**
Carrying amount includes: Government grants**	6.4	8.0	0.0	0.0	0.0

Tangible assets are tested for impairment when indication of impairment exists.

* Adjustments 1 January includes a reclassification within the non-current tangible assets note relating to the re-assessment of the presentation of certain underlying asset types.

** Government grants relates to EU-grants for Scandlines' green investments.

*** Assets under construction contain both intangible and tangible projects, which at the point of capitalisation are properly classified. The practice is unchanged from previous years.

Notes to the Consolidated financial statements

11. Inventories

MEUR	31.12.22	31.12.21
Bunker	1.0	0.5
Goods for sale	16.5	15.2
Other inventories	3.5	4.0
	21.0	**19.7**

12. Receivables

MEUR	31.12.22	31.12.21
Trade receivables	30.3	23.3
Other receivables	0.5	0.3
	30.8	**23.6**
Short-term receivables	30.8	23.6
	30.8	**23.6**

The allowance for expected credit losses for trade receivables and contract assets are calculated at individual level when there is an indication of impairment. For receivables and contract assets without any indication of impairment the expected credit losses are based on the historical credit loss experience combined with forward-looking information in the macroeconomic factors effecting the credit risk. In 2022 credit losses recognized in the income statements count for 0.14% of total revenue. The expected loss rates are updated at every reporting date.

12. Receivables (continued)

Write-downs and losses realised are recognised in the income statement in other external expenses. The group uses a provision account to reduce the carrying amount of trade receivables if the value is impaired due to risk of loss.

MEUR	31.12.22	31.12.21
Provision account at 1 January	0.2	0.3
Losses recorded for the year	-0.6	-0.1
Reversed provisions	0.0	-0.1
Bad debt provisions for the year	1.0	0.1
Provision account at 31 December	**0.6**	**0.2**

MEUR	31.12.22	31.12.21
Due Trade receivables not written down:		
Overdue by up to one month	3.2	1.5
Overdue by 1-3 months	0.6	0.2
Overdue by 3-6 months	0.1	0.0
Overdue by more than 6 months	0.7	0.0
	4.6	**1.7**

Notes to the Consolidated financial statements

13. Deferred tax

MEUR	31.12.22	31.12.21
Deferred tax at 1 January	1.9	1.9
Deferred tax for the year recognised in the income statement	-3.4	0.0
Defered tax, net at 31 December	**-1.5**	**1.9**
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax (asset)	3.3	0.0
Deferred tax (liability)	1.8	1.9
	-1.5	**1.9**
Deferred tax concerns:		
Property, plant and equipment	-1.5	1.9
	-1.5	**1.9**

14. Interest-bearing liabilities

MEUR	31.12.22	31.12.21
Finance lease commitments	3.5	4.8
Loans from third party lenders	883.6	823.5
Total non-current interest-bearing liabilities	**887.1**	**828.3**
Loans from third party lenders	44.3	105.7
Total current interest-bearing liabilities	**44.3**	**105.7**
Total current and non-current interest-bearing liabilities	**931.4**	**934.0**

Please refer to note 21 with respect to financial risk etc.

Distribution of currency, nominal principal		
DKK	1.3	2.3
EUR	930.1	931.7
Total interest-bearing liabilities	**931.4**	**934.0**

Notes to the Consolidated financial statements

14. Interest-bearing liabilities (continued)

Interest-bearing liabilities including bank debts falls due as following:

MEUR	31.12.22	31.12.21
Current portion of non-current debt within 1 year	44.3	105.7
Non-current liabilities between 1 and 5 years	384.9	361.7
Non-current liabilities over 5 years	502.2	466.6
Total non-current interest-bearing liabilities	**931.4**	**934.0**

Movement in interest-bearing liabilities:

MEUR	31.12.22	31.12.21
Interest-bearing liabilities at 1 January	934.0	967.8
New loans*	142.6	-
Accrued interests	24.7	23.1
Installments	-142.6	-35.0
Paid interests	-24.4	-23.1
Other adjustments	-2.9	1.2
Total interest-bearing liabilities	**931.4**	**934.0**

* In March 2022, the Group entered into a refinancing agreement for a partial amount of the Group's bank debt. The agreement prolonged the repayment period and ensured fixed interest rates. The event was a non-adjusting event.

14. Interest-bearing liabilities (continued)

MEUR	Currency	Fixed/float	Fair value	Nominal value**
Borrowings 2022				
Tranche 1 (expiry 2023)	EUR	Floating	0	0.0
Tranche 2 (expiry 2028)	EUR	Fixed	458	486.5
Tranche 3 (expiry 2028)	EUR	Fixed	0	0.0
Tranche 5 (expiry 2031)	EUR	Fixed	255.6	305.6
Tranche 6 (expiry 2032)	EUR	Fixed	125.3	142.6
Leasing debt	EUR	Fixed	3.5	3.5
			842.4	**938.3**
Borrowings 2021**				
Tranche 1 (expiry 2023)	EUR	Floating		111.1
Tranche 2 (expiry 2028)	EUR	Fixed		486.5
Tranche 3 (expiry 2028)	EUR	Fixed		31.5
Tranche 5 (expiry 2031)	EUR	Fixed		305.6
Leasing debt	EUR	Fixed		4.8
				939.5

** Due to immaterial effects between fair value and nominal value, the difference is not shown.

The fair value of the bank debt is calculated at present value of future installments and interest applying the actual risk-free yield curve which derives from the actual market interest and a risk premium (level 2 in the fair value hierarchy).

The existing loan agreement is subject to covenants which may impact on the future interest rate level. The Groups bank debt is subject to covenants related to a ratio between free cash flow and consolidated debt service. The Group prepares semi-annual compliance certificates to the banks and the Group has in 2022 been significant above the minimum ratio.

Notes to the Consolidated financial statements

14. Interest-bearing liabilities (continued)

MEUR	Facility	Utilisation	Remaining facilities	Limitations
Facilities 2022				
Tranche 1 (expiry 2023)	0.0	0.0	0.0	
Tranche 2 (expiry 2028)	486.5	486.5	0.0	
Tranche 3 (expiry 2028)	35.0	0.0	35.0	
Tranche 4 (expiry 2028)	117.5	0.0	117.5	Liquidity Facility reserved for debt service
Tranche 5 (expiry 2031)	305.6	305.6	0.0	
Tranche 6 (expiry 2032)	142.6	142.6	0.0	
	1,087.3	**934.8**	**152.5**	
Facilities 2021				
Tranche 1 (expiry 2023)	111.1	111.1	0.0	
Tranche 2 (expiry 2028)	486.5	486.5	0.0	
Tranche 3 (expiry 2023)	35.0	31.5	3.5	
Tranche 4 (expiry 2028)	117.5	0	117.5	Liquidity Facility reserved for debt service
Tranche 5 (expiry 2031)	305.6	305.6	0	
	1,055.7	**934.7**	**121.0**	

15. Pension and anniversary liabilities

The group has entered into both defined contribution plans and defined benefit plans. The majority of the pension plans are funded by annual premium payments to independent pension providers that assume responsibility for the pension commitments towards the employees (defined contribution plans). For these plans, the group has no legal or actual obligation to pay additional contributions, regardless of the funding of these. Pension contributions as part of such plans are expensed as incurred. Defined benefit pension plans are only used to a very limited extent and exist in Germany, only.

Development in present value of funded and unfunded defined benefit commitments.

MEUR	31.12.22	31.12.21
Balance at 1 January	1.3	1.4
Anniversary cost	-0.1	0.1
Calculated interests related to obligations	0.0	0.0
Pensions paid	-0.1	-0.2
Liabilities at 31 December	**1.1**	**1.3**
Long-term liability	0.6	0.6
Short-term liability	0.5	0.7
Total	**1.1**	**1.3**
Cost in profit/loss statement		
Personnel costs current year	-0.2	-0.1
Calculated interests related to obligations	0.0	0.0
Total	**-0.2**	**-0.1**
Defined benefit plans, assumptions		
Discount rate	3.97%	0.99%
Future increases in pensions	1.00%	1.00%

Notes to the Consolidated financial statements

16. Other provisions

MEUR	31.12.22	31.12.21
Balance at 1 January	10.1	10.0
Reduction arising from payment	-10.1	-10.0
Additions	11.1	10.1
	11.1	**10.1**
Other provisions are expected to fall due as follows:		
0-1 year	11.1	10.1
1-5 years	0.0	0.0
	11.1	**10.1**

Provisions includes restructurings, likely repayments of support grants and other minor provisions.

17. Corporate tax

MEUR	31.12.22	31.12.21
Corporate tax payable at 1 January	-0.1	0.0
Current tax for the year	-0.6	-0.2
Corporate tax paid in the year	16.8	1.0
Adjustment previous year	-2.9	-0.9
Corporate tax at 31 December	**13.2**	**-0.1**
Income tax receivable/payable (net) - in the balance sheet:		
Corporate tax receivables	17.5	17.4
Corporate tax payables	-4.3	-17.5
Total (net)*	**13.2**	**-0.1**

* Hereof prepayment of EUR 17.4m, which expectedly will be returned in 2nd half 2024.

18. Other liabilities

MEUR	31.12.22	31.12.21
Public authorities (VAT, excise duties, taxes, etc.)	1.7	2.6
Pension and salary liabilities (short-term)	0.9	0.6
Holiday pay obligation, payroll, bonus, etc.	8.7	5.4
Other expenses payable	1.9	3.9
	13.2	**12.5**

Other liabilities falls due as following:

MEUR	31.12.22	31.12.21
Current portion of non-current debt within 1 year	11.2	10.5
Non-current liabilities between 1 and 5 years	0.2	0.2
Non-current liabilities over 5 years	1.8	1.8
Total non-current interest-bearing liabilities	**13.2**	**12.5**

19. Deferred income

MEUR	31.12.22	31.12.21
Prepayments from customers	1.2	0.8
	1.2	**0.8**

Notes to the Consolidated financial statements

20. Fees to auditors appointed by the annual general meeting

MEUR	31.12.22	31.12.21
Statutory audit	0.2	0.2
Tax and VAT advisory services	0.1	0.6
Other services	0.0	0.0
	0.3	**0.8**

21. Financial risks and use of derivatives

The group's risk management policy
Financial market risks derive from operating, financing and investment activities. The group Treasury Policy approved annually by the Executive Management defines responsibilities, procedures and risk limits per risk type. The Scandlines Infrastructure group does not actively speculate in financial risks. Financial risk management is performed centrally for the group and includes the responsibility for identifying, measuring, managing and reporting of financial risks in accordance with the group Treasury Policy.

Risk related to commodity prices
The primary risk associated with commodity prices relates to the purchase of bunker fuel. The risk is partially covered through the incorporation of a variable bunker price element in the contracts with freight customers. The residual exposure for a rolling four-quarter period is hedged by using fixed price physical contracts.

Risks related to interest rates
To mitigate the potential impact of interest rate fluctuations, 100% of Scandlines' debt is based on fixed interest rates.

Notes to the Consolidated financial statements

21. Financial risks and use of derivatives (continued)

Risks related to foreign exchange rates
Foreign exchange rate risk derives primarily from operating cash flows and financing arrangement in other currencies than EUR. The Scandlines Infrastructure group believes that Denmark will maintain the long- lasting fixed exchange rate policy versus the EUR and hence indirectly regards DKK also as a base currency together with EUR. A minor net exposure in SEK and USD is continuously monitored and managed in accordance with the group Treasury Policy.

Scandlines has during 2022 not entered into any currency hedges and has no open currency hedge contracts as at 31 December 2022. A 10% change in the EUR/SEK exchange rate would have an immaterial effect on income and cost elements in 2022.

Credit risks
Scandlines is exposed to credit risk from our trading partners and customers. The exposure is limited to the group's total outstanding receivables, with limited customer dependency and concentration risk and very low or none historical losses recorded in recent years. Accordingly, credit risks have not been hedged during 2022 and the Company has no open credit risk hedge contracts.

Liquidity risks
Scandlines has a strong, stable and predictable seasonality in the Operational Cash flow with a positive net cash flow in almost all calendar months. The Group has a committed not utilized revolving credit facility of EUR 35 million.

The liquidity risk is considered to be very low.

21. Financial risks and use of derivatives (continued)

The group's debt falls due as follows (incl. interest)

	Within 1 year	1-5 years	After 5 years	Nominal value	Book value
2022					
Non-derivatives					
Credit institutions and banks*	66.7	451.0	539.1	1,056.8	927.9
Trade payables*	22.5	0.0	0.0	22.5	22.5
Leasing debt	0.0	3.5	0.0	3.5	3.5
Derivatives					
Interest rates/bunker*	0.0	0.0	0.0	0.0	0.0
	89.2	**454.5**	**539.1**	**1,082.8**	**953.9**
2021					
Non-derivatives					
Credit institutions and banks*	124.7	412.0	485.2	1,021.9	929.2
Trade payables*	31.1	0.0	0.0	31.1	31.1
Leasing debt	0.0	4.8	0.0	4.8	4.8
Derivatives					
Interest rates/bunker*	0.2	0.0	0.0	0.2	0.2
	156.0	**416.8**	**485.2**	**1,058.0**	**965.3**

* Due to immaterial effects between fair value and nominal value, the difference is not shown.

Notes to the Consolidated financial statements

21. Financial risks and use of derivatives (continued)

Capital management
Scandlines regularly evaluates the need for adjusting the capital structure in order to match the requirement for increased returns on capital invested and flexibility to realise the strategic objectives.

Scandlines dividend policy is closely related to the existing loan agreement. This means that dividend may be allotted only if the assumptions determined in the agreement have been met. This ensures that dividend is allotted only if specific financial ratios have been observed.

Fair value hierachy
Fair value hierarchy of financial instruments measured at fair value in the balance sheet relating to interest rate swaps are valued using an income approach (discounted cash flow). Expected future cash flows are based on relevant observable swap rates and discounted using a discount rate that reflects the credit risk of the relevant counterparties (level 2).

The classification of financial instruments measured at fair value is disaggregated in accordance with fair value hierarchy:

- Quoted prices in an active market for identical instruments (level 1)
- Quoted prices in an active market for similar assets or liabilities or other valuation methods where all significant inputs are based on observable market data (level 2)
- Valuation methods in which any significant input is not based on observable market data (level 3)
- During the financial year, we had no financial instruments in level 1 or 3.

21. Financial risks and use of derivatives (continued)

MEUR	31.12.22	31.12.21
Categories of financial instruments		
Trade receivables	30.3	23.3
Other receivables	0.5	0.3
Cash and cash equivalents	86.2	66.1
Loans and receivables	**117.0**	**89.7**
Derivative financial instruments entered into to hedge future cash flows	0.0	0.2
Financial liabilities used for hedging	**0.0**	**0.2**
Interest-bearing liabilities	931.4	934.0
Trade payables	22.5	31.1
Other liabilities	13.2	12.5
Financial liabilities measured at amortised cost	**967.1**	**977.6**

Notes to the Consolidated financial statements

22. Non-cash transactions

MEUR	31.12.22	31.12.21
Change in provision	-0.5	0.3
Change in assets	-1.6	0.0
	-2.1	**0.3**

23. Working capital changes

MEUR	31.12.22	31.12.21
Increase (-)/decrease (+) in inventories	-1.3	-2.7
Increase (-)/decrease (+) in receivables etc.	-6.6	-4.7
Increase (+)/decrease (-) in current liabilities	-7.5	8.9
	-15.4	**1.5**

24. Guarantees, contingent liabilities and collateral

MEUR	31.12.22	31.12.21
Guarantees	**1.5**	**1.6**

Contingent liabilities
The Group is party to ongoing investigations from public authorities, the outcome and impact of which remain uncertain. Based on external expert advice, management does not currently believe that the basis for the investigations have any merit and, if necessary, the Group will defend itself against them. The timeframe for the investigations being concluded may be after the Group's next financial year-end. Any potential financial impact is currently uncertain and not possible to quantify.

For employees engaged as public servants, the group has a contingent liability of EUR 4.8 million (2021: EUR 5.2 million) in case of any dismissal thereof. The amount is related to salary in the termination period.

Collateral
The Group's debt, as disclosed in note 14, are obtained by the subsidiary in the Group, Scandlines ApS. The shares in subsidiaries, receivables from subsidiaries and cash have been pledged as security for the bank debt in the Group.

The debt is subject to covenants calculated based on the Consolidated Financial Statements of Scandlines Infrastructure ApS.

Notes to the Consolidated financial statements

25. Government grants

In 2021 the Group received Covid-19 compensations for fixed costs and salary.

In total, the Group received compensations in 2022 of EUR 0.0 million (2021: EUR 7.0 million).

The government grants have been recognised under Other operating income in the Profit and loss statement.

26. Related parties

Scandlines Infrastruture ApS' primary shareholders are Fulmar Holding ApS and 3i Abaco ApS managed by 3i. The activities of the Scandlines Group are managed by Scandlines Danmark ApS and Scandlines Deutschland GmbH and their subsidiaries.

The members of the Scandlines Infrastructure ApS' Executive Management and these persons' close family members are also related parties.

Related parties also include all companies owned by Fulmar Holding ApS.

During the period, there have been no transactions with related parties aside from intragroup transactions (primarily charter hire, management fees, etc.) which have been eliminated in the consolidated financial statements and ordinary remuneration of Executive Management (see note 4).

26. Related parties (continued)

The companies included in the consolidated financial statements are:

Company	Ownership	Country	City
Holding companies			
Scandlines Infrastructure ApS	100%	Denmark	Copenhagen
Scandferries ApS	100%	Denmark	Copenhagen
Scandlines ApS	100%	Denmark	Copenhagen
Scandferries Holding GmbH*	100%	Germany	Hamburg
Subsidiaries			
Scandlines Deutschland GmbH*	100%	Germany	Hamburg
Scandlines Danmark ApS	100%	Denmark	Copenhagen
Scandlines Gedser-Rostock ApS	100%	Denmark	Copenhagen
Scandlines Schiff GmbH & Co. KG*	100%	Germany	Hamburg
Scandlines Schiff Verwaltungs GmbH*	100%	Germany	Hamburg
Scandlines Catering ApS	100%	Denmark	Copenhagen
Scandlines Bordershop Puttgarden GmbH*	100%	Germany	Hamburg
Scandlines Bordershop Rostock GmbH*	100%	Germany	Hamburg

* The companies use the simplified procedure pursuant to § 264, section 3 HGB (German commercial code)

27. Events after the balance sheet date

In March 2023, the Group entered a loan of € 100m, which was used to repay existing debt.

In March 2023 Fitch confirmed a "BBB - stable outlook" credit rating of the Group. The event is a non-adjusting event.

No other significant events have occurred after 31 December 2022.

Notes to the Consolidated financial statements

28. Significant accounting policies

The consolidated financial statements are presented in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for annual reports of reporting class C enterprises (large).

The accounting policies applied for these consolidated financial statements are consistent with those applied last year.

Basis of accounting
The consolidated financial statements are presented in EUR, the functional currency of Scandlines Infrastructure ApS. The consolidated financial statements are prepared under the historical cost convention, with the exception of derivatives, which are measured at fair value. Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount before the change in classification and fair value net of selling costs. The accounting policies described below have been applied consistently throughout the financial year.

Critical accounting policies
Management believes that the accounting policies applied to the consolidated financial statements, non-current intangible assets and vessels to be those most important to the group. Below, each of those fields are described together with other accounting policies applied. Significant accounting estimates and judgements made when applying the group's accounting policies are described in note 1 to the consolidated financial statements.

Description of accounting policies applied
Consolidated financial statements
The consolidated financial statements include Scandlines Infrastructure ApS (the parent) and subsidiaries, in which Scandlines Infrastructure ApS exercises control over their financial and operating policies. Control is achieved by the parent either directly or indirectly owning or holding more than 50% of the voting rights or in any other way controlling the relevant enterprise (affiliated company). Scandlines Infrastructure ApS and its affiliated companies are together referred to as the group.

The consolidated financial statements are prepared on the basis of the financial statements of the parent and the affiliated companies by aggregating uniform financial statement items and subsequently eliminating intercompany transactions, intercompany shareholdings and balances as well as unrealised intercompany gains and losses. The consolidated financial statements are based on financial statements prepared in compliance with the group's accounting policies.

Investments in affiliated companies are offset by the proportionate share of such enterprises' equity value at the time of acquisition.

Applied materiality in preparation of the financial statements
In preparing the consolidated financial statements, Management seeks to improve the information value of the consolidated financial statements, the notes to the statements 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 line 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 consolidated financial statements.

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.

Foreign currency translation
Functional currency and presentation currency
Financial statement items for each of the group's enterprises are measured applying the functional currency that is used in the primary economic environment in which the enterprise operates. The consolidated financial statements are presented in EUR, the parent's functional currency and presentation currency.

Translation of transactions and amounts
On initial recognition, foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of transaction. Currency gains and losses resulting from the settlement of these transactions as well as from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income statement as Financial income or cost except when deferred in equity as qualifying for cash flow hedges.

Non-current assets acquired in foreign currency are translated at the exchange rate prevailing at the date of acquisition.

Translation of group companies
On recognition in the consolidated financial statements of enterprises using functional currencies other than EUR, the income statement items are translated using the average exchange rate, whereas the balance sheet items are translated at the balance sheet date exchange rate. Exchange differences arising from the translation of those enterprises' equity at the beginning of the year, at the balance sheet date exchange rate as well as out of the translation of income statements from the transaction date exchange

Notes to the Consolidated financial statements

28. Significant accounting policies (continued)

rate to the balance sheet date exchange rate are recognised in other comprehensive income and transferred to equity under a separate reserve for foreign currency translation adjustments.

The foreign currency translation adjustments are divided between the parent's share and the minority interests' share of equity. When wholly-owned foreign enterprises are disposed of, such foreign currency translation adjustments accumulated in equity through other comprehensive income as are attributable to the enterprise are reclassified from "Reserve for foreign currency translation adjustments" to profit or loss together with any profit or loss from the disposal.

Repayment of any balances deemed part of the net investment is not in itself regarded as constituting partial disposal of the subsidiary.

Derivatives
Derivatives are recognised from the trade date and are measured in the balance sheet at fair value. Positive and negative fair values of derivatives are included in other receivables or other payables, respectively, and set-off of positive and negative values is only made when the enterprise is entitled to and intends to settle several financial instruments on a net basis. The fair values of financial instruments are determined based on current market information and generally accepted valuation methods.

Cash flow hedge
Changes in the fair value of financial instruments designated as and qualifying for cash flow hedging and which effectively hedge changes in future cash flows, are recognised in Other comprehensive income.

The change in fair value that relates to the effective portion of the cash flow hedge is recognised as a separate equity reserve until the hedged cash flow impacts the Income statement. At this point in time, the related gains or losses previously recognised in Other comprehensive income are transferred to the Income statement into the same line item as the hedged item is recognised.

For derivative financial instruments that no longer qualify for hedge accounting, the hedge is dissolved prospectively. The accumulated fair value in equity is immediately transferred to the Income statement into the same line item as the hedged item is recognised.

Government grants
Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all applicable conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants for investments are offset against the purchase price of the relevant asset, thereby reducing depreciation of the assets for which the grant was received.

Rentals and leases
For financial reporting purposes, leases are divided into capitalizable leases and short term leases where all leasing contracts with a term over 12 months are recognised as leasing assets on the balance sheet. Leases with a term less than 12 months are classified as short term leases. For leasing assets, cost is present value of future minimum lease payments. The internal rate of return of the lease or group's alternative borrowing rate is applied as a discount factor for determining the present value. Assets held under leases are depreciated and written down for impairment in accordance with the accounting policies applied by the group to similar proprietary non-current assets or over the lease period depending on the terms and conditions of the lease

The related lease commitment for assets under leases is recognised in the balance sheet by an amount equivalent to the capitalised lease commitment. The interest portion of the lease payment or the year is recognised in the income statement as a financial expense. Lease payments on short-term leases are recognised in profit and loss on a straight-line basis over the lease period unless other systematic better reflect the benefit from the use of the asset. The remaining rental and lease commitments of such leases are disclosed in the notes to the consolidated financial statements. In the event of leases under which assets are leased out, an amount equal to the net investment in the lease is recognised as a receivable in the balance sheet. The asset is derecognised, and any gains or losses in the respect are taken to profit or loss.

Income statement
Revenue
Revenue from transport of passengers and freight etc. is recognised in the income statement at the time of delivery of the service to the customer, which is the time where the control is transferred and when each separate performance obligation in the customer contract is fulfilled following the "over-time principle". Some of the ferry and freight transports have a series of performance obligations but as the duration of these transports are short term the impact from splitting these contracts into "distinct services" will not have material impact.

Our transports carried out by the floating bridge are characterised by short delivery time between 45 minutes and 1 hour and 45 minutes. On board sales and sales in the BorderShops is recognised at a "point in time". Revenue is measured at fair value, excluding value added tax and after deduction of trade discounts.

Notes to the Consolidated financial statements

28. Significant accounting policies (continued)

Trade receivables are not adjusted for any financing component when recognised. The general credit terms are overall short and are following market terms.

Other operating income
Other operating income comprises income and expenses of a secondary nature as viewed in relation to the company's primary activities.

Operating costs for vessels
The operating costs for vessels comprise consumables applied for current operation of vessels and expenses of current maintenance of the safety level on the vessels. Furthermore, expenses for changes to the hulls of the vessels or for accommodation construction which do not increase the value in use are included.

Cost of goods sold
Cost of goods sold relates to sales at BorderShops and the sale of on-board goods and services.

Staff costs
Salaries and wages, social security contributions, paid absence and absence due to sickness, bonuses and non-monetary payments are recognised in the financial year in which the group's employees have performed the related work. Costs relating to the group's long-term employee benefits are accrued in proportion to the work performed by the individual employees.

Other external expenses
These expenses comprise expenses incurred for administration and marketing of the group.

Financial income and expenses
Financial income and expenses comprise interest income and expenses, realised and unrealised exchange gains and losses on debt and foreign currency transactions, realised capital gains and losses on securities and amortisation of financial assets and liabilities, including finance lease commitments, as well as surcharges and reliefs under the Danish Tax Prepayment Scheme, etc.

Taxation
Tax for the year, which consists of income tax, tonnage tax, and the annual joint taxation contribution for Danish affiliated companies and changes in deferred tax, are recognised in the income statement by the portion attributable to profit or loss for the year and taken directly to equity by the portion attributable to entries directly in other comprehensive income. Corrections concerning previous years are included in this item as well.

Income tax and tonnage tax computed for the year are recognised in the balance sheet as current tax payable or receivable.

Deferred tax is computed on all temporary differences between the carrying amount and tax-based value of assets and liabilities. However, no recognition is made of deferred tax on temporary differences regarding goodwill not eligible for tax amortisation which arose at the time of acquisition without affecting profit or loss or taxable income.

For tonnage-taxed assets and liabilities, deferred tax is recognised insofar as it is expected to arise.

Deferred tax assets are recognised at their estimated realisable value. Adjustments are made for deferred tax on eliminations of unrealised intercompany profits and losses.

Deferred tax is computed based on the expected use and settlement of the individual assets and liabilities and on the tax regulations and tax rates that will be in effect, using the laws at the balance sheet date, when the deferred tax is estimated to crystallise as current tax. Changes in deferred tax resulting from changed tax rates are recognised in the income statement.

Assets
Current assets are defined as:

- Assets expected to be realised or are held for sale or consumption during the Scandlines group's normal operating cycle, or
- Assets primarily held for trading or expected to be realised within one year of the balance sheet date, or
- Cash with no restrictions on use

All other assets are classified as non-current.

Non-current intangible assets and property, plant and equipment
Unless otherwise specifically stated, the following applies:

- Non-current intangible assets and property, plant and equipment are measured at cost less accumulated amortisation, depreciation and impairment losses
- The cost of non-current intangible assets and property, plant and equipment consists of expenses for sub-suppliers, materials and components (only non-current items of property, plant and equipment) as well as direct labour costs
- The basis of amortisation or depreciation is calculated as cost reduced by estimate scrap value
- Non-current intangible assets and property, plant and equipment are amortised and depreciated on a straight-line basis to estimated scrap values over their expected useful life to the Scandlines group

Notes to the Consolidated financial statements

28. Significant accounting policies (continued)

- Expected useful lives to the Scandlines group and scrap values are estimated at least once a year. When estimating the useful lives of vessels, it is taken into consideration that the Scandlines group continuously uses considerable funds for current maintenance
- If the depreciation period or the scrap value is changed, the future effect for depreciation is recognised as a change in the accounting estimate

Goodwill
On initial recognition, goodwill is recognised at cost in the balance sheet. Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised.

Goodwill is tested at least once a year for impairment.

The carrying amount of goodwill is allocated to the group's cash-generating units at the time of acquisition. The allocation of goodwill by cash-generating unit is disclosed in note 9 to the consolidated financial statements.

Software
Software acquired or developed for internal use is measured at cost less accumulated amortisation and impairment losses. Software is amortised on a straight-line basis over the expected useful lives of three to five years.

Other intangible assets
Other non-current intangible assets are measured at cost less accumulated amortisation and impairment losses. They are amortised on a straight-line basis over their expected useful lives of three to five years.

Vessels
Rebuilding of vessels is capitalised if such rebuilding is attributable to either:

- Safety measures
- Measures extending the vessel's lifetime
- Earnings-improving measures
- Docking

Vessel maintenance costs are expensed in the income statement when incurred.

Docking costs are capitalised and depreciated on a straight-line basis over the period between two dockings. In most cases, the docking interval is two to three years.

Management did in 2021 a reassessment of the useful life and residual values of vessels. The reassessment had no material impact on 2021 and the depreciation in 2022 have decreased with MEUR 9.

Vessels are depreciated over a period of 35 to 45 years reckoned from the year in which a vessel is built. Improvements of engines and other mechanical installations are depreciated over the same useful life as the underlying asset. Catering and retailing equipment is depreciated over 5 to 15 years.

Gains and losses from the sale of vessels are calculated as the difference between selling price less selling costs and the carrying amount at the time of sale. Gains and losses from the sale of vessels are recognised when material risks and rewards incident to ownership have passed to the buyer, and they are presented in the income statement under "Other operating income".

Other property, plant and equipment
Other property, plant and equipment consist of properties, terminals and operating equipment, furniture and leasehold improvements.

The expected useful lives are:

Properties	40 years
Harbour facilities and harbour installations	40 years
Operating equipment etc.	3-5 years

Gains and losses from the sale of properties, terminals, operating equipment, furniture and leasehold improvements are calculated as the difference between selling price less selling costs and carrying amount at the time of sale. Gains and losses from the sale of these assets are taken to profit or loss under "Other operating income".

Loans and receivables
Assets are measured at amortised cost, and value adjustments are recognised through profit or loss.

Impairment
The carrying amounts of non-current intangible assets, property, plant and equipment are reviewed regularly, at least once a year, to determine any indication of impairment. If such indication exists, the recoverable amount of the asset is determined. The recoverable amount is the higher of the asset's net selling price and value in use. The value in use is calculated by discounting to net present value the expected future net cash flows from the asset either from the asset itself or from the lowest cash generating unit that the asset belongs to.

Goodwill is tested for impairment (value in use) at least once a year. The group's assets are tested for impairment regularly once a year, typically in December. If any indication of impairment occurs

Notes to the Consolidated financial statements

28. Significant accounting policies (continued)

between the annual tests, the Scandlines group will perform an impairment review.

Inventories
Inventories are measured at weighted average cost prices. Where the net realisable value is lower than weighted average cost price, inventories are written down to this lower value.

Receivables
Receivables are recognised at amortised cost less expected credit losses.

Scandlines' risks regarding trade receivables are not considered unusual and no material risk is attributable to a single customer or group of customers. Write-downs on trade receivables are based on the simplified expected credit loss model. Credit loss allowances on individual receivables are provided for when objective indications of credit losses occurs such as customer bankruptcy and uncertainty about the customers' ability and/or willingness to pay, etc. In addition to this, allowances for expected credit losses are made on the remaining trade receivables based on a simplified approach.

Prepayments
The item concerns expenses incurred at the balance sheet date at the latest, but which concern subsequent years.

Equity
Dividend
Proposed dividend is recognised as a liability at the time of adoption at the general meeting (time of declaration). Dividend expected to be paid for the year is disclosed as a separate equity item.

Foreign currency translation adjustments reserve
The reserve for foreign currency translation adjustments includes currency translation differences arising from the translation of financial statements of enterprises using a functional currency other than EUR as well as currency translation adjustments relating to assets and liabilities which represent part of the group's net investments in such enterprises.

Fair value adjustment of hedging instruments
The hedging reserve includes the accumulated net change in the fair value of hedging instruments which meet the criteria for hedging future cash flow with the transaction hedged not having been carried out yet.

Liabilities
Current liabilities are defined as:

- Liabilities expected to be settled during the Scandlines group's normal operating cycle, or
- Liabilities to be settled within twelve months after the balance sheet date

All other liabilities are classified as non-current.

Pension and anniversary commitments
Contributions to defined contribution plans are recognised in the income statement in the period which they concern, and any due payments are recognised in the balance sheet under other payables.

For defined benefit plans, an actuarial calculation is made of the net present value of future benefits to be paid pursuant to the plan. The value in use is calculated on the basis of assumptions about future developments in, for example, pay level, interest, inflation and mortality. The value in use is calculated only for the benefits that vest to the employees by way of their existing employment with the group. The actuarial value in use net of the market value of any assets attaching to the plan is recognised in the balance sheet under pension commitments.

If a change occurs in benefits relating to the employees' existing employment with the group and results in a change in the actuarial value in use, this is defined as a historical cost. Historical costs are recognised directly in profit or loss if the employees have already become eligible for the changed benefit. If not, the historical costs are recognised in the income statement over the period of time during which the employees earn the right to the changed benefit.

Other provisions
Provisions are recognised when, as a result of previous events, the group has a legal or constructive obligation that will lead to a probable outflow of the group's economic resources, if the amount thereof can be estimated reliably. Allowance is made for the time value of money if this has a major bearing on the measurement of the obligation.

Interest-bearing liabilities other than provisions
On initial recognition, debts to credit institutions and similar institutions are measured at fair value (equivalent to the proceeds received).

Subsequently, interest-bearing liabilities are measured at amortised cost equal to the capitalised value using the effective interest method; the difference between the proceeds and the nominal amount is recognised in the income statement in "Financial expenses" over the term of the loan.

The capitalised remaining lease commitments are also recognised in interest-bearing liabilities. Other liabilities are measured at amortised cost.

Notes to the Consolidated financial statements

28. Significant accounting policies (continued)

Other payables
Other payables include payables to staff, including wages, salaries and holiday pay payable, and to public authorities such as unsettled withholding tax, VAT, excise duties and similar levies as well as payables regarding the purchase of vessels, buildings and terminals, calculated interest expenses payable, fair value of hedging transactions as well as breakdown costs etc. Other payables also include any amounts due concerning defined contribution plans.

Deferred income
The item concerns payments received at the balance sheet date, but which concern income in subsequent years.

Cash flow statement
The group's cash flow statement is presented using the indirect method and shows cash flow from operating, investing and financing activities for the year as well as the group's cash and cash equivalents at the beginning and end of the financial year.

Cash flow from acquisition and divestment of enterprises is shown separately under cash flow from investing activities.

Cash flow from enterprises acquired is recognised in the cash flow statement from the time of their acquisition, and cash flow from enterprises divested is recognised up to the time of sale.

Cash flow from operating activities is calculated based on profit before amortisation and depreciation (EBITDA), adjusted for the cash flow effect of, non-cash operating items, working capital changes, financial expenses paid and income tax paid.

Cash flow from investing activities comprises payments in connection with the acquisition and divestment of enterprises and activities as well as the acquisition and sale of non-current intangible assets, property, plant and equipment as well as financial assets.

Cash flow from financing activities comprises payments arising from changes in the size or composition of the group's share capital, dividend paid as well as the incurrence of mortgage debt and raising of and repayment of mortgage loans, other long-term debt and short-term bank debt.

Cash and cash equivalents comprise cash at bank and in hand.

Parent company financial statements

Income statement

MEUR	Notes	2022	2021
Other income		3.9	4.5
Administrative expenses	2	-4.5	-5.0
Result before tax		**-0.7**	**-0.5**
Dividend from affiliated company		82.0	45.0
Financial expenses		0.0	-0.1
Result before tax		**81.3**	**44.4**
Tax for the year		0.0	0.0
Result after tax		**81.3**	**44.4**
Other comprehensive income after tax		0.0	0.0
Total comprehensive income/loss		**0.0**	**0.0**

Balance sheet

MEUR	Notes	31.12.22	31.12.21
Assets			
Investments in affiliated companies	3	1,740.8	1,740.8
Total non-current assets		**1,740.8**	**1,740.8**
Tax receivables		0.0	0.4
Other receivables		0.4	0.0
Cash		1.0	0.5
Total current assets		**1.4**	**0.9**
Assets		**1,742.2**	**1,741.7**
Equity and liabilities			
Share capital		0.0	0.0
Retained earnings		1,734.1	1,732.8
Total equity		**1,734.1**	**1,732.8**
Liabilities to affiliated		7.6	7.4
Trade payables		0.5	1.6
Total liabilities		**8.1**	**9.0**
Equity and liabilities		**1,742.2**	**1,741.8**

Statement of changes in equity

MEUR	Share capital	Proposed dividend	Retained earnings	Total
2022				
Equity at 1 January 2022	0.0	0.0	1,732.8	1,732.8
Comprehensive loss for the year				
Result for the year	0.0	0.0	81.3	81.3
Extraordinary dividend	0.0	0.0	-80.0	-80.0
Equity at 31 December 2022	**0.0**	**0.0**	**1,734.1**	**1,734.1**

Dividend
In 2022, the company paid ordinary dividend of EUR 0.0 million and extraordinary dividend of EUR 80.0 million.

MEUR	Share capital	Proposed dividend	Retained earnings	Total
2021				
Equity at 1 January 2021	0.0	0.0	1,733.4	1,733.4
Comprehensive loss for the year				
Result for the year	0.0	0.0	44.4	44.4
Extraordinary dividend	0.0	0.0	-45.0	-45.0
Equity at 31 December 2021	**0.0**	**0.0**	**1,732.8**	**1,732.8**

Dividend
In 2021, the company paid ordinary dividend of EUR 0.0 million and extraordinary dividend of EUR 45.0 million.

Table of contents to the notes to the Parent company financial statements

Notes to the Parent Company financial statements

1. Significant accounting estimates

Estimation uncertainty
Determining the carrying amount of certain assets and liabilities requires an estimate of how future events will affect the value of those assets and liabilities at the balance sheet date. Estimates that are significant to the Parent's financial reporting are made, for instance, by reviewing investments in subsidiaries for impairment. They constitute a major portion of the Parent's total assets.

Subsidiaries are tested for impairment if events or other circumstances indicate that the carrying amount is not recoverable. Measuring subsidiaries requires significant estimates to be made when making different assumptions, including expected future cash flows, discount rate and terminal value growth rates. The sensitivity to changes in the assumptions applied – collectively and individually – may be significant.

Particular risks of the group are discussed in the Management commentary and note 21 to the consolidated financial statements.

Assumptions about the future and other estimation uncertainties at the balance sheet date are disclosed in the notes if they involve a material risk of changes that may lead to con- siderable adjustment of the carrying amounts of assets or liabilities within the next financial year.

2. Staff costs

The Executive Management did not receive remuneration from this company in the financial period.

Please refer to note 4 in the Consolidated Financial Statements.

3. Investments in affiliated companies

MEUR	31.12.22	31.12.21
Cost at 1 January	1,740.8	1,740.8
Additions for the year	0.0	0.0
Cost at 31 December	**1,740.8**	**1,740.8**
Carrying amount at 31 December	**1,740.8**	**1,740.8**

Investments in affiliated companies comprise:

Scandferries ApS, Copenhagen, Denmark, 100 percent.

The carrying amount of the Parent's investments in affiliated companies is tested for impairment if an indication of impairment exists. No indications of impairment exists and therefore no impairment testing has been carried out.

Notes to the Parent Company financial statements

4. Related parties

For specification of related parties refer to note 26 of the consolidated financial statements.

No transactions with the Executive Management, Supervisory Board, major shareholders or other related parties have been made during the year besides ordinary fees to the Executive Management and Supervisory Board as disclosed in note 4 in the Consolidated financial statements..

5. Guarantees, contingent liabilities and collateral

The Group's Danish companies are jointly and severally liable for tax on the Group's jointly taxed income, etc. The total amount of corporation tax due is stated in the financial statements of Scandlines Infrastructure ApS, which is the management company in relation to joint taxation. The Group's Danish companies are also jointly and severally liable for Danish withholding taxes in the form of dividend tax, royalty tax and interest tax. Any subsequent corrections to corporation taxes and withholding taxes may result in the Company's liability constituting a larger amount.

Scandlines Infrastructure ApS has made a loss absorption agreement for 2022 for one of its wholy-owned subsidiaries.

6. Events after the balance sheet date

Reference is made to note 27 in the Consolidated financial statements.

7. Significant accounting policies

The separate parent financial statements have been incorporated in the annual report as required under the Danish Financial Statements Act requirements for annual reports of reporting class C enterprises (large). The accounting policies applied for these financial statements are consistent with those applied last year.

Description of accounting policies applied
Compared to the accounting policies described for the consolidated financial statements (see note 28 to the consolidated financial statements), the accounting policies applied by the parent are different in the following respects:

Dividend income
Distribution of dividends from subsidiaries is taken to income in the parent's income statement in the financial year in which the dividend is declared. If an amount is distributed exceeding the subsidiary's result for the period, then an impairment test is performed.

Tax on profit for the year
Enterprises using the tax losses of other enterprises pay a joint taxation contribution to the parent that is equivalent to the tax base of the losses used whereas enterprises whose tax losses are used by other enterprises receive a joint taxation contribution from the parent that is equivalent to the tax base of the losses used (full allocation).

Investments in affiliated companies
Investments in affiliated companies are measured at cost in the parent financial statements. If an indication of impairment exists, then an impairment test is performed. If the carrying amount exceeds the recoverable amount, investments are written down to such lower amount. If distributions are made from reserves other than accumulated profits of affiliated companies, such distribution will reduce the cost of the investments if the distribution is in the nature of a repayment of the parent's investment.

Taxation
The Company is subject to the Danish rules requiring joint taxation of the Group's Danish subsidiaries. Joint taxation contribution to or from subsidiaries is recognised in tax on profit or loss for the year. Tax payable and receivable are taken to current assets and current liabilities. Joint tax contributions payable or receivable are recognised in the balance sheet under receivables from or payables to affiliated companies.

Statement by the Management on the annual report

The Supervisory Board and Executive Management have today considered and approved the annual report of Scandlines Infrastructure ApS for the financial year 1 January – 31 December 2022.

The annual report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the group's and the parent's financial position at 31 December 2022 and of the results of their operations and cash flows for the financial year 1 January – 31 December 2022.

In our opinion, the management commentary contains a fair review of the development of the group's business and financial matters, the results for the year and of the parent's financial position and the financial position as a whole of the entities included in the consolidated financial statements.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 21 June 2023

Supervisory Board

Vagn Ove Sørensen, Chairman	William Charles Peskett Shuckburgh	Ellen Marina Richardson
Desmond Luis Wilkins	Anthony Andrew Lissaman	Timothy David Short
Nicolas Grant	Helle Skov	Michael Skeller Andersen*
Gitte Pia Kamper*	Jan Raymond Saksaa*	Simon Alslev Therkildsen*

Executive Management

Carsten Rhodes-Nørland, CEO	Jesper Mikkelsen Heilbuth, CFO	Michael Guldmann Petersen, COO

* employee elected

Independent auditor's report

To the Shareholders of Scandlines Infrastructure ApS

Opinion
In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2022 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2022 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2022 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Scandlines Infrastructure ApS for the financial year 1 January 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as statement of comprehensive income and cash flow statement for the Group ("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 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, 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 Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review 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 Statement Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements
Management is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of Parent Company Financial Statements that give a true and fair view in accordance with 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 in preparing the financial statements 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 conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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 in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's 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 and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents 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.

Hellerup, 21 June 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Bo Schou-Jacobsen State Authorised Public Accountant Mne28703	Jacob Brinch State Authorised Public Accountant Mne35447

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Executive Management
Carsten Rhodes-Nørland, CEO
Jesper Mikkelsen Heilbuth, CFO
Michael Guldmann Petersen, COO

Company auditors
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