

Annual report 2023



It all begins with the ferry

In 2023 we saw a further increase in passenger numbers, and we launched new commercial concepts and made great progress on the journey towards our zero direct emissions vision

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Scandlines at a glance

Scandlines operates two short-distance ferry routes between Germany and Denmark with high frequency and large capacity. Our ports and ferry routes constitute a crucial piece of infrastructure that connects motorways E47 and E55 between Europe and Scandinavia and offer a more efficient alternative to other routes (including the Great Belt Bridge), shorter driving times and an opportunity to rest while sailing.

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 emissions freight ferry will be commissioned in the second half of 2024.

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.

Departures
39 thousand

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

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
6.4 million

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

Lorries
701 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.

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 freight ferry is deployed to meet freight customer demand, while also acting as a replacement ferry.

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.

Border shopping

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



Our 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.

Modern fleet

Well-invested and continuously updated vessels with focused retail and catering offering.



Specialised infrastructure

Purpose-built infrastructure including check-in and marshalling areas, ramps, berths and BorderShops.



Motorway access

Direct terminal access with efficient check-in options and high-speed exit ensure swift turnaround time.



Employees
We create jobs and provide good development and educational opportunities.

Investors
Our long-term investments generate stable returns for our investors.

Environment
We invest in green solutions and introduce new technologies to reduce our footprint.

Customers
We provide a fast and safe crossing with good shopping and catering options.

Authorities
We facilitate mobility, trade and tourism by connecting Continental Europe and Scandinavia.



People and expertise

Experienced and well-trained staff with a strong safety and service mindset and high understanding of customer needs.

Partnerships

Strong partnerships with renowned organisations supporting green investments and sustainability initiatives.



CEO letter

Scandlines delivered solid performance in 2023 and invested in future growth

In a challenging market environment, we maintained revenue and earnings in line with 2022 levels. Within this we realised a record peak season for leisure, as an increased number of passengers used our services. Whilst freight volumes were down from the record levels of 2022, we maintained our market share. We continued to step up investments in future-proof ferries and infrastructure to increase capacity and improve the customer experience.

We maintained the positive momentum in 2023 with passengers continuing to return to our ferry routes after years of negative impact from COVID-19 and related travel restrictions. The positive development drove moderate revenue growth of 1 percent to EUR 466 million and a solid result before tax of EUR 122 million.

Solid performance and positive prospects

The improvement in traffic volume in 2022 continued in 2023 with a 5 percent increase in overall passenger volume driven by particularly strong growth in the leisure business with a new peak season record and introducing attractive mid-season offers with great success. This solid



performance was realised in a turbulent environment marked by currency fluctuations curbing the appetite for shopping travel among our Swedish customers and macroeconomic headwinds driving a general decrease in freight traffic.

Our freight business has generated strong continuous growth in recent years with record volume in 2022. However, in 2023 freight volume decreased 7% in line with the market, which was impacted by a significant decline in volumes during the year. We are confident that the freight market continues to hold good prospects for Scandlines and were thrilled to launch our new zero direct emissions freight ferry E/V Futura in November with scheduled deployment on the Puttgarden-Rødby route in the second half of 2024. The new ferry provides additional freight capacity, strengthens our competitiveness and underlines our commitment to the freight customers and lower emissions.

This was further underpinned by our commitment to investments in new infrastructure in the ports of Puttgarden and Rødby to accommodate the new ferry and improve the customer experience through expanded terminal capacity and the introduction of licence plate recognition, self-service sales and check-in, dynamic lane management, and automated loading and unloading. Our investments in the cutting-edge direct emissions free freight ferry and smart port solutions will position Scandlines at the very

+5%

Increase in total passenger volume in 2023

forefront of ferry operations and port automation in the years ahead.

We also continued to invest in our existing fleet with a view to build a more sustainable business. In 2023, the investment programme included installation of new center propellers on M/V Berlin and M/V Copenhagen – and for the period from 2013 to 2024 we still expect to invest a total of approximately EUR 400 million related to our zero direct emissions vision. We are pleased to be on-track to make the Puttgarden-Rødby route emission-free (scope 1 and 2) by 2030 as a milestone in our efforts to reach zero direct emissions for our entire business by 2040.

Focus on reliability and safety

The solid progress in 2023 was delivered while maintaining a reliability around 95 percent and serving all customer groups as the “floating bridge” connecting Continental Europe and Scan-

dinavia. Additionally, we were very pleased to simultaneously see good results of the important efforts to improve safety at work through preventive action and safety training as we reduced the Lost Time Incident Frequency by 22 percent. We continually work hard to safeguard our people at sea and onshore.

In the years ahead, we will push on to grow our business and improve our competitiveness and customer offering through continued investments in our people, fleet and facilities to prepare for the planned opening of the Fehmarn Belt fixed link. In the near term, we expect to deliver modest growth in revenue and earnings in 2024 due to continued challenged macroeconomics in our key markets.

Michael Goldmann Petersen
Interim CEO

2023 was a busy year for our colleagues as we accommodated the continued increase in passenger volume, launched new commercial concepts and made great progress on the journey towards Scandlines' zero direct emissions vision. We continue to invest in our people, fleet and facilities to improve our competitiveness and customer offering as well as generating sustainable growth.

Michael Goldmann Petersen, interim CEO

Snapshot of 2023

Revenue

466 MEUR

Revenue increased moderately by 1 percent after continued rebound in passenger and car traffic and despite a decrease in the freight market.

Return on invested capital

5.8%

The return on invested capital was slightly down as earnings declined moderately and invested capital increased due to increased capital expenditure.

Investment

47 MEUR

We increased the investment level in pursuit of the zero direct emissions vision through expansion of our fleet and upgrading of terminal facilities.

Cars

+3%

Car traffic continued to increase due to i.a. introduction of attractive mid-season offers and early booker pricing. Peak season volume was record high.

Freight

-7%

Following years of strong growth, freight traffic volume declined in line with developments in our key markets.

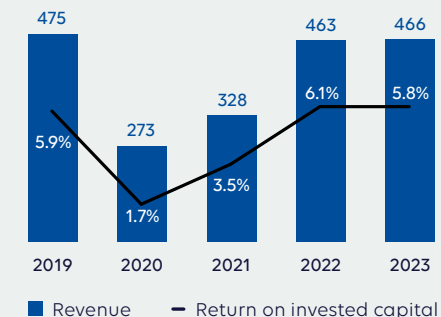
Passengers

+5%

Strong performance in the leisure category lifted the passenger figure despite a decline in shopping traffic due to unfavourable currency developments for our Swedish customers.

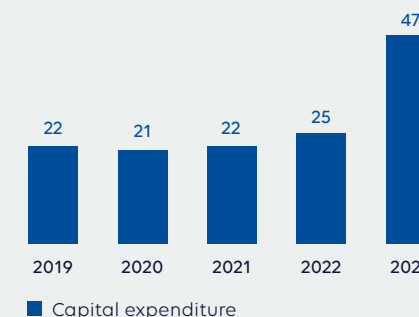
Performance

MEUR



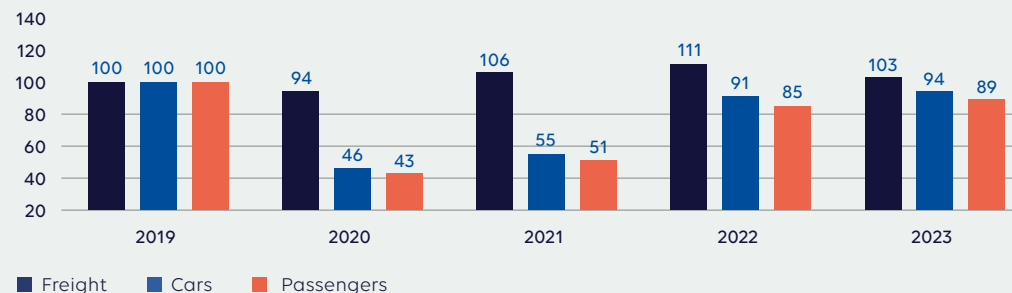
Investment

MEUR



Traffic volumes

INDEX (2019 = 100)



Key figures and financial ratios*

MEUR	2023	2022	2021	2020	2019	CAGR** 2019-2023
Income statement						
Revenue	466	463	328	273	475	-0.5%
Result before interest, tax, depreciation and amortisation (EBITDA)	179	185	128	74	181	-0.3%
Amortisation and depreciation	-34	-35	-42	-41	-40	-4.1%
Result before interest and tax (EBIT)	145	150	86	33	141	0.7%
Net financials	-23	-25	-23	-24	-22	1.3%
Result before tax	122	125	62	9	120	0.4%
Result for the year	119	124	61	18	122	-0.6%
Balance sheet						
Total assets	2,546	2,570	2,549	2,537	2,538	
Investments (capital expenditure)	47	25	22	21	22	
Equity	1,576	1,584	1,539	1,520	1,501	
Interest bearing liabilities	914	931	934	968	978	
Invested capital	2,454	2,429	2,407	2,427	2,449	
Cash flow statement						
Cash flow from operating activities	141	126	107	63	151	
Cash flow from investing activities	-47	-25	-22	-21	-22	
Cash flow from financing activities	-145	-80	-80	-13	-135	
Free cash flow (FCF)***	-145	-80	-80	-13	-135	
Return on invested capital (ROIC)****	5.8%	6.1%	3.5%	1.7%	5.9%	
Average number of employees (FTE)	1,453	1,391	1,237	1,357	1,533	

* Financial highlights are defined and calculated in accordance with "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

** Compound Annual Growth Rate is calculated as the ending value divided by the beginning value, raised to one divided by the number of compounding periods, and subtracted by one.

*** Free cash flow is calculated as total net cash generated from operating activities excluding interests paid less net cash used in investing activities.

**** ROIC is calculated as result for the year excluding net financials divided by invested capital. Invested capital is calculated as total assets excluding cash less current liabilities and non-current liabilities excluding interest-bearing liabilities.



Performance

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Developments in 2023

The increase in traffic volume continued in 2023 where Scandlines generated solid business and financial performance while increasing investments in fleet and facilities to improve the customer experience and our competitiveness.

Revenue

Revenue increased moderately in 2023 to EUR 466 million from EUR 463 million in 2022. The development was primarily driven by a continued increase in traffic volume with the significant growth reported in the leisure business offset by decline in freight due to a challenging macro-economic environment impacting freight levels across the wider market.

Floating bridge

The group increased revenue from the two Germany-Denmark routes to EUR 369 million in 2023 from EUR 363 million in 2022 based on the solid development in total traffic volume.

Car traffic volume continued to grow in 2023 and increased by 3 percent against 2022 with solid progress on both the Puttgarden-Rødby and Rostock-Gedser routes. The continued increase was supported by a peak season record and the introduction of attractive mid-season offers and early booker pricing.

After strong growth in the freight business in recent years, the freight traffic volume declined by 7% in 2023 from the record level in 2022. The activity level was in line with market development on both routes, which both continued to deliver frequent departures, high reliability level and flexibility to meet customer demand.

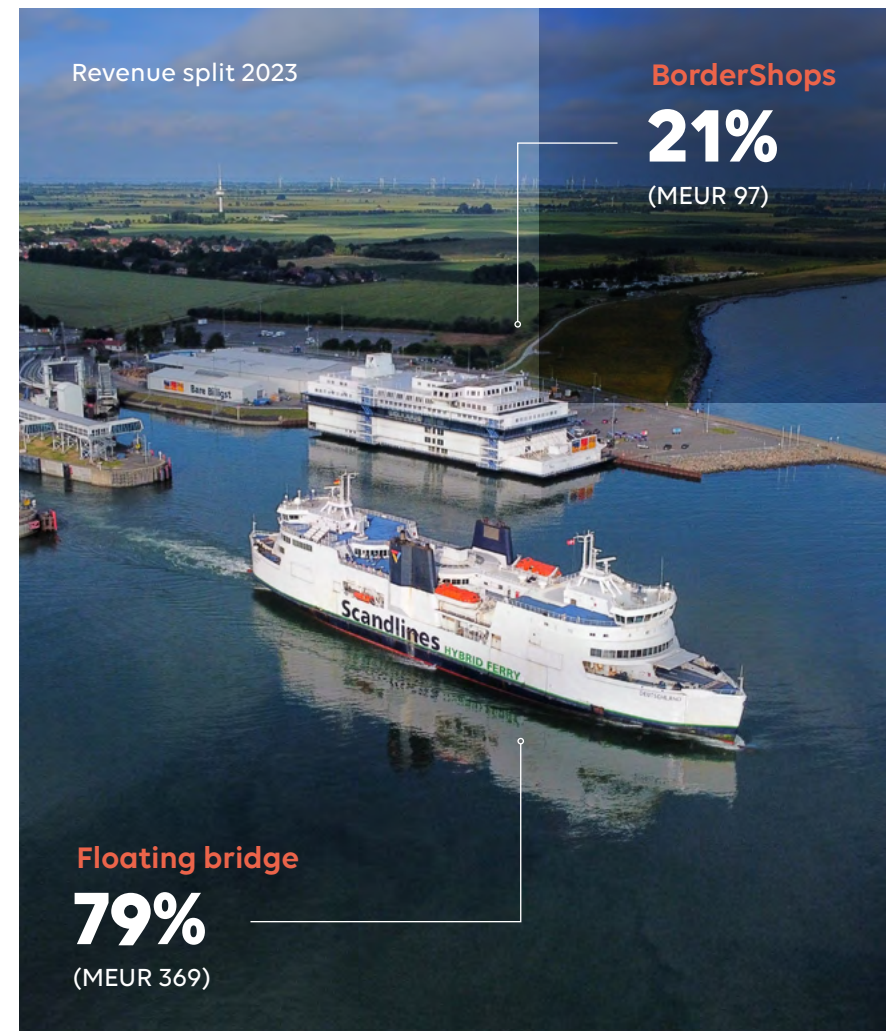
The total number of passengers increased by 5 percent in 2023 with even improvements on the two routes.

BorderShops

The activity level declined slightly in the group's BorderShops in 2023, and revenue was EUR 97 million against EUR 101 million in 2022. The development was mainly due to currency fluctuations curbing the appetite for shopping travel among the group's Swedish customers.

Earnings

Earnings remained solid in 2023 with profit from ordinary activities (EBITDA) of EUR 179 million





against EUR 185 million in 2022. The development was negatively impacted by increase in other external expenses and continued inflationary pressure.

In 2023, the two ferry routes contributed EUR 175 million to EBITDA compared to EUR 179 million in 2022. The BorderShops contributed EBITDA of EUR 4 million in 2023 against EUR 6 million in the previous year.

Financial income and expenses

The group's net financials were an expense of EUR 23 million against an expense of EUR 25 million in 2022.

Profit for the year

The result before tax remained relatively stable at EUR 122 million in 2023 against EUR 125 million in 2022, and profit for the year came to EUR 119 million in 2023 against EUR 124 million in 2022.

Investments and cash flow

The group's intangible assets and property, plant and equipment were stable at EUR 2,423 million at year-end against EUR 2,410 million end of 2022.

Cash flow from operating activities increased by EUR 15 million and resulted in an inflow of EUR 141 million compared to an inflow of EUR 126 million in 2022.

Following significant investments in the group's fleet and upgrading of terminal facilities, the cash outflow to investing activities increased to EUR 47 million against an outflow of EUR 25 million in 2022. The investment level was impacted by payments related to the construction of the new zero direct emissions freight ferry, installation of new center propellers on M/V Berlin and M/V Copenhagen on the Rostock-Gedser route and futureproofing of terminal facilities, among other things.

Cash flow to financing activities amounted to an outflow of EUR 145 million against an outflow of

EUR 80 million in 2022 primarily due to additional distribution of dividend.

In Q1 2023 a fixed rate loan of EUR 100 million was obtained, which was fully used to refinance existing debt. In connection with this, Fitch conducted a credit assessment and reaffirmed the group's "BBB – stable outlook" rating.

Interest-bearing debt declined slightly to EUR 914 million from EUR 931 million in 2022.

Cash and cash equivalents declined to EUR 36 million at year-end from EUR 86 million due to increased investing activities and additional distribution of dividend.

For 2023, the return on invested capital (ROIC) was 5.8 percent compared to 6.1 percent for 2022.

The group's net interest-bearing debt increased to EUR 878 million compared to EUR 845 million in 2022.

Assets and equity

Total assets declined slightly to EUR 2,546 million at 31 December 2023 compared to EUR 2,570 million end of 2022.

Total equity was EUR 1,576 million against EUR 1,584 million in 2022, corresponding to an equity ratio of 61.9 percent compared to 61.0 percent in 2022.

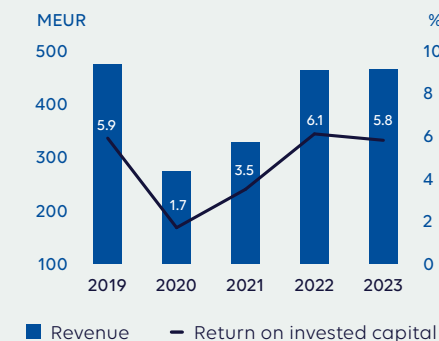
Events after the balance sheet date

Reference is made to note 26 in the financial statements.

Equity and equity ratio



Revenue and ROIC





180 years of sailing

In 2023, we celebrated the 60-year anniversary of the Puttgarden-Rødby route known as the Beeline. The route was inaugurated in 1963 and has since transported more than 315 million passengers across the Fehmarn Belt, strengthening the cultural, political and commercial ties between Germany and Denmark as well as Continental Europe and Scandinavia. Significant investments have been made in technology, terminals and vessels since the inauguration, and the decision made in 2023 to install plug-in battery technology on two of four existing ferries and the deployment of our brand-new electric freight ferry E/V Futura in second half 2024 will take the Beeline into the future.

The year was marked by another anniversary as well with the Rostock-Gedser route celebrating 120 years of ferry traffic across the Baltic Sea. Back in 1903, the steamship ferry called in Warnemünde and Gedser until 1995 when the route was transferred to the nearby port of Rostock as traffic and trade flourished in the aftermath of the cold war. Today, the steamship has been replaced by two state-of-the-art hybrid ferries with rotor sail serving the route and carrying 1.7 million passengers in 2023.

Based on a proud history and 180 years of sailing the Fehmarn Belt and the Baltic Sea, Scandlines will continue the legacy and keep on sailing!



Our responsibility


[Scandlines sustainability report 2023](#)

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 2023, we welcomed a total of 6.4 million customers on board our ferries and at our BorderShops, and at the end of 2023, we had 1,593 employees (783 in Denmark and 810 in Germany) and around 1,500 suppliers of which the vast majority are based in Germany and Denmark.

Building a more sustainable business

As outlined in our independent sustainability report, published alongside this annual report, we continued our efforts to build a more sustainable business in 2023 through, inter alia, investments in installation of new center propellers on M/V Berlin and M/V Copenhagen, and the continued construction of our new zero direct emissions vessel which was launched in November 2023 and coming into service second half of 2024. This was supplemented by several social initiatives covering health and safety, employee wellbeing, customer satisfaction, etc. Further, in December 2023 it was decided to invest in plug-in hybrid batteries on two of our four ferries operating on the Puttgarden-Rødby route, and vendors have been selected in 2024.

Scandlines remained the best ferry operator and among the most sustainable brands according to Danish consumers in the annual Sustainable Brand index, which measures consumer perception of how sustainable brands are. We were ranked 110 of 253 Danish brands and the best ranked among other ferry operators.

Improving our sustainability reporting

We seek to transparently report on both successes and areas of improvement 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 in 2022. This enhances the transparency of all our sustainability efforts and includes disclosing a wide range of ESG data. Our sustainability report also presents an updated materiality assessment of our key focus areas, initiatives and ESG risk management. We are now preparing for the new requirements under the Corporate Sustainability Reporting Directive (CSRD) with a first report for the fiscal year 2025.

The sustainability report furthermore represents our statutory statement on social responsibility in accordance with sections 99a and 99d 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/>.

Diversity in management

In accordance with section 99b of the Danish Financial Statements Act, we have set a target share of the underrepresented gender to a minimum of 30 percent of the shareholder elected members in Scandlines Infrastructure ApS by latest 2026.

At 31 December 2023, the share of the underrepresented gender in the Supervisory Board was 25 percent and thus below the 30 percent target for 2026 latest. Having met the target set in 2022 of 20% (achieving 25%), recognising the imperative to set ambitious targets, the Supervisory Board has lifted its target to 30% by 2026.

Whilst no specific initiatives were initiated to meet the target in 2023, overall we remain committed to fostering an inclusive corporate culture that values diverse perspectives and promotes gender equality throughout the organisation. When it is considered necessary to bring new competencies to the Supervisory Board, or if a member does not wish to continue in the Supervisory Board, diversity is deliberately taken into account when considering the profiles and qualifications of potential candidates. In line with our policies, qualified representatives of both genders are always considered.

Scandlines Infrastructure ApS has fewer than 50 employees and is thus not required to set a target for diversity in other management levels.

31 December 2023

Members, Supervisory Board (shareholder elected)	8
Share of underrepresented gender, Supervisory Board	25%
Target for 2026, Supervisory Board	30%
Members, other managerial levels	0
Share of underrepresented gender, other managerial levels	n/a

Outlook 2024

Financial guidance 2024

We still expect to see challenging macroeconomics in 2024 with general negative impacts from inflation, high interest rates and a weak SEK. However, traffic volumes in 2024 are expected to be slightly above 2023 volumes with moderate growth in the second half of 2024 where positive trends in the global economy are expected to materialize.

Modest growth is expected in all segments with growth in freight volumes expected to increase in the fourth quarter of 2024 with the insertion of our new electric ferry on the Puttgarden-Rødby route in the second half of 2024.

We will maintain strict cost control and focus on ensuring continuous efficiency actions to mitigate the general volatility in the economy and the effects of high inflation and interest rates in 2023, which will continue to impact 2024. Scandlines' exposure to changes in fuel prices is mitigated by bunker surcharges and hedging.

Management expects revenue and profits to increase moderately in 2024 subject to realising the anticipated level of positive trends in the macroeconomy during 2024.

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 leisure traffic, and freight traffic is expected to resume growth again in 2024.

In the pursuit of our zero direct emissions vision, we will deploy our new zero direct emission freight ferry 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 CO₂ footprint further.

The European Commission decided in March 2020 that state guarantees issued by the Danish state

to the Fehmarn Belt fixed link 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 filed complaints, which in February 2024 were rejected by the European Court of Justice. The most important thing for us, however, is the Court's confirmation that the financing of

the Fehmarn Belt fixed link continues to fall under European state aid law. As a result, we see our position strengthened that future competition with the fixed link can only be fair if it is subject to clear competition rules. We will maintain our focus on ensuring continued fair competition after the planned opening of the Fehmarn Belt fixed link.





The Futura of sailing

Our new direct emissions free freight ferry was constructed at Cemre Shipyard in Turkey in 2022-2023 and launched in November 2023 before being moored at the outfitting quay for the remaining work to be completed ahead of deployment on the Puttgarden-Rødby route in second half of 2024. The total investment is 80 MEUR including terminal modifications.

The ferry – aptly named E/V Futura with input from our employees – represents the future of ferry operations and will carry the world’s largest lithium-ion battery bank to date. It will be charged with renewable electricity. We conducted a full Life Cycle Assessment (LCA) for the vessel early in the process together with the Danish environmental engineering firm ReFlow, who developed a digital climate twin of the Futura for this purpose. Thanks to her digital twin – a first in the industry – we are able to model and fully assess the environmental impact of any future changes on the vessel.

After being deployed in the second half of 2024, the ferry will have capacity to transport 66 freight units and 140 passengers across the Fehmarn Belt in 70 minutes direct emissions free and in 45 minutes as a hybrid ferry. Depending on its deployment, the total freight capacity on the route can be increased by up to 23 percent.

To ensure compatibility with the new ferry in Rødby, the 50 kV/25 MW power cable installed in 2019 was extended by 1.2 kilometres and a transformer, control and switch gear equipment as well as a new ferry charger tower was installed. We are also investing in a 12 kilometer long 30 kV/15 MW power cable including transformer and charging station in Puttgarden to reduce the charging time from 17 minutes to just 12 minutes in each port by 2025 and to allow the ferry to cover the 18.5 km distance in 45 minutes fully operating on electricity, with zero direct emissions*.

In 2023, a stronger ramp sustaining lorries was set up at a berth in Rødby Port. The same is done in Puttgarden Port in 2024. They allow that E/F Futura can carry lorries on both decks as opposed to the other ferries on route.



*Direct (scope 1) emissions occur when fuel oil is burnt during the operation of the ferry.



Governance

18 — Management and ownership

19 — Risk management



Management and ownership

Scandlines is led by experienced executive and non-executive management with extensive expertise from international infrastructure, shipping, transportation and fast moving consumer goods.

Scandlines is owned by a consortium of long-term infrastructure investors and subject to German and Danish law. The group's 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 February 2024, COO and member of Executive Management, Michael Goldmann Petersen, was appointed interim CEO as Carsten Nørland decided to pursue a career outside the group. New CEO Eric Gregoire will start in July 2024. CFO Jesper Mikkelsen Heilbuth has resigned, effective late May 2024, to pursue a new opportunity. New CFO Mikael Koch Jensen will start mid May 2024.

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 pro-

vides 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 annual sustainability report.

The Supervisory Board has also established a Remuneration Committee to lead the process for Executive Management members' remuneration, and to make recommendations to the shareholders to secure a formal and transparent procedure.

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 as well as their respective subsidiaries.



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

¹ Majority backed by Pension Funds.

Executive Management



Michael Goldmann Petersen
Interim CEO

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

Extensive management experience and international maritime experience.

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').

Members of the Executive Management have overall responsibility for the group's risk management and internal control procedures, which is also reviewed annually by the Audit and Risk Committee, the Safety and Sustainability Committee and the Supervisory Board.

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 2023, the latter in line with the recommendations of the TCFD.

In addition to the topic-specific mitigation efforts, 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 (primarily 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

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

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, volatility in energy costs, 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.

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, includ-

Mitigation

We continuously improve Scandlines' offering and operational efficiency to maintain a competitive position against established competitors and the 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

ing 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 construction of the Fehmarn Belt fixed link. 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.

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, which in February 2024 were rejected by the European Court of Justice. The most important thing for us, however, is the Court's confirmation that the financing of the Fehmarn Belt fixed link continues to fall under European state aid law. As a result, we see our position strengthened that future competition with the fixed link can only be fair if it is subject to clear competition rules. We will maintain our focus on ensuring continued fair competition after the planned opening of the Fehmarn Belt fixed link.

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 Organisation (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. We did not observe an increase in cancelled crossings during storms in 2023.

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 compliance with applicable environmental regulations in the region.

We continue to monitor closely the effects of climate change and assess the need for mitigating investments or actions and we will continue to do so. For extreme weather events, we have strong safety and response procedures in place. 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 various reasons which include technical problems, accidents, adverse weather conditions, and cyber or terrorist attacks. Further, failure by our vendors – of which we have approximately 1,500 – to meet their contractual obligations to comply with human rights and relevant labour laws could occur. Any of these could potentially entail a material negative impact on our operations,

the reputation of our floating bridge concept and the group's financial results and business..

Scandlines' 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 e.g. 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 continuously monitor and implement initiatives to reduce the risk and potential impact of cyber and terrorist attacks.

We adhere to a systematic and comprehensive maintenance programme for all ferries, including regular dockings and ensure that disposal contracts include requirements to ensure sustainable disposal and responsible recycling.

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 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 is in place 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 and energy 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.

A lack of sufficient renewable electricity required for operating a fully electric ferry might impact the stability of the infrastructure and its availability.

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.

The electric ferry is equipped with a dual system and can be operated on traditional fuel, if required.



IT

Like other companies, Scandlines is exposed to cyber risks. Our operations are exposed to disruption of Scandlines' IT systems, including operating, booking and ticketing systems, systems handling agreements with customers and third parties and the ERP system. Furthermore, any potential information security breach including misuse of artificial intelligence 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, penetration testing of systems, implementation and continuous enhancements of various defence tools, use 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 regularly 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.



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Income statement

MEUR	Notes	2023	2022
Revenue	3	465.9	463.4
Other operating income		5.5	2.6
Total income		471.4	465.9
Operating costs for vessels		-53.4	-59.7
Cost of goods sold		-99.1	-103.7
Staff costs	4	-89.0	-86.8
Other external expenses		-50.7	-30.5
Total costs		-292.2	-280.7
Result before amortisation and depreciation (EBITDA)		179.1	185.2
Amortisation and depreciation	5	-33.9	-35.4
Result from operations		145.3	149.8
Financial income	6	2.3	0.3
Financial expenses	7	-25.5	-25.5
Result before tax		122.1	124.6
Tax for the year	8	-3.2	-0.6
Result for the year		118.9	124.0

Statement of comprehensive income

MEUR	Notes	2023	2022
Result for the year		118.9	124.0
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit and loss</i>			
Value adjustments of hedging instruments		0.0	0.2
Foreign exchange adjustments, foreign enterprises		0.1	0.0
Other comprehensive income		0.1	0.2
Total comprehensive income		119.0	124.2
Total comprehensive income for the year is attributable to:			
Owners of Scandlines Infrastructure ApS		119.0	124.2



Balance sheet

MEUR	Notes	31.12.23	31.12.22
Assets			
Goodwill		1,905.1	1,905.1
Software		22.7	20.8
Other intangible assets		2.7	3.0
Non-current intangible assets	9	1,930.5	1,928.9
Land and buildings		149.7	157.3
Vessels		283.6	295.2
Other fixtures and fittings, tools and equipment		4.4	2.7
Right-of-use assets		3.8	3.4
Assets under construction		51.0	22.8
Non-current tangible assets	10	492.4	481.4
Deferred tax	13	0.7	3.3
Other non-current assets		0.7	3.3
Total non-current assets		2,423.6	2,413.6
Inventories	11	22.1	21.0
Receivables	12	44.8	30.8
Corporate tax	17	17.5	17.5
Prepayments		2.5	1.0
Cash		35.5	86.2
Current assets		122.4	156.5
Total current assets		122.4	156.5
Assets		2,546.0	2,570.1

MEUR	Notes	31.12.23	31.12.22
Equity and liabilities			
Share capital		0.0	0.0
Reserves		0.0	1.1
Retained earnings		1,575.6	1,582.5
Total equity		1,575.6	1,583.6
Interest-bearing liabilities	14	880.2	887.1
Deferred tax	13	1.5	1.8
Pension and anniversary liabilities	15	0.6	0.6
Other liabilities	18	2.0	2.0
Total non-current liabilities		884.3	891.4
Interest-bearing liabilities	14	33.4	44.3
Pension and anniversary liabilities	15	0.5	0.5
Corporate tax	17	1.9	4.3
Trade payables		30.1	22.5
Other provisions	16	10.3	11.1
Other liabilities	18	7.6	11.2
Deferred income	19	2.3	1.2
Total current liabilities		86.1	95.1
Total liabilities		970.4	986.5
Equity and liabilities		2,546.0	2,570.1



Cash flow statement

MEUR	Notes	2023	2022
Result before amortisation and depreciation (EBITDA), continuing		179.1	185.2
Adjustments for non-cash operating items, etc.	22	-0.1	-2.1
Working capital changes	23	-11.5	-15.4
Income from sale of assets		0.0	0.0
Cash flows from operating activities, gross		167.5	167.7
Interest paid		-23.2	-25.2
Taxes paid		-3.3	-16.8
Cash flows from operating activities, net		141.0	125.7
Investments in intangible assets, net	9	-0.6	0.0
Investments in land and buildings, net	10	0.0	0.0
Investments in vessels	10	-4.3	0.0
Investments in other fixtures and fittings, tools and equipment, net	10	-0.2	0.0
Investments in right of use assets, net	10	-1.9	0.0
Investments in assets under construction, net	10	-39.7	-25.1
Cash flows to/from investing activities		-46.7	-25.1
Payment of dividends		-127.0	-80.0
Repayment, bank loan	14	-118.1	-142.6
New bank loan	14	100.0	142.6
Cash flows to/from financing activities		-145.1	-80.0
Cash flows for the year		-50.8	20.9
Cash at 1 January		86.2	66.1
Currency exchange adjustment		0.1	-0.8
Cash at 31 December		35.5	86.2



Statement of changes in equity

MEUR	Share capital	Exchange rate adjustments	Retained earnings	Total
Equity at 1 January 2023	0.0	1.1	1,582.5	1,583.6
Comprehensive income/loss for the year				
Result for the year			118.9	118.9
Other adjustments		-1.1	1.2	0.1
Total comprehensive income/loss	0.0	-1.1	120.1	119.0
Transactions with the owners				
Payment of extraordinary dividend			-127.0	-127.0
	0.0	0.0	-127.0	-127.0
Equity at 31 December 2023	0.0	0.0	1,575.6	1,575.6

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.

Dividend

In 2023, total dividends of MEUR 127 were paid to the shareholders.

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	0.0	124.6	124.2
Transactions with the owners					
Payment of 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.



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Notes to the Consolidated financial statements

1. Significant accounting estimates and judgements

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 27 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 standards and amendments for the first time for its annual reporting period commencing 1 January 2023:

- Definition of Accounting Estimates – amendments to IAS 8

The group also elected to adopt the following amendments early:

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current and Amendments to IAS 1 – Non-current Liabilities with Covenants.

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 amendments to accounting standards have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the group. These amendments 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	2023	2022
Floating bridge, including onboard retail & catering	368.7	362.7
BorderShops	97.2	100.7
	465.9	463.4

4. Staff costs

MEUR	2023	2022
Salaries and wages	-72.8	-71.3
Pension contributions	-5.0	-4.5
Other social security costs	-7.7	-7.9
Other employee costs	-3.5	-3.1
	-89.0	-86.8
Average number of employees	1,453	1,391
Remuneration to key management personnel (Executive Management):		
Salaries and fees	1.4	1.7
Bonus	1.5	1.7
Severance costs	0.5	0.0
Pension	0.2	0.2
	3.6	3.6

The Executive Management is entitled to bonus dependent on specific performance measures. Severance cost to former CEO amounts to EUR 0.5 million.

Remuneration to Supervisory Board amounts to EUR 0.1 million (2022: EUR 0.1 million) relating to salaries and fees.

Notes to the Consolidated financial statements

5. Amortisation and depreciation

MEUR	2023	2022
Amortisation, intangible assets	-5.9	-7.1
Depreciation, vessels	-16.8	-17.1
Depreciation, land and buildings	-8.7	-8.5
Leasing of property, plant and equipment	-1.4	-1.5
Depreciation, other property, plant and equipment	-1.1	-1.3
	-33.9	-35.4

6. Financial income

MEUR	2023	2022
Interest on cash etc.	2.3	0.3
	2.3	0.3

7. Financial expenses

MEUR	2023	2022
Interest to credit institutions etc.	-25.3	-24.7
Other financial expenses	-0.2	-0.8
	-25.5	-25.5

Interest to credit institutions etc. includes interests on finance lease commitments of EUR 0.2 million (2022: EUR 0.2 million).

8. Tax for the year

MEUR	2023	2022
Current tax	-1.9	-1.8
Changes in deferred tax	-2.3	3.3
Adjustment previous year	1.0	-2.1
	-3.2	-0.6
Tax for year can be specified as follows:		
Result before tax	122.1	124.6
Of this, subject to tonnage taxation	-132.8	-137.0
	-10.7	-12.4
Tax calculated as 22% of result before tax	-2.3	-2.7
Calculated tax in foreign companies adjusted to 22%	1.5	0.8
Non-deductible interest	4.0	4.0
Taxable losses not recognized	-0.4	-0.9
Non-deductible expenses	1.5	0.0
Adjustment previous year	-1.0	-0.6
	3.2	0.6
Effective tax rate	2.60%	0.50%

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
2023			
Cost at 1 January	1,905.1	49.4	18.9
Transfer*	0.0	6.9	0.0
Additions	0.0	0.6	0.0
Disposals	0.0	-2.7	0.0
Cost at 31 December	1,905.1	54.2	18.9
Amortisation at 1 January	0.0	28.6	15.9
Amortisation	0.0	5.6	0.3
Disposals	0.0	-2.7	0.0
Amortisation at 31 December	0.0	31.5	16.2
Carrying amount at 31 December	1,905.1	22.7	2.7
2022			
Cost at 1 January	1,905.0	22.6	5.5
Adjustment 1 January**	0.0	7.5	13.3
Transfer	0.1	0.0	0.1
Additions	0.0	19.3	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
Amortisation at 31 December	0.0	28.6	15.9
Carrying amount at 31 December	1,905.1	20.8	3.0

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

** Adjustment 1 January includes a reclassification within the non-current intangible assets note relating to the reassessment 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	31.12.23	31.12.22
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	1,905.1

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

No impairment of goodwill was recognised in 2023 and 2022.

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 reflect the impact from Fehmarn Belt fixed link opening 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 7.17 percent pre tax vs. a WACC of 8.05 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 2.4-5.1 percent is applied from the budget year 2024 up to the time of completion of the Fehmarn Belt fixed link. In the opening year 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 -3.5-3.5 percent from 2034 until 2040.

The EBITDA margin for the routes will decrease post tunnel opening as the utilisation percentage will decrease, and then it will gradually increase when the utilisation percentage increases.

The EBITDA margin for the routes is expected to increase slightly up until tunnel opening.

9. Non-current intangible assets (continued)

Cash generating unit	Avg. revenue growth pre-FBFL 2024-'33	Avg. revenue growth post FBFL 2034-'40	Pre-tax WACC	Growth rate, terminal period
2023				
Puttgarden-Rødby	4.4%	-3.5%	7.17%	2.25%
Rostock-Gedser	5.1%	3.5%	7.17%	2.25%
BorderShops	2.4%	1.3%	7.17%	2.25%

Cash generating unit	Avg. revenue growth pre-FBFL 2023-33	Avg. revenue growth post FBFL 2034-40	Pre-tax WACC	Growth rate, terminal period
2022				
Puttgarden-Rødby	5.0%	-3.4%	8.05%	1.50%
Rostock-Gedser	5.6%	3.6%	8.05%	1.50%
BorderShops	3.7%	1.2%	8.05%	1.50%

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 pre tax.

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 analysis

The sensitivity analysis assesses the impact of changes in cash flows and discount rates on the impairment test results.

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 446 million (up by 27 percent). Decreasing the revenue projections with more than 7 percent throughout the forecast period will imply that the goodwill becomes impaired.
- An increase in WACC above 1.5 percentage point would result in a decrease in the value in use where the goodwill becomes impaired.

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 298 million (up by 27 percent). Decreasing the revenue projections with more than 8 percent throughout the forecast period will imply that the goodwill becomes impaired.
- An increase in WACC above 1.1 percentage point would result in a decrease in the value in use where the goodwill becomes impaired.

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 125 million (up by 58 percent). Decreasing the revenue projections with more than 6 percent throughout the forecast period will imply that the goodwill becomes impaired.
- An increase in WACC above 2.8 percentage point would result in a decrease in the value in use where the goodwill becomes impaired.

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**
2023					
Cost at 1 January	258.5	484.3	12.7	7.9	22.8
Transfer	1.1	0.9	2.6	0.0	-11.5
Additions	0.0	4.3	0.2	1.9	39.7
Disposals	0.0	-2.0	-1.3	-1.0	0.0
Cost at 31 December	259.6	487.5	14.2	8.8	51.0
Depreciation at 1 January	101.2	189.1	10.0	4.5	0.0
Depreciation	8.7	16.8	1.1	1.4	0.0
Disposals	0.0	-2.0	-1.3	-0.9	0.0
Depreciation at 31 December	109.9	203.9	9.8	5.0	0.0
Carrying amount at 31 December	149.7	283.6	4.4	3.8	51.0
Carrying amount includes Government grants*	6.0	5.9	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 2023 Scandlines has a commitment of EUR 31 million (2022: EUR 46 million).

* 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 year.

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**
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

* 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 year.

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



Notes to the Consolidated financial statements

11. Inventories

MEUR	31.12.23	31.12.22
Bunker	1.0	1.0
Goods for sale	16.5	16.5
Other inventories	4.6	3.5
	22.1	21.0

12. Receivables

MEUR	31.12.23	31.12.22
Trade receivables	38.7	30.3
Other receivables	6.1	0.5
	44.8	30.8
Short-term receivables	44.8	30.8
	44.8	30.8

The allowance for expected credit losses for 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 2023 credit losses recognized in the income statements count for 0,03% 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	31.12.23	31.12.22
Provision account at 1 January	0.6	0.2
Adjustment previous year	0.0	0.0
Losses recorded for the year	-0.1	-0.6
Reversed provisions	-0.4	0
Bad debt provisions for the year	0.3	1
Provision account at 31 December	0.4	0.6

MEUR	31.12.23	31.12.22
Due Trade receivables not written down:		
Overdue by up to one month	5.7	3.2
Overdue by 1-3 months	0.1	0.6
Overdue by 3-6 months	0.2	0.1
Overdue by more than 6 months	0.5	0.7
	6.5	4.6



Notes to the Consolidated financial statements

13. Deferred tax

MEUR	31.12.23	31.12.22
Deferred tax at 1 January	-1.5	1.9
Deferred tax for the year recognised in the income statement	2.3	-3.4
Deferred tax, net at 31 December	0.8	-1.5
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax (asset)	0.7	3.3
Deferred tax (liability)	1.5	1.8
	0.8	-1.5
Deferred tax concerns:		
Property, plant and equipment	0.8	-1.5
	0.8	-1.5

14. Interest-bearing liabilities

MEUR	31.12.23	31.12.22
Finance lease commitments	3.9	3.5
Bank debt	876.3	883.6
Total non-current interest-bearing liabilities	880.2	887.1
Bank debt	33.4	44.3
Total current interest-bearing liabilities	33.4	44.3
Total current and non-current interest-bearing liabilities	913.6	931.4
Please refer to note 21 with respect to financial risk etc.		
Distribution of currency, nominal principal		
DKK	0.9	1.3
EUR	912.7	930.1
Total interest-bearing liabilities	913.6	931.4



Notes to the Consolidated financial statements

14. Interest-bearing liabilities (continued)

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

MEUR	31.12.23	31.12.22
Current portion of non-current debt within 1 year	33.4	44.3
Non-current liabilities between 1 and 5 years	370.0	384.9
Non-current liabilities over 5 years	510.2	502.2
Total non-current interest-bearing liabilities	913.6	931.4

Movement in interest-bearing liabilities:

MEUR	31.12.23	31.12.22
Interest-bearing liabilities at 1 January	931.4	934.0
New loans*	100.0	142.6
Accrued interests	25.3	24.7
Installments	-118.1	-142.6
Paid interests	-25.6	-24.4
Other adjustments	0.6	-2.9
Total interest-bearing liabilities	913.6	931.4

* In March 2023, 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.

14. Interest-bearing liabilities (continued)

MEUR	Currency	Fixed/float	Fair value	Nominal value
Borrowings 2023				
Tranche 2 (expiry 2028)	EUR	Fixed	349.4	368.4
Tranche 5 (expiry 2031)	EUR	Fixed	259.8	305.6
Tranche 6 (expiry 2032)	EUR	Fixed	123.4	142.6
Tranche 7 (expiry 2033)	EUR	Fixed	100.7	100.0
Leasing debt	EUR	Fixed	3.9	3.9
			837.2	920.5

Borrowings 2022				
Tranche 2 (expiry 2028)	EUR	Fixed	458.0	486.5
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

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 2023 been significant above the minimum ratio.

Notes to the Consolidated financial statements

14. Interest-bearing liabilities (continued)

MEUR	Facility	Utilisation	Remaining facilities	Limitations
Facilities 2023				
Tranche 2 (expiry 2028)	368.4	368.4	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	
Tranche 7 (expiry 2033)	100.0	100.0	0.0	
	1,069.1	916.6	152.5	
Facilities 2022				
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	

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 commitments:

MEUR	31.12.23	31.12.22
Balance at 1 January	1.1	1.3
Anniversary cost	0.1	-0.1
Calculated interests related to obligations	0.0	0.0
Pensions paid	-0.1	-0.1
Liabilities at 31 December	1.1	1.1
Long-term liability	0.6	0.6
Short-term liability	0.5	0.5
Total	1.1	1.1
Cost in profit/loss statement		
Personnel costs current year	0.0	-0.2
Calculated interests related to obligations	0.0	0.0
Total	0.0	-0.2
Defined benefit plans, assumptions		
Discount rate	4.45%	3.97%
Future increases in pensions	1.00%	1.00%



Notes to the Consolidated financial statements

16. Other provisions

MEUR	31.12.23	31.12.22
Balance at 1 January	11.1	10.1
Reduction arising from payment	-11.1	-10.1
Additions	10.3	11.1
	10.3	11.1
Other provisions are expected to fall due as follows:		
0-1 year	10.3	11.1
1-5 years	0.0	0.0
	10.3	11.1

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

17. Corporate tax

MEUR	31.12.23	31.12.22
Corporate tax payable at 1 January	13.2	-0.1
Current tax for the year	-1.9	-0.6
Corporate tax paid in the year	3.3	16.8
Adjustment previous year	1.0	-2.9
Corporate tax at 31 December	15.6	13.2
Income tax receivable/payable (net) - in the balance sheet:		
Corporate tax receivables	17.5	17.5
Corporate tax payables	-1.9	-4.3
Total (net)	15.6	13.2

18. Other liabilities

MEUR	31.12.23	31.12.22
Public authorities (VAT, excise duties, taxes, etc.)	0.0	1.7
Pension and salary liabilities (short-term)	1.3	0.9
Holiday pay obligation, payroll, bonus, etc.	8.2	8.7
Other expenses payable	0.1	1.9
	9.6	13.2

Other liabilities falls due as following:

MEUR	31.12.23	31.12.22
Current portion of non-current debt within 1 year	7.6	11.2
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	9.6	13.2

19. Deferred income

MEUR	31.12.23	31.12.22
Prepayments from customers	2.3	1.2
	2.3	1.2



Notes to the Consolidated financial statements

20. Fees to auditors appointed by the annual general meeting

MEUR	31.12.23	31.12.22
Statutory audit	0.7	0.2
Tax and VAT advisory services	0.1	0.1
Other services	0.4	0.0
	1.2	0.3

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 2023 not entered into any currency hedges and has no open currency hedge contracts as at 31 December 2023. A 10% change in the EUR/SEK exchange rate would have an immaterial effect on income and cost elements in 2023.

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 2023 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
2023					
Non-derivatives					
Credit institutions and banks	57.4	444.2	560.3	1,061.9	909.7
Trade payables	30.1	0.0	0.0	30.1	30.1
Leasing debt	0.0	3.9	0.0	3.9	3.9
	87.5	448.1	560.3	1,095.9	943.7
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
	89.2	454.5	539.1	1,082.8	953.9



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 hierarchy

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	31.12.23	31.12.22
Categories of financial instruments		
Trade receivables	38.7	30.3
Other receivables	6.1	0.5
Cash and cash equivalents	35.5	86.2
Loans and receivables	80.3	117.0
Financial liabilities measured at amortised cost		
Interest-bearing liabilities	913.6	931.4
Trade payables	30.1	22.5
Other liabilities	9.6	13.2
Financial liabilities measured at amortised cost	953.3	967.1



Notes to the Consolidated financial statements

22. Non-cash transactions

MEUR	31.12.23	31.12.22
Change in provision	-0.4	-0.5
Change in assets	0.3	-1.6
	-0.1	-2.1

23. Working capital changes

MEUR	31.12.23	31.12.22
Increase (-)/decrease (+) in inventories	-1.1	-1.3
Increase (-)/decrease (+) in receivables etc.	-15.5	-6.6
Increase (+)/decrease (-) in current liabilities	5.1	-7.5
	-11.5	-15.4

24. Guarantees, contingent liabilities and collateral

MEUR	31.12.23	31.12.22
Guarantees	1.5	1.5

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 4.4 million (2022: EUR 4.8 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. Related parties

Scandlines Infrastruktur ApS' primary shareholders are Fulmar Holding ApS managed by Igneo and Federal Hermes 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 Fulmar Investments ApS' Executive Management, 3i's Executive Management and these persons' close family members are also related parties.

Related parties also include all companies owned by Fulmar Holding ApS and 3i.

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).

25. Related parties (continued)

The companies included in the consolidated financial statements are:

Company	Ownership	Country	City
Holding companies			
Scandlines Infrastruktur 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 Verwaltungen 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)

26. Events after the balance sheet date

No significant events have occurred after 31 December 2023.



Notes to the Consolidated financial statements

27. Material 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

27. Material 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

27. Material 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

27. Material 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 amor-

tised 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.

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



Notes to the Consolidated financial statements

27. Material accounting policies (continued)

Inventories

Inventories are measured at cost based on the FIFO method. Where the net realisable value is lower than the FIFO 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

27. Material 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.

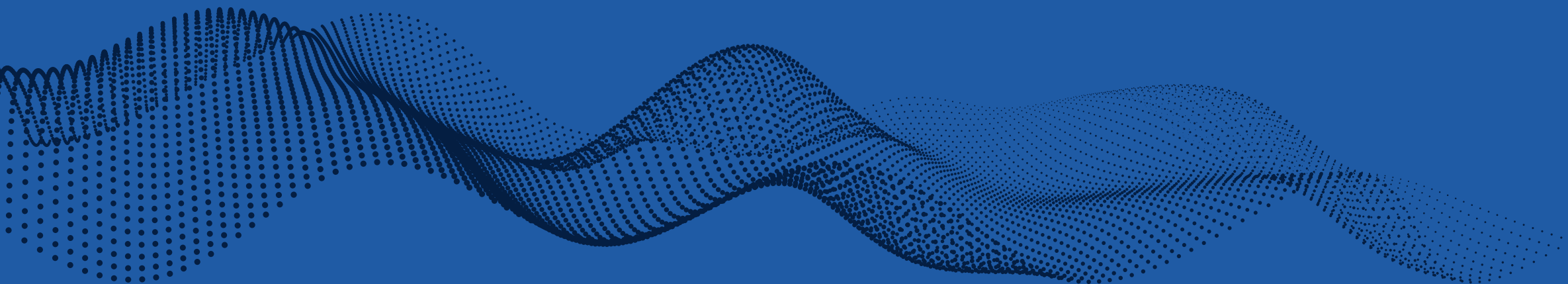
Cash flow from investing activities comprises payments in connection with the acquisition and divestment of enterprises and activities as well as the acquisition and sale of non-current intangible assets, property, plant and equipment as well as financial assets.

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	2023	2022
Other income		5.8	3.9
Administrative expenses	2	-6.7	-4.5
Result before amortisation and depreciation (EBITDA)		-0.9	-0.7
Dividend from affiliated company		127.0	82.0
Result before tax		126.1	81.3
Tax for the year		0.0	0.0
Result for the year		126.1	81.3
Other comprehensive income after tax		0.0	0.0
Total comprehensive income/loss		126.1	81.3

Balance sheet

MEUR	Notes	31.12.23	31.12.22
Assets			
Investments in affiliated companies	3	1,740.8	1,740.8
Total non-current assets		1,740.8	1,740.8
Other receivables		0.4	0.4
Cash		1.7	1.0
Total current assets		2.1	1.4
Assets		1,742.9	1,742.2
Equity and liabilities			
Share capital		0.0	0.0
Retained earnings		1,733.3	1,734.1
Total equity		1,733.3	1,734.1
Liabilities to affiliated companies		8.8	7.6
Trade payables		0.8	0.5
Total liabilities		9.6	8.1
Equity and liabilities		1,742.9	1,742.2



Statement of changes in equity

MEUR	Share capital	Proposed dividend	Retained earnings	Total
2023				
Equity at 1 January 2023	0.0	0.0	1,734.1	1,734.1
Comprehensive loss for the year				
Result for the year			126.1	126.1
Extraordinary dividend			-127.0	-127.0
Equity at 31 December 2023	0.0	0.0	1,733.3	1,733.3

Dividend

In 2023, the Company paid ordinary dividend of EUR 0.0 million and extraordinary dividend of EUR 127.0 million.

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.



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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 assump-

tions, 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 considerable 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	31.12.23	31.12.22
Total cost statement:		
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 2023 for one of its wholly-owned subsidiaries.

6. Events after the balance sheet date

No significant events have occurred after 31 December 2023.

7. Significant accounting policies

The 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 an amount is distributed exceeding the subsidiary's result for the period, then an impairment test is performed.

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 2023.

The Consolidated Financial Statements have been prepared in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act. Management's Commentary has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the group's and the parent's financial position at 31 December 2023 and of the results of their operations and cash flows for the financial year 1 January – 31 December 2023.

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, 8 May 2024

Supervisory Board

Vagn Ove Sørensen,
Chairman

William Charles Peskett Shuckburgh

Ellen Marina Richardson

Desmond Luis Wilkins

Anthony Andrew Lissaman

Timothy David Short

Nicolas Grant

Juha-Pekka Weckström

Michael Skeller Andersen*

Gitte Pia Kamper*

Jan Raymond Saksaa*

Simon Alslev Therkildsen*

Executive Management

Michael Guldmann Petersen, Interim CEO

Jesper Mikkelsen Heilbuth, CFO

* 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 2023 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2023 in accordance with IFRS Accounting 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 2023 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2023 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 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of material accounting poli-

cies, for both the Group and the Parent Company, as well as statement of comprehensive income and cash flow statement for the Group ("the financial statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We 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 Financial 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 IFRS Accounting 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform

audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting 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, 8 May 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Bo Schou-Jacobsen
State Authorised
Public Accountant
mne28703

André Nielsen
State Authorised
Public Accountant
mne46624

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Executive Management

Michael Guldmann Petersen, Interim CEO
Jesper Mikkelsen Heilbuth, CFO

Company auditors

PricewaterhouseCoopers
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