

Annual Report 2024

Femern A/S Annual Report 2024

This is a translation of the Danish annual report. In the event of discrepancies, the Danish version of the annual report shall prevail.

Chair of Annual General Meeting: Charlotte Yun Linde
Approved at Annual General Meeting: 24 April 2025

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Preface

The construction of the Fehmarnbelt tunnel between Denmark and Germany reached several milestones in 2024. The focus of the project has shifted from the construction of the world's largest concrete production plant in Rødbyhavn to a more industrial phase, where production of the tunnel elements is now the main activity.

Monday, 17 June was an historic day for the project. It was the day that H.M. King Frederik X inaugurated the first tunnel element. By the end of the year, another six standard tunnel elements and two special elements had been cast in the factory.

In the waters between Denmark and Germany, dredging of the 18 km long tunnel trench into which the elements will be immersed, was completed. Over 14 million cubic metres of material were dredged in total, which form part of a new beach park off Lolland.

After some delay, the last of the four custom-built vessels that will handle the immersion of the tunnel elements, arrived at the construction site at the end of the year. The contractors are currently carrying out a series of tests in preparation for the immersion of the first tunnel element. The immersion of the first tunnel element will therefore take place in 2025. The scheduled opening at the end of 2029 is significantly challenged. All efforts are therefore being put into optimising the immersion and installation processes and the schedule will be re-assessed when the first tunnel elements have been immersed.

The final custom-built marine work vessel, which will immerse the tunnel elements, arrived at the work harbour in Rødbyhavn in the autumn of 2024. The contractor is preparing the vessel for testing and certification by the Danish Maritime Authority. Once the vessel is ready for commissioning, immersion of the tunnel elements can begin.

The tender for the contract for the railway track and the catenary system is underway and is expected to be completed in 2025.

The Fehmarnbelt project has received a total commitment of DKK 11 billion in EU support, which corresponds to approximately 17 per cent of the construction budget. EU support is essential to the project's repayment period of 28 years from the tunnel opening.

A 42-hectare nature area on Lolland has been created in collaboration with Lidsø Gods. As a result of this initiative, Femern A/S is creating new habitats for birds and rare amphibians and is reducing nitrogen emissions into the Fehmarnbelt.

Mikkel Haugård Hemmingsen
Chair
Femern A/S

Henrik Vincentsen
CEO
Femern A/S



Co-financed by the Connecting Europe
Facility of the European Union

Main and key figures

DKK million	2024	2023	2022	2021	2020
Other external costs	-10	-2	-2	-2	-2
Loss from operations (EBIT)	-10	-2	-2	-2	-2
Financial items	-340	-1,542	11,917	299	-415
Profit/loss for the year	-496	-1,077	9,166	231	-325
Investments in property, plant and equipment	7,880	8,977	5,359	3,404	1,734
Equity	7,604	8,100	9,177	11	-220
Balance sheet total	35,869	29,685	20,602	13,576	13,582
Financial ratios, per cent:					
Profit ratio (EBIT)	-	-	-	-	-
Rate of return (EBIT)	-0.03	-0.01	-0.01	-0.01	-0.01

N.B. The key figures are calculated as stated in Note 1 Accounting Policies.

Management report

Femern A/S is responsible for the design, construction and operation of the fixed link across the Fehmarnbelt on behalf of the Danish state. This includes providing the basis for plan approval of the coast-to-coast link.

The overall framework for the company's work is laid down in the treaty signed in September 2008 between Denmark and Germany on the planning, plan approval, financing, construction and operation of a fixed link across the Fehmarnbelt between Rødbyhavn and Puttgarden.

In Germany, the treaty was approved by an act adopted by the Bundestag and Forbundsrådet (Federal Council) in 2009. In Denmark, the Folketinget (Danish parliament) approved the treaty through the "Act on the design of a fixed link across Fehmarnbelt with associated landworks" in April 2009.

On 28 April 2015, Folketinget passed the "Act on the construction and operation of a fixed link across the Fehmarnbelt with associated landworks in Denmark". The Construction Act also constitutes the project's Danish environmental approval.

On 31 January 2019, German plan approval of the Fehmarnbelt project was issued by the authorities in Schleswig-Holstein. On 3 November 2020, the Federal Administrative Court in Leipzig ruled on a case concerning appeals against plan approval. All appeals were dismissed by the court. The project is therefore finally approved in Germany.

On 14 December 2023, Folketinget adopted an amendment to the Construction Act. The amendment retains the tunnel element factory after production of the tunnel elements for the Fehmarnbelt link is completed.

The overall financial framework for the coast-to-coast project in the Construction Act is DKK 55.1 billion (2015 price level).

Status of the construction project

Construction of the fixed link across the Fehmarnbelt (coast-to-coast) is advancing across the project's contracts in Denmark and Germany as well as at sea in the Fehmarnbelt.

Dredging operations for the 18 km long tunnel trench were completed in 2024. Dredging was carried out by Fehmarn Belt Contractors (FBC) with a fleet of dredgers and barges, which transported the dredged material ashore, where it was deposited in reclaimed areas. Denmark has thus been expanded by around 300 hectares of newly reclaimed land. Extensive environmental considerations were required during the entire dredging operation.

On 1 July 2024, Femern Link Contractors (FLC), which is responsible for manufacturing and immersing the 89 tunnel elements, took receipt of the first of a total of six sections of the tunnel trench off the coast of Lolland. On 1 November 2024, the coastal section of the tunnel trench on the German side was handed over to FLC. A prerequisite for the handover was that the outer section of the tunnel portal on both the Danish and German sides were fully completed, so that the coastal sections of the tunnel trench could be completed by the dredging contractor, FBC.

The project's main activities over the coming years include the production and immersion of the tunnel elements. Production of the tunnel elements takes place at a newly built element factory on Lolland, which is currently one of the world's largest concrete production facilities. Although start-up and commissioning of the enormous production plant was challenging, production of the elements on all six production lines is now underway. As the tunnel elements are immersed, installation work inside the tunnel will be carried out. Femern SICE Cobra (FSC) is responsible for the tunnel's technical and mechanical installations. Work on the design of the installations is underway.

By the end of 2024, seven standard tunnel elements and two special elements had been completed. Once the tunnel elements have been completed, they will be fitted with watertight bulkheads and internal ballast tanks, which will stabilise the element during the immersion operation. The tunnel elements will be immersed using a specially manufactured immersion pontoon, which is designed to transport and immerse tunnel elements

weighing 73,000 tonnes in deep water with 15 millimetre precision. The immersion pontoon arrived at the work harbour at the tunnel element factory in Rødbyhavn in September 2024. Since the arrival of the vessel, the contractor has been preparing the vessel so that it be tested and obtain certification from the Danish Maritime Authority. The contractor's work related to the delivery and preparation of the immersion pontoon has taken longer than anticipated in the main time schedule, which is delaying the start of the immersion process. The immersion of the first element will therefore not take place until 2025.

A round of negotiations with the four pre-qualified contractors was completed in 2024 on the tender for the railway track and catenary contract, the Fehmarnbelt project's final major contract. In early 2025, an updated tender document will be sent to the four pre-qualified bidders with a view to concluding a contract in 2025.

Femern A/S' establishment of a fixed link across the Fehmarnbelt is based on five general management objectives:

- Finance
- Time
- Quality and safety
- Sustainability
- Organisation

The time schedule for the opening at the end of 2029 is significantly challenged. All efforts are therefore being put into optimising the immersion and installation processes and the schedule will be reassessed when the first tunnel elements have been immersed.

Corporate Social Responsibility

Statutory statement of Corporate Social Responsibility c.f. Sections 99a and 107b of the Danish Financial Statements Act

With regard to the company's formal compliance with Section 99a of the Danish Financial Statements Act concerning the report on corporate social responsibility, please refer to Sund & Bælt Holding A/S' group management report, which contains a sustainability statement in accordance with CSRD.

Statutory statement for the company's policy on data ethics c.f. Section 99d of the Danish Financial Statements Act

The company's formal compliance with Section 99d of the Danish Financial Statements Act on data ethics policy is published in the parent company's group management report 2024 under Data Ethics.

The Annual Report for Sund & Bælt Holding A/S is available at: <https://sundogbaelt.dk/en/news-press/publications/>

Finance

The company's result before tax constitutes a loss of DKK 350 million and after tax, a loss of DKK 496 million of which the fair value adjustments of loans constitute a loss of DKK 340 million.

Project costs, including financing expenses, are capitalised under road and railway facilities under construction. Value adjustments of financial liabilities and assets are not capitalised but are recognised in the comprehensive income statement.

In 2024, the company invested a total of DKK 7,880 million in property, plant and equipment, of which DKK 7,184 million relates to additions in road and railway facilities under construction. The additions to road and railway facilities under construction are affected by capitalised depreciation, which is primarily due to the fact

that the tunnel element factory has been commissioned and is being depreciated. Without this, the company's investments in property, plant and equipment amount to DKK 5,282 million.

In 2024, the company recognised DKK 390 million in EU subsidies as income, which have been offset against assets under construction.

Of the total project costs, DKK 4,474 million can be attributed to design work and construction activities carried out by the contractors. This includes DKK 12 million in respect of making the tunnel element permanent with a view to its reuse in other projects. Moreover, DKK 2,598 million can be attributed to recapitalised depreciation and DKK 525 million to financing expenses. The remainder was used for salaries and project administration, including rent and IT.

Financing

Apart from the company's invested capital, activities are financed by borrowing and EU funding via the EU Commission's TEN-T/CEF programme. In 2023, the EU Commission selected the Fehmarnbelt project as a priority project within the trans-European transport network (TEN-T/CEF programme).

The EU funding programme for the development of an improved European transport network for the period 2014-2020 is termed TEN-T/CEF. In 2015, the EU Commission allocated EUR 589 million (DKK 4.4 billion) to support the project for the years 2015-2019. The support period was subsequently extended to include the years 2020-2023.

During the period 2017-2013, a total amount of DKK 4.1 billion was recognised as income, indicating that the majority of the allocated funding is expected to be utilised. The funding amount awarded is based on the CEF 1 programme awarding a maximum of 40 per cent in support of cross-border railway-related activities, which constitute 51 per cent of the Fehmarnbelt project's total activities.

Femern A/S has also been allocated funds under the CEF II programme in the form of a maximum support commitment of EUR 540.5 million for the period 2022-2025 and EUR 159.0 million for the period 2023-2027. In 2024, DKK 390 million was recognised as income.

Disbursements of EU funding is in the form of advance payments of the budgeted amount of the support payment and as final payment once the company has documented that eligible expenses have been incurred.

From 2015 onwards, the company's finances are fixed in the Construction Act adopted on 28 April 2015.

The company has two different forms of borrowing:

State loans provided through Danmarks Nationalbank (on-lending) via the parent company, A/S Femern Landanlæg, and loans on the money and capital markets based on a state guarantee.

In 2024, the company financed its activities via EU funding and on-lending through Nationalbanken via A/S Femern Landanlæg. In total, financing has been secured for the construction of the fixed link with on-lending of DKK 30,040 million at nominal value and DKK 23,367 million at fair value. Furthermore, on-lending has been raised for DKK 18,409 million with a future disbursement date.

The excess loan proceeds are invested in securities with a nominal value of DKK 2,275 million, to be used together with new borrowing for financing in the coming period.

The net debt is nominally DKK 27,779 million and DKK 21,073 million measured at fair value.

At the end of 2024, liquid assets were placed in German government bonds. The credit quality of the liquidity investments is in the international credit rating agencies' rating AAA and is thus a low credit risk.

In 2024, financial items including fair value adjustments amounted to an expense of DKK 865 million compared to an expense of DKK 1,927 million in 2023. The financial value adjustments in 2024 represented a loss of DKK 340 million against a loss of DKK 1,542 million in 2023. The loss reflects a relatively smaller decline in interest rates, particularly on long maturities. Interest expenses, including the guarantee commission of DKK 549 million and foreign exchange gains of DKK 24 million, are capitalised under assets under construction.

It should be noted that the Danish state provides a separate guarantee for interest and repayments and other ongoing obligations in connection with the company's borrowing against a guarantee commission. The guarantee commission constitutes 2.0 per cent in accordance with the financing model approved by the EU Commission on 20 March 2020.

At the end of 2024, equity was positive at DKK 7,604 million.

The fair value adjustment of long-term loans amounted to a loss of DKK 340 million in 2024. The fair value adjustment is solely an accounting item and thus does not affect the company's liquidity. The fair value adjustment may vary considerably annually. The long-term loans are raised with a view to increasing the budget security in the company's long-term financing. The company has entered into financing with fixed interest rates with maturities of up to 30-35 years.

The financial analysis from 2020 shows a repayment period of 28 years from the opening of the Fehmarnbelt Fixed Link. Interest repayments have been made since November 2020 which in themselves help to reduce the project's expected repayment period. Several factors such as price trends, including raw materials and interest rates, could increase or reduce the overall repayment period.

Cash flow

Cash flow from operations is negative and constitutes DKK 3,967 million and derives primarily from shifts in working capital, which comprises current assets and current liabilities. Investments in property, plant and equipment constitute DKK 5,285 million net.

Financing activities primarily comprise EU funding of DKK 465 million and borrowing of DKK 6,899 million.

At the end of 2024, the company's liquid assets totalled DKK 0 million against DKK 106 million at the end of 2023.

Outlook for 2025

For 2025, project activities are expected in the order of approximately DKK 10.2 billion (corresponding to approximately DKK 7.6 billion in 2015 prices).

The FLC contracts were launched in their entirety from the start of January 2021 and continue into 2025. and FBC's contract activities will be completed in 2025. In 2022, a contract for electrical and mechanical installations was signed with FSC Consortium, and a contract with Elecnor for the Fehmarnbelt's transformer station (TPS) was initiated. The activities are financed within the Construction Act's total construction framework of DKK 55.1 billion (2015 prices).

In 2025, a loss in the order of DKK 5-10 million is expected before fair value adjustments and tax. Other costs are expected to be capitalised.

Income in the form of EU subsidies for construction-related costs in 2025 will be offset against capitalised costs.

Risk management and control environment

As an integral part of Femern A/S' management concept, risk management is common to all processes and phases, not least in the construction phase itself. Risk management is a continuation of the work carried out in the completed phases, including the Danish plan approval process, the tender processes, the contract processes for the major contracts and the German plan approval process. Risk management is based on the principles and guidelines of international standards, which are also well known to the project's contractors and consultants.

Risk management aims to identify, quantify, assess, address and manage threats and opportunities in a way that ensures that project objectives are supported. It is a key element in the risk management process that the entire Femern A/S organisation is able to establish and maintain awareness of "risk" throughout the course of the project.

A number of significant risks have been identified based on the company's and contractors' risk registers as well as the strategic risk profile of the project. Effective and timely handling of these risks is important for the overall achievement of goals, particularly regarding activities in the construction phase and compliance with the construction budget. The nature and significance of the risks change continually depending on the evolution of the project and the contractors' work. An evaluation of the development of risk, including contractors' claims, is therefore ongoing so that mitigating actions can be initiated either by the company or by the contractors.

The risk management process is monitored and evaluated through Femern A/S' risk committee. The committee meets regularly to assess and document the development of the project's overall risk profile (including the contractors' core risks), the most significant risks in the current and future quarters, as well as mitigation strategies for the individual risks.

The Company's risk management and internal accounting and financial reporting reviews aim to minimise the risk of errors in connection with the implementation of the construction work. The internal control system distinguishes clearly between roles and responsibilities, reporting requirements and procedures for certification and approval. Internal controls are examined by the auditors and reported to the Board of Directors. A fixed procedure has been established and documented for the preparation of a quarterly risk report for the shareholder and the Board of Directors.

Collaboration with contractors

The contracts with the contractors are so-called turnkey contracts (Design & Build), where the contractors take responsibility for the final design of the solution that they subsequently build. The same applies to the handling of risks in the project, which is based on risks being placed where they are best managed. This means that risks — and thereby risk management — are placed with the party that can best influence/mitigate a given risk at the least cost.

The contractors have full ownership of Design & Build risks and are contractually obliged to work actively with risk management in relation to the contracts. The obligations are embodied in the contractors' plans and daily processes for risk management, where reports are continually submitted to Femern A/S covering both the design and implementation risks. Risk management covers the risks related to construction in close co-operation with the contractors, where Femern A/S monitors the process through fixed monthly reports and evaluations, ongoing risk workshops at the design, implementation and management level and through ad hoc communication when the risk profile changes. All aspects of risk management are documented on an ongoing basis, so that there is full transparency in the handling of individual risks.

Work is ongoing to control and evaluate risk together with the contractors, so that the risk management meets the contractual requirements and thereby follows the international standard ISO 31000 Risk Management Principles and Guidelines.

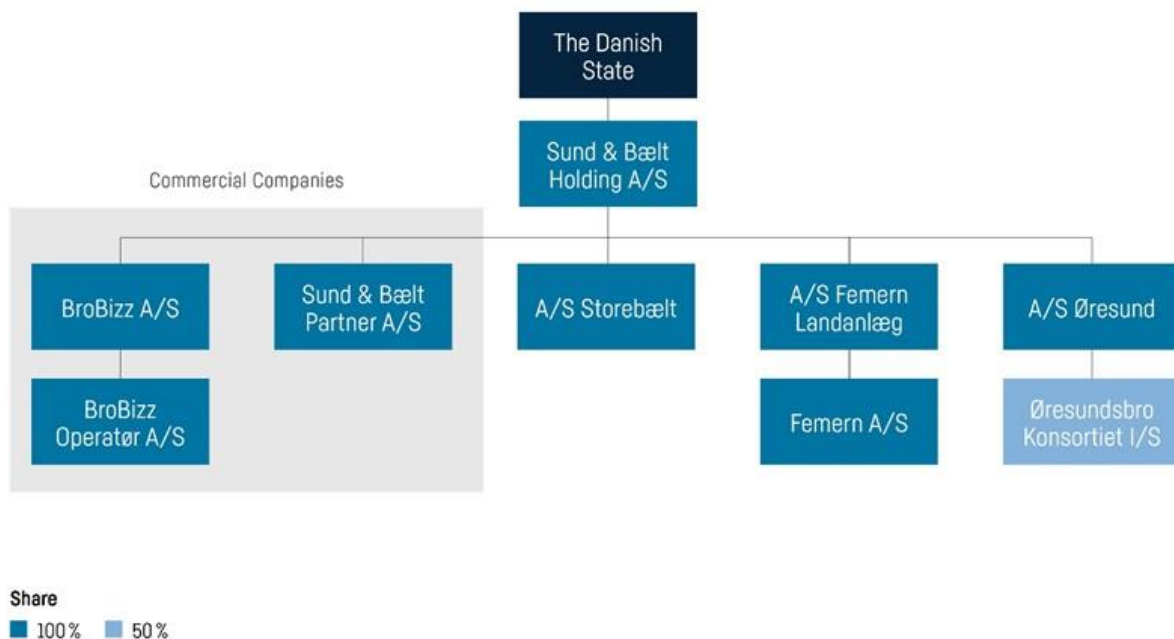
About Femern A/S

Shareholder information

Femern A/S is a limited liability company established in Denmark. Femern A/S is a subsidiary of Sund & Bælt Holding A/S and is included in the consolidated accounts for Sund & Bælt Holding A/S, which is the ultimate parent company.

Sund & Bælt Holding A/S' entire share capital is owned by the Danish state.

Group overview



Main activity

Femern A/S is responsible for designing, constructing and operating the fixed link across the Fehmarnbelt on behalf of the Danish state, including securing the basis for plan approval of the coast-to-coast link.

Board of Directors and Management Board

Board of Directors

Mikkel Hemmingsen

Chair

CEO of:

Sund & Bælt Holding A/S

Election period expires in 2026

Other offices held

Chair of:

A/S Storebælt

A/S Øresund

A/S Femern Landanlæg

BroBizz A/S

BroBizz Operatør A/S

Sund & Bælt Partner A/S

CEI HoldCo ApS

Member of the Board of Directors of:

Øresundsbro Konsortiet I/S

Areas of expertise

Management with experience in strategy, finance, societal analysis and change management

Janne Dyrlev

Vice-Chair

CFO of:

Sund & Bælt Holding A/S

Election period expires in 2027

Other offices held

Member of the Board of Directors of:

A/S Storebælt

A/S Øresund

A/S Femern Landanlæg

BroBizz A/S (Vice-Chair)

BroBizz Operatør A/S

Sund & Bælt Partner A/S

Areas of expertise

Management with experience in accounting, financial management, fund administration and risk management

Louise Friis

Chief Legal Officer of:

Sund & Bælt Holding A/S

Election period expires in 2026

Other offices held

Member of the Board of Directors of:

A/S Øresund (Vice-Chair)

A/S Storebælt (Vice-Chair)

A/S Femern Landanlæg (Vice-Chair)

BroBizz A/S

BroBizz Operatør A/S (Vice-Chair)

Sund & Bælt Partner A/S (Vice-Chair)

Areas of expertise

Substantial expertise in corporate law, drafting legislation and extensive experience with the legal aspects of transport and infrastructure

Management Board

Henrik Vincentsen

CEO

Financial statements

Comprehensive income statement 1 January – 31 December

DKK million

	Note	2024	2023
Costs			
Other external costs	3	-10	-2
Total costs		-10	-2
Loss from operations (EBIT)		-10	-2
Financial items			
Fair value adjustments, net		-340	-1,542
Total financial items		-340	-1,542
Loss before tax		-350	-1,544
Tax	5	-146	467
Loss for the year		-496	-1,077
Other comprehensive income		0	0
Tax on other comprehensive income		0	0
Comprehensive income		-496	-1,077

Balance sheet 31 December – Assets

DKK million

Assets	Note	2024	2023
Non-current assets			
Intangible fixed assets			
Software		2	1
Total intangible assets		2	1
Property, plant and equipment			
Road and railway facilities under construction	6	20,214	21,536
Port facilities	7	443	0
Land and buildings	8	1,405	196
Operating equipment	9	4,567	2
Leasing assets		0	36
Total property, plant and equipment		26,629	21,770
Total non-current assets		26,631	21,771
Current assets			
Receivables			
Receivables	10	947	483
Securities	14	2,276	4,153
Derivatives, receivables	14,16	8	6
Prepayments and accrued income	11	6,007	3,166
Total receivables		9,238	7,808
Cash at bank and in hand		0	106
Total current assets		9,238	7,914
Total assets		35,869	29,685

Balance sheet 31 December – Equity and liabilities

DKK million

Liabilities	Note	2024	2023
Equity			
Share capital	12	500	500
Retained earnings		7,104	7,600
Total equity		7,604	8,100
Liabilities			
Non-current liabilities			
Deferred tax	13	3,096	2,532
On-lending from the Danish state	14	4,232	4,091
Loan from company member	14	19,040	12,070
Leasing obligations		0	27
Total non-current liabilities		26,368	18,720
Current liabilities			
Credit institutions		30	0
Leasing obligations		0	9
Trade creditors and other liabilities	15	1,692	2,736
Prepayments and accrued income	17	171	56
Provisions		4	64
Total current liabilities		1,897	2,865
Total liabilities		28,265	21,585
Total equity and liabilities		35,869	29,685

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Statement of changes in equity 1 January – 31 December

DKK million

	Share capital	Retained earnings	Total
Balance, 1 January 2023	500	8,677	9,177
Loss and comprehensive income for the year	0	-1,077	-1,077
Balance at 31 December 2023	500	7,600	8,100
Balance at 1 January 2024	500	7,600	8,100
Loss and comprehensive income for the year	0	-496	-496
Balance at 31 December 2024	500	7,104	7,604

Cash flow statement 1 January – 31 December

DKK million

	Note	2024	2023
Cash flow from operating activities			
Loss before financial items		-10	-2
Adjustments			
Tax		-146	467
Cash flow from primary operations prior to a change in working capital		-156	465
Change in working capital			
Receivables, prepayments and accrued income		-3,267	-861
Trade creditors and other liabilities		-544	639
Total cash flow from operating activities		-3,967	243
Cash flow from investing activities			
Purchase of intangible fixed assets		-2	0
Acquisition of tangible fixed assets		-5,285	-8,940
Repayment of long-term loans		0	83
Purchase of securities		0	-1,331
Sale of securities		1,925	0
Total cash flow from investing activities		-3,362	-10,188
Free cash flow		-7,329	-9,945
Cash flow from financing activities			
EU subsidy received		465	627
Borrowing		6,899	9,096
Reduction of liabilities		14	16
Borrowing from credit institutions		30	0
Interest income, received		30	0
Interest expenses, paid		-215	-93
Total cash flow from financing activities		7,223	9,646
Change for the period in cash at bank and in hand		-106	-299
Cash at bank and in hand, opening balance		106	405
Cash at bank and in hand, closing balance		0	106

Notes

Note 1 Accounting policies

General

Femern A/S is a limited liability company established in Denmark. Femern A/S is a subsidiary of A/S Femern Landanlæg and is included in the consolidated accounts for Sund & Bælt Holding A/S, which is the ultimate parent company.

The annual accounts of Femern A/S for 2024 are presented in accordance with the IFRS Accounting Standards, as issued by IASB and approved by the EU, as well as additional Danish disclosure requirements for annual reports laid down in the IFRS Executive Order pursuant to the Danish Financial Statements Act (class B reporting with optional individual disclosure requirements from Class C).

The annual accounts are presented in DKK, which is also the company's functional currency. All amounts are stated in DKK million unless otherwise stated.

Adjustment of comparative figures

The annual financial statements previously included the accounting item, Tunnel element factory. The accounting item included expenses incurred with the purpose of making the tunnel element factory permanent. In connection with the componentisation of the factory, these expenses are now included as part of the cost price of the building components. The comparative figures have therefore been adjusted so that the cost price in 2023 is included in the accounting items, Land and buildings.

The accounting policies applied, as described below, are used consistently for the financial year and for the comparative figures. However, the comparative figures have not been corrected for standards implemented early. The accounting policies for other external costs, staff costs, receivables and prepayments and accrued income are described in the respective notes.

Implementation of new and amended accounting standards

The company implemented the standards and interpretations that come into force for 2024. None of these has affected recognition and measurement in 2024 or is expected to affect the company.

Adopted accounting standards and interpretations that have not come into effect

There are currently no revised accounting standards and interpretations adopted by the IASB and approved by the EU which will subsequently come into effect, and which are expected to affect the company's measurement and recognition.

Foreign currency translation

On initial recognition, foreign currency transactions are translated into the exchange rates on the transaction date. Foreign exchange differences arising between the exchange rates on the transaction date and the rates at the date of payment are recognised in the comprehensive income statement as a financial item.

Receivables, debt and other monetary items denominated in foreign currencies are translated at the exchange rates on the balance sheet date. The difference between the exchange rate on the balance sheet date and the rate on the date at which the receivable or debt arose, or the rate recognised on the previous balance sheet date are recognised in the comprehensive income statement under financial items.

Translation of financial assets and liabilities are recognised in the value adjustment and translation of debtors, creditors etc. are assigned to financial income and expenses.

Segment information

According to IFRS, information must be provided on revenue, expenditure, assets and liabilities per segment. It is the company's assessment that the company comprises one segment. The internal reporting and senior management's financial management is effected on the basis of one segment.

Public funding

Public funding includes EU subsidies and guarantees provided by the Danish state.

Public funding is included when it is reasonably likely that the funding conditions are fulfilled and the funding will be received.

Funding to cover costs is recognised in the comprehensive income statement over the periods in which related costs are recognised. Funding is offset against costs incurred. Public funding linked to the construction of the road and railway facilities is deducted from the asset's cost price.

Income statement and comprehensive income statement

The company's purpose is to undertake project design engineering and the owner's management of the fixed link across the Fehmarnbelt. The company's expenses are capitalised and included in the cost price for "roads and railway facilities under construction" under property, plant and equipment. Only a part of the company's general administration costs and other non-capitalisable costs are recognised in the income statement and the comprehensive income statement.

Financial items

Financial items comprise interest income and expenses, amortisation of discounts/premiums, inflation indexation, gains and losses on loans and derivatives and foreign exchange translation for transactions in foreign currencies. The difference in fair value at the balance sheet dates constitutes the total financial items, which, in the comprehensive income statement, are split into financial income, financial expenses and value adjustment.

Financial expenses for financing assets under construction are included in the cost price of the assets.

Tax on the year's results

The company is subject to the Danish rules on mandatory joint taxation of the Sund & Bælt group's companies. Subsidiaries are jointly taxed from the date on which they are included in the consolidated accounts, and until the date on which they are omitted from the consolidated accounts.

Sund & Bælt Holding A/S is the administering company for the joint taxation and, as a result, settles all payments of corporation tax with the tax authorities.

According to the joint taxation agreement, balances under the Danish Corporation Tax Act's interest deduction limitation rules are distributed among the jointly taxed companies. Deferred tax liabilities concerning such balances are recognised in the balance sheet, but deferred tax assets are only recognised if the criteria for doing so are fulfilled.

The current Danish corporation tax is distributed by the settlement of joint taxation contributions among the jointly taxed companies in proportion to their taxable earnings. Furthermore, the companies with tax losses receive a joint taxation contribution from companies able to use these losses to reduce their own tax profits.

The tax for the year, comprising the current corporation tax for the year, the joint taxation contribution for the year and a change in deferred tax - including as a result of a change in the tax rate - is recognised in the comprehensive income statement with the part attributable to the year's results and directly in the equity with the part attributable to entries directly in equity.

Financial assets and liabilities

Recognition of financial assets and liabilities takes place for the first time on the trading day.

Cash at bank and in hand, securities and other financial receivables are measured at amortised cost.

Loans are initially and subsequently measured at fair value in the balance sheet. On recognition, all loans are classified as financial liabilities measured at fair value through the comprehensive income statement. Regardless of the extent of interest rate hedging, all loans are measured at fair value with continuous recognition of fair value adjustments that are stated as the difference in fair value between balance sheet dates.

The fair value of bond issues of bilateral loans is determined as their market value in the event of discounting of known future and expected cash flows with the relevant discount rates, as there are typically no quotations available for unlisted bond issuers and bilateral loans. Discount rates are determined based on current market rates deemed to be available to the company as borrower.

Calculation of the fair value on on-lending from the state is based on observable market data. On-lending is a standing loan with a fixed interest rate and the payment sequence is known in advance. The fair value is determined on the basis of a discounting factor based on risk-free interest and determined on the basis of the zero-coupon yield curve for Danish government bonds. Femern A/S' credit worthiness is comparable to the Danish state's creditworthiness by virtue of the explicit state guarantee on loans and other financial obligations as stated in the Act on the Construction and Operation of a fixed link across the Fehmarnbelt with associated landworks in Denmark and state ownership. No adjustment is therefore made to the fair value of on-lending to the state as a result of a change in the company's credit risk. In addition, a guarantee commission is paid which, in addition to administration costs, covers any minor differences in liquidity and credit premiums and the implementation of the EU Commission's state aid decision from 2020.

Inflation-indexed loans consist of a real interest rate plus an add-on for inflation indexation. The expected inflation is included in the calculation of the fair value of the inflation-indexed loans and is based on break even inflation from the so-called break-even inflation swaps where a fixed inflation payment is exchanged with realised inflation that is unknown at the time. Danish breakeven inflation is determined within a spread to European break-even inflation-linked swaps with HICPxT as the reference index. Discounting follows the general principles referred to above.

The company has opted to use the so-called Fair Value Option under IFRS 9. This means that all loans and derivatives are measured at fair value and that changes in the fair value are included in the comprehensive income statement. Loans are measured at fair value on initial recognition in the balance sheet whereas derivative financial instruments are always recognised at fair value, c.f. IFRS 9.

The rationale for using the Fair Value Option is that the company consistently applies a portfolio approach to financial management, which implies that the intended exposure to financial risks is managed through different financial instruments, both primary and derivative financial instruments. This means that in the management of financial market risk, the company does not distinguish between, for example, loans and derivatives, but solely focuses on overall exposure. Using financial instruments to manage financial risks could, therefore, result in accounting inconsistencies were the Fair Value Option not used.

As loans and derivatives are measured at fair value, measurement in the accounts will achieve the same result for loans and associated cover with derivatives when the covering of the financial risk is effective and the company thus achieves symmetry in its accounting methods. Measurement of loans at fair value naturally leads to fluctuations in the result for the year due to value adjustments contrary to the main rule in IFRS 9 which recognises loans at amortised cost.

Loans with contractual maturity exceeding 1 year are classified as long-term debt.

Holdings and returns on treasury shares are offset against equivalent issued bond loans and are therefore not recognised in the consolidated accounts' comprehensive income statement and balance sheet.

Derivative financial instruments

Derivative financial instruments are recognised and measured at fair value in the balance sheet, with initial recognition in the balance sheet measured at fair value. Positive and negative fair values are included under financial assets and liabilities respectively, and offsetting (netting) of positive and negative fair values on derivatives is only made when there is the right and intention to settle several financial instruments net. The company does not apply hedge accounting.

Intangible fixed assets

Intangible fixed assets are measured at cost at the first time of recognition. Assets are subsequently measured at cost less depreciation and write-downs applied.

Intangible fixed assets comprise IT software and are depreciated linearly over the expected useful lifetime, albeit a maximum of 5 years.

Tangible fixed assets

Property, plant and equipment are measured at cost price at the time of first recognition. The cost price includes the price of acquisition plus costs directly related to acquisition up to the date when the asset is ready for use. Assets are subsequently measured at cost price, less depreciation and write-downs applied.

Leasing assets relate primarily to the rental of premises. The leasing asset is valued based on the assessed leasing obligation, and the leasing asset's usage time is defined to be the irrevocable leasing period.

The value of road and rail facilities during the construction period is assessed according to the following principles:

- Costs of the facilities based on agreements and contracts signed are capitalised directly
- Other direct or indirect costs are capitalised as the value of the company's own work
- Net financing costs are capitalised as interim interest during construction.
- EU funding received is set off against the cost price

Areas include investments in land and buildings planned for use for the project during the construction and operation phases. Other assets are stated at cost and depreciated according to the straight-line method over the useful lives of the assets, which constitute:

Administrative IT systems and programmes (software)	3-5 years
Other plant, machinery and equipment	5-10 years
Port facilities and port buildings	25 years
Buildings for operational use	25 years

Depreciation is recognised in road and rail facilities under construction.

The depreciation method and useful lives are reassessed annually and revised if any major change in conditions or expectations has occurred. In the event of a change in the depreciation period, the effect is recognised going forward as a change in accounting estimate.

The basis of depreciation is stated in consideration of the asset's scrap value and is reduced by any write-downs. The scrap value is determined on the date of acquisition and is revised annually. If the scrap value exceeds the book value of the asset, depreciation will cease.

Gains and losses from disposal of plant, property and equipment are calculated as the difference between sales price less cost of sales and book value on the date of sale. Profit or loss is calculated for the road and railway infrastructure during construction.

Leasing contracts

A leasing asset and a leasing obligation are included in the balance sheet when a specific identifiable asset is available to the company during the leasing period in accordance with a concluded leasing agreement and when the company has the right of access to virtually all the economic benefits from the use of the identified asset and the right to determine the use of the identified asset.

Leasing obligations are measured at the first inclusion to the present value of the future leasing services discounted with an alternative rate of interest. The leasing obligation is measured at the amortised cost price using the effective compound method. The lease liability is reassessed if the underlying contractual cash flows change as a result of the company's assessment of whether it is reasonably certain to exercise an option to extend or to terminate.

The lease asset is measured initially at cost, corresponding to the value of the lease obligation. The asset is subsequently measured at cost less any accumulated depreciation and write-downs. The lease asset is depreciated over the shorter of the lease term and the lease asset's useful life.

The leasing asset is adjusted for changes in the leasing commitment as a result of changes in the conditions in the leasing agreement or changes in the contract's cash flows in accordance with changes in an index or an interest rate.

The leasing asset is depreciated according to the straight-line method over the expected leasing period that constitutes:

Leasehold premises	5 years
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Depreciation is calculated for road and railways construction.

The company has chosen not to include leasing assets with a low value and short-term leasing agreements in the balance sheet. Instead, lease payments relating to such leases are recognised in the comprehensive income statement on a straight-line basis.

Impairment of assets

Intangible, tangible and financial fixed assets are tested for loss in the event of depreciation (other assets are covered by IFRS 9) when there is an indication that it is possible that the accounting value cannot be recovered. A loss due to impairment is recognised at the amount by which the asset's book value exceeds the recoverable amount, i.e. the asset's net sales price or value in use, whichever is higher. The utility value is calculated at the present value of the expected future cash flow using a discount factor that reflects the market's current required rate of return. In determining provision for losses, assets are grouped in the smallest group of assets that generate separate identifiable cash flows (cash-generating units).

Provision for losses is recognised in the comprehensive income statement.

Current tax and deferred tax

Sund & Bælt Holding A/S and the jointly taxed companies are liable for tax on earnings, etc. and for any obligations to withhold tax at source on interest, royalties, and dividends for the jointly taxed companies.

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

Joint tax contributions owed and receivable are included in the balance sheet under corporation tax.

Deferred tax is measured according to the liability method for all temporary differences between the book value and the value for taxation of assets and liabilities. When the statement definition of value for taxation can be performed according to different taxation rules, deferred tax is measured on the basis of the management's planned use of the assets or settlement of the liability, respectively.

Deferred tax assets, including the value for taxation of tax losses that can be carried forward, are recognised under other non-current assets at the value at which they are expected to be used, either by elimination of the tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction.

Balances below the interest deduction limitation rules of the Danish Corporation Tax Act are distributed among the jointly taxed companies according to their joint taxation agreement. Deferred tax liabilities concerning such balances are recognised in the balance sheet, but tax assets are only recognised if the criteria for deferred tax assets are met.

Other financial liabilities

Other financial liabilities are measured at amortised cost price, which usually corresponds to the nominal value.

Cash flow statement

The cash flow statement for the company is compiled according to the indirect method based on the items in the comprehensive income statement for the year. The company's cash flow shows cash flow for the year, changes in cash reserves for the year and the company's cash reserves at the start and end of the year.

Cash flow from operating activities is stated as the result before financial items adjusted for non-cash result items, calculated corporation tax and changes in the working capital. The working capital includes the operations-related balance sheet items under current assets and current liabilities.

Cash flow from investing activities comprises the buying and selling of intangible, tangible and financial assets.

Cash flow from financing activities comprises borrowing, repayment of debt, repayment of leasing obligations, financing items as well as dividend to the shareholder.

Cash and cash equivalents comprise cash at bank and in hand and securities that, at the time of acquisition, have a residual maturity of three months or less and which, without impediment, can be converted into cash equivalents and with only negligible risks to changes in value.

Financial ratios

The financial ratios presented in the key figures and financial ratios summary are calculated as follows:

Profit margin: Operating profit (EBIT) as a percentage of revenue.

Rate of return: Operating profit (EBIT) as a percentage of total assets.

Note 2 Significant accounting estimates and judgements

Determining the carrying amounts of some assets and liabilities requires an estimate as to what extent future events will impact the value of those assets and liabilities on the balance sheet date. Estimates that are material to the financial reporting are made, inter alia, by calculating the fair value of certain financial assets and liabilities.

For some financial assets and liabilities, an estimate is made of expected future inflation when calculating the fair value.

The calculation of the fair value of financial instruments is associated with estimates of the relevant discount factor for the company, volatility on reference rate of interest, and currency for financial instruments with optionality in the cash flows and estimates of future development of inflation for real interest rate loans and swaps. The estimates made for the calculation of fair values and depreciation requirements are, as far as possible, based on observable market data, and are regularly assessed with current price indications, cf. note 1.

In connection with the calculation of deferred tax, an estimate is made for the future exploitation of tax losses that can be carried forward, which is based on the expected future earnings of the Group and the expected useful life of the fixed assets. In addition, an estimate is made of capital gains on financial items that can be used to recover interest-rate ceiling limitations within a 3-year period. As far as possible, the estimate is based on observable market data and is continuously assessed with developments of inflation and current interest rate indications, cf. note 13.

Note 3 Other operating expenses

Other external costs are costs that are incurred during the year relating to operations, and include administrative expenditure, etc. and project workers. A significant part of other external costs is capitalised and included in the cost price for "road and railway facilities under construction" under property, plant and equipment.

(DKK 1,000)

Fees to auditors appointed by Annual General Meeting:	Deloitte 2024	Deloitte 2023
Statutory audit	102	85
Other assurance statements	1,019	0
Consulting on taxes and duties	203	1,110
Other services	278	11
Total fees to the auditors appointed by the Annual General Meeting	1,602	1,206
Recognised in road and railway facilities under construction	-1,500	-1,121
Fees to the auditors appointed by the Annual General Meeting in the comprehensive income statement	102	96

Note 4 Staff costs

Staff costs include all costs for employees. Staff costs include direct payroll costs, pension payments, the cost of courses, and other direct staff costs. The same applies to costs for pay-related taxes, earned holiday allowance and similar expenses. The staff costs are capitalised and included in the cost price for "road and railway facilities under construction" under property, plant and equipment. However, a share of the costs is included for the remuneration of the management as a cost.

	2024	2023
Wages and salaries, remuneration and emoluments	10	11
Social security	4	3
Other staff costs	9	7
Total staff costs	23	21
Recognised in road and railway under construction	-23	-21
Staff costs in the comprehensive income statement	0	0
Average number of employees	14	15

The company's Management Board and Board of Directors are not included in the company's staff costs. Management receives remuneration from the parent company to which Femern A/S contributes through the group remuneration.

Note 5 Tax

	2024	2023
Tax paid (joint taxation contribution)	-375	31
Use of tax losses under joint taxation	0	2
Change in deferred tax	521	-373
Adjustment of tax paid, previous years	-43	-6
Adjustment of deferred tax, previous years	43	-121
Total tax	146	-467
Tax on the year's results is specified as follows:		
Calculated 22 per cent tax on year's results	-77	-340
Other adjustments	223	-127
Total	146	-467
Effective tax rate	42	30

Note 6 Road and railway facilities under construction

	2024	2023
Acquisition value, opening balance	21,536	14,645
Transfer between assets classes	-8,116	0
Additions for the year	7,184	8,800
EU subsidy received	-390	-1,909
Acquisition value, closing balance	20,214	21,536
Closing balance	20,214	21,536
Of which areas	195	195

The year's transfer between asset classes relates to the tunnel element factory in Rødbyhavn, which has been made permanent by law and constitutes a separate asset that has been brought into use and is now subject to depreciation. Until 2024, the factory was an integrated part of the Fehmarnbelt link and was to be dismantled when production of the tunnel elements for the coast-to-coast section of the Fehmarnbelt project was completed. The cost price of the factory has therefore been itemised and transferred to the asset classes, Land and buildings, Port facilities and Operating equipment. The year's depreciation on the factory facility has been recapitalised under the Fehmarnbelt link's road and rail facilities.

In road and rail facilities under construction, financing expenses before value adjustments (net) are capitalised at DKK 525 million and the capitalisation rate is 100 per cent. Value adjustments are recognised in the comprehensive income statement.

Note 7 Port facilities

	2024	2023
Cost, opening balance	0	0
Transfer between asset classes	472	0
Disposals for the year	36	0
Cost, closing balance	508	0
Depreciation, amortisation and writedowns, opening balance	0	0
Depreciation, amortisation and writedowns for the year	65	0
Depreciation, amortisation and writedowns, closing balance	65	0
 Net book value	 443	 0
Depreciation recognised in assets under construction	65	0

Note 8 Land and buildings

	2024	2023
Cost, opening balance	203	62
Transfer between asset classes	2,388	0
Additions for the year	37	141
Cost, closing balance	2,628	203
Depreciation, amortisation and writedowns for the year, opening balance	7	6
Depreciation, amortisation and writedowns for the year	1,216	1
Depreciation, amortisation and writedowns, closing balance	1,223	7
 Net book value	 1,405	 196
Depreciation recognised in assets under construction	1,216	1

Buildings are depreciated on a straight-line basis over the expected useful life, which is 4-25 years. In particular, building components in the tunnel element factory are depreciated over a short time horizon due to the expected production period for the Fehmarnbelt project.

Note 9 Operating equipment

	2024	2023
Cost, opening balance	17	17
Transfer between asset classes	5,256	0
Disposals for the year	623	0
Cost, closing balance	5,896	17
Depreciation, amortisation and writedowns, opening balance	15	15
Depreciation, amortisation and writedowns for the year	1,314	0
Depreciation, amortisation and writedowns, closing balance	1,329	15
 Net book value	 4,567	 2
Depreciation recognised in assets under construction	1,314	0

Operating equipment is depreciated linearly over the expected useful life of 5 years.

Note 10 Receivables

	2024	2023
Joint taxation contribution	378	0
Receivable, EU subsidy	98	173
Receivable VAT	467	250
Other receivables	4	60
Total receivables	947	483

Receivables comprise EU subsidies receivable, VAT receivable and other receivables. The book value of receivables represents the expected realisable value.

Note 11 Prepayments and accrued income

The Advance payments item includes advance payments for the contracts for the construction of the Fehmarnbelt link.

	2024	2023
Advance payments	5,894	3,166
Accrued interest	113	0
Total prepayments and accrued income	6,007	3,166

Note 12 Share capital

The entire share capital is owned by A/S Femern Landanlæg, which is wholly owned by Sund & Bælt Holding A/S, wholly owned by the Danish state. The company is included in the consolidated financial statements of Sund & Bælt Holding A/S, which is the smallest and largest group.

Femern A/S' share capital comprises 5,000,000 shares at a nominal value of DKK 100.

The share capital has been unchanged for more than 5 years.

The Board of Directors regularly evaluates the need to adjust the capital structure, including the need for cash funds, credit facilities and equity.

Without special notification in each individual case, the Danish state guarantees the company's financial liabilities.

Note 13 Deferred tax

	2024	2023
Balance, opening	-2,532	-3,026
Deferred tax for the year	-521	373
Adjustment deferred tax, previous years	-43	121
Balance, closing	-3,096	-2,532
Deferred tax relates to:		
Intangible fixed assets and property, plant and equipment	-842	-232
Value adjustment of bond loans and debt to credit institutions	-2,254	-2,300
Total	-3,096	-2,532

Note 14 Financial risk management

Financing

Femern A/S' financial management is conducted within the framework determined by the company's Board of Directors and guidelines from the Danish Ministry of Finance, which administers the Danish state's unlimited guarantee for the company's activities. The Board of Directors determines the framework for currency and interest rate exposure, the composition of the company's borrowing and thus the overall financing.

The overall objective of financial management is to achieve the lowest possible financing expenses for the project throughout its useful life with regard to an acceptable level of risk acknowledged by the Board of Directors. The company is subject to the same types of financial risks as other companies, but as a result of the nature of the project, has a very long time horizon. A long-term perspective in weighing results and risks related to financial management is applied.

The company has access to on-lending, a form of borrowing from the Danish state, based on a specific government bond and with the same terms as government bonds sold on the market.

Financing has been obtained for the construction of the fixed link with on-lending with a principal value of DKK 30,040 million. The company also took out loans for DKK 18,409 million with future repayment dates. The weighted interest rate on borrowing is approximately 0.6 per cent.

Currency risk

The company's currency risks are related to the currency composition of its net debt, including derivatives, cash at bank and in hand and trade payables. Currency risks are managed through parameters for the combination of currencies.

The company can freely use DKK and EUR. Other currencies are always hedged when the equivalent value of exposure exceeds EUR 5 million.

Femern A/S' currency exposure at fair value in DKK million

Currency	Fair value 2024	Currency	Fair value 2023
DKK	-28,542	DKK	-17,516
EUR	7,466	EUR	5,566
Other currencies	1	Other currencies	1
Total 2024	-21,075	Total 2023	-11,949

Currency exposure is split into EUR 7,466 million and 1 million in SEK and GBP that can be attributed to investment in securities and forward transactions and cash funds respectively.

The exchange rate sensitivity expressed as Value-at-Risk amounts to DKK 28 million in 2024 (DKK 24 million in 2023), and expresses the maximum loss resulting from unfavourable exchange rate developments within a 1-year horizon with 95 per cent probability. Value-at-Risk is calculated based on a 1-year history of volatility and correlations in the currencies to which the company is exposed.

Interest rate risks

Floating rate debt or debt with a short remaining term to maturity necessitates interest rate adjustment in the short term, at market interest rates for the debt. This usually involves a higher risk than fixed-rate long-term debt when fluctuations in current interest costs are used as risk objectives. On the other hand, interest expenses are often higher for longer times to maturity, as the rate curve normally has a positive slope and the choice of debt spread is, therefore, a weighting of interest expenses and risk profile.

The fixed interest on the net debt shown below includes the nominal value (principal) broken down by expiry date or the date of the next interest adjustment, whichever comes first. The variable interest debt is then attributed to the next accounting period in the fixed-interest term, and shows the exposure of the cash flows to interest rate risk.

Yield exposure stated in nominal notional amounts

For 2024

Yield buckets	0-1 years	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Nom. value	Fair value*
Securities	2,275	0	0	0	0	0	2,275	2,316
Bond loans and debt	6,750	5,000	6,945	0	0	-48,735	-30,040	-23,367
Currency forwards	16	0	0	0	0	0	16	8
Credit institutions	-30	0	0	0	0	0	-30	-30
Net debt	9,011	5,000	6,945	0	0	-48,735	-27,779	-21,073

Of this, inflation-indexed instruments

Inflation indexed debt	0	0	3,286	0	0	-3,286	0	90
Inflation-indexed instruments, total	0	0	3,286	0	0	-3,286	0	90

Yield exposure > 5 years is allocated as follows (DKK million)

Yield buckets	5-10 years	10-15 years	15-20 years	> 20 years
Net debt	-20,540	-7,000	-3,250	-17,945
Of this, inflation-indexed instruments	0	0	0	-3,286

For 2023

Yield buckets	0-1 years	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Nom. value	Fair value*
Securities	4,206	0	0	0	0	0	4,206	4,163
Bond loans and debt	5,750	6,750	5,000	6,891	0	-48,681	-24,290	-16,223
Currency forwards	7	0	0	0	0	0	7	6
Cash at bank and in hand	106	0	0	0	0	0	106	106
Net debt	10,069	6,750	5,000	6,891	0	-48,681	-19,971	-11,948

Of this, inflation-indexed instruments

Inflation-indexed debt	0	0	0	3,234	0	-3,234	0	-192
Inflation-indexed instruments, total	0	0	0	3,234	0	-3,234	0	-192

Yield exposure > 5 years is allocated as follows (DKK million)

Yield buckets	5-10 years	10-15 years	15-20 years	> 20 years
Net debt	-20,540	-1,500	-8,750	-17,891
Of this, inflation-indexed instruments	0	0	0	-3,234

* Fair value includes accrued interest, e.g. notes 11 and 17.

Interest rate allocation

2024	Interest rate allocation in per cent	2023
-32.4	Floating rate	-50.4
132.4	Fixed rate	150.4
100.0	Total	100.0

The company's financing is primarily exposed to the long-term interest-rate segment for the gross debt, while the excess liquidity is placed in short-term securities. The sensitivity to an interest rate change of 1 percentage point relative to the cash flows during the coming financial year will have an impact of around DKK 15 million, which is attributable solely to the placement of surplus liquidity in securities and bank balances.

When market interest rates are changed, this affects the market value (fair value) of the net debt, and here the effect and risk are greatest for long-term fixed-interest debt.

The duration indicates the average fixed interest period of the net debt. Long-term debt involves a low interest-rate adjustment risk since a relatively small proportion of the net debt shall have adjustable interest rates.

The duration also expresses the exchange rate sensitivity of the net debt measured at market value.

Exchange sensitivity of the net debt

2024				2023		
Duration		Fair		Duration		Fair
(years)	BPV	value		(year)	BPV	value
21.4	45.3	-21,163	Nominal debt	39	45.4	-11,755
-769.5	6.9	90	Real rate debt	391	7.5	-192
24.8	52.2	-21,073	Net debt	44	52.9	-11,948

¹⁾ Basis point value (BPV) is the exchange rate sensitivity when the interest rate curve is parallel offset by 1bp

The duration of the company's net debt was 24.8 years at year end 2024. The interest rate sensitivity is calculated at DKK 52.2 million when the interest rate curve is parallel offset by 1bp and gives a positive fair value adjustment in the financial result and balance sheet if interest rates increase by 1bp, and vice versa.

The sensitivity to an interest rate change of 1 percentage point compared to the fair value adjustment can be measured at a fair value loss of DKK 5,768 million at an interest rate fall and a fair value gain of DKK 4,721 million for an interest rate rise. The assessed sensitivity to changes in interest rates changes for the fair value adjustment takes account of the convexity in the debt portfolio.

The sensitivity calculations are based on the net debt at the balance sheet date. The effect is the same in the financial result and the balance sheet due to accounting policies where financial assets and liabilities are recognised at fair value.

Credit risks

Credit risks are defined as the risk of a loss arising as a result of a counterpart failing to fulfil its payment obligations. The company's exposure to credit risks can be attributed to placing surplus liquidity, receivables from derivative contracts and customer receivables, etc. The credit risk from financial counterparties is controlled and monitored continuously using a special line and limit system that defines the principles for calculating such risks and a maximum for the degree of risk that is acceptable for a single counterparty. The latter is measured in relation to the counterpart's rating with international rating agencies (Moody's, Standard & Poor and Fitch/IBCA).

Financial counterparties must meet the requirements for high credit quality, and agreements are basically only entered into with counterparties with a long-term rating higher than A1/A+, unless stricter requirements for the provision of securities can be fulfilled. The financial counterparts must also sign a CSA agreement providing security in the form of a deposit of government or mortgage credit bonds with high credit quality to cover a receivable from derivative contracts

Credit exposure is effectively limited by the threshold value of the CSA agreement, which depends on the counterpart's rating. The threshold value is the maximum unhedged receivable that can be accepted for a single counterpart.

On the balance sheet date, the company had credit exposures in connection with the placement of excess liquidity in Danish mortgage credit bonds and German state bonds for DKK 2,316 million with a credit quality of AAA/Aaa. The credit exposures are calculated at their fair value. The company's maximum credit exposure is an expression of the receivables recognised in the accounts.

The fair value of the company's receivables and trade payables measured at amortised cost price is deemed to correspond approximately to the book value.

Liquidity risk

The company has a limited liquidity risk due to its access to on-lending and the Danish government's guarantee, and the flexibility to maintain a liquidity reserve of up to 1 month's liquidity requirement. With the raising of loans in 2024, including advance loan agreements, the company has covered its financing need for the coming years.

Maturity on receivables, debt and trade creditors (DKK million)

For 2024

Maturity	0-1 years	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Securities	2,275	0	0	0	0	0	2,275
Credit institutions	-30	0	0	0	0	0	-30
Receivables	947	0	0	0	0	0	947
Derivative receivables	4,849	0	0	0	0	0	4,849
Debt	6,750	5,000	6,945	0	0	-48,735	-30,040
Derivative liabilities	-4,833	0	0	0	0	0	-4,833
Trade accounts payable and other liabilities	-1.,92	0	0	0	0	0	-1,692
Total principal amount	8,266	5,000	6,945	0	0	-48,735	-28,524

Interest payments

Debt	840	-600	-935	-637	-637	-6,260	-8,229
Assets	62	0	0	0	0	0	62
Total interest payments	902	-600	-935	-637	-637	-6,260	-8,167

Maturity on receivables, debt and trade creditors (DKK million)

For 2023

Maturity	0-1 years	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Cash at bank and in hand	106	0	0	0	0	0	106
Securities	4,206	0	0	0	0	0	4,206
Receivables	499	0	0	0	0	0	499
Derivative receivables	1,640	0	0	0	0	0	1,640
Debt	5,750	6,750	5,000	6,890	0	-48,680	-24,290
Derivative liabilities	-1,633	0	0	0	0	0	-1,633
Trade accounts payable and other liabilities	-2,814	0	0	0	0	0	-2,814
Principal amount, total	7,754	6,750	5,000	6,890	0	-48,680	-22,286

Interest payments

Debt	926	840	-600	-812	-637	-7,641	-7,924
Assets	24	0	0	0	0	0	24
Total interest payments	950	840	-600	-812	-637	-7,641	-7,900

Reconciliation of changes in financial liabilities within net debt in accordance with IFRS7 (DKK million)

2024	Debt	Derivati- ves	Total
Opening 2023	-16,160	6	-16,154
Cash flow	-6,676	-14	-6,690
Paid interest, reversed	-222	0	-222
Amortisation	128	0	128
Currency adjustment	0	16	16
Fair value adjustment	-341	0	-341
Closing 2024	-23,271	8	-23,263

2023	Debt	Derivati- ves	Total
Opening 2022	-5,592	-2	-5,594
Cash flow	-8,987	-16	-9,003
Paid interest, reversed	-109	0	-109
Amortisation	61	0	61
Currency adjustment	0	24	24
Fair value adjustment	-1,533	0	-1,533
Closing 2023	-16,160	6	-16,154

The net debt is DKK 27,779 million stated as the nominal principal, so there is a cumulative difference of DKK 6,706 million from the net debt measured at fair value, where the fair value expresses the value on the balance sheet date while the nominal value is the contractual obligation on maturity.

The recognition of financial liabilities at fair value has not been affected during the year (or cumulatively) by changes in the company's creditworthiness, which has remained at a high level thanks to the guarantee from the Danish state.

Fair value hierarchy 2024	Level 1	Level 2	Level 3	Total
Securities	2,276	0	0	2,276
Derivatives, assets	0	8	0	8
Financial assets	2,276	8	0	2,284
On-lending	0	-4,232	0	-4,232
Derivatives, liabilities	0	-19,040	0	-19,040
Financial liabilities	0	-23,272	0	-23,272

Fair value hierarchy 2023	Level 1	Level 2	Level 3	Total
Securities	3,409	743	0	4,152
Derivatives, assets	0	6	0	6
Financial assets	3,409	0	0	3,409
On-lending	0	-4,091	0	-4,091
Bond loans and debt	0	-12,070	0	-12,070
Financial liabilities	0	-16,161	0	-16,161

* The fair value hierarchy constitutes a classification of assets and liabilities measured according to their fair value and indicates the levels of how active and liquid the market is on which the asset or liability is valued.

Note 15 Trade creditors and other liabilities

	2024	2023
Creditors	1,015	2,251
Members	666	474
Other payables	11	11
Total	1,692	2,736

Note 16 Derivatives

	2024 Assets	2024 Liabilities	2023 Assets	2023 Liabilities
Forward exchange contract	8	0	6	0
Total derivatives	8	0	6	0

Note 17 Prepayments and accrued income

	2024	2023
Accrued interest	171	56
Total	171	56

Note 18 Contractual obligations, contingent liabilities and securities

As a natural part of the contractual relationship between the company and its contractors, the company received a number of claims for additional payments, etc. over and above what was agreed in the contracts concluded between the parties. The requirements are handled on an ongoing basis in relation to the contractors and are recognised in the financial statements when the individual requirement was clarified. The amount of such requirements is subject to uncertainty but it is estimated that they can be handled within the project's budget framework.

The company is part of Danish joint taxation with Sund & Bælt Holding A/S as the administering company. The company is, therefore, jointly and severally liable with the other jointly taxed companies for total corporation tax of DKK 357 million and for any obligations to collect withholding tax on interest, royalties and dividends for the jointly taxed companies.

The company has raised loans with a forward start as part of the interest rate hedging for the construction project. At the balance sheet date, the company has outstanding forward loans of DKK 18.4 billion, which will become effective from 2025 to 2027.

Otherwise the company has no other obligations.

Note 19 Related parties

Related parties comprise the Danish state, companies and institutions owned by it within the purview of the Ministry of Transport.

Related party	Registered office	Affiliation	Transactions	Pricing
The Danish state	Copenhagen	100% ownership via Sund & Bælt Holding A/S	Guarantee for the company's debt. Guarantee commission	Determined by legislation. Accounts for 0.15 per cent of nominal debt
Ministry of Transport	Copenhagen	100% ownership via Sund & Bælt Holding A/S	Purchase of consultancy	Market price
Banedanmark	Copenhagen	Owned by the Ministry of Transport	Construction work	Market price
Danish Civil Aviation and Railway Authority	Copenhagen	Owned by the Ministry of Transport	Case processing	Market price
The State Commissioners for State Expropriations – the islands	Copenhagen	Owned by the Ministry of Transport	Expropriation business	Market price
Sund & Bælt Holding A/S	Copenhagen	100% ownership of A/S Femern Landanlæg	Management of operational tasks and shared functions Joint taxation contribution	Market price
A/S Femern Landanlæg	Copenhagen	100% ownership of Femern A/S	Joint settlement VAT Sale of consultancy Guarantee commission	Market price Market price Accounts for 0.85 per cent of the nominal debt
A/S Storebælt	Copenhagen	Subsidiary of Sund & Bælt Holding A/S	Sale of services Reinvoicing	Market price
A/S Øresund	Copenhagen	Subsidiary of Sund & Bælt Holding A/S	-	-
Øresundsbro Konsortiet I/S	Copenhagen / Malmø	50 per cent ownership of partnership via A/S Øresund	-	-
Brobizz A/S	Copenhagen	Subsidiary of Sund & Bælt Holding A/S	Management of shared functions	Market price

(DKK 1,000)		Operations *	Operations*	Balance sheet as at*	Balance sheet as at*
Related party	Description	Amount 2024	Amount 2023	31 December 2024	31 December 2023
The Danish state	Garantee commission	-10,770	-10,770	-10,770	-10,770
Ministry of Transport	Consultancy	-2	-4	0	0
Banedanmark	Reinvoicing	25,940	88,566	4,056	56,644
	Administration	1,468	0	-1,835	0
Danish Civil Aviation and Railway Authority	Case processing	-188	-304	-10	-36
The State Commissioners for state expropriations, the islands	Expropriation business	-3	-587	0	-301
Sund & Bælt Holding A/S	Management of operational tasks and shared functions	-267,555	-227,311	-31,251	-35,021
	Joint taxation contribution	418,711	-28,730	378,086	-6,358
A/S Femern Landanlæg	Joint VAT settlement	0	0	-109,139	-40,457
	Guarantee commission	-525,822	-392,120	-525,822	-392,120
A/S Storebælt	Sale of services	2	3	0	0
	Reinvoicing	1,478	0	0	0
Øresundsbro Konsortiet I/S	Share costs and consulting	0	-19	0	0
BroBizz A/S	Shared costs	-349	-157	-15	-31

* Operations - positive amounts represent income and negative amounts represent expenses

** Balance sheet - positive amounts represent a receivable and a negative figure represents a debt owed to the related party.

Note 20 Events after the balance sheet date

No other events of significance to the Annual Report 2024 have occurred after the balance sheet date.

Statements

Management Statement

The Board of Directors and Management Board have today considered and approved the annual report for the financial year 1 January - 31 December 2024 for Femern A/S.

The annual report has been prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act.

It is our view that the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31 December 2024, as well as the results of the company's activities and cash flow for the financial year 1 January - 31 December 2024.

It is also our view that the Management Report gives a true and fair view of developments in the company's activities and financial conditions, the annual results and the company's overall financial position and a description of the significant risks and uncertainty factors to which the company is exposed.

It is recommended that the annual report be approved at the Annual General Meeting.

Copenhagen 26 March 2025

Management Board

Henrik Vincentsen
CEO

Board of Directors

Mikkel Hemmingsen
Chair

Janne Dyrlev
Vice-Chair

Louise Friis

Independent auditor's report

To the shareholder of Femern Bælt A/S

Our opinion

We have audited the financial statements for Femern A/S for the financial year 01.01.2024 - 31.12.2024, which comprise the income statement, the comprehensive income statement, the balance sheet, statement of changes in equity, cash flow and notes, including the accounting policies. The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31.12.2024 and the results of the Company's operations and cash flows for the financial year 01.01.2024 - 31.12.2024 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing and 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 company in accordance with the International Ethics Standards Board for Accountants (IESBA code) and the ethical requirements that are relevant in Denmark. We have also fulfilled our other ethical responsibilities in accordance with these rules 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 the Management Report

The Management is responsible for the Management Report.

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

Moreover, we considered whether the Management Report includes the disclosures required by relevant legislation.

Based on the work we have performed, in our view, the Management Report is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the relevant legislation. We did not identify any material misstatement in the Management Report.

Management responsibility for the financial statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes

our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Copenhagen, 26 March 2025

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR no. 33 96 35 56

Anders Oldau Gjelstrup

State-authorised public accountant
MNE-no. mne10777

Anders Houmann

State-authorised public accountant
MNE no. mne46265