

DHL Express (Denmark) A/S

Jydekrogen 14
DK-2625 Vallensbæk

CVR no. 10 15 45 96

Annual report 2022

The annual report was presented and approved at
the Company's annual general meeting on

6 July 2023

Meri Nechevska

Chairman of the annual general meeting



Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Company details	5
Financial highlights	7
Operating review	8
Financial statements 1 January – 31 December	12
Income statement	12
Balance sheet	13
Statement of changes in equity	15
Notes	16

DHL Express (Denmark) A/S
Annual report 2022
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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of DHL Express (Denmark) A/S for the financial year 1 January – 31 December 2022.

The annual report has been prepared in accordance with 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 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Vallensbæk, 6 July 2023

Executive Board:



Atli Freyr Einarsson
CEO



Charlotte Schubart
CFO

Board of Directors:



Derya Ozer Sagkan
Chairman



Atli Freyr Einarsson



Marcia Yor Ing Lin

Independent auditor's report

To the shareholder of DHL Express (Denmark) A/S

Opinion

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

We have audited the Financial Statements of DHL Express (Denmark) A/S for the financial year 1 January – 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("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 Company 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 Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of 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 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 Company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

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 financial statement users taken on the basis of these financial statements.


As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional 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 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 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 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.

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, 6 July 2023
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31


Bo Schou Jacobsen
State Authorised
Public Accountant
mne28703


Anders Røjleskov
State Authorised
Public Accountant
mne28699

DHL Express (Denmark) A/S
Annual report 2022
CVR no. 10 15 45 96

Management's review

Company details

DHL Express (Denmark) A/S
Jydekrogen 14
2625 Vallensbæk

Telephone: +45 70 345 345

CVR no.: 10 15 45 96
Registered office: Vallensbæk
Financial year: 1 January – 31 December

Board of Directors

Derya Ozer Sagkan, Chairman
Atli Freyr Einarsson
Marcia Yor Ing Lin

Executive Board

Atli Freyr Einarsson, CEO
Charlotte Schubart, CFO

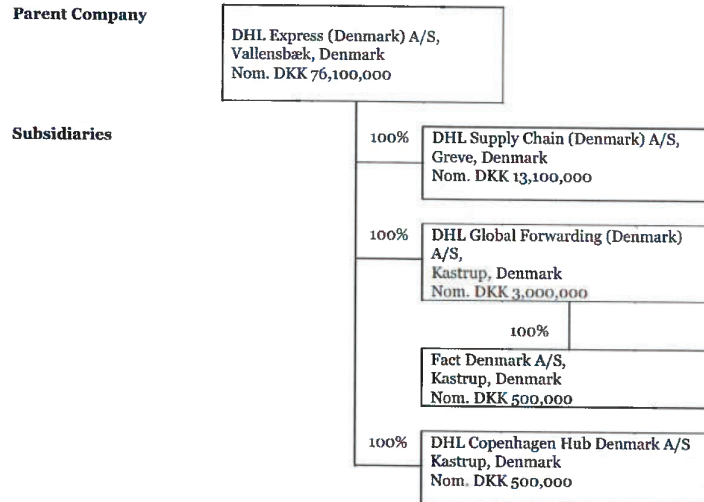
Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's review

Koncernoversigt

Group Chart



Management's review

Financial Highlights

DKK'000	2022	2021	2020	2019	2018
Key figures					
Revenue	1,264,882	1,086,965	793,301	1,783,366	1,759,178
Gross profit	348,970	300,159	261,789	393,555	361,456
Operating profit	42,960	34,819	30,222	17,973	16,155
Profit before financial income and expenses	53,562	36,730	31,679	36,053	28,311
Net financials	-437	-1,105	238	-11,050	-26,667
Profit for the year	102,224	82,516	28,917	13,646	25,255
Total assets					
Total assets	640,162	581,162	464,301	648,862	562,464
Equity	411,998	309,774	227,258	210,815	197,169
Investment in property, plant and equipment	-15,666	-15,615	0	-59,677	-4,626
Ratios					
Gross margin	27.6%	27.6%	33.0%	22.1%	20.5%
Return on equity	28.3%	30.7%	13.2%	6.7%	13.6%
Solvency ratio	64.4%	53.3%	48.9%	32.5%	35.1%
Profit margin	4.2%	3.4%	4.0%	2.0%	1.6%
Return on assets	8.4%	6.3%	6.8%	5.6%	5.0%
Average number of full-time employees					
Average number of full-time employees	451	407	357	608	573

The Company is demerged with accounting effect as of 1 January 2020 into DHL Express (Denmark) A/S and DHL Freight Denmark A/S. The comparative figures for 2018-2019 have not been restated.

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

The financial ratios have been calculated as follows:

$$\text{Gross margin} = \frac{\text{Gross profit} \times 100}{\text{Revenue}}$$

$$\text{Return on equity} = \frac{\text{Profit/loss from ordinary activities after tax} \times 100}{\text{Average equity}}$$

$$\text{Solvency ratio} = \frac{\text{Equity ex. non-controlling interests at year-end} \times 100}{\text{Total equity and liabilities at year-end}}$$

$$\text{Profit margin} = \frac{\text{Profit before financials} \times 100}{\text{Revenue}}$$

$$\text{Return on assets} = \frac{\text{Profit before financials} \times 100}{\text{Total assets}}$$

Management's review

Operating review

Principal activities

The Company's activities are transport, shipping and logistics solutions. DHL holds a leading position on the global market and is part of DHL Group.

DHL is an important player on the transport and logistics markets in Denmark and expects to further expand and manifest its position on the market to the benefit of its customers.

Development in activities and financial position

The income statement of the Company for 2022 shows a profit of DKK'000 102,224 and at 31st December 2022 the balance sheet of the Company shows equity of DKK'000 411,998.

In today's fast-paced and technology-driven business landscape, the company adapted and leveraged digitalization, automation, and optimization across all functions to stay competitive. The company amongst other invested in a new platform to capture customer feedback. By doing this the platform has facilitated seamless communication and knowledge sharing across teams and departments, fostering a culture of innovation and teamwork. Optimization efforts have allowed the company to better allocate resources, both human and material, leading to improved productivity, reduced costs, and increased profitability. Investments in digitalization, automation, and optimization have proven to be instrumental in transforming our organization's operations and driving growth.

DHL Express has a long tradition for listening carefully and actively to our customers' feedback when they have had interactions with us. The NPA method (Net Promoter Approach) has since 2010 been deeply rooted in the organization. Using this method, we capture and enhance customer experience on a daily basis. We have a strong culture of empowering our people to take action and deliver an excellent service, which creates customer loyalty in return.

DHL Express has developed the customer satisfaction - and thereby the loyalty - significantly since we started to measure. The NPS (Net Promoter Score) has increased from mid 30's to mid 60's over these years, which is unprecedented in our industry. We expect to further strengthen customer satisfaction through development of innovative tools, increasing market shares and as a result hereof continuously improve the financial performance. DHL's approach to process- and business improvements has deep roots in the LEAN and SixSigma methodologies. DHL calls this "First Choice". The toolbox is Express' approach to continuous improvements which is used to drive service quality and simplify our customers lives. We enable and motivate our people to apply the First Choice methodologies and tools in their daily work to do things a little bit better every day. A large number of small and large improvement initiatives were implemented during 2022 across all areas of our business as a direct result of both customer feedback and employee input. This has led to a continued record-high satisfaction level (as measured by NPS). In 2022 Express has also piloted a new customer feedback technology using AI and automated text analytics which has improved our ability to analyze and respond to customer feedback. This solution is in the process of being rolled out across the world.

In order for the company to remain agile and continuously monitor emerging technologies and market trends the company will ensure to stay at the forefront of digital innovation. Moving forward, the company will continue to invest in these areas strategically, aligning our investments with our business goals and objectives, to sustain our competitive advantage in the ever-evolving business landscape.

To support the initiatives to lower CO2 emission the company have throughout 2022 continued its investment in electric courier vans and e-bikes to further reduce the CO2 emission.

Our focus of becoming employer of choice led to Express Denmark won 3rd place in Great Place to Work 2022, being in top three for five years in a row.

The revenue for the year has compared to 2021, been satisfying overall with an increase of 16.4%. The expectations for 2022 was to continuously improve financial performance through a strengthened customer satisfaction via innovative tools. Management considers the result to be satisfactory.

Management's review

Operating review

Operating risks

Like other industrial enterprises in Denmark DHL is affected by changes seen in the Danish economy in 2022 and we have seen an overall growth in the market in back end of 2022.

DHL will continue to focus on strong positioning within global imports and exports.

Foreign exchange risks

DHL invoices its main sales in DKK, whereas parts of direct costs are dominated in EUR. DHL is partly exposed to exchange risks in relation to EUR as regards to day-to-day operation.

Interest rate risks

Due to its ownership, DHL has limited exposure to interest level changes.

Credit risks

DHL has no material risks relating to individual customers or business partners.

Outlook

With world macroeconomics impacting the world economics, there is no doubt that DHL Express Denmark will feel the impact of this like other logistics companies. These include increased inflation, less consumer demand, lower airfreight prices. Expectation is for a marginal slowdown in the first half of the year. DHL Express Denmark will address this with focus on agility, productivity while remaining focused on continuing to be an Employer of Choice, focus on our new sales initiative of Sell Like Never Before (Selling from a Buyers Perspective) and further advance in our efforts to use customer feedback to continuously improve our service.

Given the current impact on the world economics the Company expects revenue for 2023 to be between bnDKK 1,2-1,3 and profit for the year to be between mDKK 65-75.

Environmental matters

The Company has obtained environmental certification under ISO 14001 and in that connection an environmental policy focusing on continuous environmental improvements has been implemented.

Every year a report detailing the Group's CSR commitments is prepared. This report also contains an account of the most substantial environmental impacts resulting from the environmental impacts resulting from the Group's worldwide activities. The report can be found on:

<https://www.dpdhl.com/content/dam/dpdhl/en/media-center/investors/documents/presentations/2022/DPDHL-2022-ESG-Presentation.pdf>

The objective of this strategy is to improve the Group's carbon efficiency by 30% before the end of 2025. Furthermore, DHL has acceded to and supports the UN's Global Compact, being a part of Deutsche Post DHL.

Intellectual capital resources

DHL has the required intellectual capital resources to operate on a completely sound basis.

Management's review

Operating review

Corporate social responsibility

According to section 99a (6) of the Danish Financial Statements Act, no description of corporate social responsibility has been prepared. We refer to Deutsche Post DHL for a Annual report, which can be found on:

<https://www.dpdhl.com/content/dam/dpdhl/en/media-center/investors/documents/annual-reports/DPDHL-2022-Annual-Report.pdf>

Goals and policies for the underrepresented gender

The Company sees it as a strength to have both men and women represented knowing that it adds value to the business and its development. The Company prioritizes a fairly balanced composition of men and women on the Board and will therefore seek to achieve that neither men nor women are represented by less than 40 percent, within three years, i.e. at the latest by the time of the ordinary general meeting in 2026.

The Company has quantified 33 percentages of the least represented gender to be a minimum, which is fulfilled by the current composition of the Board by three persons. In 2022, there have been no changes of gender composition in the Board of Directors, whereby the representation of the underrepresented gender has not increased during the year.

The Company has a strategy of offering equal opportunities to all employees including having a more balanced gender representation at other management levels. To support the strategy, the company has introduced initiatives to stimulate the number of candidates among the underrepresented gender when recruiting for management positions a.o. through the acquisition strategy, female mentor program and future focus on the internal pipeline of candidates for management positions to grow female talents from lower level or entry roles. During 2022 we have been satisfied with our work towards the underrepresented gender. The initiatives have not led to any significant further reduction or increase in the underrepresented gender during the year.

The Executive Board considers recruitment as an important pipeline to promote gender equality in the Company, which is a requisite for gender equality in the management positions.

Reporting on data ethics

Deutsche Post DHL Group has established a Group-wide Data Privacy Policy. This policy is binding for all of the company's subsidiaries that are affected by data protection laws. Through this measure we aim to ensure that the processing of personal data is carried out exclusively in accordance with the respective legal requirements.

According to section 99d (3) of the Danish Financial Statements Act, DHL Express strives to handle data as responsibly and safely as possible. The Company is subject to rules and policies laid down by the parent company, which amongst other decide which IT systems to make use of. As a consequence, the Company has not made a separate policy in respect to data ethics. For a description of the group's data protection policy please refer to the CSR report of Deutsche Post DHL.

The report can be found on:

<https://www.dpdhl.com/content/dam/dpdhl/en/media-center/investors/documents/presentations/2022/DPDHL-2022-ESG-Presentation.pdf>

Uncertainty regarding recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

DHL Express (Denmark) A/S
Annual report 2022
CVR no. 10 15 45 96

Management's review

Operating review

Unusual circumstances

The financial position at 31st of December 2022 of the Company and the results of the activities of the Company for the financial year for 2022 has not been affected by any unusual events.

Events after the balance sheet date

No events have occurred after the balance sheet date of material importance to the annual report for 2022.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2022	2021
Revenue			
Freight and other transportation expenses, etc.	2	1,264,882	1,086,965
Other operating income		-881,769	-749,501
Other external costs		11,250	1,911
Gross profit		<u>-45,393</u>	<u>-39,216</u>
Staff costs		348,970	300,159
Depreciation of property, plant and equipment	3	-268,898	-239,163
Other operating costs	4	-25,862	-24,266
Profit before financial income and expenses		<u>-648</u>	<u>0</u>
Income from investments in subsidiaries		53,562	36,730
Financial income	5	61,568	54,357
Financial expenses		2,292	1,223
Profit before tax	6	<u>-2,729</u>	<u>-2,328</u>
Tax on profit for the year		114,693	89,982
Profit for the year	7	<u>-12,469</u>	<u>-7,466</u>
	8	<u>102,224</u>	<u>82,516</u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2022	31/12 2021
ASSETS			
Fixed assets			
Property, plant and equipment	9	35,857	44,222
Land and buildings		54,838	57,882
Fixtures and fittings, tools and equipment		11,905	12,797
Leasehold improvements		102,600	114,901
		<u>169,393</u>	<u>229,802</u>
Investments	10	160,386	98,818
Equity investments in group entities		1,161	1,157
Deposits		161,547	99,975
		<u>322,994</u>	<u>200,950</u>
Total fixed assets		<u>492,387</u>	<u>430,752</u>
Current assets			
Receivables		157,069	161,070
Trade receivables		214,920	196,307
Receivables from group entities		1,090	4,382
Other receivables		2,414	4,385
Deferred tax asset	11	491	113
Prepayments	12	375,984	366,257
		<u>747,968</u>	<u>732,404</u>
Cash at bank and in hand		31	29
Total current assets		<u>748,000</u>	<u>732,433</u>
TOTAL ASSETS		<u>1,240,387</u>	<u>1,163,185</u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2022	31/12 2021
EQUITY AND LIABILITIES			
Equity			
Contributed capital		76,100	76,100
Retained earnings		235,898	233,674
Proposed dividends for the financial year		100,000	0
Total equity		411,998	309,774
Provisions			
Provisions for restructuring	13	3,883	4,557
Total provisions		3,883	4,557
Liabilities other than provisions			
Non-current liabilities other than provisions			
Lease obligations	14	42,247	47,442
Other payables		0	20,631
		42,247	68,073
Current liabilities other than provisions			
Lease obligations	14	15,919	19,982
Trade payables		38,996	51,874
Payables to group entities		63,401	63,956
Corporation tax		7,729	4,227
Other payables		55,989	58,719
		182,034	198,758
Total liabilities other than provisions		224,281	266,831
TOTAL EQUITY AND LIABILITIES		640,162	581,162
Accounting policies	1		
Contingent assets, liabilities and other financial obligations	15		
Fees to auditor appointed at the general meeting	16		
Related party disclosures	17		
Disclosure of events after the balance sheet date	18		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Contributed capital	Retained earnings	Proposed dividends for the financial year	Total
Equity at 1 January 2022	76,100	233,674	0	309,774
Net profit for the year	0	2,224	100,000	102,224
Equity at 31 December 2022	76,100	235,898	100,000	411,998

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of DHL Express (Denmark) A/S for 2022 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

The Financial Statements for 2022 are presented in DKK '000.

Omission of consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of Deutsche Post AG, the Company has not prepared consolidated financial statements.

Omission of cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Deutsche Post AG, the Company has not prepared a cash flow statement.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Leases

The Company uses IFRS 16 when measuring and recognizing leases.

Leases are recognised at present value of the right of use received and liabilities for the payment obligations entered into for all leases in the balance sheet.

Lease payments are discounted at the implicit interest rate underlying the lease to the extent that this can be determined. Otherwise, discounting is at the incremental borrowing rate.

Right-of-use assets are measured at cost, which comprises the following:

- lease liability;
- lease payments made at or prior to delivery, less lease incentives received;
- initial direct costs and
- restoration obligations.

Right-of-use assets are depreciated over the term of the lease using the straightline method, normally a depreciation period of 3 - 10 years.

The Company has used the relief options provided for leases of low-value assets and short-term leases (shorter than twelve months) and expense the payments in the income statement according to the straight-line method.

Extension and termination options exist for a number of leases, particularly for real estate. Such contract terms offer the Company the greatest possible flexibility in doing business. In determining lease terms, all facts and circumstances offering economic incentives for exercising extension options or not exercising termination options are taken into account. Changes due to the exercise or non-exercise of such options are considered in determining the lease term only if they are sufficiently probable.

Foreign currency translation

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Income statement

Segment information

Information on business segments and geographical segments is based on the Company's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Revenue

The Company uses IFRS 15 when measuring and recognizing revenue.

Revenue is recognised when control over the services transfers to the customer, i.e. when the customer has the ability to control the use of services provided. The revenue corresponds to the transaction price to which the Company is expected to be entitled.

Revenue for provision of transport services is generally recognised according to the straight-line method over the transport period. Revenue generated by providing other logistics services is recognised in the reporting period in which the service was rendered.

For each performance obligation, revenue is either recognised at a certain time or over a certain period of time.

Freight and other transportation costs, etc.

Freight and other transportation expenses, etc. comprise costs for carriers, and other costs used to achieve revenue for the year.

Other external costs

Other external expenses comprise expenses for sales and distribution as well as office expenses, etc.

Staff costs

Staff expenses comprise wages and salaries as well as payroll expenses.

Other operating income

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on PPE.

Income from equity investments in subsidiaries

The items "Income from investments in subsidiaries" in the income statement include the proportionate share of the profit for the year.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with Danish group enterprises. The tax effect of the joint taxation with the subsidiaries is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

DHL Express (Denmark) A/S acts as the management Company in the Tax Group. Provision for and payment of the aggregate Danish tax of the taxable income of the Danish subsidiaries are made by DHL Express (Denmark) A/S.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Right-of-use assets	3-10 years
Other buildings	20-50 years
Other fixtures and fittings, tools and equipment	4-10 years
Leasehold improvements	10 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Investments

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of lease deposits.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of principles in the expected credit loss impairment model IFRS 9 meaning an estimate of credit loss over the expected lifetime, weighted for the probability of default. Expected credit loss is generally measured at the level of individual items.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Equity

Dividends

The expected dividends payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Liabilities other than provisions

Debts are measured at amortised cost, substantially corresponding to nominal value.

The liability in relation to frozen holiday funds is measured at net realisable value, including indexation. Indexation adjustments are recognised as interest expense in the income statement.

2 Revenue

DKK'000	2022	2021
Geographical segments		
Domestic	35,738	31,981
International	1,229,144	1,054,984
	<u>1,264,882</u>	<u>1,086,965</u>
Business segments		
Time Definite	1,052,022	904,760
Day Definite	177,122	150,224
Domestic	35,738	31,981
	<u>1,264,882</u>	<u>1,086,965</u>

Financial statements 1 January – 31 December

Notes

3 Staff costs

DKK'000	2022	2021
Wages and salaries	234,387	221,007
Pensions	17,130	14,718
Other social security costs	1,835	1,436
Other staff costs	15,546	2,002
	<u>268,898</u>	<u>239,163</u>

Including remuneration to the Executive Board of:

Executive Board	7,247	5,961
	<u>7,247</u>	<u>5,961</u>

Average number of employees

	<u>451</u>	<u>407</u>
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4 Depreciation of property, plant and equipment

Depreciation of property, plant and equipment	25,862	24,266
	<u>25,862</u>	<u>24,266</u>

Which is specified as follows:

Buildings	8,353	8,311
Fixtures and fittings, tools and equipment	15,467	13,433
Leasehold improvements	2,042	2,522
	<u>25,862</u>	<u>24,266</u>

5 Income from equity investments in subsidiaries

Income from investments in subsidiaries	61,568	54,357
	<u>61,568</u>	<u>54,357</u>

6 Financial expenses

Interest paid to group entities	3	139
Other financial costs	2,577	1,726
Exchange losses	149	463
	<u>2,729</u>	<u>2,328</u>

Financial statements 1 January – 31 December

Notes

7 Tax on profit for the year

DKK'000	2022	2021
Current tax for the year	10,498	851
Deferred tax for the year	1,971	6,615
	<u>12,469</u>	<u>7,466</u>

8 Proposed profit appropriation

Proposed dividends for the year	100,000	0
Retained earnings	2,224	82,516
	<u>102,224</u>	<u>82,516</u>

9 Property, plant and equipment

DKK'000	Land and buildings	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2022	67,697	109,815	26,638	204,150
Additions for the year	280	14,502	884	15,666
Disposals for the year	-565	-14,868	-2,211	-17,644
Cost at 31 December 2022	<u>67,412</u>	<u>109,449</u>	<u>25,311</u>	<u>202,172</u>
Depreciation and impairment losses at 1 January 2022	-23,475	-51,933	-13,841	-89,249
Depreciation for the year	-8,353	-15,467	-2,042	-25,862
Reversed depreciation and impairment losses on assets sold	273	12,789	2,477	15,539
Depreciation and impairment losses at 31 December 2022	<u>-31,555</u>	<u>-54,611</u>	<u>-13,406</u>	<u>-99,572</u>
Carrying amount at 31 December 2022	<u>35,857</u>	<u>54,838</u>	<u>11,905</u>	<u>102,600</u>
Including right-of-use assets amounting to	<u>35,857</u>	<u>18,383</u>	<u>0</u>	<u>54,241</u>

Financial statements 1 January – 31 December

Notes

10 Investments

DKK'000	Equity investments in group entities
Cost at 1 January 2022	340,768
Cost at 31 December 2022	340,768
Revaluations at 1 January 2022	-241,950
Net profit/loss for the year	61,568
Revaluations 31 December 2022	-180,382
Carrying amount at 31 December 2022	160,386

Investments in subsidiaries are specified as follows:

Name	Registered office	Voting rights and ownership interest	Share capital
DHL Supply Chain (Denmark) A/S	Denmark	100%	DKK 13.100k
DHL Global Forwarding (Denmark) A/S	Denmark	100%	DKK 3.000k
DHL Copenhagen Hub Denmark A/S	Denmark	100%	DKK 500k

DKK'000	Deposits
Cost at 1 January 2022	1,157
Additions for the year	4
Cost at 31 December 2022	1,161
Carrying amount at 31 December 2022	1,161

11 Deferred tax

DKK'000	31/12 2022	31/12 2021
Deferred tax at 1 January	4,385	11,000
Deferred tax adjustment for the year in the income statement	-1,971	-6,615
	2,414	4,385

At 31 December 2022 the Company has an estimated deferred tax asset of DKK 2.4 million (2021: DKK 4.4 million). Management estimates that the recognised tax asset of DKK 2.4 million will be utilised within the coming 3 years against future taxable income. The recognition of the deferred tax asset is based on Management's expectations according to budgets and forecasts of the results of future operations and is subject to uncertainty.

Financial statements 1 January – 31 December

Notes

12 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

13 Provisions for restructuring

Provisions for restructuring comprise of provisions for closing of terminals and restoration obligations in connection with property and equipment leases.

	<u>31/12 2022</u>	<u>31/12 2021</u>
DKK'000		
Other provisions	3,883	4,557
	<u>3,883</u>	<u>4,557</u>

14 Long-term debt

Liabilities other than provisions can be specified as follows:

Lease obligations:

Above 5 year	23,219	26,616
Between 1 and 5 years	19,028	20,826
Within 1 year	<u>15,919</u>	<u>19,982</u>
	<u>58,166</u>	<u>67,424</u>

Other payables

Between 1 and 5 years	0	20,631
Within 1 year	<u>55,989</u>	<u>58,719</u>
	<u>55,989</u>	<u>79,350</u>

15 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The Company is jointly taxed with other Danish companies and branches of the DPDHL Group. The Company and the other companies and branches subject to joint taxation have unlimited, joint and several liability for Danish corporation taxes.

DHL Express (Denmark) A/S is liable for obligations attributable to the activities, assets and liabilities with DHL Freight Denmark A/S that existed at the time of the demerger on 1 January 2020.

	<u>31/12 2022</u>	<u>31/12 2021</u>
DKK'000		
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Above 5 years	58	96
Between 1 and 5 years	538	1,003
Within 1 year	<u>950</u>	<u>932</u>
	<u>1,546</u>	<u>2,031</u>

Financial statements 1 January – 31 December

Notes

16 Fees to auditor appointed at the general meeting

DKK'000	2022	2021
PricewaterhouseCoopers		
Audit fee	1,056	708
Other assurance engagements	80	778
Tax advisory services	0	159
Non-Audit services	0	352
	<u>1,136</u>	<u>1,997</u>

17 Related party disclosures

Controlling interest

Controlling shareholder:

Deutsche Post Beteiligungen Holding GmbH
Charles-de-Gaulle-Strasse 20
DE-53113 Bonn
Germany

Ultimate controlling shareholder:

Deutsche Post AG
Charles-de-Gaulle-Strasse 20
DE-53105 Bonn
Germany

Related party transactions

Transactions with related parties are carried out on an arm's length basis and are therefore not separately disclosed pursuant to section 98 C (7) of the Danish Financial Statements Act.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of Deutsche Post AG, the Company has not prepared consolidated financial statements.

Deutsche Post AG, DE 53105 Bonn, Germany (ultimate parent)

Deutsche Post Beteiligungen Holdings GmbH, DE 53105 Bonn, Germany (direct parent)

The Company's direct parent does not prepare consolidated financial statements. The Company's ultimate parent, which prepares consolidated financial statements into which the Company is incorporated as a subsidiary, is Deutsche Post AG.

The Group Annual Report may be obtained at the following address:
Deutsche Post AG, DE 53105 Bonn, Germany

Financial statements 1 January – 31 December

Notes

18 Disclosure of events after the balance sheet date

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.