DHL Express (Denmark) A/S

Jydekrogen 14, DK-2625 Vallensbæk

Annual Report for 1 January - 31 December 2020

CVR No 10 15 45 96

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 16/7 2021

Charlotte Schubart
Chairman of the General Meeting

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of DHL Express (Denmark) A/S for the financial year 1 January - 31 December 2020.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Company and of the results of the Company operations for 2020.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Vallensbæk, 16 July 2021

Executive Board

Atli Freyr Einarsson CEO	Flemming Balle Sørensen Executive Officer	Charlotte Schubart CFO

Board of Directors

Alastair Shaun McCambridge Chairman	Henrik Hänche	Atli Freyr Einarsson

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 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 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 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, in our view, Management's Review is in accordance with the 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.

Independent Auditor's Report

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.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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

Independent Auditor's Report

scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 16 July 2021
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Bo Schou-Jacobsen
State Authorised Public Accountant
mne28703

Anders Røjleskov
State Authorised Public Accountant
mne28699

Company Information

The Company	DHL Express (Denmark) A/S Jydekrogen 14 DK-2625 Vallensbæk Telephone: + 45 70 345 345 Facsimile: + 45 70 131 133 CVR No: 10 15 45 96 Financial period: 1 January - 31 December Municipality of reg. office: Vallensbæk
Board of Directors	Alastair Shaun McCambridge, Chairman Henrik Hänche Atli Freyr Einarsson
Executive Board	Atli Freyr Einarsson Flemming Balle Sørensen Charlotte Schubart
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Group Chart

Parent Company

DHL Express (Denmark) A/S,
Vallensbæk, Denmark
Nom. DKK 76,100,000

Subsidiaries

- 100% DHL Supply Chain (Denmark) A/S,
  Greve, Denmark
  Nom. DKK 13,100,000
- 100% DHL Global Forwarding (Denmark) A/S,
  Kastrup, Denmark
  Nom. DKK 3,000,000
  - 100% Fact Denmark A/S,
    Kastrup, Denmark
    Nom. DKK 500,000
- 100% DHL Copenhagen Hub Denmark A/S
  Kastrup, Denmark
  Nom. DKK 500,000

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2020	2019	2018*	2017*	2016*
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Profit/loss					
Revenue	793,301	1,783,366	1,759,178	1,682,456	1,518,072
Gross profit/loss	261,789	393,555	361,456	298,046	264,678
Operating profit/loss	30,222	17,973	16,155	-777	-5,527
Profit/loss before financial income and expenses	31,679	36,053	28,311	11,657	11,991
Net financials	238	-11,050	-26,667	-18,296	2,721
Net profit/loss for the year	28,917	13,646	25,255	-6,585	15,797
Balance sheet					
Balance sheet total	464,301	648,862	562,464	440,966	439,483
Equity	227,258	210,815	197,169	175,464	182,049
Investment in property, plant and equipment	0	-59,677	-4,626	-8,987	-2,548
Number of employees	357	608	573	519	478
Ratios					
Gross margin	33.0%	22.1%	20.5%	17.7%	17.4%
Profit margin	4.0%	2.0%	1.6%	0.7%	0.8%
Return on assets	6.8%	5.6%	5.0%	2.6%	2.7%
Solvency ratio	48.9%	32.5%	35.1%	39.8%	41.4%
Return on equity	13.2%	6.7%	13.6%	-3.7%	5.4%

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

*) The Company has applied the accounting methods of IFRS 9, 15 and 16 within the framework of the Danish Financial Statements Act as of 1 January 2018. The comparative figures for 2015-2017 have not been restated.

**)The Company is demergered with accounting effect as of 1 January 2020 into DHL Express (Denmark) A/S and DHL Freight Denmark A/S. The comparative figures for 2016-2019 have not been restated.

Management’s Review

Key activities

The Company’s activities are transport, shipping and logistics solutions. DHL holds a leading position in the global market and is part of Deutsche Post DHL.

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

Development in the year

The income statement of the Company for 2020 shows a profit of DKK'000 28,917, and at 31 December 2020 the balance sheet of the Company shows equity of DKK'000 227,258.

As of 1 January 2020, DHL Express (Denmark) A/S carried out a demerger of the Express and Freight division into two separate legal entities. Thus, the Annual Report for 2020 only comprise the Express division, whereas previous years comprise for the combined divisions. Comparative figures have not been adjusted.

In 2020, the Company has continued nurtured a customer focused approach under the term “Insanely Customer Centric Culture (ICCC)”. This approach places the customer at the center of everything the Company does. Through training modules from several CIS modules, the Company strives to engage and motivate all employees to keep the customer in focus. This is further supported by a behavioral program, which rewards and recognizes customer-centric behavior (we call this the Perfect10! Award). We have used several technologies to optimize the core business and modernize the IT infrastructure to enhance the Customer and employee experience and to gain operational efficiency. Customer feedback has been carefully captured and closely monitored across several touchpoint in the customer life cycle. Management started in 2020 to meet weekly, to discuss customer feedback (Voice of Customer, VOC) and to discuss necessary actions and initiatives. The overall score (using Net Promoter Approach and the NPS score) was increased from an overall average of 41% in 2019 to 54% in 2020, measured across more than 14,000 feedbacks and customer ratings.

To support the initiatives to lower CO_2 emission, the Company opened a flagship store in 2019 in central Copenhagen operating as a Hub for bicycle couriers, and throughout 2020, the Company have invested in electric cars to further reduce the CO_2 emission.

Compared to 2019, Management considers revenue as well as result to be satisfactory and above expectations.
The Company has through Focus 2021 strategy’s core areas worked to maintain and improve profitable networks and loyal customers driven by motivated employees and high service quality. Through NPA calls (Net Promoter Approach), we capture and enhance customer experience on daily basis. We listen to our customer’s experiences and gather feedback for improvement opportunities. We empower our people to take action and deliver an excellent service, which creates customer loyalty in return. The Company strives to keep our people motivated by recognizing, appreciating and celebrating at all times. Our health and wellbeing program, Fit for Work, aims to implement activities that help our people to improve their health and wellbeing for both work and life. It focuses on four areas: physical energy, emotional energy, mental energy and personal energy. In operations, the Company focus on Safety first programs, where we

Management's Review

will continue to strengthen programs that creates a safer workplace for all. DHL Express expects to further strengthen customer satisfaction through development of innovative tools, increasing market shares and as a result hereof continuously improvement of the financial performance. DHL's approach to process- and business improvements is deeply rooted in the methodologies around LEAN and SixSigma. DHL calls this "First Choice". The toolbox is Express' approach to continuous improvements which is used to drive service quality and simplify our customer's 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 2020 across all areas of our business, leading to record performance results despite the challenges of COVID-19.

The Express division's focus of becoming Employer of Choice, deliver great service quality and as an outcome improving our customer's life has continuously led to an increased market share and even higher customer satisfaction. Our focus of becoming employer of choice led to Express Denmark won 2nd. place in Great Place to Work 2020 and the special Award for inclusion.

Operating risks

Like other industrial enterprises in Denmark DHL is affected by changes seen in the Danish economy in 2020 and we saw a major reduction in volume and revenue in the start of Danish Covid-19 Lockdown, and an overall slowdown in the market. But from June onwards we saw a rapid change for the better we helped us catch up on revenue and EBIT 2020.

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.

Expectations for the year ahead

The Company acknowledge that the pandemic virus COVID-19 can still have an impact on the result for the year ahead. Entering 2021, the Company expected revenue and result to improve compared to 2020 thus it is difficult to foresee if the Company can maintain the high revenue growth in the second half of 2021. By analyzing the revenue, the Company do not see any negative impact caused by COVID-19 and DHL has succeeded in keeping the network running

Management's Review

External environment

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/annual-reports/DPDHL-2020-Annual-Report.pdf

The goal of this strategy is to improve the Group´s carbon efficiency by 30% before 2020. Furthermore, DHL has joined and supports 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.

Statement of 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 CSR report, which can be found on

https://www.dpdhl.com/content/dam/dpdhl/en/media-center/investors/documents/annual-reports/DPDHL-2020-Annual-Report.pdf

Statement on gender composition

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 33 percent, within three years, i.e. at the latest by the time of the ordinary general meeting in 2024. Currently the board of directors consists of three men.

The company has quantified 33 percentages of the least represented gender to be a minimum, which isn't fulfilled by the current composition of the Board by three persons. In 2020, there have been no changes in the Board of Directors, whereby the representation of the underrepresented gender has not increased during the year.

The Company has a policy of offering equal opportunities to all employees and aims at a more balanced gender representation at other management levels. This will be carried out through Management's initiative to stimulate the number of candidates among the underrepresented gender when recruiting for management positions. To ensure talents, we have changed focus in 2020 to more external hiring to ensure a wider talent potential and have a special emphasis on growing female talents from lower level or entry roles up through to the other management level roles. The prerequisites of extensive management programs, as well as flexibility in working hours and place are already in place, but the process is

Management's Review

expected to take 2-4 years. During 2021 we have been satisfied with our work and performance towards the underrepresented gender. The initiatives have not led to any 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.

Uncertainty relating to recognition and measurement

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

Unusual events

The financial position at 31 December 2020 of the Company and the results of the activities of the Company for the financial year for 2020 have not been affected by any unusual events.

Subsequent events

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

Income Statement 1 January - 31 December

	Note	2020	2019
		DKK'000	DKK'000
Revenue	1	**793,301**	**1,783,366**
Other operating income		2,217	18,080
Freight and other transportation expenses, etc.		-503,547	-1,339,276
Other external expenses		-30,182	-68,615
Gross profit/loss		**261,789**	**393,555**
Staff expenses	2	-205,933	-319,438
Depreciation of property, plant and equipment	3	-23,417	-38,064
Other operating expenses		-760	0
Profit/loss before financial income and expenses		**31,679**	**36,053**
Loss from investments in subsidiaries	7	0	-6,808
Income from investments in subsidiaries	7	2,305	0
Financial income		170	2,639
Financial expenses	4	-2,237	-6,881
Profit/loss before tax		**31,917**	**25,003**
Tax on profit/loss for the year	5	-3,000	-11,357
Net profit/loss for the year		**28,917**	**13,646**

Balance Sheet 31 December

Assets

	Note	2020	2019
		DKK'000	DKK'000
Land and buildings		50,713	121,152
Other fixtures and fittings, tools and equipment		58,244	67,889
Leasehold improvements		14,661	2,269
Property, plant and equipment in progress		0	51,406
Property, plant and equipment	6	**123,618**	**242,716**
Investments in subsidiaries	7	44,461	42,156
Deposits	8	1,157	1,193
Fixed asset investments		**45,618**	**43,349**
Fixed assets		**169,236**	**286,065**
Trade receivables		112,628	262,530
Receivables from group enterprises		168,707	83,558
Other receivables		2,244	1,684
Deferred tax asset	9	11,000	14,000
Prepayments	10	374	298
Receivables		**294,953**	**362,070**
Cash at bank and in hand		**112**	**727**
Currents assets		**295,065**	**362,797**
Assets		**464,301**	**648,862**

Balance Sheet 31 December

Liabilities and equity

	Note	2020	2019
		DKK'000	DKK'000
Share capital	11	76,100	76,100
Retained earnings		151,158	134,715
Equity		**227,258**	**210,815**
Provisions for restructuring	13	4,146	3,924
Provisions		**4,146**	**3,924**
Lease obligations		51,707	106,974
Other payables		20,628	11,343
Long-term debt	14	**72,335**	**118,317**
Lease obligations	14	35,696	30,141
Trade payables		43,919	187,188
Payables to group enterprises		39,479	28,983
Corporation tax		0	8,511
Payables to group enterprises relating to corporation tax		1,746	0
Other payables	14	39,722	60,983
Short-term debt		**160,562**	**315,806**
Debt		**232,897**	**434,123**
Liabilities and equity		**464,301**	**648,862**
Distribution of profit	12		
Contingent assets, liabilities and other financial obligations	15		
Related parties	16		
Fee to auditors appointed at the general meeting	17		
Subsequent events	18		
Accounting Policies	19		

Statement of Changes in Equity

	Share capital	Retained earnings	Total
	DKK'000	DKK'000	DKK'000
Equity at 1 January	76,100	134,715	210,815
Net effect from demerger	0	-12,474	-12,474
Adjusted equity at 1 January	76,100	122,241	198,341
Net profit/loss for the year	0	28,917	28,917
Equity at 31 December	**76,100**	**151,158**	**227,258**

Notes to the Financial Statements

		2020	2019
		DKK'000	DKK'000
1	**Revenue**		
	Geographical segments		
	Revenue, Denmark	32,755	187,658
	Revenue, exports	760,546	1,595,708
		793,301	**1,783,366**
	Business segments		
	Time Definite	644,651	728,019
	Non Terminal Based Operations	115,895	608,604
	Terminal Based Operations	0	278,023
	Other Operations	32,755	168,720
		793,301	**1,783,366**
2	**Staff expenses**		
	Wages and salaries	191,427	289,631
	Pensions	12,370	20,713
	Other social security expenses	320	36
	Other staff expenses	1,816	9,058
		205,933	**319,438**
	Including remuneration to the Executive Board of:		
	Executive Board	4,210	4,811
		4,210	**4,811**
	Average number of employees	**357**	**608**

Notes to the Financial Statements

		2020	2019
		DKK'000	DKK'000
3	**Depreciation of property, plant and equipment**		
	Depreciation of property, plant and equipment	23,417	38,064
		23,417	**38,064**
	Which is specified as follows:		
	Buildings	8,296	13,910
	Other fixtures and fittings, tools and equipment	12,727	22,802
	Leasehold improvements	2,394	1,352
		23,417	**38,064**

4	**Financial expenses**		
	Interest paid to group enterprises	0	337
	Other financial expenses	2,066	3,881
	Exchange loss	171	2,663
		2,237	**6,881**

5	**Tax on profit/loss for the year**		
	Current tax for the year	0	1,746
	Deferred tax for the year	3,000	9,611
		3,000	**11,357**

6 Property, plant and equipment

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
	DKK'000	DKK'000	DKK'000	DKK'000
Cost at 1 January	186,167	136,889	14,393	51,406
Net effect from demerger	-116,351	-75,125	-330	0
Additions for the year	7,951	9,638	855	0
Disposals for the year	-11,890	-7,220	-3,616	0
Transfers for the year	0	36,728	14,678	-51,406
Cost at 31 December	65,877	100,910	25,980	0

Notes to the Financial Statements

6 Property, plant and equipment (continued)

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
	DKK'000	DKK'000	DKK'000	DKK'000
Impairment losses and depreciation at 1 January	65,015	69,000	12,124	0
Net effect from merger and acquisition	-53,430	-32,206	-14	0
Depreciation for the year	8,296	12,596	2,524	0
Reversal of impairment and depreciation of sold assets	-4,717	-6,724	-3,315	0
Impairment losses and depreciation at 31 December	15,164	42,666	11,319	0
Carrying amount at 31 December	**50,713**	**58,244**	**14,661**	**0**
Including right-of-use assets amounting to	50,713	10,016	0	0

7 Investments in subsidiaries

	2020	2019
	DKK'000	DKK'000
Cost at 1 January	340,768	340,768
Cost at 31 December	340,768	340,768
Value adjustments at 1 January	-298,612	-291,804
Net profit/loss for the year	2,305	-6,808
Value adjustments at 31 December	-296,307	-298,612
Carrying amount at 31 December	**44,461**	**42,156**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
DHL Supply Chain (Denmark) A/S	Denmark	DKK 13.100k	100%
DHL Global Forwarding (Denmark) A/S	Denmark	DKK 3.000k	100%
DHL Copenhagen Hub Denmark A/S	Denmark	DKK 500k	100%

Notes to the Financial Statements

8 Other fixed asset investments

	Deposits
	DKK'000
Cost at 1 January	1,193
Net effect from demerger and business sale	-25
Disposals for the year	-11
Cost at 31 December	1,157
Carrying amount at 31 December	**1,157**

9 Deferred tax asset

	2020	2019
	DKK'000	DKK'000
Deferred tax asset at 1 January	14,000	23,611
Amounts recognised in the income statement for the year	-3,000	-9,611
Deferred tax asset at 31 December	**11,000**	**14,000**

At 31 December 2020 the Company has an estimated deferred tax asset of DKK 11 million (2019: DKK 27 million). Management estimates that the recognised tax asset of DKK 11 million will be utilised within the coming 4 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.

10 Prepayments

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

11 Equity

The share capital consists of 761,000 shares of a nominal value of DKK'000 100. No shares carry any special rights.

Notes to the Financial Statements

	2020	2019
	DKK'000	DKK'000

12 Distribution of profit

	2020 DKK'000	2019 DKK'000
Retained earnings	28,917	13,646
	28,917	**13,646**

13 Provisions for restructuring

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

	2020 DKK'000	2019 DKK'000
Other provisions	4,146	3,924
	4,146	**3,924**

14 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2020	2019
	DKK'000	DKK'000
Lease obligations		
Between 1 and 5 years	51,707	106,974
Long-term part	51,707	106,974
Within 1 year	35,696	30,141
	87,403	**137,115**
Other payables		
Between 1 and 5 years	20,628	11,343
Long-term part	20,628	11,343
Other short-term payables	39,722	60,983
	60,350	**72,326**

Notes to the Financial Statements

15 Contingent assets, liabilities and other financial obligations

	2020	2019
	DKK'000	DKK'000
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	3,608	21,570
Between 1 and 5 years	624	343
	4,232	**21,913**

Other 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 Freigth Denmark A/S that existed at the time of the demerger on 1 January 2020.

16 Related parties

	Basis
Controlling interest	
Deutsche Post Beteilgungen Holding GmbH Charles-de-Gaulle-Strasse 20 DE-53113 Bonn Germany	Controlling shareholder
Deutsche Post AG Charles-de-Gaulle-Strasse 20 DE-53105 Bonn Germany	Ultimate controlling shareholder

Transactions

The Company's intercompany transactions and normal management remuneration has during the year been entered into at arm's length.

Notes to the Financial Statements

16 Related parties (continued)

Consolidated Financial Statements

The Company does not prepare consolidated financial statements pursuant to section 112(1) of the Danish Financial Stetaments Act.

Name	Place of registered office
Deutsche Post AG, ultimate parent	DE 53105 Bonn, Germany
Deutsche Post Beteiligungen Holdings GmbH, direct parent	DE 53105 Bonn, Germany

The Company's direct parent does not prepare consolidated finacial 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

17 Fee to auditors appointed at the general meeting

	2020	2019
	DKK'000	DKK'000
Audit fee to PricewaterhouseCoopers	599	809
Other assurance engagements	137	275
Tax advisory services	369	180
Non-Audit services	5	5
	1,110	**1,269**

18 Subsequent events

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

Notes to the Financial Statements

19 Accounting Policies

The Annual Report of DHL Express (Denmark) A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2020 are presented in DKK'000.

Demerger with accounting effect as of 1 January 2020

The Company has demerged its Freight division to a new established sister company DHL Freight Denmark A/S with accounting effect as of 1 January 2020.

The Company has applied the Book Value Method in accordance with the Danish Financial Statements Act and consequently comparative figures and five-year financial highlights have not been adjusted.

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.

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, amotisation, 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.

Notes to the Financial Statements

19 Accounting Policies (continued)

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.

Business combinations

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.

Notes to the Financial Statements

19 Accounting Policies (continued)

Translation policies

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.

Segment information on revenue

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

Income Statement

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 expenses, etc.

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

Notes to the Financial Statements

19 Accounting Policies (continued)

Other external expenses

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

Staff expenses

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

Depreciation and impairment losses

Depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment.

Other operating income and expenses

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 investments in subsidiaries and associates

The items “Income from investments in subsidiaries” and “Income from investments in associates” in the income statement include the proportionate share of the profit for the year.

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/loss 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 subsidaries are made by DHL Express (Denmark) A/S.

Notes to the Financial Statements

19 Accounting Policies (continued)

Balance Sheet

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.

Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Investments in subsidiaries

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

Notes to the Financial Statements

19 Accounting Policies (continued)

addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

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.

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 priciples 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 prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

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.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimi-

Notes to the Financial Statements

19 Accounting Policies (continued)

nation in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

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

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$