

U.P.S. DANMARK A/S

Naverland 7, 2600 Glostrup

CVR no. 14 55 38 00

Annual report 2023

Approved at the Company's annual general meeting on 13 June 2024

Chair of the meeting:

DocuSigned by:
Carina Vang Kristoffersen
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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of U.P.S. DANMARK A/S for the financial year 1 January - 31 December 2023.

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 of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

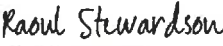
We recommend that the annual report be approved at the annual general meeting.

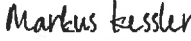
13 June 2024
Executive Board:

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Peter Kingsley Dunstan
Director

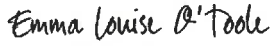
Board of Directors:


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Peter Raoul Stewardson
Brussels

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Markus Kessler
Zurich

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Daniel Carrera Garcia
Brussels

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Emma Louise O'Toole
Nottingham

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Peter Kingsley Dunstan
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Independent auditor's report

To the shareholder of U.P.S. DANMARK A/S

Opinion

We have audited the financial statements of U.P.S. Danmark A/S for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations and cash flows for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) 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 this auditor's report. We are independent of the Entity 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.

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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent auditor's report

- 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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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.

Statement on the Management's review

Management is responsible for the management commentary.

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.


Based on the work we have performed, we conclude that the management commentary 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 of the management commentary.

Copenhagen, 13 June 2024

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR no. 33 96 35 56



Flemming Løisen
State Authorised Public Accountant
mne27790

Management's review

Company details

Name	U.P.S. DANMARK A/S
Address, Postal code, City	Naverland 7, 2600 Glostrup
CVR no.	14 55 38 00
Established	10 May 1986
Registered office	Albertslund
Financial year	1 January - 31 December

Board of Directors	Peter Raoul Stewardson, Chairman Markus Kessler Daniel Carrera Garcia Emma Louise O'Toole Peter Kingsley Dunstan
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Executive Board	Peter Kingsley Dunstan, Director
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Auditors	Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6, 2300 Copenhagen S
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Management's review

Financial highlights

DKK'000	2023	2022	2021	2020	2019
Key figures					
Revenue	1,130,262	1,224,047	1,211,527	1,045,108	1,027,933
Gross profit	270,194	264,915	247,926	228,909	231,297
Operating profit/loss	47,956	52,574	55,588	37,330	44,787
Net financials	-546	-287	4,652	-425	-358
Profit for the year	36,814	40,617	45,864	52,096	34,282
Balance sheet					
Total assets	319,879	299,081	380,797	382,127	536,831
Investments in property, plant and equipment	37,274	28,137	16,021	22,126	21,585
Equity	170,926	154,112	150,995	206,131	154,035
Financial ratios					
Operating margin	4.2%	4.3%	4.5%	6.4%	4.4%
Gross margin	23.9%	21.6%	20.5%	21.9%	22.5%
Return on assets	15.5%	15.5%	14.6%	8.1%	8.6%
Equity ratio	53.4%	51.5%	39.7%	53.9%	28.7%
Return on equity	22.7%	26.6%	25.7%	28.9%	23.2%
Other data					
Average number of full-time employees	593	575	585	482	574

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating profit/loss	$\frac{\text{Profit/loss before net financials +/- Other operating income and other operating expenses}}{\text{Revenue}} \times 100$
Operating margin	$\frac{\text{Operating profit/loss (EBIT)}}{\text{Revenue}} \times 100$
Gross margin	$\frac{\text{Gross profit/loss}}{\text{Revenue}} \times 100$
Return on assets	$\frac{\text{Profit/loss from operating activities}}{\text{Average assets}} \times 100$
Equity ratio	$\frac{\text{Equity, year-end}}{\text{Total equity and liabilities, year-end}} \times 100$
Return on equity	$\frac{\text{Profit/loss after tax}}{\text{Average equity}} \times 100$

Management's review

Business review

The Company's primary activity is distribution of international packages.

UPS is the world's premier package delivery company and a leading provider of global supply chain management solutions. We operate one of the largest airlines and one of the largest fleets of alternative fuel vehicles under a global UPS brand.

Recognition and measurement uncertainties

There have been no unusual circumstances affecting recognition and measurement in the financial Year 2023.

Unusual matters having affected the financial statements

There is no uncertainty in the recognition or measurement.

Financial review

The income statement for 2023 shows a profit of DKK 36,814 thousand against a profit of DKK 40,617 thousand last year, and the balance sheet at 31 December 2023 shows equity of DKK 170,926 thousand.

In the fiscal year 2023, our company experienced no significant material events that adversely impacted our business operations.

We acknowledge that the fluctuation in crude oil prices, influenced by geopolitical tensions such as those between Russia and Ukraine, initially presented challenges. However, the later decline in oil prices has positively contributed to our business operations.

Additionally higher interest rates and increasing inflation in 2023 have contributed to depressing the market. Customers are experiencing reduced disposable income negatively impacting the economy and the logistics industry through reduced demand. Business customers are experiencing reduced profitability and therefore looking to reduce costs which has created a highly competitive market.

While our business has not been directly affected by geopolitical factors, we recognize the importance of our global presence. Therefore, we remain vigilant in monitoring global factors and adjusting our business strategies to mitigate potential risks and capitalize on emerging opportunities.

Knowledge resources

Appropriate descriptions of the UPS activities are maintained at group level by United Parcel Service of America, Inc., including descriptions of environmental performance, intellectual property rights as well as research and development activities.

Financial risks and use of financial instruments

The Company's most significant operating risk is related to the ability to maintain a strong position on the market. The Company's financial transactions are predominantly in DKK, meaning that only a limited exposure to changes in foreign exchange rates exists. Credit risks related to financial assets correspond to the values recognized in the balance sheet. The Company has no significant risks related to single customers or cooperative partners.

Impact on the external environment

We are committed to conducting our business in a manner that protects the environment. Our commitment to the environment goes beyond complying with environmental laws and includes a commitment to advancing programs that promote a reduction of our carbon footprint while improving the environment. Everyone who is part of the UPS organization is expected to support our effort to maintain a leadership role in protecting the environment.

Through the Corporate Environmental Affairs Department, we have established site-specific and activity specific environmental compliance and pollution prevention programs to address our environmental responsibilities. We continually evaluate improved technology and seek opportunities to improve the environmental performance.

Management's review

Our environmental responsibilities include:

- Properly storing, handling, and disposing of hazardous and other waste.
- Managing wastewater and storm water in compliance with applicable regulations.
- Monitoring and maintaining the integrity of storage tanks.
- Complying with laws regarding clean air and noise pollution.
- Seeking ways to minimize waste, conserve resources, and prevent pollution.
- Working with manufacturers to develop alternative fuel and hybrid vehicles to reduce our carbon footprint.

Research and development activities

Appropriate descriptions of the UPS activities are maintained at group level by United Parcel Service of America, Inc., including descriptions of environmental performance, intellectual property rights as well as research and development activities.

Statutory CSR report

Moving our world forward by delivering what matters is the focus of our sustainability work around the world. We're committed to promoting volunteerism, creating social impact, advancing diversity, equity and inclusion, and reducing our environmental impact. Together, we're building stronger communities and a healthier environment.

UPS supports the protection of basic human rights throughout its worldwide operations.

As a global company, UPS recognizes that it plays a role in acknowledging basic human rights in accordance with our high standards for the treatment of people. Basic human rights address areas such as equality among people, employee well-being and security, personal freedom from persecution, and economic, social, and cultural freedom.

For further information on the Company's corporate social responsibility, please refer to the sustainability report published on the Ultimate Parent's website. The sustainability report can be downloaded using the following link: <https://about.ups.com/us/en/our-impact/sustainability.html>

Report on the gender composition of Management

The outcomes below stem from the centralized management of the Nordic region by a business planning team located in Sweden. Consequently, the business plan for Denmark entails a limited number of high-level management positions.

Actions to increase the proportion of the underrepresented gender include:

- **Diversifying recruitment channels:** We have reviewed our recruitment processes and use alternative methods to attract more applications from women, including the use of gender-neutral language and a wider range of recruitment channels.
- **Women's Leadership Development (WLD)** helps our female colleagues confidently step into a leadership role at UPS. Women's Leadership Development helps our female colleagues enhance their ability to lead others, develop the knowledge and skills to move into very senior roles. We provide a supportive environment that encourages and enables the attraction, development and retention of women through networking, mentoring, training, education and community-based involvement.
- **Adapting to the needs of women:** We have collaborated with our Recruiting Strategy partners to advertise our operational jobs to a broader audience, including women, and to promote career opportunities that attract a diverse pool of applicants.

Management's review

- Drive progression through 'Promote from Within': We will identify and eliminate barriers to progression that women may face internally and create a more inclusive workplace environment. We will continue to leverage existing tools, such as our 'Promote from Within' policy, career pathways, and training and development resources to steer women within the business into more senior positions, where possible.

Statutory report on Underrepresented Gender, CF section 99 b of the Danish Financial Statement Act

Regarding Section 99-part-B of the Danish Financial Statements Act, U.P.S. DANMARK A/S aims to ensure that the most qualified individuals occupy positions at all times. Employee and manager performance is evaluated based on individual goals.

We are committed to fostering diversity and providing opportunities for everyone, regardless of gender, age, ethnicity, religion, or political beliefs.

Board of Directors

As at 31st of December 2023 the board of directors comprised of 1 female & 3 male director, whereby achieving the goal of having at-least one seat on the board for the underrepresented gender.

Other management levels

In accordance with Section 99-part-B, the other management level includes the executive management and employees with human resource responsibilities who reports directly to the executive management.

This management group consists of 20 employees: 1 female and 19 males.

Given the current composition, UPS considers the proposition of female management to be underrepresented and expect to increase it to 30% in the future.

UPS's policy ensures that both male and female candidates are considered for internal and external recruitment of employees and managers. Additionally, both women and men are included in the company's talent program.

UPS management setup operates across the Nordic country group to foster collaboration and ensure an efficient workflow across various divisions and functions within UPS.

2023			
Category	Male	Female	Underrepresented gender
Board of Directors	3	1	25%
Other management levels	19	1	5%

Data ethics

UPS has implemented strict data protection code of conduct ("Code") which adheres to Europe's General Data Protection Regulation (Commonly known as GDPR). The set forth Code is required of all employees and representatives of UPS. The Code provides information about our standards of integrity and explains our legal and ethical responsibilities. It is intended to provide both guidance and assistance to ever individual in cooperation with UPS while handling data.

Handling data is referring to all activity involving collection, processing, storing and deletion of data. Every UPS persons are responsibility to understand and comply the code within their area of responsibilities and to manage data accordingly.

Management's review

Events after the balance sheet date

There are none noted subsequent events after the balance sheet date.

Outlook

Following the recent macroeconomic disturbances impacting inflation and trade, Denmark's economy is expected to grow at 1.8% vs. 2023. Net Revenue and Volume shipped are expected to increase, with Net Revenue forecasted to increase +1.8% year-on-year amounting to +10.9M DKK in the financial period. The forecasted increase in Net Revenue is driven by an increase in volume which is estimated to grow by +0.8%, and an increase in revenue per piece which is estimated to grow +1.0%.

Operational and strategic risks are associated with external factors such as economic and political climates, competition, customer dynamics, global climate change, increased security demands, refund claims, and energy price fluctuations. United Parcel Service has strategies in place to manage operational and strategic risks.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2023	2022
3	Revenue	1,130,262	1,224,047
4	Production costs	-860,068	-959,132
	Gross profit	270,194	264,915
4.5	Administrative expenses	-222,238	-212,339
	Operating profit	47,956	52,576
	Other operating expenses	-91	-162
	Profit before net financials	47,865	52,414
6	Financial income	1,473	29
	Financial expenses	-2,019	-316
	Profit before tax	47,319	52,127
7	Tax for the year	-10,505	-11,510
	Profit for the year	36,814	40,617

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2023	2022
	ASSETS		
	Fixed assets		
9	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	99,270	82,573
	Leasehold improvements	5,594	6,781
	Property, plant and equipment under construction	12,306	6,224
		<u>117,170</u>	<u>95,578</u>
10	Investments		
	Other receivables	1,343	1,507
	Deposits, investments	1,710	1,710
		<u>3,053</u>	<u>3,217</u>
	Total fixed assets	<u>120,223</u>	<u>98,795</u>
	Non-fixed assets		
	Receivables		
	Trade receivables	169,425	174,600
11	Receivables from group enterprises	27,657	22,036
	Other receivables	1,999	2,347
12	Prepayments	313	764
		<u>199,394</u>	<u>199,747</u>
	Cash	262	539
	Total non-fixed assets	<u>199,656</u>	<u>200,286</u>
	TOTAL ASSETS	<u>319,879</u>	<u>299,081</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2023	2022
	EQUITY AND LIABILITIES		
	Equity		
13	Share capital	1,000	1,000
	Retained earnings	169,926	133,112
	Dividend proposed	0	20,000
	Total equity	170,926	154,112
	Provisions		
14	Deferred tax	8,367	7,855
	Total provisions	8,367	7,855
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	29,131	31,518
	Payables to group enterprises	48,761	40,227
	Corporation tax payable	4,004	6,184
15	Other payables	58,690	59,185
		140,586	137,114
	Total liabilities other than provisions	140,586	137,114
	TOTAL EQUITY AND LIABILITIES	319,879	299,081

- 1 Accounting policies
- 2 Events after the balance sheet date
- 8 Appropriation of profit
- 16 Contractual obligations and contingencies, etc.
- 17 Security and collateral
- 18 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Dividend proposed	Total
	Equity at				
	1 January 2022	1,000	112,495	37,500	150,995
8	Transfer, see				
	"Appropriation of profit"	0	20,617	20,000	40,617
	Dividend distributed	0	0	-37,500	-37,500
	Equity at				
	1 January 2023	1,000	133,112	20,000	154,112
8	Transfer, see				
	"Appropriation of profit"	0	36,814	0	36,814
	Dividend distributed	0	0	-20,000	-20,000
	Equity at				
	31 December 2023	1,000	169,926	0	170,926

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of U.P.S. DANMARK A/S for 2023 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

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

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement is prepared for the parent company, as its cash flows are reflected in the consolidated cash flow statement.

Basis of recognition and measurement

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

Liabilities are recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Fixed assets that have been purchased in foreign currencies are translated using historical rates.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Revenue from the sale of services is recognised in the income statement when delivery is made and risk has passed to the buyer i.e. when invoiced. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Production costs

Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs of parcel post, including costs for wages and salaries, rent and lease as well as depreciation and impairment losses relating to property, plant and equipment.

Administrative expenses

Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies as well as depreciation and impairment losses relating to property, plant and equipment.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Depreciation

The item comprises amortisation/depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Tools and equipment	8-8 1/3 years
Computer hardware	5 years
Operating equipment	8-9 years
Leasehold improvements	8 years

Depreciation is recognised in the income statement under production costs and administrative costs, respectively.

Estimated useful lives and residual values are reassessed annually.

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price less selling costs and carrying amount at the time of sale.

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the Company's core activities, including losses on the sale of fixed assets.

Financial income and expenses

Financial income comprises interest income, net capital gains on securities, payables and transactions in foreign currencies, cash discounts, etc as well as tax relief under the Danish Tax prepayment Scheme etc.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Financial expenses comprise interest expenses, net capital losses on securities, payables and transactions in foreign currencies, cash discounts, etc as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Investments

Deposits are measured at cost.

Impairment of fixed assets

The carrying amount of property, plant and equipment is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years. Prepayments are measured at cost.

Cash

Cash comprise cash in hand and bank deposits.

Given the nature of the Group's cash pool arrangement, cash pool balances are not considered cash, but are recognised under "Receivables from group entities".

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income taxes and deferred taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to 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. Deferred tax assets are recognised at the expected value of their utilisation; 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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Other payables

Other payables are measured at amortised cost.

Segment information

The allocation of revenue to activities and geographical markets is disclosed where these activities and markets differ significantly in the organisation of sales of goods and services.

Financial statements 1 January - 31 December

Notes to the financial statements

2 Events after the balance sheet date

There are none noted subsequent events after the balance sheet date.

3 Segment information

Revenue

The Company is engaged solely within the business segment "distribution of international package delivery in Denmark".

DKK'000	2023	2022
4 Staff costs		
Wages/salaries	260,250	264,633
Pensions	29,724	27,222
Other social security costs	4,750	7,919
	<u>294,724</u>	<u>299,774</u>

Remuneration for members of Management

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.

Average number of full-time employees	<u>593</u>	<u>575</u>
5 Fee to the auditors appointed in general meeting		
Statutory audit	<u>273</u>	<u>173</u>
	<u>273</u>	<u>173</u>
6 Financial income		
Interest receivable, group entities	1,473	0
Exchange gain	0	29
	<u>1,473</u>	<u>29</u>
7 Tax for the year		
Estimated tax charge for the year	9,994	11,456
Deferred tax adjustments in the year	511	54
	<u>10,505</u>	<u>11,510</u>

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2023		2022	
8 Appropriation of profit				
Recommended appropriation of profit				
Proposed dividend recognised under equity		0		20,000
Retained earnings		36,814		20,617
		<u>36,814</u>		<u>40,617</u>
9 Property, plant and equipment				
DKK'000	Fixtures and fittings, other plant and equipment	Leasehold improvements	Property, plant and equipment under construction	Total
Cost at 1 January 2023	174,446	25,242	6,224	205,912
Additions	30,535	1,297	6,082	37,914
Disposals	-3,608	-8	0	-3,616
Cost at 31 December 2023	<u>201,373</u>	<u>26,531</u>	<u>12,306</u>	<u>240,210</u>
Impairment losses and depreciation at 1 January 2023	91,873	18,461	0	110,334
Depreciation	13,517	2,476	0	15,993
Reversal of accumulated depreciation and impairment of assets disposed	<u>-3,287</u>	<u>0</u>	<u>0</u>	<u>-3,287</u>
Impairment losses and depreciation at 31 December 2023	<u>102,103</u>	<u>20,937</u>	<u>0</u>	<u>123,040</u>
Carrying amount at 31 December 2023	<u>99,270</u>	<u>5,594</u>	<u>12,306</u>	<u>117,170</u>
10 Investments				
DKK'000	Other receivables	Deposits, investments	Total	
Cost at 1 January 2023	1,507	1,710	3,217	
Disposals	-164	0	-164	
Cost at 31 December 2023	<u>1,343</u>	<u>1,710</u>	<u>3,053</u>	
Carrying amount at 31 December 2023	<u>1,343</u>	<u>1,710</u>	<u>3,053</u>	

Financial statements 1 January - 31 December

Notes to the financial statements

11 Receivables from group enterprises

The U.P.S. group has entered into an agreement on a cash-pool arrangement with the group's bank, where U.P.S. DANMARK A/S is a sub-account holder together with the group's other companies. The terms and conditions of the cash-pool scheme give the bank the right to be able to settle withdrawals and deposits against each other, whereby it is only the net balance of the total cash-pool accounts that constitutes the U.P.S. group's balance with the bank.

U.P.S. DANMARK A/S' accounts in the cash-pool scheme, which are recognized under receivables from group enterprises, amount to 31 December 2023 a deposit of DKK'000 21.720. (per 31 December 2022: deposit of DKK'000 11.219).

12 Prepayments

Prepayments recognised as current assets relate to prepaid expenses.

DKK'000	2023	2022
13 Share capital		
Analysis of the share capital:		
1,000 A shares of DKK 1,000.00 nominal value each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

The ordinary shares have not been divided into classes.

There have been no changes in the share capital in the past five years.

14 Deferred tax

Deferred tax at 1 January	7,855	7,802
Recognised in the income statement	512	53
Deferred tax at 31 December	<u>8,367</u>	<u>7,855</u>

Deferred tax relates to:

Property, plant and equipment	9,697	8,792
Provisions	-1,330	-937
	<u>8,367</u>	<u>7,855</u>

15 Other payables

VAT and duties	16,309	10,992
Wages/salaries, salary taxes, social security contributions, etc.	8,308	13,197
Holiday pay obligation	11,669	13,425
Other accrued expenses	22,404	21,571
	<u>58,690</u>	<u>59,185</u>

Financial statements 1 January - 31 December

Notes to the financial statements

16 Contractual obligations and contingencies, etc.

Contingent liabilities

DKK'000	2023	2022
Guarantee commitments	16,969	16,979
	16,969	16,979

The Company has established bank guarantees amounting to DKK 16,969 thousand.

The Company serves as an administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for income taxes etc for the jointly taxed companies and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these companies.

Other financial obligations

Other rent and lease liabilities:

Rent and lease liabilities	44,632	53,849
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17 Security and collateral

The Company has not provided any security or other collateral in assets at 31 December 2023.

18 Related parties

U.P.S. DANMARK A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
UPS Corporate Finance S.a.r.l. (Luxembourg)	7, rue de Bitbourg, 1273 Luxembourg, Luxembourg	Immediate parent company
UPS Group Luxembourg S.a.r.l. (Luxembourg)	7, rue de Bitbourg, 1273 Luxembourg, Luxembourg	Intermediate parent company
UPS International, Inc (US)	55 Glenlake Parkway, N.E. Atlanta, Georgia 30328, United States	Intermediate parent company
UPS Logistics Group International Inc. (US)	55 Glenlake Parkway, N.E. Atlanta, Georgia 30328, United States	Intermediate parent company
UPS Supply Chain Solutions Inc. (US)	55 Glenlake Parkway, N.E. Atlanta, Georgia 30328, United States	Intermediate parent company
United Parcel Service of America Inc. (US)	55 Glenlake Parkway, N.E. Atlanta, Georgia 30328, United States	Intermediate parent company
United Parcel Service, Inc (US)	55 Glenlake Parkway, N.E. Atlanta, Georgia 30328, United States	Ultimate parent company

Financial statements 1 January - 31 December

Notes to the financial statements

18 Related parties (continued)

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
United Parcel Service, Inc (US)	55 Glenlake Parkway NE GA 30328 Atlanta, Georgia, USA	http://www.investors.ups.com/

Related party transactions

As part of the UPS Group, sale and purchase of consignments take place among the UPS entities. In addition, a considerable part of the marketing and administrative routine in the danish UPS entity is carried out primarily in cooperation with the other European UPS entities. The amounts of outstanding intra-group balances at the balance sheet date are disclosed in the balance sheet.

All related party transactions have been done on arm's length basis.

