

DHL Global Forwarding (Denmark) A/S

Kirstinehøj 42
DK-2770 Kastrup

CVR no. 16 47 46 06

Annual report 2022

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

30 June 2023

Michael Jeppesen
Chairman of the annual general meeting

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DHL Global Forwarding (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 Global Forwarding (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.

Kastrup, 30 June 2023
Executive Board:

Torben Pagh
CEO

Board of Directors:

Ulf Gunnar Nilsson
Chairman

Torben Pagh

Atli Freyr Einarsson

Independent auditor's report

To the shareholder of DHL Global Forwarding (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 Global Forwarding (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 ("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' 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 the 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 responsibility 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 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 scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 30 June 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 Global Forwarding (Denmark) A/S
Annual report 2022
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Management's review

Company details

DHL Global Forwarding (Denmark) A/S
Kirstinehøj 42
DK-2770 Kastrup

Telephone: +45 36 90 55 00

CVR no.: 16 47 46 06

Registered office: Kastrup

Financial year: 1 January – 31 December

Board of Directors

Ulf Gunnar Nilsson, Chairman
Torben Pagh
Atli Freyr Einarsson

Executive Board

Torben Pagh, CEO

Auditor

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's review

Financial highlights

DKK'000	2022	2021	2020	2019	2018
Key figures					
Revenue	3,903,678	2,554,444	1,688,990	1,524,368	1,434,729
Gross profit	188,271	153,243	105,728	98,902	89,626
Profit/loss before financial income and expenses	72,174	49,000	1,700	-9,358	-22,088
Profit/loss from financial income and expenses	-924	-2,908	634	344	1,966
Profit/loss for the year	61,710	54,137	2,334	-7,194	-25,963
Total assets	795,884	575,149	283,633	292,567	359,547
Equity	159,472	97,762	43,625	41,291	48,485
Investment in property, plant and equipment	5,459	1,907	89	1,333	360
Ratios					
Gross margin	4.8%	6.0%	6.3%	6.5%	6.2%
Return on equity	48.0%	76.6%	5.5%	-16.0%	-42.1%
Solvency ratio	20.0%	17.0%	15.4%	14.1%	13.5%
Profit margin	1.8%	1.9%	0.1%	-0.6%	-1.5%
Return on assets	9.1%	8.5%	0.6%	-3.2%	-6.1%
Average number of full- time employees	187	171	175	188	199

The financial ratios have been calculated as follows:

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

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

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

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

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

Management's review

Operating review

Principal activities

The Company's activity during the year comprised shipping activities and transport solutions, mainly by air and sea transport.

Development during the year

The income statement of the Company for 2022 shows a profit of DKK 61,710 thousand, and at 31 December 2022, equity stood at DKK 159,472 thousand.

Company Management considers financial performance highly satisfactory mainly due to unusual market conditions.

DHL Global Forwarding will continue investing heavily in digitization to support attractive solutions for our customers in order to support the results in 2023 and the years ahead.

Operating risks

The Company's key operating risks relate to the ability to be strongly positioned in its key markets, primarily the overseas markets, both in terms of prices and access to sustainable shipping possibilities by air and sea transport in order to continue to offer attractive transport solutions to our clients.

Foreign exchange risks

The Company primarily invoices in DKK, whereas material parts of direct expenses are denominated in DKK, EUR and USD. In accordance with DPDHL group policies, a netting system/clearing system is applied. As such, the Company is exposed to exchange risks relating to EUR and USD as well as other currencies in regards to current operations.

Interest rate risks

Due to its ownership and liability structure, the Company has limited exposure to interest level changes.

Credit risks

The Company is cash flow dependent, and is managing the credit risks continuously. There are no material risks relating to individual customers or business partners.

Expectations for the year ahead and subsequent events

Despite positive market conditions and increases in the market rates in 2022, the revenue and the result for 2023 is expected to be 20-30% below 2022 levels.

The outlook for 2023 is subject to uncertainty, especially due to the effect of the decreased market rates, increased inflation and the geopolitics, and how this will affect the world economy and the development in world trade, freight rates and transported volumes.

External environment

The Company has obtained environmental certification under ISO 14001 and an environmental policy, committing the Company to continuous environmental improvements has been prepared.

Management's review

Operating review

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

http://www.dpdhl.com/en/investors/-financial_reports/corporate_responsibility_report.html.

The goal of this strategy is to reach zero emission as a group in 2050.

Intellectual capital resources

The Company has the required intellectual capital resources to operate on a sound basis.

Statement on corporate social responsibility

According to section 99a (6) of the Danish Financial Statements Act, 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/presentations/2022/DPDHL-2022-ESG-Presentation.pdf>

Statement on gender composition

The Company has set its target for the underrepresented gender in the Board of Directors at 30% to be achieved no later than 2025. The Board of Directors currently consists of 100 % male members.

The Company has a strong policy of offering equal opportunities to all employees and aims at a more balanced gender representation among its executives. The Company is aware of the underrepresented gender in the Board of Directors and will aim at a more balanced gender representation considering the industry and qualification. This will be carried out through Management's initiative to stimulate the number of candidates among the underrepresented gender when recruiting for management positions. Management considers recruitment an important pipeline to promote equal opportunities in the Company, which is a prerequisite for gender equality at executive levels.

In 2022, the underrepresented gender in the group of managers was 33%, which is interpreted currently as an acceptably strong pipeline for future recruitments within management.

Data protection

According to section 99d (3) of the Danish Financial Statements Act, DHL Global Forwarding Denmark A/S 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 Annual Accounts of Deutsche Post DHL.

The report can be found on:

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

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2022	2021
Revenue	2	3,903,678	2,554,444
Freight and other transportation expenses etc.		-3,636,762	-2,335,606
Other external costs		<u>-78,645</u>	<u>-65,595</u>
Gross profit		188,271	153,243
Staff costs	3	-107,939	-96,041
Depreciation, amortisation and impairment losses	4	<u>-8,158</u>	<u>-8,202</u>
Profit before financial income and expenses		72,174	49,000
Income from equity investments in group entities	5	6,492	5,181
Other financial income		3,638	110
Other financial expenses	6	<u>-4,562</u>	<u>-3,018</u>
Profit before tax		77,742	51,273
Tax on profit for the year	7	<u>-16,032</u>	<u>2,864</u>
Profit for the year	8	<u><u>61,710</u></u>	<u><u>54,137</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2022	31/12 2021
ASSETS			
Fixed assets			
Intangible assets	9		
Software		<u>42</u>	<u>92</u>
Property, plant and equipment	10		
Land and buildings		4,988	7,065
Fixtures and fittings, tools and equipment		4,082	4,627
Leasehold improvements		<u>173</u>	<u>200</u>
		<u>9,243</u>	<u>11,892</u>
Investments			
Equity investments in subsidiaries	11	34,451	27,959
Deposits		<u>1,286</u>	<u>1,249</u>
		<u>35,737</u>	<u>29,208</u>
Total fixed assets		<u>45,022</u>	<u>41,192</u>
Current assets			
Inventories		1,910	2,192
Trade receivables		383,468	387,062
Receivables from group entities		323,856	74,213
Contract assets		38,015	55,184
Other receivables		0	22
Deferred tax asset	12	2,467	3,258
Prepayments	13	<u>1,146</u>	<u>12,026</u>
		<u>748,952</u>	<u>531,765</u>
Total current assets		<u>750,862</u>	<u>533,957</u>
TOTAL ASSETS		<u><u>795,884</u></u>	<u><u>575,149</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2022	31/12 2021
EQUITY AND LIABILITIES			
Equity			
Contributed capital	14	3,000	3,000
Reserve for net revaluation under equity method		33,951	27,459
Retained earnings		<u>122,521</u>	<u>67,303</u>
Total equity		<u>159,472</u>	<u>97,762</u>
Liabilities			
Non-current liabilities			
Lease obligations	15	3,958	5,247
Other payables		<u>0</u>	<u>106</u>
		<u>3,958</u>	<u>5,353</u>
Current liabilities			
Lease obligations	15	3,725	5,350
Trade payables		383,335	297,010
Payables to group entities		187,359	118,131
Corporation tax, payables to group entities		15,226	5,222
Other payables	15	<u>42,809</u>	<u>46,321</u>
		<u>632,454</u>	<u>472,034</u>
Total liabilities		<u>636,412</u>	<u>477,387</u>
TOTAL EQUITY AND LIABILITIES		<u>795,884</u>	<u>575,149</u>
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Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Contributed capital	Reserve for net revaluation under equity method	Retained earnings	Total
Equity at 1 January 2022	3,000	27,459	67,303	97,762
Net profit for the year	0	6,492	55,218	61,710
Equity at 31 December 2022	3,000	33,951	122,521	159,472

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of DHL Global Forwarding (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.

Revenue is 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 costs incurred to achieve 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

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1 Accounting policies (continued)

Leases

The Company uses IFRS 16 when measuring and recognising leases.

Leases are recognised at present value of the right of use received and liabilities for 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 1-3 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 in accordance with 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.

Translation policies

Danish kroner is used as presentation currency. All other currencies are considered 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.

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 geographical segments and business 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

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. Revenue corresponds to the transaction price to which the Company is expected to be entitled.

Revenue for the 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 costs, etc include costs of carriers and other costs used in generating the year's revenue.

Other external costs

Other external costs comprise costs of premises, sales and distribution as well as office expenses, etc.

Staff costs

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

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Income from equity investments in subsidiaries

The item "Income from equity investments in subsidiaries" in the income statement includes the proportionate share of profit for the year.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments.

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

Intangible assets

Software acquired is measured at the lower of cost less accumulated amortisation and recoverable amount. Software is amortised on a straight-line basis over its useful life, which is assessed at 3 years.

Property, plant and equipment

Property, plant and equipment is 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:

Land and buildings	3 years
Fixtures and fittings, tools and equipment	4-10 years
Leasehold improvements	5 years
Right-of-use assets	1-3 year

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Equity investments in subsidiaries

Equity investments in subsidiaries are recognised and measured under the equity method.

The item "Equity investments in subsidiaries" in the balance sheet includes the proportionate ownership share of the net asset value of the entities 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 entities.

Total net revaluation of equity 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 dividends 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 entity is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of lease deposit.

Impairment of fixed assets

The carrying amounts of intangible assets and 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.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling costs. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals cost incurred.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Receivables

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

Contract assets

Contract assets relate to goods and services not yet invoiced. Contract assets are measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract costs incurred to date bear to estimated total contract costs. Where it is probable that total contract costs will exceed total revenue from a contract, the projected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums and lease of equipment.

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.

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.

Liabilities

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

Financial statements 1 January – 31 December

Notes

DKK'000	<u>2022</u>	<u>2021</u>
2 Segment information		
Geographical segments		
Export	2,713,889	1,820,163
Import	<u>1,189,789</u>	<u>734,281</u>
	<u>3,903,678</u>	<u>2,554,444</u>
Business segments		
Air freight	1,689,912	1,064,942
Ocean freight	2,182,521	1,435,859
Other	<u>31,245</u>	<u>53,643</u>
	<u>3,903,678</u>	<u>2,554,444</u>
3 Staff costs		
Wages and salaries	95,980	85,355
Pensions	7,574	6,320
Other social security costs	<u>4,385</u>	<u>4,366</u>
	<u>107,939</u>	<u>96,041</u>
Average number of full-time employees	<u>187</u>	<u>171</u>
In accordance with section 98b(3) of the Danish Financial Statements Act, remuneration of the Executive Board and the Board of Directors is not disclosed.		
4 Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	50	100
Depreciation of property, plant and equipment	<u>8,108</u>	<u>8,102</u>
	<u>8,158</u>	<u>8,202</u>
Which is specified as follows:		
Amortisation of software	50	100
Buildings	5,364	5,175
Other fixtures and fittings, tools and equipment	2,629	2,881
Leasehold improvements	<u>115</u>	<u>46</u>
	<u>8,158</u>	<u>8,202</u>
5 Income from equity investments in subsidiaries		
Share of profits of subsidiaries	<u>6,492</u>	<u>5,181</u>
	<u>6,492</u>	<u>5,181</u>

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6 Financial expenses

Interest expense to group entities	2,194	2,496
Other financial costs	<u>2,368</u>	<u>522</u>
	<u>4,562</u>	<u>3,018</u>

7 Tax on profit for the year

Current tax for the year	15,226	5,222
Deferred tax for the year	772	-3,258
Adjustment of tax concerning previous years	15	-4,828
Adjustment of deferred tax concerning previous years	<u>19</u>	<u>0</u>
	<u>16,032</u>	<u>-2,864</u>

8 Proposed profit appropriation

Reserve for net revaluation under equity method	6,492	5,181
Retained earnings	<u>55,218</u>	<u>48,956</u>
	<u>61,710</u>	<u>54,137</u>

9 Intangible assets

DKK'000		<u>Software</u>
Cost at 1 January 2022		<u>3,823</u>
Cost at 31 December 2022		<u>3,823</u>
Amortisation and impairment losses at 1 January 2022		-3,731
Amortisation for the year		<u>-50</u>
Amortisation and impairment losses at 31 December 2022		<u>-3,781</u>
Carrying amount at 31 December 2022		<u>42</u>

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10 Property, plant and equipment

DKK'000	Land and buildings	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2022	19,547	20,746	4,319	44,612
Additions for the year	3,287	2,084	88	5,459
Cost at 31 December 2022	22,834	22,830	4,407	50,071
Depreciation and impairment losses at 1 January 2022	-12,482	-16,119	-4,119	-32,720
Depreciation for the year	-5,364	-2,629	-115	-8,108
Depreciation and impairment losses at 31 December 2022	-17,846	-18,748	-4,234	-40,828
Carrying amount at 31 December 2022	4,988	4,082	173	9,243
Including right-of-use assets amounting to	4,988	2,327	0	7,315

11 Investments

DKK'000	2022	2021
Cost at 1 January 2022	500	500
Cost at 31 December 2022	500	500
Revaluations at 1 January 2022	27,459	22,278
Net profit/loss for the year	6,492	5,181
Revaluations 31 December 2022	33,951	27,459
Carrying amount at 31 December 2022	34,451	27,959

Investments in subsidiaries are specified as follows:

Name	Registered office	Voting rights and ownership interest	Share capital
FACT Danmark A/S	Kastrup, DK	100%	DKK 500k

DKK'000	Deposits
Cost at 1 January 2022	1,249
Additions for the year	37
Cost at 31 December 2022	1,286
Carrying amount at 31 December 2022	1,286

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12 Deferred tax

DKK'000	31/12 2022	31/12 2021
Deferred tax at 1 January	3,258	0
Deferred tax adjustment for the year in the income statement	-791	3,258
	<u>2,467</u>	<u>3,258</u>

13 Prepayments

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

14 Equity

Contributed capital consists of 1,697 shares of a nominal value of DKK 1,697 thousand. No shares carry any special rights.

A shares, 1,697 shares of nom. DKK 1,697 thousand each

B shares, 1,303 shares of nom. DKK 1,303 thousand each.

15 Non-current liabilities

Payments due within 1 year are recognised as current liabilities. Other liabilities are recognised as non-current liabilities.

Liabilities fall due for payment as specified below:

DKK'000	31/12 2022	31/12 2021
Lease obligations:		
Between 1 and 5 years	3,958	5,247
Within 1 year	<u>3,725</u>	<u>5,350</u>
	<u>7,683</u>	<u>10,597</u>
Other payables, long-term		
Between 1 and 5 years	0	106
Other short-term payables	<u>42,809</u>	<u>46,321</u>
	<u>42,809</u>	<u>46,427</u>

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16 Contractual obligations, contingencies and other financial obligations

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.

DKK'000	31/12 2022	31/12 2021
Lease obligations considered low-value leases. Total future lease payments:		
Within 1 year	644	868
Between 1 and 5 years	4,818	1,544
	5,462	2,412

17 Related party disclosures

DHL Global Forwarding (Denmark) A/S' related parties comprise the following:

Controlling interest

Parent Company

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

Parent Company

Deutsche Post AG
Charles-de-Gaulle-Strasse 20
DE-53113 Bonn

Parent Company

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

Related party transactions

The Company has chosen only to disclose transactions which have not been carried out on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

The Company's intercompany transactions and executive remuneration was effected at arm's length during the year.

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Consolidated financial statements

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

Deutsche Post AG, DE 53105 Bonn, Germany, ultimate Parent Company

DHL Express (Denmark), Jydekrogen 14, DK-2625 Vallensbæk, direct Parent Company.

The Company's direct Parent Company, DHL Express (Denmark) A/S, does furthermore not prepare consolidated financial statements. The Company's ultimate Parent Company, which prepares consolidated financial statements into which the Company is incorporated as a subsidiary, is Deutsche Post AG.

The Group Annual Report of Deutsche Post AG, ultimate Parent Company, can be obtained at the following address:

Deutsche Post AG, DE 53105 Bonn, Germany.

18 Fees to auditor appointed at the general meeting

DKK'000	2022	2021
Audit fee to PricewaterhouseCoopers	456	565
Other assurance engagements	247	191
	<u>703</u>	<u>756</u>

19 Disclosure of events after the balance sheet date

No events have occurred after the balance sheet date which would influence the evaluation of this annual report.

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Torben Pagh

Adm. direktør

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Torben Pagh

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Anders Røjleskov

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