FACT Danmark A/S

Kirstinehøj 17, DK-2770 Kastrup

Annual Report for 1 January - 31 December 2018

CVR No 19 73 07 00

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 19/6 2019

Andreas Trojel Kloster
Chairman of the General Meeting

Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of FACT Danmark A/S for the financial year 1 January - 31 December 2018.

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 2018 of the Company and of the results of the Company operations for 2018.

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

Kastrup, 19 June 2019

Executive Board

Torben Pagh

Board of Directors

Andreas Trojel Kloster Chairman	Hanne Elise Christensen	Torben Pagh

Independent Auditor's Report

To the Shareholder of FACT Danmark 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 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of FACT Danmark A/S for the financial year 1 January - 31 December 2018, 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.

Management's responsibilities for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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:

Independent Auditor's Report

- 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, 19 June 2019
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Bo Schou-Jacobsen	Anders Røjleskov
State Authorised Public Accountant	State Authorised Public Accountant
mne28703	mne28699

Company Information

The Company	FACT Danmark A/S Kirstinehøj 17 DK-2770 Kastrup CVR No: 19 73 07 00 Financial period: 1 January - 31 December Financial year: 22nd financial year Municipality of reg. office: Tårnby
Board of Directors	Andreas Trojel Kloster, Chairman Hanne Elise Christensen Torben Pagh
Executive Board	Torben Pagh
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Income Statement 1 January - 31 December

	Note	2018	2017
		DKK	DKK
Gross profit/loss		**9,810,522**	**5,219,754**
Staff expenses	2	-4,192,229	-4,391,996
Depreciation and impairment of property, plant and equipment		-201,155	-83,224
Profit/loss before financial income and expenses		**5,417,138**	**744,534**
Other financial income		21,049	408
Other financial expenses		-26,946	-1,040
Profit/loss before tax		**5,411,241**	**743,902**
Tax on profit/loss for the year	3	-942,884	-164,481
Net profit/loss for the year		**4,468,357**	**579,421**

Distribution of profit

Proposed distribution of profit

Retained earnings	4,468,357	579,421
	4,468,357	**579,421**

Balance Sheet 31 December

Assets

	Note	2018	2017
		DKK	DKK
Land and buildings		597,114	0
Other fixtures and fittings, tools and equipment		44,768	63,700
Leasehold improvements		113,737	126,736
Property, plant and equipment	4	**755,619**	**190,436**
Deposits		10,133	10,133
Fixed asset investments		**10,133**	**10,133**
Fixed assets		**765,752**	**200,569**
Trade receivables		3,631,186	3,735,463
Receivables from group enterprises		16,969,415	10,946,250
Deferred tax asset		54,282	21,575
Prepayments		32,856	57,071
Receivables		**20,687,739**	**14,760,359**
Cash at bank and in hand		**1,166**	**2,588**
Currents assets		**20,688,905**	**14,762,947**
Assets		**21,454,657**	**14,963,516**

Balance Sheet 31 December

Liabilities and equity

	Note	2018	2017
		DKK	DKK
Share capital		500,000	500,000
Retained earnings		14,843,966	10,386,876
Equity		**15,343,966**	**10,886,876**
Lease obligations		461,949	0
Long-term debt	5	**461,949**	**0**
Lease obligations	5	144,247	0
Trade payables		2,756,869	2,612,774
Tax payable (Payables to group enterprises)		1,205,094	412,294
Other payables		1,542,532	1,051,572
Short-term debt		**5,648,742**	**4,076,640**
Debt		**6,110,691**	**4,076,640**
Liabilities and equity		**21,454,657**	**14,963,516**
Main activity and significant events during the financial year	1		
Contingent assets, liabilities and other financial obligations	6		
Related parties	7		
Accounting Policies	8		

Statement of Changes in Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	500,000	10,386,876	10,886,876
Net effect from change of accounting policy	0	-11,267	-11,267
Adjusted equity at 1 January	500,000	10,375,609	10,875,609
Net profit/loss for the year	0	4,468,357	4,468,357
Equity at 31 December	**500,000**	**14,843,966**	**15,343,966**

Notes to the Financial Statements

1 Main activity and significant events during the financial year

The Company's activity in the financial year consisted of distribution and transport services.

At group level, IFRS 9, 15 and 16 have been implemented as of January 1, 2018. According to the Danish Financial Statements Act, it is possible to apply the principles in those IFRS Standards without being required to prepare financial statements in accordance with IFRS. The principles from these standards have all been applied in accordance with the modified retrospective approach, referring to section "Change in accounting policies" in note 8 for further description.

	2018	2017
	DKK	DKK

2 Staff expenses

	2018 DKK	2017 DKK
Wages and salaries	3,768,945	3,892,199
Pensions	268,601	312,899
Other social security expenses	63,955	50,654
Other staff expenses	90,728	136,244
	4,192,229	**4,391,996**
Average number of employees	**8**	**8**

3 Tax on profit/loss for the year

	2018 DKK	2017 DKK
Current tax for the year	1,205,094	163,539
Deferred tax for the year	-32,707	942
Adjustment of tax concerning previous years	-229,503	0
	942,884	**164,481**

Notes to the Financial Statements

4 Property, plant and equipment

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK	DKK
Cost at 1 January	0	311,386	129,904
Additions for the year	746,188	20,150	0
Cost at 31 December	746,188	331,536	129,904
Impairment losses and depreciation at 1 January	0	247,686	3,168
Depreciation for the year	149,074	39,082	12,999
Impairment losses and depreciation at 31 December	149,074	286,768	16,167
Carrying amount at 31 December	**597,114**	**44,768**	**113,737**
Including right-of-use assets amounting to	597,114	0	0

5 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:

	2018	2017
	DKK	DKK
Lease obligations		
Between 1 and 5 years	461,949	0
Long-term part	461,949	0
Within 1 year	144,247	0
	606,196	**0**

Notes to the Financial Statements

6 Contingent assets, liabilities and other financial obligations

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.

7 Related parties

The Company's direct parent, DHL Global Forwarding (Denmark) A/S, does not prepare consolidated financial statements pursuant to section 112(1) of the Danish Financial Statements Act.
The Company's ultimate parent, which prepares concolidated financial statements into which the Company is incorporated as a subsidiary, is Deutsche Post AG, DE 53105 Bonn.

The Group Annual Report may be obtained at the following address:

Name	Place of registered office
Deutsche Post AG, ultimate parent	DE 53105 Bonn, Germany

Notes to the Financial Statements

8 Accounting Policies

The Annual Report of FACT Danmark A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The Financial Statements for 2018 are presented in DKK.

Changes in accounting policies

Changes due to application of IFRS 9, IFRS 15, and IFRS 16

Within the framework of the Danish Financial Statements Act, the Company has as of 1 January 2018 changed accounting policies in respect of applying the accounting methods of IFRS 15 regarding recognition of revenue and IFRS 16 regarding leasing . Furthermore, the Company has applied the expected credit loss method from IFRS 9 when recogniting impairment of financial assets. The principles from these standards have all been applied in accordance with the modified retrospective approach and the effect is recognised at 1 January 2018.

The changes of accounting policy are made due to changes in Group accounting policies and a wish to apply the same policies for Group reporting and local Financial Statements.

The prior-period amounts have not been adjusted due to the below mentioned changes to accounting policies.

Effects of IFRS 15, Revenue from Contracts with Customers

The timing of revenue recognition has changed to an insignificant extent due to IFRS 15. Revenue is now 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 a specified period. Revenue generated by providing other logistics services is recognised in the reporting period in which the service was rendered.

Effects of IFRS 16, Leases

In the context of the transition to IFRS 16, right-of-use assets and lease liabilities of DKK 746k were recognized as at 1 January 2018. The income statement for 2018 has been adjusted with Other external expenses reduced with DKK 161k, depreciations of property, plant and equipment has been increased with DKK 149k, Financial expenses has been increased with DKK 21k and income taxes reduced with DKK 2k. Net effect on profit for 2019 amounts to expense of DKK 7k.

The Company applied the principles of IFRS 16 in accordance with the modified retrospective approach. The prior-year figures were not adjusted. In addition, FACT Denmark A/S has decided to apply the new guidance to leases whose term will end within twelve months of the date of initial application. In such cases, the leases are accounted for as short-term leases and the lease payments associated with them are

Notes to the Financial Statements

8 Accounting Policies (continued)

recognized as an expense from short-term leases.

Effects of IFRS 9, Valuation of trade receivables

The Company applies the simplified approach provided for in IFRS 9 to determine the credit risk from the Group's operating activities applicable to trade receivables. Trade receivables are generally short-term in nature and contain no significant financing components. According to the simplified impairment approach, a loss allowance in an amount equal to the lifetime expected credit losses must be recognized for all instruments, regardless of the credit quality.

The Company calculates the expected loss using impairment tables for the individual business segments. The loss estimate, documented by way of loss rates, encompasses all of the available information, including historical data, current economic conditions and reliable forecasts of future economic conditions (macroeconomic factors).

The effects of the transition has at 1 January 2018 resulted in decrease of trade receivables of DKK 11k recognised directly in equity as retained earnings. Net effect on profit for 2018 has been evaluated to be insignificant.

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, impairment losses and provisions as well as reversals due to changed account estimates fof 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

Notes to the Financial Statements

8 Accounting Policies (continued)

presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Leases

In the balance sheet, 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 measured at amortised cost. They are depreciated over the term of the lease using the straightline method, normally a depreciation period of 5 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.

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.

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.

Notes to the Financial Statements

8 Accounting Policies (continued)

Income Statement

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 includes costs for carriers, and other costs used in generating the year's revenue.

Other external expenses

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

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, freight and other transportation expenses, etc and other external expenses.

Staff expenses

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

Depreciation and impairment losses

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

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised exchange adjustments.

Notes to the Financial Statements

8 Accounting Policies (continued)

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).

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	5	years
Other fixtures and fittings, tools and equipment	5	years
Leasehold improvements	3-5	years

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 13,500 are expensed in the year of acquisition.

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, the asset is written down to its lower recoverable amount.

Notes to the Financial Statements

8 Accounting Policies (continued)

Fixed asset investments

Fixed asset investments consist of 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.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities.

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. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured 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 elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Financial debts

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