

# UPS SCS (Denmark) ApS

Naverland 7, 2600 Glostrup

CVR no. 26 26 58 86

## 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 Executive Board

Today, the Executive Board has discussed and approved the annual report of UPS SCS (Denmark) ApS 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:

DocuSigned by:  
*Raoul Stewardson*  
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Peter Raoul Stewardson  
Director  
Brussels

DocuSigned by:  
*Emma Louise O'Toole*  
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Emma Louise O'Toole  
Director  
Nottingham

DocuSigned by:  
*Susanne Klingler-Werner*  
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Susanne Klingler-Werner  
Director  
Frankfurt

## Independent auditor's report

To the shareholder of UPS SCS (Denmark) ApS

### Opinion

We have audited the financial statements of UPS SCS (Denmark) ApS 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 Larsen  
State Authorised Public Accountant  
mne27790

## Management's review

### Company details

Name UPS SCS (Denmark) ApS  
Address, Postal code, City Naverland 7, 2600 Glostrup

CVR no. 26 26 58 86  
Established 1 October 2001  
Registered office Albertslund  
Financial year 1 January - 31 December

Executive Board Peter Raoul Stewardson, Director  
Emma Louise O'Toole, Director  
Susanne Klingler-Werner, Director

Auditors Deloitte  
Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6, 2300 København S

## Management's review

### Business review

The Company's primary activities are transportation services and other related business.

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 is no known Uncertainty in recognition or measurement.

### Unusual matters having affected the financial statements

No unusual circumstances affecting the financial statement.

### Financial review

The income statement for 2023 shows a profit of DKK 871,737 against a profit of DKK 667,996 last year, and the balance sheet at 31 December 2023 shows equity of DKK 4,037,769.

### Business and Operating Risks

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.

### Events after the balance sheet date

There are no noted subsequent events after the balance sheet date.

## Financial statements 1 January - 31 December

## Income statement

Note	DKK	2023	2022
	Revenue	44,137,246	42,600,966
	Cost of sales	-32,746,598	-31,905,542
	Other external expenses	-4,699,039	-5,162,260
	Gross profit	6,691,609	5,533,164
2	Staff costs	-5,274,234	-4,599,012
	Depreciation of property, plant and equipment	-386	-6,622
	Other operating expenses	0	-1,337
	Profit before net financials	1,416,989	926,193
3	Financial income	148,405	8,954
	Financial expenses	-446,890	-80,394
	Profit before tax	1,118,504	854,753
4	Tax for the year	-246,767	-186,757
	Profit for the year	871,737	667,996
	Recommended appropriation of profit		
	Proposed dividend recognised under equity	900,000	1,400,000
	Retained earnings/accumulated loss	-28,263	-732,004
		871,737	667,996



## Financial statements 1 January - 31 December

## Balance sheet

Note	DKK	<u>2023</u>	<u>2022</u>
	ASSETS		
	Fixed assets		
5	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	0	386
	Leasehold improvements	<u>0</u>	<u>0</u>
	Total fixed assets	<u>0</u>	<u>386</u>
	Non-fixed assets		
	Receivables		
	Trade receivables	4,047,279	4,328,648
6	Receivables from group enterprises	8,949,742	6,391,365
	Deferred tax assets	12,357	16,018
	Other receivables	<u>312,759</u>	<u>907,806</u>
		<u>13,322,137</u>	<u>11,643,837</u>
	Cash	<u>0</u>	<u>29,886</u>
	Total non-fixed assets	<u>13,322,137</u>	<u>11,673,723</u>
	TOTAL ASSETS	<u>13,322,137</u>	<u>11,674,109</u>

## Financial statements 1 January - 31 December

## Balance sheet

Note	DKK	2023	2022
	<b>EQUITY AND LIABILITIES</b>		
	Equity		
	Share capital	3,125,373	3,125,373
	Retained earnings	12,396	40,659
	Dividend proposed	900,000	1,400,000
	Total equity	<u>4,037,769</u>	<u>4,566,032</u>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Bank debt	459,123	3,131
	Trade payables	1,634,718	417,520
	Payables to group enterprises	4,261,577	4,053,620
	Corporation tax payable	243,106	186,910
	Other payables	2,685,844	2,446,896
		<u>9,284,368</u>	<u>7,108,077</u>
	Total liabilities other than provisions	<u>9,284,368</u>	<u>7,108,077</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u>13,322,137</u>	<u>11,674,109</u>

- 1 Accounting policies
- 7 Contractual obligations and contingencies, etc.
- 8 Security and collateral
- 9 Related parties

## Financial statements 1 January - 31 December

## Statement of changes in equity

DKK	Share capital	Retained earnings	Dividend proposed	Total
Equity at 1 January 2022	3,125,373	772,663	2,400,000	6,298,036
Transfer through appropriation of profit	0	-732,004	1,400,000	667,996
Dividend distributed	0	0	-2,400,000	-2,400,000
Equity at 1 January 2023	3,125,373	40,659	1,400,000	4,566,032
Transfer through appropriation of profit	0	-28,263	900,000	871,737
Dividend distributed	0	0	-1,400,000	-1,400,000
Equity at 31 December 2023	3,125,373	12,396	900,000	4,037,769

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of UPS SCS (Denmark) ApS for 2023 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

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

##### 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 entity, 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 past event, and it is probable that future economic benefits will flow out of the entity, and the value of the liabilities 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 of the assets and liabilities presented in these financial statements.

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).

##### 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.

##### Income statement

###### Revenue

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

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

###### Cost of sales

Cost of sales comprises cost of sales for the financial year measured at cost.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

##### 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 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:

Fixtures and fittings, other plant and equipment	3-5 years
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Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

##### 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 and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities and associates, declared dividends from other securities and investments, financial expenses relating to finance leases, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses and amortisation of financial assets and liabilities.

##### 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 Company and its Danish group entities are jointly taxed. 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.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Balance sheet

##### Property, plant and equipment

Items of property, plant and equipment and leasehold improvements 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.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

##### 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".

##### Impairment of fixed assets

The carrying amount of intangible assets, 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.

##### Receivables

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

Receivables are measured at amortised cost.

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.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Cash

Cash comprise of cash and short term securities which are readily convertible into cash and subject only to minor risks of change in value.

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".

##### 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.

##### Liabilities

The Company has chosen IAS 39 as interpretation for liabilities.

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

## Financial statements 1 January - 31 December

## Notes to the financial statements

DKK	2023	2022	
2 Staff costs			
Wages/salaries	4,818,926	4,079,418	
Pensions	382,779	348,149	
Other social security costs	72,529	80,400	
Other staff costs	0	91,045	
	<u>5,274,234</u>	<u>4,599,012</u>	
Average number of full-time employees	<u>7</u>	<u>7</u>	
3 Financial income			
Interest receivable, group entities	148,452	9,338	
Other financial income	-47	-384	
	<u>148,405</u>	<u>8,954</u>	
4 Tax for the year			
Estimated tax charge for the year	243,106	186,910	
Deferred tax adjustments in the year	3,661	-153	
	<u>246,767</u>	<u>186,757</u>	
5 Property, plant and equipment			
DKK	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
Cost at 1 January 2023	<u>62,719</u>	<u>3,166</u>	<u>65,885</u>
Cost at 31 December 2023	<u>62,719</u>	<u>3,166</u>	<u>65,885</u>
Impairment losses and depreciation at 1 January 2023	62,333	3,166	65,499
Depreciation	<u>386</u>	<u>0</u>	<u>386</u>
Impairment losses and depreciation at 31 December 2023	<u>62,719</u>	<u>3,166</u>	<u>65,885</u>
Carrying amount at 31 December 2023	<u>0</u>	<u>0</u>	<u>0</u>



## Financial statements 1 January - 31 December

## Notes to the financial statements

## 6 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 UPS SCS (Denmark) ApS 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.

UPS SCS (Denmark) ApS' accounts in the cash-pool scheme, which are recognized under receivables from group enterprises, amount to 31 December 2023 a deposit of DKK 6,230,023 (per 31 December 2022: deposit of DKK 3,462,505).

## 7 Contractual obligations and contingencies, etc.

## Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which UPS Denmark A/S serves as the administration company. 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 dividend for the jointly taxed companies. The jointly taxed companies' total known net liability in the joint taxation arrangement is stated in the financial statements of the administration company.

## Other financial obligations

## Other lease liabilities:

DKK	2023	2022
Lease liabilities	382	616

## 8 Security and collateral

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

## 9 Related parties

UPS SCS (Denmark) ApS' related parties comprise the following:

## Parties exercising control

Related party	Domicile	Basis for control
UPS Logistics Group International B.V.	Luchthavenweg 57 5657EA Eindhoven The Netherlands	Immediate parent company

## Information about consolidated financial statements

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

