

# UPS SCS (Denmark) ApS

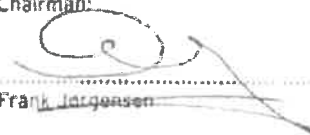
Rugvænget 35, 2630 Taastrup

CVR no. 26 26 58 86

Annual report 2019

Approved at the Company's annual general meeting on *29 June 2020*

Chairman:



.....  
Frank Jørgensen

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**Statement by the Board of Directors and 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 2019.

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 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019.

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.

Taastrup, **29 June 2020**  
Executive Board:

  
Louis Anthony Rivicello Jr

Jennifer Herik

  
Peter Raoul Stewardson

  
Frank Jørgensen

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Taastrup,  
Executive Board:

29 June 2020

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Jennifer Herkt

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Peter Raoul Stewardson

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Frank Jørgensen

## **Independent auditor's report**

### **To the shareholders of UPS SCS (Denmark) ApS**

#### **Opinion**

We have audited the financial statements of UPS SCS (Denmark) ApS for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including 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 financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

#### **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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

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 rules and requirements.

#### **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 as to 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 the 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.

## 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 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 note 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.

### Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 29 June 2020  
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	Rugvænget 35, 2630 Taastrup
CVR no.	26 26 58 86
Established	28 May 2015
Registered office	Høje Taastrup
Financial year	1 January - 31 December
Executive Board	Louis Anthony Riviuccio Jr Jennifer Herkt Peter Raoul Stewardson Frank Jørgensen
Auditors	Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6, 2300 København S

### Management commentary

#### Business review

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

#### Financial review

The income statement for 2019 shows a profit of DKK 462,388 against a profit of DKK 1,152,608 last year, and the balance sheet at 31 December 2019 shows equity of DKK 4,799,183.

#### Events after the balance sheet date

## Management's review

In March 2020, the World Health Organization declared the outbreak of novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the world. The outbreak and rapid spread of the novel coronavirus (COVID-19) began to have an adverse impact on our operations and financial performance, as well as on the operations, financial performance and liquidity of many of our customers. We are unable to predict the full extent to which COVID-19 will continue to adversely impact us.

COVID-19 is having a significant effect on overall economic conditions. Our top priority is to protect our employees and their families, as well as our customers. We are taking all precautionary measures as directed by health authorities and local and national governments. We continue to monitor the outbreak of COVID-19 and other closures, or closures for a longer period of time, which may be required to help ensure the health and safety of our employees and our customers.

The COVID-19 pandemic has resulted in, and is expected to continue to result in, a substantial curtailment of business activities (including the decrease in demand for a broad variety of goods and services), weakened economic conditions, supply chain disruptions, significant economic uncertainty and volatility in the financial markets, both in Denmark and abroad. For UPS SCS (Denmark) ApS there is a reduction in shipments for both in and outbound volumes for the regular shipping customers. There were also some increases in requests for individual shipments from both existing and new customers, but this increase is not replacing the regular volumes. However Ocean service sees an increase in bookings mainly from APAC and even more bookings in the last part of March and early April than compared to pre-COVID-19 period.

Because the severity, magnitude and duration of the COVID-19 pandemic and its economic consequences are uncertain, rapidly changing and difficult to predict, the impacts on our operations are uncertain and difficult to predict. For UPS SCS (Denmark) ApS, the directors have obtained indications that the ultimate parent company will continue to make sufficient financial resources available to the company to enable it to continue its operating activities for the identified period.

The ultimate impact of the COVID-19 pandemic will depend on evolving factors, many of which are not within our control, and to which we may not be able to effectively respond. These risks include, but are not limited to: a significant reduction in revenue due to curtailment of business from our customers; a reduction in our net profitability due to long-term changes in our mix of products and services; other effects from governmental, business and individuals' actions that have been and continue to be taken in response to the pandemic (including restrictions on travel, transportation and workforce pressures). Additional internal risk factors include reductions in operating effectiveness due to employees working remotely; unavailability of key personnel. Leadership within the company continues to monitor the impact of COVID-19.

These financial statements have been prepared as of, and for the year ended, 31 December 2019, and reflect events subsequent to that date that provide additional evidence of conditions that existed at the end of the reporting period. The effects of COVID-19 on the Company are considered an event that is indicative of conditions that arose after the reporting period and, accordingly, no adjustments have been made to the financial statements for the year ended 31 December 2019.



## Financial statements 1 January - 31 December

### Income statement

Note	DKK	2019	2018
	Revenue	34.091.931	45.841.834
	Cost of sales	-21.224.797	-28.478.178
	Other external expenses	-5.114.207	-7.196.795
	<b>Gross profit</b>	<b>7.752.927</b>	<b>10.166.861</b>
2	Staff costs	-7.291.788	-9.359.881
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-29.345	-33.095
	<b>Profit before net financials</b>	<b>431.794</b>	<b>773.885</b>
3	Financial income	222.311	1.111.609
4	Financial expenses	-61.300	-414.558
	<b>Profit before tax</b>	<b>592.805</b>	<b>1.470.936</b>
5	Tax for the year	-130.417	-318.328
	<b>Profit for the year</b>	<b>462.388</b>	<b>1.152.608</b>
	<b>Recommended appropriation of profit</b>		
	Proposed dividend recognised under equity	0	5.700.000
	Retained earnings/accumulated loss	462.388	-4.547.392
		<b>462.388</b>	<b>1.152.608</b>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	2019	2018
	<b>ASSETS</b>		
	<b>Fixed assets</b>		
6	<b>Property, plant and equipment</b>		
	Fixtures and fittings, other plant and equipment	45.264	71.028
	Leasehold improvements	3.581	7.162
		<u>48.845</u>	<u>78.190</u>
	<b>Investments</b>		
	Other receivables	3.853	845
		<u>3.853</u>	<u>845</u>
	<b>Total fixed assets</b>	<u>52.698</u>	<u>79.035</u>
	<b>Non-fixed assets</b>		
	<b>Receivables</b>		
	Trade receivables	6.706.612	5.354.300
	Receivables from group enterprises	8.801.212	13.158.991
	Deferred tax assets	38.920	33.113
	Other receivables	1.191.348	689.975
		<u>16.738.092</u>	<u>19.236.379</u>
	<b>Cash</b>	<u>20.183</u>	<u>32.671</u>
	<b>Total non-fixed assets</b>	<u>16.758.275</u>	<u>19.269.050</u>
	<b>TOTAL ASSETS</b>	<u>16.810.973</u>	<u>19.348.085</u>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	<u>2019</u>	<u>2018</u>
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
	Share capital	3.125.373	3.125.373
	Retained earnings	1.673.810	1.211.422
	Dividend proposed	0	5.700.000
	<b>Total equity</b>	<u>4.799.183</u>	<u>10.036.795</u>
	<b>Liabilities other than provisions</b>		
	<b>Non-current liabilities other than provisions</b>		
	Other payables	210.879	0
		<u>210.879</u>	<u>0</u>
	<b>Current liabilities other than provisions</b>		
	Bank debt	492.202	109.058
	Trade payables	1.882.137	2.793.305
	Payables to group enterprises	7.013.574	1.905.762
	Corporation tax payable	136.224	314.190
	Other payables	2.276.774	4.188.975
		<u>11.800.911</u>	<u>9.311.290</u>
	<b>Total liabilities other than provisions</b>	<u>12.011.790</u>	<u>9.311.290</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u>16.810.973</u>	<u>19.348.085</u>

- 1 Accounting policies
- 7 Contractual obligations and contingencies, etc.
- 8 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 2018	3.125.373	5.758.814	0	8.884.187
Transfer through appropriation of profit	0	-4.547.392	5.700.000	1.152.608
<b>Equity at 1 January 2019</b>	<b>3.125.373</b>	<b>1.211.422</b>	<b>5.700.000</b>	<b>10.036.795</b>
Transfer through appropriation of profit	0	462.388	0	462.388
Dividend distributed	0	0	-5.700.000	-5.700.000
<b>Equity at 31 December 2019</b>	<b>3.125.373</b>	<b>1.673.810</b>	<b>0</b>	<b>4.799.183</b>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of UPS SCS (Denmark) ApS for 2019 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.

There is a few reclassifications in the comparison figures regarding salary and other external expenses in Profit and Loss, the reclassifications have no effect on the result for the year and equity.

#### 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.

#### 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".

#### Income statement

##### Revenue

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

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

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 comprises cost of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

#### Cost of sales

Cost of sales comprises cost of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

#### 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
Leasehold improvements	5 years

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

#### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

#### Tax

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

The 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 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.

##### Receivables

Receivables are measured at amortised cost.

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

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.

##### Cash

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

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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

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

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

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

##### Other payables

Other payables are measured at net realisable value.



## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK	2019	2018	
<b>2 Staff costs</b>			
Wages/salaries	6.529.011	8.567.151	
Pensions	549.690	624.249	
Other social security costs	213.087	168.481	
	<u>7.291.788</u>	<u>9.359.881</u>	
Average number of full-time employees	15	15	
<b>3 Financial income</b>			
Interest receivable, group entities	0	162	
Exchange adjustments	222.311	1.111.447	
	<u>222.311</u>	<u>1.111.609</u>	
<b>4 Financial expenses</b>			
Interest expenses, group entities	0	4.987	
Exchange adjustments	39.448	388.848	
Other financial expenses	21.852	20.723	
	<u>61.300</u>	<u>414.558</u>	
<b>5 Tax for the year</b>			
Estimated tax charge for the year	136.224	314.191	
Deferred tax adjustments in the year	-5.807	4.137	
	<u>130.417</u>	<u>318.328</u>	
<b>6 Property, plant and equipment</b>			
DKK	<b>Fixtures and fittings, other plant and equipment</b>	<b>Leasehold improvements</b>	<b>Total</b>
Cost at 1 January 2019	708.901	1.288.261	1.997.162
Cost at 31 December 2019	708.901	1.288.261	1.997.162
Impairment losses and depreciation at 1 January 2019	637.873	1.281.099	1.918.972
Depreciation	25.764	3.581	29.345
Impairment losses and depreciation at 31 December 2019	663.637	1.284.680	1.948.317
<b>Carrying amount at 31 December 2019</b>	<u>45.264</u>	<u>3.581</u>	<u>48.845</u>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 7 Contractual obligations and contingencies, etc.

##### Contingent liabilities

DKK	2019	2018
Recourse and non-recourse guarantee commitments	0	7.500.000
	0	7.500.000

The Company participates in a Danish joint taxation arrangement in which UPS Danmark 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.

#### 8 Related parties

##### 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/phoenix.zhtml?c=62900&amp;p=irol-irhome">http://www.investors.ups.com/phoenix.zhtml?c=62900&amp;p=irol-irhome</a>

##### Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the share capital:

Name	Domicile
UPS Logistics Group International B.V.	Luchthavenweg 57, 5657 EA Eindhoven, Netherlands