

DHL Freight Denmark A/S

Banemarksvej 48
DK-DK-2605 Brøndby

CVR no. 41 04 12 93

Annual report 2022

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

10 May 2023

Lars Olsen

Lars Bjørn Olsen
Chairman of the annual general meeting

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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 Freight 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.

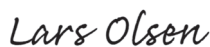
Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

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

Brøndby, 10 May 2023
Executive Board:



Ole Høxbro Mørk
CEO



Lars Bjørn Olsen
CFO

Board of Directors:



Robert Zander
Chairman



Barteld Berkhout



Ole Høxbro Mørk



Per Sven Gunnar
Westerberg

Independent auditor's report

To the shareholder of DHL Freight Denmark A/S

Opinion

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 in accordance with the Danish Financial Statements Act.

We have audited the financial statements of DHL Freight 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 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 Statements Act. We did not identify any material misstatement of the 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 that 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 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made 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 company 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, 10 May 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 Freight Denmark A/S
Annual report 2022
CVR no. 41 04 12 93

Management's review

Company details

DHL Freight Denmark A/S
Banemarksvej 48
DK-2605 Brøndby

CVR no.:	41 04 12 93
Established:	1 January 2020
Registered office:	Brøndby
Financial year:	1 January – 31 December

Board of Directors

Robert Zander, Chairman
Barteld Berkhout
Ole Høxbro Mørk
Per Sven Gunnar Westerberg

Executive Board

Ole Høxbro Mørk, CEO
Lars Bjørn Olsen, CFO

Auditor

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's review

Financial highlights

DKK'000	2022	2021	2020
Key figures			
Revenue	1,124,195	969,559	927,414
Gross profit	147,342	125,813	156,628
Loss before financial income and expenses	-14,570	-24,365	10,348
Loss from financial income and expenses	-1,655	-1,373	-1,518
Loss for the year	-12,634	-19,159	13,656
Total assets			
Equity	273,473	280,096	315,916
Investment in property, plant and equipment	28,487	41,121	26,530
	24,446	19,631	8,838
Ratios			
Gross margin	13.1%	13.0%	16.9%
Return on equity	-36.3%	-56.6%	102.9%
Solvency ratio	10.4%	14.7%	8.4%
Profit margin	-1.3%	-2.5%	1.1%
Return on assets	-5.3%	9.5%	3.3%
Average number of employees			
	261	253	250

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

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

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

Management's review

Principal activities

The Company's activities are transport and logistics solutions.

DHL holds a leading position in the global market and is part of Deutsche Post DHL.

DHL Freight is an important player on the transport and logistics markets in Denmark and expects to further expand and manifest its position on the markets to the benefit of its customers.

Development in the year

The income statement of the Company for 2022 shows a loss of DKK 12.6 million, and at 31 December 2022 the balance sheet of the Company stood at DKK 273 million with equity of DKK 28 million.

Revenue for the year of DKK 1.124 million is considered satisfactory.

Denmark decided, as one of the very few EU countries, to implement parts of the EU Mobility Package during 2021, which resulted in significantly increased haulier costs. DHL Freight decided initially not to pass these cost increases onto its customers, which resulted in a significant loss.

Management considers the improvement in net results to be satisfactory.

DHL Freight has had a strategic and targeted approach to staff qualifications, and in line with the 2025 strategy the global Certified Freight Specialist program (CFS) continued also in 2022.

DHL Freight has embedded customer centricity into the heart of its business strategy with extra emphasis on open and effective customer feedback channels feeding into the organisation.

DHL Freight is dedicated to deliver high-value products to customers through dedicated employees and customer-experience focus. Main focus in 2022 was to deliver excellent services to the customers and at the same time invest in employee development and satisfaction.

As for other logistics providers, digitalisation is a high priority for DHL. The development of advanced digital tools to support and improve customer satisfaction, employee satisfaction and operational efficiency are important measures to grow the business.

DHL Freight recognises this and will allocate resources to this area in the years ahead and to support this, a new Transport Management System will be implemented in 2023.

To support the initiatives to lower CO2 emission, DHL Freight has defined actions in Strategy 2025. Mutual development was initiated with the hauliers to increase the use of LNG and furthermore explore the use of intermodal solutions whenever possible.

Special risks - operating risks and financial risks

Operating risks

The high inflation experienced at the latter part of the year, had to some degree a negative impact on the activity level and consequently on our financial result. Changing industry and consumer patterns (eg. near sourcing) leading to lower global trade volumes could have a negative impact on our business too.

DHL Freight will continue to focus on strong positioning within global imports and exports.

Management's review

Operating review

Foreign exchange risks

DHL Freight invoices its main sales in DKK, whereas parts of direct costs are denominated in EUR. DHL Freight is only modestly exposed to exchange risks in relation to EUR as regards to day-to-day operations as the DKK currency rate is tied to the EUR rate and only allows for minor fluctuations.

Interest rate risks

Due to its ownership, DHL Freight has limited exposure to interest level changes.

Credit risks

DHL Freight has no material risks relating to individual customers or business partners.

Expectations for the year ahead

Through the 2025 Strategy's core areas, DHL Freight will work to maintain and improve profitable networks and loyal customers driven by motivated employees and high-service quality.

DHL Freight will continue to focus on customer satisfaction and to further develop employee commitment via the DHL global Certified Freight specialist programme.

DHL Freight expects to further strengthen customer satisfaction through the development of innovative tools and increasing market shares and as a result thereof to continuously improve financial performance.

DHL Freight's outlook is highly uncertain in light of high inflation rates, high interest rates and the war in Ukraine.

We expect the positive development to continue in 2023 with a result in the interval between -10 to 0 mio. DKK.

External environment

DHL Freight has obtained environmental certification under various ISO standards, and as part thereof, an environmental policy focusing on continuous environmental improvements has been implemented.

Every year a report detailing the 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 on:

<https://www.dpdhl.com/content/dam/dpdhl/en/media-center/investors/documents/presentations/2022/DPDHL-2022-ESG-Presentation.pdf>

The objective of this strategy is to improve the Group's carbon efficiency by 30% before the end of 2025. Furthermore, DHL has acceded to and supports the UN's Global Compact, being a part of Deutsche Post DHL.

Intellectual capital

DHL Freight has the required intellectual capital resources to operate on a sound basis.

Management's review

Operating review

Corporate social responsibility

According to section 99a (7) of the Danish Financial Statements Act, corporate social responsibility has not been accounted for. We refer to Deutsche Post DHL for a CSR report.

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>

Data protection

According to section 99d (3) of the Danish Financial Statements Act, DHL Freight 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, among others, decides on the IT systems to be applied. 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 Report of Deutsche Post DHL

The report 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 sees it as a strength to have both men and women represented knowing that it adds value to its business and development. The Company prioritises a fairly balanced composition of men and women on the Board of Directors and will therefore seek to achieve that neither men nor women are represented by less than 25% within four years, i.e. at the latest by the time of the ordinary general meeting in 2025.

The Company's target is a minimum ratio of 25% for the least represented gender, which has not been fulfilled by the current composition of the Board. There were no changes made to the Board of Directors during the year, and therefore four males continuously served on the Board of Directors. Accordingly, the representation of the underrepresented gender did not increase during the year.

The Company has a policy of offering equal opportunities to all employees and aims at a more balanced gender representation at other management levels. This will be carried out through Management's initiative to stimulate the number of candidates among the underrepresented gender when recruiting for management positions. To ensure talents, we have a special emphasis on developing female talents to take on management level roles.

The prerequisites of extensive management programmes as well as flexible working hours are already in place. However, Freight Forwarding and especially Road freight continue to be industries with a high overrepresentation of males.

This is a long-term process and the work continued during the year. However, this did not lead to any further increase in the underrepresented gender during the year.

Uncertainty regarding recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2022	2021
Revenue	2	1,124,195	969,559
Freight and other transportation costs, etc.		-946,185	-807,447
Other operating income		16,907	14,519
Other external costs		<u>-47,575</u>	<u>-50,818</u>
Gross profit		147,342	125,813
Staff costs	3	-137,813	-127,632
Depreciation of property, plant and equipment	4	<u>-24,099</u>	<u>-22,546</u>
Loss before financial income and expenses		-14,570	-24,365
Financial income		2,451	724
Financial expenses	5	<u>-4,106</u>	<u>-2,097</u>
Loss before tax		-16,225	-25,738
Tax on loss for the year	6	<u>3,591</u>	<u>6,579</u>
Loss for the year	7	<u><u>-12,634</u></u>	<u><u>-19,159</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2022	31/12 2021
ASSETS			
Fixed assets			
Property, plant and equipment	8		
Land and buildings		54,561	53,240
Other fixtures and fittings, tools and equipment		33,426	35,601
Leasehold improvements		674	602
Property, plant and equipment under construction		<u>1,112</u>	<u>0</u>
		<u>89,773</u>	<u>89,443</u>
Financial assets	9		
Deposits		<u>25</u>	<u>25</u>
Total fixed assets		<u>89,798</u>	<u>89,468</u>
Current assets			
Receivables			
Trade receivables		132,322	121,467
Receivables from group entities		31,819	27,416
Other receivables		8,395	1,624
Deferred tax asset	10	10,535	7,133
Corporation tax receivable from group entities		0	4,447
Prepayments	11	<u>204</u>	<u>353</u>
		<u>183,275</u>	<u>162,440</u>
Cash at bank and in hand		<u>400</u>	<u>28,188</u>
Total current assets		<u>183,675</u>	<u>190,628</u>
TOTAL ASSETS		<u><u>273,473</u></u>	<u><u>280,096</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		600	600
Retained earnings		<u>27,887</u>	<u>40,521</u>
Total equity		<u>28,487</u>	<u>41,121</u>
Liabilities			
Non-current liabilities			
Lease obligations	12	46,214	47,658
Other payables		<u>576</u>	<u>14,109</u>
		<u>46,790</u>	<u>61,767</u>
Current liabilities			
Lease obligations	12	1,261	3,028
Trade payables		162,532	120,280
Payables to group entities		11,133	30,902
Other payables	12	<u>23,270</u>	<u>22,998</u>
		<u>198,196</u>	<u>177,208</u>
Total liabilities		<u>244,986</u>	<u>238,975</u>
TOTAL EQUITY AND LIABILITIES		<u><u>273,473</u></u>	<u><u>280,096</u></u>
Accounting policies	1		
Fees to auditor appointed at the general meeting	13		
Contractual obligations, contingencies, etc.	14		
Related party disclosures	15		
Disclosure of events after the balance sheet date	16		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Contributed capital	Retained earnings	Total
Equity at 1 January 2022	600	40,521	41,121
Net loss for the year	0	-12,634	-12,634
Equity at 31 December 2022	600	27,887	28,487

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of DHL Freight 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 with opt-in from higher reporting classes.

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 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 Beteiligungen Holding GmbH, the Company has not prepared a cash flow statement.

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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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.

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 expenses 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 assets will flow to the Company, and the value of the assets 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 the addition/deduction of cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Recognition and measurement take into account the losses and risks occurring before the presentation of the annual report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Revenue

The Company uses IFRS 15 for measuring and recognising 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 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. comprise costs for carriers, and other costs used to achieve revenue for the year.

Other operating income and other operating expenses

Other operating income and other operating expenses comprise items of a secondary nature to the principal activities of the Company, including gains and losses on the disposal of property, plant and equipment.

Other external costs

Other external costs comprise costs for 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 property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Tax on 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 loss 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 refund for tax losses).

DHL Express (Denmark) A/S serves as the management Company in the Tax Group. Provision for and payment of total Danish tax on the taxable income of the Danish subsidiaries are made by DHL Express (Denmark) A/S.

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:

Other buildings	20-50 years
Other fixtures and fittings, tools and equipment	4-10 years
Leasehold improvements	10 years
Right-of-use assets	3-10 years

Depreciation period and residual value are reassessed annually.

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 the payment obligations entered into 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 straight-line method, normally a depreciation period of 3-10 years.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

The Company has used the relief options provided for leases for low-value assets and short-term leases (shorter than twelve months) and expensed 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.

Investments

Investments consist of lease deposit.

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, 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.

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 expected credit loss impairment model, IFRS 9, based on 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.

Equity

Dividends

The expected dividends payment for the year is disclosed as a separate item under equity.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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 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

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Financial statements 1 January – 31 December

Notes

DKK'000	<u>2022</u>	<u>2021</u>
2 Segment information		
Geographical segments		
Revenue, Denmark	151,254	144,782
Revenue, exports	<u>972,941</u>	<u>824,777</u>
	<u>1,124,195</u>	<u>969,559</u>
Business segments		
Non Terminal Based Operations	659,140	558,202
Terminal Based Operations	405,922	357,001
Other Operations	<u>59,133</u>	<u>54,356</u>
	<u>1,124,195</u>	<u>969,559</u>
3 Staff costs		
Wages and salaries	121,272	114,125
Pensions	9,423	8,854
Other social security costs	3,173	1,916
Other staff costs	<u>3,945</u>	<u>2,737</u>
	<u>137,813</u>	<u>127,632</u>
Average number of full-time employees	<u>261</u>	<u>253</u>
Including remuneration to the Executive Board of DKK 4.417 thousand (2021: DKK 2,942 thousand).		
DKK'000	<u>2022</u>	<u>2021</u>
4 Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	<u>24,099</u>	<u>22,546</u>
	<u>24,099</u>	<u>22,546</u>
Which is specified as follows:		
Buildings	9,299	8,556
Other fixtures and fittings, tools and equipment	14,706	13,917
Leasehold improvements	<u>94</u>	<u>73</u>
	<u>24,099</u>	<u>22,546</u>
5 Financial expenses		
Interest expense to group entities	125	183
Other financial expenses	<u>3,981</u>	<u>1,914</u>
	<u>4,106</u>	<u>2,097</u>

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DKK'000		<u>2022</u>	<u>2021</u>		
6	Tax on loss for the year				
	Current tax for the year	0	-4,446		
	Deferred tax for the year	-3,608	-2,133		
	Adjustment of tax concerning previous years	-189	0		
	Adjustment of deferred tax concerning previous years	<u>206</u>	<u>0</u>		
		<u><u>-3,591</u></u>	<u><u>-6,579</u></u>		
7	Proposed distribution of loss				
	Retained earnings	<u><u>-12,634</u></u>	<u><u>-19,159</u></u>		
8	Property, plant and equipment				
DKK'000					
	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment under construction	Total
	123,207	87,085	737	0	211,029
	10,622	12,546	166	1,112	24,446
	<u>-3</u>	<u>-7,835</u>	<u>0</u>	<u>0</u>	<u>-7,838</u>
	<u>133,826</u>	<u>91,796</u>	<u>903</u>	<u>1,112</u>	<u>227,637</u>
	-69,967	-51,484	-135	0	-121,586
	-9,299	-14,706	-94	0	-24,099
	<u>1</u>	<u>7,820</u>	<u>0</u>	<u>0</u>	<u>7,821</u>
	<u>-79,265</u>	<u>-58,370</u>	<u>-229</u>	<u>0</u>	<u>-137,864</u>
	<u>54,561</u>	<u>33,426</u>	<u>674</u>	<u>1,112</u>	<u>89,773</u>
	<u><u>21,755</u></u>	<u><u>22,649</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>44,404</u></u>
9	Investments				
DKK'000				<u>Deposits</u>	
	Cost at 1 January 2022			<u>25</u>	
	Cost at 31 December 2022			<u>25</u>	
	Carrying amount at 31 December 2022			<u><u>25</u></u>	

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10 Deferred tax assets

DKK'000	31/12 2022	31/12 2021
Deferred tax at 1 January	7,133	5,000
Deferred tax adjustment for the year in the income statement	3,608	2,133
Adjustment of deferred tax concerning previous years	-206	0
	<u>10,535</u>	<u>7,133</u>

Management estimates that the recognised tax asset of DKK 10,5 million will be utilised within the coming years against future taxable income or be utilised by the jointly taxed Danish entities.

11 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions, etc.

12 Liabilities

Liabilities can be specified as follows:

DKK'000	31/12 2022	31/12 2021
Lease obligations:		
After 5 years	18,265	8,049
Between 1 and 5 years	27,949	39,609
Within 1 year	<u>1,261</u>	<u>3,028</u>
	<u>47,475</u>	<u>50,686</u>
Other payables		
Between 1 and 5 years	576	14,109
Within 1 year	<u>23,271</u>	<u>22,998</u>
	<u>23,847</u>	<u>37,107</u>

13 Fees to auditor appointed at the general meeting

DKK'000	2022	2021
PricewaterhouseCoopers		
Audit fee	665	599
Other assurance engagements	153	250
Tax advisory services	<u>0</u>	<u>97</u>
	<u>818</u>	<u>946</u>

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14 Contractual obligations, contingencies, etc.

Contingent liabilities

The group entities are jointly and severally liable for tax on the jointly taxed income, etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of DHL Express (Denmark) A/S, which is the management company of the joint taxation. Moreover, the group entities are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the companies' liability.

DHL Freight Denmark A/S is jointly liable for obligations attributable to the activities, assets and liabilities of DHL Express (Denmark) A/S that existed at the date of demerger on 1 January 2020.

Rental and lease obligations

DKK'000	<u>31/12 2022</u>	<u>31/12 2021</u>
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	14,287	13,372
Between 1 and 5 years	<u>809</u>	<u>1,079</u>
	<u>15,096</u>	<u>14,451</u>

15 Related party disclosures

DHL Freight Denmark A/S' related parties comprise the following:

Control

Controlling shareholder

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

Ultimate controlling shareholder

Deutsche Post AG
Charles-de-Gaulle-Strasse 20
DE-53105 Bonn
Germany

Related party transactions

During the year, the Company's intercompany transactions and usual Management remuneration was conducted at arm's length.

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Consolidated financial statements

The Company's direct Parent Company does 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 consolidated financial statements may be obtained at the following address:

Deutsche Post AG, DE 53105 Bonn, Germany

16 Disclosure of events after the balance sheet date

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.