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# ***DHL Supply Chain Denmark A/S***

Ventrupvej 25, DK-2670 Greve

## **Annual Report for 1 January - 31 December 2017**

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CVR No 80 14 26 17

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
20/6 2018

Poul Stone  
Chairman of the General  
Meeting

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# **Management's Statement**

The Executive Board and Board of Directors have today considered and adopted the Annual Report of DHL Supply Chain Denmark A/S for the financial year 1 January - 31 December 2017.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2017 of the Company and of the results of the Company operations for 2017.

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

Greve, 20 June 2018

## **Executive Board**

Steffen Lind Sørensen  
CEO

## **Board of Directors**

Poul Stone  
Chairman

Steffen Lind Sørensen

Dan Alex Waern

# Independent Auditor's Report

To the Shareholder of DHL Supply Chain Denmark A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of DHL Supply Chain Denmark A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Management's responsibilities for the Financial Statements

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

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

## Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

## Independent Auditor's Report

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 20 June 2018

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Bo Schou-Jacobsen  
State Authorised Public Accountant  
mne28703

Anders Røjleskov  
State Authorised Public Accountant  
mne28699

## **Company Information**

### **The Company**

DHL Supply Chain Denmark A/S  
Ventrupvej 25  
DK-2670 Greve

CVR No: 80 14 26 17  
Financial period: 1 January - 31 December  
Municipality of reg. office: Greve

### **Board of Directors**

Poul Stone, Chairman  
Steffen Lind Sørensen  
Dan Alex Waern

### **Executive Board**

Steffen Lind Sørensen

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

## Income Statement 1 January - 31 December

	Note	2017 DKK	2016 DKK
<b>Gross profit/loss</b>		<b>25,591,846</b>	<b>24,830,161</b>
Staff expenses	3	-19,090,587	-20,166,369
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		<u>-1,122,700</u>	<u>-1,780,253</u>
<b>Profit/loss before financial income and expenses</b>		<b>5,378,559</b>	<b>2,883,539</b>
Financial income		73,654	43,581
Financial expenses	4	<u>-1,359,636</u>	<u>-1,785,250</u>
<b>Profit/loss before tax</b>		<b>4,092,577</b>	<b>1,141,870</b>
Tax on profit/loss for the year	5	<u>-166,003</u>	<u>-702,904</u>
<b>Net profit/loss for the year</b>		<b><u>3,926,574</u></b>	<b><u>438,966</u></b>

## Distribution of profit

### Proposed distribution of profit

Retained earnings		<u>3,926,574</u>	<u>438,966</u>
		<b><u>3,926,574</u></b>	<b><u>438,966</u></b>

## Balance Sheet 31 December

### Assets

	Note	2017 DKK	2016 DKK
Software		1,538,729	711,011
<b>Intangible assets</b>	6	<b>1,538,729</b>	<b>711,011</b>
Other fixtures and fittings, tools and equipment		348,311	4,106,878
<b>Property, plant and equipment</b>	7	<b>348,311</b>	<b>4,106,878</b>
<b>Fixed assets</b>		<b>1,887,040</b>	<b>4,817,889</b>
Trade receivables		7,816,895	8,842,023
Receivables from group enterprises		14,346,719	1,071,399
Other receivables		2,927,127	1,890,851
Deferred tax asset		390,545	0
<b>Receivables</b>		<b>25,481,286</b>	<b>11,804,273</b>
<b>Currents assets</b>		<b>25,481,286</b>	<b>11,804,273</b>
<b>Assets</b>		<b>27,368,326</b>	<b>16,622,162</b>



# Balance Sheet 31 December

## Liabilities and equity

	<u>Note</u>	<u>2017</u> DKK	<u>2016</u> DKK
Share capital		13,100,000	13,100,000
Retained earnings		-156,447,443	-160,374,017
<b>Equity</b>		<b>-143,347,443</b>	<b>-147,274,017</b>
Credit institutions		44	102
Prepayments received from customers		5,868,469	6,319,935
Trade payables		5,178,193	4,225,180
Payables to group enterprises		156,849,934	146,499,140
Corporation tax		556,549	178,640
Other payables		2,262,580	6,673,182
<b>Short-term debt</b>		<b>170,715,769</b>	<b>163,896,179</b>
<b>Debt</b>		<b>170,715,769</b>	<b>163,896,179</b>
<b>Liabilities and equity</b>		<b>27,368,326</b>	<b>16,622,162</b>
Going concern	1		
Key activities	2		
Contingent assets, liabilities and other financial obligations	8		
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## Statement of Changes in Equity

	<u>Share capital</u> DKK	<u>Retained earnings</u> DKK	<u>Total</u> DKK
Equity at 1 January	13,100,000	-160,374,017	-147,274,017
Net profit/loss for the year	0	3,926,574	3,926,574
<b>Equity at 31 December</b>	<b>13,100,000</b>	<b>-156,447,443</b>	<b>-143,347,443</b>

# Notes to the Financial Statements

## 1 Going concern

The Company has at the year-end a negative equity. The Company has received a Letter of Support and Subordination from its ultimate parent Deutsche Post AG insuring the required funding of its future operation upto 1 July 2021. Furthermore, the Parent Company will subordinate their receivables in favour of other creditors of the Company.

Management has on this basis prepared the Financial Statements on a going concern basis.

## 2 Key activities

The Company's activity in the year has comprised of logistics services to companies. The logistics services consist of inventory service and inventory management ect.

	<u>2017</u> DKK	<u>2016</u> DKK
<b>3 Staff expenses</b>		
Wages and salaries	17,062,627	17,006,530
Pensions	1,531,591	1,329,380
Other social security expenses	0	63,099
Other staff expenses	496,369	1,767,360
	<u><b>19,090,587</b></u>	<u><b>20,166,369</b></u>
<b>Average number of employees</b>	<u><b>38</b></u>	<u><b>39</b></u>
<b>4 Financial expenses</b>		
Interest paid to group companies	1,068,921	1,440,335
Other financial expenses	210,378	253,852
Exchange adjustments	80,337	91,063
	<u><b>1,359,636</b></u>	<u><b>1,785,250</b></u>

## Notes to the Financial Statements

	2017	2016
	DKK	DKK
<b>5 Tax on profit/loss for the year</b>		
Current tax for the year	556,548	178,640
Deferred tax for the year	-390,545	0
Adjustment of tax concerning previous years	0	524,264
	<b>166,003</b>	<b>702,904</b>

### 6 Intangible assets

	Software
	DKK
Cost at 1 January	711,011
Additions for the year	1,202,811
Cost at 31 December	1,913,822
Impairment losses and amortisation at 1 January	0
Amortisation for the year	375,093
Impairment losses and amortisation at 31 December	375,093
<b>Carrying amount at 31 December</b>	<b>1,538,729</b>

Development project relates mainly to implementation of new versions of the Company's existing software products.

### 7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 January	6,299,167
Additions for the year	433,218
Disposals for the year	-6,299,167
Cost at 31 December	433,218

## Notes to the Financial Statements

### 7 Property, plant and equipment (continued)

	Other fixtures and fittings, tools and equipment DKK
Impairment losses and depreciation at 1 January	2,192,289
Depreciation for the year	747,607
Reversal of depreciation for the year	<u>-2,854,989</u>
Impairment losses and depreciation at 31 December	<u>84,907</u>
<b>Carrying amount at 31 December</b>	<b><u>348,311</u></b>

### 8 Contingent assets, liabilities and other financial obligations

	2017 DKK	2016 DKK
<b>Rental and lease obligations</b>		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	19,602,968	20,086,835
Between 1 and 5 years	74,431,614	82,219,601
After 5 years	<u>32,675,789</u>	<u>58,312,788</u>
	<b><u>126,710,371</u></b>	<b><u>160,619,224</u></b>

The Company has until 2024 leased a building on an unredeemable lease contract. The building is rented to 3. part on an unredeemable lease contract towards 2024.

The lease agreement includes an obligation to restore all changes to the leased property at the time of termination of the lease. According to the signed agreement, all obligations with respect to restoration have been taken over by the 3. part lessee.

#### Other contingent liabilities

The Company is jointly taxed with other Danish Companies and branches of the DPDHL Group. The Company and the other Companies and branches subject to joint taxation have unlimited, joint and several liability for Danish corporation taxes.

# Notes to the Financial Statements

## 9 Related parties and group relations

### Consolidated Financial Statements

The Company's direct parent, DHL Express (Denmark) A/S, does not prepare consolidated financial statements pursuant to section 112(1) of the Danish Financial Statements Act.

Name	Place of registered office
DHL Express (Denmark) A/S, direct parent	Jydekrogen 14, DK-2625 Vallensbæk

The Company's ultimate parent, which prepares consolidated financial statements into which the Company is incorporated as a subsidiary, is Deutsche Post AG.

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

Deutsche Post AG  
DE 53105 Bonn  
Germany

## 10 Subsequent events

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

# Notes to the Financial Statements

## 11 Accounting Policies

The Annual Report of DHL Supply Chain Denmark A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2017 are presented in DKK.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

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

### Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the inte-

# Notes to the Financial Statements

## 11 Accounting Policies (continued)

rest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

## Income Statement

### Revenue

Revenue from logistics services is recognised in the income statement when the sale is considered effected based on the following criteria:

- the services are rendered;
- a binding sales agreement has been made;
- the amount of revenue and income can be reliably measured; and
- payment has been received or may with reasonable certainty be expected to be received.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

### Other external expenses

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

### Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

### Staff expenses

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

### Amortisation, depreciation and impairment losses

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

### Other operating income and expenses

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



# Notes to the Financial Statements

## 11 Accounting Policies (continued)

### Financial income and expenses

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

### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with its Parent Company. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

## Balance Sheet

### Intangible assets

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

### Property, plant and equipment

Property, plant and equipment 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 fixtures and fittings, tools and equipment      3-10    years

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 13,200 are expensed in the year of acquisition.

### Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation. If so, the asset is written down to its lower recoverable amount.

# Notes to the Financial Statements

## 11 Accounting Policies (continued)

### Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

### Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

### Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### Financial debts

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