

Garmin Nordic Denmark A/S


Hejrevang 19, 3450 Allerød

CVR no. 11 36 38 81

Annual report 2021

Approved at the Company's annual general meeting on 17 June 2022

Chair of the meeting:


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Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Financial statements 1 January - 31 December	10
Income statement	10
Balance sheet	11
Statement of changes in equity	13
Cash flow statement	14
Notes to the financial statements	15

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Garmin Nordic Denmark A/S for the financial year 1 January - 31 December 2021.

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 2021 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2021.


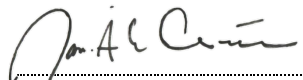

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

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

Alleroed, 17 June 2022
Executive Board:


Jan-Åke Arenäs

Board of Directors:


Andrew Russell Etkind
Chair
Jan-Åke Arenäs
Sean Biddlecombe

Independent auditor's report

To the shareholders of Garmin Nordic Denmark A/S

Opinion

We have audited the financial statements of Garmin Nordic Denmark A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement 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 2021 and of the results of the Company's operations as well as the cash flows for the financial year 1 January - 31 December 2021 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' 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.

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.

Independent auditor's report

- ▶ 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 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, 17 June 2022
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Peter Jensen
State Authorised Public Accountant
mne33246

Management's review

Company details

Name	Garmin Nordic Denmark A/S
Address, Postal code, City	Hejrevang 19, 3450 Allerød
CVR no.	11 36 38 81
Established	14 September 1987
Registered office	Allerød
Financial year	1 January - 31 December
Website	www.garmin.dk
Board of Directors	Andrew Russell Etkind, Chair Jan-Åke Arenäs Sean Biddlecombe
Executive Board	Jan-Åke Arenäs
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark
Bankers	Nordea Bank

Management's review

Financial highlights

DKK	2021	2020	2019	2018	2017
Key figures					
Revenue	1,242,961,030	1,149,437,189	920,918,566	767,540,721	749,960,672
Gross profit	80,749,531	78,556,625	61,566,090	52,413,997	43,556,070
Operating profit/loss	26,447,832	25,590,231	23,193,829	19,166,560	14,789,697
Net financials	-189,606	-521,633	-363,674	89,873	124,404
Profit for the year	25,585,155	24,216,984	17,468,219	14,833,546	11,511,031
Total assets	486,806,970	421,434,889	367,361,339	299,844,947	317,347,907
Investment in property, plant and equipment	-1,243,848	-2,369,439	-675,607	-2,333,886	-205,152
Equity	137,358,149	126,772,994	114,556,010	104,547,791	104,634,245
Financial ratios					
Operating margin	2.7%	2.8%	2.5%	2.5 %	2.0 %
Gross margin	6.5%	6.8%	6.7%	6.8%	5.8%
Return on assets	5.8%	6.5%	7.0%	6.2%	5.3%
Equity ratio	28.2%	30.1%	31.2%	34.9%	33.0%
Return on equity	19.4%	20.1%	15.9%	14.2%	11.2%
Average number of full-time employees					
	71	67	67	62	60

The financial ratios stated under "Financial highlights" have been calculated as follows:

Ordinary operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Operating margin	$\frac{\text{Operating profit/loss (EBIT)} \times 100}{\text{Revenue}}$
Gross margin	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

Management's review

Business review

Garmin Nordic Denmark A/S' main activities are marketing and sale of Garmin products in Denmark and distribution of Garmin products in the Nordics.

Recognition and measurement uncertainties

The annual report for 2021 is not subject to any significant recognition and measurement uncertainties.

Unusual matters having affected the financial statements

No unusual events occurred in the reporting year.

Financial review

The income statement for 2021 shows a profit of DKK 25,585,155 against a profit of DKK 24,216,984 last year, and the balance sheet at 31 December 2021 shows equity of DKK 137,358,149. Management considers the Company's financial performance in the year to be up on expectations.

Non-financial matters

In connection with COVID-19, it has been very important to Garmin to protect our employees during this period by setting up weekly status meetings, implementing guidelines and providing protective equipment. This has, among others, secured the health of our employees during the pandemic. All employees except for employees at the store department and service department have been working from home since March 2020 until January 2022.

Financial risks and use of financial instruments

In a matter of few years, Garmin Nordic Denmark A/S has become market leading in all of our large product groups. This requires much from the handling of new launches, competitive situations, price policies, etc., which our competitors do not need to comply with. This, together with the overall decline in the large product groups, implies at all times a risk to further growth. Consequently, once again in current financial year, we were challenged by the continuous decline in the PND (Portable Navigation Devices) market, caused by a general saturation of the market and limited mobility due to our market share as well as increasing pressure from more comprehensive substitutes like smartphones and tablets.

The Company is not exposed to any significant currency or interest-rate risks.

Statutory CSR report

The ultimate parent of Garmin Nordic Denmark A/S and the whole Garmin group ("Garmin") is Garmin Ltd., which is domiciled in Switzerland. Regarding Corporate Social Responsibility, the Company therefore leverages Garmin policies when applicable and applies specific local policies and actions as necessary.

Human Rights:

Policy:

Garmin believes that protecting human rights is the ethical and responsible way to do business. We work to afford our associates the dignity, freedom, respect and acceptance that they deserve. This is outlined in the Garmin group Code of Conduct, which is updated annually and can be found at the link below.

https://www8.garmin.com/aboutGarmin/invRelations/documents/Code_of_Conduct.pdf

Risk Assessment:

Garmin Nordic Denmark A/S operates as a distributor of Garmin products and therefore purchases all products from group companies. The Garmin group's goal is to ensure human rights are upheld for all workers involved in its supply chain and supports suppliers who share Garmin's belief that fair labor practices and safe working environments are an inherent part of human rights, which minimizes the risk of human rights abuses locally.

Management's review

Actions:

In the future we will communicate our guidelines and expectations regarding human rights to employees and business relations through our code of conducts.

Results:

In 2021 the Garmin Group Code of Conduct was provided to all Garmin Nordic Denmark A/S' newly hired employees.

Climate and Environment:

Policy:

The Garmin group focuses on climate and environmental responsibility related to product design, raw material and energy use, packaging, and shipping. This includes use of recycled materials in packaging and avoiding the use of hazardous materials in Garmin products.

Risk Assessment:

Garmin Nordic Denmark A/S operates as a distributor of Garmin products by utilizing office and warehouse facilities. As the Company does not have its own production facility, climate and environment risks are low and mainly relate to the energy consumption in office and warehouse spaces and recycling of waste.

Actions:

In 2021 the Company continuously strives to practice energy efficiency in its daily activities, including the use of LED light bulbs and automatic on-off light switches. Further, the Company continuously collects recyclable materials to minimize waste. Our target is to continue to work towards reducing non-recycled waste and energy consumption.

Results:

Management considers the Company's record and current approach to climate and environmental responsibility to be positive.

Non-recycled waste and energy consumption did not grow significantly in 2021 despite the growth in the local business.

Anti-corruption:

Policy:

The Garmin group complies with the anti-corruption laws of the countries in which it does business. This is outlined in the Garmin group Code of Conduct, which is updated annually, provided to each associate upon hire, and can be found at the link below.

https://www8.garmin.com/aboutGarmin/invRelations/documents/Code_of_Conduct.pdf

This includes prohibition of accepting, giving or soliciting bribes or kickbacks, cautions when choosing external business partners and extra caution when working with government departments or officials.

Risk Assessment:

Garmin Nordic Denmark A/S operates as a distributor of Garmin products and therefore purchases all products from group companies, which minimizes the risk of corruption locally.

Actions:

Key employees of Garmin Nordic Denmark A/S and the Garmin group receive training annually regarding the Garmin group's policies and procedures regarding bribery, anti-corruption and sensitive payments. This also took place in 2021.

Results:

Management considers the Company's anti-corruption record and approach to be positive. In 2021 there have in Garmin Nordic Denmark A/S not been any breach to the Company's anti-corruption policy. In the future we will communicate our guidelines and expectations regarding anticorruption to employees and business relation through our code of conducts.

Social working conditions:

Policy:

The Garmin group offers an environment that is supportive of inclusion and diversity. We aim to provide globally competitive benefits, as well as numerous programs focused on health and wellness and career development. We believe that healthy, happy associates are safer and more productive.

Risk Assessment:

Management considers the Company's social working conditions, and current employee relations to be positive and therefore low risk, with the exception of physical labor that may be required in the warehouse and therefore moderate risk.

Management's review

Actions:

We have whenever possible in 2021 assumed the extra, administrative tasks that follow from having employees with special needs or requirements. Such staff categories included: Disabled persons, flex jobbers and interns. Further, the company properly trains its warehouse associates and takes special caution to avoid any work-hazards.

Results:

Management considers the Company's human rights record, social working conditions, and current employee relations to be positive, and in 2021 Garmin Nordic Denmark A/S experienced no work-hazards.

Account of the gender composition of Management, cf. §99b

There has from the senior management team been a desire to increase the diversity in the Nordic senior management team which today consists of 6 of which 1 is female.

There is from the senior management and the Board an awareness of the gender composition and emphasising on continuing development of more female department managers for purposes of future inclusion in the senior management group. In recruiting processes or new department managers, the company aim for the candidates each time to be of both genders. Today, 35 % of manager positions are held by females.

The Board of directors consists of men only. The Board of Directors has a goal to have 25 % woman on the Board. During the latest process for additions to the Board back in 2017, there were no suited female candidates, why the Board has extended the time horizon until 2024. There have not been any additions to the board in 2021. Garmin wants to increase the presence of female throughout the organisation. It is, however, always the best suited candidate that will be offered the position.

Data ethics

Garmin follows a privacy and security by design approach. We are transparent about the types of personal data we process and the ways we use it, in compliance with applicable privacy laws and regulations. We believe personal data belongs to our customers, who control what can be shared. We also have a responsibility to be good stewards of that data, and we protect it in accordance with best practices in cybersecurity frameworks. Our privacy and security teams are updated on current trends and practices through annual trainings and collaboration with industry groups, and we engage independent parties to perform annual assessments of our cyber security programs for continuous improvement. To learn more about our privacy practices, visit our website.

Events after the balance sheet date

No events have occurred after the financial year end which could significantly affect the Company's financial position.

Outlook

Due to the uncertain times after Covid-19 and now the war in Ukraine the Company expects a flat revenue and profit compared to 2021, or in worse scenario a decline on 10% with a revenue at around DKK 1.100.000.000 - 1.120.000.000 and a profit before tax on around DKK 27.500.000 - 30.000.000

Financial statements 1 January - 31 December

Income statement

Note	DKK	2021	2020
2	Revenue	1,242,961,030	1,149,437,189
	Cost of sales	-1,130,765,579	-1,040,756,035
	Other operating income	6,815,492	6,246,169
	Other external expenses	-38,261,412	-36,370,698
	Gross profit	80,749,531	78,556,625
3	Staff costs	-46,214,951	-45,631,979
	Depreciation of property, plant and equipment	-1,271,256	-1,088,246
	Profit before net financials	33,263,324	31,836,400
	Financial income	117,815	14,523
	Financial expenses	-307,421	-536,156
	Profit before tax	33,073,718	31,314,767
4	Tax for the year	-7,488,563	-7,097,783
	Profit for the year	25,585,155	24,216,984

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2021	2020
	ASSETS		
	Non-current assets		
5	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	3,773,772	3,801,180
		3,773,772	3,801,180
	Financial assets		
7	Deferred tax assets	15,215	17,354
		15,215	17,354
	Total non-current assets	3,788,987	3,818,534
	Current assets		
	Inventories		
	Finished goods and goods for resale	123,999,521	109,674,987
		123,999,521	109,674,987
	Receivables		
	Trade receivables	139,558,543	110,551,642
	Receivables from associates	174,998,587	140,780,307
	Other receivables	380,251	327,727
		314,937,381	251,659,676
	Cash	44,081,081	56,281,692
	Total current assets	483,017,983	417,616,355
	TOTAL ASSETS	486,806,970	421,434,889

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2021	2020
	EQUITY AND LIABILITIES		
	Equity		
6	Share capital	2,000,000	2,000,000
	Retained earnings	120,358,149	109,772,994
	Dividend proposed for the year	15,000,000	15,000,000
	Total equity	137,358,149	126,772,994
	Liabilities		
	Non-current liabilities		
	Other payables	0	3,532,590
	Total non-current liabilities	0	3,532,590
	Current liabilities		
	Trade payables	3,969,202	2,564,083
	Payables to associates	331,811,637	272,038,317
	Income taxes payable	140,424	2,064,659
	Other payables	13,527,558	14,462,246
	Total current liabilities	349,448,821	291,129,305
	Total liabilities	349,448,821	294,661,895
	TOTAL EQUITY AND LIABILITIES	486,806,970	421,434,889

- 1 Accounting policies
- 8 Contractual obligations and contingencies, etc.
- 9 Collateral
- 10 Related parties
- 11 Fee to the auditors appointed by the Company in general meeting
- 12 Appropriation of profit

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK	Share capital	Retained earnings	Dividend proposed for the year	Total
	Equity at				
	1 January 2021	2,000,000	109,772,994	15,000,000	126,772,994
12	Transfer, see "Appropriation of profit"	0	10,585,155	15,000,000	25,585,155
	Dividend distributed	0	0	-15,000,000	-15,000,000
	Equity at				
	31 December 2021	2,000,000	120,358,149	15,000,000	137,358,149

Financial statements 1 January - 31 December

Cash flow statement

Note	DKK	2021	2020
	Profit for the year	25,585,155	24,216,984
13	Adjustments	8,949,425	8,707,662
	Cash generated from operations (operating activities)	34,534,580	32,924,646
14	Changes in working capital	-17,358,486	-2,883,696
	Cash generated from operations (operating activities)	17,176,094	30,040,950
	Interest received, etc.	117,815	14,523
	Interest paid, etc.	-307,421	-536,156
	Income taxes paid	-9,410,662	-6,031,948
	Cash flows from operating activities	7,575,826	23,487,369
	Additions of property, plant and equipment	-1,243,848	-2,369,439
	Cash flows to investing activities	-1,243,848	-2,369,439
	Dividends distributed	-15,000,000	-12,000,000
	Other cash flows from financing activities	-3,532,589	2,352,842
	Cash flows from financing activities	-18,532,589	-9,647,158
	Net cash flow	-12,200,611	11,470,772
	Cash and cash equivalents at 1 January	56,281,692	44,810,920
	Cash and cash equivalents at 31 December	44,081,081	56,281,692

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Garmin Nordic Denmark A/S for 2021 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

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

Income from the sale of goods held for sale and finished goods is recognised in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of non-current assets.

Other external expenses

Other external expenses include the year's expenses relating to the entity'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 pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Depreciation

The item comprises depreciation of property, plant and equipment.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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:

Other fixtures and fittings, tools and equipment	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.

Financial income and expenses

Financial income and expenses are recognised in the income statement 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 entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the management company.

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.

Impairment of non-current assets

Property, plant and equipment are tested for impairment whenever there are indications that an asset might be impaired. The impairment test is performed for each individual asset or group of assets, respectively. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

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).

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at the lower of cost, measured by reference to the FIFO method, and net realisable value.

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.

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.

Provisions for deferred tax are calculated, based on the liability method, of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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

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.

Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Segment information

Segment information is given for revenue broken down by geographical segment. The segmentation is in accordance with the entity's internal financial management.

Financial statements 1 January - 31 December

Notes to the financial statements

DKK	2021	2020
2 Segment information		
Breakdown of revenue by geographical segment:		
Direct sales	536,190,629	562,362,989
Intra-group sales, Nordics	706,770,401	587,074,200
	<u>1,242,961,030</u>	<u>1,149,437,189</u>
3 Staff costs		
Wages/salaries	34,717,834	32,973,764
Pensions	3,222,406	3,020,852
Other staff costs	8,274,711	9,637,363
	<u>46,214,951</u>	<u>45,631,979</u>
Average number of full-time employees	<u>71</u>	<u>67</u>
In the financial year, the Company has not paid remuneration to Management.		
4 Tax for the year		
Estimated tax charge for the year	7,486,424	7,052,659
Deferred tax adjustments in the year	2,139	45,124
	<u>7,488,563</u>	<u>7,097,783</u>
5 Property, plant and equipment		
DKK		Other fixtures and fittings, tools and equipment
Cost at 1 January 2021		16,406,238
Additions in the year		1,243,848
Cost at 31 December 2021		<u>17,650,086</u>
Impairment losses and depreciation at 1 January 2021		12,605,058
Amortisation/depreciation in the year		1,271,256
Impairment losses and depreciation at 31 December 2021		<u>13,876,314</u>
Carrying amount at 31 December 2021		<u>3,773,772</u>
Depreciated over		<u>5 years</u>
DKK	2021	2020
6 Share capital		
Analysis of the share capital:		
2,000 A- shares of DKK 1,000.00 nominal value each	2,000,000	2,000,000
	<u>2,000,000</u>	<u>2,000,000</u>

The Company's share capital has remained DKK 2,000,000 over the past 5 years.

Financial statements 1 January - 31 December

Notes to the financial statements

7 Deferred tax

Deferred tax relates to:

DKK	2021	2020
Property, plant and equipment	-15,215	-17,354
	<u>-15,215</u>	<u>-17,354</u>

8 Contractual obligations and contingencies, etc.

Other contingent liabilities

As management company, the Company is jointly taxed with other Danish group entities and is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income year 2013 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 1 July 2012.

Other financial obligations

Other rent and lease liabilities:

DKK	2021	2020
Rent and lease liabilities	3,952,675	2,611,003
	<u>3,952,675</u>	<u>2,611,003</u>

Rent and lease liabilities include a rent liability totalling DKK 1,191,164 (2020: DKK 1,156,470) and liabilities under operating leases for cars and office equipment, DKK 2,761,511 (2020: DKK 1,488,216).

9 Collateral

The Company has not placed any assets or other as security for loans at 31 December 2021.

10 Related parties

Information about consolidated financial statements

Parent	Domicile
Garmin Ltd.	

Related party transactions

Garmin Nordic Denmark A/S was engaged in the below related party transactions:

DKK	2021	2020
Sales	713,585,893	629,742,937
Purchases	1,166,240,737	935,028,543
IT costs	4,017,460	3,232,284
Receivables from associates	186,749,235	140,780,307
Payables to associates	343,562,284	272,038,317

Financial statements 1 January - 31 December

Notes to the financial statements

DKK	2021	2020
11 Fee to the auditors appointed by the Company in general meeting		
Total fees to EY	378,223	381,000
Statutory audit	316,723	318,000
Assurance engagements	23,500	25,000
Tax assistance	17,500	17,500
Other assistance	20,500	20,500
	378,223	381,000
12 Appropriation of profit		
Recommended appropriation of profit		
Proposed dividend recognised under equity	15,000,000	15,000,000
Retained earnings	10,585,155	9,216,984
	25,585,155	24,216,984
13 Adjustments		
Amortisation/depreciation and impairment losses	1,271,256	1,088,246
Financial income	-117,815	-14,523
Financial expenses	307,421	536,156
Tax for the year	7,488,563	7,097,783
	8,949,425	8,707,662
14 Changes in working capital		
Change in inventories	-14,324,535	30,892,219
Change in receivables	-63,277,705	-72,258,928
Change in trade and other payables, etc.	61,178,442	33,340,531
Other changes in working capital	-934,688	5,142,482
	-17,358,486	-2,883,696