

BNP PARIBAS FACTOR A/S
Stationsparken 21, 2600 Glostrup

Annual Report for the period
1 January – 31 December 2022

Presented and adopted at the annual general meeting
held on 27 June 2023

**Julien
Stuyck**

Digitally signed by
Julien Stuyck
Date: 2023.06.29
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Julien Pierre Edward Louis Stuyck
Chairman

CVR-nr. / Registration no.: 23 36 06 16

COMPANY INFORMATION

The Company:	BNP Paribas Factor A/S Stationsparken 21 2600 Glostrup
Telephone:	+45 43 30 88 00
Homepage:	www.factor.bnpparibas.dk
E-mail:	info.factor.dk@bnpparibas.com
CVR registration -nr.:	23 36 06 16
Date of foundation:	12 April 1965
Registered office:	Glostrup
Board of Executives:	André Guttorm Andersen
Board of Directors:	Julien Pierre Edward Louis Stuyck, <i>chairman</i> Charles-Henry Braun Ulrik Ross André Guttorm Andersen
Auditors:	Mazars, statsautoriseret revisionspartnerselskab Midtermolen 1, 2 tv 2100 København Ø

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STATEMENT BY MANAGEMENT

The Board of Executives and Board of Directors have today presented and adopted the Annual Report of BNP Paribas Factor A/S for 2022.

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 Company's financial position at 31 December 2022 and of the results of its operations for the financial year 1 January – 31 December 2022.

In our opinion, the managements review includes a fair review of the matters dealt with in the managements review.

We recommend the adoption of the Annual Report at the annual general meeting.

Copenhagen, 27 June 2023


Board of Executives:

 Digitally signed by
André Guttorm Andersen, Managing Director
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André Guttorm Andersen

Board of Directors:

Julien Stuyck
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Julien Pierre Edward Louis Stuyck
(Chairman)

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Charles-Henry Braun
(Vice chairman)

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Ulrik Ross

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André Guttorm Andersen

INDEPENDENT AUDITOR'S REPORTS

To the shareholder of BNP Paribas Factor A/S

Opinion

We have audited the financial statements of BNP Paribas Factor A/S for the financial year 1 January - 31 December 2022, which comprise a summary of significant accounting policies, income statement, balance sheet and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's 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.

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 judgment and maintain professional skepticism 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 REPORTS, continued

- 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.

Statement on management's review

Management is responsible for management's review.

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

Based on the work we have performed, we conclude that 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 management's review.

Copenhagen, 27 June 2023

MAZARS

statsautoriseret revisionspartnerselskab

CVR-nr. 31 06 17 41



Karsten Vedel
State-Authorized Public Accountant
MNE nr: mne47841

MANAGEMENT REVIEW

Main activities of the Company

BNP Paribas Factor A/S offers for more than 50 years to Danish corporate customers financial solutions which focus on the trade accounts receivable and includes financing or purchase of these receivables, assumption of the credit risk on these and customised administrative solutions which enable the outsourcing of the customers' sales ledger.

BNP Paribas Factoring group's unique product – Multi-Local Commercial Finance – is an international finance solution for customers present in different countries and which are offered similar conditions across those countries.

Development in activities and financial matters

The Company's income statement for the year ended 31 December shows a profit of DKK'000 14,685, and the balance sheet at 31 December 2022 shows equity of DKK'000 23,685.

Financial review

The on-going focus on working capital management and cash management by corporate companies creates opportunities for the financial instruments that factoring enables. This fact as well as the cooperation with BNP Paribas Bank in The Nordics, BNP Paribas Factoring Group, and coverage of the European markets, gives the Company unique possibility to further support corporate companies in optimizing their working capital. The Company expects growth in 2023, which will be reflected in an increase in revenues and combined with a focus on expenses, will result in a positive development of the result.

Currency risk

The company has receivables and payables in foreign currency and carries the currency risk on these.

ACCOUNTING POLICIES

The annual report of BNP Paribas Factor A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act concerning reporting class B entities as well as selected provisions as regards larger entities.

The accounting policies applied are consistent with those of last year.

Reporting currency

The Financial Statements are presented in Danish kroner.

Basis of recognition and measurement

As the Company carries out financial activities, an adjustment of the accounts has been made with reference to § 23, section 4 of the Danish Financial Statements Act in order to give a true and fair view of the Company's activities and accordingly the income statement and balance sheet have been adjusted to this fact.

Income is recognised in the income statement as it is earned including adjustments in total value of financial assets and liabilities. All expenses, including depreciation, amortisation and impairment losses, are also recognised in the income statement.

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

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 liabilities can be reliably measured.

On initial recognition, assets and liabilities are measured at cost and subsequently measured as described for each item below.

Recognition and measurement, foreseeable risks and losses arising before presentation of the Annual Report which affect matters arising on or before the balance sheet date are taken into account.

ACCOUNTING POLICIES, continued

THE INCOME STATEMENT

Recognition

Income and expenses are accrued and recognised in the income statement with the amounts relating to the accounting period.

Net financials

Financial income and expenses are recognised in the income statement at the amounts that relate to the reporting period. Net financials include interest income and expenses, realised and unrealised capital and exchange gains and losses on transactions in foreign currencies, surcharges and allowances under the advance-payment-of-tax scheme, etc.

Charges and commissions

Charges and commissions income comprise charges for factoring administration and commissions for risk protection. Charges and commission expenses comprise bank fees and insurance premiums for covering of debtor risks.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration, including expenses for staff, office premises and office expenses as well as depreciation.

Corporation tax and deferred tax

Tax for the year, comprising current tax and changes in deferred tax, is recognised in the income statement as far as it is attributable to the net profit for the year, and directly in equity with the amount attributable to amounts recognised directly in equity.

Deferred tax is measured using the tax rate which is expected to be applicable to the temporary differences between accountable and taxable values in those financial years in which the difference is expected to be settled.

BNP Paribas Factor A/S is jointly taxed with Danish affiliated companies. The current Danish corporation tax is allocated between the jointly taxed Danish companies to their taxable income. The jointly taxed companies are taxed under the advanced payment tax scheme.

ACCOUNTING POLICIES, continued

BALANCE SHEET

Intangible assets

Goodwill is amortised over its estimated useful life at 3 years. 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.

Tangible assets

Leasehold improvement and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation.

Cost comprises acquisition price and costs directly related to the acquisition until such time as the assets are ready for use.

Property, plant and equipment are depreciated in accordance with the straight-line method on the basis of the following assessments of the expected useful lives of the assets:

Fixtures and fittings, tools and equipment 3-5 years

Leasehold improvements 10 years

Profits or losses from disposal of property, plant and equipment are recognised in the income statement under other income / costs.

An impairment test is made for property, plant and equipment if there are indications of decreases in value. The impairment test is made 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.

Advances and receivables with assumed credit risk

The Company's advances and receivables are measured at nominal value. Advances are written down to net realisable value in order to meet expected losses. Accordingly, the calculated losses are recognised in the income statement under losses and provisions for customers.

Equity – Dividends

The expected dividend payment for the year is shown as a separate item under equity. Proposed dividends are recognized as a liability at the time of adoption at the general meeting.

Corporation tax and deferred tax

Current tax and current tax receivable are recognised in the balance sheet as computed tax of taxable income for the financial year adjusted for tax of taxable income for previous years and paid account taxes.

Deferred tax is measured using the balance sheet liability method of all temporary differences between carrying amount and tax base of assets and liabilities.

Deferred tax assets including the tax value of losses carried forward are measured at the value of which the asset is expected realised by settlement in future earnings tax or by set-of in deferred taxes.

Deferred expense/income

Deferred expense / income, recognised under assets and liabilities, comprise costs and revenue relating to subsequent financial years. Deferred income is measured at amortised cost, which usually corresponds to the nominal value.

Liabilities

Financial liabilities are recognized at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at nominal cost.

Other financial liabilities, which comprise amounts owed to suppliers, group enterprises and associates and other liabilities, are measured at cost.

ACCOUNTING POLICIES, continued

Translation adjustments

Foreign currency transactions are translated using the rate of exchange applicable at the date of transaction. Any exchange differences arising between the rate of exchange applicable at the date of transaction and the date of exchange applicable at the payment date are recognised in the income statement as financial items.

Receivables, liabilities other than provisions and other monetary items in foreign currencies, which have not been settled by the balance sheet date, are translated using the rate of exchange applicable at the balance sheet date. The difference between the rate of exchange applicable at the balance sheet date and the rate of exchange applicable at the time of the arising of the receivable or payable item is recognised in the income statement under financial income and expenses.

INCOME STATEMENT FOR THE PERIOD 1 JANUARY – 31 DECEMBER

	Note	2022 DKK'000	2021 DKK'000
Financial income		74.233	29.811
Financial expenses		-38.588	-4.414
Financial items, net	1	35.645	25.397
Charges and commission income		36.852	33.957
Charges and commission expenses		-1.626	-1.798
Charges and commission income, net		35.226	32.159
Administrative expenses	2	-42.968	-40.525
Depreciation, amortization and impairment write-down	3	-6.799	-6.764
Total expenses		-49.767	-47.289
PROFIT / LOSS BEFORE TAX:		21.104	10.267
Tax on net profit / loss for the year	4	-6.419	-2.260
PROFIT / LOSS FOR THE YEAR:		14.685	8.007
 PROPOSED APPROPRIATION OF PROFIT / LOSS:			
Retained profit / loss		0	0
Proposed dividend for the year		14.685	8.007
TOTAL APPROPRIATION OF PROFIT / LOSS:		14.685	8.007

BALANCE SHEET AT 31 DECEMBER

	Note	31.12.2022	31.12.2021
		DKK'000	DKK'000
ASSETS:			
Goodwill		1.653	8.265
Intangible assets	3	1.653	8.265
Leasehold improvements		107	128
Other fixtures and fittings, tools and equipment		136	144
Tangible assets	3	243	272
Deposits	5	376	346
Financial fixed assets		376	346
FIXED ASSETS:		2.272	8.883
Advances		80.938	27.714
Receivables with assumed credit risk	6	5.925.309	4.809.948
Deferred tax asset		3.225	1.790
Receivable income tax		0	2.002
Accrued costs		2.122	3.570
Receivables		6.011.594	4.845.024
Cash and cash equivalents		143.661	287.481
CURRENT ASSETS:		6.155.255	5.132.505
ASSETS:		6.157.527	5.141.388

BALANCE SHEET AT 31 DECEMBER

	Note	31.12.2022	31.12.2021
		DKK'000	DKK'000
LIABILITIES AND EQUITY:			
Share capital		9.000	9.000
Retained profit		0	0
Net result for the year		14.685	8.007
EQUITY:		23.685	17.007
Bank debt		0	219
Payables, assumed receivables		996.224	1.000.902
Trade creditors		144	65
Payables to group enterprises		5.118.964	4.114.025
Income tax payables		1.109	0
Other payables		17.401	9.170
Short-termed liabilities other than provision		6.133.842	5.124.381
LIABILITIES OTHER THAN PROVISION:		6.133.842	5.124.381
LIABILITIES AND EQUITY:		6.157.527	5.141.388
Contingent liabilities etc.	7		
Related parties	8		

STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained earnings	Proposed dividend	Total
Equity at 1 January	9.000	0	8.007	17.007
Dividend paid	0	0	-8.007	-8.007
Net result for the year	0	0	14.685	14.685
	<u>9.000</u>	<u>0</u>	<u>14.685</u>	<u>23.685</u>

NOTES TO THE FINANCIAL STATEMENTS

Note	2022	2021
	DKK'000	DKK'000
1 FINANCIAL EXPENSES:		
Bank interest etc.	448	767
Interest expense to group enterprises	38.048	3.493
Exchange rate adjustments	92	154
	38.588	4.414
FINANCIAL INCOME:		
Interest income from group enterprises	3.464	4.678
Interest income from non-group enterprises	314	
	3.778	4.678
2 ADMINISTRATIVE EXPENSES:		
Staff costs:		
Salaries, wages and holiday allowance	13.585	15.218
Pensions	1.424	1.369
Expenses for social security	2.075	2.094
	17.084	18.681
Average number of employees	20	21

NOTES TO THE FINANCIAL STATEMENTS, continued

3 INTANGIBLE ASSETS:

	Goodwill
Cost at 1 January	19.836
Cost at 31 December	19.836
Depreciation at 1 January	11.571
Depreciation during the year	6.612
Depreciation at 31 December	18.183
CARRYING AMOUNT AT 31 DECEMBER 2022:	1.653

TANGIBLE ASSETS:

	Other fixtures, fittings, tools and equipment	Leasehold Improvements
Cost at 1 January	3.079	269
Additions	158	
Reversal of costs due to disposals	-2.102	-59
Cost at 31 December	1.135	210
Depreciation at 1 January	2.935	141
Depreciation during the year	166	21
Reversal of depreciation due to disposals	-2.102	-59
Depreciation at 31 December	999	103
CARRYING AMOUNT AT 31 DECEMBER 2022:	136	107

4 TAX ON PROFIT FOR THE YEAR:

	2022	2021
	DKK'000	DKK'000
Imputed tax on taxable income for the year	7.858	3.345
Change in deferred tax	-1.436	-1.085
Adjustment previous years	-3	0
	6.419	2.260

NOTES TO THE FINANCIAL STATEMENTS, continued

Note	2022	2021
	DKK'000	DKK'000
5 FINANCIAL FIXED ASSETS		
Cost at 1 January	346	399
Additions	30	6
Disposals	0	59
Cost at 31 December	376	346
Depreciation at 31 December	0	0
CARRYING AMOUNT AT 31 DECEMBER 2022:	376	346

6 RECEIVABLES WITH ASSUMED CREDIT RISK

The company has insured receivables with an external insurance company. In case of bad debts the insurance covers the risk.

NOTES TO THE FINANCIAL STATEMENTS, continued

Note	2022 DKK'000	2021 DKK'000
7 CONTINGENT LIABILITIES:		
Lease obligation	746	370
Rent obligation	518	789

Trough BNP Paribas Fortis Denmark Branch, Filial of BNP Paribas Fortis SA/NV Belgium, the Company has provided a guarantee for execution of debt collection as a company with an authorization in the amount of DKK 5,0 million.

The Company is jointly taxed with the other Danish activities of BNP Paribas Group. The Company is jointly and severally with other jointly taxed group entities for payment of income taxes for the income year 2022 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 1 July 2012. Any future corrections to corporate taxes and withholding taxes can result in a larger amount of the Company's liability.

8 RELATED PARTIES:

Controlling influence:

BNP Paribas Fortis Factor N.V.

Basis:

Capital owner

Fortis Bank SA/NV (Commercial name BNP Paribas Fortis), which prepares the Consolidated Financial Statements, owns BNP Paribas Fortis Factor N.V.. The Consolidated Financial Statements can be obtained by contacting Fortis Bank SA/NV.