Grenkeleasing ApS

Marielundvej 48, 3.

2730 Herlev

CVR No. 26914841

Annual Report 2018

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 11 June 2019

Gilles Christ Mark Kindermann

Contents

Management's Statement

Today, Management has considered and adopted the Annual Report of Grenkeleasing ApS for the financial year 1 January 2018 - 31 December 2018.

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

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January 2018 - 31 December 2018.

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

Herlev, 7 June 2019

Executive Board

Nick Hallager	Conradus Aarnink

Independent Auditor's Report

To the shareholders of Grenkeleasing ApS

Opinion
We have audited the financial statements of Grenkeleasing ApS for the financial year 1 January - 31 December 2018, comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis of 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 rules and 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 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.

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 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 financial statement users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and 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.

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 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 Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 7 June 2019

KPMG
Statsautoriseret Revisionspartnerselskab
CVR-no. 25578198

Henrik Barner Christiansen
State Authorised
Public Accountant
MNE no.: mne10778

Company details

Company	Grenkeleasing ApS Marielundvej 48, 3. 2730 Herlev
CVR No.	26914841
Date of formation	13 December 2002
Registered office	Herlev
Financial year	1 January 2018 - 31 December 2018
Executive Board	Nick Hallager Conradus Aarnink
Auditors	KPMG Statsautoriseret Revisionspartnerselskab Dampfærgevej 28 2100 København Ø CVR-no.: 25578198

Management's Review

The Company's principal activities
The Company's activities comprise the establishment and administration of lease agreements.

The Company's leasing business focuses on leasing of IT products, such as PCs, notesbooks, servers, monitors and peripheral devises, software, telecommunication and copier equipment, and other IT products. Almost all leases concluded to provide for full cost recovery (full payout leases). This means that the payment made by the lessee during the basis lease period, and the guaranteed residual values exceeds the acquisition price and contract cost.

Going concern
The Company's operations are primarily financed via intercompany loans with the Group's financing company.

Management estimates that the current financing resources of the Company are sufficient to finance the Company's operations at least until 31 December 2019. On this basis, Management presents the financial statements for 2018 on a going concern assumption.

Development in activities and financial matters
The Company's Income Statement of the financial year 1 January 2018 - 31 December 2018 shows a result of DKK 4.919.415 and the Balance Sheet at 31 December 2018 a total of DKK 586.660.764 and an equity of DKK 26.802.931.

Post balance sheet events
No significant events have occurred subsequent to the financial year end.

Income Statement

	Note	2018 DKK	2017 DKK
Gross profit/loss		**-4.634.539**	**-8.353.027**
Employee benefits expense	1	-14.856.214	-12.647.008
Depreciation, amortisation expense and impairment losses		-455.573	-405.965
Profit/loss from ordinary operating activities		**-19.946.326**	**-21.406.000**
Finance income	2	38.304.171	34.936.035
Finance expenses	3	-12.584.498	-11.520.646
Profit from ordinary activities before tax		**5.773.347**	**2.009.389**
Tax expense on ordinary activities	4	-853.932	-2.363.384
Profit/loss		**4.919.415**	**-353.995**

Proposed distribution of results			
Retained earnings		4.919.415	-353.995
Distribution of profit/loss		**4.919.415**	**-353.995**

Balance Sheet as of 31 December

	Note	2018 DKK	2017 DKK
Assets			
Fixtures, fittings, tools and equipment	5	5.326.395	3.956.875
Property, plant and equipment		**5.326.395**	**3.956.875**
Lease receivables	6	382.684.311	327.586.164
Investments		**382.684.311**	**327.586.164**
Fixed assets		**388.010.706**	**331.543.039**
Lease receivables	6	184.002.348	140.481.783
Other short-term receivables		12.131.041	6.734.230
Deferred income		333.686	291.285
Receivables		**196.467.075**	**147.507.298**
Cash and cash equivalents		**2.182.983**	**3.534.359**
Current assets		**198.650.058**	**151.041.657**
Assets		**586.660.764**	**482.584.696**

Balance Sheet as of 31 December

	Note	2018 DKK	2017 DKK
Liabilities and equity			
Contributed capital	7	2.075.000	2.075.000
Retained earnings		24.727.931	19.808.516
Equity		**26.802.931**	**21.883.516**
Provisions for deferred tax		3.971.165	5.096.874
Provisions		**3.971.165**	**5.096.874**
Promissory Notes		52.000.000	0
Payables to group enterprises		226.960.000	320.960.000
Long-term liabilities other than provisions	8	**278.960.000**	**320.960.000**
Trade payables		8.998.968	3.351.838
Promissory Notes		26.139.951	0
Payables to group enterprises		232.850.700	126.133.298
Tax payables		1.861.252	725.305
Other payables		7.075.797	4.433.865
Short-term liabilities other than provisions		**276.926.668**	**134.644.306**
Liabilities other than provisions within the business		**555.886.668**	**455.604.306**
Liabilities and equity		**586.660.764**	**482.584.696**

Going concern assumption	9
Liabilities under leases	10
Related parties	11
Accounting Policies	12

Notes

	2018	2017
	DKK	DKK
1. Employee benefits expense		
Wages and salaries	13.179.986	11.230.986
Post-employement benefit expense	1.306.196	1.131.115
Other employee expense	370.032	284.907
	14.856.214	**12.647.008**
Average number of employees	26	20
2. Finance income		
Interest income from finance lease arrangements	37.834.474	34.327.397
Other interest income	469.697	608.638
	38.304.171	**34.936.035**
3. Finance expenses		
Finance expenses arising from group enterprises	12.431.621	11.517.598
Other finance expenses	152.877	3.048
	12.584.498	**11.520.646**
4. Tax expense on ordinary activities		
Tax on profit current year	2.609.032	725.305
Adjustment of deferred tax	-1.125.709	971.224
Adjustment to prior year	-629.391	666.855
	853.932	**2.363.384**
5. Fixtures, fittings, tools and equipment		
Cost at the beginning of the year	5.872.671	4.375.773
Addition during the year, incl. improvements	3.233.976	1.025.780
Disposal during the year	-1.647.069	-1.224.653
Transfers during the year from other items		1.695.771
Cost at the end of the year	**7.459.578**	**5.872.671**
Depreciation and amortisation at the beginning of the year	-1.915.796	-1.629.435
Amortisation for the year	-747.760	-624.077
Reversal of impairment losses and amortisation of disposed assets	530.373	337.716
Impairment losses and amortisation at the end of the year	**-2.133.183**	**-1.915.796**
Carrying amount at the end of the year	**5.326.395**	**3.956.875**
Amortised over		3-5 years

Notes

	2018	2017
	DKK	DKK
6. Lease receivables		
Within a year	184.002.348	140.481.783
Between 1 and 5 years	382.684.311	327.586.164
	566.686.659	**468.067.947**
7. Contributed capital		
Balance at the beginning of the year	2.075.000	2.075.000
Balance at the end of the year	**2.075.000**	**2.075.000**

The share capital has remained unchanged for the last 5 years.

8. Long-term liabilities other than provisions

Of the non-current liabilities other than provisions, DKK 0 fall due for payment after more than 5 years after the balance sheet date.

9. Going concern assumption

The Company's operations are primarily financed via intercompany loans with the Group's financing company. Management estimates that the current financing resources of the Company are sufficient to finance the Company's operations at least until 31 December 2019. On this basis, Management presents the financial statements for 2018 on a going concern assumption.

10. Liabilities under leases

Rent and lease liabilities in one year: DKK 1.154.304 (2017: DKK 1.139.777)

11. Related parties

Name and registered office of the Parent preparing consolidated financial statement:

GRENKE AG, Neuer Markt 2, Baden-Baden, Germany

12. Accounting Policies

Reporting Class
The Annual Report of Grenkeleasing ApS for 2018 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, with the option of certain provisions for Class C.

The accounting policies applied remain unchanged from last year.

Leases
Determination of whether an arrangement contains a lease.

Whether an arrangement is, or contains, a lease is determined by the economic substance of the arrangement at the time the contract is concluded. It requires an assessment as to whether the fulfillment of the arrangement is dependent on the use of a specific asset and whether the arrangement conveys a right to use the asset. A reassessment as to whether an arrangement contains a lease is only required after the start of the lease when one of the following conditions has been met:

There was a change in the contractual conditions, unless the change only renewed or extended the arrangement;
A renewal option was exercised or an extension was granted, unless the term of the renewal or extension had initially been considered in the lease term;
There was a change in determination of whether fulfillment is dependent on a specified asset; or
There was a substantial change made to the asset.

Finance lease

Under a finance lease, all significant risks and rewards of legal ownership are transferred from the lessor to the lessee. The outstanding lease payment are thus treated by the lessor as repayments of principal and finance income. The lease payments are used to reimburse the lessor for his financial investment and to compensate him for his services. Assets from finance leases are initially recognised in the balance sheet as lease receivables at an amount equal to the net investment i.e., the present value of the residual receivables of all lease contracts existing at the end of a fiscal year. Lease payments are divided into interest payments and repayments in such a manner that they reflect a constant periodic rate of return for the receivable. Initial direct costs incurred in connection when calculating the net investment value. These initial direct costs are recognised in profit and loss upon occurence.

The profit from new business also includes income from lease down-payments, which is the fee paid by the lessee for the use of the lease object during the period from the transfer of the object until the issuance of the lease acceptance letter. Commissions which are not included in the net investment value of the lease receivable but are recognised in the income statement.

Operating lease

Leases, where the Company does not transfer all significant risks and rewards of ownership of the asset to the asset to the lessee, are classified as operating leases. Initial direct costs incurred in the negotiation and conclusion of an operating lease are added to the carrying amount of the leased asset. These amounts are depreciated over the term of the lease agreement until the residual value is reached. Contingent rent is recognised as income in the period in which it is generated. Operating lease assets are typical recorded in the income statement as property, plant and equipment.

After the original lease has expired, the contract may be extended or a follow-up contract may be concluded. This leads to a reassessment of the lease. In cases where the criteria for an operating lease are met, the leased asset is recorded as property, plant and equipment from the start of the extension period and recognised at fair value.

Accounting Policies

Income Statement

Gross profit/loss
With reference to Section 32 of the Danish Financial Statements Act, the item 'Revenue', 'Cost of sale', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross proft/loss'.

Revenue
Income from the rendering of services is recognised as revenue as the services are rendered, implying that revenue corresponds to the market value of the services rendered in the year.

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

Income from the sale of lease assets is recognised when the relevant risks and rewards of the ownership of the sold goods have been transferred to the customer. Usually it occurs upon delivery of the goods to the costumer.

Income from sale after the basic lease contract has ended or from lease contracts prematurely terminated but mutual agreement are recorded in revenue as gains from disposals and income from sale as breached lease agreements are recorded in revenue as settlement of claims and risk provisions.

Other external expenses
Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, lease payments under operating leases, etc.

Employee benefits expense
Employee benefits expense include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc., made to the Company's employees. The item is net of refunds made by public authorities.

Depreciation, amortisation expense and impairment losses of property, plant and equipment recognised in profit or loss
The item comprises amortisation/depreciation and impairment of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

	Useful life	Scrap value
Other fixtures and fittings, tools and equipment	3-5 years	0 DKK

Finance income and expenses
Finance income and expenses are recognised in the Income Statement with the amounts that concern the financial year. Finance income and expenses include interest income and expenses, realised and unrealised capital gains and losses regarding securities, debt and foreign currency transactions, amortisation of financial assets and liabilities as well as surcharges and allowances under the tax repayment scheme.

Interest income relating to lease receivables is allocated to accounting periods to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease. Please refer to the section on lease above.

Accounting Policies

Tax expense on ordinary activities
Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

Balance Sheet

Property, plant and equipment
Items of property, plant and equipment are measured at cost plus revaluations, if any, and less accumulated amortisation and impairment losses. Cost comprises the purchase price and costs directly attributable to the purchase until the date when the asset is available for use.

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.
Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Impairment of fixed assets
The carrying amount of property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.
Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Receivables
Lease receivables: Leases for fixed assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance lease) are initially recognised in the balance sheet at cost, corresponding to the lower of fair value and the net present value of future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor.

Other receivables are measured at amortised cost.

An impairment loss is recognised if there is objective indication that a receivable or a group of receivables is impaired. If there is objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are tested for objective indication of impairment on a portfolio basis. The portfolios are primarily composed on the basis of debtors' domicle and credit ratings in accordance with the Company's risk management policy. The objective indicators used for portfolios are determined based on historical loss experience.

Write-downs 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.

Prepayments
Prepayments recognised under 'Assets' comprise prepaid expenses regarding subsequent financial reporting years.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities with a term of less than three months which can be converted directly into cash at bank and in hand and involve only an insignificant risk of value changes.

Accounting Policies

Corporation tax
Current tax payable and receivable is recognosed 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.

Provisions for deferred tax are calculated using the balance sheet liability method on all temporary differences between carrying amounts and tax values, with the exception of temporary diffences occuring at the time of acquisition of asset and liabilities neither affecting the results of operations nor the taxable income.

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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Financial liabilities
Liabilities are measured at net realisable value.