

Electronic signature

Signed by

Rene Jarman Sterregaard

(Identity verified with NemID (DK))

NEM ID

Date and time (UTC+01:00) Amsterdam, Berlin, Bern, Rome, Stockholm, Vienna

15.03.2022 15.56.26

Signature method

NemID (DK)

Signed by

Swen Bankwitz

(Identity verified with NemID (DK))

NEM ID

Date and time (UTC+01:00) Amsterdam, Berlin, Bern, Rome, Stockholm, Vienna

15.03.2022 16.04.02

Signature method

NemID (DK)

Signed by

Geffroy, Guénaël

(Name entered manually by the signer)

This document was signed with a SMS one-time password, sent to +4915229986377



Date and time (UTC+01:00) Amsterdam, Berlin, Bern, Rome, Stockholm, Vienna

15.03.2022 16.06.56

Signature method

SMS OTP

Signed by

Ebert, Jan

(Name entered manually by the signer)

This document was signed with a SMS one-time password, sent to +4915208938811



Date and time (UTC+01:00) Amsterdam, Berlin, Bern, Rome, Stockholm, Vienna

15.03.2022 17.02.13

Signature method

SMS OTP

Signed by

Lars Bo Kornelius

(Identity verified with NemID (DK))

NEM ID

Date and time (UTC+01:00) Amsterdam, Berlin, Bern, Rome, Stockholm, Vienna

15.03.2022 16.18.33

Signature method

NemID (DK)

Signed by

Drejsig, Ulrik

(Name entered manually by the signer)

This document was signed with a SMS one-time password, sent to
+4522825756



Date and time (UTC+01:00) Amsterdam, Berlin, Bern, Rome, Stockholm, Vienna

15.03.2022 16.04.10

Signature method

SMS OTP

Signed by

Julie Kolind Kristensen

(Identity verified with NemID (DK))

NEM ID

Date and time (UTC+01:00) Amsterdam, Berlin, Bern, Rome, Stockholm, Vienna

15.03.2022 16.03.11

Signature method

NemID (DK)

Signed by

Mogens Keldbo Andreasen

(Identity verified with NemID (DK))

NEM ID

Date and time (UTC+01:00) Amsterdam, Berlin, Bern, Rome, Stockholm, Vienna

15.03.2022 15.54.19

Signature method

NemID (DK)

Signed by

Bjørn Würtz Rosendal

(Identity verified with NemID (DK))

NEM ID

Date and time (UTC+01:00) Amsterdam, Berlin, Bern, Rome, Stockholm, Vienna

15.03.2022 16.11.34

Signature method

NemID (DK)



Volkswagen Semler Finans Danmark A/S

Park Alle 350A, 1st. floor, 2605 Brøndby

Annual Report for 1. January 2021 - 31 December 2021

CVR No. 40 86 12 46

The annual report was presented
and adopted at the Annual General
Meeting of the Company on 29-03-2022

Julie Kolind Kristensen
Chairman of the General Meeting

	<u>page</u>
CONTENTS	1
MANAGEMENT'S STATEMENT	2
INDEPENDENT AUDITOR'S REPORT	3
COMPANY INFORMATION	6
FINANCIAL HIGHLIGHTS	7
MANGEMENT'S REVIEW	8
INCOME STATEMENT	10
BALANCE SHEET 31 DECEMBER	11
STATEMENT OF CHANGES IN EQUITY	13
NOTES TO THE FINANCIAL STATEMENT	14

MANAGEMENT'S STATEMENT

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Volkswagen Semler Finans Danmark A/S for the financial year 1 January 2021 - 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 at 31 December 2021 of the Company and of the results of the Company's operations for 2021.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Brøndby, 15 March 2022

Executive Board

Rene Jarman Sterregaard

Swen Bankwitz

Board of Directors

Guénaél Geffroy

Jan Ebert

Ulrik Drejsig Petersen

Lars Kornelius

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Volkswagen Semler Finans Danmark A/S

Opinion

We have audited the financial statements of Volkswagen Semler Finans Danmark A/S for the financial year 1 January 2021 – 31 December 2021, which comprise 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 financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January 2021 – 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 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' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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 additional requirements applicable in Denmark will always detect a material misstatement when it exists.

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report

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 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.
- 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.

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report

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, 15 March 2022
EY Godkendt Revisionspartnerselskab
CVR No 30 70 02 28

Mogens Andreasen
State Authorised Public Accountant
mne28603

Bjørn Würtz Rosendahl
State Authorised Public Accountant
mne40039

COMPANY INFORMATION

The Company	Volkswagen Semler Finans Danmark A/S Park Alle 350A, 1st floor 2605 Brøndby CVR No. 40 86 12 46 Financial Period: 1 January - 31 December Municipality of reg. office: Brøndby
Board of Directors	Guénaél Geffroy Jan Ebert Ulrik Drejsig Petersen Lars Kornelius
Executive Board	Rene Jarman Sterregaard Swen Bankwitz
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36 2000 Frederiksberg
Bankers	Danske Bank A/S Holmens Kanal 2 1092 København K

FINANCIAL HIGHLIGHTS

Key figures

TDKK	2021	2019/2020
------	------	-----------

Revenue	101.823	53.135
Gross profit/loss	70.586	17.424
Profit/loss before financial income and expenses	(51.975)	(42.070)
Net financials	(3.480)	(1.321)
Net profit/loss for the year	(55.455)	(43.391)

Balance sheet		
Fixed assets	2.551.303	64.913
Non current fixed assets	1.220.355	1.566.839
Balance sheet total	3.771.658	1.631.752
Equity	476.248	181.703
Current liabilities other than provisions	3.295.409	1.450.049

Investment in property, plant and equipment	515.263	2.010
Average number of employees	56	24

Financial ratios		
Profit margin	-51,0%	-79,2%
Return on assets	-1,4%	-2,6%
Current ratio	37,0%	108,1%
Equity ratio	12,6%	11,1%
Return on equity	-23,3%	-47,8%

The financial ratios have been calculated according to Accounting Policies, Explanation to financial ratios page 24

MANAGEMENT'S REVIEW

Main activity

Volkswagen Semler Finans Danmark A/S (VWSF) is a joint venture owned by Volkswagen Finance Overseas B.V. (VWFO), which is a 100% owned subsidiary of Volkswagen Financial Services AG (VWFSAG) and Semler Gruppen A/S with 51.0% and 49.0%, respectively. The Joint Venture agreement states a 50/50% partnership. The Company is therefore a part of both Volkswagen Group as well as Semler Group.

The main activity of the Company is financing and leasing of vehicles, covering consignment stock, operating lease, finance lease as well as hire purchase for cars.

Development in the year

The income statement of the Company for 2021 shows a loss of DKK -55.454.658, and at 31 December 2021 the balance sheet of the Company shows equity of DKK 476.248.393.

Development in activities and financial matters

The result for the year is in line with expectation stated in the last Annual Report 2020. The company achieved introduction of the planned products. The result is influenced by shortage of cars deliveries and COVID-19. Management considers the result as satisfactory, in the circumstances.

Capital resources

VWSF is mainly funded via intercompany loans from VWFSAG. At 31 December 2021, VWFSAG had a net receivable from VWSF of 3.000.000.000 DKK. In accordance with the Joint Venture agreement between the shareholders, VWFSAG have committed to provide funding to VWSF as required. Therefore, funding is ensured - see note 1.

General Risk

The company's main operating risk are connected to residual value risk of cars leased to customers and credit risk.

Accordingly, the company has implemented procedures to follow the development in the residual values closely. Residual values on cars are set to match the estimated market value of the car by the end of the contract, including further changes in registration tax as expected.

Financial risks

The company enters into loan and leasing agreements with both fixed and variable interest rates. It remains the policy of the company to make sure that the funding of the portfolio is matched in such a way as to minimize the exposure to changes of interest rates in the financial market.

Credit risks

The company enters into loan and financial leasing agreement in both fixed and variables rates. The customers are subject to credit assessment following the company policy.

In addition to this, it is the company's policy to fully match currency of finance, lease and funding agreements (DKK) and therefore minimize currency risk.

Strategy

The Company is establishing its vehicles portfolio based on the planned development of leasing business. It is therefore expected that further capital will be tied into the portfolio over the next coming years. The Company - apart from this investment - does not expect any major investments during the next financial year.

MANAGEMENT'S REVIEW

Unusual events

The financial position at 31 December 2021 of the Company and the results of the activities of the Company for the financial year 2021 have not been affected by any unusual events.

Subsequent events

Deliveries of new cars from the manufacturers decreased significantly due to lack of semiconductors also effecting car manufactures. It is highly probable that the war in Ukraine will also lead to a decrease the deliveries of cars from the manufactures.

As an effect the market for used cars has seen a higher demand.

It is the management assessment that COVID-19 also will affect the financial year 2022.

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

Outlook for 2022

For 2022, the company expects to realize a profit before tax in the interval of 0-10 million DKK. It is expected that the supply chain shortage regarding semiconductors will continue to affect the deliveries of new cars and consequently the related financing business. It is also expected that there will be an increased demand for used cars in 2022.

INCOME STATEMENT

	<u>Note</u>	<u>2021</u>	<u>2019/2020</u>
DKK			
Revenue		101.823.461	53.135.175
Cost of sales		(31.237.114)	(35.710.801)
Gross profit/loss		70.586.347	17.424.374
Staff expenses	2	(35.245.671)	(25.618.000)
Other external expenses		(46.188.882)	(31.911.546)
Depreciation, amortisation and impairment of assets	3	(34.014.336)	(1.965.218)
Impairment of account receivables		(7.112.121)	-
Profit/loss before financial income and expenses		(51.974.663)	(42.070.390)
Financial income	4	51.696	45.790
Financial expenses	5	(3.531.691)	(1.366.349)
Profit before tax		(55.454.658)	(43.390.949)
Tax for the year		-	-
Net profit/loss for the year		(55.454.658)	(43.390.949)
Distribution of profit	10		
Proposed distribution of profit			
Retained earnings		(55.454.658)	(43.390.949)
		(55.454.658)	(43.390.949)

BALANCE SHEET 31 DECEMBER

Assets

	<u>Note</u>	<u>2021</u>	<u>2020</u>
DKK			
Software		23.225.125	22.566.490
Intangible assets	6	23.225.125	22.566.490
Other fixtures and fittings		925.257	1.227.881
Operational Leasing		492.610.329	-
Leasehold improvements		492.980	627.620
Property, plant and equipment	7	494.028.566	1.855.501
Deposits		40.494.437	40.490.912
Accounts receivables	8	1.993.554.985	-
Financial assets		2.034.049.422	40.490.912
Fixed assets		2.551.303.113	64.912.903
Stock		591.497.037	1.246.669.618
Accounts receivables	8	297.208.812	-
Other receivables		229.570.672	44.201.838
Prepayments		1.629.465	1.584.356
Receivables		528.408.949	45.786.194
Cash at bank and in hand		100.448.643	274.383.096
Current Assets		1.220.354.629	1.566.838.908
Assets		3.771.657.742	1.631.751.811

BALANCE SHEET 31 DECEMBER

Liabilities and equity

	<u>Note</u>	<u>2021</u>	<u>2020</u>
DKK			
Share capital		1.000.000	500.000
Retained earnings		475.248.393	181.203.051
Equity	9	476.248.393	181.703.051
Payables to owners		1.000.000.000	-
Non Current liabilities	11	1.000.000.000	-
Trade payables		19.713.996	12.142.518
Payables to owners	11	2.000.000.000	1.400.000.000
Bankdebt		78.567.440	-
Other payables		197.127.913	37.906.242
Current liabilities		2.295.409.349	1.450.048.760
Liabilities		3.295.409.349	1.450.048.760
Liabilities and equity		3.771.657.742	1.631.751.811
Distribution of profit	10		
Contingent assets, liabilities and other financial obligations	12		
Related parties	13		
Accounting Policies	14		

STATEMENT OF CHANGES IN EQUITY

1 January 2021 - 31 December 2021

Changes in equity 2021	Share capital	Retained earnings	Total
DKK	DKK	DKK	DKK
Equity at 1 January	500.000	181.203.051	181.703.051
Capital injection in the period	500.000	349.500.000	350.000.000
Net profit/loss for the year	-	(55.454.658)	(55.454.658)
Equity at 31 December	1.000.000	475.248.393	476.248.393
Changes in equity in 2019 - 2020			
Cash Payment concerning formation of enterprise	400.000	-	400.000
Capital injection in the period	100.000	224.594.000	224.694.000
Net profit/loss for the year	-	(43.390.949)	(43.390.949)
Equity at 31 December	500.000	181.203.051	181.703.051

NOTES TO THE FINANCIAL STATEMENT

1 Capital resources

VWSF is mainly funded via intercompany loans from Volkswagen Financial Services AG (VWFSAG). At 31 December 2021, VWFSAG had a net receivable from VWSF Danmark A/S (VWSF) of 3.000.000.000 DKK. In accordance with the Joint Venture agreement between the shareholders, VWFSAG have committed to provide funding to VWSF as required. Therefore, funding is ensured.

	<u>2021</u>	<u>2019/2020</u>
2 Staff expenses		
Wages and salaries	(30.978.722)	(23.464.660)
Pensions	(3.748.410)	(2.005.044)
Other social security expenses	(518.539)	(148.296)
	<u>(35.245.671)</u>	<u>(25.618.000)</u>
Average number of employees	<u>56</u>	<u>24</u>
Salary to Executive Board	4.288.471	2.884.720

3 Depreciation, amortisation and impairment of assets

Depreciation of assets	<u>(34.014.336)</u>	<u>(1.965.218)</u>
	(34.014.336)	(1.965.218)
Which is specified as follows:		
Depreciation of software	(10.924.565)	(1.810.897)
Depreciation of other fixtures and fittings	(302.624)	(108.741)
Depreciation of operational lease assets	(22.652.507)	-
Depreciation of leasehold improvements	(134.640)	(45.580)
	<u>(34.014.336)</u>	<u>(1.965.218)</u>

NOTES TO THE FINANCIAL STATEMENT

	<u>2021</u>	<u>2019/2020</u>
4 Financial income		
Other financial Income	51.696	45.790
	<u>51.696</u>	<u>45.790</u>
5 Financial expenses		
Other financial expenses	(3.531.691)	(1.366.349)
	<u>(3.531.691)</u>	<u>(1.366.349)</u>
6 Intangible assets		
Software		
Cost at 1 January	24.377.387	-
Additions for the year	11.583.200	24.377.387
Disposals for the year	-	-
Cost at 31 December	<u>35.960.587</u>	<u>24.377.387</u>
Impairment losses and depreciation at 1 January	1.810.897	-
Depreciation for the year	10.924.565	1.810.897
Reversal of impairment and depreciation of	-	-
Impairment losses and depreciation at 31 December	<u>12.735.462</u>	<u>1.810.897</u>
Carrying amount at 31 December	<u>23.225.125</u>	<u>22.566.490</u>

NOTES TO THE FINANCIAL STATEMENT

	<u>2021</u>	<u>2020</u>
7 Property, plant and equipment		
Other fixtures and fittings		
Cost at 1 January	1.336.622	-
Additions for the year	-	1.336.622
Disposals for the year	-	-
Cost at 31 December	<u>1.336.622</u>	<u>1.336.622</u>
Impairment losses and depreciation at 1 Jan	108.741	-
Depreciation for the year	302.624	108.741
Reversal of impairment and depreciation of	-	-
Impairment losses and depreciation at 31 December	<u>411.365</u>	<u>108.741</u>
Carrying amount at 31 December	<u>925.257</u>	<u>1.227.881</u>
Operational Lease		
Cost at 1 January	-	-
Additions for the year	515.262.835	-
Disposals for the year	-	-
Cost at 31 December	<u>515.262.835</u>	<u>-</u>
Impairment losses and depreciation at 1 January	-	-
Depreciation for the year	22.652.507	-
Reversal of impairment and depreciation of sold assets	-	-
Impairment losses and depreciation at 31 December	<u>22.652.507</u>	<u>-</u>
Carrying amount at 31 December	<u>492.610.329</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENT

	<u>2021</u>	<u>2020</u>
7 Property, plant and equipment <i>continuing</i>		
Leasehold Improvements		
Cost at 1 January	673.200	-
Additions for the year	-	673.200
Disposals for the year	-	-
	<u>673.200</u>	<u>673.200</u>
Cost at 31 December		
Impairment losses and depreciation at 1 January	45.580	-
Depreciation for the year	134.640	45.580
Reversal of impairment and depreciation of sold assets	-	-
	<u>180.220</u>	<u>45.580</u>
Impairment losses and depreciation at 31 December	<u>180.220</u>	<u>45.580</u>
Carrying amount at 31 December	<u>492.980</u>	<u>627.620</u>
8 Accounts receivables		
Accounts receivables, finance leases	610.732.047	-
Accounts receivables, financing	1.680.031.750	-
	<u>2.290.763.797</u>	<u>-</u>
Presented as current assets	297.208.812	
Presented as non-current assets	1.993.554.985	
	<u>2.290.763.797</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENT

2021

2020

9 Equity

The share capital consists of 1.000.000 shares of a nominal value of DKK 1.
No shares carry any special rights.

There was one capital injection during the financial year.

10 Distribution of profit

Retained earnings	<u>(55.454.658)</u>	<u>(43.390.949)</u>
	<u>(55.454.658)</u>	<u>(43.390.949)</u>

11 Payables to Owners

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Payables to Owners

Within 1 year	2.000.000.000	1.400.000.000
Between 1 and 5 years	1.000.000.000	-
More than 5 years	-	-
	<u>3.000.000.000</u>	<u>1.400.000.000</u>

NOTES TO THE FINANCIAL STATEMENT

2021

2020

12 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The company has entered into lease agreements with the following amount:

Remaining lease commitment		
Premises	2.884.525	3.537.625
Cars	<u>346.023</u>	<u>511.717</u>
Total	<u>3.230.548</u>	<u>4.049.342</u>

13 Related parties

Other related parties

Volkswagen Finance Overseas B.V.
Amsterdam, Holland

Semler Gruppen A/S
Park Allé 355
2605 Brøndby

Group related

Volkswagen Financial Services AG
Braunschweig, Germany

Group related

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Volkswagen Finance Overseas B.V. Paleisstraat 1 1012RB Amsterdam Holland	SEMLER GRUPPEN A/S Park Allé 355 2605 Brøndby
---	---

Notes to the Financial Statements

14 Accounting Policies

The annual report of Volkswagen Semler Finans Danmark A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The Financial Statements for 2021 are presented in DKK.

The accounting policies are unchanged compared with 2020.

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, and reversals due to changed accounting estimates of amounts, which previously have 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.

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.

Translation policies

Danish kroner are used as the presentation currency. All other currencies are regarded as foreign currencies. Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Notes to the Financial Statements

14 Accounting Policies (continued)

Income Statement

Revenue

Revenue from consignment stock, loans and leasing are recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end, and the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company. Furthermore, it includes fee and commission income from the Company's lending and leasing activities. Fees and commission income are accrued over the life of the loans and the term of the leases.

Cost of sales

Cost of sales comprise costs of consignment expenses.

Staff expenses

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

Other external expenses

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

Depreciation, amortisation and impairment of assets

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of software, other fixtures and fittings, operating lease and leasehold improvement.

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, fixtures and fittings and equipment.

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.

Balance sheet

Intangible assets

Other intangible assets include acquired intangible rights. Other intangible assets are measured at cost less accumulated amortisation and impairment losses. Gains and losses on the sale of intangible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

Notes to the Financial Statements

14 Accounting Policies (continued)

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.

Depreciations 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:

Software	3 years
Other fixtures and fittings	2-5 years
Operating Lease	3 years
Leasehold improvements	5 years

The depreciation period and the residual value are determined at the time of acquisition and are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment is tested annually for indication of impairment other than that decrease in value reflected by amortisation and depreciation.

Where there is evidence of impairment, an impairment test is performed for each individual asset or group of assets, respectively. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

Consignment stock

Cost price for consignment stock includes acquisition price plus delivery costs.

Accounts 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. Write-down for bad or doubtful debts is made on 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.

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 of the individual receivable or portfolio is used as discount rate.

Leases

Leases that do not transfer substantially all the risks and rewards incident to ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease.

Notes to the Financial Statements

14 Accounting Policies (continued)

Leases, where substantially all the risks and rewards incidents to ownership of an asset are transferred to the lessee are classified as finance leases and are included under accounts receivable. Financial leasing asset are initially measured at net present value of the future minimum lease payments.

Other receivables

Other receivables are recognised at amortised cost, usually corresponding to nominal value, less write-downs for bad debt when an objective indication of impairment exists.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Cash at bank and in hand

Cash at bank and in hand comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Equity

Capital injection

Capital injection proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, based on 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 within the same legal tax entity.

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. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

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.

Other payables

Trade payables, payables to owners and other payables are measured at net realisable value.

Notes to the Financial Statements

14 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Equity ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$