

**VOLKSWAGEN
FINANCIAL SERVICES**
THE KEY TO MOBILITY

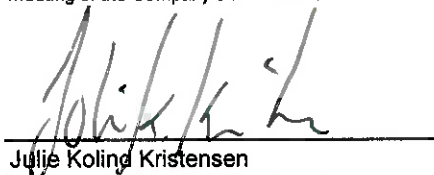
Volkswagen Semler Finans Danmark A/S

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

Annual Report for 1 January 2022 - 31 December 2022

CVR No. 40 86 12 46

The annual report was presented
and adopted at the Annual General
Meeting of the Company on 26-04-2022



Julie Koling Kristensen
Chairman of the General Meeting

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MANAGEMENT'S STATEMENT

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Volkswagen Semler Finans Danmark A/S for the financial year 1 January 2022 - 31 December 2022.

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

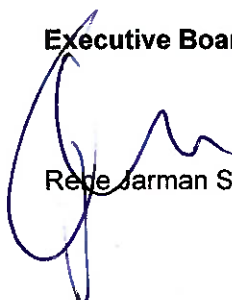
In our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 December 2022 and of the results of the Company's operations for 2022.

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, 12 April 2023

Executive Board



Reger Jarman Sterregaard



Swen Bankwitz

Board of Directors



Dr. Christian Dahlheim



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 2022 – 31 December 2022, 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 2022 and of the results of the Company's operations and cash flows for the financial year 1 January 2022 – 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 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 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, 12 April 2023
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	Dr. Christian Dahlheim 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	2022	2021	2019/2020
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Revenue	389.935	101.823	53.135
Gross profit/loss	365.704	70.586	17.424
Profit/loss before financial income and expenses	55.409	(51.975)	(42.070)
Net financials	(33.461)	(3.480)	(1.321)
Net profit/loss for the year	39.122	(55.455)	(43.391)

Balance sheet

Fixed assets	4.214.176	2.551.303	64.913
Non current fixed assets	4.362.563	1.220.355	1.566.839
Investment in property, plant and equipment	951.177	515.263	2.010
Balance sheet total	8.576.740	3.771.658	1.631.752
Equity	775.371	476.248	181.703
Current liabilities other than provisions	5.501.369	2.295.409	1.450.049

Cash flow from operating activities before tax	(3.362.133)	(1.675.656)	(1.324.324)
Cash flow from investing activities	(941.336)	(526.846)	(26.387)
Cash flow from financing activities	4.681.433	2.028.567	1.625.094
Cash flow for the period	377.964	(173.934)	274.383

Average number of employees	64	56	24
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Financial ratios

Profit margin	14,2%	-51,0%	-79,2%
Return on assets	0,6%	-1,4%	-2,6%
Current ratio	79,3%	53,2%	108,1%
Equity ratio	9,0%	12,6%	11,1%
Return on equity	6,3%	-16,9%	-47,8%

The financial ratios have been calculated according to Accounting Policies, Explanation to financial ratios page 28

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 2022 shows a profit of TDKK 39.122, and at 31 December 2022 the balance sheet of the Company shows equity of TDKK 775.371.

Development in activities and financial matters

In 2022 profit before tax shows a profit of TDKK 22 against an expected profit before tax in the range of DKK 0-10 mio. (as stated in the Annual Report for 2021).

The result is influenced by the extraordinary development of inflation and interest rates and shortage of cars deliveries in 2022. Management considers the result as very satisfactory, in the circumstances.

Capital resources

VWSF is mainly funded via intercompany loans from VWFSAG. At 31 December 2022, VWFSAG had a net receivable from VWSF of 7.500.000 TDKK. 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.

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.

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.

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.

Investments

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

MANAGEMENT'S REVIEW

Influence of the external environment

We do not believe that our business - in all materiality - has a significant impact on the external environment.

Unusual events

The financial position at 31 December 2022 of the Company and the results of the activities of the Company for the financial year 2022 have not been affected by any unusual events.

Subsequent events

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

Outlook for 2023

For 2023, the company expects to realize a profit before tax in the interval of 60-90 million DKK. It is expected that the inflation will be at a relatively high level and interest rates will continue to increase during 2023.

INCOME STATEMENT

DKK	<u>Note</u>	<u>2022</u>	<u>2021</u>
Revenue		389.935.112	101.823.461
Cost of sales		(24.231.019)	(31.237.114)
Gross profit/loss		365.704.093	70.586.347
Staff expenses	2	(47.016.274)	(35.245.671)
Other external expenses		(71.654.137)	(43.731.882)
Depreciation, amortisation and impairment of assets	3	(174.269.713)	(36.471.336)
Impairment of account receivables		(17.355.350)	(7.112.121)
Profit/loss before financial income and expenses		55.408.619	(51.974.663)
Financial income	4	107.195	51.696
Financial expenses	5	(33.567.981)	(3.531.691)
Profit before tax		21.947.833	(55.454.658)
Tax for the year	6	17.174.475	-
Net profit/loss for the year		39.122.308	(55.454.658)
Distribution of profit			
Proposed distribution of profit			
Retained earnings	13	39.122.308	(55.454.658)
		39.122.308	(55.454.658)

BALANCE SHEET 31 DECEMBER

Assets	<u>Note</u>	<u>2022</u>	<u>2021</u>
DKK			
Software		11.238.263	23.225.125
Intangible assets	7	11.238.263	23.225.125
Other fixtures and fittings		622.634	925.257
Operational Leasing		1.270.681.841	490.153.329
Leasehold improvements		358.340	492.980
Property, plant and equipment	8	1.271.662.815	491.571.566
Deposits		40.521.068	40.494.437
Accounts receivables	9	2.890.754.249	1.996.011.985
Financial assets		2.931.275.317	2.036.506.422
Fixed assets		4.214.176.395	2.551.303.113
Stock		1.172.273.613	591.497.037
Assets held for sale		9.597.184	-
Total Stock		1.181.870.797	591.497.037
Accounts receivables	9	2.351.643.041	297.208.812
Other receivables		331.431.193	229.570.672
Deferred tax asset	11	17.174.475	-
Prepayments		2.031.011	1.629.465
Receivables		2.702.279.720	528.408.949
Cash at bank and in hand		478.412.688	100.448.643
Current Assets		4.362.563.205	1.220.354.629
Assets		8.576.739.600	3.771.657.742

BALANCE SHEET 31 DECEMBER

Liabilities and equity

	<u>Note</u>	<u>2022</u>	<u>2021</u>
DKK			
Share capital		1.100.000	1.000.000
Retained earnings		774.270.701	475.248.393
Proposed dividend		-	-
Equity	10	<u>775.370.701</u>	<u>476.248.393</u>
Payables to owners	12	<u>2.300.000.000</u>	<u>1.000.000.000</u>
Non Current liabilities		<u>2.300.000.000</u>	<u>1.000.000.000</u>
Trade payables		77.198.874	19.713.996
Payables to owners	12	5.200.000.000	2.000.000.000
Bankdebt		-	78.567.440
Other payables		<u>224.170.025</u>	<u>197.127.913</u>
Current liabilities		<u>5.501.368.899</u>	<u>2.295.409.349</u>
Liabilities		<u>7.801.368.899</u>	<u>3.295.409.349</u>
Liabilities and equity		<u>8.576.739.600</u>	<u>3.771.657.742</u>
		-	-
Distribution of profit	13		
Contingent assets, liabilities and other financial obligations	14		
Related parties	15		
Accounting Policies	17		

STATEMENT OF CHANGES IN EQUITY

1 January 2022 - 31 December 2022

Changes in equity 2022	Share capital	Retained earnings	Total
DKK	DKK	DKK	DKK
Equity at 1 January	1.000.000	475.248.393	476.248.393
Capital injection in the period	100.000	259.900.000	260.000.000
Net profit/loss for the year	-	39.122.308	39.122.308
Equity at 31 December	1.100.000	774.270.701	775.370.701
Changes in equity 2021			
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

CASH FLOW STATEMENT

	<u>Note</u>	<u>2022</u>	<u>2021</u>
DKK			
Cash flow from Operations:			
Profit before tax and financial income and expenses		55.408.619	(51.974.663)
Depreciations and other adjustments		174.269.713	36.471.336
Adjustment for non-cash operating items		(1.065.108)	(3.526)
Changes in working capital	16	(3.557.285.330)	(1.656.669.010)
Cash flow from operating activities before financial income and expenses		(3.328.672.106)	(1.672.175.863)
Financial expenses paid		(33.567.981)	(3.531.691)
Financial income received		107.195	51.696
Cash flow from operating activities before tax		(3.362.132.892)	(1.675.655.858)
Corporation tax paid		-	-
Cash flow from operating activities		(3.362.132.892)	(1.675.655.858)
Purchase of other plant equipment and inventories		(951.176.952)	(526.846.035)
Sales of assets		9.841.328	-
Cash flow from investing activities		(941.335.624)	(526.846.035)
Share capital injection		260.000.000	350.000.000
Payables from owners		4.500.000.000	1.600.000.000
Bank debt		(78.567.440)	78.567.440
Cash flow from financing activities		4.681.432.560	2.028.567.440
Cash flow for the period		377.964.045	(173.934.453)
Net Change in cash and cash equivalents			
Holding of cash and cash equivalent at start of period		100.448.643	274.383.096
Holding of cash and cash equivalent at end of period		<u>478.412.688</u>	<u>100.448.643</u>
		(377.964.045)	173.934.453

NOTES TO THE FINANCIAL STATEMENT

1 Capital resources

VWSF is mainly funded via intercompany loans from Volkswagen Financial Services AG (VWFSAG). At 31 December 2022, VWFSAG had a net receivable from VWSF Danmark A/S (VWSF) of 7.500.000.000 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>2022</u>	<u>2021</u>
2 Staff expenses		
Wages and salaries	(40.433.837)	(30.978.722)
Pensions	(4.754.875)	(3.748.410)
Other social security expenses	(1.827.562)	(518.539)
	<u>(47.016.274)</u>	<u>(35.245.671)</u>
Average number of employees	<u>64</u>	<u>56</u>
Salary to Executive Board	4.878.256	4.288.471

3 Depreciation, amortisation and impairment of assets

Depreciation of assets	<u>(174.269.713)</u>	<u>(36.471.336)</u>
	(174.269.713)	(36.471.336)
Which is specified as follows:		
Depreciation of software	(11.986.862)	(10.924.565)
Depreciation of other fixtures and fittings	(302.623)	(302.624)
Depreciation of operational lease assets	(161.845.587)	(25.109.507)
Depreciation of leasehold improvements	<u>(134.640)</u>	<u>(134.640)</u>
	<u>(174.269.713)</u>	<u>(36.471.336)</u>

NOTES TO THE FINANCIAL STATEMENT

	<u>2022</u>	<u>2021</u>
4 Financial income		
Other financial Income	107.195	51.696
	<u>107.195</u>	<u>51.696</u>
5 Financial expenses		
Interest paid to group enterprises	(32.650.070)	-
Other financial expenses	(917.911)	(3.531.691)
	<u>(33.567.981)</u>	<u>(3.531.691)</u>
6 Tax for the year		
Tax for the year	5.779.349	
Recognition of deferred tax asset	(20.772.935)	
Tax adjustments from 22% to 25,2/26%	(2.180.889)	-
	<u>(17.174.475)</u>	<u>-</u>
Tax on the year's profit can be explained as follows		
Calculated 22% tax on profit before tax	4.828.523	
Tax effect from:		
Non- deductible cost	70.180	0
Interest ceiling limitation	880.646	-
	<u>5.779.349</u>	<u>-</u>
Effective tax percentage	<u>-78,25%</u>	<u>0,00%</u>

NOTES TO THE FINANCIAL STATEMENT

	<u>2022</u>	<u>2021</u>
7 Intangible assets		
Software		
Cost at 1 January	35.960.587	24.377.387
Additions for the year	-	11.583.200
Disposals for the year	-	-
Cost at 31 December	<u>35.960.587</u>	<u>35.960.587</u>
Impairment losses and depreciation at 1 January	12.735.462	1.810.897
Depreciation for the year	11.986.862	10.924.565
Reversal of impairment and depreciation of	-	-
Impairment losses and depreciation at 31 December	<u>24.722.324</u>	<u>12.735.462</u>
Carrying amount at 31 December	<u>11.238.263</u>	<u>23.225.125</u>
8 Property, plant and equipment		
Other fixtures and fittings		
Cost at 1 January	1.336.622	1.336.622
Additions for the year	-	-
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	411.365	108.741
Depreciation for the year	302.623	302.624
Reversal of impairment and depreciation of	-	-
Impairment losses and depreciation at 31 December	<u>713.988</u>	<u>411.365</u>
Carrying amount at 31 December	<u>622.634</u>	<u>925.257</u>

NOTES TO THE FINANCIAL STATEMENT

	<u>2022</u>	<u>2021</u>
8 Property, plant and equipment <i>continuing</i>		
Operational Lease		
Cost at 1 January	515.262.835	-
Additions for the year	951.176.952	515.262.835
Disposals for the year	(9.841.328)	-
Cost at 31 December	<u>1.456.598.459</u>	<u>515.262.835</u>
Impairment losses and depreciation at 1 January	25.109.507	-
Depreciation for the year	161.845.587	25.109.507
Reversal of impairment and depreciation of sold assets	(1.038.476)	-
Impairment losses and depreciation at 31 December	<u>185.916.618</u>	<u>25.109.507</u>
Carrying amount at 31 December	<u>1.270.681.841</u>	<u>490.153.329</u>
Leasehold Improvements		
Cost at 1 January	673.200	673.200
Additions for the year	-	-
Disposals for the year	-	-
Cost at 31 December	<u>673.200</u>	<u>673.200</u>
Impairment losses and depreciation at 1 January	180.220	45.580
Depreciation for the year	134.640	134.640
Reversal of impairment and depreciation of sold assets	-	-
Impairment losses and depreciation at 31 December	<u>314.860</u>	<u>180.220</u>
Carrying amount at 31 December	<u>358.340</u>	<u>492.980</u>

NOTES TO THE FINANCIAL STATEMENT

	<u>2022</u>	<u>2021</u>
9 Accounts receivables		
Accounts receivables, finance leases	1.528.295.253	613.189.047
Accounts receivables, financing	3.714.102.037	1.680.031.750
	<u>5.242.397.290</u>	<u>2.293.220.797</u>
Presented as current assets	2.351.643.041	297.208.812
Presented as non-current assets	2.890.754.249	1.996.011.985
	<u>5.242.397.290</u>	<u>2.293.220.797</u>

10 Equity

The share capital consists of 1.100.000 shares of a nominal value of DKK 1.
No shares carry any special rights.

There was one capital injection during the financial year of 100.000 shares and a nominal value of DKK 260.000.000.

11 Provision for deferred tax

Provision for deferred tax at 1 January	-	-
*Deferred tax, previous year	20.772.935	-
Deferred tax for the year	(5.779.349)	-
Deferred tax, tax rate from 22% to 25,2/26%	2.180.889	-
Provision for deferred tax at 31 December	<u>17.174.475</u>	<u>-</u>

* Deferred tax has been capitalised for the first time in 2022 taking into account future earnings and the potential for utilisation.

Operation Lease - Motor Vehic	440.219.025	202.243.638
Software	(2.832.042)	(5.109.528)
Leasehold improvements	(22.443)	(19.593)
Financial leasing	(434.017.428)	(186.925.267)
Tax loss carryforward	8.681.042	9.530.637
Accounting provisions	197.832	436.740
Financial lease, provisions	1.921.248	540.540
Provision for badt debt	3.027.241	75.768
	<u>17.174.475</u>	<u>20.772.935</u>

NOTES TO THE FINANCIAL STATEMENT

	<u>2022</u>	<u>2021</u>
12 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	5.200.000.000	2.000.000.000
Between 1 and 5 years	2.300.000.000	1.000.000.000
More than 5 years	-	-
	<u>7.500.000.000</u>	<u>3.000.000.000</u>
13 Distribution of profit		
Retained earnings	<u>39.122.308</u>	<u>(55.454.658)</u>
	<u>39.122.308</u>	<u>(55.454.658)</u>

NOTES TO THE FINANCIAL STATEMENT

	<u>2022</u>	<u>2021</u>
14 Contingent assets, liabilities and other financial obligations		
Contingent liabilities		
The company has entered into lease agreements with the following amount:		
Remaining lease commitment		
Premises	2.986.645	2.884.525
Cars	<u>481.773</u>	<u>346.023</u>
Total	<u>3.468.418</u>	<u>3.230.548</u>

15 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
Park Allé 355
2605 Brøndby

NOTES TO THE FINANCIAL STATEMENT

	<u>2022</u>	<u>2021</u>
15 Related parties (continued)		
Transaction with related parties		
Related parties are only described if transactions have not been carried out on normal market terms.		
16 Change in operating capital		
Change in receivables	(3.051.438.560)	(2.478.634.740)
Change in inventories	(590.373.760)	655.172.581
Change in supplier debt and other debts	<u>84.526.990</u>	<u>166.793.149</u>
Total change in working capital	<u>(3.557.285.330)</u>	<u>(1.656.669.010)</u>

NOTES TO THE FINANCIAL STATEMENT

17 Accounting Policies

The annual report of Volkswagen Semler Finans Danmark A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to reporting medium enterprises class C from a class B in 2021. Comparative figures for 2021 have not been adjusted.

The Financial Statements for 2022 are presented in DKK.

The accounting policies are unchanged compared with 2021.

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 STATEMENT

17 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 STATEMENT

17 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 STATEMENT

17 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.

Corporate tax and Deferred tax assets and liabilities

Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on taxable income in previous years and tax paid on account.

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

Deferred tax assets, including the tax value of tax losses carry forward, are measured at the expected 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

NOTES TO THE FINANCIAL STATEMENT

17 Accounting Policies (continued)

Cash flow statement

The cash flow statement shows the company's cash flows divided by operating, investment and financing activities for the year, the year's shift in cash and cash equivalents and the company's cash and cash equivalents at the beginning of the year and end.

Cash flow from operating activities

Cash flows from operating activities are calculated as profit for the year adjusted for non-cash operating items, change in working capital, interest payments and payments relating to operations and corporation tax paid. Received interest is classified as money.

Cash flow from investing activity

Cash flows from investment activity include payments in connection with the purchase and sale of businesses and activities as well as the purchase and sale of intangible, tangible and financial fixed assets.

Cash flow from financing activity

Cash flows from financing activities include changes in the size or composition of the company's share capital and associated costs, as well as taking out loans, paying off interest bearing debt and paying dividends to shareholders.

Transactions without liquidity effect

Transactions without a liquidity effect, such as entering into financial leasing agreements, are not included in the cash flow statement. Significant transactions without a liquidity effect are disclosed in the notes.

Cash and cash equivalents

Cash and cash equivalents include liquid holdings and short-term securities with a remaining term of less than 3 months, which can be converted into liquid holdings without hindrance, and on which there are only negligible risks for value changes.

NOTES TO THE FINANCIAL STATEMENT

17 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	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$

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 2022 - 31 December 2022.

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

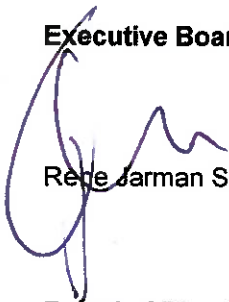
In our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 December 2022 and of the results of the Company's operations for 2022.

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, 12 April 2023

Executive Board



Rene Jarman Sterregaard

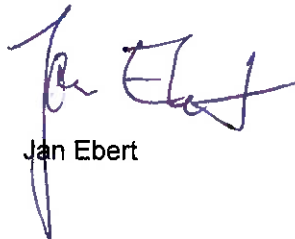


Swen Bankwitz

Board of Directors



Dr. Christian Dahlheim



Jan Ebert



Ulrik Drejsig Petersen



Lars Kornelius