

# **FCA Capital Danmark A/S**

Herstedøstervej 9

2600 Glostrup

CVR No. 62857013

## **Annual Report 2021**

The Annual Report was presented and  
adopted at the Annual General Meeting of  
the Company on 4 July 2022

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Michael Hald Wohlk  
Chairman

# **FCA Capital Danmark A/S**

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## **FCA Capital Danmark A/S**

### **Management's Statement**

The board of Directors and executive boards have today discussed and approved the annual report of FCA Capital Danmark A/S for the financial year 1 January 2021 - 31 December 2021.

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

In our opinion, the management's review includes a true and fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be adopted by the company at the annual general meeting.

Copenhagen, 4 July 2022

### **Executive Board**

Michael Hald Wøhlk

### **Board of Directors**

Paolo Manfredi  
Chairman

Claudia Daniela Beriava

Hans Peter Sørensen

## **FCA Capital Danmark A/S**

### **Independent Auditors' Report**

#### **To the shareholders of FCA Capital Danmark A/S**

##### **Opinion**

In our opinion, the Financial Statements give a true and fair view of the 's 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.

We have audited the Financial Statements of FCA Capital 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 ("financial statements").

##### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditors' responsibility 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' 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Statement on Management's Review**

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, 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 in Management's Review.

**Independent Auditors' Report**

**Management's Responsibility 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 considers 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 cease operations, or has no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 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

## **FCA Capital Danmark A/S**

### **Independent Auditors' Report**

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.

Hellerup, 4 July 2022

**PricewaterhouseCoopers**  
**Stattsautoriseret Revisionspartnerselskab**  
CVR-no. 33771231

Benny Voss  
State Authorised Public Accountant  
mne15009

Stefan Vastrup  
State Authorised Public Accountant  
mne32126

## **FCA Capital Danmark A/S**

### **Company details**

<b>Company</b>	FCA Capital Danmark A/S Herstedøstervej 9 2600 Glostrup
Telephone	0045 4322 8900
Website	<a href="http://www.fiatfinansiering.dk">www.fiatfinansiering.dk</a>
CVR No.	62857013
Date of formation	18 February 1963
<b>Board of Directors</b>	Paolo Manfreddi Claudia Daniela Beriava Hans Peter Sørensen
<b>Executive Board</b>	Michael Hald Wøhlk
<b>Parent Company</b>	FCA Bank S.p.A.
<b>Group enterprises</b>	The company is included in the group annual report of FCA Bank S.p.A. The group annual report of FCA Bank S.p.A. may be obtained at the following address: Corso Agnelli 200 10135 Torino Italy
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup CVR-no.: 33771231

## FCA Capital Danmark A/S

### Key Figures and Financial Ratios

The development in the Company's key figures, presented in TDKK and financial ratios can be described as follows:

	2021	2020	2019	2018	2017
Net turnover	259.114	233.177	232.844	194.789	211.676
Gross profit	116.422	118.072	76.391	67.949	64.752
Operating profit/loss	57.510	49.073	21.092	23.771	22.811
Profit/loss for the year	26.310	25.088	16.199	19.542	17.963
Total assets	2.306.045	2.287.134	1.971.849	1.596.802	1.404.712
Investment in non-current assets	9.527	83.487	148.175	50.183	36.195
Total equity	209.873	183.441	157.808	141.928	122.483
Avg. number of full-time employees	40	40	34	34	31
Financial ratios					
Gross profit (%)	44,93	50,64	32,81	34,88	30,59
Profit margin (%)	22,19	21,05	9,06	12,20	10,78
Return on capital employed (%)	2,50	2,30	1,18	1,58	1,68
Solvency ratio (%)	9,10	8,02	8,00	8,90	8,70
Return on equity (ROE) (%)	13,38	14,70	10,81	14,78	10,40

Pursuant to section 101(3) of the Danish Financial Statements Act, the company has omitted to restate comparative figures for the 3-5 previous financial years in connection with the change of accounting policies.

With reference to the accounting policies, the Company has chosen to implement IFRS 9 and IFRS 15 to be more aligned with the Group policies. Due to the nature of the company the implementation has no significant impact on the Financial Highlights as presented above.

The financial ratios are calculated in accordance with definitions according to summary of significant accounting policies.



## **FCA Capital Danmark A/S**

### **Management's Review**

#### **The Company's principal activities**

The company's principal activity is retail financing at variable and fixed rate interest, leasing and stock financing for dealers and importers in Denmark and Finland, primarily for the affiliated companies.

#### **Unusual matters**

The company's financial position at 31 December 2021 and the results of its operations for the financial year ended 31 December 2021 are not affected by any unusual matters.

#### **Development in activities and the financial matters**

The Company's Income Statement of the financial year 1 January 2021 - 31 December 2021 shows a result of DKK 26.310 and the Balance Sheet at 31 December 2021 a balance sheet total of DKK 2.306.045 and an equity of DKK 209.873.

#### **Special risks apart from generally occurring risks in industry**

##### ***Financial risks***

Through its engagement in Finland, the company has both debt and receivables in EUR. Due to the size of the net balance, a currency risk is not considered material. The company is exposed to an interest rate risk on the part of its lending that has a fixed rate interest since the company finances its activity through floating rate loans. This risk is covered by interest rate swaps through the company's owner.

##### ***Credit risks***

The company's current liabilities exceed the company's current assets. At 31. December 2021, the parent company had a net receivable from FCA Capital Danmark A/S of TDKK 1.881.870. The company's management has obtained confirmation from the parent company that the parent company will continue to support the company financially by making adequate credit facilities available to the company thereby enabling the company to maintain and continue its current activities over the coming 12 months.

#### **Foreign branches**

The company has a branch in Finland.

#### **Events after the balance sheet date**

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

## FCA Capital Danmark A/S

### Income Statement

	Note	2021 TDKK	2020 TDKK
Revenue	2	259.114	233.177
Other operating income		308	826
Cost of sales		-127.582	-105.885
Other external expenses		-15.418	-10.046
<b>Gross profit</b>		<b>116.422</b>	<b>118.072</b>
Staff expenses	3	-24.767	-29.140
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		-34.145	-39.859
<b>Operating profit /loss</b>		<b>57.510</b>	<b>49.073</b>
Finance income	4	234	1
Finance expenses	5	-17.473	-16.767
<b>Profit from ordinary activities before tax</b>		<b>40.271</b>	<b>32.307</b>
Tax expense on ordinary activities	6	-13.961	-7.219
<b>Profit/loss for the year</b>		<b>26.310</b>	<b>25.088</b>

## FCA Capital Danmark A/S

### Balance Sheet as of 31 December

	Note	2021 TDKK	2020 TDKK
<b>Assets</b>			
Acquired intangible assets	7	3.777	1.900
<b>Intangible assets</b>		<b>3.777</b>	<b>1.900</b>
Fixtures, fittings, tools and equipment	8	87.810	153.402
<b>Property, plant and equipment</b>		<b>87.810</b>	<b>153.402</b>
Long-term investments in group enterprises	9, 10	121	121
Other long-term receivables	11	1.337.076	1.272.502
<b>Investments</b>		<b>1.337.197</b>	<b>1.272.623</b>
<b>Fixed assets</b>		<b>1.428.784</b>	<b>1.427.925</b>
<b>Inventories</b>	12	<b>28.425</b>	<b>22.625</b>
Other short-term receivables		767.805	765.071
Prepayments	13	81.031	71.513
<b>Receivables</b>		<b>848.836</b>	<b>836.584</b>
<b>Current assets</b>		<b>877.261</b>	<b>859.209</b>
<b>Assets</b>		<b>2.306.045</b>	<b>2.287.134</b>

## FCA Capital Danmark A/S

### Balance Sheet as of 31 December

	Note	2021 TDKK	2020 TDKK
<b>Liabilities and equity</b>			
Contributed capital		14.154	14.154
Other reserves		-731	-693
Retained earnings		196.450	169.980
<b>Equity</b>		<b>209.873</b>	<b>183.441</b>
Provisions for deferred tax	14	24.622	14.740
<b>Provisions</b>		<b>24.622</b>	<b>14.740</b>
Debt to banks		48.693	38.970
Payables to group enterprises		1.903.655	1.927.992
Tax payables		10.215	7.854
Other payables		15.974	23.614
Deferred income	15	93.013	90.523
<b>Short-term liabilities</b>		<b>2.071.550</b>	<b>2.088.953</b>
<b>Total liabilities</b>		<b>2.071.550</b>	<b>2.088.953</b>
<b>Liabilities and equity</b>		<b>2.306.045</b>	<b>2.287.134</b>
Contingent liabilities	16		
Ownership	17		
Financial instruments	18		

## FCA Capital Danmark A/S

### Statement of changes in Equity

	<b>TDKK Contributed capital</b>	<b>TDKK Other reserves</b>	<b>TDKK Retained earnings</b>	<b>TDKK Total</b>
Equity 1 January 2021	14.154	-731	170.140	183.563
Profit (loss)			26.310	26.310
<b>Equity 31 December 2021</b>	<b>14.154</b>	<b>-731</b>	<b>196.450</b>	<b>209.873</b>

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

Number of shares: 1-14.154 each of DKK 1.000 (one share certificate)

## FCA Capital Danmark A/S

### Notes

	2021	2020
<b>1. Capital resources</b>		
The company's current liabilities exceed the company's current assets. At 31 December 2021, the parent company had a net receivable from FCA Capital Danmark A/S of TDKK 1.881.870. The company's management has obtained confirmation from the parent company that the parent company will continue to support the company financially by making adequate credit facilities available to the company thereby enabling the company to maintain and continue its current activities over the coming 12 months.		
<b>2. Revenue</b>		
Revenues, dealer financing	6.760	10.115
Revenues, retail contracts	99.323	78.227
Sale of vehicles	76.237	66.689
Revenues, leases	66.881	67.999
Other income	9.913	10.147
	<u>259.114</u>	<u>233.177</u>
<b>3. Employee benefits expense</b>		
Wages and salaries	21.593	25.790
Pension	2.090	2.301
Other social security costs	328	136
Other employee expense	756	913
	<u>24.767</u>	<u>29.140</u>
Average number of employees	<u>40</u>	<u>40</u>
According to section 98 B(3) of the Danish Financial Statements Act, remuneration to the Executive Board has not been disclosed.		
<b>4. Financial income</b>		
Financial income from group enterprises	233	0
Other financial income	1	1
	<u>234</u>	<u>1</u>
<b>5. Finance expenses</b>		
Finance expenses arising from group enterprises	-15.581	-15.106
Other finance expenses	-1.892	-1.661
	<u>-17.473</u>	<u>-16.767</u>

## FCA Capital Danmark A/S

### Notes

	2021	2020
<b>6. Tax on profit/loss for the year</b>		
Current tax for the year	4.127	8.785
Deferred tax for the year	4.912	-1.602
Adjustment of deferred tax concerning previous years	4.922	36
	<u>13.961</u>	<u>7.219</u>
<b>7. Acquired intangible assets</b>		
Cost at the beginning of the year	3.102	2.781
Addition during the year, incl. improvements	2.504	322
<b>Cost at the end of the year</b>	<u>5.606</u>	<u>3.103</u>
Depreciation and amortisation at the beginning of the year	-1.203	-641
Amortisation for the year	-626	-562
<b>Impairment losses and amortisation at the end of the year</b>	<u>-1.829</u>	<u>-1.203</u>
<b>Carrying amount at the end of the year</b>	<u>3.777</u>	<u>1.900</u>
<b>8. Fixtures, fittings, tools and equipment</b>		
Cost at 1 January	198.133	198.559
Addition during the year, incl. improvements	9.527	83.487
Disposal during the year	-68.980	-83.913
<b>Cost at 31 December</b>	<u>138.680</u>	<u>198.133</u>
Impairment losses and depreciation at 1 January	-44.600	-33.468
Amortisation for the year	-33.519	-39.310
Reversal of impairment losses and amortisation of disposed assets	27.249	28.047
<b>Impairment losses and depreciation at 31 December</b>	<u>-50.870</u>	<u>-44.731</u>
<b>Carrying amount at 31 December</b>	<u>87.810</u>	<u>153.402</u>
<b>9. Long-term investments in group enterprises</b>		
Cost at 1 January	121	121
<b>Cost at 31 December</b>	<u>121</u>	<u>121</u>
<b>Carrying amount at 31 December</b>	<u>121</u>	<u>121</u>

## FCA Capital Danmark A/S

### Notes

			2021	2020
<b>10. Disclosure in long-term investments in group enterprises</b>				
<b>Name</b>	<b>Registered office</b>	<b>Ownership</b>	<b>Equity</b>	<b>Profit/loss</b>
FCA Capital Norge AS	Norway	100,00	18.043	8.534
FCA Capital Sweden AB	Sweden	100,00	52.012	4.695
			<b>70.055</b>	<b>13.229</b>

### 11. Long term receivables

Long Term Receivables cost at 1 January	2.037.496	1.740.197
Additions for the year	972.504	1.187.368
Disposals for the year	-905.228	-889.992
<b>Cost at 31 December</b>	<b>2.104.772</b>	<b>2.037.573</b>
Less short-term receivables	-767.696	-765.071
<b>Carrying amount at 31 December</b>	<b>1.337.076</b>	<b>1.272.502</b>

### 12. Inventories

Finished goods and goods for resale	28.425	22.625
<b>Inventories in total</b>	<b>28.425</b>	<b>22.625</b>

### 13. Prepayments

Prepayments include bonus to distributors that are accrued at the time of contract opening and charged as expense, in the subsequent periods when the recognitions criteria are satisfied.

### 14. Provision for deferred tax

Provision for deferred tax at 1 January	-14.740	-16.322
Adjustment	-9.882	1.582
<b>Provision for deferred tax at 31 december</b>	<b>-24.622</b>	<b>-14.740</b>

### 15. Deferred income

Deferred income comprises payments relating to contract opening fees which will not be recognised as income until the subsequent financial year when the recognition criteria are satisfied.

### 16. Contingent liabilities

Rent and liase liabilities include a rent obligation of TDKK 690 (2019: TDKK 690)

The company has issued guarantees totalling TDKK 2.500 (2019: TDKK 500)



## FCA Capital Danmark A/S

### Notes

2021

2020

#### 17. Related parties and ownership structure

##### Controlling interest

FCA Bank S.p.A  
Corso Agnelli 200  
10135 Torino  
Italy

Transactions are made within market conditions.

FCA Capital Danmark A/S had the following transactions with related parties:

##### TDKK

Purchase of goods from group companies	82.083	61.152
Income from management fee to group companies	7.637	9.633
Financial costs net to group companies	15.310	15.066
Payables to group companies	1.903.655	1.927.992

#### 18. Financial instruments

##### Interest rate risks

The company uses interest rate swaps to hedge interest rate risks, whereby floating interest payments are rescheduled into fixed interest payments.

The hedged cash flows are expected to be realised and will affect results of operations over the term to maturity of the interest rate swap.

##### TDKK

Notional principal	462.100	462.100
Value adjustment recognised in equity	-731	-693
Fair Value	-892	-889
Term to maturity in months	0 - 48	0 - 48

## **FCA Capital Danmark A/S**

### **Accounting Policies**

The Annual Report of FCA Capital Danmark A/S for 2021 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Company has decided not to include a cash flow statement in accordance with the Danish Financial Statements Act §86, 4.

The Cash flow statement is part of the consolidated financial statements of the parent company.

Pursuant to sections §112, of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

#### **Changed accounting policies**

Development IT costs are recognised under intangible assets at cost according to the rules applicable to class C. So far, development costs have been recognised as tangible assets in the balance sheet.

Financial income and expenses are recognised separately in the income statement according to the rules applicable to class C. So far, financial income and expenses have been recognised as Cost of sales. The above-mentioned changes have only a classification effect and does not affect either profit & loss or equity.

Comparative figures have been restated to reflect the change in accounting policies in conformity with the Financial Statements Act.

Apart from the above-mentioned fields, the accounting policies are consistent with those of the previous year.

#### **Reporting currency**

The annual report is presented in TDKK.

#### **General Information**

##### **Basis of recognition and measurement**

The financial statement has been prepared under the historical cost principle.

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the Income Statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously 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 accrue to the Company, and the value of the asset can be measured reliably.

## **FCA Capital Danmark A/S**

### **Accounting Policies**

Liabilities are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

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

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

#### **Foreign currency translation**

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

#### **Income Statement**

##### **Revenue**

Revenue is recognised in the income statement if the goods have been delivered and the risk has passed to the buyer before year-end and if the revenue can be reliably calculated and expected to be received. Revenue is recognised excluding VAT and net of sales discounts.

##### **Cost of sales**

Cost of finished goods and goods for resale include finished goods and goods for resale used in generating the year's revenue.

##### **Other external expenses**

Other external costs include costs for distribution, sales, advertising, administration, premises, bad debts, payments under operating leasing etc.

##### **Staff expenses**

Staff expenses comprise wages, salaries and other pay-related costs, such as sickness benefits for enterprise employees less wage/salary reimbursement, pensions and social security costs.

##### **Amortisation, depreciation and impairment of tangible assets**

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of property, plant and equipment.

## **FCA Capital Danmark A/S**

### **Accounting Policies**

#### **Income from investments in subsidiaries and associates**

Dividend from investments is recognised in the reporting year in which the dividend is declared.

#### **Other financial income**

Other financial income comprises interest income, including interest income on receivables from group enterprises, interest income from other receivables, currency translation adjustments and foreign currency transactions.

#### **Other financial expenses**

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and foreign currency transactions.

#### **Tax on profit/loss for the year**

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**

#### **Intangible assets**

##### **Intellectual property rights etc**

Intellectual property rights etc comprise appropriations for software.

Intellectual property rights acquired are measured at cost less accumulated amortisation.

Intellectual property rights are amortised over the economical life, which is 5 years.

Intellectual property rights etc are written down to the lower recoverable amount and carrying amount.

#### **Tangible assets**

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is calculated taking into consideration the residual value of the asset at the end of its useful life, reduced by impairment losses, if any. The depreciation period and the residual value are determined at the data of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, depreciation is discontinued.

In case of changes in amortisation period or residual value, the effect of a change in depreciation period is recognised prospectively in accounting estimates.

Cost comprises the purchase price and expenses directly related to the acquisition until the time when the asset is ready for use. The cost of self-constructed assets comprises direct and indirect costs for materials, components, sub-suppliers and wages.

## **FCA Capital Danmark A/S**

### **Accounting Policies**

Depreciation is calculated using the straight-line method over the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment:	3 - 5 years
Leasehold improvements:	5 years

#### **Impairment of fixed assets**

The carrying amounts of property plant and equipment and investments in subsidiaries are tested for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

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).

#### **Equity investments in subsidiaries**

Equity investments in subsidiaries are measured at cost. If cost exceeds the net realisable value, a write-down to this lower value will be performed.

#### **Inventories**

Inventories are measured at cost on the basis of the FIFO principle. Where the net realisable value is lower than cost, the inventories are written down to this lower value.

#### **Receivables**

Receivables are measured at amortised cost.

Impairment on trade receivables is based on the simplified expected credit loss model. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecast of future economic conditions.

Impairment on long term and short-term loan receivables measured at amortized cost is based on the general expected credit loss model. The guiding principle of the expected credit loss model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. The amount of ECLs recognized as a loss allowance or provision depends on the extent of credit deterioration since initial recognition. Under the general approach, the company has applied two measurement bases:

- 12-month ECLs (Stage 1), which applies to all items (from initial recognition) as long as there is no significant deterioration in credit quality;
- Lifetime ECLs (Stages 2 and 3), which applies when a significant increase in credit risk has occurred on an individual or collective basis.

## **FCA Capital Danmark A/S**

### **Accounting Policies**

#### **Prepayments**

Prepayments recognised under 'Current assets' comprises expenses incurred regarding subsequent financial years.

#### **Income tax and deferred tax**

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

#### **Other payables**

Liabilities, which include trade payable, payables to group entities and other payable, are measured at amortised cost.

#### **Deferred income**

Deferred income recognised under 'Current liabilities' comprises payments received regarding income in the subsequent financial years.

#### **Derivative financial instruments**

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Positive and negative fair values of derivative financial instruments are included in 'Other receivables' or 'Other payables', respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of recognised assets and liabilities are recognised in the income statement together with fair value adjustments of the hedged asset or liability.

Fair value adjustments of derivative financial instruments designated as and qualifying for hedging of future cash flows are recognised in other receivables or other payables and in equity. If the future transaction results in recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or the liability, respectively. If the future transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

As for derivative financial instruments that do not qualify for hedge accounting, fair value adjustments are recognised in the income statement on a current basis.

## **FCA Capital Danmark A/S**

### **Accounting Policies**

The fair value measurement is based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs. All assets and liabilities which are measured at fair value or whose fair value is disclosed, are classified based in the fair value hierarchy, see below:

Level 2: Value based on recognised valuation methods on the basis of observable market information.

## FCA Capital Danmark A/S

### Accounting Policies

#### Financial highlights

##### Definitions of financial ratios

Gross margin ratio	=	$\frac{\text{Gross profit X 100}}{\text{Revenue}}$
EBIT margin	=	$\frac{\text{Profit/loss before financials X 100}}{\text{Revenue}}$
Return on assets	=	$\frac{\text{Profit/loss before financials X 100}}{\text{Average assets}}$
Solvency ratio	=	$\frac{\text{Equity at year-end X 100}}{\text{Total assets at year-end}}$
Return on equity	=	$\frac{\text{Net profit for the year X 100}}{\text{Average equity}}$