

FCA Capital Danmark A/S

Herstedøstervej 9

2600 Glostrup

CVR No. 62857013

Annual Report 2020

Adopted at the annual general meeting
on 20 April 2021

Rolando D'Arco
Chairman

FCA Capital Danmark A/S

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FCA Capital Danmark A/S

Management's Statement

The supervisory and executive boards have today discussed and approved the annual report of FCA Capital Danmark A/S for the financial year 1 January 2020 - 31 December 2020.

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 2020 and of the results of the company's operations for the financial year 1 January 2020 - 31 December 2020.

In our opinion, the management's review includes a 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, 20 April 2021

Executive Board

Michael Hald Wøhlk

Supervisory Board

Rolando D'Arco
Chairman

Simone Basili

Hans Peter Sørensen

FCA Capital Danmark A/S

Independent Auditors' Report

To the shareholders of FCA Capital Danmark A/S

Opinion

We have audited the financial statements of FCA Capital Danmark A/S for the financial year 1 January 2020 - 31 December 2020, 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 2020 and of the results of the Company's operations for the financial year 1 January 2020 - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibility under those standards and requirements are further described in the "Auditors' responsibility 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 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 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is no guarantee that an audit conducted in accordance with ISAs and additional requirements

Independent Auditors' Report

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 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 risk of material misstatements 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 auditors' 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 auditors' 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 note 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.

FCA Capital Danmark A/S

Independent Auditors' Report

Statement on the Management's Review

Management is responsible for the Management's review.

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

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

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

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 20-04-2021

EY Godkendt Revisionspartnerselskab

CVR-no. 30700228

Mogens Andreasen
State Authorised Public Accountant
mne28603

Dennis Dupont
State Authorised Public Accountant
mne36192

FCA Capital Danmark A/S

Company details

Company FCA Capital Danmark A/S
Herstedøstervej 9
2600 Glostrup

Telephone 0045 4322 8900

Website www.fiatfinansiering.dk

CVR No. 62857013

Date of formation 18 February 1963

Supervisory Board Rolando D'Arco
Simone Basili
Hans Peter Sørensen

Executive Board Michael Hald Wøhlk

Parent Company FCA Bank S.p.A.

Group enterprises 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

Auditors EY Godkendt Revisionspartnerselskab
Dirch Passers Allé 36
2000 Frederiksberg
CVR-no.: 30700228

Bank Nordea Bank Danmark A/S
Strandgade 3
1401 København K

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:

	2020	2019	2018	2017	2016
Net turnover	233.177	232.844	194.789	211.676	193.895
Gross profit	101.306	76.391	67.949	64.752	52.846
Operating profit/loss	32.307	21.092	23.771	22.811	14.938
Profit/loss for the year	25.088	16.199	19.542	17.963	12.361
Total assets	2.287.134	1.971.849	1.596.802	1.404.712	1.312.802
Investment in non-current assets	83.809	148.175	50.183	36.195	95.733
Total equity	183.441	157.808	141.928	122.483	223.031
Avg. number of full-time employees	40	34	34	31	30
Financial ratios					
Gross profit (%)	43,45	32,81	34,88	30,59	27,25
Profit margin (%)	13,86	9,06	12,20	10,78	7,70
Return on capital employed (%)	1,52	1,18	1,58	1,68	1,01
Solvency ratio (%)	8,02	8,00	8,90	8,70	17,00
Return on equity (ROE) (%)	14,70	10,81	14,78	10,40	5,70

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 have 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 2020 and the results of its operations for the financial year ended 31 December 2020 are not affected by any unusual matters.

Development in activities and financial matters

The company's income statement of the financial year 1 January 2020 - 31 December 2020 shows a profit of TDKK 25.088 and the balance sheet at 31 December 2020 a balance sheet total of TDKK 2.287.134 and an equity of TDKK 183.441.

The profit for the year is considered satisfactory. In 2020 FCA Capital Danmark A/S' results before tax were TDKK 32.307 which have exceeded the Management's expectations. The car market ended in 230.538 units. FCA Denmark A/S' market share has been increasing in 2020 ending in 1,8 %. The portfolio of financing contracts linked to car sales is on the same level as in 2019.

The outlook for the car market in 2021 is lower compared to 2020 due to the COVID19, but at the same time, due to new partnerships, the result for 2021 is expected to be slightly improved.

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 2020, the parent company had a net receivable from FCA Capital Danmark A/S of TDKK 1.904.750. 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.

Management's Review

Significant events occurring after the end of the financial year

The Corona-virus have not yet had significant impact on the company's business situation, however it does cause uncertainty as to the level of activity going forward until we have an overview of the full impact of the lockdown period. No impact of the Corona-virus have been incorporated in the expectations for 2021. The situation is closely monitored by management so that necessary action can be taken should the need arise.

Apart from the above, no events have occurred at the balance sheet date, that could materially affect the evaluation of the annual report.

FCA Capital Danmark A/S

Income Statement

	Note	2020 TDKK	2019 TDKK
Revenue	2	233.177	232.844
Other operating income		826	460
Cost of sales		-122.651	-147.578
Other external expenses		-10.046	-9.335
Gross profit		101.306	76.391
Staff expenses	3	-29.140	-23.885
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		-39.859	-31.414
Profit /loss before tax		32.307	21.092
Tax expense on profit/loss for the year	4	-7.219	-4.893
Profit/loss for the year		25.088	16.199

FCA Capital Danmark A/S

Balance Sheet as of 31 December

	Note	2020 TDKK	2019 TDKK
Assets			
Fixtures, fittings, tools and equipment	6	155.302	167.231
Property, plant and equipment		155.302	167.231
Long-term investments in group enterprises	7, 8	121	121
Other long-term receivables	9	1.272.502	998.514
Investments		1.272.623	998.635
Fixed assets		1.427.925	1.165.866
Inventories	10	22.625	27.552
Other short-term receivables		765.071	741.683
Deferred income	11	71.513	36.748
Receivables		836.584	778.431
Current assets		859.209	805.983
Assets		2.287.134	1.971.849

FCA Capital Danmark A/S

Balance Sheet as of 31 December

	Note	2020 TDKK	2019 TDKK
Liabilities and equity			
Contributed capital		14.154	14.154
Sundry reserves		-693	-1.238
Retained earnings		169.980	144.892
Equity		183.441	157.808
Provisions for deferred tax	12	14.740	16.322
Provisions		14.740	16.322
Other payables		0	802
Long-term liabilities other than provisions		0	802
Debt to banks		38.970	45.686
Payables to group enterprises		1.927.992	1.663.645
Tax payables		7.854	5.075
Other payables		23.614	16.390
Deferred income, liabilities	13	90.523	66.121
Short-term liabilities		2.088.953	1.796.917
Total liabilities		2.088.953	1.797.719
Liabilities and equity		2.287.134	1.971.849
Subsequent events	14		
Contingent liabilities	15		
Financial instruments	16		
Ownership	17		

FCA Capital Danmark A/S

Statement of changes in Equity

	TDKK Contributed capital	TDKK Other reserves	TDKK Retained earnings	TDKK Total
Equity 1 January 2020	14.154	-1.238	144.892	157.808
Equity transfers to reserves		545		545
Profit (loss)			25.088	25.088
Equity 31 December 2020	14.154	-693	169.980	183.441

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

2020

2019

1. Capital resources

The company's current liabilities exceed the company's current assets. At 31 December 2020, the parent company had a net receivable from FCA Capital Danmark A/S of TDKK 1.904.750. 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.

2. Revenue

Revenues, dealer financing	10.115	15.840
Revenues, retail contracts	78.227	54.071
Sale of vehicles	66.689	92.937
Revenues, leases	67.999	59.787
Other income	10.147	10.209
	233.177	232.844

3. Employee benefits expense

Wages and salaries	25.790	20.698
Pension	2.301	2.055
Other social security costs	136	399
Other employee expense	913	733
	29.140	23.885

Average number of employees	40	34
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According to section 98 B(3) of the Danish Financial Statements Act, remuneration to the Executive Board has not been disclosed.

4. Tax on profit/loss for the year

Current tax for the year	8.785	6.019
Deferred tax for the year	-1.602	-1.675
Adjustment of deferred tax concerning previous years	36	549
	7.219	4.893

FCA Capital Danmark A/S

Notes

	2020	2019
5. Distribution of profit		
Retained earnings	25.088	16.199
	25.088	16.199
6. Fixtures, fittings, tools and equipment		
Cost at 1 January	201.340	110.468
Addition during the year, incl. improvements	83.809	148.175
Disposal during the year	-83.913	-57.303
Cost at 31 December	201.236	201.340
Impairment losses and depreciation at 1 January	-34.109	-28.545
Amortisation for the year	-39.872	-31.414
Reversal of impairment losses and amortisation of disposed assets	28.047	25.850
Impairment losses and depreciation at 31 December	-45.934	-34.109
Carrying amount at 31 December	155.302	167.231
7. Long-term investments in group enterprises		
Cost at 1 January	121	121
Cost at 31 December	121	121
Carrying amount at 31 December	121	121
8. Disclosure in long-term investments in group enterprises		

Name	Registered office	Ownership	Equity	Profit/loss
FCA Capital Norge AS	Norway	100,00	18.043	8.534
FCA Capital Sweden AB	Sweden	100,00	52.012	4.695

FCA Capital Danmark A/S

Notes

	2020	2019
9. Long term receivables		
Long Term Receivables cost at 1 January	1.740.197	1.450.173
Additions for the year	1.187.368	830.752
Disposals for the year	-889.992	-540.728
Cost at 31 December	2.037.573	1.740.197
Less short term receivables	-765.071	-741.683
Carrying amount at 31 December	1.272.502	998.514
10. Inventories		
Finished goods and goods for resale	22.625	27.552
Inventories in total	22.625	27.552
11. 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.		
12. Provision for deferred tax		
Provision for deferred tax at 1 January	-16.322	-18.087
Adjustment	1.582	1.765
Provision for deferred tax at 31 december	-14.740	-16.322
Other fixtures and fittings, tools and equipment	8.108	8.412
Fixed assets investments	19.991	18.416
Liabilities	-13.359	-10.506
	14.740	16.322

13. 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.

Notes**2020****2019****14. Subsequent events occurring after the end of the financial year**

The Corona-virus have not yet had significant impact on the company's business situation, however it does cause uncertainty as to the level of activity going forward until we have an overview of the lockdown period. No impact of the Corona-virus have been incorporated in the expectations for 2021. The situation is closely monitored by management so that necessary action can be taken should the need arise.

Apart from the above, no events have occurred at the balance sheet date, that could materially affect the evaluation of the annual report

15. Contingent liabilities

Other financial obligations

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

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

16. 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	371.150
Value adjustment recognised in equity	-693	-1.238
Fair Value	-889	-1.587
Term to maturity in months	0 - 48	0 - 48

FCA Capital Danmark A/S

Notes

2020

2019

17. Related parties and ownership structure

Controlling interest

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

Transactions

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

TDKK

Purchase of goods from group companies	61.152	87.608
Income from management fee to group companies	9.633	8.538
Financial costs to group companies	15.066	13.828
Payables to group companies	1.927.992	1.663.645

FCA Capital Danmark A/S

Accounting Policies

The Annual Report of FCA Capital Danmark A/S for 2020 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.

The Accounting policies applies are consistent with those of last year.

Reporting currency

The annual report is presented in TDKK.

General Information

Basis of recognition and measurement

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

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the liability can be measured reliably.

On 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, using the effective interest method. Amortised cost is calculated as the historic cost less any installments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount.

In connection with recognition and measurement, allowance is made for predictable losses and risks occurring prior to the presentation of the annual report and which prove or disprove matters which exist at the balance sheet date.

FCA Capital Danmark A/S

Accounting Policies

Income Statement

Revenue

Revenue from contracts with customers is recognised, when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount can be reliably quantified, regardless of when revenue is received.

For all financial instruments measured at amortized cost, such as loans and receivables from customers and banks, and interest-bearing financial assets, interest income is recorded using the effective interest rate (EIR) and classified under "revenues dealer financing", "revenues retail contracts" and "revenues, leases".

Commissions receiveable upon execution of a significant act are recognized as revenue when the significant act has been completed. On the other hand, commissions related to origination fees received by the entity relating to the creation or acquisition of a financial asset are deferred and recognized as an adjustment to the effective rate of interest.

Sale of vehicles is recognized as revenue, when the control of the vehicle has passed to the customer.

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 operating income

Other operating income comprises items of a secondary nature relative to the company's activities, including gains on the sale of intangible assets and property, plant and equipment.

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

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.

Income from investments in subsidiaries and associates

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

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.

FCA Capital Danmark A/S

Accounting Policies

Balance Sheet

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 date 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.

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.

Stocks

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

Accounting Policies

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.

Prepayments

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

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities with a term of less than three months which can be converted directly into cash at bank and in hand and involve only an insignificant risk of value changes. Balances in the group's cash pool scheme are not, due to the nature of the scheme, considered cash, but is recognised under 'Payables from group entities'.

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.

Accounting Policies

Deferred income

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

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.

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 heading 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.

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

$$\text{Gross margin ratio} = \frac{\text{Gross profit X 100}}{\text{Revenue}}$$

$$\text{EBIT margin} = \frac{\text{Profit/loss before financials X 100}}{\text{Revenue}}$$

$$\text{Return on assets} = \frac{\text{Profit/loss before financials X 100}}{\text{Average assets}}$$

$$\text{Solvency ratio} = \frac{\text{Equity at year-end X 100}}{\text{Total assets at year-end}}$$

$$\text{Return on equity} = \frac{\text{Net profit for the year X 100}}{\text{Average equity}}$$