

# FCA Denmark A/S

Hovedvejen 208  
2600 Glostrup  
Denmark

CVR no. 62 85 77 14

## Annual report 2019

The annual report was presented and approved at the  
Company's annual general meeting on

~~24 April 2020~~ 10 June 2020

Peter Sørensen  
chairman



## **Contents**

|  |           |
|--|-----------|
| <b>Statement by the Board of Directors and the Executive Board</b> | <b>2</b>  |
| <b>Independent auditor's report</b>                                | <b>3</b>  |
| <b>Management's review</b>   | <b>6</b>  |
| Company details  | 6         |
| Financial highlights   | 7         |
| Operating review   | 8         |
| <b>Financial statements 1 January – 31 December</b>                | <b>11</b> |
| Income statement   | 11        |
| Balance sheet  | 12        |
| Statement of changes in equity                                     | 14        |
| Notes  | 15        |

## Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of FCA Denmark A/S for the financial year 1 January – 31 December 2019.

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 assets, liabilities and financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Glostrup, 24 April 2020  
Executive Board:

  
Simon Jean Emile Rivier

Board of Directors:

  
Luigi Perinella  
Chairman  
Barbara Serra  
Simon Jean Emile Rivier

## Independent auditor's report

### To the shareholders of FCA Denmark A/S

#### Opinion

We have audited the financial statements of FCA Denmark A/S for the financial year 1 January – 31 December 2019 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019 in accordance with the Danish Financial Statements Act.

#### 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 "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the 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 that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## Independent auditor's report

### 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 the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made 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 judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

## Independent auditor's report

Copenhagen, 24 April 2020

**Ernst & Young**  
**Godkendt Revisionspartnerselskab**

CVR no. 30 70 02 28



Mogens Andreasen  
State Authorised  
Public Accountant  
mne28603



Dennis Dupont  
State Authorised  
Public Accountant  
mne36192

**FCA Denmark A/S**  
Annual report 2019  
CVR no. 62 85 77 14

## **Management's review**

### **Company details**

FCA Denmark A/S  
Hovedvejen 208  
2600 Glostrup  
Denmark

Telephone: +45 43 22 88 00  
Fax: +45 43 22 88 70  
Website: [www.fiat.dk](http://www.fiat.dk)

CVR no.: 62 85 77 14  
Financial year: 1 January – 31 December

### **Board of Directors**

Luigi Pennella, Chairman  
Barbara Serra  
Simon Jean Emile Rivier

### **Executive Board**

Simon Jean Emile Rivier

### **Auditor**

Ernst & Young  
Godkendt Revisionspartnerselskab  
Dirch Passers Allé 36  
2000 Frederiksberg  
Denmark

## Management's review

### Financial highlights

| DKK'000  | 2019    | 2018    | 2017    | 2016    | 2015    |
|--|---------|---------|---------|---------|---------|
| <b>Key figures</b>                             |         |         |         |         |         |
| Revenue  | 494,580 | 658,181 | 618,986 | 650,763 | 665,881 |
| Gross profit                                   | 35,020  | 57,319  | 61,071  | 83,475  | 122,255 |
| Operating profit                               | 4,239   | 23,002  | 25,333  | 15,666  | 45,008  |
| Net financials                                 | -4,879  | 128     | 92      | -3,326  | -3,196  |
| Net profit for the year                        | -533    | 17,185  | 19,784  | 9,411   | 32,146  |
| <b>Balance sheet total</b>                     |         |         |         |         |         |
| Equity   | 390,864 | 437,260 | 428,018 | 394,294 | 346,033 |
| Investment in property,<br>plant and equipment | 203,863 | 204,396 | 187,211 | 167,427 | 158,016 |
| Inventories                                    | 25,379  | 29,238  | 31,065  | 21,399  | 17,655  |
| Trade receivables                              | 21,418  | 50,825  | 33,396  | 90,298  | 50,548  |
|  | 7,618   | 26,731  | 31,215  | 15,541  | 14,830  |
| <b>Ratios</b>                                  |         |         |         |         |         |
| Gross margin                                   | 7%      | 9%      | 11%     | 13%     | 18%     |
| Operating margin                               | 1%      | 3%      | 4%      | 2%      | 7%      |
| Solvency ratio                                 | 52%     | 46%     | 44%     | 42%     | 46%     |
| <b>Average number of full-time employees</b>   |         |         |         |         |         |
|  | 51      | 56      | 58      | 60      | 57      |

Pursuant to section 101(3) of the Danish Financial Statements Act, the Company has omitted to restate comparative figures for the 4th-5th previous financial years in connection with the change of accounting policies.

With reference to the accounting policies, the Company has chosen to change the presentation of the profit and loss statement, going from a function to a nature presentation, in order to present a more viable and sustainable presentation of the Company's performance.

The change in applied presentation schematics, have thus impacted on the Financial Highlights as presented above. The gross profit and hence also the gross margin is thus affected by the change. Other than these changes there are no further impact to the amounts presented in the Financial Highlights.

Financial ratios are calculated in accordance with the guidelines "Recommendations & Ratios" issued by the Danish Society of Financial Analysts. The financial ratios have been calculated as follows:

Gross margin 
$$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$$

Operating margin 
$$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$$

Solvency ratio 
$$\frac{\text{Equity ex. non-controlling interests at year end} \times 100}{\text{Total equity and liabilities at year end}}$$



## Management's review

### Operating review

#### Principal activities

The Company's principal activities comprise import of passenger cars and vans, including related spare parts, of the brands Fiat, Alfa Romeo, Jeep and Fiat Professional. Distribution and marketing are handled via the Danish dealer network.

#### Development in activities and financial position

The passenger car market increased slightly by around 3% compared to previous year. There were 225,589 passenger cars registrations in 2019 vs. 218,483 registrations in 2018 (data from the Danish Car Importers Association).

The demand for passenger cars in the A segment (small cars segment) declined from 11.3% to 10.7% whilst the J segment (SUV) increased from 26.1% to 28.1%. A and B segments still represents the largest share of the total market. These two segments amounted to 34.3% of the total Market, corresponding to about 77,400 units.

The Company's total market share of passenger cars showed a negative development going from a market share of 1.4% in 2018 to 1.2% in 2019.

For the light Commercial vehicles we have the similar trend, 33,096 registered in 2019 vs 33,850 in 2018 a decrease of 2.2%, Fiat's market share reduced to 3.6% in 2019 vs 4.3% in 2018.

After sales activities were lower compared to 2018 and amounted to DKK 89 million.

The result of the year 2019 before tax amounted to a loss of tDKK 640, tax for the year amounted to tDKK 107, and result for the year after tax amounted to a loss of tDKK 533. The result for the year is considered acceptable and in line with the expectations for the year.

#### Operating risks

Instability in the financial markets may adversely affect our sales and thus our earnings. The car industry is a very competitive environment in a mature market, which increases the competition between the manufacturers.

#### Financial risks

Instability in the financial markets may adversely affect our sales and thus our earnings.

Based on our current knowledge of the corona virus and the effects we see on society today, there is some uncertainty about the actual impact on business in Denmark and the level of activity for 2020. No corona virus impact have been incorporated into expectations for 2020 however the situation is closely monitored.

#### Liquidity

Liquidity for 2019 has been at a required level and is expected to remain unchanged in 2020.

## Management's review

### Operating review

#### Corporate social responsibility

FCA Denmark, being part of the FCA group, share the policies of the FCA group regarding the respect of human rights, reduction of environmental pollution, impact on climate change, social and labour conditions and anti-corruption from the Company's activities and therefore no individual country related policies have been prepared locally. For further interest, reference are made to FCA Group's CSR sustainability report, which is available on the FCA Group own website (<https://www.fcagroup.com/en-US/sustainability/Pages/reporting.aspx>).

#### Events after the balance sheet date

No events have occurred after the balance sheet date that affect the assessment of the annual report.

Based on our current knowledge of the corona virus and the effects we see on society today, there is some uncertainty about the actual impact on business in Denmark and the level of activity for 2020. No corona virus impact have been incorporated into expectations for 2020 however the situation is closely monitored.

#### Goals and policies for the underrepresented gender

FCA Denmark has with the change of directors done in 2019, made that the Company is in compliance with section 99 B of the Danish Financial Statements Act. At present, the underrepresented gender equals 33% of the members elected to the Board in line with the target we determined.

FCA Denmark has a non-discriminatory equality policy with a focus on personal skills required for each job profile at all levels of Management. Women and men have equal opportunities within the Company. However, we will still work to improve and counterbalance the underrepresented gender within the Company.

This policy provides a framework for the individual executive's and manager's career development and also the guidelines for the recruitment and retention of managers. This applies in particular to the following:

- Support for the preparation of individual career plans
- Mentor arrangement
- Personnel policy that promotes career opportunities for both genders
- Hiring procedures to help ensure uniform recruitment opportunities for both genders.

Consequently, the share in % of the underrepresented gender in middle and senior management has increased from 32% to 36% over the past year. FCA Denmark expects this trend to continue in the following years.

## **Management's review**

### **Operating review**

#### **Outlook**

We expect the market to decrease due to less favorable economic environment. We expect our market share to increase, due to the introduction of new products such as the Jeep Compass PHEV and Jeep Renegade PHEV, the Fiat 500 BEV and the Ducato BEV.

Our Company will focus on improving the financial results obtained in 2019 by strengthening all business measures and price positioning on all products as well as by introducing new models.

Based on our current knowledge of the corona virus and the effects we see on society today, there is some uncertainty about the actual impact on business in Denmark and the level of activity for 2020. No corona virus impact have been incorporated into expectations for 2020 however the situation is closely monitored.

## Financial statements 1 January – 31 December

### Income statement

| DKK'000  | Note | 2019               | 2018                 |
|--|------|--------------------|----------------------|
| <b>Revenue</b>                                   | 2    | 494,580            | 658,181              |
| <b>Cost of Sales</b>                             |      | -410,337           | -549,728             |
| Other operating income                           |      | 1,861              | 6,459                |
| Other external costs                             |      | <u>-51,084</u>     | <u>-57,593</u>       |
| <b>Gross profit</b>                              |      | 35,020             | 57,319               |
| <b>Staff costs</b>                               | 3    | -26,450            | -30,072              |
| Depreciation, amortisation and impairment losses |      | <u>-4,331</u>      | <u>-4,245</u>        |
| <b>Operating profit</b>                          |      | 4,239              | 23,002               |
| Financial income                                 | 4    | 4                  | 657                  |
| Financial expenses                               | 5    | <u>-4,883</u>      | <u>-529</u>          |
| <b>Profit/loss before tax</b>                    |      | -640               | 23,130               |
| Tax on profit/loss for the year                  | 6    | <u>107</u>         | <u>-5,945</u>        |
| <b>Profit/loss for the year</b>                  | 7    | <u><u>-533</u></u> | <u><u>17,185</u></u> |

## Financial statements 1 January – 31 December

### Balance sheet

| DKK'000                                    | Note | 31/12 2019            | 31/12 2018            |
|--|------|-----------------------|-----------------------|
| <b>ASSETS</b>                              |      |                       |                       |
| <b>Fixed assets</b>                        |      |                       |                       |
| <b>Property, plant and equipment</b>       | 8    |                       |                       |
| Fixtures and fittings, tools and equipment |      | <u>18,970</u>         | <u>19,716</u>         |
| <b>Investments</b>                         | 9    |                       |                       |
| Deposits                                   |      | <u>835</u>            | <u>880</u>            |
| <b>Total fixed assets</b>                  |      | <u>19,805</u>         | <u>20,596</u>         |
| <b>Current assets</b>                      |      |                       |                       |
| <b>Inventories</b>                         |      |                       |                       |
| Finished goods and goods for resale        |      | <u>21,418</u>         | <u>50,825</u>         |
| <b>Receivables</b>                         |      |                       |                       |
| Trade receivables                          |      | 7,618                 | 26,731                |
| Receivables from group entities            |      | 322,967               | 313,483               |
| Receivables from associates                |      | 9,362                 | 18,787                |
| Deferred tax asset                         | 10   | 7,907                 | 6,631                 |
| Corporation tax                            |      | 1,736                 | 0                     |
| Prepayments                                | 11   | <u>51</u>             | <u>207</u>            |
|  |      | <u>349,641</u>        | <u>365,839</u>        |
| <b>Total current assets</b>                |      | <u>371,059</u>        | <u>416,664</u>        |
| <b>TOTAL ASSETS</b>                        |      | <u><u>390,864</u></u> | <u><u>437,260</u></u> |

## Financial statements 1 January – 31 December

### Balance sheet

| DKK'000  | Note | 31/12 2019     | 31/12 2018     |
|--|------|----------------|----------------|
| <b>EQUITY AND LIABILITIES</b>                            |      |                |                |
| <b>Equity</b>  |      |                |                |
| Contributed capital                                      | 12   | 55,000         | 55,000         |
| Retained earnings  |      | <u>148,863</u> | <u>149,396</u> |
| <b>Total equity</b>                                      |      | <u>203,863</u> | <u>204,396</u> |
| <b>Provisions</b>  |      |                |                |
| Other provisions   | 13   | <u>50,864</u>  | <u>69,469</u>  |
| <b>Total provisions</b>                                  |      | <u>50,864</u>  | <u>69,469</u>  |
| <b>Liabilities other than provisions</b>                 |      |                |                |
| <b>Non-current liabilities other than provisions</b>     |      |                |                |
| Other payables   |      | <u>1,272</u>   | <u>0</u>       |
| <b>Current liabilities other than provisions</b>         |      |                |                |
| Trade payables   |      | 17,294         | 22,302         |
| Payables to group entities                               |      | 74,198         | 94,167         |
| Corporation tax  |      | 0              | 380            |
| Other payables   | 14   | <u>43,373</u>  | <u>46,546</u>  |
|  |      | <u>134,865</u> | <u>163,395</u> |
| <b>Total liabilities other than provisions</b>           |      | <u>136,137</u> | <u>163,395</u> |
| <b>TOTAL EQUITY AND LIABILITIES</b>                      |      | <u>390,864</u> | <u>437,260</u> |
| <b>Fees to auditor appointed at the general meeting</b>  | 15   |                |                |
| <b>Contractual obligations, contingencies, etc.</b>      | 16   |                |                |
| <b>Rental agreements and lease commitments</b>           | 17   |                |                |
| <b>Related party disclosures</b>                         | 18   |                |                |
| <b>Disclosure of events after the balance sheet date</b> | 19   |                |                |

## Financial statements 1 January – 31 December

### Statement of changes in equity

| DKK'000                                   | Contributed<br>capital | Retained<br>earnings | Total          |
|---|------------------------|----------------------|----------------|
| Equity at 1 January 2019                  | 55,000                 | 149,396              | 204,396        |
| Transferred over the profit appropriation | 0                      | -533                 | -533           |
| Equity at 31 December 2019                | <u>55,000</u>          | <u>148,863</u>       | <u>203,863</u> |

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies

The annual report of FCA Denmark A/S for 2019 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the Parent Company's cash flow statement.

### Income statement

#### Revenue

Revenue from sales is recognised in the income statement when delivery and transfer of risk to the buyer has taken place. Revenue is recognised net of VAT, duties and sales discounts.

#### Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale and changes to inventory of goods for resale.

#### Other operating income

Other operating income comprises items secondary to the activities of the entity, including gains on the disposal of intangible assets and property, plant and equipment.

#### Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

#### Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.



## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Dividends from equity investments in measured at cost are recognised as income in the Parent Company's income statement in the financial year when the dividends are declared.

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

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

The Company is jointly taxed with all its Danish affiliated companies. The current Danish income tax is allocated among the jointly taxed Danish companies in proportion to their taxable income (full allocation with a refund concerning tax losses).

### Balance sheet

#### Property, plant and equipment

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

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

|  |           |
|--|-----------|
| Fixtures and fittings, tools and equipment | 3-6 years |
| Leasehold improvements                     | 5 years   |

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

#### Financial assets

Deposits are measured at cost.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Inventories

Inventories are measured at cost in accordance with the FIFO method.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Demo cars and company cars formerly used internally in the Company that are put up for sale are recognised as inventories at the lower of the written-down value and net realisable value.

##### Receivables

Receivables are measured at amortised cost, usually equaling nominal value less write-downs for bad debts.

##### Prepayments and deferred income

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

##### Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

##### Provisions

Warranty provisions comprise commitments to remedy defect and deficiencies within the warranty period.

Warranty provisions are measured and recognised on the basis of historical experience.

Contractual obligations comprise expected future obligations in connection with service contract made with end users.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Liabilities other than provisions

Other liabilities are measured at net realisable value.

Finance lease obligation comprise the capitalised residual lease obligation of finance leases.

##### Segment Information

Segment information is provided on business segments and geographical markets. The segment information is based on the Company's accounting policies, risks and internal financial management.

##### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

## Financial statements 1 January – 31 December

### Notes

| DKK'000  | <u>2019</u>    | <u>2018</u>    |
|--|----------------|----------------|
| <b>2 Revenue</b>   |                |                |
| Cars   | 390,941        | 520,004        |
| Parts  | 74,015         | 101,986        |
| Other  | <u>29,624</u>  | <u>36,191</u>  |
|  | <u>494,580</u> | <u>658,181</u> |
| Revenue mainly originates from customers in the Danish market.                       |                |                |
| <b>3 Staff costs</b>   |                |                |
| Wages and salaries   | 23,141         | 26,272         |
| Pensions   | 2,964          | 3,331          |
| Other social security costs  | <u>345</u>     | <u>469</u>     |
|  | <u>26,450</u>  | <u>30,072</u>  |
| Including remuneration of the Executive Board  |                |                |
| Executive Board  | <u>522</u>     | <u>534</u>     |
|  | <u>522</u>     | <u>534</u>     |
| Average number of full-time employees  | <u>51</u>      | <u>56</u>      |
| There are no incentive programmes for the Executive Board or the Supervisory Boards. |                |                |
| <b>4 Financial income</b>  |                |                |
| Interest income from group entities  | 1              | 413            |
| Exchange gains   | <u>3</u>       | <u>244</u>     |
|  | <u>4</u>       | <u>657</u>     |
| <b>5 Financial expenses</b>  |                |                |
| Interest expense to group entities   | 4,362          | 0              |
| Other financial costs  | 500            | 353            |
| Exchange losses  | <u>21</u>      | <u>176</u>     |
|  | <u>4,883</u>   | <u>529</u>     |

## Financial statements 1 January – 31 December

### Notes

| DKK'000   | <u>2019</u>                                      | <u>2018</u>               |                |
|---|--|---------------------------|----------------|
| <b>6 Tax on profit/loss for the year</b>                    |  |                           |                |
| Current tax for the year                                    | 1,170  | 3,678                     |                |
| Deferred tax for the year                                   | -1,277   | 1,521                     |                |
| Adjustment of tax concerning previous years                 | <u>0</u>   | <u>746</u>                |                |
|   | <u>-107</u>                                      | <u>5,945</u>              |                |
| <b>7 Proposed profit appropriation/distribution of loss</b> |  |                           |                |
| Retained earnings   | <u>-533</u>                                      | <u>17,185</u>             |                |
|   | <u>-533</u>                                      | <u>17,185</u>             |                |
| <b>8 Property, plant and equipment</b>                      |  |                           |                |
| DKK'000   | Fixtures and<br>fittings, tools<br>and equipment | Leasehold<br>improvements | <u>Total</u>   |
| Cost at 1 January 2019                                      | 46,358   | 3,379                     | 49,737         |
| Additions for the year                                      | 25,379   | 0                         | 25,379         |
| Disposals for the year                                      | <u>-41,256</u>                                   | <u>0</u>                  | <u>-41,256</u> |
| Cost at 31 December 2019                                    | <u>30,481</u>                                    | <u>3,379</u>              | <u>33,860</u>  |
| Depreciation and impairment losses at 1 January 2019        | -26,642  | -3,379                    | -30,021        |
| Depreciation for the year                                   | -4,331   | 0                         | -4,331         |
| Reversed depreciation and impairment losses on assets sold  | <u>19,462</u>                                    | <u>0</u>                  | <u>19,462</u>  |
| Depreciation and impairment losses at 31 December 2019      | <u>-11,511</u>                                   | <u>-3,379</u>             | <u>-14,890</u> |
| Carrying amount at 31 December 2019                         | <u>18,970</u>                                    | <u>0</u>                  | <u>18,970</u>  |
| <b>9 Financial assets</b>                                   |  |                           |                |
| DKK'000   |  | <u>Deposits</u>           |                |
| Cost at 1 January 2019                                      |  | 880                       |                |
| Additions for the year                                      |  | 76                        |                |
| Disposals for the year                                      |  | <u>-121</u>               |                |
| Cost at 31 December 2019                                    |  | <u>835</u>                |                |
| Carrying amount at 31 December 2019                         |  | <u>835</u>                |                |

## Financial statements 1 January – 31 December

### Notes

| DKK'000  | <u>2019</u>  | <u>2018</u>   |
|--|--------------|---------------|
| <b>10 Deferred tax</b>                                       |              |               |
| Deferred tax at 1 January                                    | 6,631        | 8,156         |
| Deferred tax adjustment for the year in the income statement | <u>1,276</u> | <u>-1,525</u> |
|  | <u>7,907</u> | <u>6,631</u>  |
| Recognised as follows:                                       |              |               |
| Property, plant and equipment                                | 732          | 553           |
| Provisions   | 242          | 375           |
| Current assets   | 409          | 240           |
| Warranty provisions  | <u>6,524</u> | <u>5,463</u>  |
|  | <u>7,907</u> | <u>6,631</u>  |

Deferred tax primarily relates to warranty provisions expected to be reversed within 1-5 years. As stated in the Outlook section in the Management's review, Management expects a profit for the coming year.

### 11 Prepayments

Prepayment consist of prepaid expenses concerning costs regarding 2020.

### 12 Equity

The share capital consists of 55,000 shares of a nominal value of DKK 1,000 each. The shares are not divided into classes.

There have been no changes in the share capital during the previous 5 years.

### 13 Provisions

|                        |               |               |
|------------------------|---------------|---------------|
| Warranty provisions    | 25,043        | 34,964        |
| Contractual provisions | 23,920        | 33,214        |
| Other provisions       | <u>1,901</u>  | <u>1,291</u>  |
|                        | <u>50,864</u> | <u>69,469</u> |

The provisions are expected to be activated as follows:

|           |               |               |
|-----------|---------------|---------------|
| 0-1 years | 1,901         | 1,291         |
| 1-5 years | <u>48,963</u> | <u>68,178</u> |
|           | <u>50,864</u> | <u>69,469</u> |

Other provisions consist of obligations regarding return of spare parts and local service provisions.

### 14 Other payables

Other payables consist of VAT payables, taxes and duties, debt regarding staff costs, dealer discounts and other payables.

## Financial statements 1 January – 31 December

### Notes

#### 15 Fees to auditor appointed at the general meeting

Ernst & Young P/S:

|           |            |            |
|-----------|------------|------------|
| Audit fee | <u>184</u> | <u>204</u> |
|           | <u>184</u> | <u>204</u> |

#### 16 Contractual obligations, contingencies, etc.

The Company is jointly taxed with all the Danish affiliated companies. The Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interests and royalties.

Apart from the liabilities recognised in the balance sheet, the Company has provided a guarantee regarding registration fees in the amount of DKK 500 thousand.

#### 17 Rental agreements and lease commitments

Operating lease commitments  
 Total future lease payments:

|               |              |              |
|---------------|--------------|--------------|
| Within 1 year | <u>2,072</u> | <u>2,021</u> |
|               | <u>2,072</u> | <u>2,021</u> |

The Company's operating lease is specified as follows:

|              |              |              |
|--------------|--------------|--------------|
| Photocopiers | 15           | 4            |
| Rent         | <u>2,057</u> | <u>2,017</u> |
|              | <u>2,072</u> | <u>2,021</u> |

#### 18 Related party disclosures

FCA Denmark A/S' related parties comprise the following:

##### Control

FCA Denmark A/S is part of the consolidated financial statements of FCA Italy S.p.A., which is the largest group in which the Company is included as a subsidiary.

The consolidated financial statements of FCA Italy S.p.A. can be obtained by contacting the company at the following address:

## Financial statements 1 January – 31 December

### Notes

FCA Italy S.p.A  
Corso Giovanni Agnelli 200  
Torino  
Italy

FCA Denmark A/S is part of the consolidated financial statements of FIAT CHRYSLER AUTOMOBILE N.V., which is the smallest group in which the Company is included as a subsidiary.

The consolidated financial statements of FIAT CHRYSLER AUTOMOBILES N.V., can be obtained by contacting the Company at the following address:

FIAT CHRYSLER AUTOMOBILES N.V.  
Corporate Office  
25 S.t James's Street  
London, SW1A 1HA  
United Kingdom

#### Related party transactions

| DKK'000                                   | 2019    | 2018    |
|---|---------|---------|
| Purchases of goods from Parent Company    | 341,729 | 506,674 |
| Purchases of services from Parent Company | 8,806   | 9,412   |
| Sale of services to associates            | 12,804  | 12,546  |
| Interest expenses to associates           | 1       | 413     |
| Receivables from group companies          | 322,967 | 313,483 |
| Payables to group companies               | 74,198  | 94,167  |
| Receivables from associates               | 9,178   | 18,787  |

Remuneration to the Parent Company's Executive Board and Board of Directors is disclosed in note 3.

#### 19 Disclosure of events after the balance sheet date

No events have occurred after the balance sheet date that affect the assessment of the annual report.

Based on our current knowledge of the corona virus and the effects we see on society today, there is some uncertainty about the actual impact on business in Denmark and the level of activity for 2020. No corona virus impact have been incorporated into expectations for 2020 however the situation is closely monitored.