

An aerial photograph of a two-lane asphalt road winding through a dense forest of tall, thin evergreen trees. A small white car is visible in the distance, driving on the road. The sky is bright and slightly hazy. The overall scene is peaceful and natural.

**VOLKSWAGEN  
FINANCIAL SERVICES**  
THE KEY TO MOBILITY

# ANNUAL REPORT FOR 2020

# TABLE OF CONTENTS

<b>INTRODUCTION</b>	<b>3</b>	BALANCE SHEET	28	10. Commitments and contingent liabilities	49
<b>COMPANY PROFILE</b>	<b>5</b>	INCOME STATEMENT	30	11. Prepayments and accrued income	50
<b>THE GROUP'S STRUCTURE</b>	<b>7</b>	STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	31	12. Revenue	51
<b>STRUCTURE OF THE GOVERNING BODIES</b>	<b>9</b>	CASH FLOW STATEMENT	32	13. Related-party transactions	52
<b>OUR STRATEGY</b>	<b>12</b>	1. General information	33	14. Fees paid and payable to the audit company	55
<b>MAJOR EVENTS IN 2020</b>	<b>14</b>	2. Accounting policies	34	15. Employees	56
<b>CORPORATE SOCIAL RESPONSIBILITY</b>	<b>17</b>	3. Intangible fixed assets	39	16. Impairment in operating activities	57
<b>FINANCIAL SITUATION IN 2020</b>	<b>21</b>	4. Tangible fixed assets	40	17. Income tax	58
<b>OUTLOOK FOR 2021</b>	<b>23</b>	5. Receivables	42	18. Contingent assets	60
<b>INDEPENDENT AUDITOR'S REPORT</b>	<b>25</b>	6. Equity	44	19. Cash-flow statement	61
<b>FINANCIAL STATEMENTS</b>	<b>27</b>	7. Provisions	45	20. Subsequent events	62
		8. Payables, commitments and contingent liabilities	46		
		9. Bank loans and other borrowings	48	<b>REPORT ON RELATIONS</b>	<b>63</b>

# INTRODUCTION



Ladies and Gentlemen,

**We experienced a very unusual year, and above all, unexpected circumstances. All areas were struck by the COVID-19 pandemic, and we felt its impact in our professional and personal lives. In hindsight, we are proud that everyone at Volkswagen Financial Services tackled the sudden change without major complications and ended last year very successfully.**

Despite a major downturn in new car sales, our results in terms of the number of new agreements for financing for 2020 are only 4.6% lower than in the previous year. We successfully concluded a total of 51,316 agreements for the financing of both new and used cars in 2020. Net profit after tax increased by 2.9% to CZK 420 million.

We successfully completed a number of projects, including postponing our clients' payments in accordance with new legislation, which we did literally from home in the spring.

We owe huge thanks to our employees who had to combine their family and work lives in difficult circumstances, and yet they performed excellently so our clients did not notice any change. We would also like to thank our authorised dealer network – they are on the front line and felt the restrictions induced by the pandemic very strongly. Last but not least, we appreciate the professional approach and cooperation of all Group brands especially in supporting 'restart' programmes for both the sales network and clients.

We focused even more on our clients' needs last year. We implemented the new Salesforce CRM system, which allows us to communicate with our clients electronically and offer them the best solutions. We successfully implemented and piloted a solution for arranging financing and offering service packages online.

In 2021, we will implement more digital solutions for our clients to allow them convenient purchases and management of their products in the online environment. We will continue improving and robotising our processes and enhancing the client experience. In the field of electromobility, we are preparing more products and services for new additions to the Group's family of electrical vehicles. We are in for big challenges in the corporate fleet field, where we are continuing to develop a new business strategy and implementing a pan-European fleet programme.

Last year showed a great potential in used car sales, and we expect increased sales this year and are preparing new offers and processes in this respect.

We will continue offering attractive products in terms of financing, insurance, service packages, extended warranty and many other benefits to fulfil our number one position on the market in vehicle financing.



Ing. Vratislav Stražil  
Managing Director



Axel Herrmann  
Managing Director



Hans-Peter Seitz  
Managing Director

# COMPANY PROFILE

**VOLKSWAGEN FINANCIAL SERVICES**

Nur für  
Dienstfahräder

ŠkoFIN s.r.o. is a leading financial services company operating in the Czech market since 1992. Since its market launch, the company has remained number one in financing passenger and utility vehicles and providing operating leases. ŠkoFIN s.r.o. has been using the Volkswagen Financial Services brand for communication since 2015. The company's legal name remains unchanged.

The sole shareholder of Volkswagen Financial Services is Volkswagen Finance Overseas B.V., with its registered office at 1012RB Amsterdam, Paleistraat 1, Kingdom of the Netherlands, which is also 100% owned by Volkswagen AG.

ŠkoFIN s.r.o.'s business is focused on sales support for Volkswagen, Audi, SEAT, ŠKODA, Porsche and DUCATI dealers and the network for used cars of the Group brands. Close cooperation with the Volkswagen Group dealer network is an important part of the company's successful operation.



## Principal products offered by ŠkoFIN s.r.o.

- Credit financing for all types of customers – consumers, sole traders, and legal entities.
- Operational, investment, and factoring credit financing.
- Operating lease for retail customers (ŠKODA Bez starostí, IN Operating Lease) and fleet clients.
- Extended warranty for used cars as part of the ŠKODA Plus and Das WeltAuto programmes.
- Branded car maintenance packages – Volkswagen, SEAT and Audi Maintenance Packages and ŠKODA Prepaid Service. This is a complementary service which covers the customers' costs associated with the mandatory maintenance of vehicles.
- Car insurance brokerage involving all major insurers on the Czech market, including branded insurance products – ŠKODA, Volkswagen, Audi, and SEAT Insurance – including motor third-party liability cover, accident insurance and other complementary cover such as vehicle glass and GAP insurance.
- Other complementary products: repayment ability insurance and legal protection insurance ("Assistant").

You can find more information at [www.vwfs.cz](http://www.vwfs.cz).

# GROUP STRUCTURE

The image shows a close-up, low-angle view of a modern building's exterior. The facade is composed of a grid of windows. Each window is framed by a dark grey or black metal frame. The windows are filled with horizontal wooden slats, likely made of light-colored wood, which are spaced evenly. The building's structure is light grey or off-white. The perspective is from a low angle, looking up at the building, which creates a sense of height and scale. The lighting is bright, suggesting a sunny day, and the overall aesthetic is clean and contemporary.

ŠkoFIN s.r.o. is wholly owned by Volkswagen Finance Overseas B.V., which is a 100% subsidiary of VOLKSWAGEN FINANCIAL SERVICES AKTIENGESELLSCHAFT, with its registered office at 38112 Braunschweig, Federal Republic of Germany, Reg. No: HRB 3790.

**VOLKSWAGEN FINANCIAL SERVICES AKTIENGESELLSCHAFT**  
is a 100% subsidiary of Volkswagen AG.



**VOLKSWAGEN AKTIENGESELLSCHAFT**

**VOLKSWAGEN FINANCIAL SERVICES AKTIENGESELLSCHAFT**

The Annual Report for VOLKSWAGEN FINANCIAL SERVICES AKTIENGESELLSCHAFT is available at [www.vwfs.com](http://www.vwfs.com).

# STRUCTURE OF THE GOVERNING BODIES



ŠkoFIN s.r.o., with its registered office at Pekařská 635/6, 155 00 Praha 5, was incorporated in the Commercial Register on 10 August 1992. The company's principal business

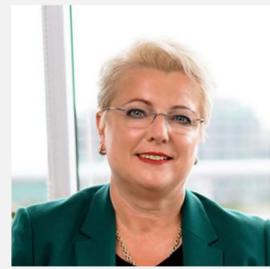
activities include the purchasing of goods for resale, sales (car leasing) and providing consumer loans, including accompanying services.

## Structure of governing bodies in 2020:

### MANAGEMENT TEAM



**VRATISLAV STRAŠIL**  
Vratislav Stražil has been a Managing Director of ŠkoFIN s.r.o. since 1 January 2019. He is responsible for Front Office operations.



**JIŘINA TAPŠÍKOVÁ**  
Jiřina Tapšíková was a Managing Director of ŠkoFIN s.r.o. from 1 April 2018 to 11 September 2020.



**AXEL ROLF HERRMANN**  
Axel Herrmann has been a Managing Director of ŠkoFIN s.r.o. since 1 September 2020. He is in charge of Middle Office.



**HANS-PETER SEITZ**  
Hans-Peter Seitz has been the Chief Financial Officer of ŠkoFIN s.r.o. since 1 November 2020, responsible for Back Office. He was appointed Managing Director of ŠkoFIN s.r.o. on 15 March 2021, without any change in the area of responsibility.

## Structure of supervisory bodies in 2020:

### SUPERVISORY BOARD

Luboš Vlček's and Patrick Ortwin Welter's Supervisory Board membership ended in 2020 and Jiří Maláček and Jan Ebert were appointed new Board members.

#### MEMBERS OF THE SUPERVISORY BOARD AS OF 31 DECEMBER 2020:

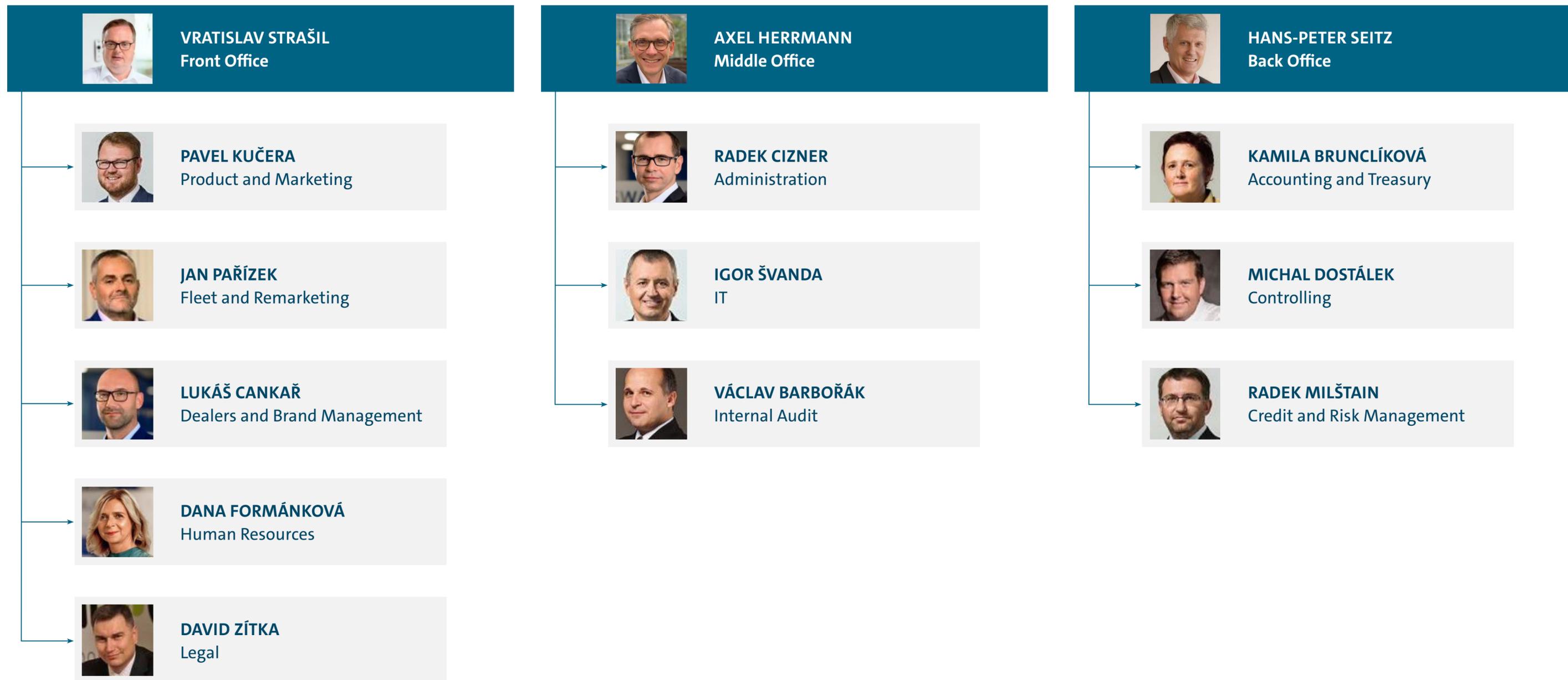
- Martin Manfred Mehrgott, Chairman
- Jiří Maláček, Member
- Jan Ebert, Member
- Jan Hurt, Member

### PROXY

#### PROXY AS OF 31 DECEMBER 2020:

- Kamila Brunclíková
- Radek Milštain
- Radek Cizner
- Pavel Kučera

## ORGANISATIONAL STRUCTURE ŠKOFIN



# OUR STRATEGY



June July August September October November December

As part of the Volkswagen Group, Volkswagen Financial Services CZ follows a strategy known and referred to as **ROUTE 2025** through various initiatives and programmes. Pursuing our strategy, we also strive to promote our corporate values, including the involvement of all our employees in corporate social responsibility.

The strategy underscores the entire Group’s vision:

**Volkswagen Financial Services – The Key to Mobility.**

We pursue our plans and goals exclusively in line with our corporate values:

**customer focus, enthusiasm, accountability, courage and trust.**



**FIVE PRINCIPAL STRATEGIC PILLARS**

**CUSTOMERS**

THROUGH DEVELOPING DIGITAL DISTRIBUTION CHANNELS, WE CAN SATISFY THE EVER-CHANGING NEEDS AND PREFERENCES OF OUR CUSTOMERS IN A QUICK AND FLEXIBLE MANNER AND WITH ABOVE-STANDARD CARE.

**VOLUME**

WE STRIVE FOR GROWTH WITHIN THE GROUP AS WELL AS ON THE DOMESTIC MARKET. WE INCREASE THE NUMBER OF CONTRACTS WITH THE HELP OF A NUMBER OF MEASURES WE ADOPT.

**PROFITABILITY**

WE STRIVE TO INCREASE REVENUE WHILE ALSO FOCUSING ON PROVIDING COMPREHENSIVE SERVICES.

**OPERATIONAL EXCELLENCE**

INFORMATION TECHNOLOGY IS THE CORNERSTONE OF FUTURE SUCCESS IN THE DIGITAL AGE. WE ENDEAVOUR TO MAKE OUR PROCESSES FULFIL OUR CLIENTS’ NEEDS.

**EMPLOYEES**

AS AN EMPLOYER, WE VALUE ALL OUR EMPLOYEES WHILE REALISING THE IMPORTANCE OF THEIR TRAINING AND EDUCATION. AT VOLKSWAGEN FINANCIAL SERVICES, WE APPRECIATE ALL INDIVIDUAL AND TEAM EFFORTS. EVERYONE IS IMPORTANT TO US.

# MAJOR EVENTS IN 2020



**Last year, we continued with business development and customer care to cater to our clients' expectations in mobility.**

**The unique combination of a wide range of financial products, brand-name service centres, additional products, including insurance and service packages, and most importantly, a wide network of Group dealerships make Volkswagen Financial Services the perfect partner for acquiring a car.**

## **Digitalisation**

As a result of the entire company suddenly transitioning to the online world, we have intensified our effort in implementing digital solutions and commenced online sales of service packages – now also in instalments. In addition to the possibility of arranging operating leasing for Škoda cars online, we have piloted online sales of our used cars along with financing.

## **Robotisation**

In the spring of 2020, we expanded our family of robots with special software for processing applications for the postponement of payments under the new Payment Moratorium Act. Robots currently provide 22 automated processes which required human involvement in the past. They will find use in the customer centre as well as in the accounting department and other teams doing office work. They aid a quicker and more precise execution of routine activities and allow our employees to care more for clients.

## **New website**

We launched a new website at the beginning of the year. The site underwent a comprehensive redesign, and the result is an easy-to-navigate portal with a range of both new and used cars from the entire Group, an intuitive tool for selecting operating leasing of cars of the Group brands according to the selected payments, and various online tools and forms for clients to submit their requests.

## **CRM**

We communicate with clients and care for them using a new CRM tool, Salesforce. We prepared and distributed the first campaigns to our clients, and we also manage contacts obtained online in the new tool. We are developing the system intensively in order to provide customer care as efficiently as possible throughout the financing cycle.

## Fleet cars and new clients

We provided new cars to Bohemia Energy through operating leasing. The energy distributor's sales representatives will drive the ŠKODA SCALA and ŠKODA OCTAVIA cars all over the Czech and Slovak Republics. In addition to the actual delivery of the cars, we also provide comprehensive service through a network of authorised dealers.

We delivered 500 vehicles to the Police of the Czech Republic; this is the first time that the client has acquired its fleet via operating leasing.

We delivered a fleet of electric vehicles to Sberbank this year; this is the first major deal in the field of electromobility.

We became involved in the European Fleet Program in July 2020; our ambition is to at least double the growth of our corporate customer portfolio by 2025. We are launching a number of measures this year to safeguard our growth in this segment.

## NOIS

Under the NOIS project (new sales information system), we intensively tested the new FALCON system, and in November, we launched a pilot, using it for the reduced employee operating leasing product. This implementation is not only step one of the deployment of this system in our company – it is also the foundation for its further standardisation and use across the parent Group.

## Communication

We launched a new communication concept to boost the awareness of our Volkswagen Financial Services brand as number one in financing. The Fleet Cars brand received a facelift with a view to enhancing the fleet product and service awareness. We prepared a new communication strategy for used cars with used car financing specialists.

## Awards

We received the CZECH TOP 100 award for our activities involving rapid help during the onset of the COVID-19 pandemic, ranking us among the top 100 admired companies and institutions fighting the coronavirus. Our employees helped by sewing face masks and cooperating in the field of IT. On behalf of the company, we purchased protective equipment for the needy and offered cars to distribute food and medical aid.

# **CORPORATE SOCIAL RESPONSIBILITY**



## **Our business model is built on solid footing supported by our values, such as customer focus, openness, accountability, enthusiasm, and the courage to keep trying new things.**

Volkswagen Financial Services' corporate responsibility and human resources policy is based on the global strategy and corporate values of the entire Volkswagen Group. To us, they are the rules which guide us in the pursuit of our long-term goals and fulfilment of our responsibilities towards all stakeholders. We aspire to maintain our reputation as one of the most reliable employers and trade partners on the Czech market.

This is why we emphasize long-term and intensive in-house training with a primary focus on developing individual qualities and teamwork. We devise and improve incentive programmes and upgrade the working environment, improving its comfort and safety to the satisfaction of our employees, because each of them is a unique individual to us.

We insist on unconditional observance of our Code of Conduct. We condemn any unlawful business practices. We care about the world outside our company, which is why we are committed to minimising the environmental impact of our activities and considering the influence of each individual step on our surroundings before actually taking it.

The security of our customers' personal data is our utmost priority. We carefully adhere to the rules protecting consumers and the principles of fair competition.

Volkswagen Financial Services is a founding member of the Non-Banking Client Information Register. ŠkoFIN is a responsible lender.

### **Research and Development activities**

Volkswagen Financial Services is actively involved in developing IT systems and methods for financial services geared towards innovating reporting tools and defining procedures for financial risk identification.

### **Environmental impact of the company's activity**

Since the company conducts business in the field of financial service provision, its activity does not affect the environment directly.

### **Organisational units abroad**

Volkswagen Financial Services has no organisational units abroad.

### **Acquisition of own shares**

The company did not acquire its own shares during this period.

### **Subsequent events**

After the balance sheet date, Hans-Peter Seitz was appointed Managing Director on 15 March, 2021. Apart from this change, there have been no significant events subsequent to year-end which would have an impact on the financial statements as of 31 December 2020 and/or on the matters set out in this annual report.

## Sponsorship and charitable projects in 2020

In addition to car financing and sales and providing related services, Volkswagen Financial Services also pays particular attention to supporting local communities. We have been a long-term sponsor to selected charitable projects, helping people with disabilities attain greater mobility, independence, and satisfaction.

### ENTITIES WITH OUR LONG-TERM SUPPORT

#### Centrum Paraple

For more than 25 years, Volkswagen Financial Services has been one of the main partners of Centrum Paraple, a charitable trust helping people with spinal cord injury and paralysis. We also supported Centrum Paraple this year in person as part of voluntary and sports activities and also with our regular financial donations. We increased our support by more than CZK 500,000 this year to help Centrum Paraple finance a pressure-mapping tool, which maps how wheelchair users sit, and other charitable activities of the organisation. Other shared activities include issuing playful and educational colouring books which answer many of children's questions about the world of people with disabilities, and a graphic design for small Christmas gifts which Volkswagen Financial Services gave to its trade partners.

#### Sue Ryder

We have regularly supported this organisation, which has been providing services to the elderly with reduced mobility since 2015. For the sixth time, we took part in the Sue Ryder Charity Cup football benefit, helping both financially and with our effort on the pitch. A donation worth more than CZK 100,000 was used for much needed rehabilitation of the elderly.

### CHARITY FUNDRAISING

#### Fundraising for Kubík

As they have several times in the past, our employees raised funds for Kubík, the son of one of the employees who suffers from epilepsy and cerebral palsy. The CZK 34,000 raised will be used to finance the boy's costly treatment. Kubík is now 11 years old and he is making steady progress thanks to regular rehabilitation at home and at special facilities.

#### Children's Centre of Thomayer Hospital and Sue Ryder

As part of a regular charity event called the Wishing Tree, our employees decided to make Christmas more pleasant for the clients of the Sue Ryder Homes and to the patients of the Children's Centre of Thomayer Hospital, which provides care and facilities to abandoned children and children with disabilities. At their own expense, they purchased gifts of their dreams worth more than CZK 40,000. The joy of the gifts, which often are seemingly ordinary things, was immense.

### VOLUNTEERING ACTIVITIES

In addition, each of our employees has the opportunity to use one day a year for charitable pursuits. We planted 200 flowers last year, decorating the Sue Ryder Home garden and making the exterior nicer for the clients. Considering the adverse pandemic situation, we focused primarily on the help with combating COVID-19 last year.

## ACTIVITIES DURING THE COVID-19 PANDEMIC

During these difficult times, we added new activities for our partners. We directly helped those who needed quick help and the organisations which provided further care.

- Loaning nine cars from our fleet for distributing essential food items, ready lunches and face masks to the groups most endangered by the coronavirus pandemic.
- Sewing face masks for the needy.
- Buying healthcare aids.
- Offering IT servers for research into COVID-19.

**These charitable activities earned Volkswagen Financial Services the CZECH TOP 100 award, ranking it among the top one hundred admired companies and institutions fighting the coronavirus.**

**For our company, the upcoming year will also be marked by solidarity and finding new opportunities to help where help is needed.**

# FINANCIAL SITUATION IN 2020



**ŠkoFIN s.r.o. posted a net profit of CZK 420 million in 2020  
(2019: CZK 408 million).**

Key figures for the year	2020	2019
<b>TOTAL AMOUNT OF ASSETS</b>	<b>CZK 43,513 million</b>	<b>CZK 46,327 million</b>
<b>TOTAL EQUITY</b>	<b>CZK 7,472 million</b>	<b>CZK 7,057 million</b>
<b>AVERAGE NUMBER OF EMPLOYEES</b>	<b>233</b>	<b>238</b>

# OUTLOOK FOR 2021



Last year, we reaffirmed our position as the market leader in vehicle financing. We are happy to remain the first choice for our clients. The year 2021 will still be affected by the COVID-19 pandemic and the necessity of having online solutions ready. Next year, we will continue the current trend of innovating and bringing digital solutions to our clients and trade partners.

Data and working with it will be an important area to focus on in 2021. We will continue developing our CRM tools and enhancing customer experience. We will focus on electronic communication, systematic data collection, and the related measures for securing all data.

We are implementing additional online tools for arranging financing, both on our own website and in cooperation with Group brands. In effect, our clients will be able to arrange a loan or operating leasing for new or used cars from the comfort of their homes. For related services, we plan on improving the online sale of service packages and online sale of extended warranties for owned cars.

We are preparing new financial products and services. We will provide new products with regards to electric vehicles, and we are preparing the launch of solutions to make the sales process easier, e.g., in the form of an option to evidence income and expenses electronically via PSDII. Another innovation is being prepared for a credit product with the option of the last unequal payment to make financing more accessible to more interested parties.

We will be managing the first agreements in our new internal information system towards the end of 2021.

Fleet and strengthening our Fleet Cars brand will remain the primary strategic area in the future. Our involvement in the European Fleet Program brings us new projects and solutions for improving our offer and care for corporate clients. The personnel added to our fleet section only underscores the importance of the segment.

Our priority for the years to come is the used car segment, combining the assurance of a high quality and used car with a good price point. We plan on offering our customers the specific advantages inherent in purchasing a used car in combination with unique benefits such as extended warranty and discounted insurance. We are also preparing digitalisation for our offer of financing used cars.

The relocation of the entire company to new premises in the autumn will be a big change for us. We are preparing a modern and innovative environment for our employees, one that combines working and informal zones, including an outdoor terrace with a beautiful view.

Ever since the beginning of the year, it has been obvious that 2021 will be unusual and still affected by the COVID-19 pandemic. This is why, this year, we want to pursue charitable efforts with the same dedication and enthusiasm, whether continuing our successful long-term partnerships or embarking on entirely new charitable pursuits.

# INDEPENDENT AUDITOR'S REPORT





(Translation of a report originally issued in Czech - see Note 2 to the financial statements.)

#### INDEPENDENT AUDITOR'S REPORT

To the Shareholder of ŠkoFIN s.r.o.:

#### Opinion

We have audited the accompanying financial statements of ŠkoFIN s.r.o. (the Company) prepared in accordance with accounting principles generally accepted in the Czech Republic, which comprise the balance sheet as at 31 December 2020, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. For details of the Company, see Note 1 to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with accounting principles generally accepted in the Czech Republic.

#### Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Matters

The prior year financial statements of ŠkoFIN s.r.o. were audited by another auditor whose report dated 17 March 2020 expressed an unqualified opinion on those statements.

#### Other Information

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Statutory Representatives are responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

A member firm of Ernst & Young Global Limited  
Ernst & Young Audit, s.r.o. with its registered office at Na Florenci 2116/15, 110 00 Prague 1 – Nové Město,  
has been incorporated in the Commercial Register administered by the Municipal Court in Prague,  
Section C, entry no. 88504, under Identification No. 26704153.



Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

#### Responsibilities of the Company's Statutory Representatives and Supervisory Board for the Financial Statements

The Statutory Representatives are responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the Czech Republic and for such internal control as the Statutory Representatives determine 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, the Statutory Representatives are 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 unless the Statutory Representatives either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

#### 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 above regulations 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 in accordance with the above law or regulation, 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 the Statutory Representatives.

A member firm of Ernst & Young Global Limited  
Ernst & Young Audit, s.r.o. with its registered office at Na Florenci 2116/15, 110 00 Prague 1 – Nové Město,  
has been incorporated in the Commercial Register administered by the Municipal Court in Prague,  
Section C, entry no. 88504, under Identification No. 26704153.



- Conclude on the appropriateness of the Statutory Representatives' use of the going concern basis of accounting 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 content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Statutory Representatives and the Supervisory Board 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.

Ernst & Young Audit, s.r.o.  
License No. 401

**Roman Hauptfleisch**  
Roman Hauptfleisch, Auditor  
License No. 2009

Digitally signed by Roman Hauptfleisch  
DN: cn=Roman Hauptfleisch, o=ČZ, ou=Ernst & Young Audit, s.r.o., ou=RH, email=roman.hauptfleisch@zjz.cz, c=cz  
Date: 2021.03.31 15:31:19 +0200

31 March 2021  
Prague, Czech Republic

A member firm of Ernst & Young Global Limited  
Ernst & Young Audit, s.r.o. with its registered office at Na Florenci 2116/15, 110 00 Prague 1 – Nové Město,  
has been incorporated in the Commercial Register administered by the Municipal Court in Prague,  
Section C, entry no. 88504, under Identification No. 26704153.

# FINANCIAL STATEMENTS

31 December 2020

# BALANCE SHEET

as at 31 December 2020

(CZK mil.)			Gross amount	Provision	2020 Net amount	2019 Net amount
<b>ASSETS</b>						
<b>B.</b>		<b>Fixed assets</b>	<b>15,204</b>	<b>(3,276)</b>	<b>11,928</b>	<b>12,027</b>
<b>B. I.</b>		<b>Intangible fixed assets</b>	<b>862</b>	<b>(478)</b>	<b>384</b>	<b>299</b>
	2.	Software	521	(478)	43	46
	5. 2.	Intangible fixed assets in the course of construction	341	–	341	253
<b>B. II.</b>		<b>Tangible fixed assets</b>	<b>14,342</b>	<b>(2,798)</b>	<b>11,544</b>	<b>11,728</b>
	2.	Equipment	14,071	(2,798)	11,273	11,323
	5. 2.	Tangible fixed assets in the course of construction	271	–	271	405
<b>C.</b>		<b>Current assets</b>	<b>32,575</b>	<b>(1,031)</b>	<b>31,544</b>	<b>34,259</b>
<b>C. II.</b>		<b>Receivables</b>	<b>32,574</b>	<b>(1,031)</b>	<b>31,543</b>	<b>34,258</b>
	1.	Long-term receivables	9,700	(196)	9,504	9,553
	1. 1.	Trade receivables	8,583	(178)	8,405	8,397
	1. 4.	Receivables – other	1,117	(18)	1,099	1,157
	2.	Short-term receivables	22,874	(835)	22,039	24,705
	2. 1.	Trade receivables	21,912	(828)	21,084	23,783
	2. 4.	Receivables – other	962	(7)	955	922
<b>C. IV.</b>		<b>Cash</b>	<b>1</b>	<b>–</b>	<b>1</b>	<b>1</b>
<b>D.</b>		<b>Prepayments and accrued income</b>	<b>41</b>	<b>–</b>	<b>41</b>	<b>41</b>
D.	1.	Prepaid expense	6	–	6	4
D.	3.	Accrued income	35	–	35	37
<b>TOTAL ASSETS</b>			<b>47,820</b>	<b>(4,307)</b>	<b>43,513</b>	<b>46,327</b>

# BALANCE SHEET

as at 31 December 2020

(CZK mil.)			2020 Net amount	2019 Net amount
<b>LIABILITIES AND EQUITY</b>				
A.		Equity	7,472	7,057
A.	I.	1.	Share capital	865
A.	II.	2.	Capital funds	6
A.	III.		Reserve fund and other reserves	257
		1.	Other reserve funds	110
		2.	Statutory and other reserves	147
A.	IV.	1.	Retained earnings	5,929
A.	V.		Result for the current period	408
B.	+ C.		Liabilities	38,342
B.			Provisions	218
C.			Liabilities	34,886
C.	I.		Long-term liabilities	8,710
		2.	Liabilities due to financial institutions	5,300
		6.	Liabilities – subsidiaries and controlling parties	2,850
		8.	Deferred tax liability	560
C.	II.		Short-term liabilities	29,414
		1.	Debentures and bonds issued	1,176
		2.	Liabilities due to financial institutions	3,642
		4.	Trade payables	6,984
		6.	Liabilities – subsidiaries and controlling parties	16,180
		8.	Liabilities – other	1,432
D.			Accruals and deferred income	928
D.		2.	Deferred income	928
<b>TOTAL LIABILITIES</b>			<b>43,513</b>	<b>46,327</b>

# INCOME STATEMENT

for the year ended 31 December 2020

(CZK mil.)		2020	2019
I.	Sales of products and services	3,890	3,936
II.	Sales of goods	38	59
A.	Cost of sales	1,823	1,767
A. 1.	Cost of goods sold	40	59
A. 2.	Raw materials and consumables used	58	64
A. 3.	Services	1,725	1,644
D.	Staff costs	298	270
E.	Value adjustments in operating activities	1,596	1,586
III.	Operating income – other	6,063	5,840
III. 1.	Sales of fixed assets	5,359	5,172
III. 3.	Other operating income	704	668
F.	Operating expenses – other	6,197	6,147
F. 1.	Net book value of fixed assets sold	5,365	5,178
F. 3.	Taxes and charges from operating activities	61	67
F. 4.	Operating provisions and complex prepaid expenses	12	72
F. 5.	Other operating expenses	759	830
<b>*</b>	<b>Operating result</b>	<b>77</b>	<b>64</b>
VI.	Interest and similar income	957	982
J.	Interest and similar expenses	472	503
J. 1.	Interest and similar income – subsidiaries or controlling party	238	278
J. 2.	Other interest and similar expenses	234	225
VII.	Other financial income	8	3
K.	Other financial expenses	18	10
<b>*</b>	<b>Financial result</b>	<b>475</b>	<b>472</b>
<b>**</b>	<b>Result before taxation</b>	<b>552</b>	<b>535</b>
L.	Tax on profit	132	127
L. 1.	Tax on profit – current	14	32
L. 2.	Tax on profit – deferred	118	95
<b>***</b>	<b>Result for the financial period</b>	<b>420</b>	<b>408</b>
	<b>Net turnover for the financial period</b>	<b>10,956</b>	<b>10,820</b>

# STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

(CZK mil.)	Share capital	Capital funds	Other reserve fund	Retained earnings	Total
<b>As at 1 January 2019</b>	<b>865</b>	<b>–</b>	<b>257</b>	<b>5,521</b>	<b>6,643</b>
Revaluation of hedging instruments	–	6	–	–	6
Net profit for the period	–	–	–	408	408
<b>As at 31 December 2019</b>	<b>865</b>	<b>6</b>	<b>257</b>	<b>5,929</b>	<b>7,057</b>
Revaluation of hedging instruments	–	(5)	–	–	(5)
Net profit for the period	–	–	–	420	420
<b>As at 31 December 2020</b>	<b>865</b>	<b>1</b>	<b>257</b>	<b>6,349</b>	<b>7,472</b>

# CASH FLOW STATEMENT

Year ended 31 December 2020

(CZK mil.)		2020	2019
	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net profit on ordinary activities before tax	552	535
<b>A.1</b>	<b>Adjustments for non-cash movements:</b>		
A.1.1	Depreciation of fixed assets	1,513	1,580
A.1.2	Changes in provisions	90	77
A.1.3	Loss from disposal of fixed assets	4	6
A.1.5	Net interest (income)/expenses	(485)	(479)
A.1.6	Other non-cash movements	88	75
<b>A*</b>	<b>Net cash flow from operating activities before tax, changes in working capital</b>	<b>1,762</b>	<b>1,794</b>
<b>A.2</b>	<b>Working capital changes:</b>		
A.2.1	Changes in receivables and prepayments	2,571	(2,044)
A.2.2	Changes in short-term payables and accruals	(613)	3,166
A.2.3	Changes in inventories	–	2
<b>A**</b>	<b>Net cash flow from operating activities before tax</b>	<b>3,720</b>	<b>2,918</b>
A.3	Interest paid	(486)	(451)
A.4	Interest received	957	982
A.5	Income tax paid	(34)	(32)
<b>A***</b>	<b>Net cash flow from operating activities</b>	<b>4,157</b>	<b>3,417</b>
	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
B.1	Acquisition of fixed assets	(6,791)	(7,116)
B.2	Proceeds from the sale of fixed assets	5,359	5,172
<b>B***</b>	<b>Net cash flow from investing activities</b>	<b>(1,432)</b>	<b>(1,944)</b>
	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
<b>C.1</b>	<b>Changes in long- and short-term liabilities</b>		
C.1.1	Changes in bank loans	150	3,600
C.1.2	Changes in loans provided by related parties	(2,580)	(5,020)
C.1.3	Income from issued debentures and bonds	(299)	49
<b>C***</b>	<b>Net cash flow from financing activities</b>	<b>(2,729)</b>	<b>(1,371)</b>
	Net increase/decrease in cash and cash equivalents	(4)	102
	Cash and cash equivalents as at the beginning of the year	(641)	(743)
	Cash and cash equivalents as at the end of the year	(645)	(641)

# 1. General information

## 1.1. Background information about the Company

ŠkoFIN s.r.o (the “Company”) was incorporated on 10 August 1992 by the Municipal Court in Prague, Section C, Insert 11881 and has its registered office at Pekařská 635/6, Jinonice, Prague 5, zip code 155 00. The Company’s primary business activities are the purchase of assets for resale, sale (leasing of cars) and the provision of consumer credits.

### THE STATUTORY DIRECTORS AS AT 31 DECEMBER 2020:

VRATISLAV STRAŠIL

AXEL ROLF HERRMANN

### PROXY AS AT 31 DECEMBER 2020:

KAMILA BRUNCLÍKOVÁ  
RADEK CIZNER

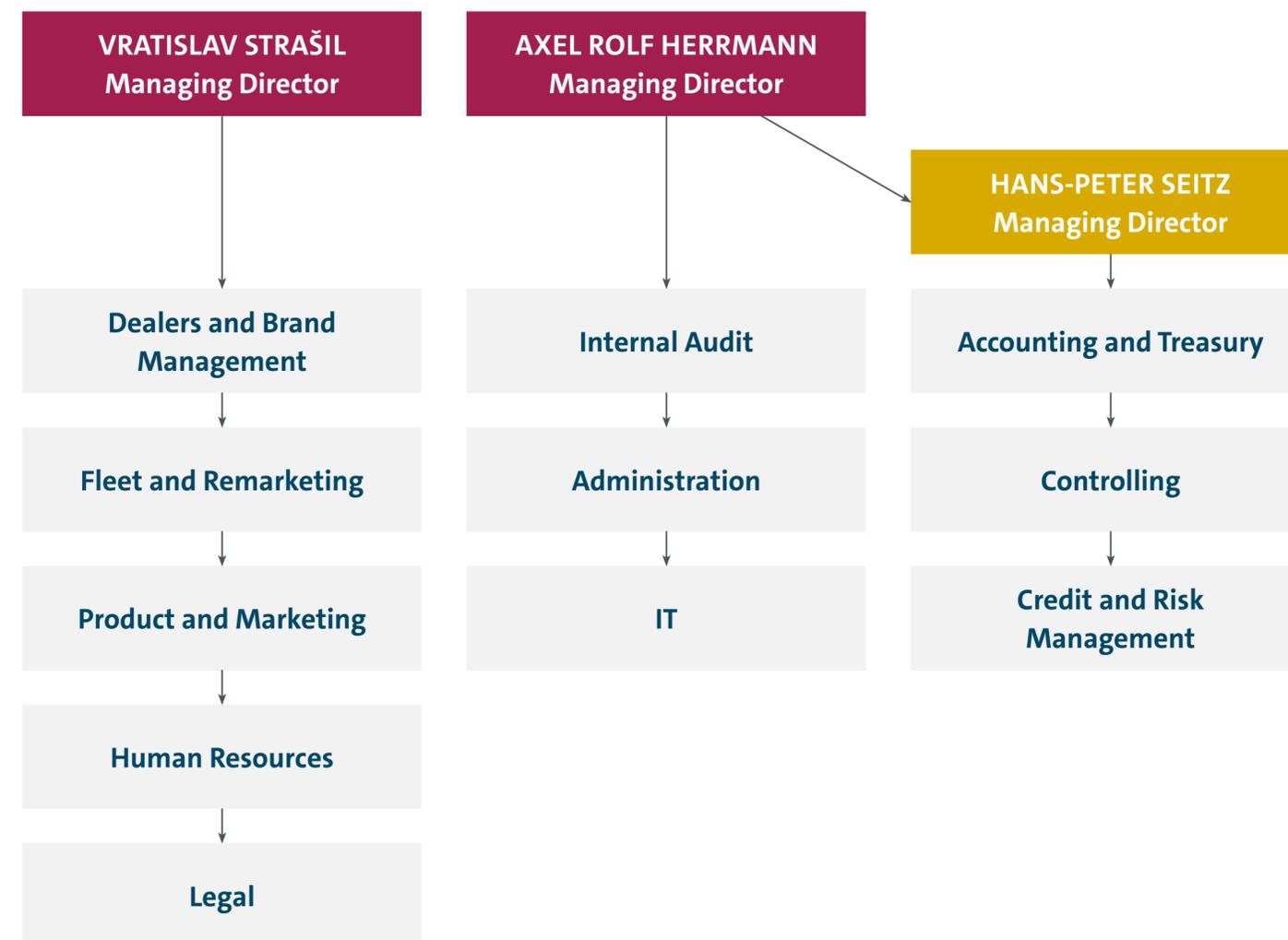
PAVEL KUČERA  
RADEK MILŠTAIN

### MEMBERS OF THE SUPERVISORY BOARD AS AT 31 DECEMBER 2020:

MARTIN MANFRED MEHRGOTT  
JAN HURT

JAN EBERT  
JIŘÍ MALÁČEK

### THE COMPANY IS ORGANISED AS FOLLOWS:



The Company is not an unlimited liability partner in any company.

# 2. Accounting policies

## 2.1. Basis of preparation

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles in the Czech Republic applicable to large companies and have been prepared under the historical cost convention. Amounts are stated in CZK mil.

The financial statements have been prepared assuming that the Company will continue as a going concern.

### Explanation added for translation into English

These financial statements are presented on the basis of accounting principles and standards generally accepted in the Czech Republic. Certain accounting practices applied by the Company which conform to generally accepted accounting principles and standards in the Czech Republic may not conform to generally accepted accounting principles.

## 2.2. Tangible and intangible fixed assets

All intangible and tangible assets with a useful life longer than one year and a unit cost of more than CZK 40,000 are treated as intangible and tangible fixed assets.

Purchased fixed assets are initially recorded at cost, which includes all costs related to their acquisition. The cost of tangible fixed assets includes technical improvements.

Intangible fixed assets are recorded at acquisition value and related costs. They are amortised applying the straight-line method over their estimated useful lives and anticipated residual value of the intangible fixed assets. The cost of intangible assets includes technical improvements.

Expenditure on research and self-generated development is included in the cost of the accounting period in which it is incurred. Expenditures purchased from third parties are capitalized in intangible fixed assets if they meet the defined criteria: except for the financial limit for capitalization of intangible assets and sufficient economic benefits related to the use of development results, in particular, existing Company intent and ability to complete development, existing technical feasibility and reliability assets.

For the purpose of depreciation, the tangible fixed assets are divided into two groups – fixed assets for which a lease agreement was concluded with a customer – leasing fixed assets (further divided into financial lease, operating lease and operating lease with services), and fixed assets which are not the subject of the leasing business.

### The Company's tangible fixed assets are depreciated using the following methods:

- accounting depreciation of tangible fixed assets subject to finance lease contracts is calculated on a daily straight-line basis from the date of contract commencement to the date of termination of the leasing contract;
- accounting depreciation of tangible fixed assets subject to an operating lease contract is calculated to reduce the cost of the fixed asset down to its estimated residual value on a straight-line basis from the first day of the month the asset is delivered to the client over the lease term;
- accounting depreciation of tangible fixed assets subject to an operating lease contract with services is calculated on a straight-line basis using a daily method from the day the asset is delivered to the client over the lease term;
- accounting depreciation of tangible fixed assets not subject to the lease business is calculated using the straight-line method over the fixed asset's estimated useful life.

The Company applies an annual depreciation charge of 11–50% (depending on the class of assets).

The amortisation/depreciation plan is updated during the useful life of the intangible and tangible fixed assets based on expected useful life change and anticipated residual value of the intangible and tangible fixed assets.

A provision for impairment is created when the carrying value of an asset is greater than its estimated recoverable amount. The estimated recoverable amount is determined based on expected future cash flows generated by this asset.

The provision to operating lease is determined based on the estimated recoverable amount and on the expected date of termination of the leasing contract.

Repairs and maintenance expenditures for tangible fixed assets are expensed as incurred.

Technical improvements of tangible fixed assets exceeding CZK 40,000 per item per year are capitalised.

## 2.3. Receivables

Receivables are initially measured at nominal value, purchased receivables at cost. Receivables are stated less a provision for doubtful amounts. Irrecoverable receivables are written-off on the basis of a court decision or completion of bankruptcy proceedings against the customer.

The amount of provision is determined as the difference between the carrying amount and the present value of future cash flows discounted by the original effective interest rate of the receivable. Statistical models and methods are used for the calculation of amount of impairment.

## 2.4. Cash and cash equivalents

Cash and cash equivalents include cash in hand, stamps and vouchers and cash in banks, including bank overdrafts.

Cash equivalents are short-term highly liquid investments which can be exchanged for a predictable amount of cash and for which no significant changes of value over time are expected. Cash equivalents are, for example, deposits with a maturity of less than 3 months from the date of acquisition or liquid debt securities traded in public markets.

The Company has prepared a Cash-flow statement using the indirect method.

## 2.5. Foreign currency translation

Transactions denominated in a foreign currency are translated and recorded at the rate of exchange ruling as at the transaction date.

Cash, receivables and liabilities balances denominated in foreign currencies have been translated at the exchange rate published by the Czech National Bank as at the balance sheet date. All exchange gains and losses on cash, receivables and liabilities balances are recorded in the income statement.

## 2.6. Financial instruments – derivatives

The Company enters into the financial derivatives to hedge the foreign exchange risk related to the cash flows of selected assets.

**The Company determines the derivative as a hedge, only if, at the date of classification, it meets the conditions given for hedging instruments:**

- it is in line with the entity's risk management strategy;
- at the beginning of the hedge, the hedge is documented, including identification of hedged and hedging items, the risk which is subject to the hedge is defined, and that evidence of the hedge's effectiveness exists;

- the Company determines whether the hedge relationship is effective at the beginning of the hedge and further assesses the effectiveness at the date of preparation of the financial statements;
- in the case of cash flow hedges, the expected transaction which is the subject of hedge shall be highly probable and shall bear a risk that changes will occur in cash flows affecting profit or loss.

Derivatives are revaluated to fair value at the balance sheet date. The fair value of a derivative is determined as the market value (hereinafter referred to as the “market price”) announced on the date of determination of the fair value. If a derivative is admitted to trading on a regulated market, the market price means the price on the market at which it is traded at the time of valuation. If the regulated market does not operate at the time of valuation, the price valid on the last working day preceding the moment of valuation shall be used. If a market price is not available, the entity uses a qualified estimate to measure the derivative. Determining the market price of a derivative or its components by a qualified estimate may be derived by an entity from a similar derivative or its components for which the market price is known.

Derivatives are valued at fair value and recorded as assets if their fair value is positive or as liabilities in the event of negative fair value.

The Company applies an accounting method of cash flow hedges. Changes in the fair values of hedging derivatives classified as cash flow hedges evaluated as effective are reported in the capital fund in the cash flow hedge reserve, and income statements are recognised in the period during which the hedged items will affect profit or loss. The ineffective part of the hedging is reported directly in the income statement in other income, other expenses, respectively.

If the hedging ceases to meet the criteria, the hedging instrument expires, the hedging instrument is sold, terminated or applied, the entity shall cancel the hedging relationship and the accumulated profit or loss from the hedging instrument shall remain recognised in the capital fund until the expected transaction occurs.

If the Company ceases to expect the transaction, the accumulated profit or loss reported in the Capital fund will be posted in profit and loss.

## 2.7. Changes in accounting policies and corrections of prior-period errors

Changes to accounting policies (inclusive of deferred tax impact) and corrections of errors arising from incorrect accounting or unrecorded expenses and income in prior periods, if material, are recorded in the financial statements in the restatements of retained earnings.

## 2.8. Provisions

The Company recognises provisions to cover its obligations or expenses when the nature of the obligations or expenses is clearly defined and it is probable or certain as at the balance sheet date that they will be incurred, however their precise amount or timing is not known. The provision recognised as at the balance sheet date represents the best estimate of expenses that will be probably incurred, or the amount of liability that is required for their settlement.

The Company recognises a provision for its income tax payable, presented as net of advances paid for income tax. If advances paid are higher than the estimated income tax payable, the difference is recognised as a short-term receivable.

The Company recognises a provision for employee bonuses, payoffs, court proceedings and car fleet costs.

## 2.9. Employee benefits

The Company recognises a provision relating to untaken holidays and a provision relating to rewards and bonuses for employees. Regular contributions are made to the state to fund the national pension plan.

The Company also provides contributions to defined contribution plans operated by independent pension funds.

## 2.10. Revenue recognition

Sales are recognised upon the delivery of products and customer acceptance and are stated as net of discounts and value added tax.

Sales of production represent revenues from leasing services provided by the Company and revenues from the administration and financing of receivables in the form of factoring. Leasing revenues are accounted for on a straight-line basis over the lease term from the date of commencement of the lease contract to the normal or early termination of the lease contract. Contractual fees and penalties are recognized when enforced.

Revenues from provided credits, including consumer credits, are recognized as interest income using the effective interest rate method over the term of the contract depending on the total amount outstanding on the credit provided.

Revenues from financing the dealer network are recognized in revenues using the effective interest rate method over the finance period depending on the outstanding total amount of finance provided.

Factoring commission is accrued in revenues using the straight-line method on a daily basis.

## 2.11. Related parties

The Company's related parties are considered to be the following:

- parties which directly or indirectly control the Company, their subsidiaries and associates;
- parties which directly or indirectly have a significant influence on the Company;
- members of the Company's or parent company's statutory and supervisory boards and management and parties close to such members, including entities in which they have a controlling or significant influence.

Material transactions and outstanding balances with related parties are disclosed in Notes 13 Related party transactions and 15 Employees.

## 2.12. Lease of assets used by the Company

The costs of assets held under operating leases are not capitalised as fixed assets. Lease payments are expensed evenly over the life of the lease. Future lease payments not yet due are published in the notes but not recognised in the balance sheet.

## 2.13. Interest expense

All borrowing costs are expensed on a straight-line basis because the maturity of the majority of liabilities is less than 1 year.

## 2.14. Operating and financial results disclosure

The operating result and the result from financing activities in the income statement are affected by the fact that based on current accounting rules for entrepreneurs, interest income and expenses are included in the result from financing activities, even though they represent Company's main activities.

## 2.15. Income tax

Income tax expenses are calculated using the applicable tax rate on accounting profit increased or decreased by permanently or temporarily non-deductible expenses and non-taxable income (e.g., creation and settlement of other provisions and adjustments, entertainment expenses, difference between accounting and tax depreciation, etc.). In addition, items reducing the tax base (gifts), deductible items (tax loss, costs of implementing research and development projects) and income tax rebates are taken into account.

## 2.16. Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Deferred tax asset is recognised if it is probable that sufficient future taxable profit will be available against which the asset can be utilised.

## 2.17. Use of estimates

The preparation of financial statements requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. The Company management prepared these estimates and predictions based on all available relevant information. These estimates and assumptions are based on information available as at the date of the financial statements and may differ from actual results.

## 2.18. COVID programmes and measures

**The Company has adopted and prepared several programmes which allow it to mitigate the impact of the COVID-19 crisis on the financial situation of the individual and corporate clients:**

- Under the government moratorium on the repayment of loans and financial lease contracts, debtors were allowed to postpone the payments of their loan principle and also interests in case of households until 31 July 2020 or until 31 October 2020, according to their choice. The payment moratorium has been applied on nearly five thousand financial contracts.
- A prolonged repayment period for the Company's dealer network in cooperation with Škoda Auto and Porsche Česká republika gave dealers the possibility to postpone the repayment of their financial liabilities to the Company by 120 days. The programme was open until 31 October 2020.

- Restart measures to support new business with low interest rates for clients from April to December 2020.
- Payment holiday for operating lease business on an individual basis was used for nearly 500 contracts.

All effects of these measures on the Company's performance as at 31 December 2020 are reported in the balance sheet and profit and loss statement as at that date.

The financial impact of the COVID pandemic on the Company to date has not affected its assumption that it will continue as a going concern.

## 2.19. Subsequent events

The effects of the events which occurred between the balance sheet date and the date of preparation of the financial statements are recognised in the financial statements in the case that these events provide further evidence of conditions which existed as at the balance sheet date.

Where significant events occur subsequent to the balance sheet date but prior to the preparation of the financial statements, which are indicative of conditions that arose subsequent to the balance sheet date, the effects of these events are disclosed and their impact is quantified but are not themselves recognised in the financial statements.

# 3. Intangible fixed assets

(CZK mil.)	1 January 2020	Additions / transfers	Disposals	31 December 2020
<b>COST</b>				
Software	494	27	–	521
Intangible fixed assets in the course of construction	253	163	75	341
<b>Total</b>	<b>747</b>	<b>190</b>	<b>75</b>	<b>862</b>
<b>ACCUMULATED AMORTISATION</b>				
Royalties	448	30	–	478
<b>Total</b>	<b>448</b>	<b>30</b>	<b>–</b>	<b>478</b>
<b>Net book value</b>	<b>299</b>			<b>384</b>

(CZK mil.)	1 January 2019	Additions / transfers	Disposals	31 December 2019
<b>COST</b>				
Software	463	35	4	494
Intangible fixed assets in the course of construction	218	66	31	253
<b>Total</b>	<b>681</b>	<b>101</b>	<b>35</b>	<b>747</b>
<b>ACCUMULATED AMORTISATION</b>				
Royalties	421	30	3	448
<b>Total</b>	<b>421</b>	<b>30</b>	<b>3</b>	<b>448</b>
<b>Net book value</b>	<b>260</b>			<b>299</b>

Additions to the cost of intangible fixed assets are represented mainly by acquisitions.  
 Additions to accumulated amortisation of intangible fixed assets are represented by amortisation charges.

# 4. Tangible fixed assets

(CZK mil.)	1 January 2020	Additions / transfers	Disposals	31 December 2020
<b>COST</b>				
Equipment	14,146	6,601	6,676	14,071
Tangible fixed assets in the course of construction	405	–	134	271
<b>Total</b>	<b>14,551</b>	<b>6,601</b>	<b>6,810</b>	<b>14,342</b>
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT</b>				
Equipment	2,563	1,483	1,427	2,619
Impairment provision against fixed assets	260	124	205	179
<b>Total</b>	<b>2,823</b>	<b>1,607</b>	<b>1,632</b>	<b>2,798</b>
<b>Net book value</b>	<b>11,728</b>			<b>11,544</b>

(CZK mil.)	1 January 2019	Additions / transfers	Disposals	31 December 2019
<b>COST</b>				
Equipment	13,821	6,975	6,650	14,146
Tangible fixed assets in the course of construction	163	242	–	405
<b>Total</b>	<b>13,984</b>	<b>7,217</b>	<b>6,650</b>	<b>14,551</b>
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT</b>				
Equipment	2,248	1,550	1,235	2,563
Impairment provision against fixed assets	245	136	121	260
<b>Total</b>	<b>2,493</b>	<b>1,686</b>	<b>1,356</b>	<b>2,823</b>
<b>Net book value</b>	<b>11,491</b>			<b>11,728</b>

The net book value of tangible fixed assets subject to lease contracts amounted to CZK 11,469 mil. as at 31 December 2020 (2019: CZK 11,651 mil.).

The impairment provision against tangible fixed assets can be analysed as follows:

(CZK mil.)	31 December 2020	31 December 2019
Impairment provision against residual values on operating lease assets as a result of the residual price risk	122	153
Impairment provisions against equipment	57	107
<b>Total amount of impairment provision against tangible fixed assets recognised in the balance sheet in the column "Provision"</b>	<b>179</b>	<b>260</b>

Repair and maintenance expenses are recognised in the period when they are incurred. In 2020, these expenses amounted to CZK 180 mil. (2019: CZK 108 mil.). Service costs related to the servicing of cars under operating lease are not part of repair and maintenance expenses and are recorded as other expenses.

Tangible fixed assets include vehicles stemming from terminated operating lease contracts with a net book value of CZK 202 mil. as at 31 December 2020 (2019: CZK 270 mil.). The Company created an impairment provision of CZK 10 mil. (2019: CZK 10 mil.) against these assets. This provision is recorded in provisions against residual value risk.

Additions to the cost of tangible fixed assets are represented mainly by acquisitions. Additions to accumulated depreciation of tangible fixed assets are represented mainly by depreciation. Disposals of the cost of tangible fixed assets are represented mainly by disposals through sales.

In 2020, the cost of disposal through sales amounted to CZK 6,766 mil. (2019: CZK 6,395 mil.). The other reasons for disposals (mainly stolen and damaged cars) of tangible fixed assets in 2020 had a fixed asset acquisition cost of CZK 114 mil. (2019: CZK 95 mil.).

The total amount of tangible fixed assets not included in the balance sheet and recognised directly as an expense (fixed assets up to CZK 40,000) as at 31 December 2020 amounted to CZK 19 mil. (2019: CZK 19 mil.).

The Company does not use any assets held under finance lease contracts.

Fixed assets of the Company are not burdened by any conditional transfer of ownership rights or collateral.

# 5. Receivables

(CZK mil.)	31 December 2020	31 December 2019
<b>LONG-TERM RECEIVABLES</b>		
Long-term trade receivables	8,583	8,581
Long-term other receivables	1,117	1,172
<b>Total long-term receivables</b>	<b>9,700</b>	<b>9,753</b>
Provision for doubtful long-term receivables	(196)	(200)
<b>Net book value of long-term receivables</b>	<b>9,504</b>	<b>9,553</b>
<b>SHORT-TERM RECEIVABLES</b>		
Trade receivables		
– current	21,037	23,645
– overdue	875	798
<b>Total trade receivables</b>	<b>21,912</b>	<b>24,443</b>
Other receivables		
– current	634	610
– overdue	7	12
<b>Total other receivables</b>	<b>641</b>	<b>622</b>
Estimated receivables	321	307
<b>Total short-term receivables</b>	<b>22,874</b>	<b>25,372</b>
Provision for doubtful short-term receivables	(835)	(667)
<b>Net book value of short-term receivables</b>	<b>22,039</b>	<b>24,708</b>
<b>Total receivables</b>	<b>32,574</b>	<b>35,126</b>
<b>Total net book value of receivables</b>	<b>31,543</b>	<b>34,259</b>

Receivables with a maturity of over 5 years (2019: CZK 536 mil.) as at 31 December 2020 amounted to CZK 518 mil. The Company has no receivables nor provided any guarantees which are not included in the balance sheet.

Receivables from consumer credits are secured by the conditional transfer of ownership rights, the guarantor and pledged collateral, respectively. Factoring receivables are secured by the related car.

Short-term trade receivables include mainly factoring receivables and the short-term consumer credits provided to customers. The Company provides a significant portion of the financial services for new and used car financing (receivables factoring) of the Škoda brand for the distribution network of ŠKODA AUTO a.s. and the financial services for the distribution network of Porsche Česká republika s.r.o. in the Czech Republic.

The total receivables resulting from these services as at 31 December 2020 for ŠKODA AUTO a.s. amounted to CZK 7,136 mil. (2019: CZK 7,561 mil.). The total receivables resulting from these services as at 31 December 2020 for Porsche Česká republika s.r.o. amounted to CZK 4,478 mil. (2019: CZK 6,728 mil.).

Other short-term receivables included mainly short-term loans provided to dealers as at 31 December 2020 of CZK 531 mil. (2019: CZK 585 mil.). Penalties related to trade receivables as at 31 December 2020 amounting to CZK 5 mil. (2019: CZK 5 mil.) are also recognised in the balance sheet in short term receivables.

#### Analysis of change in the provision for doubtful receivables:

(CZK mil.)	2020	2019
<b>Opening balance as at 1 January</b>	<b>867</b>	<b>874</b>
Charge for the year	555	265
Released during the year	(346)	(101)
Written off during the year	(45)	(171)
<b>Closing balance as at 31 December</b>	<b>1,031</b>	<b>867</b>

Other short-term receivables include receivables from Financial derivatives for hedging of the foreign exchange risk as at 31 December 2020 amounting to CZK 3 mil. (2019: 8). Tax receivables include corporate tax receivable amounting to CZK 31 mil. (2019: CZK 11 mil.) and VAT receivables amounting to CZK 61 mil. (2019: nil).

Estimated receivables include mainly estimated revenues from insurance and support from concern's group's car brands.

Long-term trade receivables include mainly the long-term portion of credits provided to entrepreneurs and companies as at 31 December 2020 amounting to CZK 6,564 mil. (2019: CZK 6,596 mil.) and consumer credits provided to private individuals as at 31 December 2020 amounting to CZK 2,019 mil. (2019: CZK 1,985 mil.). Other long-term receivables include long-term loans provided to dealers as at 31 December 2020 amounting to CZK 1,107 mil. (2019: CZK 1,158 mil.).

Interest income from short-term and long-term credits and commissions from the factoring of receivables are disclosed in Note 12.

Receivables are secured by promissory notes amounting to CZK 1,796 mil. as at 31 December 2020 (2019: CZK 1,736 mil.) by a pledge of collateral of CZK 345 mil. as at 31 December 2020 (2019: CZK 504 mil.) and by ownership right transfers of CZK 11,146 mil. as at 31 December 2020 (2019: CZK 11,034 mil.).

# 6. Equity

As at 31 December 2020, the Company is fully owned by Volkswagen Finance Overseas B.V., incorporated in Netherlands, and the ultimate holding company is VOLKSWAGEN AG, incorporated in Wolfsburg, Germany.

The share capital of the Company of CZK 865 mil. was fully paid as at 31 December 2020 and 2019.

The company VOLKSWAGEN FINANCIAL SERVICES AG, incorporated in Braunschweig Germany, the sole owner of Volkswagen Finance Overseas B.V., prepares the consolidated financial statements of the smallest group of entities of which the Company forms a part as a subsidiary. The consolidated financial statements of the smallest group of entities of which the Company forms a part as a subsidiary can be obtained from the annual report of VOLKSWAGEN FINANCIAL SERVICES AG.

The company VOLKSWAGEN AG prepares the consolidated financial statements of the largest group of entities of which the Company forms a part as a subsidiary. The consolidated financial statements of the largest group of entities of which the Company is a part can be obtained from the annual report of VOLKSWAGEN AG on the web page [www.volkswagenag.com](http://www.volkswagenag.com).

The Company is fully governed by the new Corporations Act and used the option not to create a reserve fund. The reserve fund of CZK 110 million was created from the profit of the Company. Based on the decision of the General Meeting of the Company on 22 December 2016, the Company no longer creates a reserve fund. The General Meeting has not decided on the transfer of the reserve fund to retained earnings of the Company as of the date of financial statements.

Capital funds include the reserve from the revaluation of financial derivatives for hedging of the foreign exchange risk and related deferred tax as at 31 December 2020, amounting to CZK 1 mil. (2019: CZK 6 mil.).

The General Meeting of shareholders approved the financial statements for 2019 on April 15, 2020, and decided to retain the 2019 profit of CZK 408 million in earnings.

As of the date of preparation of these financial statements, the Company has not proposed distribution of the profit earned in 2020.

# 7. Provisions

(CZK mil.)	Fleet cost provision	Provision for business and VAT risks	Provision for employee bonuses and payoffs	Court case provision	Total
<b>Opening balance as at 1 January 2019</b>	<b>58</b>	<b>38</b>	<b>50</b>	<b>2</b>	<b>148</b>
Charge for the year	195	12	178	4	389
Used in the year	(121)	(39)	(159)	–	(319)
<b>Closing balance as at 31 December 2019</b>	<b>132</b>	<b>11</b>	<b>69</b>	<b>6</b>	<b>218</b>
Charge for the year	156	9	100	–	265
Used in the year	(150)	(10)	(98)	(1)	(259)
<b>Closing balance as at 31 December 2020</b>	<b>138</b>	<b>10</b>	<b>71</b>	<b>5</b>	<b>224</b>

For an analysis of the current and deferred income tax, see Note 17 – Income tax.

Tax advance payments paid by Company as at 31 December 2020 amounting to CZK 71 mil. (as at 31 December 2019: CZK 40 mil.) were netted off with the provision for income tax of CZK 40 mil. created as at 31 December 2020 (as at 31 December 2019: CZK 29 mil.). The final receivable as at 31 December 2020 amounting CZK 31 mil. (as at 31 December 2019: CZK 11 mil.) is presented within short-term receivables, see Note 5.

# 8. Payables, commitments and contingent liabilities

(CZK mil.)	31 December 2020	31 December 2019
<b>LONG-TERM LIABILITIES</b>		
Long-term bank loans due between 1–5 years	4,450	5,300
Long-term borrowings (Notes 9 and 13)	1,750	2,850
Deferred tax liability (Note 17)	678	560
<b>Total long-term liabilities</b>	<b>6,878</b>	<b>8,710</b>
<b>SHORT-TERM LIABILITIES</b>		
Debentures and bonds issued – current	880	1,176
<b>LIABILITIES DUE TO FINANCIAL INSTITUTIONS</b>		
Bank overdrafts	646	642
Other bank loans due within one year (including the current portion of long-term loans)	4,000	3,000
<b>Total</b>	<b>4,646</b>	<b>3,642</b>
Trade payables – current	6,630	6,984
Short-term borrowings (Notes 9 and 13)	14,700	16,180
<b>OTHER LIABILITIES</b>		
Liabilities to employees	11	10
Liabilities to social security and health insurance	6	7
Taxes and state subsidies payable	2	9
Estimated liabilities	1,133	1,406
<b>Total</b>	<b>1,152</b>	<b>1,432</b>
<b>Total short-term liabilities</b>	<b>28,008</b>	<b>29,414</b>
<b>Total short-term and long-term liabilities</b>	<b>34,886</b>	<b>38,124</b>

Trade liabilities as at 31 December 2020 include related party liabilities due to factoring of receivables of CZK 2,908 mil. (2019: CZK 2,869 mil.) (see Note 13).

As at 31 December 2020, the social security and health insurance liability amounted to CZK 6 mil. (2019: CZK 7 mil.). The Company has no overdue tax liabilities.

Issued short-term bonds amounting to CZK 880 mil. as at 31 December 2020 (2019: CZK 1,176 mil.) are guaranteed by Volkswagen Financial Services AG and are not publicly traded. The funds from issued bonds are used for short term refinancing with a maturity of 1 year.

Estimated liabilities include estimated payables for services and supplies not yet invoiced, insurance relating to leasing contracts not yet invoiced, and unpaid interest.

Payables have not been secured against any assets of the Company and are not due after more than 5 years.

The Company does not have any other liabilities which were not recorded in the balance sheet.

The Company did not provide any guarantees which were not disclosed in the notes.

# 9. Bank loans and other borrowings

Bank loans can be divided as follows:

(CZK mil.)	31 December 2020	31 December 2019
Bank overdrafts (Note 19)	646	642
Other bank loans due within 1 year (incl. current portion of long-term loans)	4,000	3,000
Long-term loans due between 1–5 years	4,450	5,300
<b>Total bank loans and overdrafts</b>	<b>9,096</b>	<b>8,942</b>
Short-term borrowings (Notes 8 and 13)	14,700	16,180
Long-term borrowings (Notes 8 and 13)	1,750	2,850
<b>Total loans and borrowings</b>	<b>25,546</b>	<b>27,972</b>
of which – short-term	19,346	19,822
of which – long-term	6,200	8,150

No Company loans or other borrowings are due after more than 5 years.  
The longest loan tenor is 4 years as at 31 December 2020 (2019: CZK 4.5 years).

The Company total credit line up to which the Company can draw the loans amounts to CZK 43,100 mil. as at 31 December 2020 (2019: CZK 47,330 mil.).

Interest rates charged on long-term loans newly drawn by the Company in 2020 reached at most 2.70% p.a. (2019: at most 2.50% p.a.).

# 10. Commitments and contingent liabilities

The management of the Company is not aware of any contingent liabilities as at 31 December 2020.

The Company has the following rental commitments:

(CZK mil.)	31 December 2020	31 December 2019
Current within one year	9	11
Due after one year but within five years	–	9
<b>Total commitments in respect of operating leases</b>	<b>9</b>	<b>20</b>

Due to the financial products for dealers, the Company has commitments which correspond to the undrawn portion of the credit limit, amounting to CZK 226 mil. as at 31 December 2020 (2019: CZK 228 mil.).

# 11. Prepayments and accrued income

(CZK mil.)	31 December 2020	31 December 2019
Prepaid expenses	6	4
Accrued income	35	37
<b>Total assets</b>	<b>41</b>	<b>41</b>
Deferred income	931	928
of which – services	283	303
– unamortized part of the leasing down payment	12	26
– other deferred income	636	599
<b>Total liability</b>	<b>931</b>	<b>928</b>

Accruals and deferrals relate mainly to individual leasing and credit contracts. As a result, these costs and revenues are continually recognized in the Company's income statement over the course of these contracts.

# 12. Revenue analysis

Revenue analysis:

(CZK mil.)	2020	2019
<b>SALES OF PRODUCTS AND SERVICES</b>		
Leasing revenues – domestic	3,584	3,493
Factoring commission income	306	443
<b>Total</b>	<b>3,890</b>	<b>3,936</b>
Revenues from sales of goods	38	59
<b>OTHER OPERATING INCOME</b>		
Revenues from sale of cars – domestic	5,359	5,172
Other operating income	704	668
<b>Total sales of own products and services</b>	<b>6,063</b>	<b>5,840</b>
<b>INTEREST AND SIMILAR INCOME</b>		
Revenues from credits (interest income)	891	909
Other interest income	66	73
<b>Total</b>	<b>957</b>	<b>982</b>
Other financial income	8	3
<b>Total revenues</b>	<b>10,956</b>	<b>10,820</b>

# 13. Related-party transactions

(CZK mil.)	2020	2019
<b>REVENUES</b>		
Sales of services	837	1,261
Sales of goods	206	216
<b>Total</b>	<b>1,043</b>	<b>1,477</b>
<b>COSTS</b>		
Purchase of services	386	296
Purchase of goods for resale	4,969	4,385
Interest costs	238	279
<b>Total</b>	<b>5,595</b>	<b>4,960</b>

The following related-party balances were outstanding:

(CZK mil.)	31 December 2020	31 December 2019
<b>RECEIVABLES</b>		
Porsche Česká republika s.r.o.	16	12
ŠKODA AUTO a.s.	25	17
Porsche Inter Auto CZ s.r.o.	725	1,022
Scania Czech Republic s.r.o.	2	2
Volkswagen Financial Services AG	2	0
<b>Total</b>	<b>770</b>	<b>1,053</b>
<b>LIABILITIES</b>		
Porsche Česká republika s.r.o.	2,339	2,621
ŠKODA AUTO a.s.	4,178	4,352
Porsche Inter Auto CZ s.r.o.	16	15
Volkswagen Bank GmbH	2,311	5,052
Volkswagen Financial Services AG	14,206	14,083
Volkswagen Financial Services Digital Solutions	–	8
<b>Total</b>	<b>23,050</b>	<b>26,131</b>

Other (CZK mil.)		2020	2019
Assigned receivables	– purchases (domestic)	66,812	77,424
	– sales (domestic)	7,947	9,485

Company cars at an acquisition cost of CZK 52 mil. as at 31 December 2020 (2019: CZK 46 mil.) are provided for business and private use by the managing directors, proxies, heads of the Company's departments and other employees of the Company.

Except for the aforementioned remuneration and benefits, a benefit in form of financial contribution for fuel was provided to the Company's managing directors, proxies and heads of the Company's departments in 2020. To the Company's expatriates, a benefit was paid in the form of financial contributions for housing, flight tickets and kindergartens. Except for the aforementioned remuneration and benefits, no other consideration was provided to the Company's managing directors, proxies and management in 2020 and 2019.

# 14. Fees paid and payable to the audit company

The total fees paid and payable for a statutory audit of the financial statements performed by the audit company Ernst & Young Audit, s.r.o. and its related parties:

(CZK mil.)	2020	2019
Statutory audit of financial statements and audit of VW Group reporting	2	3
Advisory services	–	–
<b>Total fees paid and payable to the audit company and its related parties</b>	<b>2</b>	<b>3</b>

For the year 2019, the audit company PricewaterhouseCoopers Audit, s.r.o. was the statutory auditor.  
For the year 2020, the audit company Ernst & Young Audit, s.r.o. was the statutory auditor.

# 15. Employees

Members of the management include managing directors, proxies, and heads of departments and sub-departments.

	2020	2019
Average number of members of management during the year	25	24
Average number of other staff during the year	208	214
<b>Total average number of employees during the year</b>	<b>233</b>	<b>238</b>

(CZK mil.)	Management	Other staff	Total
<b>2020</b>			
Wages and salaries	69	153	222
Social security and health insurance costs	16	52	68
Other social costs	2	6	8
<b>Total staff costs</b>	<b>87</b>	<b>211</b>	<b>298</b>
<b>2019</b>			
Wages and salaries	65	136	201
Social security and health insurance costs	14	49	63
Other social costs	1	5	6
<b>Total staff costs</b>	<b>80</b>	<b>190</b>	<b>270</b>

Other transactions with the Company's management are described in Note13 – Related-party transactions.

# 16. Impairment in operating activities

(CZK mil.)	2020	2019
Impairment in intangible and tangible fixed assets – permanent (Note 3 and 4)	1,513	1,580
Impairment in intangible and tangible fixed assets – temporary (Note 3 and 4)	(81)	15
Impairment in receivables (Note 5)	164	(7)
<b>Impairment in operating activities</b>	<b>1,596</b>	<b>1,588</b>

# 17. Income tax

The income tax expense analysis:

(CZK mil.)	2020	2019
Current tax expense (19%)	–	29
Deferred tax expense	118	95
Adjustment of prior year tax expense based on final CIT return	14	3
<b>Total income tax expense</b>	<b>132</b>	<b>127</b>

Current tax can be analyzed as follows:

(CZK mil.)	2020	2019
<b>Net profit before tax</b>	<b>552</b>	<b>536</b>
<b>ADJUSTMENTS TO TAX BASE:</b>		
– additional tax-deductible costs	(3,028)	(2,577)
– non-tax-deductible costs	2,428	2,242
– non-taxable income	(155)	(163)
– additional taxable income	152	138
– research and development	–	(21)
<b>Net taxable profit</b>	<b>(31)</b>	<b>155</b>
<b>Corporate income tax at 19%</b>	<b>–</b>	<b>29</b>

Additional tax-deductible costs relate mainly to the difference between accounting and tax depreciation of CZK 2,975 mil. (2019: CZK 2,553 mil.).

The tax loss for the 2020 period in the amount CZK 31 mil. is deductible from the Net taxable profit over the next 5 tax periods, no later than the tax period of 2025. Company has no other tax losses.

The deferred tax was calculated at 19% (the rate enacted for 2020 and subsequent years).

**The deferred tax asset / (liability) analysis:**

(CZK mil.)	31 December 2020	31 December 2019
<b>Total deferred tax liability:</b>	<b>841</b>	<b>712</b>
Arising from: – Accelerated tax depreciation of tangible fixed assets subject to lease	841	712
<b>Total deferred tax asset:</b>	<b>163</b>	<b>152</b>
Arising from: – Other provisions	103	104
– Other temporary differences	60	48
<b>Net deferred tax liability</b>	<b>678</b>	<b>560</b>

# 18. Contingent assets

In 2020, the Company received a bank guarantee of CZK 7 mil. (2019: CZK 7 mil.).  
The Company does not expect to claim this guarantee.

# 19. Cash-flow statement

Cash and cash equivalents disclosed in the Cash-flow statement can be analysed as follows:

(CZK mil.)	31 December 2020	31 December 2019
Cash in hand	–	–
Cash at banks	1	1
Bank overdrafts of current accounts included in Short-term bank loans (Note 9)	(646)	(642)
<b>Total cash and cash equivalents</b>	<b>(645)</b>	<b>(641)</b>

# 20. Subsequent events

Subsequent to year-end, Hans-Peter Sietz has been appointed the Managing Director. This appointment was registered in the business register on March 15, 2021.

No other events have occurred subsequent to year-end which would have a material impact on the financial statements as at 31 December 2020.

The Company declares no additional impact of the COVID-19 pandemic on the Company other than already stated in the financial statements.

March 31, 2021

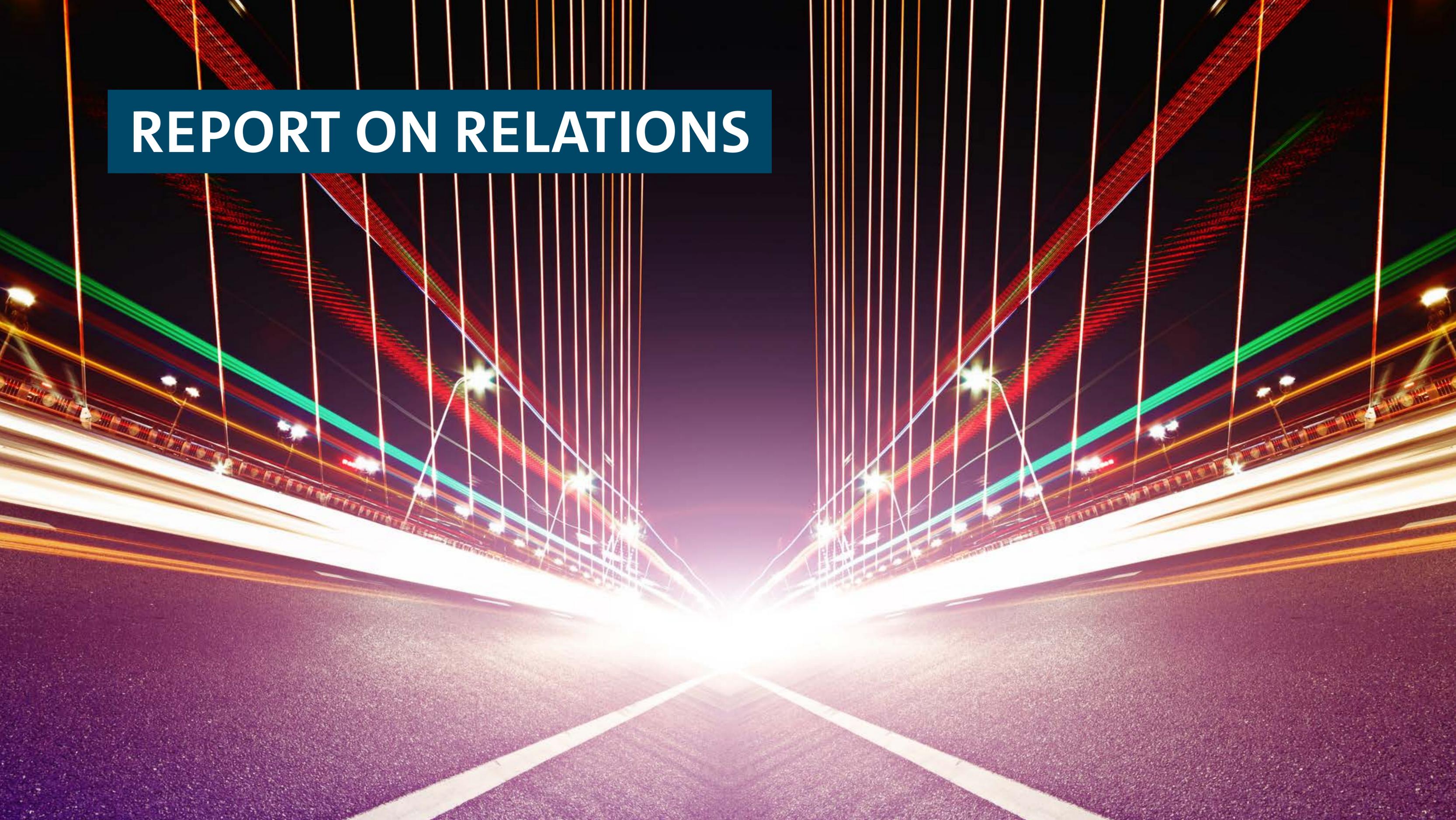


Ing. Vratislav Stražil  
Managing Director



Hans-Peter Seitz  
Managing Director

# REPORT ON RELATIONS



## Report on relations of the company ŠkoFIN s.r.o. pursuant to Section 82 of the Act on Corporations for the accounting period of the calendar year 2020

The Managing Directors of ŠkoFIN s.r.o., with its registered office at Pekařská 6, 155 00, Praha 5, Identification Number: 45805369, registered in the Commercial Register maintained by the Municipal Court in Prague, Section C, File 11881 (in this Report also the “**controlled company**” or the “**Company**”), have prepared the following Report on Relations pursuant to Section 82 of Act No. 90/2012 Coll., the Corporations Act (the “**Corporations Act**”), for the accounting period of the calendar year 2020 (the “**Relevant Period**”).

### 1. Structure of relations

1.1 According to the information available to the Managing Directors of the Company acting with due managerial care, for the whole of the Relevant Period, the Company formed a part of a concern in which the ultimate controlling party is VOLKSWAGEN AG (the “**Concern**”). Information about the entities forming part of the Concern is stated as at 31. 12. 2020 according to the information available to the statutory body of the Company acting with due managerial care. The structure of relations within the Concern is graphically illustrated in Annex No. 1.

1.1.1 Controlling Party  
VOLKSWAGEN AG, with its registered office at Wolfsburg, Germany, (in this Report also the “**Controlling Party**”) indirectly controls the Company through the company Volkswagen Finance Overseas B.V., with its registered office in Amsterdam.

### 2. Role of the Company in the Concern

The Company provides financial services associated with financing and support of Concern’s vehicles.

### 3. Methods and means of control

The Controlling Party indirectly controls the Company through the company Volkswagen Finance Overseas B.V., which was the sole shareholder in the Relevant Period. Control of the Company is effected through the decisions at the General Meeting.

### 4. Mutual contracts within the Concern

- 4.1 Contracts entered between the Company and the Controlling Party which were effective and valid in the Relevant Period:  
In the Relevant Period, the Contract on business cooperation with the Controlling Party was valid and effective.
- 4.2 Contracts entered between the Company and other parties controlled by the Controlling Party which were effective and valid in the Relevant Period:

In the Relevant Period, the following contracts entered with other parties controlled by the Controlling Party were valid and effective:

Contractual counterparty	Contracts
<b>PORSCHE ČESKÁ REPUBLIKA S.R.O.</b>	Contracts on business cooperation
	Contracts on providing services
	Factoring contract
	Provision of facilities in the event of an accident
<b>PORSCHE INTER AUTO CZ S.R.O.</b>	Agreement on providing target commissions
	Contracts on providing services
	Contracts on business cooperation
	Loan agreement
	Car leasing
<b>ŠKODA AUTO A.S.</b>	Contracts on business cooperation
	Contracts on providing services
	Car leasing
	Subleasing contract
	Factoring contract
	General operative lease contract
<b>SCANIA CZECH REPUBLIC S.R.O.</b>	Car leasing
	General operating lease contract

Contractual counterparty	Contracts
<b>SCANIA FINANCE CZECH REPUBLIC, SPOL. S R.O.</b>	Car leasing
<b>PORSCHE CENTRAL EASTERN EUROPE S.R.O.</b>	Car leasing
	General operating lease contract
<b>MAN TRUCK &amp; BUS CZECH REPUBLIC S.R.O.</b>	Car leasing
	General operating lease contract
<b>PORSCHE ENGINEERING SERVICES, S.R.O.</b>	Car leasing
<b>VOLKSWAGEN BANK GMBH</b>	Credit facility agreement
	Contracts on providing services
	Provision of loans
<b>VOLKSWAGEN FINANCIAL SERVICES N.V.</b>	Credit facility agreement
<b>VOLKSWAGEN FINANCIAL SERVICES AG</b>	Contracts on providing services
	Provision of loans
<b>VOLKSWAGEN FINANCIAL SERVICES DIGITAL SOLUTIONS GMBH</b>	Framework agreement on providing IT services
<b>VEHICLE TRADING INTERNATIONAL GMBH</b>	Framework agreement on providing services

## 5. Legal acts made at the instigation of or in the interest of the Controlling Party or other parties controlled by the Controlling Party

During the Relevant Period, the Company did not make any legal acts and other measures in the interest or at the instigation of the Controlling Party or other parties controlled by the Controlling Party which would involve assets exceeding in value 10% of the Company's equity reported in the latest Financial Statements.

## 6. Assessment of detriments and their compensation

No detriment occurred to the Company on the basis of the agreements entered in the Relevant Period between the Company and other entities of the Concern or other acts or measures which were implemented in the interest or at the instigation of such entities by the Company in the Relevant Period.

## 7. Evaluation of relations and risks within the Concern

7.1 Evaluation of the advantages and disadvantages of relations within the Concern:

The following advantages arise from the participation within the Concern to the Company: the Concern is a world-leading producer which possesses a strong brand, strong financial background and access to financing from which the Company benefits when it enters transactions with its suppliers, customers and during negotiations with banks and other providers of facilities, etc.

No disadvantages have arisen to the Company from participation within the Concern.

7.2 No risks have arisen to the Company from relations within the Concern.

March 31, 2021



Ing. Vratislav Stražil  
Managing Director



Hans-Peter Seitz  
Managing Director

**Annex No. 1: Ownership structure of ŠkoFIN s.r.o.**

