

Krone ScanBalt A/S

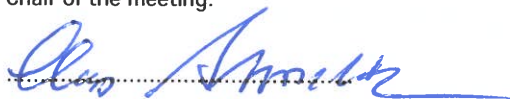
Kilen 5, 6330 Padborg

CVR no. 20 00 32 86

Annual report 2020/21

Approved at the Company's annual general meeting on 10 December 2021

Chair of the meeting:



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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Krone ScanBalt A/S for the financial year 1 August 2020 - 31 July 2021.

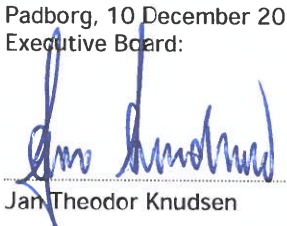
The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 July 2021 and of the results of the Company's operations and cash flows for the financial year 1 August 2020 - 31 July 2021.

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

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

Padborg, 10 December 2021
Executive Board:



Jan Theodor Knudsen

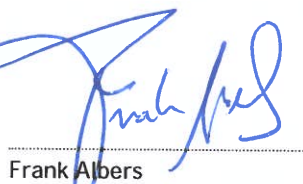


Ole Randum Nielsen

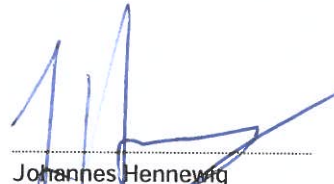
Board of Directors:



Aloysius Schnelte
Chair



Frank Albers



Johannes Hennewig

Independent auditor's report

To the shareholders of Krone ScanBalt A/S

Opinion

We have audited the financial statements of Krone ScanBalt A/S for the financial year 1 August 2020 - 31 July 2021, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 July 2021 and of the results of the Company's operations as well as the cash flows for the financial year 1 August 2020 - 31 July 2021 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 responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Independent auditor's report

- ▶ 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 note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

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 Statement Act. We did not identify any material misstatement of the Management's review.

Aabenraa, 10 December 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28


Jon Midtgaard
State Authorised Public Accountant
mne28657

Management's review

Company details

Name	Krone ScanBalt A/S
Address, Postal code, City	Kilen 5, 6330 Padborg
CVR no.	20 00 32 86
Established	1 April 1997
Registered office	Aabenraa
Financial year	1 August 2020 - 31 July 2021

Board of Directors	Aloysius Schnelte, Chair Frank Albers Johannes Hennewig
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Executive Board	Jan Theodor Knudsen Ole Randum Nielsen
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Auditors	EY Godkendt Revisionspartnerselskab Skibbroen 16, 6200 Aabenraa, Denmark
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Management's review

Financial highlights

DKK'000	2020/21	2019/20	2018/19	2017/18	2016/17
Key figures					
Revenue	322,081	273,690	402,351	618,419	527,378
Operating profit/loss	8,037	-302	5,279	8,790	4,376
Net financials	1,341	-18,620	-587	-6,672	-699
Profit/loss for the year	31,378	-12,183	21,768	25,296	16,900
Balance sheet					
Non-current assets	209,160	183,393	182,295	185,539	131,992
Current assets	252,958	236,632	237,469	276,076	237,035
Total assets	462,118	420,025	419,764	461,615	369,027
Equity	140,235	108,411	125,810	104,042	77,437
Current liabilities	320,286	309,642	292,493	337,470	291,445
Financial ratios					
Operating margin	2.8%	0.8%	1.5%	1.5 %	1.0 %
Return on assets	1.8%	-0.1%	1.2%	2.1%	0.0%
Equity ratio	30.3%	25.8%	30.0%	22.5%	21.0%
Return on equity	25.2%	-10.4%	18.9%	27.9%	0.1%
Other					
Average number of employees	30	29	30	26	25

Management's review

Business review

As in previous years, the company has engaged in the acquisition, sale and lease of transportation equipment and related activities, mainly new trailers, used trailers and spare parts etc.

Recognition and measurement uncertainties

The measurement and recognition of certain assets and liabilities is subject to assessments, estimates and assumptions of future events. The most significant uncertainties as to the financial reporting are stated in note 2, to which we refer.

Financial review

The 2020/21 financial statements shows a profit of DKK 31,378 thousand. The profit is in line with expectations and considered satisfactory.

The equity totalled DKK 140,235 thousand at 31 July 2021, corresponding to a solvency ratio of 30.3%.

The company is primarily financed by its parent company, and the company cash at bank and in hand totalled DKK 103,876 thousand at 31 July 2021.

Capital resources are assessed to be adequate for activities budgeted for 2021/22.

Financial risks and use of financial instruments

Currency risks

The company is exposed to currency risks due to its international activities and due to the company's investments and balances with subsidiaries abroad. The company does not make use of any hedging instruments to hedge such risks but follows the development on the foreign exchange market on a regular basis.

Price risks

The company is exposed to price risks as to the inventory of trailers and other equipment. Price risks on used trailers on stock have affected results in the financial year 2020/21 due to write down of trailers not sold.

Debtor risks

It is common company policy to hand out trailers to customers abroad once payment has taken place. Thereby, bad debt losses are reduced to an acceptable level.

Interest risk

A considerable part of the company's financing carry variable interest. The company has not made use of any hedging instruments to hedge such interest risks. Changes in interest may therefore have an impact on the company's earnings, however the impact is not considered material.

Impact on the external environment

The company's primary activities only have a limited impact on the environment. The sale of used transportation equipment, and thereby recycling, is in many ways environmentally sound.

Research and development activities

The employees are considered to possess solid market knowledge and professional qualifications within the individual fields of activity. The company does not carry out research and development activities.

Management's review

Statutory CSR report

Business model

Krone ScanBalt Group are innovative entities, which through professional and dedicated employees want to be one of the leading providers of market-adapted transport equipment focusing on quality and competent, individual trailer solutions and services. The prerequisites for obtaining and maintaining success is tied to its ability to be an attractive and professional work place, characterized by high quality service, knowledge, engagement and volition. Thereby, a high professional level is ensured in everything we engage in.

Customers:

Our mission is to develop and ensure efficient and secure transport equipment for our customers, including logistic companies, truck operators and chauffeurs. Thereby, we support our customers' business and form the basis for value optimisation and increase in value for our customers and ourselves.

Value-adding cooperation:

We value close and targeted cooperation as well as dialogue and sparring with our customers, suppliers and other cooperative partners.

Products:

Our Krone standard programme implies that we offer turnkey trailer solutions, curtainsider, refrigerated semitrailers, dry freight box body, container chassis, box and load carriers and spare parts. Krone ScanBalt Group offers both new and second handed transport equipment as either sale or lease.

Customised solutions:

By means of professionalism, quality and targeted efforts, we aim at creating the best possible individual solutions for our customers. We strive at giving our customers a sublime purchase experience i.a. by offering an efficient and reliable supply chain with a broad selection of services and opportunities.

Continuous optimisation of our products:

Krone makes great efforts to continuously improve, optimise and future-proof our transport equipment both in respect of the customers' current and future needs as well as digital requirements and environmental considerations. The development of our products thus always considers environmental aspects. We have a certified environmental management system for the areas development, manufacturing and distribution of commercial vehicles. We consistently focus on reducing emissions, noises and smells and minimising waste and waste water. In everything we do, we generally seek to comply with and contribute to UN's 17 Sustainable Development Goals.

Management's review

	Considerable risks	Policy	Actions 2020	Performance in 2020
Employees				
	It is increasingly harder to attract qualified labor to our region. Furthermore, there is increasingly stricter demands and expectations that talented employees continue to improve their competencies. As a result, we also experience increasing demands and expectations from our employees for opportunities to educate and improve themselves.	<p>To make Padborg an attractive place to work</p> <p>Professional development</p> <p>Personal development</p>	<p>Employees' participation in local networks, i.a. under Padborg Transportcenter Onboarding program for all new hires</p> <p>Career and job development opportunities</p> <p>Courses and in-service training</p> <p>Annual employee-interviews with the Immediate Manager and HR</p> <p>Annual salary interview with Manager</p>	<p>2 employees are appointed head of department</p> <p>On-line courses, i.a. Microsoft 365</p> <p>On-line webinar, i.a. job satisfaction, corona and lectures on personal well-being</p> <p>Internal courses re. knowledge of trailers</p> <p>Internal knowledge-sharing i.a. through coffee meetings for mid-level managers</p>
Physical and social matters				
	The economic prosperity and the resulting faster pace in the job market demand still more and more from the individual employees. Therefore, there is a risk of burnout and stress as well as risk of physical injuries because of either sedentary or physically arduous work.	Krone's considerable efforts to increase personal well-being and job satisfaction must bear fruit – The Group aspires to be the industry's best workplace that attracts and retains the best employees!	<p>A workplace assessment was made in the winter of 2020</p> <p>Regular update of the employee manual</p> <p>Meal system, massage and fitness opportunity</p> <p>Continuous communication of latest news to the employees</p>	<p>Sum-up/results of employee replies. Review by Management and health and safety group based on which focal points are selected and rectified.</p> <p>An up-to-date work of reference is always available to the employees</p> <p>Except for two, all employees have signed up for the meal system. An average of 60% of the employees make use of the massage opportunity and approx. 25% of the employees have signed up for fitness.</p> <p>Our newsletter K.N.U.S. appears four times a year</p>

Management's review

	Considerable risks	Policy	Actions 2020	Performance in 2020
			<p>Employees working under the flex scheme</p> <p>Home workstation opportunity</p>	<p>Info board in the canteen</p> <p>Information from Management through the HR department</p> <p>Three employees are working under the flex scheme</p> <p>Possibility of purchasing equipment for home office, also after the corona crisis</p> <p>Microsoft Teams installed at Fleet not least to ensure and stay in contact with colleagues who work from home</p>
Physical working conditions				
	<p>Sedentary work is increasing, which poses a risk to our physical well-being.</p>	<p>To allow our employees to give their best at work, it is essential that they feel secure in a well-functioning physical environment. Furthermore, the Krone-House encourages our employees to keep up their physique.</p>	<p>Ergonomics</p> <p>Massage opportunity for everyone</p> <p>Fitness opportunity</p> <p>Physical well-being</p> <p>Avoid static electricity</p> <p>Security</p>	<p>Everyone has an adjustable office desk</p> <p>Everyone has access to various ergonomic aids</p> <p>The inventory department and our kitchen have purchased various aids</p> <p>Advice on and encouraging every employee with a home office to be aware of ergonomics</p> <p>About 50% of employees see a masseur regularly</p> <p>9 fitness subscriptions</p> <p>Ventilation systems are regularly controlled and adjusted at the offices</p> <p>Upgrading of lighting conditions in old building</p> <p>Carpets in all offices and in a few hallways</p> <p>Kitchen staff: magnetic soles and cotton clothing</p> <p>Working environment group</p> <p>Regular control and securing of inventory conditions</p>

Management's review

	Considerable risks	Policy	Actions 2020	Performance in 2020
			Cleaning and hygiene	<p>Regular control of truck certificates and drivers licenses</p> <p>Continued update of exterior and interior fire safety</p> <p>Updating of evacuation plans</p> <p>Regular control by cleaning company</p> <p>Kitchen, physical conditions, focus on cleaning and cleaning with alcohol gel</p> <p>Staying in the canteen considering corona restrictions</p>
Local community				
	The borders become more and more vague in modern society, and therefore, it is important to cherish local activities. Furthermore, it is essential to present interesting job opportunities both to newcomers and future workforce.	To support interests of local society and to take social responsibility are given a high priority by the Krone-House. Therefore, we participate in many local activities.	<p>Padborg Transportcenter Aabenraa Havn</p> <p>Various networks</p> <p>Visits from public school classes</p>	<p>Continued participation in all networks, however, primarily on-line</p> <p>Support to sport clubs and athletics clubs</p> <p>Participation in Transportens Dage 2020</p>
Human rights				
	The transport and trade industry is generally a man's world which focus on materialistic values, "the good sale" and a positive bottom line. Generally speaking, the industry is still bound by tradition, e.g. vacancies are often filled by men, "the good sale" is measured in money terms and a company's health is measured by its bottom line. Thereby there is a risk that non-material values and social capital are set aside or detracted from, e.g. in relation to differential treatment and discrimination on grounds of gender, age, ethnicity, etc.	<p>Respect for customers' and employees' private life</p> <p>Emphasize the importance of social capital</p> <p>No differential treatment</p> <p>Equal opportunities for everyone</p>	<p>The Krone House's vision, mission and values</p> <p>Possibility of working from home gives the employees more flexibility</p> <p>Continued focus on the individual employee's needs and requests, e.g. opportunity of part-time scheme for older employees.</p> <p>Bullying policy (implemented in our employment policy in 2018)</p> <p>Internal job advertisements</p>	<p>Prepared in 2018</p> <p>75% of the labour force is working from home from time to time</p> <p>One senior employee has a scheme according to which the employee gradually has more and more days off</p> <p>One employee was offered apprenticeship at our inventories</p> <p>Constant focus on conflicts and bullying, if any. Any suspicion of such is investigated and solutions are proposed</p> <p>All vacancies are advertised internally in the house before advertised externally.</p>

Management's review

	Considerable risks	Policy	Actions 2020	Performance in 2020
		Counteract "traditional behaviour" and discrimination	<p>Encouraging every employee to participate in projects, committees, etc.</p> <p>Encouraging employees to "pursue/indicate career dreams"</p> <p>In connection with new hires, we endeavour to have diversity regarding gender, age, ethnicity, etc.</p> <p>Restructuring of our warehouse activities through the employment of new warehouse clerks</p>	<p>Active feast committee and working environment group</p> <p>Two employees have been appointed mid-level manager</p> <p>Recently established position as strategy manager has been filled by a Russian female</p> <p>Our warehouse/ spareparts team comprises two women and three men aged from 21-45 years</p>
Environmental matters				
	There is a risk of negatively affecting the environment in connection with the Krone-House's business activities, e.g. in relation to the handling of waste and packaging.	We need to be resource-conserving and give consideration to sorting packaging and waste to minimise our environmental impact.	<p>In cooperation with customers and suppliers we prepare CO2 neutral transport solutions.</p> <p>Our IT department participates in the development of Telematic system which i.a. allows us to minimise space wasted in the trailer</p> <p>Investment in refrigerated trailers with electrical installation (ex. internal combustion engine)</p> <p>Mounting of solar cells on all refrigerated trailers. They ensure charging of the refrigerated trailer batteries.</p> <p>The trailers have closed premium tyre system from Michelin, which is fuel-saving and recyclable. All tyres are exchanged with premium Michelin tyres.</p>	<p>All trailers in the Fleet fleet are purchased inclusive of monitoring system to which the customer can buy access.</p> <p>In 2021, the first electrically powered trailers will be operated by the Fleet fleet.</p> <p>The solar cells are mounted in Padborg together with the cold-storage plant on the newly manufactured trailers, so that the fleet will gradually include only trailers with solar cells. At present, 850 refrigerated trailers have solar cells.</p> <p>Based on the regular service, all trailers will, irrespective of age, will be equipped with premium Michelin tyres.</p>

Management's review

	Considerable risks	Policy	Actions 2020	Performance in 2020
Climate				
	All companies are under an obligation to take care of our environment as the use of administrative and production facilities poses a significant risk of negatively affecting the environment.	<p>We need to be resource-conserving and give consideration to sorting packaging and waste to minimise our environmental impact. We also endeavour to implement and fulfil UN's 17 Sustainable Development Goals both in terms of climate and other areas</p> <p>We will promote and aim at obtaining a more sustainable transport profile.</p>	<p>Minimise printout i.a. through the implementation of new monitoring programmes.</p> <p>Cardboard waste is sorted individually</p> <p>Reduction of food waste</p> <p>Changes made to office buildings and any extensions and rebuilds are performed taking climate and environmental matters into consideration.</p> <p>Continuous environment-friendly renewal of our company cars. The employees are allowed to have loading facilities at the company and at home</p>	<p>On Fridays, the kitchen serves leftovers.</p> <p>Rebuilding of office buildings at 1st floor in "the old building" + upgrading of lighting conditions Ventilation with heat recovery</p> <p>More employees now have an electric company car</p>
Anti corruption/crime				
	Companies with global business activities have an increased risk of being offered gifts, entertainment, etc. from customers, suppliers and cooperative partners and ignorantly participate in or contribute to crime, theft or economic exploitation.	We counteract any kind of corruption, economic exploitation and crime.	<p>Minimise the use of cash</p> <p>Control and identification of drivers who pick up equipment</p> <p>Attention to fraud, e.g. CEO fraud</p> <p>CCTV of the space</p> <p>Authority to pay through joint approval by two persons</p> <p>Control of companies and drivers in OFAC, including VAT and money laundering</p> <p>Registration of new customers in C4C. The programme performs regular controls.</p> <p>Debtors and creditors are checked in Krone's compliance-management-system</p> <p>Telematic boxes in trailers which i.a. are to safeguard against crime</p>	<p>We have not identified any corruption or crime against us or with us or our subsidiaries</p> <p>The IT department participates in a project regarding the development of Telematic</p>

Management's review

	Considerable risks	Policy	Actions 2020	Performance in 2020
COVID-19	<p>The COVID-19 pandemic implied an unprecedented pressure on the physical as well as the mental working environment in 2020 as the pandemic caused a health risk to the individual employees, a change in working conditions and risk of lay-off.</p>	<p>We have emphasised the protection of our employees in this period by introducing guidelines, providing protective equipment and offering the opportunity of working from home and to lay off some of the labour force. This has protected the employees' health and job situation both during and after the pandemic.</p> <p>We have observed and adapted to the Danish government's and the Danish Ministry of Health's guidelines.</p>	<p>Guidelines for our employees' behaviour in the canteen and at the lunch buffet. Guidelines for external visitors.</p> <p>Guidelines for our employees' behaviour outside of working hours, e.g. in relation to cross-border trade and weekly tests.</p> <p>Ensuring the individual employee's security. In case on insecurity e.g. in relation to customer visits and external drivers, we have immediately taken care of the individual employee.</p> <p>In order to secure the individual employee's job situation, Krone ScanBalt decided to make use of the possibility of laying off 30% of the labour force and receive compensation (14 March - 9 July).</p>	<p>Two employees were infected, independently from each other. No spread to other employees.</p> <p>Management has held meetings regularly to assess the current situation and to make decisions in relation thereto. Employees have been informed thereof as soon as possible. Employees are of the opinion that they have been well-informed and have felt safe at work.</p> <p>Action plan if one employee or one of the employee's close relatives are infected with COVID-19.</p> <p>The canteen is closed for externals. Face mask, etc. is required</p> <p>Possibility of working from home if an employee has felt insecure.</p>

Management's review

Account of the gender composition of Management

Board of Directors:

Status: No female members of the Board of Directors

Targets with a time horizon: Year 2023: 33% of the members of the Board of Directors must be female.

The general goal for Krone ScanBalt is for the Board of Directors to work as efficiently as possible regarding the development of strategies, management and the business in general. Therefore, candidates with a suitable profile and experience are our highest priority and to begin with gender is not a criterion. This year, we have had no replacements on the Board of Directors, which have allowed us to fulfil our target figures.

In connection with the next replacement on the Board of Directors, Krone ScanBalt will see if there are any female candidates internally with a suitable profile and experience so that we can meet our target figure for gender parity.

Other management:

As the company has less than 50 employees, no policy has been drawn up to increase the underrepresented gender in other management positions.

Events after the balance sheet date

No events materially affecting the company's financial position have occurred subsequent to the financial year-end.

Outlook

Management is of the opinion that activities for the 2021/22 financial year will be on the same level than financial year 2020/21, however earnings are expected to be reduced but still positive.

Financial statements 1 August 2020 - 31 July 2021

Income statement

Note	DKK'000	2020/21	2019/20
3	Revenue	322,081	273,690
	Cost of sales	-285,039	-246,673
	Other operating income	1,045	2,485
	Other external expenses	-6,284	-7,607
	Gross profit	31,803	21,895
4	Staff costs	-17,120	-16,275
	Depreciation, amortisation and impairment losses	-5,600	-3,437
	Other operating expenses	-72	0
	Profit before net financials	9,011	2,183
	Share of profit/loss in subsidiaries after tax	23,026	645
5	Financial income	6,529	1,102
6	Financial expenses	-5,188	-19,722
	Profit/loss before tax	33,378	-15,792
7	Tax for the year	-2,000	3,609
	Profit/loss for the year	31,378	-12,183

Financial statements 1 August 2020 - 31 July 2021

Balance sheet

Note	DKK'000	<u>2020/21</u>	<u>2019/20</u>
	ASSETS		
	Non-current assets		
8	Property, plant and equipment		
	Land and buildings	39,056	39,610
	Fixtures and fittings, other plant and equipment	13,197	10,348
		<u>52,253</u>	<u>49,958</u>
9	Financial assets		
	Equity investments in subsidiaries	156,907	133,435
		<u>156,907</u>	<u>133,435</u>
	Total non-current assets	<u>209,160</u>	<u>183,393</u>
	Current assets		
	Inventories		
	Goods for resale	31,374	88,366
		<u>31,374</u>	<u>88,366</u>
10	Receivables		
	Trade receivables	16,537	12,408
	Receivables from group entities	96,813	89,861
	Corporation tax asset	4,109	4,120
	Other receivables	17	26
	Prepayments	232	1,222
		<u>117,708</u>	<u>107,637</u>
	Cash	103,876	40,629
	Total current assets	<u>252,958</u>	<u>236,632</u>
	TOTAL ASSETS	<u>462,118</u>	<u>420,025</u>

Financial statements 1 August 2020 - 31 July 2021

Balance sheet

Note	DKK'000	2020/21	2019/20
	EQUITY AND LIABILITIES		
	Equity		
11	Share capital	71,000	71,000
	Reserve for net revaluation according to the equity method	41,423	17,951
	Retained earnings	27,812	19,460
	Total equity	140,235	108,411
	Liabilities		
	Non-current liabilities		
12	Deferred tax	1,597	1,972
	Total non-current liabilities	1,597	1,972
	Current liabilities		
	Prepayments received from customers	3,300	1,742
	Trade payables	5,403	15,393
	Amounts owed to affiliates	296,630	279,063
	Corporation tax	2,633	621
	Other payables	10,979	6,074
	Deferred income	1,341	6,749
	Total current liabilities	320,286	309,642
		321,883	311,614
	TOTAL EQUITY AND LIABILITIES	462,118	420,025

- 1 Accounting policies
- 2 Recognition and measurement uncertainties
- 14 Contractual obligations and contingencies, etc.
- 15 Collateral
- 16 Related parties
- 17 Fee to the auditors appointed by the Company in general meeting
- 18 Appropriation of profit/loss

Financial statements 1 August 2020 - 31 July 2021

Statement of changes in equity

Note	DKK'000	Share capital	Reserve for net revaluation according to the equity method	Retained earnings	Total
		71,000	22,522	32,288	125,810
18	Equity at 1 August 2019	0	-4,571	-7,612	-12,183
	Transfer, see "Appropriation of profit/loss"	0	0	-5,216	-5,216
	Exchange adjustment, foreign subsidiaries				
	Equity at 1 August 2020	71,000	17,951	19,460	108,411
18	Transfer, see "Appropriation of profit/loss"	0	23,472	7,906	31,378
	Exchange adjustment, foreign subsidiaries	0	0	446	446
	Equity at 31 July 2021	71,000	41,423	27,812	140,235

Financial statements 1 August 2020 - 31 July 2021

Cash flow statement

Note	DKK'000	2020/21	2019/20
	Profit/loss for the year	31,378	-12,183
19	Adjustments	-15,426	-817
	Cash generated from operations (operating activities)	15,952	-13,000
20	Changes in working capital	55,501	59,857
	Cash generated from operations (operating activities)	71,453	46,857
	Income taxes paid	-351	1,790
	Cash flows from operating activities	71,102	48,647
	Additions of property, plant and equipment	-13,487	-9,426
	Disposals of property, plant and equipment	5,632	322
	Cash flows to investing activities	-7,855	-9,104
	Net cash flow	63,247	39,543
	Cash and cash equivalents at 1 August	40,629	1,086
21	Cash and cash equivalents at 31 July	103,876	40,629

Financial statements 1 August 2020 - 31 July 2021

Notes to the financial statements

1 Accounting policies

The annual report of Krone ScanBalt A/S for 2020/21 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

In accordance with section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

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

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate 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 most recent financial statements is recognised in the income statement as financial income or financial expenses.

Foreign group entities

Foreign subsidiaries and associates are considered separate entities. Items in such entities' income statements are translated at an average exchange rate for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

On the conclusion of sales contracts that consist of several separate sales transactions, the contract price is split up into the individual sales transactions based on the relative fair value approach. The separate sales transactions are recognised as revenue when the criteria for sale of goods are met.

A contract is split up into individual transactions when the fair value of each individual sales transaction can be estimated reliably and when each individual sales transaction represents a stand-alone value for the buyer. Sales transactions are deemed to have a stand-alone value for the buyer when the transaction is individually identifiable and usually sold separately.

Revenue is measured at the fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Income from the sale of goods, which comprise sale of new and used trailers, spare parts, operating lease payments and interest element of lease payment receivables (finance lease), is recognised in the income statement provided that delivery and transfer of risk to the buyer has taken place and that the income can be reliably measured and is expected to be received.

Financial statements 1 August 2020 - 31 July 2021

Notes to the financial statements

1 Accounting policies (continued)

Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of non-current assets.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other external expenses

Other external costs comprise distribution costs, sales costs, marketing costs, administrative costs, loss on receivables, operational leasing etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance and pensions, and other social security costs, etc., for employees. Refunds received from public authorities are deducted from staff costs.

Depreciation and impairment

The item comprises depreciation and impairment of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Land and buildings	10 - 50 years
Fixtures and fittings, other plant and equipment	3 - 10 years

Profit from investments in subsidiaries

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement of the parent company after full elimination of intra-group profits/ losses.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on receivables, 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.

Tax

The parent company is covered by the Danish rules on mandatory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date at which they are included in the financial statements and up to the date when they are no longer included.

The parent company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Financial statements 1 August 2020 - 31 July 2021

Notes to the financial statements

1 Accounting policies (continued)

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

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

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of the future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for in the same way as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are considered operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total liabilities relating to operating leases and other leases are disclosed under contingencies, etc.

Investments in subsidiaries

Equity investments in subsidiaries and associates are measured according to the equity method.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in on a straight-line basis over the estimated useful life which is 10 years. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Impairment of non-current assets

The carrying amount of property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Financial statements 1 August 2020 - 31 July 2021

Notes to the financial statements

1 Accounting policies (continued)

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale are measured at cost, comprising purchase price plus delivery costs.

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

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments comprise costs incurred in relation to subsequent financial years.

Equity

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Financial statements 1 August 2020 - 31 July 2021

Notes to the financial statements

1 Accounting policies (continued)

Tax

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to 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. Deferred tax assets are recognised at the expected value of their utilisation; 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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

As management company for all the entities in the joint taxation arrangement, the parent company is liable for payment of the subsidiaries' income taxes vis à vis the tax authorities as the subsidiaries pay their joint taxation contributions. Joint taxation contributions payable or receivable are recognised in the balance sheet as income tax receivables or payables.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Financial statements 1 August 2020 - 31 July 2021

Notes to the financial statements

1 Accounting policies (continued)

Segment information

Revenue is disclosed by activity and geographical market. Segment information follows the company's accounting policies, risks and internal financial management.

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Financial statements 1 August 2020 - 31 July 2021

Notes to the financial statements

1 Accounting policies (continued)

Operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Operating margin	$\frac{\text{Operating profit (EBIT) x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss from operating activities x 100}}{\text{Average assets}}$
Equity ratio	$\frac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$

Financial statements 1 August 2020 - 31 July 2021

Notes to the financial statements

2 Recognition and measurement uncertainties

The company has considerable inventories and is therefore subject to price risks regarding inventories of trailers and other equipment. Management is of the opinion that inventories are measured in accordance with the accounting policies of the Group.

Receivables are subject to uncertainty attributable to the contracting parties' ability to pay. A write-down for bad debts has been made based on an assessment of the contracting parties' ability to pay.

The company has subsidiaries in and transactions and balances with group enterprises in Russia and Ukraine and, consequently, the Group has currency exposure and is affected by the business environment in these countries. Conducting business in especially Russia and Ukraine is subject to increased risk considering the political climate. Trading and measurement of balances with these companies may thus entail an increased risk. The financial statements reflect managements assessments of the impact of the business environments in Russia and Ukraine on the operations and financial position of the Group. The future business environment may differ from this assessment.

DKK'000	2020/21	2019/20
3 Segment information		
Breakdown of revenue by business segment:		
New	162,772	105,308
Used	132,077	146,747
Rent	4,767	2,256
Spareparts	22,465	19,379
	<u>322,081</u>	<u>273,690</u>
Breakdown of revenue by geographical segment:		
Denmark	183,070	126,926
EU	106,620	103,048
Rest of the world	32,391	43,716
	<u>322,081</u>	<u>273,690</u>
4 Staff costs and incentive programmes		
Wages/salaries	14,542	14,228
Pensions	1,853	1,281
Other social security costs	220	174
Other staff costs	505	592
	<u>17,120</u>	<u>16,275</u>
Average number of full-time employees	<u>30</u>	<u>29</u>
Remuneration to members of Management:		
Executive Board	<u>3,543</u>	<u>2,551</u>
	<u>3,543</u>	<u>2,551</u>

Incentive programmes

Members of the Executive Board and other executive officers in the Group have bonus plans depending on the economic performance in the financial year.

DKK'000	2020/21	2019/20
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Financial statements 1 August 2020 - 31 July 2021

Notes to the financial statements

5	Financial income		
	Interest income from subsidiaries	1,330	703
	Other financial income	5,199	399
		<u>6,529</u>	<u>1,102</u>
6	Financial expenses		
	Interest expense to affiliates	4,837	4,218
	Other financial expenses	351	15,504
		<u>5,188</u>	<u>19,722</u>
7	Tax for the year		
	Estimated tax charge for the year	2,675	-4,120
	Deferred tax adjustments in the year	-375	511
	Tax adjustments, prior years	-300	0
		<u>2,000</u>	<u>-3,609</u>
8	Property, plant and equipment		
	DKK'000		
		Land and buildings	Fixtures and fittings, other plant and equipment
			Total
	Cost at 1 August 2020	43,691	15,472
	Additions in the year	226	15,958
	Disposals in the year	0	-8,589
	Cost at 31 July 2021	<u>43,917</u>	<u>22,841</u>
	Impairment losses and depreciation at 1 August 2020	4,081	5,124
	Impairment losses in the year	0	2,697
	Amortisation/depreciation in the year	780	4,820
	Reversal of amortisation/depreciation and impairment of disposals	0	-2,997
	Impairment losses and depreciation at 31 July 2021	<u>4,861</u>	<u>9,644</u>
	Carrying amount at 31 July 2021	<u>39,056</u>	<u>13,197</u>
	Depreciated over	<u>50 years</u>	<u>3 - 10 years</u>

Financial statements 1 August 2020 - 31 July 2021

Notes to the financial statements

9 Financial assets

DKK'000	Equity investments in subsidiaries
Cost at 1 August 2020	115,484
Cost at 31 July 2021	115,484
Value adjustments at 1 August 2020	17,951
Exchange adjustment	446
Share of the profit/loss for the year	23,026
Value adjustments at 31 July 2021	41,423
Carrying amount at 31 July 2021	156,907

Name	Domicile	Interest	Equity DKK'000	Profit/loss DKK'000
Subsidiaries				
UAB Krone ScanBalt	Lithuania	100.00%	80,790	7,823
OÜ Krone ScanBalt	Estonia	100.00%	15,260	2,089
SIA Krone ScanBalt	Latvia	100.00%	26,105	1,289
OOO Krone ScanBalt	Kaliningrad	99.00%	25,342	8,631
OOO Krone ScanBalt	Moscow	99.00%	3,824	-18
LLC Krone ScanBalt	Ukraine	99.00%	5,666	3,387
Scanbalt International	Padborg	100.00%	377	119

Subsidiaries to OOO Krone ScanBalt, Kaliningrad (included in figures above):

ScanBalt Trailer, Belarus, ownership 100%.

Goodwill at 31 July 2021 amounts to DKK 248 thousand. Amortisation of goodwill during 2020/21 amounts to DKK 124 thousand.

Intra group profits at 31 July 2021 amounts to DKK 329 thousands (DKK 287 thousand in 2019/20).

10 Receivables

Out of the company's total receivables, receivables from group entities totalling DKK 59,401 thousand (DKK 33,960 thousand in 2019/20) fall due for payment after more than one year after the balance sheet date.

DKK'000	2020/21	2019/20
11 Share capital		
Analysis of the share capital:		
1,000 A- shares of DKK 1,000.00 nominal value each	1,000	1,000
70,000 B- shares of DKK 1,000.00 nominal value each	70,000	70,000
	71,000	71,000

No shares carry special rights.

The Company's share capital has remained DKK 71,000 thousand over the past 5 years.

Financial statements 1 August 2020 - 31 July 2021

Notes to the financial statements

DKK'000	2020/21	2019/20
12 Deferred tax		
Deferred tax at 1 August	1,972	1,461
Adjustment of the deferred tax charge for the year	-375	511
Deferred tax at 31 July	1,597	1,972
Deferred tax relates to:		
Property, plant and equipment	3,862	2,982
Inventories	-2,265	-278
Tax loss	0	-732
	1,597	1,972

13 Derivative financial instruments

The company does not use forward exchange contracts to hedge expected currency risk. However, the company monitors currency exposure and currency development, and transfers to main currency (DKK/EUR) on a regular basis in order to reduce currency risk. The main currency risks are related to subsidiaries operations in Russia and Ukraine.

The company's financial liabilities carry floating interest payments. The company does not use interest rate swaps.

14 Contractual obligations and contingencies

As management company, the company is jointly taxed with other Danish group entities and is jointly and severally with other jointly taxed group entities for payment of income taxes for income as well as withholding taxes on interest, royalties and dividends.

Other financial obligations

Other lease liabilities:

DKK'000	2020/21	2019/20
Lease liabilities	2,661	1,764

15 Collateral

The company has not provided any security or other collateral in assets at 31 July 2021.

16 Related parties

Krone ScanBalt A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Fahrzeugwerk Krone Beteiligungs- GmbH	Spelle, Germany	Majority of the share capital
Bernard Krone Holding SE & Co. KG	Spelle, Germany	Ultimate parent company

Financial statements 1 August 2020 - 31 July 2021

Notes to the financial statements

16 Related parties (continued)

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Bernard Krone Holding SE & Co. KG	Spelle, Germany	Heinrich-Krone-Strasse 10, D-48480 Spelle

Related party transactions

Krone ScanBalt A/S was engaged in the below related party transactions:

DKK'000	2020/21	2019/20
Sale of goods to subsidiaries	54,389	66,000
Purchase of goods from affiliates	75,369	89,189
Interest income from subsidiaries	1,330	703
Interest expenses to affiliates	4,837	4,218
Receivables from subsidiaries	96,813	89,861
Payables to affiliates	296,630	279,063

Remuneration/fees to members of the Executive Board and the Board of Directors are reflected in note 4.

DKK'000	2020/21	2019/20
17 Fee to the auditors appointed by the Company in general meeting		
Statutory audit	275	265
Tax assistance	46	254
Other assistance	242	394
	563	913
18 Appropriation of profit/loss		
Recommended appropriation of profit/loss		
Net revaluation reserve according to the equity method	23,472	-4,571
Retained earnings/accumulated loss	7,906	-7,612
	31,378	-12,183
19 Adjustments		
Amortisation/depreciation and impairment losses	5,600	3,437
Income from investments in group entities	-23,026	-645
Tax for the year	2,000	-3,609
	-15,426	-817
20 Changes in working capital		
Change in inventories	56,992	6,985
Change in receivables	-10,082	33,339
Change in trade and other payables	8,591	19,533
	55,501	59,857
DKK'000	2020/21	2019/20
21 Cash and cash equivalents at year-end		

Financial statements 1 August 2020 - 31 July 2021

Notes to the financial statements

Cash according to the balance sheet

<u>103,876</u>	<u>40,629</u>
<u>103,876</u>	<u>40,629</u>