

Krone ScanBalt A/S

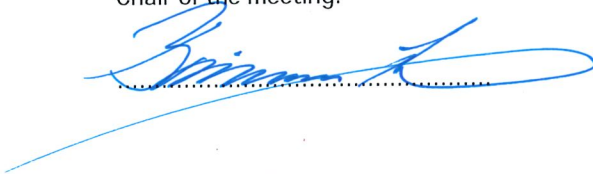
Kilen 5, 6330 Padborg

CVR no. 20 00 32 86

Annual report 2022/23

Approved at the Company's annual general meeting on *21.12.2023*

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 2022 - 31 July 2023.


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 2023 and of the results of the Company's operations for the financial year 1 August 2022 - 31 July 2023.

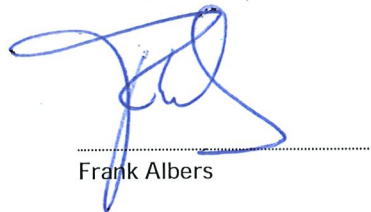
Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Padborg, 15 September 2023
Executive Board:


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Jan Theodor Knudsen
.....
Ole Randum Nielsen

Board of Directors:


.....
Stefan Binnewies
Chairman
.....
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 2022 - 31 July 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 July 2023 and of the results of the Company's operations for the financial year 1 August 2022 - 31 July 2023 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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, 15 September 2023
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 2022 - 31 July 2023
Board of Directors	Stefan Binnewies, Chairman Frank Albers Johannes Hennewig
Executive Board	Jan Theodor Knudsen Ole Randum Nielsen
Auditors	EY Godkendt Revisionspartnerselskab Skibbroen 16, 6200 Aabenraa, Denmark

Management's review

Financial highlights

DKK'000	2022/23	2021/22	2020/21	2019/20	2018/19
Key figures					
Revenue	365,625	325,044	322,081	273,690	402,351
Operating profit/loss	6,446	6,814	8,037	-302	5,279
Net financials	28,995	14,506	1,341	-18,620	-587
Profit for the year	35,272	24,053	31,378	-12,183	21,768
Non-current assets					
Current assets	297,976	293,777	209,161	183,393	182,295
Total assets	255,062	161,912	252,958	236,632	237,469
Investments in property, plant and equipment	553,038	455,689	462,119	420,025	419,764
Equity	1,247	36,362	16,184	9,426	17,356
Current liabilities	189,690	177,224	140,236	108,411	125,810
Financial ratios					
Operating margin	2.1%	2.4%	2.8%	0.8%	1.5%
Return on assets	1.3%	1.5%	1.8%	-0.1%	1.2%
Equity ratio	34.3%	38.9%	30.3%	25.8%	30.0%
Return on equity	19.2%	15.2%	25.2%	-10.4%	18.9%
Average number of full-time employees					
	34	32	30	29	30

Management's review

Business review

As in previous years, the company has engaged in the acquisition, sale and lease of transport 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. Especially, we refer to the description of risk and uncertainties related to subsidiaries in Russia and Ukraine.

Financial review

The 2022/23 financial statements shows a profit of DKK 35,272 thousand.

The equity totalled DKK 189,690 thousand at 31 July 2023, corresponding to a solvency ratio of 34.3 %.

The profit for the financial year 2022/23 is realised better than the outlook presented in the annual report 2021/22. Turnover increased 12.5% compared to last year, which was higher than inspected. In addition, profit from subsidiaries was realised higher than expected due to high activity on the respective markets. All in all results are considered satisfactory.

The company is primarily financed by its parent company, and the company's cash at bank and in hand totalled DKK 13,987 thousand at 31 July 2023.

Capital resources are assessed to be adequate for activities budgeted for 2023/24.

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 2022/23 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 A/S is an innovative company, which through professional and dedicated employees wishes to be the leading supplier of tailored transportation equipment focusing on quality and competent, individual trailer solutions and services. A prerequisite for obtaining and maintaining success in that is to be an attractive and professionally competent working place characterised by high service, knowledge, commitment and determination. This is ensured by demonstrating a high, professional level in everything we do.

Customers:

Our mission is to develop and ensure efficient and secure transportation equipment for our customers, including transport companies, carriers and drivers. Thereby we support our customers' business and create opportunities for value optimisation and value creation for our customers and ourselves.

Value-adding cooperation:

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

Products:

Our Krone standard programme allows us to offer complete trailers, truck trailers, chassis and swap body containers and spare parts. The transportation equipment may be bought as new, used or it may be rented. Spare parts are bought as new.

Customised solutions:

Through professionalism, quality and dedication we aim at creating the best possible individual solutions for our customers. We aim at giving our customers a supreme purchase experience among other things by offering an efficient and reliable supply chain with a broad range of services and possibilities.

Continuous optimisation of our products:

Krone Scanbalt puts in a great effort to improve, optimise and future-proof transportation equipment both in respect of the customers' current and future needs as well as digital requirements, but also environmental considerations. Environmental aspects are always a focal point when we develop our products. We have a certified environmental system for the areas development, manufacturing and distribution of commercial vehicles. We continuously strive to reduce emission, noise and odours as to minimise waste and wastewater. Generally, in everything we do, we strive to fulfil and contribute to UN's 17 Sustainable Development Goals.

Management's review

Employees:

Significant risks	Policy	Actions in 2022- 2023	Performance in 2022-2023	Outlook
<p>It is increasingly harder to attract qualified labour 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>	<p>To make Padborg an attractive place to work</p>	<p>Employees' participation in local networks, i.a. under Padborg Transportcenter (Board of Directors and HR network)</p>	<p>HR network (involving Elevforum, Padborg and startup of "PR project")</p>	<p>Krone ScanBalt A/S will continue to ensure good working conditions, including development and educational opportunities for its employees.</p> <p>2 temporary workers have been permanently employed</p>
	<p>Draw attention to the transportation business</p>	<p>We will introduce various work areas/professions at Krone</p>	<p>One trainee (kitchen) One foreign trainee Use of temps (kitchen and warehouse) Participation in feature days for pupils</p>	
	<p>Open possibilities for education</p>	<p>New apprenticeship</p>	<p>Inventory operator-apprentice from March 2021 The inventory operator-apprentice is concurrently in training as a salesman</p>	
	<p>Professional development</p>	<p>Career- and job development opportunities</p>	<p>One employee is appointed head of department One employee has been transferred from warehouse to marketing One employee is a superuser in SAP</p>	
		<p>Courses and in-service training</p>	<p>On-line courses, i.a. Microsoft 365, internal Krone courses, LEAN</p> <p>Various webinars, i.a. job satisfaction, hygiene, management role and development of employees</p> <p>Courses, i.a. management role, sale</p> <p>Education, i.a. academy in Management, GLU</p> <p>Internal courses in trailer knowledge/use of internal specialist knowledge</p> <p>Internal knowledge-sharing i.a. through</p>	

Management's review

<p>To find the right employee and subsequently retain the employee must also be a focal point for the company. An employee with precisely the right profile and the right qualifications is difficult to find through the common channels. Furthermore, the employees are less loyal to their workplace, and in particular the young generations quickly feel bored in their job and therefore look for new and existing challenges.</p>	LEAN project: Improve working procedures	Implementation of SAP control system	coffee meetings for mid-level managers Internal courses for SAP superusers and other employees	DISC analyses are used for all hires
	Personal development	Annual employee-interviews with the immediate Manager and HR		
	Personal profile	Annual salary interview with Manager HR certified to perform Extended DISC profiles	All new hires + four other employees DISC analysed	
	Recruitment	Use of temps from JKS A/S	Temporary employment ended up in permanent employment for two employees	
	Maintenance	Onboarding program for all new hires	Krone ScanBalts internal introductory course is updated and improved on an ongoing basis	
	Information	Scheduled joint meetings	Employees express that they feel informed of "big and small things" in the company	
	Optimise/streamline working areas	Implementation of SAP control system	In particular the working procedures at Krone Parts have been streamlined	

Physical and social matters:

Significant risks	Policy	Actions in 2022- 2023	Performance in 2022-2023	Outlook
<p>The economic prosperity and the resulting faster pace in the job market demand still more and more from the individual employee. Still high requirements/expectations of huge efforts, good performance quality and continuous development may put pressure on the employee and thus there is a risk of dissatisfaction, burnout and stress. Furthermore, there is a risk</p>	<p>Krone ScanBalt's considerable efforts to increase personal well-being and job satisfaction must bear fruit – we aspire to be the industry's best workplace that attracts and retains the best employees!</p>	<p>Work with the house's social capital</p> <p>LEAN courses</p>	<p>Improved information flow between management-middle management-employees</p> <p>Streamlining of working procedures</p> <p>Development of employees/mid-managers</p> <p>All employees are LEAN certified</p>	<p>In 2023, Krone ScanBalt A/S will continue to give high priority to its employees' general well-being and personal and professional development.</p>

Management's review

<p>of physical injuries because of either sedentary or physically arduous work.</p>	<p>Focus on mental sustainability</p>	<p>Meal scheme</p> <p>Massage scheme</p> <p>Krone ScanBalt offers its employees and their families participation in a fitness scheme</p> <p>Employees under stress - action plan prepared</p> <p>LEAN project</p> <p>Employees under the senior job scheme</p> <p>Home workstation opportunity</p>	<p>Except for five, all employees in Krone ScanBalt have signed up for the meal system</p> <p>An average of approx. 50% of the employees/17 employees make use of the massage opportunity</p> <p>Currently 11 fitness subscriptions</p> <p>One employee: Work-life balance, interviews</p> <p>One employee: Stress coach, fixed interviews with manager</p> <p>Telephone answering machine at Parts to avoid constant calls and ringing tone</p> <p>One employee under the senior job scheme</p> <p>Possibility of purchasing equipment for home office</p> <p>Eleven employees have a fixed day working from home. A total of 75% are working from home on a fixed day or occasionally</p> <p>Microsoft Teams installed for all employees not least to ensure and stay in contact with colleagues who work from home</p>	<p>The employees have access to an always updated work of reference</p> <p>Info board in the canteen</p> <p>Information from Management through HR and/or joint meetings</p> <p>Team leader meetings, middle manager</p>
	<p>A good social working environment, security (i.a. in relation to rules and decisions) and a feeling of being well-informed are important to the modern employee.</p>	<p>Regular update of the employee manual</p> <p>Continuous communication of latest news to the employees</p>		

Management's review

		Krone ScanBalt's strategy planning	<p>meetings and department meetings</p> <p>Krone Parts: Daily morning blackboard meeting regarding SAP</p> <p>Regular updates on the latest news from our safety committee</p> <p>The employees/departments are involved in the preparation of a strategy plan not least to ensure and let the employees take ownership of the tasks and the Company's goals and plans.</p>	
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Physical working conditions:

Significant risks	Policy	Actions in 2022- 2023	Performance in 2022-2023	Outlook
Sedentary work is increasing, which poses an increased risk to our physical well-being.	<p>To allow our employees to give their best at work, it is essential that they feel secure in a well-functioning physical environment.</p> <p>Furthermore, the Krone ScanBalt encourages its employees to keep up their physique.</p>	<p>Ergonomics</p> <p>All employees are offered a health check</p> <p>Advice on and encouraging every employee with a home office to be aware of ergonomics</p> <p>Massage scheme for everyone</p> <p>Fitness opportunity</p>	<p>Everyone has an adjustable office desk and possibility of personally adjusted chair</p> <p>Everyone has access to various ergonomic aids</p> <p>The inventory department and our kitchen have purchased various aids</p> <p>Setting up sound barrier walls (mobile and fixed) in offices and purchase of large plants</p> <p>"Health indicator" performs a health check of approx. 75% of the employees</p> <p>Everyone is offered ergonomically correct equipment for the home workstation</p> <p>17 employees see a masseur regularly</p> <p>There are 11 fitness subscriptions</p>	<p>Krone ScanBalt A/S continues to care for its employees' physical well-being and encourage the employees to keep up their physique both at work and in their spare time.</p> <p>We will offer our employees a health check every second year</p>

Management's review

		Physical well-being	Ventilation system is inspected and updated Heat generating facility is inspected and updated	
		Correct working clothes	Inventory and kitchen staff: working shoes and working clothes (in the kitchen anti magnetic feature)	
		Security	First aid courses are offered every second year Security committee Regular control and securing of inventory conditions Regular control of truck certificates and drivers licenses Continued update of exterior and interior fire safety	
		Cleaning and hygiene	Regular control by cleaning company Kitchen, physical conditions, focus on cleaning and cleaning with alcohol gel	

Local community:

Significant risks	Policy	Actions in 2022- 2023	Performance in 2022-2023	Outlook
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 Krone ScanBalt. Therefore, we participate in many local activities.	Padborg Transportcenter Aabenraa Havn Various networks Visits from school classes City of Padborg	Board of Directors, HR network, marketing network Participation in network, both on-line and physical participation Eight class, Lyreskovskolen Participation in Transportens Dage 2022 Support to sport clubs and athletics clubs	Krone ScanBalt A/S continues its support of local society in the form of continued involvement and participation in local activities.

Management's review

			To the extent possible, gifts, office supplies, foodstuffs, etc. are purchased locally	
			Participation in Ren By Padborg 2023	

Human rights:

Significant risks	Policy	Actions in 2022- 2023	Performance in 2022-2023	Outlook
<p>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	Krone ScanBalts vision, mission and values	Prepared by Management of both companies in 2018 - regularly updated	<p>Krone ScanBalt A/S continues to work on minimising the possibility of discrimination and differential treatment in 2023.</p>
	Emphasize the importance of social capital	Possibility of working from home gives the employees more flexibility	75% of the labour force is working from home at a fixed day or from time to time Four employees have had a home office set up	
	No differential treatment	Continued focus on the individual employee's needs and requests, e.g opportunity of senior job scheme	One employee under the senior job scheme One employee's working hours are arranged according to commitments on the home front	
	Equal opportunities for everyone	Bullying policy (implemented in our employment policy in 2018)	One employee has a four days work week Constant focus on conflicts and bullying, if any, also in connection with the work on the social capital of the house.	
		Internal job advertisements	All vacancies are advertised internally in the house	
	Encouraging every employee to participate in projects, committees, etc.	Encouraging employees to "pursue/indicate career dreams"	Active feast committee and security committee, participation in various networks One employee has been appointed mid-level manager One employee has been transferred to a new department One employee is studying to become a coach	

Management's review

	Counteract "tradition-bound behaviour" and discrimination	In connection with new hires, we endeavour to have diversity regarding gender, age, ethnicity, etc.	More women, more nationalities in different age groups have been employed	
		We do not tolerate ethnic discrimination	One employee was called for a talk with manager and HR	
	Knowledge and fulfilment of the Krone Group's Code of Conduct and Compliance	The Krone Group's Compliance and Code of Conduct is implemented in the entire house	All employees at Krone are regularly completing Compliance training	

Climate and environment:

Significant risks	Policy	Actions in 2022- 2023	Performance in 2022-2023	Outlook
<p>There is a risk of negatively affecting the climate and environment in connection with the company's business activities, e.g. in relation to the carbon emission, handling of waste and packaging, etc.</p> <p>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> <p>The individual company thus needs to draw attention to sustainability.</p>	<p>We need to be resource-conscious and give consideration to sorting packaging and waste to minimise our environmental impact. Moreover, we endeavour to implement and fulfil UN's 17 Sustainable Development Goals both in terms of climate and other areas and in relation to sustainability.</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>Various environment-improving solutions, e.g. fuel-saving tyres, electricity solutions for cooling plants, cooling plants with carbon dioxide as fuel and mounting of solar cells on all refrigerated trailers.</p> <p>Minimising the use of packaging</p> <p>Startup of waste sorting project</p> <p>LEAN projects</p> <p>Changes made to office buildings and any extensions and rebuilds are performed taking climate and environmental matters into consideration.</p>	<p>In cooperation with customers and suppliers, carbon neutral transport solutions are prepared</p> <p>New sales department has handed over 30 trailers with cooling facility with carbon dioxide as fuel</p> <p>The store department reuses cardboard boxes, fill, etc.</p> <p>All waste in the entire company is sorted environmentally correct.</p> <p>Minimisation of print-outs, i.e. through the implementation of new monitoring programmes and two-sided copying</p> <p>Function in Outlook enables scanning in Ediva without printing first</p> <p>Plan to expand the warehouse and office</p>	<p>This resource-conscious approach will continue in 2023 to minimise the risk of negatively impacting the climate and environment.</p>

Management's review

	We will promote and aim at obtaining a more sustainable transport profile.	<p>Krone Parts</p> <p>Minimising carbon emission</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>Minimisation of no-load driving, i.a. with truck</p> <p>Goods from Germany are delivered in own trailers</p> <p>Electric trucks purchased for warehouse</p> <p>Eight charging points are available at Kilen 5.</p> <p>Eight charging points at employees</p> <p>2 electric cars and six hybrid cars, more are on their way</p>	
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Anti corruption/crime:

Significant risks	Policy	Actions in 2022- 2023	Performance in 2022-2023	Outlook
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>Krone ScanBalt A/S connected with MitID Erhverv</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 automatically performs regular controls in accordance with EU's and USA's sanctions lists</p> <p>Debtors and creditors are checked in Krone's compliance-management-system</p> <p>Telematic boxes are installed in trailers which i.a. is 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>	Krone ScanBalt A/S expects not to identify any crime or breach of our anti corruption policy in 2023.

Management's review

		The Krone Group's Compliance and Code of Conduct	All employees at Krone are regularly completing Compliance training	
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COVID-19:

Significant risks	Policy	Actions in 2022- 2023	Performance in 2022-2023	Outlook
The COVID-19 pandemic implied an enormous pressure on the physical as well as the mental working environment in recent years as the pandemic caused a considerable health risk to the individual employees, a change in working conditions and risk of lay-off.	We will continue to focus on protecting our employees against corona and thus also other infectious diseases.	<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>Disinfecting agents are available all over the house</p> <p>We have followed and adjusted to the Government's and the Ministry of Health's guidelines</p> <p>Ensuring the individual employee's security.</p>	<p>Possibility of working from home if an employee has felt insecure and if a member from his/her household has been infected with COVID-19 (also although quarantine requirements have lapsed).</p>	In 2023, Krone ScanBalt A/S will continue to monitor the development of the corona pandemic to be able to protect and support its employees against the virus.

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 2024: 33% of the members of the Board of Directors must be female.

Why the target figure has not been fulfilled: The overall target of Krone ScanBalt A/S is that the Board of Directors works as efficiently as possible considering the development of strategies, management and the company in general. Therefore, candidates with a suitable profile and experience are first priority, and gender is not a criterion to begin with. This year, no replacements have taken place in the Board of Directors, which could have made it possible to fulfil the target figure.

In connection with the next change to the Board of Directors, Krone ScanBalt will see whether internally in the Group there is a female candidate with a suitable profile and experience to fulfil our target figure for gender parity.

Other management:

As the company has less than 50 employees, no policy for increasing the underrepresented gender in other Management has been drawn up.

Data ethics

Krone Scanbalt A/S does not find it relevant to prepare a data ethics policy at this stage. Management has emphasized that the company only to a limited extent collects and processes data and does not use technologies as a main part of the company's principal activities. Moreover, specific data analyses, evaluations or segmentations are neither performed by the company nor by external suppliers.

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 2023/24 financial year will decrease 0 - 10% compared to financial year 2022/23. Profit before tax for 2022/23 is expected between DKK 30-40 million.

Financial statements 1 August 2022 - 31 July 2023

Income statement

Note	DKK'000	2022/23	2021/22
3	Revenue	365,625	325,044
	Cost of sales	-326,048	-283,021
	Other operating income	1,125	1,032
13	Other external expenses	-7,862	-6,526
	Gross profit	32,840	36,529
4	Staff costs	-20,142	-18,467
	Depreciation, amortisation and impairment losses	-5,127	-10,216
	Profit before net financials	7,571	7,846
	Share of profit/loss in subsidiaries after tax	33,135	30,143
5	Financial income	3,370	4,003
6	Financial expenses	-7,510	-19,640
	Profit before tax	36,566	22,352
7	Tax for the year	-810	1,701
	Other taxes	-484	0
	Profit for the year	35,272	24,053

Financial statements 1 August 2022 - 31 July 2023

Balance sheet

Note	DKK'000	<u>2022/23</u>	<u>2021/22</u>
	ASSETS		
	Non-current assets		
8	Property, plant and equipment		
	Land and buildings	38,141	38,912
	Fixtures and fittings, tools and equipment	3,060	26,012
		<u>41,201</u>	<u>64,924</u>
9	Financial assets		
	Equity investments in subsidiaries	209,738	199,985
	Receivables from group entities	47,037	28,868
		<u>256,775</u>	<u>228,853</u>
	Total non-current assets	<u>297,976</u>	<u>293,777</u>
	Current assets		
	Inventories		
	Goods for resale	84,168	42,717
		<u>84,168</u>	<u>42,717</u>
	Receivables		
	Trade receivables	10,748	21,603
	Receivables from group entities	138,465	71,061
	Corporation tax asset	7,436	4,461
	Other receivables	25	19
	Prepayments	233	557
		<u>156,907</u>	<u>97,701</u>
	Cash	<u>13,987</u>	<u>21,494</u>
	Total current assets	<u>255,062</u>	<u>161,912</u>
	TOTAL ASSETS	<u><u>553,038</u></u>	<u><u>455,689</u></u>

Financial statements 1 August 2022 - 31 July 2023

Balance sheet

Note	DKK'000	2022/23	2021/22
	EQUITY AND LIABILITIES		
	Equity		
10	Share capital	71,000	71,000
	Reserve for net revaluation according to the equity method	94,254	84,502
	Retained earnings	24,436	21,722
	Total equity	<u>189,690</u>	<u>177,224</u>
	Liabilities		
	Non-current liabilities		
11	Deferred tax	618	363
	Total non-current liabilities	<u>618</u>	<u>363</u>
	Current liabilities		
	Prepayments received from customers	4,603	13,967
	Trade payables	3,635	4,313
	Amounts owed to affiliates	340,546	233,862
	Corporation tax	7,113	7,325
	Other payables	6,020	17,032
	Deferred income	813	1,603
	Total current liabilities	<u>362,730</u>	<u>278,102</u>
	Total liabilities	<u>363,348</u>	<u>278,465</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>553,038</u></u>	<u><u>455,689</u></u>

- 1 Accounting policies
- 2 Recognition and measurement uncertainties
- 12 Derivative financial instruments
- 14 Contractual obligations and contingencies, etc.
- 15 Collateral
- 16 Related parties
- 17 Appropriation of profit

Financial statements 1 August 2022 - 31 July 2023

Statement of changes in equity

Note	DKK'000	Share capital	Reserve for net revaluation according to the equity method	Retained earnings	Total
	Equity at 1 August 2021	71,000	41,423	27,812	140,235
17	Transfer, see "Appropriation of profit"	0	43,079	-19,026	24,053
	Exchange adjustment, foreign subsidiaries	0	0	12,936	12,936
	Equity at 1 August 2022	71,000	84,502	21,722	177,224
17	Transfer, see "Appropriation of profit"	0	9,752	25,520	35,272
	Exchange adjustment, foreign subsidiaries	0	0	-22,806	-22,806
	Equity at 31 July 2023	71,000	94,254	24,436	189,690

Financial statements 1 August 2022 - 31 July 2023

Notes to the financial statements

1 Accounting policies

The annual report of Krone ScanBalt A/S for 2022/23 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.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company, Bernard Krone Holding SE & Co. KG.

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 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.

Financial statements 1 August 2022 - 31 July 2023

Notes to the financial statements

1 Accounting policies (continued)

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 and operating lease payments, 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.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains 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

The item comprises depreciation 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:

Buildings	10 - 50 years
Fixtures and fittings, tools and equipment	3 - 10 years

Land is not depreciated.

Profit/loss from investments in group entities

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 statements 1 August 2022 - 31 July 2023

Notes to the financial statements

1 Accounting policies (continued)

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.

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.

Financial statements 1 August 2022 - 31 July 2023

Notes to the financial statements

1 Accounting policies (continued)

Investments in group entities

Equity investments in group entities 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 an 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 group entities 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 is assessed for impairment on an annual basis.

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

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

Receivables are measured at amortised cost.

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.

Financial statements 1 August 2022 - 31 July 2023

Notes to the financial statements

1 Accounting policies (continued)

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 group entities 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.

Translation reserve

The translation reserve comprises the share of foreign exchange differences arising on translation of financial statements of entities that have a functional currency other than DKK, foreign exchange adjustments of assets and liabilities considered part of the Company's net investments in such entities and foreign exchange adjustments regarding hedging transactions that hedge the Company's net investments in such entities. The reserve is dissolved on the sale of foreign entities or if the conditions for effective hedging no longer exist. When equity investments in subsidiaries in the parent company financial statements are subject to the limitation requirement in the net revaluation reserve according to the equity method, foreign exchange adjustments will be included in this equity reserve instead.

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".

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 group entities' income taxes vis à vis the tax authorities as the group entities pay their joint taxation contributions. Joint taxation contributions payable or receivable are recognised in the balance sheet as income tax receivables or payables.

Financial statements 1 August 2022 - 31 July 2023

Notes to the financial statements

1 Accounting policies (continued)

Liabilities

The Company has chosen IAS 39 as interpretation for 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.

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:

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

Financial statements 1 August 2022 - 31 July 2023

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.

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.

Total exposure against Russian subsidiaries amounts to DKK 37.8 million, which include DKK 37.2 million equity and DKK 0.6 million receivables. These amounts in Rubles have been recognized based on closing exchange rates, however subject to increased uncertainty due to very fluctuating exchange rates and increased risk due to current sanctions and restrictions. In addition, recent events have increased the risk for Western companies to maintain control over subsidiaries in Russia. It is difficult to assess the consequences of the imposed and possible additional sanctions in the long term, however, sanctions can have a negative impact on the Russian economy, the subsidiaries in Russia and the parent company's access to control the exposure.

Total exposure against Ukraine amounts to DKK 11.6 million, which include DKK 7.6 million equity and DKK 4.0 million receivables. As the war is ongoing, the precise measures of the damage to the Ukrainian economy cannot be reliably estimated. In addition, the assets in Ukraine can be effected by the ongoing war.

The financial statements reflect management's assessments of the impact of the business environments in Russia and Ukraine on the operations and financial position of Krone Scanbalt A/S' subsidiaries on these markets. The future business environment may differ from this assessment.

DKK'000	<u>2022/23</u>	<u>2021/22</u>
3 Segment information		
Breakdown of revenue by business segment:		
New	198,629	190,655
Used	127,994	99,465
Rent	4,257	9,170
Spareparts	34,745	25,754
	<u>365,625</u>	<u>325,044</u>
Breakdown of revenue by geographical segment:		
Denmark	221,873	210,733
EU	128,972	91,225
Rest of the world	14,780	23,086
	<u>365,625</u>	<u>325,044</u>

Financial statements 1 August 2022 - 31 July 2023

Notes to the financial statements

DKK'000	<u>2022/23</u>	<u>2021/22</u>
4 Staff costs and incentive programmes		
Wages/salaries	16,721	15,366
Pensions	2,162	2,124
Other social security costs	245	238
Other staff costs	1,014	739
	<u>20,142</u>	<u>18,467</u>
Average number of full-time employees	<u>34</u>	<u>32</u>
Remuneration to members of Management:		
Executive Board	3,086	3,000
Board of Directors	0	0
	<u>3,086</u>	<u>3,000</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	<u>2022/23</u>	<u>2021/22</u>
5 Financial income		
Interest income from subsidiaries	3,334	1,733
Other financial income	36	2,270
	<u>3,370</u>	<u>4,003</u>
6 Financial expenses		
Interest expense to affiliates	6,309	4,324
Other financial expenses	1,201	15,316
	<u>7,510</u>	<u>19,640</u>
7 Tax for the year		
Estimated tax charge for the year	554	-467
Deferred tax adjustments in the year	256	-1,234
	<u>810</u>	<u>-1,701</u>

Financial statements 1 August 2022 - 31 July 2023

Notes to the financial statements

8 Property, plant and equipment

DKK'000	Land and buildings	Fixtures and fittings, tools and equipment	Total
Cost at 1 August 2022	44,609	37,737	82,346
Additions in the year	127	1,120	1,247
Disposals in the year	0	-29,518	-29,518
Cost at 31 July 2023	44,736	9,339	54,075
Impairment losses and depreciation at 1 August 2022	5,697	11,725	17,422
Amortisation/depreciation in the year	898	4,230	5,128
Reversal of prior-year impairment losses	0	-1,128	-1,128
Reversal of amortisation/depreciation and impairment of disposals	0	-8,548	-8,548
Impairment losses and depreciation at 31 July 2023	6,595	6,279	12,874
Carrying amount at 31 July 2023	38,141	3,060	41,201
Depreciated over	10-50 years	3 - 10 years	

9 Financial assets

DKK'000	Equity investments in subsidiaries	Receivables from group entities	Total
Cost at 1 August 2022	115,484	28,868	144,352
Additions on merger / corporate acquisition	0	23,809	23,809
Additions in the year	0	-5,640	-5,640
Cost at 31 July 2023	115,484	47,037	162,521
Value adjustments at 1 August 2022	84,501	0	84,501
Exchange adjustment	-22,806	0	-22,806
Dividend distributed	-4,838	0	-4,838
Share of the profit/loss for the year	33,135	0	33,135
Other adjustments, investments	4,262	0	4,262
Value adjustments at 31 July 2023	94,254	0	94,254
Carrying amount at 31 July 2023	209,738	47,037	256,775

Group entities

Name	Domicile	Interest	Equity DKK'000	Profit/loss DKK'000
UAB Krone ScanBalt	Lithuania	100.00%	110,734	13,819
OÜ Krone ScanBalt	Estonia	100.00%	22,033	2,960
SIA Krone ScanBalt	Latvia	100.00%	32,312	2,735
OOO Krone ScanBalt	Kaliningrad	99.00%	33,911	10,999
OOO Krone ScanBalt	Moscow	99.00%	3,292	100
LLC Krone ScanBalt	Ukraine	99.00%	7,643	2,735
Scanbalt International	Padborg	100.00%	467	125

Financial statements 1 August 2022 - 31 July 2023

Notes to the financial statements

9 Investments (continued)

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

ScanBalt Trailer, Belarus, ownership 100%. The entity was liquidated during financial year 2022/23.

Intra group profits at 31 July 2023 amounts to DKK 206 thousands (DKK 135 thousand in 2021/22).

DKK'000	<u>2022/23</u>	<u>2021/22</u>
10 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	<u>70,000</u>	<u>70,000</u>
	<u>71,000</u>	<u>71,000</u>

No shares carry special rights.

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

DKK'000	<u>2022/23</u>	<u>2021/22</u>
11 Deferred tax		
Deferred tax at 1 August	362	1,597
Adjustment of the deferred tax charge for the year	<u>256</u>	<u>-1,235</u>
Deferred tax at 31 July	<u>618</u>	<u>362</u>
Deferred tax relates to:		
Property, plant and equipment	1,786	6,824
Inventories	<u>-1,168</u>	<u>-6,462</u>
	<u>618</u>	<u>362</u>

12 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.

Financial statements 1 August 2022 - 31 July 2023

Notes to the financial statements

DKK'000	<u>2022/23</u>	<u>2021/22</u>
13 Fee to the auditors appointed in general meeting		
Statutory audit	312	293
Tax assistance	33	32
Other assistance	<u>242</u>	<u>271</u>
	<u>587</u>	<u>596</u>

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

Krone Scanbalt A/S has issued comfort letter to support the subsidiary Krone Scanbalt SIA with liquidity for financial year 2023/24.

Other lease liabilities:

DKK'000	<u>2022/23</u>	<u>2021/22</u>
Lease liabilities	<u>1,850</u>	<u>2,693</u>

Lease liabilities fall due until April 2026.

15 Collateral

The company has not provided any security or other collateral in assets at 31 July 2023.

16 Related parties

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

Parties exercising control

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

Information about consolidated financial statements

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

Financial statements 1 August 2022 - 31 July 2023

Notes to the financial statements

16 Related parties (continued)

Related party transactions

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

DKK'000	<u>2022/23</u>	<u>2021/22</u>
Sale of goods to subsidiaries	40,552	44,059
Purchase of goods from affiliates	194,873	180,872
Interest income from subsidiaries	3,334	1,733
Interest expenses to affiliates	6,309	4,324
Receivables from subsidiaries	185,501	99,929
Payables to affiliates	340,546	233,862

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

DKK'000	<u>2022/23</u>	<u>2021/22</u>
17 Appropriation of profit		
Recommended appropriation of profit		
Net revaluation reserve according to the equity method	9,752	43,079
Retained earnings/accumulated loss	<u>25,520</u>	<u>-19,026</u>
	<u>35,272</u>	<u>24,053</u>