Zeppelin Danmark A/S

DK-Park Allé 363
DK-2605 Brøndby

CVR no. 40 64 92 47

Annual report 2020

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

9 June 2021

Michael Heidemann
Chairman

Contents

Statement by the Supervisory Board and the Executive Board

The Supervisory Board and the Executive Board have today discussed and approved the annual report of Zeppelin Danmark A/S for the financial year 1 January – 31 December 2020.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020.

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

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

Brøndby, 9 June 2021
Executive Board:

Volker Possögel

Supervisory Board:

Michael Heidemann Chairman	Christian Dummler	Alexandra Mebus

Independent auditor's report

To the shareholders of Zeppelin Danmark A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2020, and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Zeppelin Danmark A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

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 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Management's responsibility for the financial statements

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

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

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

— identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

— obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

— evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

— conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

— evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Hellerup, 9 June 2021
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Martin Lunden
State Authorised
Public Accountant
mne32209

Maj-Britt Nørskov Nannestad
State Authorised
Public Accountant
mne32198

Management's review

Company details

Zeppelin Danmark A/S
Park Allé 363
DK-2605 Brøndby

CVR no.:	40 64 92 47
Established:	1 July 2019
Registered office:	Brøndby
Financial year:	1 January – 31 December

Supervisory Board

Michael Heidemann, Chairman
Christian Dummler
Alexandra Mebus

Executive Board

Volker Possögel

Auditor

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup
CVR no. 33 77 12 31

Management's review

Financial highlights

DKK'000	2020	2019
Key figures		
Revenue	827,746	0
Gross profit/loss	177,478	-2,116
Profit/loss before financial income and expenses	2,780	-12,238
Loss from financial income and expenses	-3,544	-46
Loss for the year	-665	-9,615
Total assets	488,326	512,882
Equity	129,716	130,382
Investment in property, plant and equipment	26,046	110,389
Ratios		
Gross margin	21.44%	0.00%
Operating margin	1.00%	0.00%
Return on invested capital	3.42%	-13.23%
Current ratio	143.68%	89.83%
Return on equity	-0.51%	-14.75%
Solvency ratio	26.56%	25.42%
Other key figures		
Average number of full-time employees	258	1

The financial ratios have been calculated as follows:

Gross margin	$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$
Operating margin	$\frac{\text{Operating profit/loss x 100}}{\text{Revenue}}$
Return on invested capital	$\frac{\text{Operating profit/loss * 100}}{\text{Average invested capital}}$
Current ratio	$\frac{\text{Current assets x 100}}{\text{Current liabilities}}$
Return on equity	$\frac{\text{Loss for the year x 100}}{\text{Average equity}}$
Solvency ratio	$\frac{\text{Equity x 100}}{\text{Total equity and liabilities at year-end}}$

Management's review

Operating review

Principal activities

The Company's activities comprise rental, purchase, sale and service in Denmark, Greenland and the Faroe Islands of Caterpillar construction machinery and sale and service of Caterpillar and MaK engines for the marine and oil industry.

Development in activities and financial position

The Company's income statement for 2020 shows a profit of DKK'000 -665 as against DKK'000 -9,615 in 2019. Equity in the Company's balance sheet at 31 December 2020 stood at DKK'000 129,716 as against DKK'000 130,382 at 31 December 2019. The result for the year is in line with expectations for Zeppelin Danmarks first year of business.

Events after the balance sheet date

After the end of the financial year, no events have occurred which may change the financial position of the Company substantially.

Outlook

For 2021, Management plans for a positive net result of approx. 6M DKK although the full impact of COVID-19 cannot be fully determined at this point in time.

Intellectual capital

The Company's ability to create value for customers and co-operators goes hand in hand with the continued development of our core values. Sale and service of Caterpillar engines and construction machiney places high demands on both technical and personal skills. The systemisation of staff development meetings and the acquisition of new knowledge through training and practice is the key to preserve and strengthen present competitiveness.

Financial instruments

The Company's goals and policies for management of financial risks

Business exposure to currency and interest risk is modest and hedged to the greatest extent possible. The Company's credit exposure is normal in its line of business.

The Company's risk exposure

As a supplier of equipment to the Danish construction Industry, the Company's activities and performance are highly dependent on the level of private and public building and construction levels. These construction levels are generally highly sensitive to cyclical fluctuations and political climate.

The Company is also a supplier of engines to the oil and gas industry, which has seen increased volatility over the past years. This volatility can affect the Company's results.

Corporate social responsibility

Consideration and accountability to the outside world, employees, customers, the environment and society are important at Zeppelin Danmark A/S. Our CSR policy is integrated into all parts of the organisation, meaning that we take social, ethical and environmental issues into daily account.

Management's review

Operating review

The CSR policy is incorporated into Zeppelin Danmark's business strategy, which means that we focus on our actions.

Zeppelin Danmark's CSR strategy has the following focus areas:

— Working environment and social conditions: Safety, health, work accidents and sickness absence, which is documented in our KPIs.

— Ethics & Anti-Corruption: We will appear as a company that does business in an ethical and responsible manner.

— Social Responsibility: Equality, integration, students.

— Environment & climate impact: We take responsibility for the environment seriously. We want to appear as a responsible company that protects the environment and continuously improves our own environmental performance and helps our customers improve theirs.

Human rights

At Zeppelin Danmark A/S we respect human rights and see this as a natural part of doing business. In case of human rights violations, the individual employee must go to HR or the immediate superior.

In 2020, Zeppelin Danmark experienced 0 cases of human rights violations'. As such, we see the risk of future violations as being minimal.

Despite this minimal risk of violations, Zeppelin Danmark A/S will continue to respect human rights and will ensure that this continues to be part of our daily business for employees, customers and suppliers alike.

Environmental matters and Climate impact

As described under Principal Activities, we supply engines and machines as well as associated parts and service. We recognise that we operate in an area where there is potentially significant impact on the environment. We are therefore committed to having a strong focus on climate and the environment.

Due to the nature of our products, it is important to us that we help our customers take care of the environment. We do this, among other things, by offering more fuel-saving engine solutions, which are developed in close collaboration with customers, including conversion of existing engines, by offering catalyst units that can reduce NOx emissions and by instructing customers in the correct use and maintenance of our products, which ensures less fuel consumption, less lubricating oil consumption, fewer emissions and an extended life of the product.

We take care of our surroundings; comply with all applicable environmental requirements and regulations, including our environmental approvals. We are constantly working to improve our energy and environmental performance and the goal is, among other things, to introduce an energy management system in accordance with ISO 50001. We contribute as much as we can to limit the environmental and climate impacts of our products through our close relationship and dialogue with customers.

Environment and sustainability are internally related to waste sorting, safe storage and handling of chemicals, routines for maintenance of extraction systems, monitoring of tank systems and the selection of suppliers and materials. We focus on our energy consumption and CO2 footprint and have two locations that will switch to using only green electricity, secured via REC certificates. Based on the consumed amount of energy (power, heat and fuels) at all our locations our CO2 emission is estimated to be 933 tons in 2020. We produced 461 tons of waste of which 129 tons were classified as hazardous waste mainly waste oil and waste originating from cleaning equipment and engine parts at our workshops (wastewater, contaminated soil and waste from oil separators).

Management's review

Operating review

Through our environmental approval and other measures and routines, we have minimised any risks of pollution and limited emissions from our locations. In addition, we have an ongoing focus on reducing our CO2 footprint.

We contribute as much as we can to limit the environmental and climate impacts of our products through our close relationship and dialogue with customers.

Goals and policies for the underrepresented gender

As Zeppelin Danmark A/S is new business it has not yet defined a specific goal relating to the underrepresented sex. However we wants, in line with the group policy a diverse and inclusive organization which creates a strong company and good and innovative environment but strives always to provide equal opportunities for both male and female employees with respect to salary, promotion and ensuring a good work environment for all employees to best utilize their skills and management responsibilities.

Zeppelin Denmark A/S operates in an industry with few female workers and we regularly experience difficulties in recruiting female employees at all levels of the organization. Zeppelin Danmark has an equal gender distribution at the top management level. However, at the moment two out of seven managers are woman. Managing Director and HR Manager.

Zeppelins Danmark A/S' Supervisory Board is consisting of leading management from Zeppelin GmbH and is constituted in accordance with Article 7 of the German Codetermination Act and comprises three members, one of which is a woman.

The extended Danish leadership team consist of 24 Leaders, five of which are women.

Zeppelin Danmark A/S has not defined a specific goal relating to the number of women in Management but works deliberately in recruiting potential employees, managers and board members, on the basis of experience and competences to ensure the best possible team is leading the business. In Denmark it is not allowed to apply specific criteria to job postings to recruit women, however we discuss the possibility of recruiting woman in every recruiting, and in each recruitment process our managers look specifically at applications from women in order to employ more woman. This has resulted in an increase in the number of women in management from three in 2019 to five in 2020.

Working environment and social conditions

Safety and health are a part of our values, and having happy and satisfied employees in a good and safe working environment is important to Zeppelin Danmark A/S.

At Zeppelin Danmark A/S, we ensure all employees a good health insurance, massage scheme and coffee and fruit scheme. Half yearly, an employee satisfaction analysis is performed as we know that we perform better with satisfied employees.

The safety of our workplace is taken very seriously. Zeppelin Danmark A/S wants all employees to come home safely every day.

First-aid courses are held for employees, and the company holds a defibrillator at each location.

Relevant and required protective equipment is always made available to our employees. Tools, lifting gear and other equipment are maintained and checked on an ongoing basis.

In our workshops and warehouses, requirements for safe traffic and behavior have been introduced, just as requirements are set for safe behavior for everyone who works in the field and it is an expressed expectation that all employees contribute to a safe everyday life.

Management's review

Operating review

We ensure that everyone has the opportunity to report safely if they see an action or experience a situation that could lead to an accident. These reports are handled by Zeppelin Danmark A/S' Safety Officer, who ensures communication to the management as well as follow-up on the cases with appropriate corrective measures. Based on the reports, safety statistics are compiled on a monthly and annual basis.

Any accidents are thoroughly analysed to determine the cause of the accident and how a similar accident can be avoided in the future. Accidents with absence are reported as required to the authorities.

In 2020, there were 6 accidents in Zeppelin Danmark A/S. 5 of these were minor accidents (first aid accidents) that did not require medical treatment. We had no accidents that were so serious that they resulted in absence, but we had an accident that required professional medical treatment.

We strongly believe that with the above-mentioned actions and continued monitoring and follow-up on unsafe situations, the risk of serious injuries is significantly reduced.

Ethics and anti-corruption

Zeppelin Danmark A/S is an ethical and responsible company. Zeppelin's Code of Conduct and special company policies set out in detail how the Company expects its employees to behave, whether internally or externally. During 2020, Zeppelin Danmark A/S did not find any breach of our corporate social responsibility standards regarding ethics or corruption.

Zeppelin Danmark A/S has not adopted a policy for anti-corruption and bribery, but has common values and a Code of Conduct to ensure a high ethical standard with a focus on integrity and professionalism now and in the future. No allegations of corruption or bribery have been made. Upon discovering any criminal activity, the individual employee must go to HR or the immediate superior.

Zeppelin Danmark A/S estimates the risk of breaches to our Ethic's and Anti-corruption standards as minimal, due to the continuous focus on this area.

In the near future, Zeppelin Danmark A/S will implement a whistleblower program where employees, in the case of witnessing any corruption or illegal action, can anonymously report to an independent party.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2020	1/7 - 31/12 2019
Revenue		827,746	0
Changes in inventories of finished goods and work in progress		-591,339	0
Other external costs		-58,929	-2,116
Gross profit/loss		177,478	-2,116
Staff costs	3	-146,213	-10,122
Depreciation, amortisation and impairment losses		-28,485	0
Profit/loss before financial income and expenses		2,780	-12,238
Other financial income	4	1,834	0
Other financial expenses	5	-5,378	-46
Loss before tax		-764	-12,284
Tax on loss for the year	6	99	2,669
Loss for the year	7	-665	-9,615

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2020	31/12 2019
ASSETS			
Fixed assets			
Intangible assets	8		
Customer base		95,063	109,303
Property, plant and equipment	9		
Land and buildings		77,017	77,787
Plant and machinery		30,950	22,427
Fixtures and fittings, tools and equipment		6,617	10,175
		114,584	110,389
Investments			
Other receivables		855	0
Deposits		430	0
		1,285	0
Total fixed assets		210,932	219,692
Current assets			
Inventories			
Work in progress		12,341	14,485
Finished goods and goods for resale		139,914	148,342
		152,255	162,827
Receivables			
Trade receivables		109,470	81,589
Receivables from group entities		249	0
Other receivables		4,519	8,514
Deferred tax asset	10	2,768	2,669
Prepayments	11	1,115	0
		118,121	92,772
Cash at bank and in hand		7,018	37,591
Total current assets		277,394	293,190
TOTAL ASSETS		488,326	512,882

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2020	31/12 2019
EQUITY AND LIABILITIES			
Equity			
Contributed capital	12	42,000	42,000
Share premium		97,997	97,997
Retained earnings		-10,281	-9,615
Total equity		129,716	130,382
Provisions	13		
Other provisions		5,242	6,666
Total provisions		5,242	6,666
Liabilities other than provisions			
Non-current liabilities other than provisions	14		
Lease obligations		41,470	46,659
Payables to group entities		120,106	0
Other payables		15,275	2,801
		176,851	49,460
Current liabilities other than provisions			
Current portion of non-current liabilities		9,681	7,669
Banks, current liabilities		11,629	0
Trade payables		53,189	29,803
Payables to group entities		7,327	234,579
Other payables		62,691	45,995
Deferred income		32,000	8,328
		176,517	326,374
Total liabilities other than provisions		353,368	375,834
TOTAL EQUITY AND LIABILITIES		488,326	512,882
Contractual obligations, contingencies, etc.	15		
Related party disclosures	16		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Contributed capital	Share premium	Retained earnings	Total
Equity at 1 January 2020	42,000	97,997	-9,616	130,381
Transferred over the distribution of loss	0	0	-665	-665
Equity at 31 December 2020	42,000	97,997	-10,281	129,716

Financial statements 1 January – 31 December

Notes

1 Accounting policies

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

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

Omission of cash flow statement

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

Ommission of fee to the the auditors

Pursuant to section 96(3) of the Danish Financial Statements Act, the Company has not disclosed the fee to the auditors appointed at the annual general meeting.

Foreign currency translation

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

Income statement

Revenue

The Company has chosen to use IFRS 15 Revenue from contracts with customers as the basis of interpretation when recognising revenue.

IFRS 15 contains one overall and comprehensive model for the recognition of revenue. The fundamental principle in IFRS 15 is that the Company is to recognise revenue so it reflects goods or services provided to customers at the amounts to which the Company is ecpected to be entitled for the provision of these goods or services.

Changes in inventories of finished goods and work in progress

Changes in inventories of finished goods and work in progress comprises costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale and changes to inventory of goods for resale.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Other external costs

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

Staff costs

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

Financial income and expenses

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

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

Tax on profit/loss for the year

The Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

The Company is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax 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 used the losses to reduce their own taxable profit.

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

Financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Balance sheet

Intangible assets

Customer base

Customer base that are acquired and have finite useful lives are measured at cost leass accumulated amortisation and any accumulated impairment losses. The estimated useful lives for customer base is 10 years.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal.

Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Property, plant and equipment

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

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

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

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

Buildings	25 years
Plant and machinery	5-7 years
Fixtures and fittings, tools and equipment	3-5 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Land is not depreciated.

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

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Leased assets and lease liabilities

The Company has chosen to use IFRS 16 Leases as the basis of interpretation for recognising and measurement of leases to which the Company is the lessee.

When entering into a contract, the Company assesses whether the contract is a lease or contains a lease component. A lease is defined as a contract or part of a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. When an assessing whether a contract contains a lease component, it must be considered whether, during the period of use, the lessee has the right to substantially all economic benefits from the use of the identified asset and the right to direct the used of the identified asset.

The Company recognises a right-of-use asset and a lease liability at the commencement date.

Lease liabilities recognised as "Lease liabilities" are initially measured at the present value of the lease payments that are not paid at the date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that eate connot re readily determined, the Company uses its incremental borrowing rate.

The lease payments consist of fixed and variable lease payments that depend on an index or a rate, guaranteed residual values, purchase options and extension options if the Company is reasonably certain to exercise the option and termination penalties if he lease term reflects the Company exercising an option to terminate the lease. The lease liability is subsequently adjusted as follows if:

- The value of the index or rate on which the lease payments are based is changed
- The exercise of options is changed in order to extend or terminate the lease due to significant events or a significant change in circumstances within the Company's control
- The lease term is changed if the option is exercised in order to extend or terminate the lease
- Estimated residual value guarantee is changed
- The contract is renogotiated or modified.

Any subsequent adjustment of the future lease liability is recognised as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is DKK 0, a negative adjustment to the right-of-use asset is, however, recognised in the income statement.

The right-of-use asset is initially measured at cost comprising amount of initial measurement of the lease liability plus any initial direct costs and any estimated costs of dismantling and removal of the asset at the end of the lease term which the Company is under an obligation to incur and any prepaid lease payments and less any lease incentives received.

The right-of-use asset is depreciated over the shorter of the lease term and the useful life of the right-of-use asset.

Short-term leases with a maximum lease term of 12 months an leases for low-value assets are not recognised in the balance sheet.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount of this is lower than the carrying amount.

Investments

Other receivables and deposits are recognised at amortised cost. Deposits consists of lease deposits.

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 and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance of depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

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

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast 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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Corporation tax and deferred tax

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

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

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

Provisions

Provisions are recognised when, as a result of an event occured before or on the balance sheet date, the Company has a legal or constructive obligation and it is probable that there may be an outflow of ressources embodying economic benefits to settle the obligation.

Provisions for work concerning services or warranties are recognised and measured on the basis of experience from warranty work and relate to equipment delivered before the balance sheet date.

Liabilities other than provisions

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

Other liabilities are measured at amortised cost, which usually corresponds to nominal value.

Deferred income

Deferred income comprises payment received regarding income in subsequent years.

Segment information

Segment information is provided on business segments and geographical markets. The segment information is in line with the Group's accounting policies, risks and internal financial management.

Financial statements 1 January – 31 December

Notes

2 Segment information

Activities – primary segment

DKK'000	Construction machines	Power systems	Rental services	Total
2020				
Revenue	483,052	343,536	1,158	827,746

Geographical – secondary segment

DKK'000	Denmark	EU	Rest of the world	Total
2020				
Revenue	590,703	167,854	69,189	827,746

3 Staff costs

DKK'000	2020	2019
Wages and salaries	133,517	10,122
Pensions	11,056	0
Other social security costs	1,640	0
	146,213	10,122
Average number of full-time employees	258	1

Persuant to section 98b(3) of the Danish Financial Act, the Company has not disclosed any executive remuneration.

DKK'000	2020	2019

4 Other financial income

	2020	2019
Interest income from group entities	3	0
Other financial income	789	0
Gain on disposal of financial instruments	1,042	0
	1,834	0

5 Other financial expenses

	2020	2019
Interest expense to group entities	2,330	0
Impairment losses on financial assets	0	46
Other financial costs	1,937	0
Loss on disposal of financial instruments	1,111	0
	5,378	46

Financial statements 1 January – 31 December

Notes

6 Tax on profit/loss for the year

DKK'000	2020	2019
Deferred tax for the year	-99	-2,669

7 Proposed distribution of loss

Retained earnings	-665	-9,615

8 Intangible assets

DKK'000	Customer base
Cost at 1 January 2020	109,303
Disposals for the year	-659
Cost at 31 December 2020	108,644
Amortisation and impairment losses at 1 January 2020	0
Amortisation for the year	-13,581
Amortisation and impairment losses at 31 December 2020	-13,581
Carrying amount at 31 December 2020	95,063

9 Property, plant and equipment

DKK'000	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Total
Cost at 1 January 2020	77,787	22,427	10,175	110,389
Additions for the year	6,357	17,070	2,619	26,046
Disposals for the year	0	-3,055	-3,892	-6,947
Transfers for the year	27	0	-27	0
Cost at 31 December 2020	84,171	36,442	8,875	129,488
Depreciation and impairment losses at 1 January 2020	0	0	0	0
Depreciation for the year	-7,154	-5,756	-2,753	-15,663
Reversed depreciation and impairment losses on assets sold	0	264	495	759
Depreciation and impairment losses at 31 December 2020	-7,154	-5,492	-2,258	-14,904
Carrying amount at 31 December 2020	77,017	30,950	6,617	114,584
Assets held under finance leases	40,493	10,557	0	51,050

Financial statements 1 January – 31 December

Notes

10 Deferred tax assets

DKK'000	31/12 2020	31/12 2019
Deferred tax at 1 January	2,669	0
Deferred tax adjustment for the year in the income statement	99	0
	2,768	0

Management has chosen to capitalise the full deferred tax asset based on forecast for the coming 4-5 years for the companies in the Danish joint taxation. The forecast is by nature subject to uncertainty.

11 Prepayments

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

12 Equity

Contributed capital consists of:

A shares, 42,000,000 shares of nom. DKK 1 each

All shares rank equally.

There have been no movements in contributed capital in 2020. In 2019 there were a capital increase of 41,600 thousand shares, from 400 shares to 42,000 thousand shares.

13 Other provisions

The Company provides warranties of up to 3 years on some of its products and is therefore under an obligation to repair or replace goods which are not working satisfactorily. Based on previous experience respect of the quantity of repairs and returns, other provisions have been recognised for expected warranties.

Of other provisions DKK 2,627 thousands are due with 1 year.

Financial statements 1 January – 31 December

Notes

14 Non-current liabilities other than provisions

Liabilities other than provisions can be specified as follows:

DKK'000	31/12 2020	31/12 2019
Liabilities other than provisions can be specified as follows:		
0-1 years	9,681	7,669
1-5 years	24,335	29,158
>5 years	17,135	17,501
	51,151	54,328
Payables to group entities		
0-1 years	7,327	0
1-5 years	120,106	0
	127,433	0
Other payables, including taxes payable:		
0-1 years	62,691	45,996
1-5 years	15,275	2,801
	77,966	48,797
Total liabilities other than provisions	256,550	103,125

15 Contractual obligations, contingencies, etc.

Contingent liabilities

The Company is jointly taxed with other Danish group companies. As the administrative company, together with the other companies included in the joint taxation, the Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties.

16 Related party disclosures

Zeppelin Danmark A/S related parties comprise the following:

Control

Zeppelin GmbH, Graf-Zeppelin-Platz 1, 85748 Garching near Munich, Germany

Zeppelin GmbH holds 100% of the contributed capital in the Company.

Zeppelin Danmark A/S is part of the consolidated financial statements of Zeppelin GmbH, Germany, in which the Company is included as a subsidiary.

The consolidated financial statements of Zeppelin GmbH and the consolidated financial statements of Zeppelin Group can be obtained by contacting the companies at the above addresses.

Financial statements 1 January – 31 December

Notes

Related party transactions

In accordance with section 98 c(7) of the Danish Financial Statements Act, the Company has not disclosed any related party transactions as they were conducted on an arm's length basis.

Remuneration to the Parent Company's Executive Board and Supervisory Board are disclosed in note 3.

Payables to group entities are disclosed in the balance sheet and interest income and expenses are disclosed in note 4 and 5.