Zeppelin Danmark A/S

Park Allé 363
2605 Brøndby

CVR no. 40 64 92 47

Annual report for the period 1 July - 31 December 2019

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

on 6 July 2020

Michael Heidemann

Contents

Statement by the Board of Directors and the Executive Board

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

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Company's operations and cash flows for the financial year 1 July – 31 December 2019.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities 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, 6 July 2020
Executive Board:

Volker Possögel | Annette Birgit Jacobsen

Board of Directors:

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 2019, and of the results of the Company's operations for the financial year 1 July – 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Zeppelin Danmark A/S for the financial year 1 July – 31 December 2019, 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 ad-ditional requirements applicable in Denmark. Our responsibilities under those standards and re-quirements 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 Inter-national 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 evi-dence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, 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 in Management's Review.

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 about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 these financial statements.

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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, 6 July 2020
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
2605 Brøndby

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

Board of Directors

Volker Possögel
Annette Birgit Jacobsen

Executive Board

Michael Heidemann, Chairman
Christian Dummler
Alexandra Mebus

Auditor

Pricewaterhousecoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup

Management's review

Operating review

Principal activities

The companies activities comprise rental, purchase, sale and service in Denmark, Greenland and Faroe Islands of Caterpillar Construction machinery, and sale and service of Caterpillar an MaK engines for the marine and oil & gas Industry.

Particular risks

Operating risks

As a supplier of equipment to the Danish construcrtion industry, the companies acitiviees and performance are highly dependant on the level of private and public building and construction levels . This are is is gernealt highlt 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 the past years. This volatity can effect the company's result.

Financial risks

Currency risks

The business exposure to currency and interest risk is modest and covered to the greartest extent possible. The company's credit exposure is normal in the line of industry.

Intellectual capital

The company's ability to create value for customers and co-operators goes hand in hand with a continued development of our core values. Sale and Service of Caterpillar Engines og Construction machines places high demands on both Technical and personal skills. The systemization of staff development meetings and the acquisition of new knowledge through training and practice is the key to preserve and strengthen the present competitiveness.

Outlook

For 2020 Management expects a positive net result, although the full impact of COVID-19 cannot be fully determined at this point in time.

COVID-19 are disclosed in note 13.

Events after the balance sheet date

The Impact of COVID-19 will undeniably have an impact on the Company's businesses. The full impact is difficult to determine, but we expect to delays in the start up's of new construction projects In 2020, and the impact of travel restrictions could potentially have a large impact on the service of engines in shipping and oil & gas segment depanding on how long resitrictions are in place. After the end of the financial year, no further events have occurred which may change the financial position of the Company substantially.

Management's review

Operating review

Development in activities and financial position

30th December 2019 acquired Zeppelin Danmark A/s, the Danish Caterpillar dealership. The activities of 2019 are entirely due to this acquisition, and are not due normal operating activities. Zeppelin Danmark will continue to invest in and grow the businesses' activities in the next years. The expectation for 2020 is therefore a modest positive result.

Financial statements 1 July – 31 December

Income statement

DKK'000	Note	1/7 – 31/12 2019
Gross loss		-12.239
Operating loss		-12.239
Financial expenses	4	-46
Loss before tax		-12.285
Tax on loss for the year	5	2.669
Loss for the year		-9.616

Proposed distribution of loss

Retained earnings	-9.616
	-9.616

Financial statements 1 July – 31 December

Balance sheet

DKK'000	Note	31/12 2019
ASSETS		
Fixed assets		
Intangible assets	6	
Customer base		109.303
		109.303
Property, plant and equipment	7	
Land and buildings		77.787
Plant and machinery		22.427
Fixtures and fittings, tools and equipment		10.175
		110.389
Total fixed assets		219.692
Current assets		
Inventories		
Work in progress		14.485
Finished goods and goods for resale		148.342
		162.827
Receivables		
Trade receivables		81.589
Deferred tax assets		2.669
Other receivables	8	8.514
		92.772
Cash at bank and in hand		37.591
Total current assets		293.190
TOTAL ASSETS		512.882

Financial statements 1 July – 31 December

Balance sheet

DKK'000	Note	31/12 2019
EQUITY AND LIABILITIES		
Equity		
Contributed capital	9	42.000
Share premium		97.997
Retained earnings		-9.616
Total equity		130.381
Provisions		
Other provisions	10	6.666
Total provisions		6.666
Liabilities other than provisions		
Non-current liabilities other than provisions	11	
Lease liabilities		46.659
Other payables		2.801
		49.460
Current liabilities other than provisions		
Lease liabilities		7.669
Trade payables		29.803
Payables to group entities		234.579
Other payables		45.996
Deferred income	12	8.328
		326.375
Total liabilities other than provisions		375.835
TOTAL EQUITY AND LIABILITIES		512.882

Staff costs	3
Related party disclosures	13
Events after the balance sheet date	14

Financial statements 1 July – 31 December

Statement of changes in equity

DKK'000	Contributed capital	Share preminum	Retained earnings	Total equity
Equity at 1 July 2019	400			400
Capital increase	41.600	97.997		139.597
Transferred over the distribution of loss			-9.616	-9.616
Equity at 31 December 2019	42.000	97.997	-9.616	130.381

Financial statements 1 July – 31 December

Notes

1 Accounting policies

The annual report of Zeppelin Danmark A/S for 2019 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with optin of specific procisions for reporting class C.

This financial year is the Company' first year.

IFRS 15 *Revenue from contracts with customers* is used as the basis of interpretation

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

In contrast to the previous bases of interpretation contained in IAS 11/18, 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 expected to be entitled for the provision of these goods or services.

In 2019 there are no revenue in the Company.

IFRS 16 as interpretation

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.

Consequently, the Company recognises all finance and operating leases in the balance sheet as a right-of-use asset and a lease liability except from:

- Short-term leases with a maximum lease term of 12 months
- Leases for low-value assets.

For such leases, lease payments are recognised on a straight-line basis in the income statement over the lease term.

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

Gross loss

Pursuant to section 32 of the Danish Financial Statement Act, the Company has decided only to disclose groos loss.

Financial statements 1 July – 31 December

Notes

1 **Accounting policies (continued)**

Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration of the Company, including expenses for administrative staff and management.

Financial expenses

Financial expenses comprise interest expenses.

Tax on loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the loss for the year and directly in equity at the amount attributable to entries directly in equity.

Balance sheet

Intangible assets

Customer base

Customer base that are acquired and have finite useful lives are measured at cost less 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

Financial statements 1 July – 31 December

Notes

1 Accounting policies (continued)

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.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

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.

Leased assets and lease liabilitites

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 use 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 that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be 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 the 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 renegotiated 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.

Financial statements 1 July – 31 December

Notes

1 Accounting policies (continued)

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 and leases for low-value assets are not recognised in the balance sheet.

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 if this is lower than the carrying amount.

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 as well as indirect production costs. 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 July – 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 measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to office buildings non-deductible for tax purposes and other items where 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 occurred 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 oobligation

Provisions for work concerning services or warranties are recognised and measured on the basis of experiences form 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 at cost, 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 cost and the nominal value is 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 payments received regarding income in subsequent years.

Financial statements 1 July – 31 December

Notes

2 Going concern

To ensure effcient liquidity, the Parent Company has issued a letter of support, applicable one year from the balance sheet date. Based on this Management has presented the financial statements on a going concern assumption.

DKK'000	2019
3 Staff costs	
Wages and salaries	10.122
Number of full-time employees at 31 December 2019	244
Average number of full-time employees at 31 December 2019	1
4 Financial expenses	
Interest expenses to group entities	-46
5 Tax on loss for the year	
Deferred tax adjustment for the year	2.669

6 Intangible assets

DKK'000	Customer base
Cost at 1 July 2019	0
Additions	109.303
Cost at 31 December 2019	109.303
Amortisation and impairment losses at 1 July 2019	0
Amortisation and impairment losses at 31 December 2019	0
Carrying amount at 31 December 2019	109.303

Financial statements 1 July – 31 December

Notes

7 Property, plant and equipment

DKK'000	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Total
Cost at 1 July 2019	0	0	0	0
Additions	77.787	22.427	10.175	110.389
Cost at 31 December 2019	77.787	22.427	10.175	110.389
Depreciation and impairment losses at 1 July 2019	0	0	0	0
Depreciation and impairment losses at 31 December 2019	0	0	0	0
Carrying amount at 31 December 2019	77.787	22.427	10.175	110.389
Off which leased assets	43.674	10.574		54.248

Plant and machinery includes Assets held for rent of DKK 8.314 thousands.

8 Other receivables

Other receivables are in total DKK 8.514 thousands at 31 December 2019, hereof DKK 1.327 thousands is due more than 12 months after 31 December 2019.

9 Contributed capital

The contributed capital consists of:

A shares, 42.000.000 shares of nom. DKK 1 each

All shares rank equally.

10 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 experiencein respect of the quantity of repairs and returns, other proivsions have been recognised for expected warranties.

Financial statements 1 July – 31 December

Notes

11 Non-current liabilities other than provisions

Non-current liabilities other than provisions can be specified as follows:

DKK'000	2019
Lease obligations:	
0-1 years	7.669
1-5 years	29.158
>5 years	17.501
Other payables:	
0-1 years	45.996
1-5 years	2.801
Total non-current liabilities other than provisions	103.125

Liability of repurchase obligations is included in lease obligations with a total amount of DKK 3.300 thousands and falls with in 1-5 years.

12 Deferred income

Deferred income of DKK 1.656 thousand comprise payments received from customers that cannot be recognised until the subsequent financial year.

13 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.

Related party transactions

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

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

14 Events after the balance sheet date

The impact of COVID-19 will undeniably have an impact on the Company's businesses. The full impact is difficult to determine, but we expect to delays in the start up's of new construction projects in 2020, and the impact of travel restrictions could potentially have a large impact on the service of engines in shipping and oil & gas segment depending on how long resitrictions are in place. After the end of the financial year, no further events have occurred which may change the financial position of the Company substantially.