Krone Finans A/S

c/o Krone Scanbalt A/S, Kilen 5, Bovmark, 6330 Padborg

CVR no. 20 60 12 48

Annual report 2020/21

Approved at the Company's annual general meeting on 4 October 2021

Chair of the meeting:

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Statement by the Board of Directors and the Executive Board

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

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

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

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, 8 September 2021
Executive Board:

Brian Retzlaff

Board of Directors:

Ole Klose
Chair

Alfons Josef Veer

Aloysius Schnelte

Independent auditor's report

To the shareholders of Krone Finans A/S

Opinion

We have audited the financial statements of Krone Finans A/S for the financial year 1 August 2020 - 31 July 2021, 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 2021 and of the results of the Company's operations for the financial year 1 August 2020 - 31 July 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Independent auditor's report

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Aabenraa, 8 September 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jon Midtgaard
State Authorised Public Accountant
mne28657

Management's review

Company details

Name	Krone Finans A/S
Address, Postal code, City	c/o Krone Scanbalt A/S, Kilen 5, Bovmark, 6330 Padborg
CVR no.	20 60 12 48
Established	1 January 1998
Registered office	Aabenraa
Financial year	1 August 2020 - 31 July 2021
Board of Directors	Ole Klose, Chair Alfons Josef Veer Aloysius Schnelte
Executive Board	Brian Retzlaff
Auditors	EY Godkendt Revisionspartnerselskab Skibbroen 16, 6200 Aabenraa, Denmark

Management's review

Business review

The company carries out financing activities.

The company finances trailers primarily supplied by Fahrzeugwerk Bernard Krone GmbH & Co. KG, Werlte, Germany.

The company's customers comprise Krone rental and Krone sales companies for trailers.

Financial review

The result of the year shows a profit of DKKt 14,577. The profit for the year is considered to be satisfactory and is in line with expectations.

Events after the balance sheet date

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

Outlook

In financial year 2021/22 a positive result in line with 2020/21 is expected.

Financial statements 1 August 2020 - 31 July 2021

Income statement

Note	DKK'000	2020/21	2019/20
	Revenue	37,430	39,395
	Other external expenses	-1,683	-2,751
	Gross profit	35,747	36,644
2	Staff costs	0	0
	Profit before net financials	35,747	36,644
3	Financial income	47	0
4	Financial expenses	-17,106	-17,906
	Profit before tax	18,688	18,738
5	Tax for the year	-4,111	-4,122
	Profit for the year	14,577	14,616
	Recommended appropriation of profit		
	Retained earnings	14,577	14,616
		14,577	14,616

Financial statements 1 August 2020 - 31 July 2021

Balance sheet

Note	DKK'000	2020/21	2019/20
	ASSETS		
	Fixed assets		
6	**Investments**		
	Loans	273,121	267,480
	Lease receivables	1,155,093	1,075,540
		1,428,214	1,343,020
	Total fixed assets	1,428,214	1,343,020
	Non-fixed assets		
	Receivables		
	Receivables from group entities	4	3
	Other receivables	3	3
		7	6
	Cash	39,733	58,218
	Total non-fixed assets	39,740	58,224
	TOTAL ASSETS	1,467,954	1,401,244

Financial statements 1 August 2020 - 31 July 2021

Balance sheet

Note	DKK'000	2020/21	2019/20
	EQUITY AND LIABILITIES		
	Equity		
7	Share capital	50,000	50,000
	Retained earnings	256,030	241,453
	Total equity	306,030	291,453
	Liabilities other than provisions		
8	**Non-current liabilities other than provisions**		
	Lease liabilities	806,927	866,596
		806,927	866,596
	Current liabilities other than provisions		
8	Current portion of long-term lease liabilities	348,187	208,944
	Trade payables	0	27,174
	Payables to group entities	0	12
	Income taxes payable	4,111	4,122
	Other payables	2,699	2,943
		354,997	243,195
		1,161,924	1,109,791
	TOTAL EQUITY AND LIABILITIES	1,467,954	1,401,244

1 Accounting policies
9 Contractual obligations and contingencies, etc.
10 Related parties

Financial statements 1 August 2020 - 31 July 2021

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 August 2020	50,000	241,453	291,453
Transfer through appropriation of profit	0	14,577	14,577
Equity at 31 July 2021	50,000	256,030	306,030

Financial statements 1 August 2020 - 31 July 2021

Notes to the financial statements

1 Accounting policies

The annual report of Krone Finans A/S for 2020/21 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

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

The layout of the income statement has been adjusted to the company's activities thus incorporating interest of lease receivables into the revenue.

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.

Fixed assets acquired in foreign currencies are translated at the exchange rates at the transaction date.

Income statement

Revenue

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

Revenue comprises the interest received on lease receivables concerning finance leasing and loans.

Revenue is measured as the current value of the payment agreed excl. VAT and other indirect taxes charged on behalf of third parties. All forms of discounts granted are recognised in the revenue.

Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to sale, advertising, administration, premises, bad debts, etc.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest of receivables, cash at bank and in hand, amount owed as well as exchange rate adjustment hereof.

Interest income of finance lease receivables and loans is however recognized in the revenue.

Financial statements 1 August 2020 - 31 July 2021

Notes to the financial statements

1 **Accounting policies (continued)**

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Leases

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

Assets held under finance leases, where the customer bears all substantial risks and rewards in connection with the ownership (finance lease), are recognized in the balance sheet as lease receivables and are measured at amortized cost, i.e. at the net present value of the future lease payments from the leasing contracts. The discount factor is the effective rate of interest implicit in the individual lease or lease portfolio. Write-down is made for anticipated losses.

Lease receivables concerning assets held under finance leases are recognized in the balance sheet as non-current assets. Current part is disclosed in the notes.

Receivables

Loans and other receivables are measured at amortised cost, which usually corresponds to the nominal value. Provisions are made for bad debts on individually basis.

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

Cash

Cash at hand and in bank comprises cash balances and bank balances.

Income taxes

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 using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities, with the execption of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting profit/loss for the year or taxable income.

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.

Financial statements 1 August 2020 - 31 July 2021

Notes to the financial statements

1 **Accounting policies (continued)**

Liabilities

Financial liabilities comprising amounts owed to credit institutions, trade payables and amounts owed to group enterprises are recognized at the date of borrowing at cost, equivalent to the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are recognized at amortized cost.

Other liabilities are measured at net realisable value.

Lease liabilities

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

The company refinances at leasing companies.

Leasing contracts concerning assets, where the company bears all substantial risks and reward in connection with the ownership (finance lease), are measured on initial recognition in the balance sheet to the lower value of fair value and net present value of the future lease payments. Calculation of the net present value is based on the internal interest rate of the leasing contract or the alternative interest rate of a loan as discount factor.

The capitalized outstanding lease liabilities are recognized in the balance sheet as a liability, and the interest payable during the term of the contracts is recognized in the income statement under interest expense.

Financial statements 1 August 2020 - 31 July 2021

Notes to the financial statements

2 Staff costs

The Company has no employees.

DKK'000	2020/21	2019/20
3 Financial income		
Interest receivable, group entities	47	0
	47	0

DKK'000	2020/21	2019/20
4 Financial expenses		
Interest expenses, group entities	0	879
Other financial expenses	17,106	17,027
	17,106	17,906

5 Tax for the year		
Estimated tax charge for the year	4,111	4,122
	4,111	4,122

6 Investments

Portion of loans with maturity within one year amounts to DKKt 72,904 (2019/20: DKKt 177,476).

Loans include loans to group enterprises with DKKt 273,121 (2019/20: DKKt 267,480).

Portion of lease receivables with maturity within one year amounts to DKKt 348,187 (2019/20: DKKt 239,531).

Lease receivables include lease to group enterprises with DKKt 1,155,093 (2019/20: DKKt 1,075,540).

DKK'000	2020/21	2019/20
7 Share capital		
Analysis of the share capital:		
20,000 shares of DKK 1,000.00 nominal value each	20,000	20,000
29 shares of DKK 1,000,000.00 nominal value each	29,000	29,000
2 shares of DKK 500,000.00 nominal value each	1,000	1,000
	50,000	50,000

The Company's share capital has remained DKK 50,000 thousand in the past year.

8 Non-current liabilities other than provisions

Of the long-term liabilities other than provision, DKKt 0 (2019/20: tDKK 0) falls due for payment after more than 5 years after the balance sheet date.

Financial statements 1 August 2020 - 31 July 2021

Notes to the financial statements

9 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is jointly taxed with other Danish group enterprises. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes, withholding tax on dividends etc. The net liability of the jointly taxation towards TAX is shown in the financial statement of the administration company (Krone Scanbalt A/S, CVR no. 20 00 32 86). Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc. may entail that the companies' liability will increase.

Other financial obligations

As security for lease liabilities, lease institutions hold ownership of trailers recognized under lease receivables.

Fahrzeugwerk Bernard Krone GmbH & Co. KG, Werlte, Germany has granted repurchase clause towards the company's credit institutions.

10 Related parties

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

Parties exercising control

Related party	Domicile	Basis for control
Fahrzeugwerk Krone Beteiligungs-GmbH	Spelle, Germany	Participating interest

Information about consolidated financial statements

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