

Loxam A/S

Fabriksparken 30
2600 Glostrup

10 45 80 48

Annual report 2023

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

on 26 June 2024

Carsten Lausen Hoeck
chairman of the annual general meeting

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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 Loxam A/S for the financial year 1 January – 31 December 2023.

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 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023.

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.

Glostrup, 26 June 2024
Executive Board:

Carsten Lausen Hoeck

Board of Directors:

Gérard Georges Déprez
Chairman

Patrick Hervé Bourmaud

Stéphane Jean Hénon



Independent auditor's report

To the shareholders of Loxam A/S

Opinion

We have audited the financial statements of Loxam A/S for the financial year 1 January – 31 December 2023 comprising 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 Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standard 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

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.

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 taken on the basis of these financial statements.



Independent auditor's report

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 in-adequate, 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.

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.



Independent auditor's report

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.

Copenhagen, 26 June 2024

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Jon Beck
State Authorised
Public Accountant
mne32169

Karsten Bøgel
State Authorised
Public Accountant
mne27849

Loxam A/S
Annual report 2023
CVR no. 10 45 80 48

Management's review

Company details

Loxam A/S
Fabriksparken 30
2600 Glostrup

Telephone: +45 46 15 56 00

Website: www.loxam.dk

CVR no.: 10 45 80 48

Established: 1 October 1986

Registered office: Albertslund

Financial year: 1 January – 31 December

Board of Directors

Gérard Georges Déprez, Chairman
Patrick Hervé Bourmaud
Stéphane Jean Hénon

Executive Board

Carsten Lausen Hoeck

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø
Denmark
CVR no.: 25 57 81 98

Management's review

Financial highlights

DKK'000	2023	2022	2021	2020	2019
Revenue	590,645	569,397	512,580	490,257	522,336
Operating profit	61,490	58,628	52,126	32,334	21,140
Loss from financial income and expenses	-23,197	-17,946	-14,363	-16,030	-19,551
Profit/loss for the year	27,614	30,252	28,311	11,581	-36,510
Fixed assets	603,949	598,512	516,435	467,098	501,370
Current assets	126,179	133,423	111,872	111,884	129,004
Total assets	730,128	731,935	628,307	578,982	630,374
Share capital	4,340	4,340	4,340	4,340	4,340
Equity	50,975	53,361	49,109	20,798	9,217
Provisions	48,025	46,676	40,864	33,576	30,348
Non-current liabilities other than provisions	154,637	164,657	170,465	243,499	309,688
Current liabilities other than provisions	476,491	467,241	367,870	281,109	281,121
Acquisition of property, plant and equipment	130,911	198,513	149,345	72,453	104,921
Gross margin	55%	54%	53%	51%	49%
Operating margin	10%	10%	10%	7%	4%
Current ratio	26%	29%	30%	40%	46%
Equity ratio	7%	7%	8%	4%	1%
Return on equity	53%	59%	81%	77%	-324%
Average number of full-time employees	279	277	259	255	264

The financial ratios have been calculated as follows:

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Operating margin	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Short-term debt}}$
Equity ratio	$\frac{\text{Equity}}{\text{Total assets}}$
Return on equity	$\frac{\text{Profit from ordinary activities after tax} \times 100}{\text{Average equity}}$

Management's review

Operating review

Principal activities

The Company's main activity consists of rental of earthmoving and construction equipment, site and office huts, mobile huts, lifts, trucks, etc. From all its branches, the Company supplies earthmoving and construction equipment to the public sector, the industry sector and private customers (primarily through DIY partners on the private segment). The Company operates from 29 branches around Denmark, has 279 average number of full-time employees and a product range of more than 20,000 items of equipment. Please also see the Company's website, www.loxam.dk.

Development in activities and financial position

Profit for the year

The revenue for the year increased by DKK 21,248 thousand compared to 2022, as a result from a solid performance in a relatively flat market demand in the construction sector. The main driver has been inflation adjustment on the prices, activity is roughly inline with prior year.

The profit before tax for 2023 amounted to DKK 38,293 thousand compared to a profit before tax of DKK 40,682 thousand in 2022. The slight decrease in result is primarily caused by increasing interest rates, this was expected and the result is inline with expectations.

The development in revenue and profit before tax is satisfying, and better than expected in the 2022 management's review.

Investments

The investments in tangible fixed assets in 2023 amounted to DKK 130,911 thousand.

Future expectation

The Company expects the market conditions to remain at the 2023 level in the construction sectors. The revenue and profit is expected to be in line with the 2023 results. For 2024 we will merge the associated company JM Trykluft A/S into Loxam A/S and hence bring approx 75 FTE's and a turnover of approx 175 Mio DKK into the continuing entity Loxam A/S. Turnover is expected to increase marginally with the inflation, and Profit before tax for the combined entity is expected to be inline with 2023 for the combined entity (as if they were consolidated in prior year) as the expected inflation adjustment in prices will mitigate the increasing financial cost and cover one of merger associated with the above mentioned legal merger.

Financial risk

The company is part of the Loxam group cashpool initiative, and the primary funding is intergroup so as local Danish entity the financial risk exposure is very limited. All FX risk is handled in Group treasury.

The depreciation period for goodwill is determined out of an assessment based on the fact that it is concerning strategic acquisitions of entities with strong market positions and long term growth profile based on ongoing and long term work collaborations.

Management's review

Operating review

Statement on corporate social responsibility (CSR) in compliance with section 99 a

Our company operates as an asset owner of entrepreneur machinery which is rented out to the professional segment for both short-term and medium-term rentals. Our model is that we operate a full range of rental equipment with a full range of services and repair workshops servicing the professional building sectors needs.

CSR is an essential part of what we care about and what we do. LOXAM's development has always hinged on the requirement to meet the expectations of our stakeholders, and especially our customers. This commitment has resulted in us adopting the ISO 9001 quality standard, which was later followed by the ISO 14001 environmental management standard, which aims to significantly curb our business' impact on the environment. Getting both certifications at European level is the result of a policy combining excellence, quality and respect for the environment, which the Group has been implementing for several years.

The certifier SGS has assessed our CSR policy, resulting in the Group attaining level three in the ISO 26000 standard.

Our commitment to CSR is built on the three major pillars:

- Supporting the UN Global Compact and making progress every year on the application of its 10 universal principles by taking part in the Global Compact.
- Applying the Code of Ethics, which covers the ethical issues related to our business sectors.
- Developing a governance and CSR performance framework as part of the ISO 26000 standard by engaging all stakeholders.

Anti-corruption and bribery

Our policy on anti-corruption and bribery is aligned with the Group's commitment within Ethics. To ensure continuous compliance with the policy, all the branches are updated on recent amendments to the policy. The full policy for Ethics within the organization can be found on following link:

<https://assets.ctfassets.net/3nvw8giizhxj/23Jtfbjv4jatZZ8q1R9P/90817183b6ea7382b7449db5bbe3785b/CharteEthique-GroupeLoxam.pdf>

The Code of Ethics is fully implemented. All employees are informed and have received the Code of Ethics. Also, a whistle-blower function is implemented and has been communicated to all employees.

The Code of Ethics contains 5 main themes.

- 1) Corporate social responsibility
- 2) Respect for and protection of people
- 3) Ethics for customers and partners
- 4) Protection and proper use of the Group's assets
- 5) Information on, control of and monitoring of the application of the Code of Ethics

Management's review

Operating review

The main risks related to our activities include employees and suppliers' violation of our Code of Ethics, anti-corruption policies, and potential and financial consequences hereof. In order to limit such risks, we provide annual trainings to both current and new employees, and especially in the finance team this is a main focus area to be trained to spot any possible fraud. Due to our Code of Ethics, we must always ensure compliance with the law, and we have therefore procedures to secure against any offenses. If any breach of law happens, the cooperation stops immediately, and the relevant authorities are informed.

We are committed to continuing to fight corruption and bribery in our day-to-day interactions with customers and suppliers.

In 2023, zero cases were reported under the anti-corruption and bribery code of conduct.

Human rights

We are continuing our efforts to improve safety for both our employees and our customers. In this connection, we have implemented specific safety rules that should be followed. Safety is definitely one of our main focus areas, and also the main risk within the human rights. It is very important for the employees to know, that Loxam is a safe place to work. Safety is monitored by the Management and HSE team and Branch Visits are staged to secure the safety, starting from 2023, Loxam A/S implemented the Loxam group standard reporting on LTIFR (Lost Time Accident Frequency Rate). After internal considerations on the need for implementing a human rights policy and continuously following strongly imposed regulations in Denmark, we have assessed that there is no need to implement an individual company specific policy on human rights. Consequently, at the current stage no official policy has been developed in regard to human rights.

Safety development:

2022: No of accidents with absence 5, LTIFR 8,96.

2023: No of accidents with absence 5, LTIFR 8,96.

Social and Staff matters

Aligned with Group, our corporate culture is a source of cohesion and commitment from all of our employees and is founded on cordial relations, enhancing a sense of belonging, and increasing team motivation. Loxam A/S has always been keen to develop knowledge and training internally.

We provide annual trainings to further develop the employees' technical skills. One of the biggest risks is the employees' retention, which we manage through our development trainings and employees' satisfactory surveys that guide us to improve ourselves as employer and continue delivering value to our employees.

In 2023, a Great Place To Work survey both globally and locally in Loxam group was conducted, and the results of the survey showed in improvement in overall employee satisfaction from 2018 46%, 2021 78% 2022 82% 2023 84%

In Loxam Denmark, we have an ambassador program, which was launched after the Great Place To Work Survey back in 2019, and consists of a wide sample of employees meeting quarterly to voice the employees perspective in all matters concerning the employee well-being to top management. The ambassador team work closely with the branches and the management team to create a good working environment and has for example launched a new setup for working clothes to secure the staffs safety and well-being. In the future we will continue to work with our staff wellbeing and development of competencies through continuous training.

Management's review

Operating review

Climate and environment

Loxam Denmark has the ambition to live up to the applicable rules and regulations and support a sustainable development of society by seeking to minimize its environmental impact and offer environmentally friendly products and solutions to its clients.

In Loxam, we practice waste separation to minimize our environmental impact from waste disposal. Action plans are implemented to ensure that all waste is sorted by nature so that all waste can be recycled. Waste per branch is registered via the taker in an environmental report to the local authorities, divided by volume and amount. All of our suppliers within the waste industry is required by us to be ISO 14001 certified.

One of the biggest risks is for our products/solutions to have increased negative impact on the environment and climate. To manage that, we continuously strive to development innovative technologies, which can handle the ever pressing environmental and climate challenges. This focus is increasing, and together with other companies in the group we are working on new solutions and products to minimize the impact of the climate and local environment on building sites. As an example, we have invested in climate-friendly machines in our Rental Fleet to ensure the least impact on the climate.

Moreover, Loxam is subject to the Danish Executive Order no. 1212 of 19 November 2014 requiring an examination on the energy consumption audit of production managers (these have been conducted so that the consumption is divided by nature). In accordance with the guidelines of the Danish Executive Order, potential savings are calculated. Based on the report action plans for savings are implemented (example is changed to LED light, updating of heating systems, etc.).

For future investments, Loxam Denmark has set up a target, that at least 50% of new investments in rental fleet consist of zero emission machines, and furthermore all new machines with diesel engines will be in the stage V in the European Emission Standard. The zero emissions ratio (battery) was 15% of new fleet investment in 2022 and 17% in 2023.

Management's review

Operating review

Gender distribution in Management in compliance with section 99 b of the Danish Financial Statements Act

The Board of Loxam Denmark has three representatives who have been chosen in relation to their experience within the rental industry, and they are senior managers of the Loxam Group.

Loxam Denmark has acknowledged the changes in the Danish Financial Statements Acts regarding an equal distribution of gender among Board members and senior management. This will be considered, aside from the professional experience, when a position becomes available, with the aim to increase the female representation to an equal distribution. Currently we have three members as part of our Board of Directors, which are all males. As there have not been changes in the composition of the Board of Directors we have not progressed further, but it remains our target for the year to come. Therefore, we have set a target of one female to be hired in the Board of Directors by 2026.

The Company highly values employees' diversity and hires employees on the basis of their skills, irrespective of their gender, race, religion and culture. Recruitment processes support diversification for both Management positions as well as other positions.

When a position in Management becomes vacant, and we begin a new recruitment process, we always encourage every candidate finding the job relevant, to apply for the position regardless of gender and age.

When we use recruiting agencies/headhunters we specifically ask to have female candidates presented, and if we have two equal candidates, we will select the less represented gender to fulfill the role.

At management level we have 7 female managers out of a total of 41 which is the same level as 2022 but an improvement vs prior year before we made a conscious effort, and even though the numbers are low we strive to increase the level in the future.

	2023	2024	2025	2026	2027
Board members					
<i>Total number of members</i>	3				
<i>Underrepresented gender in %</i>	0%				
<i>Target in %</i>	33%				
<i>Year of achievement of the target</i>	2026				
Other management levels					
<i>Total number of members</i>	20				
<i>Underrepresented gender in %</i>	25%				
<i>Target in %</i>	40%				
<i>Year of achievement of the target</i>	2026				

Management's review

Operating review

Data ethics in compliance with section 99 d of the Danish Financial Statements Act

In Loxam, we work with data ethics operationally through internal procedures. All data, managed by Loxam, is handled after the given legislations for data handling.

Loxam collects, and use collected data solely for the purpose for which it was intended, which is fully described in our policy for handling personal data on our website.

Due to the fact, that the employees is trained in our code of conduct, and the given legislations for handling personal data, we do refer to the Loxam group data protection policy available at www.loxam.fr

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2023	2022
Revenue		590,645	569,397
Direct costs		-101,498	-107,802
Other external costs		-162,728	-155,392
Gross profit		326,419	306,203
Staff costs	3	-161,760	-155,237
Amortisation and depreciation	4,5	-119,748	-111,529
Other operating income		16,858	19,493
Other operating costs		-279	-302
Operating profit		61,490	58,628
Financial income	6	453	89
Financial expenses	7	-23,650	-18,035
Profit before tax		38,293	40,682
Tax on profit for the year	8	-10,679	-10,430
Profit for the year	9	27,614	30,252

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2023	2022
ASSETS			
Fixed assets			
Intangible assets			
Goodwill	4	6,582	7,240
		<u>6,582</u>	<u>7,240</u>
Property, plant and equipment	5		
Land and buildings		10,561	24,640
Rental equipment		541,207	538,179
Fixtures and fittings, tools and equipment		32,575	16,026
		<u>584,343</u>	<u>578,845</u>
Investments			
Deposits	10	13,024	12,427
		<u>13,024</u>	<u>12,427</u>
Total fixed assets		<u>603,949</u>	<u>598,512</u>
Current assets			
Inventories			
Spare parts and fuel		3,551	2,851
		<u>3,551</u>	<u>2,851</u>
Receivables			
Trade receivables		113,883	112,910
Receivables from affiliated companies		0	120
Other receivables		1,339	1,358
Prepayments	11	5,284	7,950
		<u>120,506</u>	<u>122,338</u>
Cash at bank and in hand		<u>2,122</u>	<u>8,234</u>
Total current assets		<u>126,179</u>	<u>133,423</u>
TOTAL ASSETS		<u><u>730,128</u></u>	<u><u>731,935</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2023	2022
EQUITY AND LIABILITIES			
Equity			
Share capital	12	4,340	4,340
Proposed dividend		27,000	30,000
Retained earnings		19,635	19,021
Total equity		50,975	53,361
Provisions			
Deferred tax	13	46,371	45,022
Other provisions	14	1,654	1,654
Total provisions		48,025	46,676
Liabilities other than provisions			
Non-current liabilities other than provisions			
Credit institutions	15	1,700	1,812
Lease obligation	15	152,937	122,414
Loan from affiliated companies	15	0	40,431
		154,637	164,657
Current liabilities other than provisions			
Credit institutions	15	10,256	10,139
Loan from parent company	15	327,169	269,520
Loan from affiliated companies	15	37,686	80,000
Lease obligation	15	47,640	44,008
Trade payables		24,518	40,528
Other payables		20,879	19,787
Deferred income	16	8,343	3,259
		476,491	467,241
Total liabilities other than provisions		631,128	631,898
TOTAL EQUITY AND LIABILITIES		730,128	731,935
Contractual obligations, contingencies, etc.	17		
Related party disclosures	18		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Proposed dividend	Total equity
Equity at 1 January 2022	4,340	18,769	26,000	49,109
Transferred over the profit appropriation	0	252	30,000	30,252
Dividends paid	0	0	-26,000	-26,000
Equity at 31 December 2022	4,340	19,021	30,000	53,361
Equity at 1 January 2023	4,340	19,021	30,000	53,361
Transferred over the profit appropriation	0	614	27,000	27,614
Dividends paid	0	0	-30,000	-30,000
Equity at 31 December 2023	4,340	19,635	27,000	50,975

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Loxam A/S for 2023 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

The accounting policies are unchanged compared to last year.

Cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared.

Business combinations

When acquiring new entities, the purchase method is applied under which identifiable assets and liabilities are measured at fair value at the date of acquisition. Restructuring costs recognised by the acquirer at the acquisition date that are not a part of the acquisition are included in the pre-acquisition balance sheet and thus the determination of goodwill. Restructuring that is adopted after the acquisition is recognised in the income statement. The tax effect of revaluations is recognised as deferred tax.

Positive differences (goodwill) between cost and the fair value of identifiable assets and liabilities acquired, including restructuring provisions, are recognised as intangible assets, and amortised systematically in the income statement based on an individual assessment of the useful life. Negative goodwill is recognised as income in the income statement at the acquisition date when the usual conditions for recognition of income are met.

Goodwill and negative goodwill from acquired entities may be adjusted until 12 months after the acquisition date.

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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Income statement

Revenue

Revenue from equipment rental is recognised in the income statement in accordance with the completed-contract method. Cut-off is made for pre-invoicing. Revenue is calculated excluding VAT and other duties.

All discounts granted are recognised as a deduction of revenue.

Direct costs

Direct costs include costs, which are directly related to the activity such as purchases of products for sale, rehired equipment and transport costs.

Other external costs

Other external costs comprise costs relating to sales, marketing, administration, office premises, loss on debtors, operating leases, etc.

Staff costs

Employee costs include wages, salaries, remuneration, pensions and other employee costs paid to the Company's employees.

Amortisation and depreciation

Amortisation and depreciation include amortisation of intangible assets and depreciation of property, plant and equipment and impairment write-downs of these assets.

Other operating income

Other operating income comprises items secondary to the activities of the Company, including gains on the disposal of intangible assets and property, plant and equipment.

Other operating costs

Other operating costs comprise items secondary to the activities of the entities, including losses on the disposal of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on 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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Tax on profit/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 expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Balance sheet

Intangible assets

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience within the individual business areas. The amortisation period is 20 years.

The depreciation period for goodwill is determined out of an assessment based on the fact that it is concerning strategic acquisitions of entities with strong market positions and long-term growth profile based on ongoing and long-term work collaborations.

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:

Land and buildings	25 years
Rental equipment	3-15 years
Fixtures and fittings, tools and equipment	2-10 years

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

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)

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities and associates 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.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised write-downs are reversed when the basis for the write-down no longer exists.

Leases

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

The capitalised lease obligation is recognised in the balance sheet as a liability at amortised cost, allowing the interest element of the lease payment to be recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations and contingencies, etc.

Inventories

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

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.

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

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Prepayments

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

Equity

Dividends

The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

The Company is jointly taxed with Loxam Denmark Holding A/S and JM Trykluft A/S.

Current joint taxation contribution payable 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 items where temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; 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. Any deferred net assets are measured at net realisable value.

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 comprise anticipated costs for refurbishment of leaseholds. Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at value in use.

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.

Finance lease obligation comprise the capitalised residual lease obligation of finance leases.

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

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1 Accounting policies (continued)

Prepayments and deferred income

Deferred income comprises payments received or income booked that cannot be recognised until the subsequent financial year.

Segment information

No information about segments is shown as the Company only has rental activities in Denmark.

2 Events after the balance sheet date

On the 29th March 2024 JM Tryfluft was merged with Loxam A/S as the continuing company. The merger has retroactive effect from 1 January 2024.

3 Staff costs

DKK'000	2023	2022
Wages and salaries	145,559	139,984
Pensions	12,930	11,097
Other social security costs	2,572	2,766
Other employee costs	699	1,390
	<u>161,760</u>	<u>155,237</u>
Average number of full-time employees	<u>279</u>	<u>277</u>

Remuneration for management is not disclosed in accordance with § 98b in the Danish Financial Statements Act.

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4 Goodwill

DKK	2023
Cost at 1 January 2023	13,164
Cost at 31 December 2023	13,164
Depreciation and impairment losses at 1 January 2023	-5,924
Amortisation	-658
Depreciation and impairment losses at 31 December 2023	-6,582
Carrying amount at 31 December 2023	6,582
Amortised over	20 years

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5 Property, plant and equipment

DKK'000	Land and buildings	Rental equipment	Fixtures and fittings, tools and equipment	Total
Cost at 1 January 2023	45,997	1,356,332	60,199	1,462,528
Transfers	-23,977	-4,048	28,025	0
Additions	1,658	121,147	8,106	130,911
Disposals	0	-64,104	-5,551	-69,655
Cost at 31 December 2023	23,678	1,409,327	90,779	1,523,784
Depreciation and impairment losses at 1 January 2023	-21,357	-818,153	-44,173	-883,683
Transfers	9,403	2,977	-12,380	0
Depreciation	-1,163	-110,782	-7,145	-119,090
Disposals	0	57,838	5,494	63,332
Depreciation and impairment losses at 31 December 2023	-13,117	-868,120	-58,204	-939,441
Carrying amount at 31 December 2023	10,561	541,207	32,575	584,343
Depreciated over	25 years	3-15 years	2-10 years	-

Rental equipment includes financially leased assets of DKK 211 million (2022: DKK 181 million)

DKK'000	2023	2022
6 Financial income		
Other interest income	453	89
	<u>453</u>	<u>89</u>
7 Financial expenses		
Interest expense to affiliated companies	15,642	13,101
Other financial expenses	8,008	4,934
	<u>23,650</u>	<u>18,035</u>

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	DKK'000	2023	2022
8 Tax on profit for the year			
Joint taxation contribution		9,330	4,554
Adjustment of deferred tax		1,349	5,812
Adjustment prior years		0	64
		<u>10,679</u>	<u>10,430</u>
9 Proposed profit appropriation			
Proposed dividends for the financial year		27,000	30,000
Retained earnings		614	252
		<u>27,614</u>	<u>30,252</u>
10 Deposits			
Cost at 1 January		12,427	12,101
Additions		597	326
Disposals		0	0
		<u>13,024</u>	<u>12,427</u>

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11 Prepayments

DKK'000	2023	2022
Insurance premiums	2,754	3,480
Prepaid rent and other prepaid expenses	2,530	4,470
	<u>5,284</u>	<u>7,950</u>

12 Share capital

The share capital comprises 4,340,170 shares of DKK 1 each. All shares rank equally.

DKK'000	2023	2022
13 Deferred tax		
Deferred tax at 1 January	45,022	39,210
Adjustment of deferred tax	1,349	5,812
	<u>46,371</u>	<u>45,022</u>

Deferred tax relates to:

Property, plant and equipment	90,862	81,999
Liabilities and provisions	-44,491	-36,977
Tax losses carried forward	0	0
	<u>46,371</u>	<u>45,022</u>

14 Other provisions

Other provisions at 1 January	1,654	1,654
Addition for the year	0	0
Disposals for the year	0	0
Other provisions at 31 December	<u>1,654</u>	<u>1,654</u>

Other provisions comprise expected costs for refurbishment of leaseholds upon exit of lease contracts. The provisions are not expected to be utilised within the next 5 years.

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15 Liabilities other than provisions

Financial lease obligation falls due as follows:

DKK'000	2023	2022
0-1 year	47,640	44,008
1-5 years	152,651	120,246
After 5 years	286	2,168
	<u>200,577</u>	<u>166,422</u>

Loan from affiliated companies falls due as follows:

0-1 year	35,252	40,431
1-5 years	0	80,000
After 5 years	0	0
	<u>35,252</u>	<u>120,431</u>

Debt to credit institutions falls due as follows:

0-1 year	10,256	10,139
1-5 years	449	448
After 5 years	1,251	1,364
	<u>11,956</u>	<u>11,951</u>

Intercompany payables to group companies:

LOXAM DENMARK HOLDING A/S	327,169	269,520
Group companies	2,434	0
	<u>329,603</u>	<u>269,520</u>

16 Deferred income

Deferred income of DKK 8,343 thousand (2022: DKK 3,259 thousand) comprise payment received or income booked that cannot be recognised until the subsequent financial year.

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17 Contractual obligations, contingencies, etc.

Contractual obligations

Lease obligations (operating leases) falling due until the end of the contracts total DKK 13,044 thousand (2022: DKK 15,028 thousand).

Obligations on rent falling due until the end of the contracts totalling DKK 50,053 thousand (2022: DKK 49,821 thousand).

Contingent liabilities

The Company is jointly taxed with Loxam Denmark Holding A/S and JM Trykluft A/S. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes. At 31 December 2023, the net taxes payable to the Danish tax authorities subsequent corrections of the taxable income subject to joint taxation may entail that the companies' liability will increase. The Group as a whole is not liable to others.

According to loan agreement the Company is restricted in repaying group internal loans, provide security in its assets as well as sell, lease or otherwise dispose of assets including property, plant and equipment, inventory and shares in subsidiaries. The loan amounts to DKK 16 million (2022: DKK 10 million).

18 Related party disclosures

Parties exercising control

Loxam Denmark Holding A/S.

The Company's annual report is included in the consolidated financial statements of the ultimate owner Loxam S.A.S, France.

Related party transactions

DKK'000	2023
Administrative services from a group company	-16,824
Lease of equipment from a group company	-8,802
Turnover made with a group company	2,428
Management fees invoiced to JMT	1,020
Interest from a group company	-15,642
Transport costs from a Group company	-69
Purchase of items and spares from a group company	-24

Payables to Group Company are disclosed in the balance sheet, and expensed interest is disclosed in note 7.