KRONE FLEET Danmark A/S

Kilen 5, 6330 Padborg

CVR no 21 50 76 95

Annual report 2018/19

for the period 1 August 2018 - 31 July 2019

Approved at the Company´s annual general meeting on 16 October 2019

Chairman:

....

Building a better working world

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 KRONE FLEET Danmark A/S for the financial year 1 August 2018 - 31 July 2019.

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

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 31 July 2019 and of the results of the Group's and the Company's operations and consolidated cash flows for the financial year 1 August 2018 - 31 July 2019.

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

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

Padborg, 16 October 2019
Executive Board:

Florian Hass	Kim Raun	Søren Nielsen Outzen

Board of Directors:

Aloysius Schnelte	Ingo Geerdes	Karl-Heinz Schweer

Independent auditors' report

To the shareholder of KRONE FLEET Danmark A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of KRONE FLEET Danmark A/S for the financial year 1 August 2018 – 31 July 2019, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, as well as a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 July 2019 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 August 2018 – 31 July 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "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 Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and 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 consolidated financial statements and parent company 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 Group's and the Parent 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 Group or the Parent 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 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 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.

Independent auditor's report

- 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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Statements Act. We did not identify any material misstatement of the Management's review.

Aabenraa, 16 October 2019
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jon Midtgaard
State Authorised
Public Accountant
mne28657

Management's review

Company details

Name	KRONE FLEET Danmark A/S
Address, zip code, city	Kilen 5, 6330 Padborg
CVR no.	21 50 76 95
Established	2 February 1999
Registered office	Aabenraa
Financial year	1 August - 31 July
Website	www.krone-fleet.com
Telephone	+45 74 30 11 11
Board of Directors	Aloysius Schnelte Ingo Geerdes Karl-Heinz Schweer
Executive Board	Florian Hass Kim Raun Søren Nielsen Outzen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Skibbroen 16, 6200 Aabenraa

Annual general meeting

The annual general meeting is to be held on 16 October 2019 at the company's address.

Management's review

Financial highlights for the Group

DKK'000	2018/19	2017/18	2016/17 (10 months)	2015/16	2014/15
Key figures					
Revenue	753,463	687,875	584,774	645,460	557,353
Operating profit	102,444	99,662	75,099	89,875	77,040
Profit/loss from financial income and expenses	-44,348	-40,627	-28,776	-38,405	-51,332
Profit for the year	42,923	47,747	34,502	39,720	18,009
Total assets	2,378,278	2,279,637	2,217,940	2,146,453	1,963,110
Portion relating to investments in property, plant and equipment	706,708	595,466	517,616	552,909	575,624
Equity	**259,247**	**7,094**	**-40,669**	**-75,110**	**-114,928**
Subordinate loans	0	208,597	208,222	208,637	208,874
Equity including subordinate loans	259,247	215,691	167,553	133,527	93,946
Cash flows from operating activities	462,184	380,622	375,251	281,602	196,722
Cash flows from investing activities	-508,430	-423,681	-368,285	-477,458	-498,522
Cash flows from financing activities	22,041	40,168	-4,288	210,123	299,839
Total cash flows	-24,205	-2,891	2,678	14,267	-1,961
Financial ratios					
Return on invested capital	4,3 %	4.4 %	3.4 %	4.2 %	3.9 %
Solvency ratio	10,9 %	0.3 %	-1.8 %	-3.5 %	-5.9 %
Solvency ratio (incl. subordinate loans)	10,9 %	9.5 %	7.6 %	6.2 %	4.8 %
Average number of full-time employees	83	84	79	73	73

The financial ratios are calculated in accordance with the Danish Finance Society's guidelines. For terms and definitions, please see the accounting policies.

Management's review

Operating review

Principal activities of the Group

The Group's principal activities comprise the rental of rolling stock both in Denmark and abroad.

Uncertainties upon measurement and recognition

The measurement and recognition of certain assets and liabilities is subject to assessments, estimates and assumptions of future events. The most significant uncertainties as to the financial reporting are stated in note 2, to which we refer.

Development in activities and financial matters

The Group realised a profit of DKK 42.9 million in the financial year, which is in line with expectations.

During the financial year, subordinated loan was converted to equity. Thereby, the equity was increased by DKK 209.1 million. At 31 July 2019, equity totalled an amount of DKK 259.2 million.

The Group's cash at bank and in hand totalled DKK 19.4 million at 31 July 2019.

During the financial year 2018/19 the group has invested more than DKK 700 million in rental equipment.

Outlook

Management is of the opinion that the Group will experience slightly decreasing activities and realize decreased earnings for the 2019/20 financial year.

Post balance sheet events

No events have occurred after the balance sheet date affecting considerably the financial position of the Group.

Particular risks

Currency risk

The Group is exposed to currency risks due to its international activities and due to the parent company's investments and balances with subsidiaries abroad. The group does not make use of any hedging instruments to hedge such risks but follows the development on the foreign exchange market on a regular basis.

Interest risk

A considerable part of the Group's financing carry variable interest. The Group has not made use of any hedging instruments to hedge such interest risks. Changes in interest may therefore have an impact on the Group's earnings. In the opinion of Management, interest changes may be counterbalanced by similar price changes towards customers.

Management's review

Price risk

The Group is exposed to price risk as to rental prices for trailers and to selling prices when selling rental equipment after use.

Debtor risk

Debtor risk is the risk of losses due to bad debt. Debtor risks are controlled in the day-to-day management of receivables. The Group normally has the possibility to take back the rental equipment in order to reduce debtor losses.

Intellectual capital etc.

The employees are considered to possess solid market knowledge and professional qualifications within the individual fields of activity.

The Group does not carry out research and development activities.

Environmental issues

The Group is not considered to have any major impact on the environment. Environmental obligations are primarily incumbent on the hirer of the Group's rolling stock.

Corporate social responsibility

Business Model

Krone Fleet Danmark A/S (hereafter Krone Group or the Group), is an innovative Group, that through professional and engaged employees wants to be one of the leading providers of transport equipment. The Group's objective is always to provide qualitative, competent and customized trailer solutions and services. In order to obtain this objective, Krone Group is developing efficient and safe transport equipment to provide for the customers, including logistics companies, truck operators and chauffeurs. This value proposition is obtained through, among other things, reutilization and sale of used trailers, sale and production of new trailers, as well as leasing of trailers and other trailer solutions.
The prerequisites for the Krone Group's success is directly tied to its ability to be an attractive and professional work place, characterized by high quality service, knowledge, engagement and volition. Consequently, the Group recognize its employees as being one of the most important resources and therefore continually work on ensuring a good workplace with a high professional level. In relation to the Krone Group's business activities within the industry of transport and trade, it is recognized that there is also an impact on the climate that can be negatively affected through administration and production facilities. Krone Group works diligently to continuously improve, optimize and future-proof transport equipment, both in relation to customer's current and future needs as well as digital demands, but always with environmental issues in mind. Environmental issues are thus always prioritized when products are developed. The Group have a certified environmental management system for the areas development, production and distribution of commercial vehicles. The Group is always considerate towards reducing its emissions, noises and smells as well as minimizing waste and wastewater.

Labor conditions

Policy: Krone Group's efforts to increase well-being and job satisfaction on the workplace must bear fruit - The Group aspires to be the industry's best workplace that attracts and retains the best employees. The objective is to ensure a good and safe work environment for the employees and ensure development opportunities.

Management's review

Risks, actions and results: It is increasingly harder to attract qualified labor to the region in Padborg. Furthermore, there is increasingly stricter demands and expectations that talented employees continues to improve their competencies. As a result, the Krone Group experiences increasing demands and expectations from employees for opportunities to educate and improve themselves. The economic prosperity and the resulting faster pace in the job market demands still more and more from the employees. Therefore, there is a risk for burnout and stress as well as risk of physical injuries because of sedentary or physically arduous work. In the wake of this societal development, the material risks are assessed to be failure to thrive and a lack of focus on well-being and qualified employees. The Krone Group therefore work continuously on improving working conditions so all employees thrive in a safe work environment.
In 2018/19, Krone Group focused on the individual employees' well-being and job satisfaction. It was, among other things, made sure that the employees have had access to career- and job development opportunities, in which they participated in local career networks like Padborg Transportcenter in 2018. There have also been conducted MUS-interviews to gauge the employees' well-being and aspirations. Krone Group has also arranged seminar days for all employees with the goal of enhancing the employees' competencies. Furthermore, Krone Group focused on creating a safe environment by, among other things, conducting an APV as well as enacting an employee manual that highlights stress-, harassment-, and senior policies. Taken altogether, these initiatives has resulted in fewer conflicts in 2018/19, problems with harassment has been solved and in general Krone Group has achieved a better feeling of unity which is reflected in the employees' increasing seniority.
The workplace's physical conditions for the employees' have also been high on the priority list and it is therefore Krone Group's aspirations to provide a healthy and safe working environment. In 2018/19, there was a focus on ergonomics and physical well-being. All employees have access to height adjustable tables to secure an ergonomically correct work position. Krone Group also continually provide massage opportunities and access to fitness centers for all employees, to provide a foundation for an active and comfortable career. Krone Group have also provided courses on first aid and performed inspections and securing on warehouse conditions as well as verifying truck certificates and driver license. Together, these initiatives has contributed to a safe workplace and has reduced the number of accidents and sick leaves.

Environment and Climate

Policy: At Krone Group the objective is to be conscious about the resource use and thus sorts packaging and waste to reduce the negative impact on the environment. Likewise, the objective is to be conscious about the use of energy and through this reduce the negative impact on the climate.

Risks, actions and results: Krone Group has assessed that the material risk of negatively affecting the environment is in relation to management of waste and packaging. Therefore, Krone Group has continued its work in 2018/19 and sorted paper and carton waste as well as reduction of food waste. The committed work resulted in that Krone Group participated in "Hold Byen ren" campaign and implemented a new software program that are aimed at minimizing printing of paper.
Concerning the climate, it has been assessed that there is a material risk of excessive use of energy in administration and production facilities. Therefore, Krone Group continued in 2018/19 to focus on energy optimized construction and low energy lighting. As a result, all light sources, both inside and outside, have been replaced with LED-light. Furthermore, Krone Group completed the planning of a new construction and how the Group should take the environment and climate into consideration. Krone Group has in 2018/19 installed new ventilation systems with heat recovery.

Management's review

Human Rights

Policy: Krone Group supports and respects internationally recognized human rights conventions like UN's Declaration of Human Rights and the internationally recognized labor rights as specified in the ILO conventions. Krone Group recognize and respects the human right for equal of opportunity and oppose every form of discrimination.

Risks, actions and results: The transport and trade industry is in general perceived as a male-dominated industry, in which there is a risk of discrimination based on gender, age and ethnicity. Consequently, Krone Group have in 2018/19 continued its focus on diversity when hiring and accentuated its aspirations for diversity such as gender, age and ethnicity in internal job postings. Furthermore, Krone Group has introduced a new harassment policy to reduce the daily discrimination in the workplace. The focus on discrimination has in 2018/19 resulted in two new female recruitments in an otherwise acknowledged "male-department" within the Group. Overall, Krone Group have in 2018/19 achieved a more open and tolerant workplace which is, among other things, reflected in fewer conflicts and there was not observed any forms of discrimination in 2018/19.

Anti-corruption

Policy: Krone Group oppose any form of corruption, economic exploitation and criminality.

Risks, actions and results: Since Krone Group operates across countries and cultures, there is a risk that the employees can be exposed to situations involving corruption, bribery or questions about facilitation payment. In order to impede the use of corruption, and thereby the risks, Krone Group have in 2018/19 focused on reducing the use of cash. Krone Group have furthermore continued its practice of identifying and verifying chauffeurs that collects equipment in the warehouses where there is also video surveillance. By doing this, it is ensure that the equipment is used only for business-related purposes and the risk of it being used for personal gains is reduced. In 2018/19 there was not identified any episodes of corruption or criminality.
Going forward, the Krone Group will work actively on designing and implementing a separate addition to the employee manual, which all employees must comply with. The purpose of this is, among other things, to minimize and reduce any risks related to corruption.

Local Communities

Policy: Krone Group want to support the local community's interests and it is of high priority for the Group to be a socially responsible company.

Risks, actions and results: The mobile borders are becoming ever more fluid in the modern world, where there is a risk of local communities being left behind. It is therefore important for Krone Group to safeguard the local initiatives and present good job opportunities, both for newcomers and for the future labor force. The Krone Group has therefore continued its cooperation with primary schools and other educational institutions in 2018/19 with the aim of offering tours of the Krone Group. Furthermore, Krone Group have started an HR network and a job portal in Padborg Transportcenter in order to make the Group more visible to newcomers and to contribute to it being attractive to be a resident of Padborg. The Krone Group has also supported local sports clubs and sports associations in order to support the social attachment in the local community.

Management's review

Gender Distribution

Board of Directors:
Today, the Board of Directors of Krone Fleet Danmark has 3 members elected by the general meeting, in which 3 is men and 0 are women. At present, there are no women on the Board and the goal therefore is that female board members elected by the general meeting must represent 33% of the Board before the end of 2022. The overall goal is that the Board of Directors work as efficiently as possible in relation to development of strategies, management and the company as a whole. Therefore, candidates with appropriate qualifications, profile and experience are first priority, and gender is not included as a criterion in the first instance. In 2018/2019, there were no female candidates, which is why the target has not been achieved.
At the next rotation in the Board of Directors, Krone Fleet Danmark A/S will try to find a female candidate with appropriate profile and experience, so that the target for gender distribution can be achieved.

Other managerial positions:
At Krone Fleet Danmark A/S there are under 50 employees and therefore no policies with the purpose of increasing the underrepresented gender in other managerial positions has been enacted.

Consolidated financial statements and parent company financial statements 1 August - 31 July

Income statement

Note		Consolidated		Parent company	
		2018/19	2017/18	2018/19	2017/18
		DKK'000	DKK'000	DKK'000	DKK'000
3	**Revenue**	753,463	687,875	446,925	404,860
	Direct costs	-191,721	-162,885	-75,802	-68,126
	Other external costs	-45,133	-34,735	-12,771	-13,935
	Gross profit	516,609	490,255	358,352	322,799
	Other operating income	29,355	12,689	0	3,107
	Other operating costs	-5,356	-918	-1,607	0
4	Staff costs	-37,655	-38,320	-10,551	-9,119
	Depreciation, amortisation and impairment losses	-400,509	-364,044	-290,537	-259,121
	Operating profit	102,444	99,662	55,657	57,666
12	Share of profit/loss after tax in subsidiaries	0	0	31,108	26,343
5	Financial income	5,589	976	1,684	2,104
6	Financial expenses	-49,937	-41,603	-42,149	-32,139
	Profit before tax	58,096	59,035	46,300	53,974
7	Tax on profit for the year	-15,173	-11,288	-3,377	-6,227
	Profit for the year	42,923	47,747	42,923	47,747

Breakdown of the consolidated profit:		
Shareholders, KRONE FLEET Danmark A/S	42,923	47,747
Non-controlling interests	0	0
	42,923	47,747

Consolidated financial statements and parent company financial statements 1 August – 31 July

Balance sheet

Note		Consolidated		Parent company	
		2018/19	2017/18	2018/19	2017/18
		DKK'000	DKK'000	DKK'000	DKK'000
	ASSETS				
	Fixed assets				
8/9	**Intangible assets**				
	Goodwill	213	370	0	0
	Software and licenses	2,186	2,840	2,123	2,727
	Patents and rights	0	5	0	0
		2,399	3,215	2,123	2,727
10/11	**Property, plant and equipment**				
	Land and buildings	32,158	34,489	8,448	8,448
	Rental equipment	2,125,197	1,972,591	1,716,111	1,507,490
	Fixtures and fittings, plant and equipment	3,682	3,630	1,085	774
		2,161,037	2,010,710	1,725,644	1,516,712
	Financial assets				
12	Investments in subsidiaries	0	0	122,233	90,979
13	Lease payments receivable	19,086	28,517	0	0
		19,086	28,517	122,233	90,979
	Total fixed assets	2,182,522	2,042,442	1,850,000	1,610,418
	Non-fixed assets				
	Inventories				
	Raw materials and consumables	21,807	583	9,423	64
	Receivables				
	Trade receivables	127,088	134,851	48,704	45,125
	Amounts owed by affiliated enterprises	0	28,246	85,379	70,615
	Corporation tax asset	0	211	1,337	334
	Other receivables	11,933	15,151	5,987	5,940
14	Deferred tax assets	5,404	6,880	0	0
	Prepayments	10,133	7,677	4,363	1,758
		154,558	193,016	145,770	123,772
	Cash at bank and in hand	19,391	43,596	3,823	1,408
	Total non-fixed assets	195,756	237,195	159,016	125,244
	TOTAL ASSETS	2,378,278	2,279,637	2,009,016	1,735,662

Consolidated financial statements and parent company financial statements 1 August – 31 July

Balance sheet

Note		Consolidated		Parent company	
		2018/19	2017/18	2018/19	2017/18
		DKK'000	DKK'000	DKK'000	DKK'000
	EQUITY AND LIABILITIES				
	Equity				
15	Share capital	2,511	1,500	2,511	1,500
	Net revaluation reserve according to the equity method	0	0	2,750	0
	Retained earnings	256,736	5,594	253,986	5,594
	Total equity	259,247	7,094	259,247	7,094
	Provisions				
14	Deferred tax	36,486	30,090	28,336	23,622
	Other provisions	6,135	8,653	0	0
	Total provisions	42,621	38,743	28,336	23,622
	Liabilities other than provisions				
16/17	**Non-current liabilities**				
	Banks	20,464	84,024	0	0
	Lease obligations	1,024,821	891,163	835,121	718,958
	Subordinate loans	0	0	0	0
	Amounts owed to affiliated enterprises	175,520	149,460	177,343	135,007
		1,220,805	1,124,647	1,012,464	853,965
	Current liabilities				
16/17	Current portion of non-current liabilities	405,221	659,869	374,148	561,479
	Bank loans and overdrafts	368,290	396,355	272,473	249,791
	Trade payables	27,628	20,846	17,866	19,570
	Amounts owed to affiliated enterprises	197	4	34,294	15,340
	Corporation tax	8,317	5,027	0	0
	Other payables	33,981	22,050	4,578	2,686
	Deferred income	11,971	5,002	5,610	2,115
		855,605	1,109,153	708,969	850,981
	Total liabilities other than provisions	2,076,410	2,233,800	1,721,433	1,704,946
	TOTAL EQUITY AND LIABILITIES	2,378,278	2,279,637	2,009,016	1,735,662

1 **Accounting policies**
2 **Accounting estimates and assessments**
18 **Contractual obligations and contingencies**
19 **Mortgages and collateral**
20 **Currency and interest rate risks etc.**
21 **Related parties**
22 **Appropriation of profit**
23 **Fees to auditors appointed at the annual general meeting**

Consolidated financial statements and parent company financial statements 1 August - 31 July

Statement of changes in equity

	Parent company			
DKK'000	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Total
Equity at 1 August 2018	1,500	0	5,594	7,094
Capital increase	1,011		208,073	209,084
Profit/loss for the year	0	2,750	40,173	42,923
Foreign exchange adjustment, foreign subsidiaries	0	0	146	146
Equity at 31 July 2019	2,511	2,750	253,986	259,247

	Consolidated		
DKK'000	Share capital	Retained earnings	Total
Equity at 1 August 2018	1,500	5,594	7,094
Capital increase	1,011	208,073	209,084
Profit/loss for the year	0	42,923	42,923
Foreign exchange adjustment, foreign subsidiaries	0	146	146
Equity at 31 July 2019	2,511	256,736	259,247

Consolidated financial statements and parent company financial statements 1 August – 31 July

Cash flow statement

Note	DKK'000	Consolidated 2018/19	Consolidated 2017/18
	Operating profit/loss	102,444	99,662
	Depreciation/amortisation	400,509	364,044
	Profit from sale	-28,745	-5,879
	Cash generated from operations (operating activities) before changes in working capital	474,208	457,827
24	Changes in working capital	48,138	-33,515
	Cash generated from operations (operating activities)	522,346	424,312
	Interest received	5,589	976
	Interest paid	-61,950	-42,464
	Income taxes paid	-3,801	-2,202
	Cash flows from operating activities	462,184	380,622
	Acquisition of intangible assets	-1,179	-1,098
	Acquisition of property, plant and equipment	-706,708	-595,466
	Disposal of property, plant and equipment	199,457	172,883
	Cash flows from investing activities	-508,430	-423,681
	External financing:		
	Changes in banks	-55,954	42,939
	Changes in lease liabilities	77,995	-3,146
	Changes in subordinate loans	0	375
	Cash flows from financing activities	22,041	40,168
	Net cash flows from operating, investing and financing activities	-24,205	-2,891
	Cash and cash equivalents/current bank debt at 1 August 2018	43,596	46,487
	Cash and cash equivalents/current bank debt at 31 July 2019	19,391	43,596

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements.

Consolidated financial statements and parent company financial statements 1 August - 31 July

Notes to the financial statements

1 Accounting policies

The annual report of KRONE FLEET Danmark A/S 2018/19 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

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

Consolidated financial statements

Control

The consolidated financial statements comprise the Parent Company KRONE FLEET Danmark A/S and subsidiaries controlled by KRONE FLEET Danmark A/S.

Control means the power to exercise decisive influence over a subsidiary's financial and operating decisions. Moreover, the possibility of yielding a return from the investment is required.

In assessing whether the Parent Company controls an entity, de facto control is also taken into consideration.

The existence of potential voting rights that may currently be exercised or converted into additional voting rights is considered when assessing whether an entity may become empowered to exercise decisive influence over another entity's financial and operating decisions.

Significant influence

Entities over whose financial and operating decisions the Group can exercise significant influence are classified as associates. Significant influence is deemed to exist when the Parent Company holds or controls, directly or indirectly, more than 20% of the voting rights of an entity but does not control it.

The existence of potential voting rights that may currently be exercised or converted into voting rights is considered when assessing whether significant influence exists.

Preparation of consolidated financial statements

The consolidated financial statements are prepared as a consolidation of the Parent Company's and the individual subsidiaries' financial statements, which are prepared according to the Group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends as well as realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains unless they do not reflect impairment.

The subsidiaries' financial statement items are included 100% in the consolidated financial statements. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries that are not wholly-owned are included in the Group's profit/loss and equity, respectively, but are presented separately.

Consolidated financial statements and parent company financial statements 1 August - 31 July

Notes to the financial statements

1 Accounting policies (continued)

Acquisitions and disposals of non-controlling interests that are still controlled are recognised directly in equity as a transaction between shareholders.

Equity investments in associates and joint ventures are recognised in the consolidated financial statements using the equity method.

The Group's activities in joint operations are recognised in the consolidated financial statements on a line-by-line basis.

Business combinations

Newly acquired entities are recognised in the consolidated financial statements from the acquisition date. Entities sold or otherwise disposed of are recognised in the consolidated financial statements up to the date of disposal. Comparative figures are not restated to reflect newly acquired entities. Discontinued operations are presented separately, see below.

The acquisition date is the date when the Group actually obtains control of the acquiree.

The purchase method is applied to acquisitions of new businesses over which the Group obtains control. The acquired businesses' identified assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax on revaluations is recognised.

Positive differences (goodwill) between, on the one hand, the consideration for the acquiree, the value of non-controlling interests in the acquired entity and the fair value of any previously acquired equity investments and, on the other hand, the fair value of the assets, liabilities and contingent liabilities acquired are recognised as goodwill in intangible assets. Goodwill is amortised on a straight-line basis in the income statement based on an individual assessment of the economic life of the asset.

Negative differences (negative goodwill) are recognised in the income statement at the acquisition date.

Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for impairment testing. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a functional currency different from the Group's presentation currency are accounted for as assets and liabilities belonging to the foreign entity and are, on initial recognition, translated into the foreign entity's functional currency using the exchange rate at the transaction date.

The purchase consideration for an entity consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. If part of the purchase consideration is contingent on future events or compliance with agreed terms, such part of the purchase consideration is recognised at fair value at the acquisition date. Subsequent adjustments of contingent purchase considerations are recognised in the income statement.

Expenses incurred to acquire entities are recognised in the income statement in the year in which they are incurred.

If uncertainties regarding the identification or measurement of acquired assets, liabilities or contingent liabilities or the determination of the purchase consideration exist at the acquisition date, initial recognition will take place on the basis of provisional values. If it turns out subsequently that the identification or measurement of the purchase consideration, acquired assets, liabilities or contingent liabilities was incorrect on initial recognition, the statement will be adjusted retrospectively, including goodwill, until 12 months after the acquisition, and comparative figures will be restated. Subsequently, any adjustments are recognised as errors.

Consolidated financial statements and parent company financial statements 1 August – 31 July

Notes to the financial statements

1 **Accounting policies (continued)**

Gains or losses from divestment or winding-up of subsidiaries that implies that control is no longer maintained are calculated as the difference between, on the one hand, the selling price less selling costs and, on the other hand, the proportionate share of the carrying amount of net assets. If the Parent Company still holds equity investments in the divested entity, the remaining proportionate share of the carrying amount forms the basis for the measurement of equity investments in associates or securities and equity investments.

Intra-group business combinations

The book value method is applied to business combinations such as acquisition and disposal of equity investments, mergers, demergers, additions of assets and share conversions, etc., in which entities controlled by the Parent Company are involved, provided that the combination is considered completed at the acquisition date without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquiree are recognised directly in equity.

Non-controlling interests

On initial recognition, non-controlling interests are measured at the fair value of the non-controlling interests' equity interest.

Goodwill relating to the non-controlling interests' share of the acquiree is thus recognised.

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 at 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 rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at 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.

Foreign subsidiaries and associates are considered separate entities. The income statements are translated at the average exchange rates, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries at the exchange rates at the balance sheet date are recognised directly in equity.

Revenue

The Company has chosen IAS11/IAS18 as interpretation for revenue recognition.

Income from the sale of goods for resale and services, which comprise rental and operating lease payments, additional services and interest element of lease payments receivable (finance leases), is recognised in the income statement provided that delivery and transfer of risk to the buyer has taken place and that the income can be reliably measured and is expected to be received.

Revenue is measured at fair value of the agreed consideration exclusive VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Consolidated financial statements and parent company financial statements 1 August - 31 July

Notes to the financial statements

1 **Accounting policies (continued)**

Income statement

Direct costs

Direct costs comprise cost of operating leases, raw materials and consumables as well as cost of rental equipment, including repairs and maintenance, insurance, etc.

Other external costs

Other external costs comprise costs of marketing, administration, premises, bad debt losses, etc.

Other operating income

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

Other operating costs

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

Staff costs

Staff costs comprise wages and salaries, including holiday allowance and pensions, and other social security costs, etc., for employees. Refunds received from public authorities are deducted from staff costs.

Profits/losses from investments in subsidiaries

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement of the parent company after full elimination of intra-group profits/losses.

Financial income and expenses

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

Consolidated financial statements and parent company financial statements 1 August - 31 July

Notes to the financial statements

1 **Accounting policies (continued)**

Tax on profit for the year

The parent company is covered by the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries form part of the joint taxation from the date on which they are included in the consolidation of the consolidated financial statements and up to the date on which they exit the consolidation.

The parent company is the administrative company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

The current Danish corporation tax is allocated by settlement of joint taxation contribution between the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carryforwards receive joint taxation contribution from companies that have used these losses to reduce their own taxable profits.

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

Balance Sheet

Intangible assets

Goodwill

Goodwill is amortised over the estimated useful life based on Management's experience within the individual business areas. Goodwill is amortised on a straight-line basis between 5 - 10 years and is longest for strategically acquired enterprises with strong market positions and long-term earnings profiles.

Software, licenses, patents and other rights

Software and licenses are measured at cost less accumulated amortisation and impairment losses. Software and licenses are amortised on a straight-line basis over the expected useful life, not exceeding 5 years.

Patents and other rights are measured at cost less accumulated amortisation and impairment losses. Patents and other rights are amortised on a straight-line basis over the remaining patent period, and licences are amortised over the licence period, although not exceeding 5 years.

Property, plant and equipment

Land and buildings, rental equipment and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

The basis of depreciation is cost less any residual value after the expected useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

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.

Consolidated financial statements and parent company financial statements 1 August - 31 July

Notes to the financial statements

1 **Accounting policies (continued)**

Depreciation is made on a straight line basis over the expected useful lives. The expected useful lives are as follows:

Buildings	10-50 years
Rental equipment	7-11 years
Fixtures and fittings, plant and equipment	3-5 years

The basis of depreciation is based on the residual value of the asset at the end of its useful life and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the depreciation period or the residual value, the effect on the amortisation charges is recognised prospectively as a change in accounting estimates.

Depreciation is recognised in the income statement under separate item.

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

Leases

The Company has chosen IAS17 as interpretation for classification and recognition of leases.

Leases for non-current assets that transfer substantially all the risks and rewards incident to ownership to the Group (finance leases) are initially recognised in the balance sheet at cost, corresponding to the lower of fair value and the net present value of future lease payments. In calculating the net present value of the future lease payments, 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 Group's other non-current assets.

The capitalised residual lease obligation is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

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

Equity investments in subsidiaries and associates in the parent company financial statements

Equity investments in subsidiaries and associates are measured according to the equity method in the parent company financial statements. The Parent Company has chosen to consider the equity method a measurement method.

On initial recognition, equity investments in subsidiaries and associates are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding the consolidated financial statements above.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Consolidated financial statements and parent company financial statements 1 August - 31 July

Notes to the financial statements

1 **Accounting policies (continued)**

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies in the consolidated financial statements. Negative goodwill is recognised in the income statement.

Dividend received is deducted from the carrying amount.

Equity investments in subsidiaries and associates measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is tested annually for impairment.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. Assets are written down to the lower of the carrying amount and the recoverable amount.

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the net present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Lease payments receivable

Lease receivable held by the Group but which transfer substantially all the risks and rewards incident to ownership to the Lessor (finance leases) are initially recognised in the balance sheet as receivables. Receivables are measured at the capitalised residual obligation on lease payments receivables.

Inventories

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

Goods for resale are measured at cost, comprising purchase price plus delivery costs.

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

Receivables

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

Receivables are measured at amortised cost.

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

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis.

Consolidated financial statements and parent company financial statements 1 August - 31 July

Notes to the financial statements

1 **Accounting policies (continued)**

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Equity

Reserve for net revaluation according to the equity method

Net revaluation of investments in subsidiaries and associates is recognised at cost in the reserve for net revaluation according to the equity method.

The reserve may be eliminated in case of losses, realisation of investments or a change in accounting estimates.

The reserve cannot be recognised at a negative amount.

Dividend

Dividend proposed for the year is recognised as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the year is disclosed as a separate item under equity.

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. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carry forwards, 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 and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Provisions

Provisions comprise anticipated costs related to bay-back guarantees, warranties etc. Provisions are recognised when, as a result of past events, the Group has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at net realisable value or fair value. If the obligation is expected to be settled far into the future, the obligation is measured at fair value.

Consolidated financial statements and parent company financial statements 1 August - 31 July

Notes to the financial statements

1 Accounting policies (continued)

Liabilities other than provisions

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

Financial liabilities also include the capitalised residual obligation on finance leases.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income comprises payments received concerning income in subsequent years.

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are freely negotiable into cash and which are subject to an insignificant risk of changes in value.

Consolidated financial statements and parent company financial statements 1 August – 31 July

Notes to the financial statements

1 **Accounting policies (continued)**

Financial ratios

Financial ratios are calculated in accordance with the recommendations of the Danish Finance Society.

The financial ratios stated under "Financial highlights" have been calculated as follows:

Return on invested capital	$\frac{\text{Operating profit/loss x 100}}{\text{Total average assets}}$
Solvency ratio	$\frac{\text{Equity ex. minority interests at year end x 100}}{\text{Total equity and liabilities at year end}}$
Solvency ratio incl. subordinate loans	$\frac{\text{Equity ex. minority interests + subordinate loans, at year end x 100}}{\text{Total equity and liabilities at year end}}$

2 **Accounting estimates and assessments**

The calculation of the carrying amount of certain assets and liabilities is subject to assessments, estimates and assumptions of future events. The estimates made and assumptions are based on past experiences and other parameters which Management considers reasonable in the circumstances, but which naturally are uncertain and unpredictable. The assumptions may be incomplete or inaccurate and unexpected events or circumstances may arise. In addition, the Group is subject to risks and uncertainties which may imply that the actual outcome may differ from these estimates. Particular risks for the Group are stated in Management's review.

Measurement of property, plant and equipment

In connection with the financial reporting, the Group assessed whether the carrying amount of property, plant and equipment, in particular rental equipment, is subject to indications of impairment other than the decrease in value reflected by depreciation. Management is of the opinion that the recoverable amount of rental equipment reflects or exceeds the carrying amount. However, the assessment is subject to estimates and thereby some uncertainty.

Receivables

Management applies estimates upon assessment of the recoverability of receivables at the balance sheet date. The risk of bad debt losses has been taken into account upon the assessment of write-downs on the balance sheet date and the day-to-day management of receivables. However, such assessment is subject to estimates and thereby some uncertainty.

Consolidated financial statements and parent company financial statements 1 August – 31 July

Notes to the financial statements

2 Accounting estimates and assessments (continued)

Deferred tax assets

Deferred tax assets are recognised for all non-utilised tax-loss carry forwards to the extent it is rendered probable that tax profits are realised within a foreseeable future against which the tax losses can be set off. The amount to be recognised for deferred tax assets is based on estimates of the time for and size of future tax profits. Management is of the opinion that the Group can realise sufficient profit within a foreseeable future to utilise the deferred tax assets. However, such assessment is subject to estimates and thereby some uncertainty.

3 Segment information

Activity

The Group has only one activity.

Geographical segment:

DKK'000	Consolidated		Parent company	
	2018/19	2017/18	2018/19	2017/18
Denmark	225,002	200,831	224,994	205,084
Germany	229,744	199,704	70,305	57,907
Spain	169,958	151,930	84,587	88,085
Other countries	128,759	135,410	67,039	53,784
	753,463	687,875	446,925	404,860

Consolidated financial statements and parent company financial statements 1 August – 31 July

Notes to the financial statements

	DKK'000	Consolidated 2018/19	Consolidated 2017/18	Parent company 2018/19	Parent company 2017/18
4	**Staff costs**				
	Wages and salaries	31,559	31,397	9,170	8,017
	Pensions	1,167	1,047	676	605
	Other social security costs	3,923	5,287	146	122
	Staff costs	1,006	589	559	375
		37,655	38,320	10,551	9,119
	Remuneration of the Executive Board	3,354	3,162	3,354	3,162
	Remuneration of the Board of Directors	0	0	0	0
	Average number of full-time employees	83	84	18	17
5	**Financial income**				
	Interest income	5,109	1	1,684	2,103
	Foreign exchange adjustments	480	204	0	0
	Other	0	771	0	1
		5,589	976	1,684	2,104
	Hereof interest income from affiliated enterprises	0	0	1,684	2,102
6	**Financial expenses**				
	Interest expense	45,300	33,826	37,801	29,014
	Foreign exchange losses	4,637	3,172	4,264	3,102
	Other	0	4,605	84	23
		49,937	41,603	42,149	32,139
	Hereof interest expenses to affiliated enterprises	0	0	36,812	27,909
7	**Tax on profit for the year**				
	Current tax for the year	7,828	6,849	-1,337	-334
	Tax in respect of previous years	4	14	0	0
	Adjustment of deferred tax	7,341	4,425	4,714	6,561
		15,173	11,288	3,377	6,227

Consolidated financial statements and parent company financial statements 1 August - 31 July

Notes to the financial statements

8 Intangible assets

	Parent company			
DKK'000	Goodwill	Software and licenses	Patents and other rights	Total
Cost at 1 August 2018	3,711	11,041	2,239	16,991
Additions	0	1,149	0	1,149
Disposals	0	0	0	0
Cost at 31 July 2019	3,711	12,190	2,239	18,140
Depreciation/amortisation and impairment losses at 1 August 2018	3,711	8,314	2,239	14,264
Depreciation/amortisation	0	1,753	0	1,753
Disposals	0	0	0	0
Depreciation/amortisation and impairment losses at 31 July 2019	3,711	10,067	2,239	16,017
Carrying amount at 31 July 2019	0	2,123	0	2,123

9 Intangible assets

	Consolidated			
DKK'000	Goodwill	Software and licences	Patents and other rights	Total
Cost at 1 August 2018	5,282	11,567	2,313	19,162
Exchange rate adjustment relating to foreign entities	0	0	0	0
Additions	0	1,179	0	1,179
Disposals	0	0	-2	-2
Cost at 31 July 2019	5,282	12,746	2,311	20,339
Depreciation/amortisation and impairment losses at 1 August 2018	4,912	8,726	2,308	15,946
Exchange rate adjustment relating to foreign entities	0	0	0	0
Depreciation/amortisation	157	1,834	5	1,996
Disposals	0	0	-2	-2
Depreciation/amortisation and impairment losses at 31 July 2019	5,069	10,560	2,311	17,940
Carrying amount at 31 July 2019	213	2,186	0	2,399

Consolidated financial statements and parent company financial statements 1 August - 31 July

Notes to the financial statements

10 Property, plant and equipment

	Parent company			
DKK'000	Land and buildings	Rental equipment	Fixtures and fittings, plant and equipment	Total
Cost at 1 August 2018	11,859	2,241,805	2,841	2,256,505
Additions	0	587,283	599	587,882
Disposals	0	-268,515	0	-268,515
Cost at 31 July 2019	11,859	2,560,573	3,440	2,575,872
Depreciation/amortisation and impairment losses at 1 August 2018	3,411	734,315	2,067	739,793
Depreciation/amortisation	0	273,836	288	274,124
Disposals	0	-163,689	0	-163,689
Depreciation/amortisation and impairment losses at 31 July 2019	3,411	844,462	2,355	850,228
Carrying amount at 31 July 2019	8,448	1,716,111	1,085	1,725,644
Assets held under finance leases	0	1,247,724	0	1,247,724

11 Property, plant and equipment

	Consolidated			
DKK'000	Land and buildings	Rental equipment	Fixtures and fittings, plant and equipment	Total
Cost at 1 August 2018	40,715	3,058,974	11,954	3,111,643
Exchange rate adjustment relating to foreign entities	74	14,416	21	14,511
Additions	34,802	670,253	1,653	706,708
Disposals	-36,609	-456,714	-1,081	-494,404
Cost at 31 July 2019	38,982	3,286,929	12,547	3,338,458
Depreciation/amortisation and impairment losses at 1 August 2018	6,232	1,082,762	8,298	1,097,292
Exchange rate adjustment relating to foreign entities	14	2,482	1	2,497
Depreciation/amortisation	578	370,875	1,318	372,771
Disposals	0	-294,387	-752	-295,139
Depreciation/amortisation and impairment losses at 31 July 2019	6,824	1,161,732	8,865	1,177,421
Carrying amount at 31 July 2019	32,158	2,125,197	3,682	2,161,037
Assets held under finance leases	0	1,280,817	0	1,280,817

Consolidated financial statements and parent company financial statements 1 August - 31 July

Notes to the financial statements

12 Investments in subsidiaries

	Parent company	
DKK'000	2018/19	2017/18
Cost at 1 August 2018	119,483	119,483
Additions	0	0
Cost at 31 July 2019	119,483	119,483
Value adjustments at 1 August 2018	-28,504	-54,863
Foreign exchange adjustments	146	16
Profit/loss for the year incl. amortization of goodwill	31,108	26,343
Value adjustments at 31 July 2019	2,750	-28,504
Carrying amount at 31 July 2019	122,233	90,979

Name	Owner ship	Share capital	Equity	Profit/loss for the year	Carrying amount
		DKK'000	DKK'000	DKK'000	DKK'000
KRONE FLEET Deutschland GmbH, Seevetal, Germany	100 %	103,237	43,898	15,337	43,898
Paul Günther Rental A/S, Aabenraa	100 %	37,207	49,762	15,500	49,762
KRONE FLEET Espana Sociedad Limitada, Spain	100 %	3,757	23,691	-2,002	23,691
KRONE FLEET Kiralama Anonim Sirketi., Turkey	100 %	3,443	4,882	2,273	4,882
			122,233	31,108	122,233

Subsidiaries to Paul Günter Rental A/S (included in figures above):	
KRONE FLEET France SARL, Paris, France	100 %
KRONE FLEET Nederland B.V., Rottterdam, Holland	100 %
KRONE FLEET België bvba, Zele, Belgium	100 %
KRONE FLEET Sverige AB, Helsingborg, Sweden	100 %
Paul Günther UAB, Vilnius, Lithuania	100 %
Paul Günther Sp.z.o.o., Warschau, Poland	100 %

13 Lease payments receivable

Of lease payments receivable, DKK 19,086 thousand (DKK 28,517 thousand in 2017/18) falls due more than one year after the balance sheet date.

Consolidated financial statements and parent company financial statements 1 August - 31 July

Notes to the financial statements

14 Deferred tax

DKK'000	Consolidated 2018/19	Consolidated 2017/18	Parent company 2018/19	Parent company 2017/18
Deferred tax at 1 August	-23,210	-18,795	-23,622	-17,061
Exchange rate adjustment relating to foreign entities	12	10	0	0
Adjustment of the deferred tax charge for the year	-7,884	-4,425	-4,714	-6,561
Deferred tax at 31 July	-31,082	-23,210	-28,336	-23,622

Deferred tax, net of assets and liabilities, relate to:

	Consolidated 2018/19	Consolidated 2017/18	Parent company 2018/19	Parent company 2017/18
Intangible assets	-397	-450	-397	-450
Property, plant and equipment	-40,519	-31,963	-31,810	-23,796
Current assets	0	1	142	270
Liabilities, provisions	2,960	2,030	0	0
Tax-loss carry forwards	6,874	7,172	3,729	354
	-31,082	-23,210	-28,336	-23,622

15 Share capital

DKK'000	2018/19	2017/18
The share capital is broken down as follows:		
2,511,087 shares of a nominal amount of DKK 1	2,511	1,500

No shares carry special rights.

Analysis of changes in the share capital over the past 5 years:

DKK'000	2018/19	2017/18	2016/17	2015/16	2014/15
Opening balance	1,500	1,500	1,500	1,500	1,500
Capital increase	1,011	0	0	0	0
	2,511	1,500	1,500	1,500	1,500

Consolidated financial statements and parent company financial statements 1 August – 31 July

Notes to the financial statements

16 Non-current liabilities

	Parent company				
DKK'000	Total liabilities at 31/7 2018	Total liabilities at 31/7 2019	Instalment next year	Long-term portion	Remaining debt after 5 years
Lease obligations	1,023,950	1,145,681	310,560	835,121	0
Subordinate loans	208,597	0	0	0	0
Amounts owed to affiliated enterprises	182,897	240,931	63,588	177,343	0
	1,415,444	1,386,612	374,148	1,012,464	0

Lease obligations include lease from group enterprises with DKK 1,145,681 thousand (2017/18: DKK 1,023,950 thousand).

17 Non-current liabilities

	Consolidated				
DKK'000	Total liabilities at 31/7 2018	Total liabilities at 31/7 2019	Instalment next year	Long-term portion	Remaining debt after 5 years
Banks	84,024	20,464	0	20,464	0
Lease obligations	1,276,232	1,354,227	329,406	1,024,821	5,390
Subordinate loans	208,597	0	0	0	0
Amounts owed to affiliated enterprises	215,663	251,335	75,815	175,520	0
	1,784,516	1,626,026	405,221	1,220,805	5,390

Lease obligations include lease from affiliated enterprises with DKK 1,159,137 thousand (2017/18: DKK 1,053,388 thousand).

18 Contractual obligations and contingencies, etc.

The parent company is jointly taxed with the Danish subsidiary. As the administrative company, the Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties in the joint taxation unit.

Operating leases

The Group has operating leases at an average yearly lease payment of DKK 1,948 thousand (parent company: DKK 771 thousand). The remaining term of the leases is up to 45 months (parent company: 45 months) with a total nominal remaining lease payment of DKK 2,489 thousand (parent company: DKK 674 thousand).

Contingent liabilities

The Group and the parent company has a few pending lawsuits or claims. In Management's opinion, apart from the receivables and payables recognised in the balance sheet at 31 July 2019, the outcome of these lawsuits or claims will not further affect the group's or the Company's financial position.

The parent company has signed letter of support in favour of subsidiaries with negative equity.

Consolidated financial statements and parent company financial statements 1 August – 31 July

Notes to the financial statements

19 Mortgages and collateral

The Group and the parent company has issued mortgages of DKK 4,500 thousand as collateral for engagement with a bank, which is secured upon buildings with a carrying amount of DKK 4,712 thousand at 31 July 2019.

Lessor has the usual title to rental equipment with a carrying amount of DKK 1,280,817 thousand which has been provided as collateral for lease obligations. Same applies for the parent company with a carrying amount of DKK 1,247,724 thousand.

20 Currency and interest rate risks etc.

Particular risks applying to the group are described in management's review, section "Particular risk", to which we refer.

21 Related parties

KRONE FLEET Danmark A/S' related parties comprise group entities, see note 12, affiliated entities in the Bernard Krone Holding SE & Co. KG group, and the following:

Parties exercising control

KBU Immobilien GmbH, Germany, parent company.

Related party transactions

Related party transactions are carried out on arms length basis.

22 Appropriation of profit

DKK'000	Parent	
	2018/19	2017/18
Recommended appropriation of profit		
Transferred to reserves under equity	42,923	47,747

Consolidated financial statements and parent company financial statements 1 August – 31 July

Notes to the financial statements

23 Fees paid to auditors appointed at the annual general meeting

DKK'000	Consolidated		Parent company	
	2018/19	2017/18	2018/19	2017/18
Total fees to EY	610	556	506	453
Fee regarding statutory audit	382	382	300	300
Tax assistance	22	22	16	15
Other services	206	152	190	138
	610	556	506	453

24 Changes in working capital

DKK'000	Consolidated	
	2018/19	2017/18
Changes in inventories	-21,224	9,271
Changes in receivables	46,202	-5,519
Changes in trade and other payables	23,160	-37,267
	48,138	-33,515