

Krone Fleet Danmark A/S

Kilen 5, 6330 Padborg

CVR no. 21 50 76 95

Annual report 2019/20

Approved at the Company's annual general meeting on 28 September 2020

Chairman:


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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Krone Fleet Danmark A/S for the financial year 1 August 2019 - 31 July 2020.

The annual report is 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 Company at 31 July 2020 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 August 2019 - 31 July 2020.

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, 28 September 2020
Executive Board:



Søren Nielsen Outzen



Kim Raun

Board of Directors:



Inga Geerdes



Aloysius Schnelte



Ole Kløse

Independent auditor's report

To the shareholders 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 2019 - 31 July 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and 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 2020, and of the results of the Group's and Parent Company's operations as well as the consolidated cash flows for the financial year 1 August 2019 - 31 July 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the 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 the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of 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 the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

Independent auditor's report

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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, 28 September 2020
EY 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, Postal code, City	Kilen 5, 6330 Padborg
CVR no.	21 50 76 95
Established	2 February 1999
Registered office	Aabenraa
Financial year	1 August 2019 - 31 July 2020
Website	www.krone-fleet.com
Telephone	+45 74 30 11 11
Board of Directors	Ingo Geerdes Aloysius Schnelte Ole Klose
Executive Board	Søren Nielsen Outzen Kim Raun
Auditors	EY Godkendt Revisionspartnerselskab Skibbroen 16, 6200 Aabenraa, Denmark

Management's review

Financial highlights for the Group

DKK'000	2019/20 12 months	2018/19 12 months	2017/18 12 months	2016/17 (10 months)	2015/16 12 months
Key figures					
Revenue	733,120	753,463	687,875	584,774	645,460
Operating profit/loss	61,254	78,446	87,891	65,532	75,207
Profit for the year	26,824	42,924	47,747	34,502	39,720
Fixed assets	2,251,828	2,182,521	2,042,442	1,986,427	1,915,052
Non-fixed assets	198,299	195,756	237,195	231,513	231,401
Total assets	2,450,127	2,378,277	2,279,637	2,217,940	2,146,453
Equity	285,930	259,247	7,094	-40,669	-75,110
Cash flows from operating activities	427,916	462,185	380,622	375,251	281,602
Net cash flows from investing activities	-469,747	-508,430	-423,681	-368,285	-477,458
Cash flows from financing activities	-169,808	22,041	40,168	-4,288	210,123
Total cash flows	-211,639	-24,204	-2,891	2,678	14,267
Financial ratios					
Return on assets	2.5%	3.4%	3.9%	3.0%	3.5%
Equity ratio	11.7%	10.9%	0.3%	-1.8%	-3.5%
Average number of employees	82	83	84	79	73

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

Management's review

Business review

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

Recognition and measurement uncertainties

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.

Financial review

The income statement for 2019/20 shows a profit of DKK 26,824 thousand against a profit of DKK 42,924 thousand last year, and the group's balance sheet at 31 July 2020 shows equity of DKK 285,930 thousand. Management considers the group's financial performance in the year satisfactory.

The rental business has not been affected by the outbreak of coronavirus (COVID-19) significantly.

Knowledge resources

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.

Special 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.

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.

Impact on the external environment

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.

Management's review

Statutory CSR report

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. Krone Fleet Danmark A/S handles the leasing business whereas other affiliated entities handles other parts of the value proposition.

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.

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 2019/20, 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 2019. 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 2019/20, 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.

Management's review

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 2019/20, there was a focus on ergonomics and physical well-being, in which height adjustable tables were implemented so all employees have access to an ergonomically 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 aims to reduce 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 2019/20 and has started sorting paper and carton waste in sorted paper as well as having focus on 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 2019/20 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 2019/20 implemented a Telematic-system that can minimize wasted space in trailers.

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 2019/20 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. Overall, Krone Group have in 2019/20 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 2019/20.

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 2019/20 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 2019/20 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.

Management's review

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 2019/20 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.

Account of the gender composition of Management

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 2019/2020, 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.

Events after the balance sheet date

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

Outlook

Management is of the opinion that the Group will experience slightly increasing activities and realize slightly decreasing earnings for the 2020/21 financial year.

**Consolidated financial statements and parent company financial statements 1 August
2019 - 31 July 2020**

Income statement

Note	DKK'000	Group		Parent company	
		2019/20	2018/19	2019/20	2018/19
3	Revenue	733,120	753,463	463,640	446,925
	Cost of sales	-198,425	-191,721	-77,789	-75,802
	Other operating income	15,448	29,355	410	0
	Other external expenses	-30,996	-45,132	-14,269	-12,770
	Gross profit	519,147	545,965	371,992	358,353
4	Staff costs	-36,041	-37,655	-9,690	-10,551
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-406,404	-400,509	-308,115	-290,537
	Other operating expenses	-2,256	-5,356	0	-1,607
	Profit before net financials	74,446	102,445	54,187	55,658
	Income from investments in group enterprises	0	0	7,445	31,108
5	Financial income	5,255	5,589	7,344	1,684
6	Financial expenses	-39,801	-49,937	-33,863	-42,149
	Profit before tax	39,900	58,097	35,113	46,301
7	Tax for the year	-13,076	-15,173	-8,289	-3,377
	Profit for the year	26,824	42,924	26,824	42,924

Consolidated financial statements and parent company financial statements 1 August 2019 - 31 July 2020

Balance sheet

Note	DKK'000	Group		Parent company	
		2019/20	2018/19	2019/20	2018/19
		ASSETS			
		Fixed assets			
8	Intangible assets				
	Patents and other rights	1	2	0	0
	Software and licenses	3,195	2,183	3,178	2,122
	Goodwill	55	213	0	0
		<u>3,251</u>	<u>2,398</u>	<u>3,178</u>	<u>2,122</u>
9	Property, plant and equipment				
	Land and buildings	33,793	31,309	8,447	8,447
	Fixtures and fittings, plant and equipment	8,630	3,682	988	1,085
	Rental equipment	2,193,935	2,125,196	1,699,462	1,716,111
	Property, plant and equipment under construction	126	849	0	0
		<u>2,236,484</u>	<u>2,161,036</u>	<u>1,708,897</u>	<u>1,725,643</u>
10	Investments				
	Investments in group enterprises	0	0	129,537	122,233
	Lease payment receivable	12,093	19,087	0	0
		<u>12,093</u>	<u>19,087</u>	<u>129,537</u>	<u>122,233</u>
	Total fixed assets	<u>2,251,828</u>	<u>2,182,521</u>	<u>1,841,612</u>	<u>1,849,998</u>
	Non-fixed assets				
	Inventories				
	Raw materials and consumables	0	391	0	57
	Finished goods and goods for resale	35,542	21,416	0	9,366
		<u>35,542</u>	<u>21,807</u>	<u>0</u>	<u>9,423</u>
	Receivables				
	Trade receivables	114,259	127,088	49,934	48,704
	Receivables from group enterprises	1,793	0	272,111	85,379
	Corporation tax receivable	49	0	0	0
	Joint taxation contribution receivable	0	0	2,931	1,337
	Other receivables	12,685	11,933	9,592	5,986
	Prepayments	15,988	10,133	9,749	4,363
	Deferred tax assets	5,406	5,404	0	0
		<u>150,180</u>	<u>154,558</u>	<u>344,317</u>	<u>145,769</u>
	Cash	<u>12,577</u>	<u>19,391</u>	<u>347</u>	<u>3,824</u>
	Total non-fixed assets	<u>198,299</u>	<u>195,756</u>	<u>344,664</u>	<u>159,016</u>
	TOTAL ASSETS	<u>2,450,127</u>	<u>2,378,277</u>	<u>2,186,276</u>	<u>2,009,014</u>

Consolidated financial statements and parent company financial statements 1 August 2019 - 31 July 2020

Balance sheet

Note	DKK'000	Group		Parent company	
		2019/20	2018/19	2019/20	2018/19
		EQUITY AND LIABILITIES			
		Equity			
11	Share capital	2,511	2,511	2,511	2,511
	Net revaluation reserve according to the equity method	0	0	10,054	2,750
	Retained earnings	283,419	256,736	273,365	253,986
	Total equity	285,930	259,247	285,930	259,247
	Provisions				
12	Deferred tax	48,476	36,486	39,556	28,336
	Other provisions	4,607	6,135	0	0
	Total provisions	53,083	42,621	39,556	28,336
	Liabilities other than provisions				
13	Non-current liabilities other than provisions				
	Bank debt	0	20,464	0	0
	Lease liabilities	858,448	1,024,821	768,130	835,121
	Payables to group entities	0	0	5,067	8,086
	Other payables	159,693	175,520	159,693	169,257
		1,018,141	1,220,805	932,890	1,012,464
	Current liabilities other than provisions				
13	Short-term part of long-term liabilities other than provisions				
	Bank debt	438,076	405,221	373,026	374,148
	Trade payables	573,115	368,290	482,298	272,473
	Payables to group enterprises	25,487	27,626	14,881	17,865
	Corporation tax payable	0	197	39,055	34,294
	Other payables	5,573	8,317	0	0
	Deferred income	34,085	33,982	3,750	4,578
		16,637	11,971	14,890	5,609
		1,092,973	855,604	927,900	708,967
	Total liabilities other than provisions	2,111,114	2,076,409	1,860,790	1,721,431
	TOTAL EQUITY AND LIABILITIES	2,450,127	2,378,277	2,186,276	2,009,014

- 1 Accounting policies
- 2 Accounting estimates and assessments
- 14 Contractual obligations and contingencies, etc.
- 15 Collateral
- 16 Currency and interest rate risks and use of derivative financial instruments
- 17 Related parties
- 18 Fee to the auditors appointed by the Company in general meeting
- 19 Appropriation of profit



Consolidated financial statements and parent company financial statements 1 August 2019 - 31 July 2020

Statement of changes in equity

		Group		
		Share capital	Retained earnings	Total
Note	DKK'000			
	Equity at 1 August 2019	2,511	256,736	259,247
	Transfer through appropriation of profit	0	26,824	26,824
	Foreign exchange adjustments, foreign subsidiaries	0	-141	-141
	Equity at 31 July 2020	2,511	283,419	285,930

		Parent company			
		Share capital	Net revaluation reserve according to the equity method	Retained earnings	Total
Note	DKK'000				
	Equity at 1 August 2019	2,511	2,750	253,986	259,247
19	Transfer, see "Appropriation of profit"	0	7,304	19,520	26,824
	Foreign exchange adjustments, foreign subsidiaries	0	0	-141	-141
	Equity at 31 July 2020	2,511	10,054	273,365	285,930

Consolidated financial statements and parent company financial statements 1 August 2019 - 31 July 2020

Cash flow statement

Note	DKK'000	Group	
		2019/20	2018/19
	Profit for the year	26,824	42,924
20	Adjustments	439,404	431,285
	Cash generated from operations (operating activities)	466,228	474,209
21	Changes in working capital	-1,016	48,138
	Cash generated from operations (operating activities)	465,212	522,347
	Interest received, etc.	5,255	5,589
	Interest paid, etc.	-38,670	-61,950
	Income taxes paid	-3,881	-3,801
	Cash flows from operating activities	427,916	462,185
	Additions of intangible assets	-1,641	-1,179
	Additions of property, plant and equipment	-613,018	-706,708
	Disposals of property, plant and equipment	144,912	199,457
	Cash flows to investing activities	-469,747	-508,430
	Changes in banks	-40,237	-55,954
	Changes in lease liabilities	-129,571	77,995
	Cash flows from financing activities	-169,808	22,041
	Net cash flow	-211,639	-24,204
	Cash and cash equivalents at 1 August	-348,899	-324,695
	Cash and cash equivalents at 31 July	-560,538	-348,899

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 2019 - 31 July 2020

Notes to the financial statements

1 Accounting policies

The annual report of Krone Fleet Danmark A/S for 2019/20 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.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

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 a parent company's power to direct a subsidiary's financial and operating policy decisions. Besides the above power, the parent company should also be able to yield a return from its investment.

In assessing if the parent company controls an entity, de facto control is taken into consideration as well.

The existence of potential voting rights which may currently be exercised or converted into additional voting rights is considered when assessing if an entity can become empowered to direct another entity's financial and operating decisions.

Significant influence

Entities over whose financial and operating policy decisions the group exercises significant influence are classified as associates. Significant influence is assumed to exist if the Parent Company directly or indirectly holds or controls 20% or more of the voting power of the investee, but does not control the investee.

The existence of potential voting rights which may presently be exercised or be converted into additional voting rights is considered when assessing if 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, and 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 if they do not reflect impairment.

In the consolidated financial statements, the accounting items of subsidiaries are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries which are not wholly-owned are included in the group's profit/loss and equity, respectively, but are disclosed separately.

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

Consolidated financial statements and parent company financial statements 1 August 2019 - 31 July 2020

Notes to the financial statements

1 Accounting policies (continued)

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.

External business combinations

Recently acquired entities are recognised in the consolidated financial statements from the date of acquisition. 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 date of acquisition is the date when the group actually obtains control of the acquiree.

The acquisition method is applied to the acquisition of new entities of which the group obtains control. The acquirees' identifiable assets, liabilities and contingent liabilities are measured at fair value at the date of acquisition. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax related to the 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 under "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 date of acquisition.

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 presentation currency used in the consolidated financial statements 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 consideration paid 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 consideration is contingent on future events or compliance with agreed terms, such part of the consideration is recognised at fair value at the date of acquisition. Subsequent adjustments of contingent 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.

Where, at the date of acquisition, the identification or measurement of acquired assets, liabilities or contingent liabilities or the determination of the consideration is associated with uncertainty, initial recognition will take place on the basis of provisional amounts. If it turns out subsequently that the identification or measurement of the consideration transferred, 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. Hereafter, any adjustments are recognised as misstatements.

Gains or losses from disposal of subsidiaries which result in loss of control are calculated as the difference between, on the one hand, the fair value of the selling price less selling expenses and, on the other hand, the carrying amount of net assets.

Consolidated financial statements and parent company financial statements 1 August 2019 - 31 July 2020

Notes to the financial statements

1 Accounting policies (continued)

Intra-group business combinations

The book value method is applied to business combinations such as acquisition and disposal of investments, mergers, demergers, contributions 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 time of acquisition without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquiree are recognised directly in equity.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Foreign group entities

Foreign subsidiaries and associates are considered separate entities. Items in such entities' income statements are translated at an average exchange rate for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 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 the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of fixed assets.

Cost of sales

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

Consolidated financial statements and parent company financial statements 1 August 2019 - 31 July 2020

Notes to the financial statements

1 Accounting policies (continued)

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

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.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

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

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

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

Land is not depreciated.

Profit from investments in subsidiaries

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

The proportionate share of the individual subsidiaries' profit/loss after tax after full elimination of internal gains/losses are recognised in the parent company's income statement.

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 2019 - 31 July 2020

Notes to the financial statements

1 Accounting policies (continued)

Tax

The parent company is covered by the Danish rules on mandatory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The parent company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

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 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.

Depreciation is recognised in the income statement under separate item.

Consolidated financial statements and parent company financial statements 1 August 2019 - 31 July 2020

Notes to the financial statements

1 Accounting policies (continued)

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

Leases

The Company has chosen IAS 17 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.

Lease receivables 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.

Investments in subsidiaries

Equity investments in subsidiaries 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 are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations 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.

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 for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries 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 is assessed for impairment on an annual basis.

Consolidated financial statements and parent company financial statements 1 August 2019 - 31 July 2020

Notes to the financial statements

1 Accounting policies (continued)

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (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 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.

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 expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Receivables

Receivables are measured at amortised cost.

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

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

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

Impairment losses are calculated as the difference between the carrying amount of the 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 recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Consolidated financial statements and parent company financial statements 1 August 2019 - 31 July 2020

Notes to the financial statements

1 Accounting policies (continued)

Equity

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Provisions

Provisions comprise anticipated costs related to buy-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.

Corporation tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

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.

Consolidated financial statements and parent company financial statements 1 August 2019 - 31 July 2020

Notes to the financial statements

1 Accounting policies (continued)

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, 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 lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting 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 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 comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

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

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 2019 - 31 July 2020

Notes to the financial statements

1 Accounting policies (continued)

Financial ratios

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

Operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Return on assets	$\frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$

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

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 2019 - 31 July 2020

Notes to the financial statements

DKK'000	Group		Parent company	
	2019/20	2018/19	2019/20	2018/19
3 Segment information				
Breakdown of revenue by geographical segment:				
Denmark	228,421	225,002	228,129	224,994
Germany	220,598	229,744	89,511	70,305
Spain	169,618	169,958	67,172	84,587
Other countries	114,483	128,759	78,828	67,039
	<u>733,120</u>	<u>753,463</u>	<u>463,640</u>	<u>446,925</u>

Activity

The Group has only one activity.

DKK'000	Group		Parent company	
	2019/20	2018/19	2019/20	2018/19
4 Staff costs				
Wages/salaries	30,109	31,559	8,688	9,169
Pensions	1,247	1,167	699	676
Other social security costs	4,256	3,923	132	146
Other staff costs	429	1,006	171	560
	<u>36,041</u>	<u>37,655</u>	<u>9,690</u>	<u>10,551</u>
 Average number of full-time employees	 82	 83	 18	 18
 Remuneration to members of Management:				
Executive Board	4,641	4,519	3,810	3,684
	<u>4,641</u>	<u>4,519</u>	<u>3,810</u>	<u>3,684</u>
Executive Board includes 3 members during the year.				
5 Financial income				
Interest receivable, group entities	0	0	3,070	1,684
Interest income	194	5,109	0	0
Foreign exchange adjustments	5,061	480	4,274	0
	<u>5,255</u>	<u>5,589</u>	<u>7,344</u>	<u>1,684</u>
6 Financial expenses				
Interest expenses, group entities	0	0	32,937	36,812
Interest expense	39,683	45,300	916	989
Foreign exchange losses	118	4,637	0	4,264
Other financial expenses	0	0	10	84
	<u>39,801</u>	<u>49,937</u>	<u>33,863</u>	<u>42,149</u>

Consolidated financial statements and parent company financial statements 1 August 2019 - 31 July 2020

Notes to the financial statements

DKK'000	Group		Parent company	
	2019/20	2018/19	2019/20	2018/19
7 Tax for the year				
Estimated tax charge for the year	1,146	7,828	0	0
Deferred tax adjustments in the year	11,991	7,341	11,220	4,714
Tax adjustments, prior years	-61	4	0	0
Refund in joint taxation	0	0	-2,931	-1,337
	13,076	15,173	8,289	3,377
8 Intangible assets				
	Group			
DKK'000	Patents and other rights	Software and licenses	Goodwill	Total
Cost at 1 August 2019	2,485	14,567	5,290	22,342
Additions	1	1,640	0	1,641
Cost at 31 July 2020	2,486	16,207	5,290	23,983
Impairment losses and amortisation at 1 August 2019	2,483	12,384	5,077	19,944
Foreign exchange adjustments	0	0	1	1
Amortisation for the year	2	628	157	787
Impairment losses and amortisation at 31 July 2020	2,485	13,012	5,235	20,732
Carrying amount at 31 July 2020	1	3,195	55	3,251
	Parent company			
DKK'000	Patents and other rights	Software and licenses	Goodwill	Total
Cost at 1 August 2019	2,239	14,192	3,711	20,142
Additions	0	1,640	0	1,640
Cost at 31 July 2020	2,239	15,832	3,711	21,782
Impairment losses and amortisation at 1 August 2019	2,239	12,070	3,711	18,020
Amortisation for the year	0	584	0	584
Impairment losses and amortisation at 31 July 2020	2,239	12,654	3,711	18,604
Carrying amount at 31 July 2020	0	3,178	0	3,178

Consolidated financial statements and parent company financial statements 1 August 2019 - 31 July 2020

Notes to the financial statements

9 Property, plant and equipment

DKK'000	Group				Total
	Land and buildings	Fixtures and fittings, plant and equipment	Rental equipment	Property, plant and equipment under construction	
Cost at 1 August 2019	38,133	13,028	3,288,264	849	3,340,274
Additions	6,005	7,946	598,941	126	613,018
Disposals	-2,496	-2,164	-451,851	-849	-457,360
Transferred	0	130	-130	0	0
Cost at 31 July 2020	41,642	18,940	3,435,224	126	3,495,932
Revaluations at 1 August 2019	0	0	0	0	0
Foreign exchange adjustments	0	0	59	0	59
Revaluations at 31 July 2020	0	0	59	0	59
Impairment losses and depreciation at 1 August 2019	6,824	9,346	1,163,068	0	1,179,238
Foreign exchange adjustments	71	8	1,112	0	1,191
Depreciation	965	978	403,674	0	405,617
Reversal of accumulated depreciation and impairment of assets disposed	-11	-22	-326,506	0	-326,539
Impairment losses and depreciation at 31 July 2020	7,849	10,310	1,241,348	0	1,259,507
Carrying amount at 31 July 2020	33,793	8,630	2,193,935	126	2,236,484
Property, plant and equipment include finance leases with a carrying amount totalling	0	0	1,189,716	0	1,189,716

DKK'000	Parent company			
	Land and buildings	Fixtures and fittings, plant and equipment	Rental equipment	Total
Cost at 1 August 2019	11,859	3,440	2,560,573	2,575,872
Additions	0	93	393,089	393,182
Disposals	0	0	-343,713	-343,713
Transferred	0	130	-130	0
Cost at 31 July 2020	11,859	3,663	2,609,819	2,625,341
Revaluations at 1 August 2019	0	0	0	0
Revaluations at 31 July 2020	0	0	0	0
Impairment losses and depreciation at 1 August 2019	3,412	2,355	844,462	850,229
Depreciation	0	320	307,211	307,531
Reversal of accumulated depreciation and impairment of assets disposed	0	0	-241,316	-241,316
Impairment losses and depreciation at 31 July 2020	3,412	2,675	910,357	916,444
Carrying amount at 31 July 2020	8,447	988	1,699,462	1,708,897
Property, plant and equipment include finance leases with a carrying amount totalling	0	0	1,182,202	1,182,202

Consolidated financial statements and parent company financial statements 1 August 2019 - 31 July 2020

Notes to the financial statements

10 Investments

Group

Lease payments receivable

Of lease payments receivable DKK 5.099 thousand (DKK 12.093 thousand in 2018/19) falls due more than one year after the balance sheet date.

	<u>Parent company</u> <u>Investments in</u> <u>group</u> <u>enterprises</u>
DKK'000	
Cost at 1 August 2019	119,483
Cost at 31 July 2020	119,483
Value adjustments at 1 August 2019	2,750
Foreign exchange adjustments	-141
Profit/loss for the year	7,445
Value adjustments at 31 July 2020	10,054
Carrying amount at 31 July 2020	129,537

Parent company

<u>Name</u>	<u>Legal form</u>	<u>Domicile</u>	<u>Interest</u>	<u>Equity</u> <u>DKK'000</u>	<u>Profit/loss</u> <u>DKK'000</u>
Subsidiaries					
KRONE FLEET Deutschland	GmbH	Seevetal, Germany	100.00%	46,808	3,047
Paul Günther Rental	A/S	Aabenraa, Denmark	100.00%	57,691	7,847
KRONE FLEET Espana	S.L	Valencia, Spain	100.00%	19,641	-3,977
KRONE FLEET Kiralama	A.S	Izmir, Turkey	100.00%	5,397	528

Subsidiaries to Paul Günther Rental A/S (included in figures above):

KRONE FLEET France SARL, Pusignan, France, 100 %
 KRONE FLEET Nederland B.V., Rotterdam, Holland, 100 %
 KRONE FLEET België B.V., 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 %

Consolidated financial statements and parent company financial statements 1 August 2019 - 31 July 2020

Notes to the financial statements

DKK'000	Parent company	
	2019/20	2018/19
11 Share capital		
Analysis of the share capital:		
2,511,087 shares of DKK 1.00 nominal value each	2,511	2,511
	<u>2,511</u>	<u>2,511</u>

No shares carry special rights.

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

DKK'000	2019/20	2018/19	2017/18	2016/17	2015/16
Opening balance	2,511	1,500	1,500	1,500	1,500
Capital increase	0	1,011	0	0	0
	<u>2,511</u>	<u>2,511</u>	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>

DKK'000	Group		Parent company	
	2019/20	2018/19	2019/20	2018/19
12 Deferred tax				
Deferred tax at 1 August	31,082	23,210	28,336	23,622
Exchange rate adjustment relating to foreign entities	-4	-11	0	0
Adjustment of the deferred tax charge for the year	11,991	7,883	11,219	4,714
Deferred tax recognised as assets	5,407	5,404	0	0
Deferred tax at 31 July	<u>48,476</u>	<u>36,486</u>	<u>39,555</u>	<u>28,336</u>

Deferred tax relates to:

Intangible assets	699	397	699	397
Property, plant and equipment	290,591	294,392	276,136	282,020
Receivables	51	128	-218	-142
Liabilities	-236,226	-255,010	-235,663	-252,050
Tax loss	-5,245	-1,532	0	0
Other non-taxable temporary differences	-1,394	-1,889	-1,399	-1,889
	<u>48,476</u>	<u>36,486</u>	<u>39,555</u>	<u>28,336</u>

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Notes to the financial statements

13 Non-current liabilities other than provisions

DKK'000	Group			
	Total debt at 31/7 2020	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Lease liabilities	1,224,656	366,208	858,448	6,815
Other payables	231,561	71,868	159,693	0
	<u>1,456,217</u>	<u>438,076</u>	<u>1,018,141</u>	<u>6,815</u>
DKK'000	Parent company			
	Total debt at 31/7 2020	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Lease liabilities	1,071,195	303,065	768,130	0
Payables to group entities	6,567	1,500	5,067	0
Other payables	228,154	68,461	159,693	0
	<u>1,305,916</u>	<u>373,026</u>	<u>932,890</u>	<u>0</u>

14 Contractual obligations and contingencies, etc.

Parent company

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 2,972 thousand (parent company: DKK 1,510 thousand). The remaining term of the leases is up to 70 months (parent company: 33 months) with a total nominal remaining lease payment of DKK 7,912 thousand (parent company: DKK 793 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 2020, 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.

15 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 2020.

The parent company has issued a guarantee of payment for KRONE FLEET Deutschland GmbH's engagement with a bank limited to DKK 2,588 thousand.

Lessor has the usual title to rental equipment with a carrying amount of DKK 1,189,717 thousand which has been provided as collateral for lease obligations. Same applies for the parent company with a carrying amount of DKK 1,182,203 thousand.

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Notes to the financial statements

16 Currency and interest rate risks and use of derivative financial instruments

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

17 Related parties

Related party transactions

Related party transactions are carried out on arms length basis.

Related parties

KRONE FLEET Danmark A/S' related parties comprise group entities, see note 10, affiliated entities in the Bernard Krone Holding SE & Co. KG group, and the following:

Parties exercising control

KBU Immobilien GmbH, Germany, Parent company.

	Group		Parent company	
	2019/20	2018/19	2019/20	2018/19
DKK'000				
18 Fee to the auditors appointed by the Company in general meeting				
Total fees to EY	608	610	437	506
Statutory audit	463	382	313	300
Tax assistance	34	22	29	16
Other assistance	111	206	95	190
	608	610	437	506

	Parent company	
	2019/20	2018/19
DKK'000		
19 Appropriation of profit		
Recommended appropriation of profit		
Net revaluation reserve according to the equity method	7,304	2,750
Retained earnings	19,520	40,174
	26,824	42,924

	Group	
	2019/20	2018/19
DKK'000		
20 Adjustments		
Amortisation/depreciation and impairment losses	406,404	400,509
Gain/loss on the sale of non-current assets	-14,622	-28,745
Financial income	-5,255	-5,589
Financial expenses	39,801	49,937
Tax for the year	13,076	15,173
	439,404	431,285

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Notes to the financial statements

DKK'000	Group	
	2019/20	2018/19
21 Changes in working capital		
Change in inventories	-13,735	-21,224
Change in receivables	11,422	46,202
Change in trade and other payables	1,297	23,160
	-1,016	48,138