Krone Fleet Danmark A/S

Kilen 5, 6330 Padborg

CVR no. 21 50 76 95

Annual report 2020/21

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

Chair of the meeting:

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Building a better working world

Contents

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 2020 - 31 July 2021.

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 2021 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 2020 - 31 July 2021.

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, 4 October 2021
Executive Board:

Søren Nielsen Outzen

Kim Raun

Board of Directors:

Ingo Goerdes

Aloysius Schnelte

Ole Klose

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 2020 - 31 July 2021, 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 2021, 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 2020 - 31 July 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent Company financial statements" (herinafter 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, 4 October 2021
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 2020 - 31 July 2021
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	2020/21	2019/20	2018/19	2017/18	2016/17
Key figures					
Revenue	808,060	733,120	753,463	687,875	584,774
Operating profit/loss	93,552	61,255	78,446	87,891	65,532
Profit for the year	66,934	26,824	42,924	47,747	34,502
Fixed assets	2,427,071	2,251,832	2,182,521	2,042,442	1,986,427
Non-fixed assets	265,203	198,299	195,756	237,195	231,513
Total assets	**2,692,274**	**2,450,131**	**2,378,277**	**2,279,637**	**2,217,940**
Equity	**354,504**	**285,930**	**259,247**	**7,094**	**-40,669**
Non-current liabilities other than provisions	979,614	1,018,141	1,220,805	1,124,647	1,337,850
Current liabilities other than provisions	1,299,261	1,092,977	855,604	1,109,153	892,528
Cash flows from operating activities	414,829	427,916	462,185	380,622	375,251
Net cash flows from investing activities	-515,870	-469,747	-508,430	-423,681	-368,285
Cash flows from financing activities	93,208	35,017	22,041	40,168	-4,288
Total cash flows	**-7,833**	**-6,814**	**-24,204**	**-2,891**	**2,678**
Financial ratios					
Operating margin	13.6%	10.2%	13.6%	10.2 %	10.5 %
Return on assets	3.6%	2.5%	3.4%	3.9%	3.0%
Equity ratio	13.2%	11.7%	10.9%	0.3%	-1.8%
Return on equity	20.9%	9.8%	32.2%	-284.4%	-59.6%
Average number of employees	**84**	**82**	**83**	**84**	**79**

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 2020/21 shows a profit of DKK 66,934 thousand against a profit of DKK 26,824 thousand last year, and the group's balance sheet at 31 July 2021 shows equity of DKK 354,504 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) significanly.

Financial risks and use of financial instruments

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.

Research and development activities

The employees are considered to posses solid market knowledge and professional qualifications within the individual field of activity. The Group does not carry out reserach and development activities.

Management's review

Statutory CSR report

Business Model

Krone Fleet Danmark A/S (hereafter Krone Group or the Group), is an innovative Group, which through professional and dedicated employees want to be one af the leading provideres of market-adapted transport equipment focusing on quality and competent, individual trailer solutions and services. The prerequisites for obtaining and maintaining success is tied to its ability to be an attractive and professional work place, charaterized by high quality service, knowledge, engagement and volition. Thereby, a high professional level is ensured in everything we engage in.

Customers

Our mission is to develop and ensure efficient and secure transport equipment for our customers, including logistic companies, truck operators and chauffeurs. Thereby, we support our customers' business and form the basis for value optimisation and increase in value for our customers and ourselves.

Value-adding cooperation

We value close and targeted cooperation as well as dialogue and sparring with our customers, suppliers and other cooperative partners.

Products

Our Krone standard programme implies that we offer turnkey trailer solutions, curtainsider, refrigerated semitrailers, dry freight box body, container chassis, box and load carriers and spare parts. Krone Group offers both new and second handed transport equipment as either sale or lease.

Customised solution

By means of professionalism, quality and targeted efforts, we aim at creating the best possible individual solutions for our customers. We strive at giving our customers a sublime purchase experience i.a. by offering an efficient and reliable supply chain with a broad selection of services and opportunities.

Continuous optimisation of our products

Krone makes great efforts to continuously improve, optimise and future-proof our transportequipment both in respect of the customers' current and future needs as well as digital requirements and environmental considerations. The development of our products thus always considers environmental aspects. We have a certified environmental management system for the areas development, manufacturing and distribution of commercial vehicles. We consistently focus on reducing emissions, noises and smells and minimising waste and waste water. In everything we do, we generally seek to comply with and contribute to UN's 17 Sustainable Development Goals.

Management's review

	Considerable risks	Policy	Actions 2020	Performance in 2020
Employees				
	It is increasingly harder to attract qualified labor to our region. Furthermore, there is increasingly stricter demands and expectations that talented employees continue to improve their competencies. As a result, we also experience increasing demands and expectations from our employees for opportunities to educate and improve themselves.	To make Padborg an attractive place to work	Employees' participation in local networks, i.a. under Padborg Transportcenter Onboarding program for all new hires	
		Professional development	Career and job development opportunities	2 employees are appointed head of department
			Courses and in-service training	On-line courses, i.a. Microsoft 365 On-line webinar, i.a. job satisfaction, corona and lectures on personal well-being Internal courses re. knowledge of trailers Internal knowledge-sharing i.a. through coffee meetings for mid-level managers
		Personal development	Annual employee-interviews with the immediate Manager and HR Annual salary interview with Manager	
Physical and social matters				
	The economic prosperity and the resulting faster pace in the job market demand still more and more from the individual employees. Therefore, there is a risk of burnout and stress as well as risk of physical injuries because of either sedentary or physically arduous work.	Krone's considerable efforts to increase personal well-being and job satisfaction must bear fruit – The Group aspires to be the industry's best workplace that attracts and retains the best employees!	A workplace assessment was made in the winter of 2020	Sum-up/results of employee replies. Review by Management and health and safety group based on which focal points are selected and rectified.
			Regular update of the employee manual	An up-to-date work of reference is always available to the employees
			Meal system, massage and fitness opportunity	Except for two, all employees have signed up for the meal system. An average of 60% of the employees make use of the massage opportunity and approx. 25% of the employees have signed up for fitness.
			Continuous communication of latest news to the employees	Our newsletter K.N.U.S. appears four times a year

Management's review

	Considerable risks	Policy	Actions 2020	Performance in 2020
				Info board in the canteen Information from Management through the HR department
			Employees working under the flex scheme	Three employees are working under the flex scheme
			Home workstation opportunity	Possibility of purchasing equipment for home office, also after the corona crisis Microsoft Teams installed at Fleet not least to ensure and stay in contact with colleagues who work from home
Physical working conditions				
	Sedentary work is increasing, which poses a risk to our physical well-being.	To allow our employees to give their best at work, it is essential that they feel secure in a well-functioning physical environment. Furthermore, the Krone-House encourages our employees to keep up their physique.	Ergonomics	Everyone has an adjustable office desk Everyone has access to various ergonomic aids The inventory department and our kitchen have purchased various aids Advice on and encouraging every employee with a home office to be aware of ergonomics
			Massage opportunity for everyone	About 50% of employees see a masseur regularly
			Fitness opportunity	5 fitness subscriptions
			Physical well-being	Ventilation systems are regularly controlled and adjusted at the offices Upgrading of lighting conditions in old building
			Avoid static electricity	Carpets in all offices and in a few hallways Kitchen staff: magnetic soles and cotton clothing
			Security	Working environment group Regular control and securing of inventory conditions

Management's review

	Considerable risks	Policy	Actions 2020	Performance in 2020
			Cleaning and hygiene	Regular control of truck certificates and drivers licenses Continued update of exterior and interior fire safety Updating of evacuation plans Regular control by cleaning company Kitchen, physical conditions, focus on cleaning and cleaning with alcohol gel Staying in the canteen considering corona restrictions
Local community				
	The borders become more and more vague in modern society, and therefore, it is important to cherish local activities. Furthermore, it is essential to present interesting job opportunities both to newcomers and future workforce.	To support interests of local society and to take social responsibility are given a high priority by the Krone-House. Therefore, we participate in many local activities.	Padborg Transportcenter Aabenraa Havn Various networks Visits from public school classes	Continued participation in all networks, however, primarily on-line Support to sport clubs and athletics clubs Participation in Transportens Dage 2020
Human rights				
	The transport and trade industry is generally a man's world which focus on materialistic values, "the good sale" and a positive bottom line. Generally speaking, the industry is still bound by tradition, e.g. vacancies are often filled by men, "the good sale" is measured in money terms and a company's health is measured by is bottom line. Thereby there is a risk that non-material values and social capital are set aside or detracted from, e.g. in relation to differential treatment and discrimination on grounds of gender, age, ethnicity, etc.	Respect for customers' and employees' private life Emphasize the importance of social capital No differential treatment Equal opportunities for everyone	The Krone House's vision, mission and values Possibility of working from home gives the employees more flexibility Continued focus on the individual employee's needs and requests, e.g opportunity of part-time scheme for older employees. Bullying policy (implemented in our employment policy in 2018) Internal job advertisements	Prepared in 2018 75% of the labour force is working from home from time to time One senior employee has a scheme according to which the employee gradually has more and more days off One employee was offered apprenticeship at our inventories Constant focus on conflicts and bullying, if any. Any suspicion of such is investigated and solutions are proposed All vacancies are advertised internally in the house before advertised externally.

Management's review

	Considerable risks	Policy	Actions 2020	Performance in 2020
			Encouraging every employee to participate in projects, committees, etc.	Active feast committee and working environment group
			Encouraging employees to "pursue/indicate career dreams"	Two employees have been appointed mid-level manager
		Counteract "traditional behaviour" and discrimination	In connection with new hires, we endeavour to have diversity regarding gender, age, ethnicity, etc.	Recently established position as strategy manager has been filled by a Russian female
			Restructuring of our warehouse activities through the employment of new warehouse clerks	Our warehouse/ spareparts team comprises two women and three men aged from 21-45 years
Environmental matters				
	There is a risk of negatively affecting the environment in connection with the Krone-House's business activities, e.g. in relation to the handling of waste and packaging.	We need to be resource-conserving and give consideration to sorting packaging and waste to minimise our environmental impact.	In cooperation with customers and suppliers we prepare CO2 neutral transport solutions.	
			Our IT department participates in the development of Telematic system which i.a. allows us to minimise space wasted in the trailer	All trailers in the Fleet fleet are purchased inclusive of monitoring system to which the customer can buy access.
			Investment in refrigerated trailers with electrical installation (ex. internal combustion engine)	In 2021, the first electrically powered trailers will be operated by the Fleet fleet.
			Mounting of solar cells on all refrigerated trailers. They ensure charging of the refrigerated trailer batteries.	The solar cells are mounted in Padborg together with the cold-storage plant on the newly manufactured trailers, so that the fleet will gradually include only trailers with solar cells. At present, 850 refrigerated trailers have solar cells.
			The trailers have closed premium tyre system from Michelin, which is fuel-saving and recyclable. All tyres are exchanged with premium Michelin tyres.	Based on the regular service, all trailers will, irrespective of age, will be equipped with premium Michelin tyres.

Management's review

	Considerable risks	Policy	Actions 2020	Performance in 2020
Climate				
	All companies are under an obligation to take care of our environment as the use of administrative and production facilities poses a significant risk of negatively affecting the environment.	We need to be resource-conserving and give consideration to sorting packaging and waste to minimise our environmental impact. We also endeavour to implement and fulfil UN's 17 Sustainable Development Goals both in terms of climate and other areas We will promote and aim at obtaining a more sustainable transport profile.	Minimise printout i.a. through the implementation of new monitoring programmes. Cardboard waste is sorted individually Reduction of food waste Changes made to office buildings and any extensions and rebuilds are performed taking climate and environmental matters into consideration. Continuous environment-friendly renewal of our company cars. The employees are allowed to have loading facilities at the company and at home	On Fridays, the kitchen serves leftovers. Rebuilding of office buildings at 1st floor in "the old building" + upgrading of lighting conditions Ventilation with heat recovery More employees now have an electric company car
Anti corruption/crime				
	Companies with global business activities have an increased risk of being offered gifts, entertainment, etc. from customers, suppliers and cooperative partners and ignorantly participate in or contribute to crime, theft or economic exploitation.	We counteract any kind of corruption, economic exploitation and crime.	Minimise the use of cash Control and identification of drivers who pick up equipment Attention to fraud, e.g. CEO fraud CCTV of the space Authority to pay through joint approval by two persons Control of companies and drivers in OFAC, including VAT and money laundering Registration of new customers in C4C. The programme performs regular controls. Debtors and creditors are checked in Krone's compliance-management-system Telematic boxes in trailers which i.a. are to safeguard against crime	We have not identified any corruption or crime against us or with us or our subsidiaries The IT department participates in a project regarding the development of Telematic

Management's review

	Considerable risks	Policy	Actions 2020	Performance in 2020
COVID-19				
	The COVID-19 pandemic implied an unprecedented pressure on the physical as well as the mental working environment in 2020 as the pandemic caused a health risk to the individual employees, a change in working conditions and risk of lay-off.	We have emphasised the protection of our employees in this period by introducing guidelines, providing protective equipment and offering the opportunity of working from home and to lay off some of the labour force. This has protected the employees' health and job situation both during and after the pandemic. We have observed and adapted to the Danish government's and the Danish Ministry of Health's guidelines.	Guidelines for our employees' behaviour in the canteen and at the lunch buffet. Guidelines for external visitors. Guidelines for our employees' behaviour outside of working hours, e.g. in relation to cross-border trade and weekly tests.	Two employees were infected, independently from each other. No spread to other employees. Management has held meetings regularly to assess the current situation and to make decisions in relation thereto. Employees have been informed thereof as soon as possible. Employees are of the opinion that they have been well-informed and have felt safe at work.
			Ensuring the individual employee's security. In case on insecurity e.g. in relation to customer visits and external drivers, we have immediately taken care of the individual employee.	Action plan if one employee or one of the employee's close relatives are infected with COVID-19. The canteen is closed for externals. Face mask, etc. is required Possibility of working from home if an employee has felt insecure.
			Division of the workforce so that half of the staff work from home (end of March-July)	

Management's review

Account of the gender composition of Management

Board of Directors

Status: No female members of the Board of Directors

Targets with a time horizon: Year 2023: 33% of the members of the Board of Directors must be female.

The general goal for Krone Group is for the Board of Directors to work as efficiently as possible regarding the development of strategies, management and the business in general. Therefore, candidates with a suitable profile and experience are our highest priority and to begin with gender is not a criterion. This year, we have had no replacements on the Board of Directors, which have allowed us to fulfil our target figures.

In connection with the next replacement on the Board of Directors, Krone Group will see if there are any female candidates internally with a suitable profile and experience so that we can meet our target figure for gender parity.

Other managerial positions

As the company has less than 50 employees, no policy has been drawn up to increase the underrepresented gender in other management positions.

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 revenue and realize earnings before tax for the 2021/22 financial year at DKK 65-70 million.

Consolidated financial statements and parent company financial statements 1 August 2020 - 31 July 2021

Income statement

		Group		Parent company	
Note	DKK'000	2020/21	2019/20	2020/21	2019/20
4	**Revenue**	808,060	733,120	468,453	463,640
	Cost of sales	-188,587	-198,425	-57,347	-77,789
	Other operating income	19,095	15,448	4,502	410
	Other external expenses	-34,954	-30,996	-16,289	-14,269
	Gross profit	603,614	519,147	399,319	371,992
5	Staff costs	-39,816	-36,041	-10,938	-9,690
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-451,150	-406,404	-314,873	-308,115
	Other operating expenses	-2,814	-2,256	0	0
	Profit before net financials	109,834	74,446	73,508	54,187
	Income from investments in group enterprises	0	0	31,070	7,445
6	Financial income	1,382	5,255	7,860	7,344
7	Financial expenses	-39,944	-39,801	-35,384	-33,863
	Profit before tax	71,272	39,900	77,054	35,113
8	Tax for the year	-4,338	-13,076	-10,120	-8,289
	Profit for the year	66,934	26,824	66,934	26,824

Consolidated financial statements and parent company financial statements 1 August 2020 - 31 July 2021

Balance sheet

Note	DKK'000	Group 2020/21	Group 2019/20	Parent company 2020/21	Parent company 2019/20
	ASSETS				
	Fixed assets				
9	**Intangible assets**				
	Patents and other rights	2	1	0	0
	Software and licenses	5,151	3,195	5,147	3,179
	Goodwill	0	56	0	0
		5,153	3,252	5,147	3,179
10	**Property, plant and equipment**				
	Land and buildings	27,435	33,794	8,447	8,447
	Fixtures and fittings, plant and equipment	4,880	8,630	760	988
	Rental equipment	2,347,723	2,193,937	1,772,059	1,699,461
	Property, plant and equipment under construction	334	126	0	0
		2,380,372	2,236,487	1,781,266	1,708,896
11	**Investments**				
	Investments in subsidiaries	0	0	186,148	129,537
	Lease payment receivable	3,040	12,093	0	0
	Loans	38,506	0	0	0
		41,546	12,093	186,148	129,537
	Total fixed assets	2,427,071	2,251,832	1,972,561	1,841,612
	Non-fixed assets				
	Inventories				
	Goods for resale	0	35,542	0	0
		0	35,542	0	0
	Receivables				
	Trade receivables	109,107	114,259	57,150	49,934
	Receivables from subsidiaries	0	0	308,494	270,318
	Receivables from affiliates	117,075	1,793	1,048	1,793
	Corporation tax receivable	1,141	49	0	0
	Joint taxation contribution receivable	0	0	2,941	2,931
	Other receivables	12,213	12,685	7,361	9,592
	Prepayments	12,959	15,988	9,208	9,749
	Deferred tax assets	7,964	5,406	0	0
		260,459	150,180	386,202	344,317
	Cash	4,744	12,577	171	347
	Total non-fixed assets	265,203	198,299	386,373	344,664
	TOTAL ASSETS	2,692,274	2,450,131	2,358,934	2,186,276

Consolidated financial statements and parent company financial statements 1 August 2020 - 31 July 2021

Balance sheet

Note	DKK'000	Group 2020/21	Group 2019/20	Parent company 2020/21	Parent company 2019/20
	EQUITY AND LIABILITIES				
	Equity				
12	Share capital	2,511	2,511	2,511	2,511
	Net revaluation reserve according to the equity method	0	0	42,763	10,054
	Translation reserve	1,640	0	0	0
	Retained earnings	350,353	283,419	309,230	273,365
	Total equity	354,504	285,930	354,504	285,930
	Provisions				
13	Deferred tax	57,257	48,476	52,616	39,556
	Other provisions	1,638	4,607	0	0
	Total provisions	58,895	53,083	52,616	39,556
	Liabilities other than provisions				
14	**Non-current liabilities other than provisions**				
	Lease liabilities to affiliates	813,257	858,448	765,731	768,130
	Payables to subsidiaries	0	0	3,494	5,067
	Other payables to affiliates	166,357	159,693	166,357	159,693
		979,614	1,018,141	935,582	932,890
	Current liabilities other than provisions				
14	Short-term part of long-term liabilities other than provisions	489,085	438,076	449,886	373,026
	Bank debt	717,913	573,115	513,187	482,298
	Trade payables	38,329	25,491	17,810	14,881
	Payables to subsidiaries	0	0	21,771	39,055
	Corporation tax payable	754	5,573	0	0
	Other payables	41,419	34,085	3,289	3,750
	Deferred income	11,761	16,637	10,289	14,890
		1,299,261	1,092,977	1,016,232	927,900
		2,278,875	2,111,118	1,951,814	1,860,790
	TOTAL EQUITY AND LIABILITIES	2,692,274	2,450,131	2,358,934	2,186,276

1 Accounting policies
2 Accounting estimates and assessments
3 Special items
16 Contractual obligations and contingencies, etc.
17 Collateral
18 Related parties
19 Fee to the auditors appointed by the Company in general meeting
20 Appropriation of profit

Consolidated financial statements and parent company financial statements 1 August 2020 - 31 July 2021

Statement of changes in equity

		Group			
Note	DKK'000	Share capital	Translation reserve	Retained earnings	Total
	Equity at 1 August 2020	2,511	0	283,419	285,930
	Transfer through appropriation of profit	0	0	66,934	66,934
	Foreign exchange adjustments, foreign subsidiaries	0	1,640	0	1,640
	Equity at 31 July 2021	2,511	1,640	350,353	354,504

		Parent company			
Note	DKK'000	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Total
	Equity at 1 August 2020	2,511	10,054	273,365	285,930
20	Transfer, see "Appropriation of profit"	0	32,709	34,225	66,934
	Foreign exchange adjustments, foreign subsidiaries	0	0	1,640	1,640
	Equity at 31 July 2021	2,511	42,763	309,230	354,504

Consolidated financial statements and parent company financial statements 1 August 2020 - 31 July 2021

Cash flow statement

Note	DKK'000	Group 2020/21	Group 2019/20
	Profit for the year	66,934	26,824
21	Adjustments	478,484	439,404
	Cash generated from operations (operating activities)	545,418	466,228
22	Changes in working capital	-88,406	-1,016
	Cash generated from operations (operating activities)	457,012	465,212
	Interest received, etc.	1,382	5,255
	Interest paid, etc.	-39,539	-38,670
	Income taxes paid	-4,026	-3,881
	Cash flows from operating activities	414,829	427,916
	Additions of intangible assets	-3,095	-1,641
	Additions of property, plant and equipment	-746,628	-613,018
	Disposals of property, plant and equipment	233,853	144,912
	Cash flows to investing activities	-515,870	-469,747
	Changes in banks	138,727	164,588
	Repayment in lease liabilities	-45,519	-129,571
	Cash flows from financing activities	93,208	35,017
	Net cash flow	-7,833	-6,814
	Cash and cash equivalents at 1 August	12,577	19,391
23	**Cash and cash equivalents at 31 July**	4,744	12,577

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 2020 - 31 July 2021

Notes to the financial statements

1 **Accounting policies**

The annual report of Krone Fleet Danmark A/S for 2020/21 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 in 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 2020 - 31 July 2021

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 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 2020 - 31 July 2021

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 2020 - 31 July 2021

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, 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 and impairment

The item comprises amortisation/depreciation and impairment 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	6-11 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 2020 - 31 July 2021

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 2020 - 31 July 2021

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 recoqnised 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 2020 - 31 July 2021

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 2020 - 31 July 2021

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.

Translation reserve

The translation reserve comprises the share of foreign exchange differences arising on translation of financial statements of entities that have a functional currency other than DKK, foreign exchange adjustments of assets and liabilities considered part of the Company's net investments in such entities and foreign exchange adjustments regarding hedging transactions that hedge the Company's net investments in such entities. The reserve is dissolved on the sale of foreign entities or if the conditions for effective hedging no longer exist. When equity investments in subsidiaries and associates in the parent company financial statements are subject to the limitation requirement in the net revaluation reserve according to the equity method, foreign exchange adjustments will be included in this equity reserve instead.

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 deffered 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.

Consolidated financial statements and parent company financial statements 1 August 2020 - 31 July 2021

Notes to the financial statements

1 **Accounting policies (continued)**

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 unrealitied intra-qroup 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.

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 2020 - 31 July 2021

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
Operating margin	$\frac{\text{Operating profit (EBIT) x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss from operating activites x 100}}{\text{Average assets}}$
Equity ratio	$\frac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$

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 2020 - 31 July 2021

Notes to the financial statements

3 Special items

	Group		Parent company	
DKK'000	**2020/21**	**2019/20**	**2020/21**	**2019/20**
Income				
Deferred taxes	5,519	0	0	0
Tax adjustment prior years	5,335	0	0	0
	10,854	0	0	0
Special items are recognised in the below items of the financial statements				
Tax for the year	10,854	0	0	0
Net profit on special items	10,854	0	0	0

Group

Tax for the year include an income of DKK 10,854 thousand that refers to prior years tax exemption in Germany. The tax exemption was not recognized due to uncertainty. However, in June 2021 the local tax authorities have decided in favour of the German group entity, which led to current tax income from prior periods (5,335 thousand) and additional deferred taxed from tax loss carry forwards (5,519 thousand).

	Group		Parent company	
DKK'000	**2020/21**	**2019/20**	**2020/21**	**2019/20**
4 Segment information				
Breakdown of revenue by geographical segment:				
Denmark	229,686	228,421	229,353	228,129
Germany	244,752	220,598	96,787	89,511
Spain	147,929	169,618	52,621	67,172
Other countries	185,693	114,483	89,692	78,828
	808,060	733,120	468,453	463,640

Activity

The Group has only one activity.

Consolidated financial statements and parent company financial statements 1 August 2020 - 31 July 2021

Notes to the financial statements

		Group		Parent company	
	DKK'000	2020/21	2019/20	2020/21	2019/20
5	**Staff costs**				
	Wages/salaries	31,634	30,109	9,037	8,688
	Pensions	1,232	1,247	725	699
	Other social security costs	6,341	4,256	934	132
	Other staff costs	609	429	242	171
		39,816	36,041	10,938	9,690
	Average number of full-time employees	84	82	19	18

Remuneration to members of Management:

	Group		Parent company	
DKK'000	2020/21	2019/20	2020/21	2019/20
Executive Board	3,172	4,641	2,636	3,810
	3,172	4,641	2,636	3,810

Executive Board includes 2 members during the year (2019/20, 3 members).

		Group		Parent company	
	DKK'000	2020/21	2019/20	2020/21	2019/20
6	**Financial income**				
	Interest income, subsidiaries	0	0	7,323	3,070
	Interest income	714	194	0	0
	Foreign exchange adjustments	668	5,061	537	4,274
		1,382	5,255	7,860	7,344
7	**Financial expenses**				
	Interest expenses, subsidiaries	0	0	10,095	8,611
	Interest expenses, affiliates	28,559	28,329	24,153	24,326
	Interest expense	11,385	11,354	1,130	916
	Foreign exchange losses	0	118	0	0
	Other financial expenses	0	0	6	10
		39,944	39,801	35,384	33,863
8	**Tax for the year**				
	Estimated tax charge for the year	3,452	1,146	0	0
	Deferred tax adjustments in the year	6,221	11,991	13,061	11,220
	Tax adjustments, prior years	-5,335	-61	0	0
	Refund in joint taxation	0	0	-2,941	-2,931
		4,338	13,076	10,120	8,289

Consolidated financial statements and parent company financial statements 1 August 2020 - 31 July 2021

Notes to the financial statements

9 Intangible assets

	Group			
DKK'000	Patents and other rights	Software and licenses	Goodwill	Total
Cost at 1 August 2020	2,485	16,206	5,286	23,977
Additions	1	3,094	0	3,095
Disposals	-219	0	0	-219
Cost at 31 July 2021	2,267	19,300	5,286	26,853
Impairment losses and amortisation at 1 August 2020	2,484	13,011	5,230	20,725
Amortisation for the year	0	1,138	56	1,194
Reversal of accumulated amortisation and impairment of assets disposed	-219	0	0	-219
Impairment losses and amortisation at 31 July 2021	2,265	14,149	5,286	21,700
Carrying amount at 31 July 2021	2	5,151	0	5,153

	Parent company			
DKK'000	Patents and other rights	Software and licenses	Goodwill	Total
Cost at 1 August 2020	2,239	15,833	3,711	21,783
Additions	0	3,094	0	3,094
Cost at 31 July 2021	2,239	18,927	3,711	24,877
Impairment losses and amortisation at 1 August 2020	2,239	12,654	3,711	18,604
Amortisation for the year	0	1,126	0	1,126
Impairment losses and amortisation at 31 July 2021	2,239	13,780	3,711	19,730
Carrying amount at 31 July 2021	0	5,147	0	5,147

Consolidated financial statements and parent company financial statements 1 August 2020 - 31 July 2021

Notes to the financial statements

10 Property, plant and equipment

DKK'000	Group: Land and buildings	Fixtures and fittings, plant and equipment	Rental equipment	Property, plant and equipment under construction	Total
Cost at 1 August 2020	41,561	18,911	3,433,241	126	3,493,839
Additions	2,643	487	807,361	208	810,699
Disposals	-9,299	-4,013	-556,174	0	-569,486
Transferred	0	68	-68	0	0
Cost at 31 July 2021	34,905	15,453	3,684,360	334	3,735,052
Revaluations at 1 August 2020	0	0	59	0	59
Foreign exchange adjustments	0	0	10	0	10
Revaluations at 31 July 2021	0	0	69	0	69
Impairment losses and depreciation at 1 August 2020	7,767	10,281	1,239,363	0	1,257,411
Foreign exchange adjustments	21	6	388	0	415
Impairment losses	0	0	1,086	0	1,086
Depreciation	730	950	448,276	0	449,956
Reversal of accumulated depreciation and impairment of assets disposed	-1,048	-664	-352,407	0	-354,119
Impairment losses and depreciation at 31 July 2021	7,470	10,573	1,336,706	0	1,354,749
Carrying amount at 31 July 2021	27,435	4,880	2,347,723	334	2,380,372
Property, plant and equipment include finance leases with a carrying amount totalling	0	0	1,284,753	0	1,284,753

DKK'000	Parent company: Land and buildings	Fixtures and fittings, plant and equipment	Rental equipment	Total
Cost at 1 August 2020	11,859	3,663	2,609,818	2,625,340
Additions	0	16	550,544	550,560
Disposals	0	0	-463,305	-463,305
Transferred	0	68	-68	0
Cost at 31 July 2021	11,859	3,747	2,696,989	2,712,595
Revaluations at 1 August 2020	0	0	0	0
Revaluations at 31 July 2021	0	0	0	0
Impairment losses and depreciation at 1 August 2020	3,412	2,675	910,357	916,444
Depreciation	0	312	313,434	313,746
Reversal of accumulated depreciation and impairment of assets disposed	0	0	-298,861	-298,861
Impairment losses and depreciation at 31 July 2021	3,412	2,987	924,930	931,329
Carrying amount at 31 July 2021	8,447	760	1,772,059	1,781,266
Property, plant and equipment include finance leases with a carrying amount totalling	0	0	1,284,753	1,284,753

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11 Investments

Group

Lease payments receivable

Of lease payments receivable DKK 3,040 thousand (DKK 3,040 thousand in 2019/20) falls due more than one year after the balance sheet date.

Loans

Of loans DKK 30,384 falls due more than one year after the balance sheet date.

DKK'000	Parent company Investments in subsidiaries
Cost at 1 August 2020	119,483
Additions	23,901
Cost at 31 July 2021	143,384
Value adjustments at 1 August 2020	10,054
Foreign exchange adjustments	1,640
Profit/loss for the year	31,070
Value adjustments at 31 July 2021	42,764
Carrying amount at 31 July 2021	186,148

Parent company

Name	Legal form	Domicile	Interest	Equity DKK'000	Profit/loss DKK'000
Subsidiaries					
KRONE FLEET Deutschland	GmbH	Seevetal, Germany	100.00%	61,118	14,348
Paul Günther Rental	A/S	Aabenraa, Denmark	100.00%	75,152	17,353
KRONE FLEET Espana	S.L	Valencia, Spain	100.00%	17,306	-2,318
KRONE FLEET Kiralama	A.S	Izmir, Turkey	100.00%	32,572	1,686

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 Belqié B.V., Zele, Belgium, 100 %
KRONE FLEET Sverige AB, Helsinqborq, Sweden, 100 %
KRONE FLEET Baltics. Vilnius, Lithuania, 100 %
Paul Günther Sp.z.o.o., Warschau, Poland, 100 %

DKK'000	Parent company 2020/21	Parent company 2019/20
12 Share capital		
Analysis of the share capital:		
2,511,087 shares of DKK 1.00 nominal value each	2,511	2,511
	2,511	2,511

No shares carry special rights.

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

DKK'000	2020/21	2019/20	2018/19	2017/18	2016/17
Opening balance	2,511	2,511	1,500	1,500	1,500
Capital increase	0	0	1,011	0	0
	2,511	2,511	2,511	1,500	1,500

	Group		Parent company	
DKK'000	2020/21	2019/20	2020/21	2019/20
13 Deferred tax				
Deferred tax at 1 August	43,069	31,082	39,555	28,336
Exchange rate adjustment relating to foreign entities	1	-4	0	0
Adjustment of the deferred tax charge for the year	6,223	11,991	13,061	11,219
Deferred tax recognised as assets	7,965	5,407	0	0
Deferred tax at 31 July	57,258	48,476	52,616	39,555
Deferred tax relates to:				
Intangible assets	1,132	699	1,132	699
Property, plant and equipment	318,419	290,591	305,585	276,136
Receivables	166	51	0	-218
Liabilities	-254,096	-236,226	-254,096	-235,663
Tax loss	-8,363	-5,245	0	0
Other non-taxable temporary differences	0	-1,394	-5	-1,399
	57,258	48,476	52,616	39,555

14 Non-current liabilities other than provisions

	Group			
DKK'000	Total debt at 31/7 2021	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Lease liabilities to affiliates	1,243,208	429,951	813,257	4,152
Other payables to affiliates	225,490	59,133	166,357	0
	1,468,698	489,084	979,614	4,152

	Parent company			
DKK'000	Total debt at 31/7 2021	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Lease liabilities to affiliates	1,154,983	389,252	765,731	0
Payables to subsidiaries	4,994	1,500	3,494	0
Other payables to affiliates	225,490	59,133	166,357	0
	1,385,467	449,885	935,582	0

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Notes to the financial statements

15 Derivative financial instruments

The Group does not make use of any 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.

16 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 4,889 thousand (parent company: DKK 1,499 thousand). The remaining term of the leases is up to 58 months (parent company: 33 months) with a total nominal remaining lease payment of DKK 9,326 thousand (parent company: DKK 726 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 2021, 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.

17 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 2021.

Lessor has the usual title to rental equipment with a carrying amount of DKK 1,284,753 thousand which has been provided as collateral for lease obligations. Same applies for the parent company with a carrying amount of DKK 1,284,753 thousand.

18 Related parties

Related party transactions

DKK'000	2020/21	2019/20
Group		
Sale of rental equipment to affiliates	93,589	83,433
Purchase of rental equipment from affiliates	588,099	454,618
Parent Company		
Sale of rental equipment to affiliates	67,088	55,075
Purchase of rental equipment from affiliates	475,630	357,992
Rent invoice to subsidiaries	211,323	201,292

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Notes to the financial statements

18 Related parties (continued)

Information on the remuneration to Management appears from note 5, "Staff costs".

Information on interest income and expenses from and to subsidiaries and affiliates appears from note 6, "Financial income" and note 7, "Financial expenses".

Information on receivables and payables from subsidiaries and to affiliates appears in the balance sheet.

Related parties

KRONE FLEET Danmark A/S' related parties comprise subsidiaries, see note 11, 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	
	DKK'000	2020/21	2019/20	2020/21	2019/20
19	**Fee to the auditors appointed by the Company in general meeting**				
	Total fees to EY	608	608	504	437
	Statutory audit	404	463	322	313
	Tax assistance	25	34	20	29
	Other assistance	179	111	162	95
		608	608	504	437

		Parent company	
	DKK'000	2020/21	2019/20
20	**Appropriation of profit**		
	Recommended appropriation of profit		
	Net revaluation reserve according to the equity method	32,709	7,304
	Retained earnings	34,225	19,520
		66,934	26,824

		Group	
	DKK'000	2020/21	2019/20
21	**Adjustments**		
	Amortisation/depreciation and impairment losses	451,150	406,404
	Gain/loss on the sale of non-current assets	-15,566	-14,622
	Financial income	-1,382	-5,255
	Financial expenses	39,944	39,801
	Tax for the year	4,338	13,076
		478,484	439,404

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		Group	
	DKK'000	2020/21	2019/20
22	**Changes in working capital**		
	Change in inventories	35,542	-13,735
	Change in receivables	-136,082	11,422
	Change in trade and other payables	12,134	1,297
		-88,406	-1,016
23	**Cash and cash equivalents at year-end**		
	Cash according to the balance sheet	4,744	12,577
		4,744	12,577