

Krone Fleet Danmark A/S

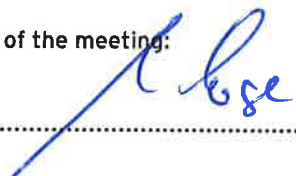
Kilen 5, 6330 Padborg

CVR no. 21 50 76 95

Annual report 2022/23

Approved at the Company's annual general meeting on 12 October 2023

Chair of the meeting:


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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Krone Fleet Danmark A/S for the financial year 1 August 2022 - 31 July 2023.

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 2023 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 2022 - 31 July 2023.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Padborg, 12 October 2023

Executive Board:



Søren Nielsen Outzen



Kim Raun

Board of Directors:



Ole Kløse



Aloysius Schnelke



Heiner Brüning

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 2022 - 31 July 2023, 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 2023, 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 2022 - 31 July 2023 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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, 12 October 2023
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 2022 - 31 July 2023
Website	www.krone-fleet.com
Telephone	+45 74 30 11 11
Board of Directors	Ole Klose Aloysius Schnelte Heiner Brüning
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	2022/23	2021/22	2020/21	2019/20	2018/19
Key figures					
Revenue	1,079,891	940,783	808,060	733,120	753,463
Operating profit/loss	141,931	118,526	93,552	61,255	78,446
Net financials	-109,228	-40,050	-38,570	-34,546	-44,348
Profit for the year	64,654	77,024	66,934	26,824	42,924
Fixed assets					
Non-fixed assets	244,996	166,025	265,203	198,299	195,756
Total assets	3,842,645	2,930,014	2,692,273	2,450,131	2,378,277
Investments in property, plant and equipment					
Equity	-1,541,746	-964,092	-810,699	-613,018	-706,708
Non-current liabilities other than provisions	490,465	430,845	354,504	285,930	259,247
Current liabilities other than provisions	1,554,892	1,047,294	979,614	1,018,141	1,220,805
Cash flows					
Cash flows from operating activities	663,632	688,666	529,154	427,916	462,185
Net cash flows from investing activities	-549,054	-416,022	-163,752	-469,747	-508,430
Cash flows from financing activities	-99,090	-267,243	-373,235	35,017	22,041
Total cash flows	15,488	5,401	-7,833	-6,814	-24,204
Financial ratios					
Operating margin	18.5%	15.2%	13.6%	10.2 %	13.6 %
Return on assets	4.2%	4.2%	3.6%	2.5%	3.4%
Equity ratio	12.8%	14.7%	13.2%	11.7%	10.9%
Return on equity	14.0%	19.6%	20.9%	9.8%	32.2%
Average number of full-time employees					
	99	88	84	82	83

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 2022/23 shows a profit before tax of DKK 90,091 thousand against a profit before tax of DKK 103,374 thousand last year, and the balance sheet at 31 July 2023 shows equity of DKK 490,465 Thousand. Management considers the group's financial performance in the year acceptable.

Earnings before tax for the year was expected at DKK 100 - 120 million as stated in the annual report 2021/22. However, earnings before tax was realized below these expectations due to the very high increases in interests rates during financial year 2022/23. The Group has faced a time lag to counterbalance similar price increases towards customers, which has had a negative impact on earnings. Increase in revenue was in line with expectation to the year.

At 1st August 2022 the company merged with Paul Günther Rental A/S in an intra-group business combination. Paul Gunther Rental A/S has been included in Krone Fleet Danmark A/S with effect from 1st August 2022 without any restatement of comparative figures. The Group was not effected due to the intra-group merger.

During the financial year 2022/23 the Group acquired 2 entities: conFern-Containerpool Service GmbH and KRONE FLEET Green Spelle GmbH.

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 possess solid market knowledge and professional qualifications within the individual field of activity. The Group does not carry out research and development activities.

Management's review

Statutory CSR report

Business Model

Krone Fleet Danmark A/S, as part of the Krone Group, is an innovative company, which through professional and dedicated employees wishes to be the leading supplier of tailored transportation equipment focusing on quality and competent, individual trailer solutions and services. A prerequisite for obtaining and maintaining success in that is to be an attractive and professionally competent working place characterised by high service, knowledge, commitment and determination. This is ensured by demonstrating a high, professional level in everything we do.

Customers

Our mission is to develop and ensure efficient and secure transportation equipment for our customers, including transport companies, carriers and drivers. Thereby we support our customers' business and create opportunities for value optimisation and value creation for our customers and ourselves.

Value-adding cooperation

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

Products

Our Krone standard programme allows us to offer complete trailers, chassis and swap body containers and related services. The transportation equipment may be bought as new, used or it may be rented.

Customised solution

Through professionalism, quality and dedication we aim at creating the best possible individual solutions for our customers. We aim at giving our customers a supreme purchase experience among other things by offering an efficient and reliable supply chain with a broad range of services and possibilities.

Continuous optimisation of our products

The Krone Group puts in a great effort to improve, optimise and future-proof transportation equipment both in respect of the customers' current and future needs as well as digital requirements, but also environmental considerations. Environmental aspects are always a focal point when we develop our products. We have a certified environmental system for the areas development, manufacturing and distribution of commercial vehicles. We continuously strive to reduce emission, noise and odours as to minimise waste and waste water. Generally, in everything we do, we strive to fulfil and contribute to UN's 17 Sustainable Development Goals.

Management's review

Employees:

Significant risks	Policy	Actions In 2022- 2023	Performance In 2022-2023	Outlook
<p>It is increasingly harder to attract qualified labour 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.</p> <p>To find the right employee and subsequently retain the employee must also be a focal point for the company. An employee with precisely the right profile and the right qualifications is difficult to find through the common channels. Furthermore, the employees are less loyal to their workplace, and in particular the young generations quickly feel bored in their job and therefore look for new and existing challenges.</p>	<p>To make Krone Fleet Danmark A/S an attractive place to work</p> <p>Draw attention to the transportation business</p> <p>Professional development</p> <p>Personal development and retention</p> <p>Information</p>	<p>Employees' participation in local networks, i.a. under Padborg Transportcenter (Board of Directors and network)</p> <p>We will introduce various work areas/professions at Krone Fleet Danmark A/S</p> <p>Courses and in-service training</p> <p>Annual employee-interviews with the immediate manager</p> <p>Annual salary interview with Manager</p> <p>Onboarding program for all new hires</p> <p>Scheduled joint meetings</p>	<p>One trainee (kitchen) One foreign trainee Use of temps (kitchen) Participation in feature days for pupils</p> <p>On-line courses, i.a. Microsoft 365, internal Krone courses</p> <p>Internal courses in trailer knowledge and new management systems and use of internal specialist knowledge</p> <p>Internal knowledge-sharing i.a. through coffee meetings for mid-level managers</p> <p>Employees express that they feel informed of "big and small things" in the company</p>	<p>Krone Fleet Danmark A/S will continue to ensure good working conditions, including development and educational opportunities for the employees.</p>

Management's review

Physical and social matters:

Significant risks	Policy	Actions in 2022- 2023	Performance in 2022-2023	Outlook
<p>The economic prosperity and the resulting faster pace in the job market demand still more and more from the individual employee. Still high requirements/expectations of huge efforts, good performance quality and continuous development may put pressure on the employee and thus there is a risk of dissatisfaction, burnout and stress. Furthermore, there is a risk of physical injuries because of either sedentary or physically arduous work.</p>	<p>Krone Fleet Danmark A/S' considerable efforts to increase personal well-being and job satisfaction must bear fruit – we aspire to be the industry's best workplace that attracts and retains the best employees!</p> <p>Focus on mental sustainability</p>	<p>Meal scheme</p> <p>Massage scheme</p> <p>Krone Fleet Danmark A/S offers its employees and their families participation in a fitness scheme</p> <p>Employees under stress - action plan prepared</p> <p>Home workstation opportunity</p> <p>Regular update of the employee manual</p> <p>Continuous communication of latest news to the employees</p>	<p>All employees have signed up for the meal system</p> <p>An average of approx. 50% of the employees/11 employees make use of the massage opportunity</p> <p>Currently 13 fitness subscriptions</p> <p>One employee is suffering from stress: Individual action plan has been prepared</p> <p>Possibility of purchasing equipment for home office</p> <p>Two employees have fixed day(s) working from home</p> <p>Microsoft Teams Installed for all employees not least to ensure and stay in contact with colleagues who work from home</p> <p>The employees have access to an always updated work of reference</p> <p>Info board in the canteen</p> <p>Information from management and general information at joint meetings</p> <p>Team leader meetings, middle manager meetings and department meetings</p> <p>Regular updates on the latest news from our safety committee</p>	<p>In 2023, Krone Fleet Danmark A/S will continue to give high priority to the employees' general well-being and personal and professional development.</p>

Management's review

Physical working conditions:

Significant risks	Policy	Actions in 2022- 2023	Performance in 2022-2023	Outlook
Sedentary work is increasing, which poses an increased 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.	Ergonomics	Everyone has an adjustable office desk and possibility of personally adjusted chair Everyone has access to various ergonomic aids Setting up sound barrier walls (mobile and fixed) in offices and purchase of large plants	Krone Fleet Danmark A/S continues to care for their employees' physical well-being and encourage the employees to keep up their physique both at work and in their spare time.
		All employees are offered a health check	"Health indicator" performs a health check of approx. 75% of the employees	
		Advice on and encouraging every employee with a home office to be aware of ergonomics	Everyone is offered ergonomically correct equipment for the home workstation	
		Massage scheme for everyone	Approx. 11 employees see a masseur regularly	
	Krone Fleet Danmark A/S encourages its employees to keep up their physique.	Fitness opportunity	There are 13 fitness subscriptions	
		Physical well-being	Ventilation system is inspected and updated Heat generating facility is inspected and updated	
		Correct working clothes	Employees at the location: working shoes and working clothes	

Management's review

Significant risks	Policy	Actions in 2022- 2023	Performance in 2022-2023	Outlook
		Security	First aid courses are offered every second year Security committee Regular control and safeguarding at the location Regular control of truck certificates and drivers licenses Continued update of exterior and interior fire safety	
		Cleaning and hygiene	Regular control by cleaning company Kitchen, physical conditions, focus on cleaning and cleaning with alcohol gel	

Local community:

Significant risks	Policy	Actions in 2022- 2023	Performance in 2022-2023	Outlook
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 Krone Fleet Danmark A/S. Therefore, we participate in many local activities.	Various networks Visits from school classes City of Padborg	Participation in network, both on-line and physical participation Eight class, Lyreskovskolen Support to sport clubs and athletics clubs To the extent possible, gifts, office supplies, foodstuffs, etc. are purchased locally Participation in Ren By Padborg 2023	Krone Fleet Danmark A/S continues its support of local society in the form of continued involvement and participation in local activities.

Management's review

Human rights:

Significant risks	Policy	Actions in 2022- 2023	Performance in 2022-2023	Outlook
<p>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 its 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.</p>	<p>Respect for customers' and employees' private life</p> <p>Emphasize the importance of social capital</p> <p>No differential treatment</p> <p>Equal opportunities for everyone</p>	<p>Krone Fleet Danmark A/S' vision, mission and values</p> <p>Possibility of working from home gives the employees more flexibility</p> <p>Continued focus on the individual employee's needs and requests</p> <p>Bullying policy (implemented in our employment policy in 2018)</p> <p>Internal job advertisements</p> <p>Encouraging every employee to participate in projects, committees, etc.</p> <p>Encouraging employees to "pursue/indicate career dreams"</p>	<p>Prepared by Management of both companies in 2018 - regularly updated</p> <p>75% of the labour force is working from home from time to time</p> <p>One employee is working flextime</p> <p>Constant focus on conflicts and bullying, if any, also in connection with the work on the social capital of the house.</p> <p>All vacancies are advertised internally in the house</p> <p>Active feast committee and security committee</p>	<p>Krone Fleet Danmark A/S continues to work on minimising the possibility of discrimination and differential treatment in 2023.</p>

Climate and environment:

Significant risks	Policy	Actions in 2022- 2023	Performance in 2022-2023	Outlook
<p>There is a risk of negatively affecting the climate and environment in connection with the company's business activities, e.g. in relation to the carbon emission, handling of waste and packaging, etc.</p>	<p>We need to be resource-conscious and give consideration to sorting packaging and waste to minimise our environmental impact.</p>	<p>Our IT department participates in the development of Telematic system which i.a. allows us to minimise space wasted in the trailer</p>	<p>In cooperation with customers and suppliers, carbon neutral transport solutions are prepared</p>	<p>This resource-conscious approach will continue in 2023 to minimise the risk of negatively impacting the climate and environment.</p>

Management's review

Significant risks	Policy	Actions in 2022- 2023	Performance in 2022-2023	Outlook
<p>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.</p> <p>The individual company thus needs to draw attention to sustainability.</p>	<p>We endeavour to implement and fulfil UN's 17 Sustainable Development Goals both in terms of climate and other areas and in relation to sustainability. We do that i.a. by offering the customers various environment-improving solutions, e.g. fuel-saving tyres, electricity solutions for cooling plants, cooling plants with carbon dioxide as fuel and mounting of solar cells on all refrigerated trailers.</p> <p>We will promote and aim at obtaining a more sustainable transport profile.</p>	<p>Investment in refrigerated trailers with electrical installation (ex. internal combustion engine)</p> <p>Mounting of solar cells on all refrigerated trailers. They ensure charging of the refrigerated trailer batteries.</p> <p>The trailers have a closed premium tyre system, which is fuel-saving and recyclable. All tyres are exchanged with premium Michelin tyres.</p> <p>Investment in complete combined 32-metres vehicles, which can save 25% CO2 compared with traditional combines vehicles.</p> <p>Start up of waste sorting project</p> <p>Changes made to office buildings and any extensions and rebuilds are performed taking climate and environmental matters into consideration.</p> <p>Avoid no-load driving</p> <p>Continuous environment-friendly renewal of our company cars. The employees are allowed to have loading facilities at the company and at home</p>	<p>All trailers in the Fleet fleet are purchased inclusive of a tracking system, to which the customer can buy access.</p> <p>The Fleet's rental fleet now includes i.a. electrically powered trailers, which are 100% carbon neutral, 5% of the refrigerated trailer fleet is electrically powered.</p> <p>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.</p> <p>Based on the regular service, all trailers will, irrespective of age, be equipped with premium tyres.</p> <p>A total of 30 complete combined 32-metres vehicles have been purchased</p> <p>All waste in the entire company is sorted environmentally correct.</p> <p>Plan to expand the warehouse and office</p> <p>Goods from Germany to Krone Parts are delivered in Krone Fleet's trailers</p> <p>Eight charging points are available at the location.</p> <p>One charging point at an employee</p> <p>One electric car, more are on their way</p>	

Management's review

Anti corruption/crime:

Significant risks	Policy	Actions in 2022- 2023	Performance in 2022-2023	Outlook
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.	<p>Minimise the use of cash</p> <p>Control and identification of drivers who pick up equipment</p> <p>Krone Fleet Danmark A/S connected to MitID Erhverv</p> <p>Attention to fraud, e.g. CEO fraud</p> <p>CCTV of the space</p> <p>Authority to pay through joint approval by two persons</p> <p>Control of companies and drivers in OFAC, including VAT and money laundering</p> <p>Registration of new customers in C4C. The programme automatically performs regular controls in accordance with EU's and USA's sanctions lists</p> <p>Debtors and creditors are checked in Krone's compliance-management-system</p> <p>Telematic boxes are installed in trailers which i.a. is to safeguard against crime</p>	<p>We have not identified any corruption or crime against us or with us.</p> <p>The IT department participates in a project regarding the development of Telematic.</p>	Krone Fleet Danmark A/S expects not to identify any crime or breach of our anti corruption policy in 2023.

COVID-19:

Significant risks	Policy	Actions in 2022- 2023	Performance in 2022-2023	Outlook
The COVID-19 pandemic implied an enormous pressure on the physical as well as the mental working environment in recent years as the pandemic caused a considerable health risk to the individual employees, a change in working conditions and risk of lay-off.	We will continue to focus on protecting our employees against corona and thus also other infectious diseases.	<p>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.</p> <p>Disinfecting agents are available all over the house</p> <p>We have followed and adjusted to the Government's and the Ministry of Health's guidelines</p> <p>Ensuring the individual employee's security.</p>	<p>Possibility of working from home if an employee has felt insecure and if a member from his/her household has been infected with COVID-19 (also although quarantine requirements have lapsed).</p>	In 2023, Krone Fleet Danmark A/S will continue to monitor the development of the corona pandemic to be able to protect and support their employees against the virus.

Management's review

Account of the gender composition of Management

Board of Directors

Status: Out of a total number of 3, there are no female members in the Board of Directors

Targets with a time horizon: Year 2024: 33% of the members of the Board of Directors must be female.

Why the target has not been fulfilled: The overall target of Krone Fleet Danmark A/S is that the Board of Directors works as efficiently as possible considering the development of strategies, management and the company in general. Therefore, candidates with a suitable profile and experience are first priority, and gender is not a criterion to begin with. This year, no replacements have taken place in the Board of Directors, which could have made it possible to fulfil the target figure.

In connection with the next replacement on the Board of Directors, Krone Fleet 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 for increasing the underrepresented gender in other Management has been drawn up.

Data ethics

Krone Fleet Danmark A/S does not find it relevant to prepare a data ethics policy at this stage. Management has emphasized that the company only to a limited extent collects and processes data and does not use technologies as a main part of the company's principal activities. Moreover, specific data analyses, evaluations or segmentations are neither performed by the company nor by external suppliers.

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 increasing revenue (+10-15% compared to 2022/23) and realize earnings before tax for the 2023/24 financial year at DKK 65-75 million.

Consolidated financial statements and parent company financial statements 1 August
2022 - 31 July 2023

Income statement

Note	DKK'000	Group		Parent company	
		2022/23	2021/22	2022/23	2021/22
3	Revenue	1,079,891	940,783	577,227	524,559
	Cost of sales	-241,686	-225,518	-67,608	-77,953
	Other operating income	57,947	27,505	33,361	11,551
4	Other external expenses	-64,667	-52,543	-33,400	-22,626
	Gross profit	831,485	690,227	509,580	435,531
5	Staff costs	-46,297	-41,996	-12,160	-11,818
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-585,311	-502,199	-394,266	-349,627
	Other operating expenses	-558	-2,608	0	0
	Profit before net financials	199,319	143,424	103,154	74,086
	Income from investments in subsidiaries	0	0	46,689	42,805
6	Financial income	771	472	16,537	8,166
7	Financial expenses	-109,999	-40,522	-97,688	-39,146
	Profit before tax	90,091	103,374	68,692	85,911
8	Tax for the year	-25,437	-26,350	-4,038	-8,887
	Profit for the year	64,654	77,024	64,654	77,024

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Balance sheet

Note	DKK'000	Group		Parent company	
		2022/23	2021/22	2022/23	2021/22
		ASSETS			
		Fixed assets			
9	Intangible assets				
	Patents and other rights	1	1	0	0
	Software and licenses	25,203	13,161	25,203	13,161
	Goodwill	854	1,499	0	0
		<u>26,058</u>	<u>14,661</u>	<u>25,203</u>	<u>13,161</u>
10	Property, plant and equipment				
	Land and buildings	26,336	26,915	8,447	8,447
	Fixtures and fittings, plant and equipment	6,552	5,306	1,709	1,278
	Rental equipment	3,515,587	2,685,041	2,544,690	1,914,111
		<u>3,548,475</u>	<u>2,717,262</u>	<u>2,554,846</u>	<u>1,923,836</u>
11	Investments				
	Investments in subsidiaries	0	0	337,016	229,013
	Lease payment receivable	1,002	1,856	0	0
	Loans	22,114	30,210	0	0
		<u>23,116</u>	<u>32,066</u>	<u>337,016</u>	<u>229,013</u>
	Total fixed assets	<u>3,597,649</u>	<u>2,763,989</u>	<u>2,917,065</u>	<u>2,166,010</u>
	Non-fixed assets				
	Inventories				
	Raw materials and consumables	662	611	0	611
		<u>662</u>	<u>611</u>	<u>0</u>	<u>611</u>
	Receivables				
	Trade receivables	168,848	126,962	72,739	72,398
	Receivables from subsidiaries	0	0	458,404	445,022
	Corporation tax receivable	1,580	3,749	0	0
	Joint taxation contribution receivable	0	0	0	6,129
	Other receivables	26,672	11,418	21,974	4,776
	Prepayments	18,844	10,097	13,813	6,884
	Deferred tax assets	2,757	3,043	0	0
		<u>218,701</u>	<u>155,269</u>	<u>566,930</u>	<u>535,209</u>
12	Cash	25,633	10,145	12,947	163
	Total non-fixed assets	<u>244,996</u>	<u>166,025</u>	<u>579,877</u>	<u>535,983</u>
	TOTAL ASSETS	<u>3,842,645</u>	<u>2,930,014</u>	<u>3,496,942</u>	<u>2,701,993</u>

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Balance sheet

Note	DKK'000	Group		Parent company	
		2022/23	2021/22	2022/23	2021/22
		EQUITY AND LIABILITIES			
		Equity			
13	Share capital	2,511	2,511	2,511	2,511
	Net revaluation reserve according to the equity method	0	0	66,262	84,886
	Translation reserve	-4,076	958	0	0
	Retained earnings	492,030	427,376	421,692	343,448
	Total equity	490,465	430,845	490,465	430,845
	Provisions				
14	Deferred tax	72,005	69,475	71,671	67,633
	Other provisions	7,181	1,796	5,747	0
	Total provisions	79,186	71,271	77,418	67,633
	Liabilities other than provisions				
15	Non-current liabilities other than provisions				
	Lease liabilities	1,197,368	850,904	1,177,160	821,237
	Payables to subsidiaries	0	0	218	1,882
	Other payables	357,524	196,390	357,524	196,390
		1,554,892	1,047,294	1,534,902	1,019,509
	Current liabilities other than provisions				
15	Short-term part of long-term liabilities other than provisions	580,449	449,062	572,157	432,678
	Bank debt	922,076	831,867	563,339	493,137
	Prepayments received from customers	11,264	10	11,250	0
	Trade payables	60,536	34,955	34,896	15,137
	Payables to subsidiaries	0	0	133,036	231,055
	Corporation tax payable	5,476	885	0	0
17	Other payables	126,170	53,104	67,993	2,714
	Deferred income	12,131	10,721	11,486	9,285
		1,718,102	1,380,604	1,394,157	1,184,006
	Total liabilities other than provisions	3,272,994	2,427,898	2,929,059	2,203,515
	TOTAL EQUITY AND LIABILITIES	3,842,645	2,930,014	3,496,942	2,701,993

- 1 Accounting policies
- 2 Accounting estimates and assessments
- 18 Contractual obligations and contingencies, etc.
- 19 Collateral
- 20 Related parties
- 21 Appropriation of profit

Consolidated financial statements and parent company financial statements 1 August 2022 - 31 July 2023

Statement of changes in equity

		Group			
Note	DKK'000	Share capital	Translation reserve	Retained earnings	Total
	Equity at 1 August 2022	2,511	958	427,376	430,845
	Transfer through appropriation of profit	0	0	64,654	64,654
	Foreign exchange adjustments, foreign subsidiaries	0	-5,034	0	-5,034
	Equity at 31 July 2023	2,511	-4,076	492,030	490,465

		Parent company			
Note	DKK'000	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Total
	Equity at 1 August 2022	2,511	84,886	343,448	430,845
21	Transfer, see "Appropriation of profit"	0	-18,624	83,278	64,654
	Foreign exchange adjustments, foreign subsidiaries	0	0	-5,034	-5,034
	Equity at 31 July 2023	2,511	66,262	421,692	490,465

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Cash flow statement

Note	DKK'000	Group	
		2022/23	2021/22
	Profit for the year	64,654	77,024
22	Adjustments	664,738	544,650
	Cash generated from operations (operating activities)	729,392	621,674
23	Changes in working capital	59,712	119,184
	Cash generated from operations (operating activities)	789,104	740,858
	Interest received, etc.	771	472
	Interest paid, etc.	-109,053	-40,976
	Income taxes paid	-17,190	-11,688
	Cash flows from operating activities	663,632	688,666
	Additions of intangible assets	-13,262	-9,739
	Additions of property, plant and equipment	-771,543	-556,201
	Disposals of property, plant and equipment	235,751	149,918
	Cash flows to investing activities	-549,054	-416,022
	Proceeds of debt other payables	209,430	44,109
	Changes in banks	90,209	113,954
	Repayment of lease liabilities	-398,729	-425,306
	Cash flows from financing activities	-99,090	-267,243
	Net cash flow	15,488	5,401
	Cash and cash equivalents at 1 August	10,145	4,744
24	Cash and cash equivalents at 31 July	25,633	10,145

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 2022 - 31 July 2023

Notes to the financial statements

1 Accounting policies

The annual report of Krone Fleet Danmark A/S for 2022/23 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 group entity'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 group entities' 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 group entities are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of group entities 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.

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.

Consolidated financial statements and parent company financial statements 1 August 2022 - 31 July 2023

Notes to the financial statements

1 Accounting policies (continued)

External business combinations

Newly 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 purchase 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 group entities 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.

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.

Consolidated financial statements and parent company financial statements 1 August 2022 - 31 July 2023

Notes to the financial statements

1 Accounting policies (continued)

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 group entities 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 group entities 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

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains 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.

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.

Consolidated financial statements and parent company financial statements 1 August 2022 - 31 July 2023

Notes to the financial statements

1 Accounting policies (continued)

Amortisation/depreciation and impairment

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

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

Patents and other rights	5 years
Software and licenses	3-5 years
Goodwill	5-10 years
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.

Other operating expenses

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

Profit/loss from investments in group entities

The income statement includes the proportional share of the underlying companies' profit or loss after elimination of internal profit/loss and after tax. In group entities, the full elimination of internal profit and loss is carried out without regard to ownership shares.

The proportionate share of the individual group entities' 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 2022 - 31 July 2023

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 group entities. Group entities 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.

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.

Consolidated financial statements and parent company financial statements 1 August 2022 - 31 July 2023

Notes to the financial statements

1 Accounting policies (continued)

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 group entities

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 group entities 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.

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.

Consolidated financial statements and parent company financial statements 1 August 2022 - 31 July 2023

Notes to the financial statements

1 Accounting policies (continued)

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.

Raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

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

Receivables

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

Receivables are measured at amortised cost.

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 2022 - 31 July 2023

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 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 group entities 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, onerous contracts 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 2022 - 31 July 2023

Notes to the financial statements

1 Accounting policies (continued)

Liabilities

The Company has chosen IAS 39 as interpretation for 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.

Transactions with no cash flow effect

Transactions with no cash flow effect, such as e.g. the entering into finance leases, are not included in the cash flow statement. Payments on finance leasing contracts are included under operation activities (interest part) and financing activities (repayment part).

Consolidated financial statements and parent company financial statements 1 August 2022 - 31 July 2023

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	$\frac{\text{Profit/loss before net financials +/- Other operating income and other operating expenses}}{\text{Revenue}} \times 100$
Operating margin	$\frac{\text{Operating profit/loss (EBIT)}}{\text{Revenue}} \times 100$
Return on assets	$\frac{\text{Profit/loss from operating activities}}{\text{Average assets}} \times 100$
Equity ratio	$\frac{\text{Equity, year-end}}{\text{Total equity and liabilities, year-end}} \times 100$
Return on equity	$\frac{\text{Profit/loss after tax}}{\text{Average equity}} \times 100$

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. Financial 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. Based on this assessment, impairment losses of DKK 5.3 million has been recognised in the financial year 2022/23 (2021/22: DKK 16.1 million) related to specific types of rental equipment. Management is of the opinion that the recoverable amount of rental equipment hereafter 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. Write down amounts to DKK 9.6 million in the financial year 2022/23 (2021/22: DKK 9.7 million). However, such assessment is subject to estimates and thereby some uncertainty.

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Notes to the financial statements

Remuneration to members of Management:

DKK'000	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
Executive Board	2,376	2,380	2,376	2,380
Board of Directors	0	0	0	0
	<u>2,376</u>	<u>2,380</u>	<u>2,376</u>	<u>2,380</u>

Executive Board includes 2 members during the year (2021/22: 2 members), and Board of Directors 3 members (2021/22: 3 members).

The Board of Directors does not receive remuneration. Board members only receive remuneration for their other functions within the Krone Group (Bernard Krone Holding SE & Co. KG or Krone Fleet Group).

DKK'000	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
6 Financial income				
Interest income, subsidiaries	0	0	16,484	8,166
Interest income	771	431	53	0
Other financial income	0	41	0	0
	<u>771</u>	<u>472</u>	<u>16,537</u>	<u>8,166</u>
7 Financial expenses				
Interest expenses, subsidiaries	0	0	5,024	2,456
Interest expense	95,104	35,339	85,016	30,921
Foreign exchange losses	6,784	690	3,630	2,083
Other financial expenses	8,111	4,493	4,018	3,686
	<u>109,999</u>	<u>40,522</u>	<u>97,688</u>	<u>39,146</u>
8 Tax for the year				
Estimated tax charge for the year	22,618	8,183	0	0
Deferred tax adjustments in the year	4,663	17,142	5,885	15,016
Tax adjustments, prior years	-1,844	1,025	-1,847	0
Refund in joint taxation	0	0	0	-6,129
	<u>25,437</u>	<u>26,350</u>	<u>4,038</u>	<u>8,887</u>

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Notes to the financial statements

9 Intangible assets

DKK'000	Group			
	Patents and other rights	Software and licenses	Goodwill	Total
Cost at 1 August 2022	2,266	29,039	7,017	38,322
Additions	0	13,262	0	13,262
Disposals	0	0	-275	-275
Cost at 31 July 2023	2,266	42,301	6,742	51,309
Impairment losses and amortisation at 1 August 2022	2,265	15,878	5,518	23,661
Foreign exchange adjustments	0	0	-2	-2
Amortisation for the year	0	1,220	580	1,800
Reversal of accumulated amortisation and impairment of assets disposed	0	0	-208	-208
Impairment losses and amortisation at 31 July 2023	2,265	17,098	5,888	25,251
Carrying amount at 31 July 2023	1	25,203	854	26,058

DKK'000	Parent company			
	Patents and other rights	Software and licenses	Goodwill	Total
Cost at 1 August 2022	2,239	28,665	3,711	34,615
Additions	0	13,262	0	13,262
Cost at 31 July 2023	2,239	41,927	3,711	47,877
Impairment losses and amortisation at 1 August 2022	2,239	15,504	3,711	21,454
Amortisation for the year	0	1,220	0	1,220
Impairment losses and amortisation at 31 July 2023	2,239	16,724	3,711	22,674
Carrying amount at 31 July 2023	0	25,203	0	25,203

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Notes to the financial statements

10 Property, plant and equipment

	Group			
	Land and buildings	Fixtures and fittings, plant and equipment	Rental equipment	Total
DKK'000				
Cost at 1 August 2022	34,962	16,239	4,257,453	4,308,654
Additions	6	1,383	1,596,356	1,597,745
Disposals	0	-906	-564,249	-565,155
Transferred	0	1,837	-1,837	0
Cost at 31 July 2023	34,968	18,553	5,287,723	5,341,244
Impairment losses and depreciation at 1 August 2022	8,047	10,933	1,572,412	1,591,392
Foreign exchange adjustments	-22	-5	975	948
Impairment losses	0	0	5,254	5,254
Depreciation	607	1,234	576,417	578,258
Reversal of accumulated depreciation and impairment of assets disposed	0	-161	-382,922	-383,083
Impairment losses and depreciation at 31 July 2023	8,632	12,001	1,772,136	1,792,769
Carrying amount at 31 July 2023	26,336	6,552	3,515,587	3,548,475
Property, plant and equipment include finance leases with a carrying amount totalling	0	0	1,783,099	1,783,099
	Parent company			
	Land and buildings	Fixtures and fittings, plant and equipment	Rental equipment	Total
DKK'000				
Cost at 1 August 2022	11,859	4,712	3,063,027	3,079,598
Additions	0	122	1,116,413	1,116,535
Disposals	0	-906	-394,679	-395,585
Transferred	0	1,837	-1,837	0
Cost at 31 July 2023	11,859	5,765	3,782,924	3,800,548
Impairment losses and depreciation at 1 August 2022	3,412	3,434	1,148,916	1,155,762
Impairment losses	0	0	5,254	5,254
Depreciation	0	783	387,009	387,792
Reversal of accumulated depreciation and impairment of assets disposed	0	-161	-302,945	-303,106
Impairment losses and depreciation at 31 July 2023	3,412	4,056	1,238,234	1,245,702
Carrying amount at 31 July 2023	8,447	1,709	2,544,690	2,554,846
Property, plant and equipment include finance leases with a carrying amount totalling	0	0	1,756,849	1,756,849

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Notes to the financial statements

11 Investments

Group

Lease payments receivable

Of lease payments receivable DKK 0 thousand (DKK 0 thousand in 2021/22) falls due more than one year after the balance sheet date.

Loans

Of loans DKK 13,968 falls due more than one year after the balance sheet date.

DKK'000	Parent company Investments in subsidiaries
Cost at 1 August 2022	144,127
Additions on merger/corporate acquisition	45,646
Additions	118,188
Disposals	-37,207
Cost at 31 July 2023	270,754
Value adjustments at 1 August 2022	84,886
Foreign exchange adjustments	-5,034
Profit/loss for the year	46,689
Reveral of revaluations of assets disposed	-60,279
Value adjustments at 31 July 2023	66,262
Carrying amount at 31 July 2023	337,016

Parent company

Name	Legal form	Domicile	Interest	Equity DKK'000	Profit/loss DKK'000
KRONE FLEET Deutschland	GmbH	Seevetal, Germany	100.00%	87,709	14,983
KRONE FLEET Espana	S.L	Valencia, Spain	100.00%	35,756	11,160
KRONE FLEET Kiralama	A.S	Izmir, Turkey	100.00%	26,804	-1,676
KRONE FLEET SE	Kft.	Budapest, Hungary	100.00%	507	-134
KRONE FLEET France	SARL	Pusignan, France	100.00%	14,595	3,475
KRONE FLEET Nederland	B. V.	Rotterdam, Holland	100.00%	38,280	10,419
KRONE FLEET België	B. V.	Zele, Belgium	100.00%	7,867	2,768
KRONE FLEET Baltics	UAB	Vilnius, Lithuania	100.00%	58,002	1,908
KRONE FLEET Sverige	AB	Malmö, Sweden	100.00%	2,578	1,319
conFern-Containerpool Service	GmbH	Frankenthal, Germany	100.00%	64,918	2,468

Subsidiaries to KRONE FLEET Deutschland GmbH (included in figures above):

KRONE FLEET Green Spelle GmbH, Spelle, Germany, 100 %

12 Cash

Of the total cash balance, DKK 11,250 thousand consists of an escrow account. The escrow amount is related to sale of land, that will be effectuated in financial year 2023/24.

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Notes to the financial statements

DKK'000	Parent company	
	2022/23	2021/22
13 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	2022/23	2021/22	2020/21	2019/20	2018/19
Opening balance	2,511	2,511	2,511	2,511	1,500
Capital increase	0	0	0	0	1,011
	<u>2,511</u>	<u>2,511</u>	<u>2,511</u>	<u>2,511</u>	<u>2,511</u>

DKK'000	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
14 Deferred tax				
Deferred tax at 1 August	66,432	49,293	67,633	52,616
Exchange rate adjustment relating to foreign entities	0	-2	0	0
Adjustment of the deferred tax charge for the year	2,816	17,141	4,038	15,017
Deferred tax recognised as assets	2,757	3,043	0	0
Deferred tax at 31 July	<u>72,005</u>	<u>69,475</u>	<u>71,671</u>	<u>67,633</u>

Deferred tax relates to:

Intangible assets	2,627	2,895	2,627	2,895
Property, plant and equipment	441,322	344,041	430,752	324,163
Provisions	-1,264	0	-1,264	0
Liabilities	-367,834	-274,233	-357,788	-259,425
Tax loss	-2,010	-1,797	-2,010	0
Other taxable temporary differences	-190	-1,431	0	0
Other non-taxable temporary differences	-646	0	-646	0
	<u>72,005</u>	<u>69,475</u>	<u>71,671</u>	<u>67,633</u>

Deferred tax assets is related to timing differences related to mainly fixed assets and liabilities.

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Notes to the financial statements

15 Non-current liabilities other than provisions

DKK'000	Group			
	Total debt at 31/7 2023	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Lease liabilities	1,656,310	458,942	1,197,368	0
Other payables	479,031	121,507	357,524	0
	2,135,341	580,449	1,554,892	0

DKK'000	Parent company			
	Total debt at 31/7 2023	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Lease liabilities	1,626,310	449,150	1,177,160	0
Payables to subsidiaries	1,718	1,500	218	0
Other payables	479,031	121,507	357,524	0
	2,107,059	572,157	1,534,902	0

16 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 "Financial risk and use of financial instruments", to which we refer.

17 Other payables

Of the total balance of other payables, DKK 62,449 thousand, is related to debt from purchase of shares in conFern-Containerpool Service GmbH.

18 Contractual obligations and contingencies, etc.

Parent company

The parent company was until 31.07.2022 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.

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

Operating leases

The Group has operating leases at an average yearly lease payment of DKK 10,854 thousand (parent company: DKK 1,639 thousand). The remaining term of the leases is up to 42 months (parent company: 25 months) with a total nominal remaining lease payment of DKK 11,149 thousand (parent company: DKK 871 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 2023, the outcome of these lawsuits or claims will not further affect the group's or the Company's financial position.

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Notes to the financial statements

19 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 2023.

Lessor has the usual title to rental equipment with a carrying amount of DKK 1,783,099 thousand for the group which has been provided as collateral for lease obligations. Same applies for the parent company with a carrying amount of DKK 1,756,849 thousand.

20 Related parties

Related party transactions

DKK'000	2022/23	2021/22
Group		
Sale of rental equipment to affiliates	115,765	54,448
Purchase of rental equipment from affiliates	1,198,212	754,379
Interest expenses from affiliates	77,235	33,711
Receivables from affiliates	17,864	1,743
Payables to affiliates	9,457	5,233
Lease liabilities to affiliates	1,626,310	1,179,206
Other payables to affiliates	62,449	0
Other receivables from affiliates	7,800	1,342
Other debt to affiliates	479,031	269,598
Parent Company		
Sale of rental equipment to affiliates	88,220	42,198
Purchase of rental equipment from affiliates	991,601	502,314
Rent invoice to subsidiaries	280,983	224,290
Interest expenses from affiliates	77,235	33,711
Other debt to affiliates	479,031	269,598
Receivables from affiliates	75	1,305
Payables to affiliates	425	768
Lease liabilities to affiliates	1,626,310	1,179,206
Other payables to affiliates	62,449	0
Other receivables from affiliates	7,800	1,342

Transactions with Bernard Krone Holding SE & Co. KG and its subsidiaries are presented as "affiliates" in the above related party transactions.

At 1 March 2023 the parent company and the group acquired conFern-Containerpool Service GmbH from related parties for an acquisition price of DKK 62,4 million.

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

Information on parent company receivables, payables, interest income and expenses from and to subsidiaries appears from the balance sheet and from note 6, "Financial income" and note 7, "Financial expenses".

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Notes to the financial statements

20 Related parties (continued)

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.

		Parent company	
DKK'000		2022/23	2021/22
21	Appropriation of profit		
	Recommended appropriation of profit		
	Net revaluation reserve according to the equity method	-18,624	42,123
	Retained earnings	83,278	34,901
		<u>64,654</u>	<u>77,024</u>
		Group	
DKK'000		2022/23	2021/22
22	Adjustments		
	Amortisation/depreciation and impairment losses	585,311	502,199
	Gain/loss on the sale of non-current assets	-57,318	-24,911
	Financial income	-771	-472
	Financial expenses	109,999	40,522
	Tax for the year	25,438	26,350
	Exchange rate adjustment, lease	2,079	962
		<u>664,738</u>	<u>544,650</u>
23	Changes in working capital		
	Change in inventories	-51	-611
	Change in receivables	-56,937	112,357
	Change in trade and other payables	116,700	7,438
		<u>59,712</u>	<u>119,184</u>
24	Cash and cash equivalents at year-end		
	Cash according to the balance sheet	25,633	10,145
		<u>25,633</u>	<u>10,145</u>