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PNO HOLDING A/S

Sturlasgade 3, 2. sal.
2300 København S
Central Business Registration
No 26101409

Annual report 2019

The Annual General Meeting adopted the annual report on 16.03.2020

Chairman of the General Meeting

Name: Carsten Lorentzen

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Entity details

Entity
PNO HOLDING A/S
Sturlasgade 3, 2. sal.
2300 København S

Central Business Registration No (CVR): 26101409
Registered in: København
Financial year: 01.01.2019 - 31.12.2019

Statutory reports on the entity's website
Statutory report on corporate social responsibility:http://www.pnorental.com/about/#sustainability

Board of Directors
Carsten Kultoft Lorentzen, chairman
Jacob Nelson Lee Ørnstrand
Henrik Richard Hasselbalch Busch

Executive Board
Jacob Nelson Lee Ørnstrand

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of PNO HOLDING A/S for the financial year 01.01.2019 - 31.12.2019.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations and cash flows for the financial year 01.01.2019 - 31.12.2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 16.03.2020

Executive Board

Jacob Nelson Lee Ørnstrand

Board of Directors

Carsten Kultoft Lorentzen chairman	Jacob Nelson Lee Ørnstrand	Henrik Richard Hasselbalch Busch

Independent auditor's report

To the shareholder of PNO HOLDING A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of PNO HOLDING A/S for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group’s and the Parent’s financial position at 31.12.2019, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 financial statements section of this auditor’s report. We are independent of the Group in accordance with the International Ethics Standards Board of 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group’s and the Parent’s ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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

Independent auditor's report

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 these consolidated financial statements and these parent 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:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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’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 consolidated financial statements and the parent 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’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 consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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.

Independent auditor's report

Statement on the management commentary
Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent 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 commentary.

Copenhagen, 16.03.2020

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Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Bjørn Winkler Jakobsen
State Authorised Public Accountant
Identification No (MNE) mne32127

Henrik Hartmann Olesen
State Authorised Public Accountant
Identification No (MNE) mne34143

Management commentary

	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 DKK'000
Financial highlights					
Key figures					
Revenue	652.415	612.569	543.639	523.845	568.277
Gross profit/loss	499.684	473.411	423.991	394.113	412.232
Operating profit/loss	90.580	103.372	79.587	55.638	56.700
Net financials	(33.010)	(24.181)	(21.360)	(33.245)	(30.462)
Profit/loss for the year	45.471	62.732	51.703	15.466	20.082
Profit/loss excl minority interests	44.577	62.515	-	-	-
Total assets	1.990.013	1.897.171	1.456.322	1.240.775	1.374.078
Investments in property, plant and equipment	575.082	856.948	641.156	324.654	303.004
Equity	395.654	369.279	316.173	268.045	255.941
Equity excl minority interests	394.542	369.062	316.173	268.045	255.941
Cash flows from (used in) operating activities	301.515	331.417	316.381	249.075	285.426
Cash flows from (used in) investing activities	(401.455)	(655.371)	(412.876)	(129.178)	(165.681)
Cash flows from (used in) financing activities	120.517	327.756	135.104	(141.319)	(103.385)
Average numbers of employees	87	84	79	105	114
Ratios					
Gross margin (%)	76,6	77,3	78,0	75,2	72,5
Net margin (%)	7,0	10,2	9,5	3,0	3,5
Return on equity (%)	11,7	18,2	5,9	8,2	(4,3)
Equity ratio (%)	19,8	19,5	21,7	21,6	18,6
Revenue per employee	7.499,0	7.292,5	6.881,5	4.989,0	4.984,9

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

Ratios	**Calculation formula**	**Calculation formula reflects**
Gross margin (%)	$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss excl minority interests x 100}}{\text{Average equity excl minority interests}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity excl minority interests x 100}}{\text{Total assets}}$	The financial strength of the entity.
Revenue per employee	$\frac{\text{Revenue}}{\text{Average number of employees}}$	The entity's productivity

Management commentary

Primary activities
The key activities of the Company are to hold shares of group enterprises and to carry on investment activities. The activities are carried out through the subsidiaries in Denmark, Sweden, Norway, Finland and Nederland. As in previous years, the Group's business comprised the leasing of trailers to the transport sector.

Foreword:

"We are committed to delivering ambitious growth by offering the most competitive solutions to our customers. We have a clear ambition to create financial and responsible impact via customer centric and competitive solutions through all our business interactions." Group CEO, Jacob Lee Ørnstrand.

The world is constantly changing and this brings new expectations and opportunities for our business. In the changing business environment, we constantly strive to adapt by delivering the most cost efficient rental solutions to our customers.

We have always been agile in our way of conducting business, and therefore we are not afraid of choosing the road less travelled to ensure that we deliver the right solution. We are in this for the long haul and never compromise on service or quality.

We have always delivered pragmatic rental solutions, personal touch points and offered a wide product portfolio, and this approach continues to be a core asset in our competitive offering. To focus even more on the long-term person relationships, we successfully launched country by country commercial set-ups, which ensured a more focused local presence and speed.

We have carefully listened to our customers and the market in order to understand the needs for digital innovation. To that end, we are developing and investing in new digital solutions. We are excited about the digital opportunities, as they prepare us for future growth for our customers and ourselves.

Our 87 employees contributed to reach the year's result, which more than fulfill our expectation forthe year. PNO has a strong and dedicated leadership and team in place and we are prepared for our ambitious growth plan.

Development in activities and finances
Profit for the year amounts to DKK 45,7 milion compared to a profit on DKK 62,7 million in 2018. Profit for the year before financial income and expenses at DKK 90,6 million against DKK 103,4 million in 2018 was affected by a decrease in trailersales compared to last year. The development in the result for the year is as expected and satisfying.

Revenue amounts to DKK 652,4 million compared to 612,6 million in 2018, corresponding to a increase of 6,1 %.

For further information, reference is made to the following income statement, cash flow statement and balance sheet with related notes.

Management commentary

Uncertainty relating to recognition and measurement

There are no specific uncertainties in recognition and measurement in the annual report.

Outlook

The trailer rental market as well as the divestment market is expected to develop positively in 2020.

We expect that market trends in 2020 will continue to move towards increased demand for transport, which is why we expect overall growth at roughly the same level as in 2019.

The company expect a positive result for 2020.

Particular risks

Generally, the Group’s customers in the transport sector are very dependent on economic trends, which affect the Group’s sales potential and thus earnings.

Moreover, the Group depends on the procurement of necessary funding on terms that match market demands for leasing terms.

Intellectual capital resources

Over several years in the trailer industry, the Group's employees have accumulated considerable and unique knowledge within the industry, as well as a good technical understanding of the company's products.

Ongoing training of employees, as well as annual measurement of employee satisfaction continuously monitors job satisfaction and improve the employee’s skills in relation to existing and future work tasks.

Environmental performance

The Group attaches great importance to environmental issues and proactively works to minimize environmental impacts. In lieu of this, PNO has becomed B Corp certified this year. A certification the company has worked hard to achieve in the past year. This to ensure that the company balances the purpose and profit in pursuit of PNO's purpose: "Lead the transition to sustainable freight - via People, Planet and Profit." B Corp: https://bcorporation.eu/about-b-lab/country- partner/denmark

Statutory report on corporate social responsibility

Statutory report on the underrepresented gender

In the PNO Group, it is only PNO Holding A/S that is subject to the disclosure requirements pursuant to section 99b of the Danish Financial Statements Act. PNO Holding A/S’s Board of Directors is the supreme governing body of the Company. A target of 25% female members of the elected Board of Directors by the end of 2020 has been set. At present, the Board of Directors consists three members, which all are men. So at the time being the target is not acheived.

Management commentary

The PNO Group defines the headquarter-based Management Group as the other management level. It consists of 10 employees, 1 of whom are women, equivalent to 10%. The Group considers gender diversity in the Management Group a strength.
PNO operates in an industry where the basis for recruitment of women is generally small, which is also reflected in the gender composition of the Company’s other management level where women are the underrepresented gender.

PNO continuously works to increase the proportion of women in the Company through a number of concrete activities.

In 2019, the Group actively sought to increase the proportion of women in the management in connection with recruitment processes and internal promotions. In relation to recruitment processes in 2019, we focused on having interviews with suitable candidates of both genders when possible, and furthermore, we prioritised the female candidate incases where two candidates are considered equally qualified for a position. In relation to internal promotions in 2019, we focused on identifying talented female candidates who could take on greater responsibility in the Company and evaluated how and with what means we could help them succeed in the Company.

Statutory report on corporate governance
The statutory statement is available on the company's website. https://pnorental.com/about/#sustainability

Events after the balance sheet date

After the end of the financial year, there have been a change in the company's ownership. Kirk Kapital A/S has sold its shares in the company to Jacob PNO Holding A/S and are no longer part of the company’s group of owners.

Consolidated income statement for 2019

	Notes	2019 DKK'000	2018 DKK'000
Revenue	1	652.415	612.569
Cost of sales		(118.754)	(98.112)
Other external expenses	2	(33.977)	(41.046)
Gross profit/loss		**499.684**	**473.411**
Staff costs	3	(48.281)	(50.192)
Depreciation, amortisation and impairment losses	4	(360.823)	(319.847)
Operating profit/loss		**90.580**	**103.372**
Other financial income	5	14.216	7.161
Other financial expenses	6	(47.226)	(31.342)
Profit/loss before tax		**57.570**	**79.191**
Tax on profit/loss for the year	7	(12.099)	(16.459)
Profit/loss for the year	8	**45.471**	**62.732**

Consolidated balance sheet at 31.12.2019

	Notes	2019 DKK'000	2018 DKK'000
Acquired intangible assets		67	34
Goodwill		0	0
Development projects in progress		3.169	0
Intangible assets	9	**3.236**	**34**
Land and buildings		29.123	32.041
Other fixtures and fittings, tools and equipment		1.695.771	1.608.081
Leasehold improvements		0	0
Property, plant and equipment	10	**1.724.894**	**1.640.122**
Fixed assets		**1.728.130**	**1.640.156**
Manufactured goods and goods for resale		1.907	4.758
Inventories		**1.907**	**4.758**
Trade receivables		126.719	133.247
Receivables from group enterprises		6.160	0
Other receivables		8.640	23.840
Income tax receivable		2.544	2.327
Prepayments	11	11.393	8.900
Receivables		**155.456**	**168.314**
Other investments		0	82
Other investments		**0**	**82**
Cash		**104.520**	**83.861**
Current assets		**261.883**	**257.015**
Assets		**1.990.013**	**1.897.171**

Consolidated balance sheet at 31.12.2019

	Notes	2019 DKK'000	2018 DKK'000
Contributed capital		625	625
Reserve for development expenditure		2.472	0
Retained earnings		391.445	353.437
Proposed dividend		0	15.000
Equity attributable to the Parent's owners		**394.542**	**369.062**
Share of equity attributable to minority interests		**1.112**	**217**
Equity		**395.654**	**369.279**
Deferred tax	12	90.422	80.446
Provisions		**90.422**	**80.446**
Finance lease liabilities		1.072.381	995.822
Other payables		666	0
Non-current liabilities other than provisions	13	**1.073.047**	**995.822**
Current portion of long-term liabilities other than provisions	13	380.948	324.146
Prepayments received from customers		804	0
Trade payables		32.119	98.061
Other payables		15.621	23.865
Deferred income	14	1.398	5.552
Current liabilities other than provisions		**430.890**	**451.624**
Liabilities other than provisions		**1.503.937**	**1.447.446**
Equity and liabilities		**1.990.013**	**1.897.171**
Unrecognised rental and lease commitments	16		
Assets charged and collateral	17		
Transactions with related parties	18		
Subsidiaries	19		

Consolidated statement of changes in equity for 2019

	Contributed capital DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000
Equity beginning of year	625	0	353.437	15.000
Ordinary dividend paid	0	0	0	(15.000)
Exchange rate adjustments	0	0	(1.416)	0
Other entries on equity	0	0	(2.681)	0
Transfer to reserves	0	2.472	(2.472)	0
Profit/loss for the year	0	0	44.577	0
Equity end of year	**625**	**2.472**	**391.445**	**0**

	Share of equity attributable to minority interests DKK'000	Total DKK'000
Equity beginning of year	217	369.279
Ordinary dividend paid	0	(15.000)
Exchange rate adjustments	1	(1.415)
Other entries on equity	0	(2.681)
Transfer to reserves	0	0
Profit/loss for the year	894	45.471
Equity end of year	**1.112**	**395.654**

Consolidated cash flow statement for 2019

	Notes	2019 DKK'000	2018 DKK'000
Operating profit/loss		90.499	103.372
Amortisation, depreciation and impairment losses		297.263	248.259
Working capital changes	15	(63.979)	(99)
Cash flow from ordinary operating activities		**323.783**	**351.532**
Financial income received		14.126	7.161
Financial expenses paid		(47.225)	(31.343)
Income taxes refunded/(paid)		(5.783)	(3.923)
Other cash flows from operating activities		16.614	7.990
Cash flows from operating activities		**301.515**	**331.417**
Acquisition etc of intangible assets		(3.236)	0
Acquisition etc of property, plant and equipment		(575.149)	(856.948)
Sale of property, plant and equipment		176.930	201.577
Cash flows from investing activities		**(401.455)**	**(655.371)**
Loans raised		135.517	332.256
Dividend paid		(15.000)	(4.500)
Cash flows from financing activities		**120.517**	**327.756**
Increase/decrease in cash and cash equivalents		**20.577**	**3.802**
Cash and cash equivalents beginning of year		83.943	80.141
Cash and cash equivalents end of year		**104.520**	**83.943**
Cash and cash equivalents at year-end are composed of:			
Cash		104.520	83.861
Securities		0	82
Cash and cash equivalents end of year		**104.520**	**83.943**

Notes to consolidated financial statements

	2019 DKK'000	2018 DKK'000
1. Revenue		
Revenue by geographical market		
Danmark	72.208	48.935
Andre EU-lande	580.207	563.634
	652.415	**612.569**
Revenue by activity		
Rental Sales	553.310	508.466
Divestments	59.196	76.484
Workshop Sales	39.909	27.619
	652.415	**612.569**

	2019 DKK'000	2018 DKK'000
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	325	451
Other services	255	226
	580	**677**

	2019 DKK'000	2018 DKK'000
3. Staff costs		
Wages and salaries	40.030	39.801
Pension costs	3.379	2.701
Other social security costs	4.468	6.895
Other staff costs	3.574	795
Staff costs classified as assets	(3.170)	0
	48.281	**50.192**
Average number of employees	**87**	**84**

	Remunera-tion of manage-ment 2019 DKK'000	Remunera-tion of manage-ment 2018 DKK'000
Total amount for management categories	4.755	3.494
	4.755	**3.494**

Notes to consolidated financial statements

	2019 DKK'000	2018 DKK'000
4. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	361.311	319.847
Profit/loss from sale of intangible assets and property, plant and equipment	(488)	0
	360.823	**319.847**

	2019 DKK'000	2018 DKK'000
5. Other financial income		
Other interest income	134	899
Exchange rate adjustments	14.082	6.262
	14.216	**7.161**

	2019 DKK'000	2018 DKK'000
6. Other financial expenses		
Other interest expenses	31.450	23.620
Exchange rate adjustments	15.776	7.722
	47.226	**31.342**

	2019 DKK'000	2018 DKK'000
7. Tax on profit/loss for the year		
Current tax	5.159	2.347
Change in deferred tax	6.940	14.112
	12.099	**16.459**

	2019 DKK'000	2018 DKK'000
8. Proposed distribution of profit/loss		
Retained earnings	44.577	62.515
Minority interests' share of profit/loss	894	217
	45.471	**62.732**

Notes to consolidated financial statements

	Acquired intangible assets DKK'000	Goodwill DKK'000	Development projects in progress DKK'000
9. Intangible assets			
Cost beginning of year	351	1.661	0
Exchange rate adjustments	0	(80)	0
Additions	67	0	3.169
Cost end of year	**418**	**1.581**	**3.169**
Amortisation and impairment losses beginning of year	(317)	(1.661)	0
Exchange rate adjustments	0	80	0
Amortisation for the year	(34)	0	0
Amortisation and impairment losses end of year	**(351)**	**(1.581)**	**0**
Carrying amount end of year	**67**	**0**	**3.169**

Development projects
Due to the rising need for digital innovation across all industries, the PNO Group has started developing technological solutions to help the PNO Group best serve its customers. PNO Group has established an in-house tech-hub called "PNO Ventures" which purpose is to strengthen our digital offering and develop new products. We want to build a standalone "Software-as-a-service" platform that connects trailer owners, operators and service providers. In this platform, you shall be able to service and share your trailer fleet to secure the highest possible time on the road. In 2019 the focus has been on the development of the three products; 1) Fleet Platform 2) Driver app and 3) Rental platform. The cost associated with the development of these assets is on a running basis recognised as intangible assets. The amortization period is set to 5 years.

Notes to consolidated financial statements

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve-ments DKK'000
10. Property, plant and equipment			
Cost beginning of year	58.299	2.702.802	1.509
Exchange rate adjustments	(2.371)	(35.310)	0
Additions	416	574.666	0
Disposals	(1.233)	(502.711)	0
Cost end of year	**55.111**	**2.739.447**	**1.509**
Depreciation and impairment losses beginning of year	(26.258)	(1.094.721)	(1.509)
Exchange rate adjustments	2.694	16.317	0
Depreciation for the year	(2.607)	(358.704)	0
Reversal regarding disposals	183	393.432	0
Depreciation and impairment losses end of year	**(25.988)**	**(1.043.676)**	**(1.509)**
Carrying amount end of year	**29.123**	**1.695.771**	**0**
Recognised assets not owned by entity	**-**	**490.727**	**-**

11. Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

	2019 DKK'000
12. Deferred tax	
Changes during the year	
Beginning of year	80.446
Recognised in the income statement	6.940
Other adjustments	3.036
End of year	**90.422**

	Due within 12 months 2019 DKK'000	Due within 12 months 2018 DKK'000	Due after more than 12 months 2019 DKK'000
13. Liabilities other than provisions			
Finance lease liabilities	380.948	324.146	1.072.381
Other payables	0	0	666
	380.948	**324.146**	**1.073.047**

Notes to consolidated financial statements

14. Short-term deferred income

Deferred income consists of payments received in respect of income in subsequent years.

	2019 DKK'000	2018 DKK'000
15. Change in working capital		
Increase/decrease in inventories	2.851	1.101
Increase/decrease in receivables	12.861	(44.517)
Increase/decrease in trade payables etc	(79.691)	43.317
	(63.979)	**(99)**

	2019 DKK'000	2018 DKK'000
16. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	**2.894**	**2.682**

17. Assets charged and collateral

As security for contract debt and trade payables, retention of title has been provided in machinery and equipment.

The Company has provided jointly and several guarantee of payment in respect of a part the Group's debt to credit institution.

18. Transactions with related parties

It is only required to report on transaction with retaled parties which has not been on marked conditions. All transaction with related parties in the fiscal year has been on marked conditions.

	Registered in	Corpo-rate form	Equity inte-rest %
19. Subsidiaries			
PNO Danmark A/S	Horsens, Denmark	A/S	100,0
PNO Sverige AB	Helsingborg, Sweden	AB	100,0
PNO Norge AS	Oslo, Norway	AS	100,0
PNO Finland OY	Helsinki, Finland	OY	100,0
PNO Netherlands B.V.	Venlo, Netherlands	B.V.	75,0

Parent income statement for 2019

	Notes	2019 DKK'000	2018 DKK'000
Other operating income		29.406	28.150
Other external expenses		(9.050)	(9.809)
Gross profit/loss		**20.356**	**18.341**
Staff costs	1	(16.877)	(15.554)
Depreciation, amortisation and impairment losses	2	(743)	(349)
Operating profit/loss		**2.736**	**2.438**
Income from investments in group enterprises		42.143	60.133
Other financial expenses	3	(604)	(56)
Profit/loss for the year	4	**44.275**	**62.515**

Parent balance sheet at 31.12.2019

	Notes	2019 DKK'000	2018 DKK'000
Development projects in progress		3.169	0
Intangible assets	5	**3.169**	**0**
Other fixtures and fittings, tools and equipment		2.347	1.105
Property, plant and equipment	6	**2.347**	**1.105**
Investments in group enterprises		395.158	360.549
Fixed asset investments	7	**395.158**	**360.549**
Fixed assets		**400.674**	**361.654**
Receivables from group enterprises		19.733	17.682
Other receivables		250	422
Prepayments	8	1.323	2.577
Receivables		**21.306**	**20.681**
Cash		**409**	**556**
Current assets		**21.715**	**21.237**
Assets		**422.389**	**382.891**

Parent balance sheet at 31.12.2019

	Notes	2019 DKK'000	2018 DKK'000
Contributed capital	9	625	625
Reserve for net revaluation according to the equity method		343.058	308.448
Reserve for development expenditure		2.472	0
Retained earnings		48.387	44.989
Proposed dividend		0	15.000
Equity		**394.542**	**369.062**
Other payables		533	0
Non-current liabilities other than provisions		**533**	**0**
Trade payables		673	778
Payables to group enterprises		23.969	10.391
Other payables		2.672	2.660
Current liabilities other than provisions		**27.314**	**13.829**
Liabilities other than provisions		**27.847**	**13.829**
Equity and liabilities		**422.389**	**382.891**
Unrecognised rental and lease commitments	10		
Contingent liabilities	11		
Assets charged and collateral	12		
Related parties with controlling interest	13		
Transactions with related parties	14		

Parent statement of changes in equity for 2019

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000
Equity beginning of year	625	308.448	0	44.989
Ordinary dividend paid	0	0	0	0
Exchange rate adjustments	0	(1.467)	0	0
Other entries on equity	0	(2.332)	0	0
Dividends from group enterprises	0	(3.734)	0	3.734
Transfer to reserves	0	0	2.472	(2.472)
Profit/loss for the year	0	42.143	0	2.136
Equity end of year	**625**	**343.058**	**2.472**	**48.387**

	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	15.000	369.062
Ordinary dividend paid	(15.000)	(15.000)
Exchange rate adjustments	0	(1.467)
Other entries on equity	0	(2.332)
Dividends from group enterprises	0	0
Transfer to reserves	0	0
Profit/loss for the year	0	44.279
Equity end of year	**0**	**394.542**

Notes to parent financial statements

	2019 DKK'000	2018 DKK'000
1. Staff costs		
Wages and salaries	17.590	13.846
Pension costs	1.915	1.292
Other social security costs	138	82
Other staff costs	404	334
Staff costs classified as assets	(3.170)	0
	16.877	**15.554**
Average number of employees	**17**	**13**

	Remuneration of management 2019 DKK'000	Remuneration of management 2018 DKK'000
Total amount for management categories	4.755	3.494
	4.755	**3.494**

	2019 DKK'000	2018 DKK'000
2. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	743	349
	743	**349**

	2019 DKK'000	2018 DKK'000
3. Other financial expenses		
Financial expenses from group enterprises	347	87
Other interest expenses	6	14
Exchange rate adjustments	251	(45)
	604	**56**

	2019 DKK'000	2018 DKK'000
4. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	44.493	0
Retained earnings	(218)	62.515
	44.275	**62.515**

Notes to parent financial statements

	Development projects in progress DKK'000
5. Intangible assets	
Additions	3.169
Cost end of year	**3.169**
Carrying amount end of year	**3.169**

Development projects
Due to the rising need for digital innovation across all industries, the PNO Group has started developing technological solutions to help the PNO Group best serve its customers. PNO Group has established an in-house tech-hub called “PNO Ventures” which purpose is to strengthen our digital offering and develop new products. We want to build a standalone “Software-as-a-service” platform that connects trailer owners, operators and service providers. In this platform you shall be able to service and share your trailer fleet in order to secure the highest possible time on the road. In 2019 the focus has been on development of the three products; 1) Fleet Platform 2) Driver app and 3) Rental platform. The cost associated with the development of these assets is on a running basis activated as intangible assets. The amortization period is set to 5 years.

	Other fixtures and fittings, tools and equipment DKK'000
6. Property, plant and equipment	
Cost beginning of year	1.577
Additions	1.985
Disposals	(3.359)
Cost end of year	**203**
Depreciation and impairment losses beginning of year	(472)
Depreciation for the year	(743)
Reversal regarding disposals	3.359
Depreciation and impairment losses end of year	**2.144**
Carrying amount end of year	**2.347**

Notes to parent financial statements

	Invest-ments in group enterprises DKK'000
7. Fixed asset investments	
Cost beginning of year	52.083
Cost end of year	**52.083**
Revaluations beginning of year	308.466
Exchange rate adjustments	(1.467)
Share of profit/loss for the year	43.319
Adjustment of intra-group profits	(1.176)
Dividend	(3.735)
Other adjustments	(2.332)
Revaluations end of year	**343.075**
Carrying amount end of year	**395.158**

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

8. Prepayments

Deferred income consists of payments received in respect of income in subsequent years.

	Number	Par value DKK'000	Nominal value DKK'000
9. Contributed capital			
A-shares	50	1	50
B-shares	575	1	575
	625		**625**

	2019 DKK'000	2018 DKK'000
10. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	**857**	**710**

11. Contingent liabilities

As security for contract debt and trade payables, retention of title has been provided in machinery and equipment

The Entity participates in a Danish joint taxation arrangement in which Jacob Lee Ørnstrand Holding A/S, Central Business Registration No 34619530, serves as the administration company. According to the joint

Notes to parent financial statements

taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from establishment of joint taxation for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements

12. Assets charged and collateral

As security for contract debt and trade payables, retention of title has been provided in machinery and equipment.

The Company has provided jointly and several guarantee of payment in respect of a part the Group's debt to credit institution.

13. Related parties with controlling interest

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:
Jacob PNO Holding A/S, Strandgade 26,1 DK-1401 København K
Kirk Kapital A/S, Damhaven 5D, DK-7100 Vejle

14. Transactions with related parties

It is only required to report on transaction with retaled parties which has not been on marked conditions. All transaction with related parties in the fiscal year has been on marked conditions.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large) with addition of certain provisions for reporting class D.

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Reclassifications of a few items of the balance sheet and the income statements have been made which has not affected profit/loss.

Changes in accounting estimates

In 2019, the Company optimised its processess for handling, recording and controlling its internal development projects of new product platform and related technological solutions. Consequently, the Company changed its principle for recognition of development costs which are subsequently recognised as intangible assets in the balance sheet. Previously, internal development costs were recognised as expenses in the income statement when the expenses occurred. The change of the accounting estimate affects profit for the year by DKK 3.169 thousand, and assets and equity has increased by DKK 3.169 thousand.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Assets held under finance leases

For assets held under finance leases, cost is measured at the lower of fair value and present value of future lease payments. At the calculation of the present value, the lease agreements' rate of return is applied, between 1.5% and 4.2%, as the discount rate. Assets held under finance leases are amortised and written down according to the same policies as established for the Company's other fixed assets.

Accounting policies

The capitalised remaining lease obligation is recognised in the balance sheet as a liability, and the interest element of the lease payment is charged to the income statement on a current basis.

All other leases are considered as being operational leases. Payments made in connection with operational leases are recognised on a straight-line basis in the income statement over the term of the lease.

Consolidated financial statements
The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' proportionate share of profit or loss is presented as a separate item in Management's proposal for distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Income statement
Revenue
Revenue from the sale of rental services, divestment of trailers and related service is recognised in the income statement when delivery is made and risk has passed to the buyer.

Revenue can be divided into three categories. Rental sales, divestment sales and workshop sales. All revenue categories are recognised in the income statement when: Delivery has been made before year end;

- Delivery to customer has taken place before balance date
- A binding agreemnt has been signed
- The value of the contract has been determined
- Payment has been received or is highly likely to be received in the future

Accounting policies

Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed. Net profit from sales and divestment of trailers are recognised as net revenue.

Cost of sales
Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses
Other external expenses include expenses relating to the Entity’s ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc.

Staff costs
Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses
Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in group enterprises
Income from investments in group enterprises comprises dividend etc received from the individual group enterprises in the financial year.

Other financial income
Other financial income comprises of interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Accounting policies

Balance sheet

Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortized straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. For other amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognized as separate assets. Useful lives are reassessed annually. The amortization periods used are 5 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc

Intellectual property rights etc comprise development projects in progress.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

The amortization period used for development costs are 5 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-manufactured assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs. For assets held under finance leases, cost is the lower of the asset’s fair value and present value of future lease payments.

Accounting policies

Indirect production costs in the form of indirect attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each asset.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	10-40 years
Own Trailers	7 years
Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	3 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

In the parent financial statements, investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits and losses. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in group enterprises.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. For other amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 5 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Accounting policies

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Income tax payable or receivable
Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Other investments
Other current asset investments comprise listed securities measured at fair value (market price) at the balance sheet date and unlisted investments measured at the lower of cost and net realisable value.

Cash
Cash comprises cash in hand and bank deposits.

Dividend
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Minority interests
Minority interests consist of non-controlling interests' share of equity in subsidiaries not 100% owned by the Parent.

Accounting policies

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset or the planned settlement of each liability. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

Finance lease liabilities
Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Operating leases
Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

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

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Deferred income
Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement
The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale,

Accounting policies

etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.