

G.S.V. Holding A/S

Baldersbuen 5
2640 Hedehusene

CVR no.: 35 87 58 91

Annual report 2016

The annual report was presented and approved at the
Company's annual general meeting on

17 March 2017

Peter Ryttergaard
chairman of the annual general meeting

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of G.S.V. Holding A/S for the financial year 1 January – 31 December 2016.

The annual report has been 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 Group's and the Parent Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2016.

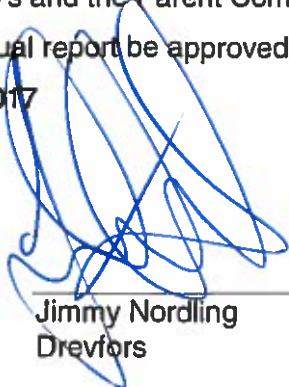
Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's activities and financial matters, of the results for the year and of the Group's and the Parent Company's financial position.

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

Hedehusene, 10 February 2017
Executive Board:



Dan Protin



Jimmy Nordling
Drevfors

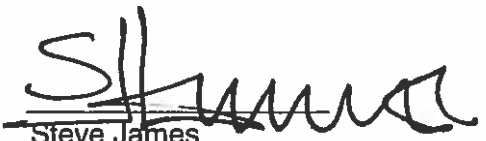
Board of Directors:



Carsten Nygaard
Knudsen
Chairman



Peter Ryttergaard
Deputy Chairman



Steve James
Corcoran



Vilhelm Eigil
Hahn-Petersen



Jens Nyhus



Dan Protin



Independent auditor's report

To the shareholders of G.S.V. Holding A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of G.S.V. Holding A/S for the financial year 1 January – 31 December 2016 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group as well as for the Parent Company and a cash flow statement for the Group. The consolidated financial statements and 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 Group's and the Parent Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2016 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" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the consolidated financial statements and the parent company 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 that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.



Independent auditor's report

In preparing the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group or the Company 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 company financial statements

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements and the parent company 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made on the basis of these consolidated financial statements and parent company 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 company 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.



Independent auditor's report

- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company 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 Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company 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 consolidated financial statements and the parent company 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 consolidated financial statements or the parent company 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.



Independent auditor's report

Based on the work we have performed, we conclude that the Management's review is in accordance with the consolidated financial statements and the parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 10 February 2017

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

A handwritten signature in blue ink, appearing to read 'Henrik O. Larsen'.

Henrik O. Larsen
State Authorised
Public Accountant

A handwritten signature in blue ink, appearing to read 'Klaus Rytz'.

Klaus Rytz
State Authorised
Public Accountant

Management's review

Financial highlights for the Group

| DKKm | 2016 | 2015 (*) |
|---|------------|-------------|
| Revenue | 863 | 476 |
| Gross profit | 442 | 226 |
| EBITDA (normalised) | 271 | 153 |
| Depreciation | -169 | -86 |
| EBITA (normalised) | 102 | 67 |
| Amortisation | -18 | -10 |
| EBIT (normalised) | 84 | 57 |
| Integration costs and "non-recurring costs" | -9 | -6 |
| Ordinary profit | 75 | 51 |
| Net financials | -22 | -10 |
| Profit for the year | 41 | 31 |
| Total assets | 1.565 | 1,077 |
| CAPEX | -181 | -168 |
| Equity | 515 | 405 |
| Cash flows from operating activities | 216 | 157 |
| Cash flows from investing activities | -514 | -670 |
| Cash flows from financing activities | 340 | 566 |
| Total cash flows | 42 | 53 |
| Gross margin | 51% | 47% |
| EBITDA margin (normalised) | 30% | 32% |
| EBITA margin (normalised) | 10% | 14% |
| EBIT margin (normalised) | 9% | 12% |
| Profit margin | 7% | 7% |
| Return on assets | 5% | 5% |
| Current ratio | 93% | 95% |
| Return on equity | 14% | 8% |
| Solvency ratio | 33% | 38% |
| Average number of full-time employees | 398 | 258 |

* The figures for 2015 relate to the period from the acquisition of the G.S.V. Group at 20 April 2015 to 31 December 2015.

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". For terms and definitions, please see the accounting policies.

Management's review

Operating review

CC Tool Invest A/S, a company wholly-owned by the private equity fund CataCap, owns 36.72% of G.S.V. Holding A/S and the Board of Directors owns 5.39%. Upon shareholders' agreement, CataCap has controlling interest of the Company. The purpose of the ownership structure is to ensure Management's full commitment to capitalise on the Company's potential.

CataCap is a member of the Danish Venture Capital and Private Equity Association ("DVCA") and subject to comply with the guidelines issued by DVCA available at DVCA's website www.dvca.dk. These guidelines released in June 2008, with subsequent modifications, recommend extended coverage of a number of factors in annual reports, including corporate governance, financial risks, employee relations and strategy.

As a private equity portfolio company GSV Holding therefore follow these recommendations.

Principal activities of the Company

The main activity of the Company is to own the shares in the subsidiary, G.S.V. Materieludlejning A/S (hereinafter 'G.S.V.'). G.S.V. is the market leader within rental equipment for building and construction. The main activity consists of rental of earthmoving and construction equipment, site and office huts, mobile huts, pavilions, lifts, cranes, platforms and scaffolding to the building and construction industry, the industrial sector, the service sector and the public sector. The Company operates 19 branches across Denmark with the broadest product range in the rental industry and had 405 employees at the end of 2016. For further information, visit the Company's homepage at www.gsv.dk.

Acquisitions during 2016

In April 2016, G.S.V. acquired Bramsnæs Entreprenørmaskiner ApS and A. Linnet og Sønner A/S (hereinafter 'Bramsnæs'). In October 2016, G.S.V. acquired Bilsby Vamdrup A/S and Bilsby Hedehusene A/S (hereinafter 'Bilsby').

Management's review

Operating review

Development in activities and financial position

Group

The acquisitions of Bramsnæs and Bilsby supports the overall G.S.V. strategy of being a one-stop-shop rental business with a number one or two position in each of the segments we operate in. With the acquisition of Bramsnæs, G.S.V. becomes a strong participant in the market for heavy equipment with operator. In combination with the earthmoving and construction equipment from G.S.V., the combined business will have the capacity to support our customers with a broader range of high-quality equipment and services. The acquisition of Bilsby strengthens G.S.V.'s position in the market for pavilions and modular space. The combined business has extensive experience in project management and designing tailor-made pavilion and modular space arrangements for our customers. The acquisition of Bilsby has doubled the production capacity of pavilions and modular space.

Total revenue for the year was DKK 863 million compared to DKK 644 million in 2015. The organic growth was 3%. In 2016, the Group realised EBITDA before integration and non-recurring costs of DKK 271 million compared to DKK 190 million in 2015.

Integration and non-recurring items relate to the acquisition and merger of the acquired companies.

Effective from 1 January 2016, G.S.V. Materieludlejning A/S, Bramsnæs and Bilsby A/S have been merged into one company under the name G.S.V. Materieludlejning A/S.

The cash flow for the year was DKK 42 million and is affected by substantial investments in rental equipment and acquisitions of companies.

The Group's credit facilities include covenants, which all have been met.

The annual report will be available on the Company's website, www.gsv.dk.

During the year, the average number of employees has increased from 256 in 2015 to 398 in 2016. Hereof acquired companies added 110 employees.

The result of the year is considered satisfactory.

Management's review

Operating review

Investments

G.S.V. Materieludlejning A/S supports our customers with a modern and updated fleet of rental equipment to continue to be their preferred rental partner.

The Group made investments in rental equipment of DKK 202 million in 2016. This includes investments in acquired companies before takeover.

Capital resources

The Company has a committed credit facility that is sufficient to meet the expected growth of the business in 2017.

Outlook

The focus in 2016 has been integration of the acquired companies and to formulate a comprehensive strategy for the consolidated company. It is expected that the 2017 result will increase based on implementation of the strategic plan.

Risks

The majority of the customers operate in the building and construction sector, where the production output is dependent on the macro economic cycle. This may affect the Company's sales and thus earnings. Moreover, the Company depends on securing necessary funding on competitive terms. The Company's Executive Board and Board of Directors continuously address the development of the business in respect of customers and market to identify potential risks and to secure that the Company has adequate resources allocated to adapt to the macro economic cycle.

Financial risks

The Group's financing structure is common for private equity-owned groups. The Executive Board and Board of Directors regularly evaluate whether the capital structure of the Group supports the strategy, targets and support long-term sustainable growth. The Company is financed through equity and long term committed banking facilities. The solvency at 31st December 2016 is more than 33% at group level. The company does not engage on financial transactions or used financial instruments that does not support the underlying business. At the balance sheet date, the net interest-bearing debt amounted to DKK 785 million, which is considered an appropriate level.

Management's review

Operating review

Corporate governance

The Executive Board and Board of Directors constantly monitor the management structure and control systems of the Company to ensure that they are appropriate and well-functioning.

The tasks of the Executive Board are based on the Danish Companies Act, the Danish Financial Statements Act, the articles of association and the rules of procedure of the Board of directors and Executive Board. Further, due to its status as a company partly owned by a capital fund, the Company is also subject to DVCA's code for responsible ownership and good corporate management. Based on this, a set of internal procedures have been developed and are continuously updated to secure active, safe and profitable governance.

The Company is owned 37% by CC Tool Invest ApS, an entity owned by the private equity fund CataCap. Through a co-investment agreement, CC Tool Invest ApS has control over 85% of the capital and 83% of the votes. The co-investors consist of Danica Pension, Access Capital Partners and Lacombe. The remaining 17% shareholding is owned by the wider management team.

The composition of the Board of Directors is described below.

The Board of Directors monitor and secure that the Executive Board follows the agreed objectives, strategies and business procedures. Updates from the Executive Board takes place systematically in meetings and through written and verbal reports. The Board of Directors considers that the above, along with the internal procedures, provides for an adequate and effective risk management and appropriate internal controls.

Board meetings follow a fixed schedule with at least six annual meetings, one of which deals with strategy where visions, goals and strategic plans are defined.

The Chairmanship has a close and continuous dialogue with the executive Board of the Company.

To attract and retain managerial talents and competence in the Company, the remuneration of the Executive Board and other executives is determined based on tasks, value creation and conditions in comparable companies and has an element of performance-related fee.

The Board of Directors of G.S.V. Holding A/S has decided to not establish an audit committee but take on the audit committee tasks jointly. Consequently, the Chairman of the Board of Directors is also the Chairman of the Audit Committee. The Board's decision to take on the audit committee tasks jointly should be viewed in the light of the Company's size, transparency of reporting and clear procedures.

Management's review

Operating review

Executive Board:

Dan Protin, male, 43 years old, Chief executive officer of G.S.V Holding A/S. Indirectly owning 4.89% of GSV Holding A/S. Mr. Protin was initially appointed a member of the Executive Board on 30 April 2015.

Mr. Protin currently also serves as a board member or executive director of DOV Holding ApS, G.S.V. Materieludlejning A/S and The Danish Construction Association, Rental Section.

Jimmy Drevfors, male, 39 years old, Chief financial officer of G.S.V Holding A/S. Indirectly owning 0.82% of GSV Holding A/S. Mr. Drevfors was initially appointed a member of the Executive Board on 1 January 2016.

Mr. Drevfors is currently also a board member or executive director of Drevfors Holding ApS, and G.S.V. Materieludlejning A/S.

Board of Directors:

Chairman Carsten Nygaard Knudsen, male, 56 years old, independent-board member. Indirectly owning 0.47% of GSV Holding A/S. Mr. Knudsen was initially elected a member of the Board of Directors in 2015 and is up for election once a year at the annual general meeting.

Mr. Knudsen currently also serves as board member or executive director of:

Søgaarden-Sjælsø ApS, Dane Topco ApS, Glunz & Jensen A/S, Glunz & Jensen Holding A/S, G.S.V. Materieludlejning A/S, Lyngsoe Systems Holding A/S, Lyngsoe Systems A/S, Black Topco A/S, Selandia Park A/S, STIBO-FONDEN.

Management's review

Operating review

Deputy Chairman Peter Ryttergaard, male, 46 years old, non-independent-board member, Partner in CataCap. Indirectly owning 0.2% of GSV Holding A/S. Mr. Ryttergaard was initially elected a member of the Board of Directors in 2013 and is up for election once a year at the annual general meeting.

Mr Ryttergaard is currently also a partner at CataCap Management A/S and serves as board member or executive director of:

MobyLife Holding A/S, MobyLife DM ApS, MobyLife A/S, MobyLife DK A/S, MobyLife AS, MobyLife Ljungby AB,, MobyLife Kongsberg AS, MobyLife Drammen AS, MobyLife AB, MobyLife Helsingki Oy and MobyLife Oy.

G.S.V. Holding A/S and G.S.V. Materieludlejning A/S.

Handicap-Befordring Holding A/S and Handicap-Befordring A/S.

CC Oscar Holding I A/S, CC Oscar Holding II A/S, CASA ManCo ApS and CASA A/S

CataCap Management A/S, CataCap DM ApS, CataCap OP ApS

CC Explorer Invest ApS, CC Tool Invest ApS, CC Oscar Invest ApS, CC Orange Invest ApS, CC Track Invest ApS and CC Sky Invest ApS.

Ryttergaard Invest A/S, Buldus Ejendomme ApS, Investeringselskabet af 27 12 1985 ApS and Kjærulff Pedersen A/S.

Board member Vilhelm Hahn-Petersen, male, 56 years old, non-independent board member, Partner in CataCap. Indirectly owning 0.7 % of GSV Holding A/S. Mr. Hahn-Petersen was initially elected a member of the Board of Directors in 2013 and is up for election once a year at the annual general meeting.

Mr. Hahn-Petersen is currently also a partner at CataCap Management A/S, and serves as board member and executive director of:

MobyLife Holding A/S, MobyLife DM ApS, MobyLife A/S, MobyLife DK A/S, MobyLife AS, MobyLife Ljungby AB,, MobyLife Kongsberg AS, MobyLife Drammen AS, MobyLife AB, MobyLife Helsingki Oy and MobyLife Oy.

G.S.V. Holding A/S and G.S.V. Materieludlejning A/S.

Lyngsoe Systems Holding A/S and Lyngsoe Systems A/S

Skybrands Holding A/S and Skybrands A/S.

CC Oscar Holding I A/S, CC Oscar Holding II A/S, CASA ManCo ApS and CASA A/S

CataCap Management A/S, CataCap DM ApS, CataCap OP ApS

CC Explorer Invest ApS, CC Tool Invest ApS, CC Oscar Invest ApS, CC Orange Invest ApS, CC Track Invest ApS and CC Sky Invest ApS.

MyCo ApS, Airhelp Inc. and Capacent A/S.

Management's review

Operating review

Jens Nyhus, male, 51 years old, independent-board member. Indirectly owning 0.03% of GSV Holding A/S. Mr. Nyhus was initially elected a member of the Board of Directors in 2015 and is up for election once a year at the annual general meeting.

Mr. Nyhus currently also serves as board member or executive director of:

GK Danmark A/S, Carlsberg Byen Ejendomme I P/S, Carlsberg Byen Ejendomme P/S, Carlsberg Byen I A/S, Carlsberg Byen Komplementar I ApS, Carlsberg Byen Komplementar Byggefelt 8 ApS, Komplementar Carlsberg Byen BA 16.3 ApS, Komplementar Carlsberg Byen BA 11 ApS, Komplementar Carlsberg Byen BA 5 ApS, Komplementar Carlsberg Byen BA 2 ApS, Komplementar Carlsberg Byen 20D ApS, Carlsberg Byen 20D P/S, Carlsberg Byen BA 3 P/S, Komplementar Carlsberg Byen BA 3 ApS, Carlsberg Byen BA 16 P/S, Komplementar Carlsberg Byen BA 16 ApS, Carlsberg Byen BA 17 P/S, Komplementar Carlsberg Byen BA 17 ApS, Komplementar Carlsberg Byen Ejendomssalg ApS, Komplementar Carlsberg Byen Ejendomsdrift ApS, Carlsberg Byen Ejendomssalg P/S, Carlsberg Byen Ejendomsdrift P/S, Komplementar Carlsberg Byen 12 ApS, Komplementar Carlsberg Byen 13 ApS, Carlsberg Byen BA 12 P/S,

Carlsberg Byen BA 13 P/S, Carlsberg Byen BA 2 P/S, Carlsberg Byen BA 11 P/S, Carlsberg Byen BA 16.3 P/S, Carlsberg Byen BA 5 P/S, Carlsberg Byen P/S, Carlsberg Byen Komplementar ApS, Nyhus.

Dan Protin, male, 43 years old, non-independent board member. Indirectly owning 4.89% of GSV Holding A/S. Mr. Protin was initially elected a member of the Board of Directors in 2015 and is up for election once a year at the annual general meeting.

Mr. Protin currently also serves as board member or executive director of:

DOV Holding ApS, GSV Materieludlejning A/S, The Danish Construction Association, Rental Section.

Steven Corcoran, male, 56 years old, independent board member. Indirectly owning 0.0% of GSV Holding A/S. Mr. Corcoran was initially elected a member of the Board of Directors in 2016 and is up for election once a year at the annual general meeting.

Mr. Corcoran currently also serves as board member or CEO of Keltbray Ltd.

Management's review

Operating review

Strategy

The strategy is to be the one-stop-shop rental business partner, where G.S.V. Materieludlejning A/S is the customers' preferred rental partner in respect of rental of earthmoving and construction equipment, site and office huts, mobile huts, pavilions, lifts, cranes, platforms and scaffolding to the building and construction industry, the industrial sector, the service sector and the public sector.

The Board is focused on strategy execution including ensuring that required resources are available, appropriate control systems are effective, ensuring a good work environment, while also responsibly meeting its obligations to shareholders. The Board regularly reviews the Company's short-term and long-term strategies and assesses a wide range of business activities, taking a more in-depth look at certain particularly critical business areas.

The corporate social responsibility forms an integrated part of the Company's values and our business strategy. The Company has drawn up a corporate social responsibility policy which is described in our employee handbook, which is presented to all employees. Further, the Company holds a DRA certification.

DRA certification is tailored to rental companies and builds on ISO 9001, ISO 14001, OHSAS 18001, and Lift control and machine control schemes. In addition to checking the safety of products and quality, DRA certification includes all the workflows and business processes that are important for quality, environment and safety. Certification and control are handled by the independent Force Technology.

A part of the DRA certification relates to the rental companies' environmental management. With intervals not exceeding three years, the environmental impacts are identified. In addition, in each company, an environmental organisation prepares a ranking of the most significant environmental impacts at least once a year. These priorities should form part of Management's basis for decisions on environmental performance.

G.S.V. focuses on the energy consumption of equipment and buildings, general resources, hazardous waste management and facilities to avoid wastage. The goal is to reduce G.S.V.'s consumption and environmental impact as much as possible.

Under DRA, Management must ensure the establishment of a working organisation by WEA rules.

In addition, we have prepared a contingency plan which as a minimum relates to accidents, fires, gas leaks, explosions and pollution. At least once a year, GSV conducts emergency drills, which ensures that employees always know how to act in case of accidents and incidents.

G.S.V.'s safety management also includes procedures for handling chemicals, a smoking policy and a guarantee that the employees always have appropriate protective equipment available.

Management's review

Operating review

Human rights

The Company recognises the international human rights such as the right to education and freedom of speech and ensures that no discrimination based on race, religion or political opinion takes place.

We make demands with our vendors that their employees (as well as our own) have the same rights as under Danish legislation. In addition, we stress to our vendors that they have responsibility for reporting of employee salaries to the Danish authorities and that we reserve the right to confirm compliance through inspection of documentation.

Management is not aware of any violation of the policy during 2016.

Anti-corruption

The Group recognises the need to ensure that we act according to high ethical standards and clearly forbid the participation in any kind of bribery or facility payments – both directly and indirectly. Furthermore, we provide guidance to employees on how to react if and when offered extraordinary gifts. Management is not aware of any violation of the anti-corruption policy during 2016.

The Board of Directors and the Executive Board are observant of legislation pertaining to competition law. There is high management focus on this matter. In 2016, the broader management team and sales organisation received training pertaining to the “dos and dont’s” in respect of commercial activities from a competitive law perspective.

Environmental matters

The Company recognises the need for maintaining a sustainable environment and is committed to obey and follow local environment laws and regulations of the countries in which we operate. Management is not aware of any violation of the environment laws and regulations in Denmark during 2016.

G.S.V. has a strong focus on the energy consumption of equipment and buildings, general resources, hazardous waste management and facilities to avoid wastage. The goal is to reduce G.S.V.'s consumption and environmental impact as much as possible. When following the DRA, Management must ensure the establishment of a working organisation in accordance with the WEA rules.

Management's review

Operating review

Goals and policies for the underrepresented gender

G.S.V. does not accept discrimination, either in relation to working and employment conditions or women's opportunities in the Company, and we do not attach importance to either gender, race or religion, etc., when hiring and promoting employees.

However, our industry is male-dominated, which is reflected in a limited number of female employees (both in absolute terms and proportionately) at all levels.

For the underrepresented gender, we have therefore set a target for the Board of Directors, while we try to increase the number of women at other levels of management by means of an equal opportunities policy to provide women with the same opportunities as men to utilise their skills and obtain management responsibility.

The share of the underrepresented gender on the Board of Directors is 0% at 31 December 2016. The target is that the share of women should be at least 20% no later than in 2020. The requirements for the board members' qualifications are always determined based on the Company's needs and are equal for all regardless of gender.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Income statement

| DKK'000 | Note | Group | | Parent Company | |
|---|------|----------|----------|----------------|--------|
| | | 2016 | 2015 | 2016 | 2015 |
| Revenue | | 862,862 | 475,993 | 0 | 0 |
| Direct costs | | -365,812 | -227,127 | 0 | 0 |
| Other operating income | | 17,221 | 11,705 | 0 | 2,040 |
| Other external costs | | -71,872 | -34,966 | -292 | -127 |
| Gross profit | | 442,399 | 225,605 | -292 | 1,913 |
| Staff costs | 4 | -180,213 | -78,644 | -4,203 | -2,127 |
| EBITDA | | 262,186 | 146,961 | -4,495 | -214 |
| Depreciation, amortisation and impairment losses on intangible assets and property, plant and equipment | 5 | -187,194 | -95,536 | 0 | 0 |
| Profit/loss before financial income and expenses | | 74,992 | 51,425 | -4,495 | -214 |
| Financial income | 6 | 210 | 336 | 4,056 | 2,224 |
| Financial expenses | | -22,391 | -10,745 | -5,154 | -2,612 |
| Profit/loss before tax | | 52,811 | 41,016 | -5,593 | -602 |
| Tax on profit/loss for the year | 7 | -11,952 | -9,706 | -132 | 273 |
| Profit/loss for the year | 8 | 40,859 | 31,310 | -5,725 | -329 |

Consolidated financial statements and parent company financial statements 1 January – 31 December

Balance sheet

| DKK'000 | Note | Group | | Parent Company | |
|--|------|------------------|------------------|----------------|----------------|
| | | 2016 | 2015 | 2016 | 2015 |
| ASSETS | | | | | |
| Fixed assets | | | | | |
| Intangible assets | | | | | |
| | 9 | | | | |
| Software | | 9,330 | 0 | 0 | 0 |
| Goodwill | | 336,417 | 284,718 | 0 | 0 |
| Development costs | | 134 | 0 | 0 | 0 |
| | | <u>345,881</u> | <u>284,718</u> | <u>0</u> | <u>0</u> |
| Property, plant and equipment | | | | | |
| | 10 | | | | |
| Rental equipment | | 950,282 | 614,055 | 0 | 0 |
| Other fixtures and fittings, tools and equipment | | 19,033 | 15,358 | 0 | 0 |
| Leasehold improvements | | 12,873 | 8,190 | 0 | 0 |
| | | <u>982,188</u> | <u>637,603</u> | <u>0</u> | <u>0</u> |
| Investments | | | | | |
| Investments in subsidiaries | 11 | 0 | 0 | 489,454 | 442,654 |
| Receivables from group entities | | 0 | 0 | 151,248 | 35,000 |
| Deposits | 12 | 5,174 | 3,074 | 0 | 0 |
| | | <u>5,174</u> | <u>3,074</u> | <u>640,702</u> | <u>477,654</u> |
| Total fixed assets | | <u>1,333,243</u> | <u>925,395</u> | <u>640,702</u> | <u>477,654</u> |
| Current assets | | | | | |
| Inventories | | | | | |
| Goods for resale and spare parts | | 22,301 | 14,317 | 0 | 0 |
| | | <u>22,301</u> | <u>14,317</u> | <u>0</u> | <u>0</u> |
| Receivables | | | | | |
| | 13 | | | | |
| Trade receivables | | 139,569 | 106,658 | 0 | 0 |
| Receivables from group entities | | 31 | 0 | 0 | 39,958 |
| Other receivables | | 453 | 1,115 | 453 | 654 |
| Deferred tax assets | | 0 | 132 | 0 | 132 |
| Tax receivable | | 141 | 141 | 141 | 141 |
| Prepayments | | 1,615 | 2,827 | 0 | 0 |
| | | <u>141,809</u> | <u>110,873</u> | <u>594</u> | <u>40,885</u> |
| Cash at bank and in hand | | <u>68,422</u> | <u>26,832</u> | <u>115</u> | <u>1,024</u> |
| Total current assets | | <u>232,532</u> | <u>152,022</u> | <u>709</u> | <u>41,909</u> |
| TOTAL ASSETS | | <u>1,565,775</u> | <u>1,077,417</u> | <u>641,411</u> | <u>519,563</u> |

Consolidated financial statements and parent company financial statements 1 January – 31 December

Balance sheet

| DKK'000 | Note | Group | | Parent company | |
|--|------|------------------|------------------|----------------|----------------|
| | | 2016 | 2015 | 2016 | 2015 |
| EQUITY AND LIABILITIES | | | | | |
| Equity | | | | | |
| Share capital | 14 | 4,955 | 4,407 | 4,955 | 4,407 |
| Retained earnings | | 509,329 | 400,757 | 417,238 | 376,015 |
| Proposed dividends for the financial year | | 0 | 0 | 0 | 0 |
| Total equity | | 514,284 | 405,164 | 422,193 | 380,422 |
| Provisions | | | | | |
| Provisions for deferred tax | 15 | 69,831 | 51,901 | 0 | 0 |
| Total provisions | | 69,831 | 51,901 | 0 | 0 |
| Liabilities other than provisions | | | | | |
| Non-current liabilities other than provisions | | | | | |
| Banks | 16 | 300,416 | 237,818 | 52,516 | 118,800 |
| Lease obligations | | 265,606 | 203,572 | 0 | 0 |
| Other debt | | 0 | 20,000 | 0 | 20,000 |
| | | 566,022 | 461,390 | 52,516 | 138,800 |
| Current liabilities other than provisions | | | | | |
| Current portion of non-current liabilities | 16 | 285,446 | 67,812 | 165,794 | 0 |
| Banks | | 35 | 0 | 0 | 0 |
| Prepayments received from customers | | 8,594 | 0 | 0 | 0 |
| Trade payables | | 70,269 | 61,058 | 0 | 0 |
| Corporation tax | | 15,898 | 12,695 | 0 | 0 |
| Other payables | | 35,396 | 17,397 | 908 | 341 |
| | | 415,638 | 158,962 | 166,702 | 341 |
| Total liabilities other than provisions | | 981,660 | 620,352 | 219,218 | 139,141 |
| TOTAL EQUITY AND LIABILITIES | | 1,565,775 | 1,077,417 | 641,411 | 519,563 |
| Segment information | | | | | |
| Fee to auditor appointed at the general meeting | 2 | | | | |
| Contractual obligations, contingencies, etc. | 3 | | | | |
| Related party disclosures | 17 | | | | |
| Events after the balance sheet date | 18 | | | | |
| | 19 | | | | |

Consolidated financial statements and parent company financial statements 1 January – 31 December

Statement of changes in equity

| DKK'000 | Parent company | | |
|---|----------------|-------------------|----------------|
| | Share capital | Retained earnings | Total |
| Equity at 2 March 2015 | 500 | 0 | 500 |
| Share capital increase | 3,907 | 376,344 | 380,251 |
| Transferred over the profit appropriation | 0 | -329 | -329 |
| Equity at 1 January 2016 | 4,407 | 376,015 | 380,422 |
| Equity buy-back | 0 | -200 | -200 |
| Share capital increase | 548 | 47,148 | 47,696 |
| Transferred over the distribution of loss | 0 | -5,725 | -5,725 |
| Equity at 31 December 2016 | 4,955 | 417,238 | 422,193 |

| DKK'000 | Group | | |
|---|---------------|-------------------|----------------|
| | Share capital | Retained earnings | Total |
| Equity at 2 March 2015 | 500 | 0 | 500 |
| Share capital increase | 3,907 | 376,344 | 380,251 |
| Profit in subsidiary before acquisition | 0 | -6,897 | -6,897 |
| Transferred over the profit appropriation | 0 | 31,310 | 31,310 |
| Equity at 1 January 2016 | 4,407 | 400,757 | 405,164 |
| Equity buy-back | 0 | -200 | -200 |
| Share capital increase | 548 | 47,148 | 47,696 |
| Net effect from merger | 0 | 20,765 | 20,765 |
| Transferred over the profit appropriation | 0 | 40,859 | 40,859 |
| Equity at 31 December 2016 | 4,955 | 509,329 | 514,284 |

Change in share capital during the past five years are specified as follows:

| DKK'000 | 2016 |
|--------------------------------|--------------|
| Balance at 2 March 2015 | 500 |
| Share capital increase in 2015 | 3,907 |
| Share capital increase in 2016 | 548 |
| | 4,955 |

Consolidated financial statements and parent company financial statements 1 January – 31 December

Cash flow statement

| mDKK | Note | Group | |
|--|------|-------------|-------------|
| | | 2016 | 2015 |
| Profit for the year before tax | | 53 | 41 |
| Depreciation, amortisation and impairment losses | | 187 | 96 |
| Non cash items | | -31 | 0 |
| Cash generated from operations before changes in working capital | | 209 | 137 |
| Changes in working capital | | 7 | 21 |
| Cash generated from operations | | 216 | 158 |
| Corporation tax paid | | 0 | -1 |
| Cash flow from operating activities | | 216 | 157 |
| Acquisition of intangible assets | | -7 | -294 |
| Acquisition of property, plant and equipment | | -181 | -168 |
| Disposal of property, plant and equipment | | 33 | 29 |
| Acquisition of subsidiaries and activities | | -360 | -237 |
| Cash flows from investing activities | | -515 | -670 |
| External financing: | | | |
| Capital increase | | 48 | 363 |
| Financial lease | | 56 | 50 |
| Long-term debt | | 236 | 153 |
| Cash flows from financing activities | | 340 | 566 |
| Cash flows for the year | | 42 | 53 |
| Cash and cash equivalents at the beginning of the year | | 26 | -27 |
| Cash and cash equivalents at year end | | 68 | 26 |

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of G.S.V. Holding A/S for 2016 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

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

Comparative figures are not comparable as the comparative figures only covers the period from 2 March to 31 December 2015.

The Company has with effect from 1 January 2016 implemented law no. 738 of 1 June 2015. The changes has no effect on the profit/loss or total assets for 2016, nor on the comparison figures.

Consolidated financial statements

The consolidated financial statements comprise the Parent Company, G.S.V. Holding A/S, and subsidiaries in which G.S.V. Holding A/S directly or indirectly holds more than 50% of the votes or in some other way exercises control. Entities in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are considered associates.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends and realised and unrealised gains and losses on intra-group transactions are eliminated.

Equity investments in subsidiaries are set off against the proportionate share of subsidiaries' fair value of net assets and liabilities at the date of acquisition.

Business combinations

When acquiring new entities, the purchase method is applied under which identifiable assets and liabilities are measured at fair value at the date of acquisition. Restructuring costs recognised in the acquirer at the acquisition date that are not a part of the acquisition are included in the pre-acquisition balance sheet and thus the determination of goodwill. Restructuring that is adopted after the acquisition is recognised in the income statement. The tax effect of revaluations is recognised as deferred tax.

Positive differences (goodwill) between cost and the fair value of identifiable assets and liabilities acquired, including restructuring provisions, are recognised as intangible assets and amortised systematically in the income statement based on an individual assessment of the useful life. Negative goodwill is recognised as income in the income statement at the acquisition date when the usual conditions for recognition of income are met.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Goodwill and negative goodwill from acquired entities may be adjusted until 12 months after the acquisition date.

Newly acquired or newly established entities are recognised in the consolidated financial statements at the date of acquisition or establishment. Divested or wound-up entities are recognised in the consolidated income statement up to the date of divestment or winding-up. Comparative figures are not restated to reflect acquisitions, divestments or windings-up.

The uniting-of-interests method is applied to business combinations such as the acquisition and disposal of equity investments, mergers, demergers, contribution of assets, share exchanges, etc., between entities controlled by the Parent Company. The uniting of interests is considered to have been completed at the date of the acquisition without restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquired entity is recognised in equity.

Gains or losses on the divestment of subsidiaries and associates are calculated as the difference between the sales amount and the carrying amount of net assets at the date of disposal, including non-amortised goodwill and projected costs of divestment or winding-up.

Foreign currency translation

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

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

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Income statement

Revenue

Revenue from equipment rental is recognised in the income statement in accordance with the completed contract method. Cut off is made for pre invoicing. Revenue is calculated excluding VAT and other duties.

All discounts granted are recognised in revenue.

Rental revenue and revenues from services related to the rental income are recognised in the period when the service is rendered to the customer.

Revenue is recognised when the significant risks and benefits related to the ownership have been transferred to the buyer, and the Company no longer retains control or managerial involvement in the equipment, machinery, etc.

Direct costs

Direct costs include costs which are directly related to the activity such as purchase of equipment and transport costs.

Other external costs

Other external costs comprise items secondary to the activities of the entities.

Other operating income

Other operating income comprises items secondary to the activities of the entities, including gains on the disposal of equipment.

Staff costs

Staff costs comprise salaries and wages, including holiday allowance, pension and other social security costs, etc. to the Company's employees excluding refunds from public authorities.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets, rental equipment, other fixtures and fittings, tools and equipment and leasehold improvements.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Financial income and expenses comprise interest income and expense, payables and transactions in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on account tax scheme, etc.

Tax on profit/loss for the year

The Parent Company is compulsory jointly taxated. The subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

CC Tool Invest ApS is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax 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 used the losses to reduce their own taxable profit.

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Balance sheet

Intangible assets

Development projects

Development costs comprise costs, wages, salaries and amortisation directly and indirectly attributable to development activities.

Software

Acquired software is measured at cost less depreciations. Software is depreciated on a straightline basis over the expected useful life, which is estimated to be 3-7 years.

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience within the individual business areas. The maximum amortisation period is 20 years and longest for strategically acquired entities with a strong market position and long-term earnings profile.

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

Property, plant and equipment

Rental equipment and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

| | |
|--|------------|
| Rental equipment | 4-12 years |
| Other fixtures and fittings, tools and equipment | 3-25 years |
| Leasehold improvements | 3-25 years |

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

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

Leases

On initial recognition, leases for fixed assets that transfer substantially all risks and rewards incident to ownership to the Company (finance leases) are recognised in the balance sheet at the lower of fair value and the net present value of future lease payments. When the net present value is calculated, 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 Company's other fixed assets.

The capitalised lease obligation is recognised in the balance sheet as a liability at amortised cost, allowing the interest element of the lease payment to be recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and 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 as contractual obligations and contingencies, etc.

Investments

Investments comprise lease deposits.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Investments

Equity investments in group entities and associates are measured at cost. In case of indication of impairment, an impairment test is conducted. When the cost exceeds the recoverable amount, write-down is made to this lower value.

Other receivables and deposits are recognised at amortised cost.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised write-downs are reversed when the basis for the write-down no longer exists. Write-down of goodwill is not reversed.

Inventories

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

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Receivables

Receivables are measured at amortised cost.

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

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined on the basis of historical loss experience.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast 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 and deferred income

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Securities and equity investments

Other securities and equity investments included in investment comprise unlisted shares that Management considers investment securities. The equity investments are measured at cost.

Other securities and equity investments recognised as current assets comprise listed securities measured at fair value at the balance sheet date, corresponding to market value.

Equity

Dividends

The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

The Company is jointly taxed with G.S.V Materieludlejning A/S and CC Tool Invest ApS.

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; 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. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with 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. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities other than provisions

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

Finance lease obligation comprise the capitalised residual lease obligation of finance leases.

Other liabilities are measured at net realisable value.

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.

The cash flow effect of acquisitions and divestment of entities is shown separately in cash flows from investing activities. Cash flows relating to acquired entities are recognised in the cash flow statement from the date of acquisition, and cash flows relating to divested entities are recognised up to the date of divestment.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Cash flows from operating activities

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

Cash flows from investing activities

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

Cash flows from financing activities

Cash flows from financing activities comprise changes in size or composition of the Company's share capital and costs in this respect as well as raising of loans, instalments on interest-bearing debt and distribution of dividend to owners.

Cash and cash equivalents

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

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". The financial ratios have been calculated as follows:

| | |
|------------------|---|
| Gross margin | $\frac{\text{Gross profit} \times 100}{\text{Revenue}}$ |
| Profit margin | $\frac{\text{Profit before financial items} \times 100}{\text{Revenue}}$ |
| Operating margin | $\frac{\text{Operating profit} \times 100}{\text{Revenue}}$ |
| Return on assets | $\frac{\text{Profit before financial items} \times 100}{\text{Total Assets}}$ |
| Current ratio | $\frac{\text{Current assets} \times 100}{\text{Short-term debt}}$ |
| Return on equity | $\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$ |
| Solvency ratio | $\frac{\text{Equity at year end} \times 100}{\text{Total assets}}$ |

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

2 Segment information

No information about segments is shown as the Company has only rental activities in Denmark.

| DKK'000 | Group | | Parent company | |
|--|----------------|---------------|----------------|--------------|
| | 2016 | 2015 | 2016 | 2015 |
| 3 Fees to auditor appointed at the general meeting | | | | |
| Total fees to KPMG/Redmark/Erik Munk: | 712 | 175 | 25 | 15 |
| Statutory audit | 520 | 175 | 20 | 15 |
| Tax assistance | 54 | 0 | 5 | 0 |
| Other assurance engagements | 0 | 0 | 0 | 0 |
| Non-audit services | 138 | 0 | 0 | 0 |
| | <u>712</u> | <u>175</u> | <u>25</u> | <u>15</u> |
| 4 Staff costs | | | | |
| Wages and salaries | 161,492 | 69,950 | 4,203 | 2,124 |
| Pensions | 14,486 | 6,625 | 0 | 0 |
| Other social security costs | 4,235 | 2,069 | 0 | 3 |
| | <u>180,213</u> | <u>78,644</u> | <u>4,203</u> | <u>2,127</u> |
| Average number of full-time employees | <u>398</u> | <u>256</u> | <u>2</u> | <u>2</u> |
| <i>Including remuneration to the Executive Board and Board of Directors:</i> | | | | |
| Executive Board | 4,496 | 2,695 | 3,583 | 1,725 |
| Board of Directors | 620 | 399 | 620 | 399 |
| | <u>5,116</u> | <u>3,094</u> | <u>4,203</u> | <u>2,127</u> |
| 5 Depreciation, amortisation and impairment | | | | |
| Intangible assets | 17,700 | 9,818 | 0 | 0 |
| Property, plant and equipment | 169,494 | 85,718 | 0 | 0 |
| | <u>187,194</u> | <u>95,536</u> | <u>0</u> | <u>0</u> |

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

| | Group | | Parent company | |
|---|---------------|----------------|------------------------|----------------|
| | 2016 | 2015 | 2016 | 2015 |
| DKK'000 | | | | |
| 6 Financial income | | | | |
| Interest income to group entities | 0 | 0 | 4,056 | 2,224 |
| Other interest income | 210 | 336 | 0 | 0 |
| | <u>210</u> | <u>336</u> | <u>4,056</u> | <u>2,224</u> |
| 7 Tax on profit/loss for the year | | | | |
| Current tax for the year | 5,167 | 12,553 | 0 | 141 |
| Adjustment to tax previous year | 0 | -2,325 | 0 | 0 |
| Deferred tax adjustment for the year | 6,785 | -522 | -132 | 132 |
| | <u>11,952</u> | <u>9,706</u> | <u>-132</u> | <u>273</u> |
| 8 Proposed profit appropriation/distribution of loss | | | | |
| Retained earnings | 40,859 | 31,310 | -5,725 | -329 |
| | <u>40,859</u> | <u>31,31</u> | <u>-5,725</u> | <u>-329</u> |
| 9 Intangible assets | | | | |
| | Group | | | |
| DKK'000 | Software | Goodwill | Develop- ment costs | Total |
| Cost at 1 January 2016 | 0 | 294,536 | 0 | 294,536 |
| Net effect from merger | 0 | 0 | 2,503 | 2,503 |
| Additions | 10,150 | 68,003 | 0 | 78,153 |
| Cost at 31 December 2016 | <u>10,150</u> | <u>362,539</u> | <u>2,503</u> | <u>375,192</u> |
| Depreciation and impairment losses at 1 January 2016 | 0 | -9,818 | 0 | -9,818 |
| Net effect from merger | 0 | 0 | -1,793 | -1,793 |
| Depreciation | -820 | -16,304 | -576 | -17,700 |
| Depreciation and impairment losses at 31 December 2016 | <u>-820</u> | <u>-26,122</u> | <u>-2,369</u> | <u>-29,311</u> |
| Carrying amount at 31 December 2016 | <u>9,330</u> | <u>336,417</u> | <u>134</u> | <u>345,881</u> |

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

10 Property, plant and equipment

| DKK'000 | Group | | | Total |
|--|------------------|--|------------------------|----------------|
| | Rental equipment | Other fixtures and fittings, tools and equipment | Leasehold improvements | |
| Cost at 1 January 2016 | 1,153,470 | 75,472 | 15,780 | 1,244,722 |
| Net effect from merger | 341,723 | 11,232 | 9,669 | 362,624 |
| Additions | 202,330 | 6,623 | 552 | 209,505 |
| Disposals | -91,028 | -17,287 | -72 | -108,387 |
| Cost at 31 December 2016 | 1,606,495 | 76,040 | 25,929 | 1,708,464 |
| Depreciation and impairment losses at 1 January 2016 | -539,415 | -60,114 | -7,590 | -607,119 |
| Net effect from merger | -13,335 | -4,312 | -3,594 | -21,241 |
| Depreciation | -161,375 | -6,175 | -1,944 | -169,494 |
| Depreciation on disposals | 57,912 | 13,594 | 72 | 71,578 |
| Depreciation and impairment losses at 31 December 2016 | -656,213 | -57,007 | -13,056 | -726,276 |
| Carrying amount at 31 December 2016 | 950,282 | 19,033 | 12,873 | 982,188 |
| Assets held under finance leases | 401,299 | 11,049 | 0 | 412,348 |

| DKK'000 | Parent company | |
|---------------------------------------|----------------|----------------|
| | 2016 | 2015 |
| Cost at 1 January | 442,654 | 0 |
| Addition, capital increase | 46,800 | 442,654 |
| Cost at 31 December | 489,454 | 442,654 |
| Carrying amount at 31 December | 489,454 | 442,654 |

11 Equity investments in subsidiaries

| Name/legal form | Registered office | Voting rights and ownership interest | Equity DKK'000 | Profit/loss for the year DKK'000 |
|------------------------------|-------------------|--------------------------------------|----------------|----------------------------------|
| G.S.V. Materieludlejning A/S | Hedehusene | 100% | 311,554 | 61,307 |

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12 Deposits

| DKK'000 | Group | |
|---------------------------------------|--------------|--------------|
| | 2016 | 2015 |
| Cost at 1 January | 3,074 | 1,062 |
| Net effect of merger | 67 | 1,787 |
| Additions for the year | 2,033 | 354 |
| Disposals for the year | 0 | -129 |
| Cost at 31 December | 5,174 | 3,074 |
| Carrying amount at 31 December | 5,174 | 3,074 |

13 Receivables

Receivables consist of only short-term receivables.

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

14 Share capital

The share capital consists of:

A shares, 4,835 thousand shares of nom. DKK 1 each

B shares, 120 thousand shares of nom. DKK 1 each

During the year, 548 thousand new equity investments of nom. DKK 47,148 thousand have been subscribed for.

15 Deferred tax

| DKK'000 | Group | | Parent company | |
|--|---------------|---------------|----------------|-------------|
| | 2016 | 2015 | 2016 | 2015 |
| Deferred tax at 1 January | 51,901 | 0 | 0 | 0 |
| Deferred tax adjustment for the year | 0 | -522 | 0 | -132 |
| Acquisition of subsidiary | 17,930 | 52,423 | 0 | 0 |
| | 69,831 | 51,901 | 0 | -132 |
| Provisions for deferred tax relate to: | | | | |
| Property, plant and equipment | 69,831 | 51,901 | 0 | 0 |
| Tax loss carryforwards | 0 | 0 | 0 | -132 |
| | 69,831 | 51,901 | 0 | -132 |

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16 Current liabilities other than provisions

| | Group | | | |
|-------------------|--------------------------|--------------------------|-----------------------|--------------------|
| | Total debt at 31/12 2015 | Total debt at 31/12 2016 | Payment within 1 year | Debt after 5 years |
| Vendor note | 20,000 | 20,000 | 20,000 | 0 |
| Banks | 237,800 | 476,210 | 175,794 | 0 |
| Lease obligations | 271,402 | 355,258 | 89,652 | 13,105 |
| | <u>529,202</u> | <u>851,468</u> | <u>285,446</u> | <u>13,105</u> |

17 Contractual obligations, contingencies, etc.

Parent Company

A deed registered to the bank of all bank accounts secured on shares in G.S.V. Materieludlejning A/S and hereby included shares in G.S.V. Holding A/S have been registered as collateral for all balances with G.S.V. Materieludlejning A/S owed by the Group.

The Company has provided negative pledge as collateral for all amounts owed to G.S.V. Materieludlejning A/S by the Group.

The Company is jointly taxed. As a jointly taxed company, the Company has joint unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties within the joint taxation unit. Any subsequent corrections of taxable joint taxation income or withholding taxes could result in a higher liability for the Company.

Consolidated – contractual obligations

The Group has entered into leases totalling DKK 31,334 thousand (31 December 2015: DKK 33,406 thousand), of which DKK 13,401 thousand (31 December 2015: DKK 14,419 thousand) is to be paid in the initial year and DKK 0 thousand (31 December 2015: DKK 75 thousand) after five years.

The Group has entered into rent obligations totalling DKK 56,904 (31 December 2015: DKK 24,750 thousand) in the termination period, of which DKK 17,251 thousand (31 December 2015: DKK 10,664 thousand) is to be paid in the initial year and DKK 39,652 thousand (31 December 2015: DKK 14,085 thousand) in the following years.

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Consolidated – contractual obligations (continued)

Under the Danish Companies Act, G.S.V. Materieludlejning A/S is liable for the obligations of Pitzner Materiel A/S, Bramsnæs Entreprenørmaskiner ApS, A. Linnet og Sønner A/S, Bilsby Vamdrup A/S and Bilsby Hedehusene A/S which also existed at the time of the announcement of the merger, although not for more than the remaining net value at this time.

18 Related party disclosures

Other related parties

In addition, the Company's related parties comprise the Company's Board of Directors and Executive Board, executive employees and their family members. Further, related parties comprise companies in which above persons have substantial interests.

19 Events after the balance sheet date

No events have occurred after the balance sheet date that materially affect the Company's financial position.