# G.S.V. Materieludlejning A/S

Baldersbuen 5
Baldersbrønde
2640 Hedehusene

CVR-no. 51 45 75 28

**Annual Report 2021**

The annual report was presented and approved at the Company's annual general meeting
on _____________22. March 2022_______

________Peter Ryttergaard____________________
chairman of the annual general meeting

# Contents

# Statement by Management

The Board of Directors and the Executive Board have today discussed and approved the annual report of G.S.V. Materieludlejning A/S for the financial year 1 January - 31 December 2021.

The annual report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements according to the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2021 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2021.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year, cash flows and of the Company's financial position and a description of the most significant risks and uncertainties that G.S.V. Materieludlejning A/S faces.

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

Hedehusene, 22 February 2022
**Executive Board:**

| | | |
|---|---|---|
| ----------------------------------- | ----------------------------------- | ----------------------------------- |
| Dan O. Vorsholt | Jesper Bramming | Frank Olesen |

**Board of Directors:**

| | | |
|---|---|---|
| ----------------------------------- | ----------------------------------- | ----------------------------------- |
| Carsten Nygaard Knudsen<br>Chairman of the Board | Peter Ryttergaard<br>Deputy chairman | Dan O. Vorsholt |

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Vilhelm Eigil Hahn Petersen

# Independent auditor's report

## To the shareholder of G.S.V. Materieludlejning A/S

## Opinion

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2021 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2021 in accordance with the International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act.

### *Audited financial statements*

G.S.V. Materieludlejning A/S' financial statements for the financial year 1 January – 31 December 2021 comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flows and notes, including summary of significant accounting policies (the financial statements). The financial statements are prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional requirements in 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 financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

## Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

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

## Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

# Independent auditor's report (continued)

In preparing the financial statements, Management is responsible for assessing the 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 unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements 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 taken on the basis of these 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 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the 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.

Copenhagen, 22 February 2022
**KPMG**
Statsautoriseret Revisionspartnerselskab
CVR-no 25 57 81 98

| | |
|---|---|
| Lau Bent Baun<br>State Authorised Public Accountant<br>mne26708 | Klaus Rytz<br>State Authorised Public Accountant<br>mne33205 |

# Management's Review

## Company Details

G.S.V. Materieludlejning A/S
Baldersbuen 5
Baldersbrønde
2640 Hedehusene

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|---|---|
| Telephone: | +45 70 12 13 15 |
| Website: | www.gsv.dk |
| E-mail: | info@gsv.dk |
| CVR-no.: | 51 45 75 28 |
| Established: | 30 December 1964 |
| Municipality of residence: | Høje Taastrup |
| Financial year: | 1 January – 31 December |

### Board of Directors

Carsten Nygaard Knudsen, Chairman of the board
Peter Ryttergaard, Deputy Chairman
Vilhelm Eigil Hahn Petersen
Dan O. Vorsholt

### Executive Board

Dan O. Vorsholt
Frank Olesen
Jesper Bramming

### Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø

# Letter from the CEO

**Status not quo. That must be the headline for a year like no other at GSV. Join me for a look back at one of the most challenging, yet prosperous years for our company.**

COVID-19 has been the backdrop of yet another year. Yet again, our employees and customers have done a tremendous job navigating through constantly changing conditions. They have brought normalcy into this abnormal situation through mutual respect and determination to do their best and help each other move forward. Our slogan “people first” has most importantly helped keep people safe and sound, but it has also shown its strength commercially. It is the people of GSV, who have paved the way for commercial success and created progress for GSV during 2021.

## A year like never

At GSV, we are fortunate to be able to look back at one of the most important and prosperous years ever. We have bought new assets, got new skilled colleagues and our new supersite in Greve is operational and enables new opportunities across the country. In addition, we are now the largest supplier of machinery to the Fehmarn project – one of the biggest construction sites in Europe.

We’ve digitalised our fleet management, and our digitalisation journey is turning out to be a major driver for our green agenda – both in our own operations and for our customers.

At GSV, we take pride in nudging our industry partners towards a green transition which is supported by our customers. GSV’s conference “The Future of Construction” is an example of the interest and commitment we see across the industry. This year, we had 380 decisionmakers participating from the industry with industry peers and politicians joining from the stage.

## Building a new cornerstone

When we acquired Ramirent Denmark in 2019, we enhanced our product offering to our customers with the Solution business. The Solution business operates construction sites, offices and staff facilities, construction site fences, access roads, control, waste disposal and much more for our customers.

Solution is already becoming an important business line within GSV. In the spring, we won a major project in Hillerød, where the customer will be building a large-scale biotech production facility over the coming years. Today, we have more than 40 people working on the project – and the number is increasing. In essence, Solution gives us the opportunity to help customers optimize the construction site with respect to total costs and on time completion.

## We will keep pushing the green agenda

In 2021, GSV further accelerated the green transition. We implemented several climate friendly initiatives throughout our businesses. Digitalisation is turning out to be a key driver in optimizing processes and reducing $CO_2$ emissions, both for ourselves and our customers. Furthermore, we have been working on joint industry initiatives through the Danish government’s climate partnerships, and we have started to invest heavily in climate friendly equipment and machinery.

Once again, I’m happy to conclude that our congress “The Future of Construction” was a success among industry leaders and decision makers. It’s fair to say, the conference is slowly becoming a landmark when it comes to showcasing the industry’s latest climate friendly equipment and to meet up and discuss how our industry can do our part in a green transition. This makes me incredibly proud.

## Enabling growth with a new supersite

Approximately 1/3 of our production is managed out of Greve. Each day, more than 266 customer orders are processed – and just as many returns from our customers. We employ more than 120 people in Greve, which is about 25% of all GSV employees. This makes Greve Scandinavia’s and perhaps even Northern Europe’s largest rental site.

The new supersite is what enables us able to supply equipment in the quantities and with the quality and timeliness that we do. In other words, our new supersite is essential in GSV’s quest to accelerate our growth in the coming years in the Capital area as well for Zeeland in general.

## Making history in Rødby

In 2021, our location in Rødby has grown from a few colleagues to now being the third largest location in GSV with 18 employees serving the constriction related to the Fehmarn connection. At this point, Fehmarn is one of the largest construction sites in Europe and will remain so for the next decade. The decisions made by GSV's management back in 2014 to establish the Rødby location were bold and ambitious, but they proved to be spot on. The decision to invest in a central location with a local team close to the Fehmarn construction site, turned out to be instrumental to our ability to meet the demand and provide a solid service level on the construction site today.

I'm personally thrilled to see the Fehmarn project finally taking off, and for good reasons. The project brings growth and employment to the region of Lolland-Falster, and connects us even more with the German market. It is truly meaningful to me and to all our colleagues around GSV to play our part in the making of Danish and European history.

## Financial results

You will have the opportunity to dive into our financial results in this Annual Report, but I would like to highlight the main results. First, we have seen an increase in turnover and improved our bottom line.

Revenue 2021 was DKK 978m an increase of 9% compared to 2020. The growth is a result of greater activity in both East and West Denmark.

We managed to improve both EBITDA before special items and EBIT margins through productivity improvements and swift adaptation of fleet management to the changing market situation and the bigger projects.

We have throughout 2021 kept a solid liquidity reserve while investing in growth. GSV has significant liquidity reserves and undrawn facilities as of 31 December 2021. We continued to fund the business through equity and leasing debt which is at a suitable level end of 2021.

## Fit for future growth

In 2020, I enthusiastically and confidently welcomed the new year. During 2021, we still had to take COVID-19 seriously on an everyday basis, and we will of course continue to do so. Against this backdrop of uncertain conditions, we have succeeded in harvesting exciting opportunities for GSV.

In 2022 we will continue to invest in environmentally sustainable equipment. Our goal is to allocate 95% of our investments towards helping our customers reach their sustainability goals and contribute to the global quest towards a sustainable future. We will further accelerate our digital platforms enabling our customers to improve their operational efficiency and reduce their rental days on construction sites. Transparent partnerships with our customers enable both our customers and us to improve productivity and to lower the carbon footprint.

With this setting I enthusiastically and confidently welcome also 2022. We take COVID-19 seriously every day, but at the same time we see many exciting opportunities for GSV given the positive market conditions. We have a winning strategy to further improve our market leading position – together with our customers and our staff – Always with People First!

**Dan O. Vorsholt, CEO**

# Financial Highlights

## Key figures

| DKK mill | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| **Income statement** | | | | | |
| Revenue | 978 | 897 | 998 | 834 | 844 |
| Gross profit | 583 | 542 | 571 | 502 | 495 |
| **EBITDA before special items** | **308** | **277** | **282** | **299** | **295** |
| Depreciation, amortisation and impairment losses | -161 | -164 | -195 | -187 | -183 |
| Special items | -2 | -9 | 5 | -9 | -20 |
| **EBIT** | **145** | **104** | **91** | **103** | **92** |
| Finance income and finance costs | -17 | -18 | -26 | -21 | -28 |
| **Profit/loss for the year** | **100** | **65** | **31** | **63** | **42** |
| **Balance sheet** | | | | | |
| Total assets | 1,898 | 1,573 | 1,681 | 1,584 | 1,597 |
| Investments in property, plant and equipment | 443 | 306 | 232 | 216 | 192 |
| Equity | 652 | 552 | 639 | 604 | 541 |
| **Cash flow statement** | | | | | |
| Cash flow from operating activities | 197 | 113 | 227 | 217 | 234 |
| Cash flow from investing activities | 61 | 23 | 343 | -45 | 25 |
| Cash flow from financing activities | -247 | -160 | -462 | -174 | -323 |
| Cash flows for the year | 10 | -24 | 107 | -2 | -64 |
| **Financial Ratios** | | | | | |
| Gross margin | 60% | 60% | 57% | 60% | 59% |
| EBITDA margin | 31% | 30% | 28% | 36% | 35% |
| Operating margin before special items | 15% | 13% | 9% | 13% | 13% |
| Operating margin | 15% | 12% | 9% | 12% | 11% |
| Return on invested capital excl. goodwill | 10% | 9% | 8% | 12% | 10% |
| Current ratio | 96% | 86% | 86% | 43% | 47% |
| Return on equity | 15% | 12% | 5% | 10% | 8% |
| Solvency ratio | 34% | 35% | 38% | 38% | 34% |
| Number of employees | 467 | 477 | 471 | 384 | 392 |

Financial highlight for 2017-2021 are prepared in accordance with IFRS.

Financial ratios are defined and calculated in accordance with the principles in note 1 Accounting policies in the financial statements.

# Financial Review

## Comments on the 2021 Financial Performance

G.S.V. Materieludlejning (GSV) is the Danish market leader within equipment rental for building and construction and offers a one-stop-shop rental concept with a wide range of rental and service solutions for construction, developers, industrial companies, and the Public Sector.

The rental fleet includes lifts, platforms, sheds/modules in addition to the market's broadest portfolio of construction equipment. GSV services more than 7,000 customers from 18 departments throughout Denmark with the largest product range in the equipment rental industry.

The average number of employees decreased, from 477 in 2020 to 467 in 2021.

### *Income statement*

The year's total revenue was DKK 978m compared to revenue of DKK 879m in 2020. The rental business saw solid growth in all customer segments and additionally the Fehmarn Belt Tunnel project added significant revenue.

Profit for the year before interest, taxes, depreciation, amortisation and special items (EBITDA before special items) amounted to DKK 308m compared to DKK 277m in 2020.

The statement of comprehensive income for 2021 for the Company shows a profit after taxes of DKK 100m against a profit after taxes of DKK 65m in 2020.

### *Balance and equity*

GSV's total balance was increased by DKK 325m during the year and totalled at 31 December DKK 1,898m. The increase was primarily due to increase in rental equipment to support the strong growth.

The Company had no bank debt and held cash at DKK 96m at 31 December. GSV supports our customers with a modern and updated fleet of rental equipment to continue to be their preferred rental partner.

In 2021, GSV made investments of DKK 251m in rental equipment compared to DKK 217m in 2020. Equity at year-end amounted to DKK 652m compared to DKK 552m at year-end 2020.

The balance sheet at 31 December 2021 for the Company shows an equity of DKK 652m against DKK 552m at 31 December 2020.

### *The past year and follow-up on development expectations from last year*

The revenue has increased from DKK 897m to DKK 978m as expected last year. The operational improvement has continued in 2021, as expected in 2020 and the EBITDA before special items margin has increased from 30% in 2020 to 31% in 2021.

### *Outlook 2022*

We expect to increase revenue in 2022 through organic growth compared to 2021 to be in the range of DKK 1,040-1,100m. We expect the market to continue growing supported by a large pipeline of projects. We expect to invest in new rental equipment at a level higher than 2021 to cater for the growth. We expect EBIT to be in the range of DKK 155-170m.

The focus on operational improvement will continue in 2022.

# Our strategy

**In 2021 we grew revenue and profits. We invested in equipment ready for the demands of the future. We invested in staff training and development. We implemented new digital processes, increasing internal efficiencies while offering ground-breaking solutions to our customers. We inaugurated Greve supersite putting GSV in a prime position to service the Capital Area. In 2021 we set the stage for sustainable future growth as we make renting better than owning.**

## WE WORK TO WIN

We win by making renting better than owning. This means that through all our product offerings we want to give our customers a quality product at a competitive price. We service the Danish rental market from the largest national construction companies to local businesses with customised services. We improve our business processes to ensure competitiveness in the marketplace and to offer innovative solutions to our customers. We end 2021 with a strong balance sheet and resources to grow. Solid capital returns enable us to expand our business through profitable investments into new equipment for the future. Our dedicated staff works hard to service our customers and to win in the market.

## WE SET THE STANDARD

Through 2021 we have fulfilled ambitious quality targets – measurable and directly linked to the customer's service experience. We want to get it right first time. We want to deliver a quality product on time to our customers every time. We measure the timeliness of deliveries and the quality of the deliveries. We know the performance of the individual pieces of equipment and move swiftly to dispose underperforming assets. In 2021 we continued our ISO 9001 certification status. We are certified according to an international standard – something our large international customers requires.

## WE LEAD DIGITAL TRANSFORMATION

GSV is leading the digital transformation of the rental business in Denmark. From our internal service systems to GSV digital customer interfaces we have end-to-end digitalisation of our workflows. We offer the customers a full service and information platform to conduct their business with convenience and speed. We give our customers real time overview of rented machinery including rates, location, and duration. We help lower the number of rental days and ensure our customers always know the costs. Inside our operations the digital platform ensures a precise and expedient registration of equipment enabling prioritization and monitoring of performance. In 2021 we combined all these digital facilities into a full equipment control offering allowing our customers to seamlessly operate own, GSV and 3rd party equipment with a fully integrated information flow.

## WE PUSH SUSTAINABILITY

Construction industry has a large $CO_2$ footprint. The goals of $CO_2$ reduction are well defined in Danish legislation and in international fora. GSV is committed to push sustainable solutions. Sustainable construction has been at the top of the agenda at GSV for many years and the world around us knows, that we have accelerated our green transition. GSV is part of the government's climate partnership, we won the price for Best Sustainable Rental Project at the European Rental Awards, and we place almost all our investments in climate friendly equipment. Sustainability is no longer just a buzzword. It's a prerequisite for doing business, and at GSV, we are proud to be among those who takes the lead. We push for sustainability and stand ready to provide our customers novel environmentally friendly solutions.

# Our Markets

**The vast majority of GSV's activities are performed in Denmark for Danish and international companies, organizations, and public customers.**

In 2021, we have seen an overall high activity on the Danish market and have had many projects in the pipeline both on a smaller and larger scale.

The Danish market for rental equipment to civil engineering, renovation, and construction industries amounts to approximately 4.6 billion in 2021 according to the European Rental Association, and the market is expected to grow even further in 2022. The new year is expected to bring even more activity in especially civil engineering and renovation and exceed the general growth in Denmark.

The COVID-19 situation did not have much impact on our markets in 2021 as developers chose to postpone their project start-ups in 2020 to 2021 for some of their larger projects. The Fehmarn Belt connection was also initiated in 2021 affecting our markets positively.

In 2020, the public construction spending ceiling and the green housing agreement were created to mitigate the COVID-19 situation, and in 2021 we saw the positive effects of these initiatives.

## Market opportunities

As the development in the equipment rental industry generally follows the activity level in the civil engineering, renovation, and construction industries, the overall outlook for 2022 is positive for most construction types. In 2021, the Danish government passed the infrastructure plan for DKK 161 billion (Ministry of Transport, 2021), which is expected to start up in 2022 and is set to last until 2035. Together with The Fehmarn Belt connection, which is set to last until 2029, the two projects will drive the infrastructure segment affecting civil engineering positively. In 2022, renovation is expected to grow further as many public housing providers are planning to renovate due to the government's ghetto package. The green housing agreement has also released funds from The Rural Development Fund, and the first projects are expected to start in late 2022 affecting renovation positively.

## Sustainability

We see a clear tendency that the industry's support of sustainability is on the rise. From 2021 to 2022, there is expected to be an increase in certified construction of 43% (The client barometer, 2021). Especially the DGNB certification (Certification of sustainable construction) will gain ground. More so, there is increasing recognition among contractors and constructors of the opportunity of reducing the industry's environmental footprint by renting equipment rather than owning it. In Denmark, 65% of new equipment is sold to constructors themselves, and the last 35% are sold to professional rental companies. Some of the key sustainability benefits of renting rather than owing, include higher utilization of equipment, efficiency gains, and continued renewal of the fleet. This facilitates quick uptake of new, more environmentally friendly technologies such as electric or battery-driven solutions. Finally, regular maintenance as conducted by professional rental companies prolongs the expected lifetime of equipment to the benefit of both the environment and businesses.

In 2021, we bought 900 new machines rather than the 2000 that would have been the case if we had not digitalised our processes, allowing us to use our machines more optimally. Our strong focus on our utilization rate – and on high-quality maintenance – is in line with the increasing global focus on creating a circular economy. This means increased reuse, recycling, repair, and sharing of resources – right at the core of our business.

## Our customers

GSV is market-leading on the Danish market for rental equipment for more than 7.000 key, regional, and department customers. This gives us a resilient position with many levers for growth and profitability under changing market conditions. Our customers know that no matter what type of equipment they need, they can get it from us. In 2021, we implemented a monthly customer satisfaction survey to gain more insight into how we can become a better partner for our customers.

Sales to our key customers constituted 58% of our Revenue. A dedicated key account sales team services our key country-wide customers individually, who often request a wide range of equipment. In 2021, we had a specific focus on the identification of upcoming large-scale projects to enable a proactive sales approach. In addition, we have increased our local presence on construction sites to enroll new customers once the construction project is up and running.

Regional and department customers are more local in nature. The regional customers have requirements like our key customers but on a smaller scale. Our department customers often request single equipment in short periods and will pick up and return the equipment by themselves. These customer units require personalized, local service, flexibility, and immediate availability of equipment.

# Our Products

We always strive to deliver the optimal solutions and the best customer service. 2021 has been a year with a strong focus on further optimization of the portfolio. As a one-stop-shop, we offer a broad and deep range of the newest equipment with a strong focus on sustainable equipment.

The optimization of the equipment portfolio has taken place through divestments of older equipment and reinvestment in newer sustainable equipment using fewer manufacturers to meet the increasing focus on the environment, ensure operational reliability and optimal internal processes. It has also caused the utilization rate to increase.

In 2021, special investment has been made in heavy equipment, to some extend due to Fehmarn.

GSV's fleet now amounts more than 21,800 pieces of equipment. This is by far the largest and most diversified fleet in Denmark, and we can fulfil the needs of many specific industries. For example, we have a sizeable fleet fitted for working under the conditions of rail construction.

Our strategy from 2020 to ensure that 85% of the GSV fleet is sustainable equipment by mid of this decade, has been surpassed as 95% meets current environmental requirements by the end of 2021.

## Fleet investments

Continuous investments ensure, that our fleet is always renewed and living up to the latest quality, safety, environmental standards and at the same time are sustainable. The investments are based on overall market outlook as well as individual customer needs.

Careful return on invested capital and total cost of ownership considerations, are made to optimise investments based on quality, service and handling costs, equipment lifetime and investment size. In 2021, GSV invested DKK 251m in its fleet to maintain an attractive, sustainable, and updated fleet. Our fleet currently has an average age of 4.7 years, excl. our modules business, platform, and small equipment.

GSV is consolidating the number of manufacturers within the fleet to a level where each main product line only includes 2-3 major brands. While the manufacturers need to be cost competitive, our focus when selecting brands for our fleet, is based on (in priority):

1. Market demand
2. Sustainability
3. Availability
4. Service options included

# Corporate Social Responsibility

Cf. sections 99A and 99B of the Danish Financial Statement Act

## Our approach and policies

GSV has a long-standing commitment to act responsibly. We put people first with a keen focus on creating value through relations with our stakeholders. We are committed to contributing to society and work actively to partner with our stakeholders to create sustainable solutions. Our policies for social and environmental responsibility are integrated in our ISO-certified quality management system (QMS) and guided by the ten principles of the United Nations Global Compact. Further, we have in place a Code of Conduct for our employees and for our Suppliers.

In 2021 we have continued our strategy of using safety as a cultural anchor point across departments and work functions. We believe that a conscious safety culture creates unity and job satisfaction while also having a positive effect on productivity. On the back of several acquisitions and in a market with almost perfect competition, these are critical success factors. Based on developments in quality and safety parameters as well as employee satisfaction surveys we are strengthened in this belief and will continue this strategy in 2022.

Efforts in 2021 have naturally been affected by the COVID-19 pandemic and the subsequent impact on society and the economy. We have been and continue to be fully committed to shoulder our dual responsibility to safely steer Society and GSV through the pandemic. While aiming at minimising the risk of spreading the COVID-19 virus, we also contribute to society by keeping a high level of activity and maintaining as far as possible a high level of job security for our employees.

GSV is primarily involved in the establishment and operation of engineering and construction sites and rental of equipment. We have no direct control of the equipment during use. We believe that the following social and environmental aspects are particularly important for us and our stakeholders:

- Health and safety of our employees
- Equipment quality and level of maintenance and environmental friendliness
- Resource consumption
- Use and handling of chemicals
- Waste handling
- Fraud and bribery

## Organization

The responsibility for GSV's CSR policies is vested in the Executive Board, while overall operational responsibility is placed with the Chief Operating Officer (COO).

## Anti-corruption

GSV has a zero tolerance towards fraud or bribery. Our obligation to fight corruption is governed by the code of conduct, and any violation is encouraged to be notified directly to our CFO or any member of corporate management. During 2021, we did not observe any incidents or violations of our anti-corruption policies.

The main risks related to our business is fraud and certain forms of bribery, namely related to invoicing and gift-giving. Our personnel are trained in handling invoices correctly and know what to look for to identify possible fraud. In 2021, we continued training of personnel and we require any supplier entering a business contract with GSV to adhere to our code of conduct.

## Labour

We want to maintain a working environment that is free from harassment and discrimination and respects diversity. We do not employ people under 18 years of age to perform work that has health and safety risks. To ensure that our human rights policy is also followed by our suppliers, it is an integral part of our required code of conduct for suppliers. We recognise the right of employees to be members of a trade union and negotiate pay and working conditions.

Our commitment is furthermore expressed in our policy on gender equality, which is applicable to Board and management levels, according to § 139c in the Danish Companies Act. Please refer to section on gender diversity.

The main risks related to our activities include non-adherence to GSV's principle of preventing discriminatory practices and securing equal opportunities and potential legal, financial, and personnel-related consequences hereof.

Our HSEQ APP, which is available to all employees on both PC and mobile device, provides the opportunity to anonymously report deviations from our QMS, be it quality or safety, as well as legal or ethical concerns.

### *Gender diversity, cf. section 99b of the Danish Financial Statement Act*

GSV has a zero tolerance to discrimination and provide equal opportunities for all genders and ethnical backgrounds with respect to salary and promotion and ensuring a good working environment for all employees to best utilise their skills and gain management responsibilities. We operate in an industry with few female workers, and we are experiencing difficulties in recruiting female employees at all levels of the organisation. Despite of this we have successfully recruited female managers for several open positions.

During 2021, there were female managers in marketing, finance, payroll, and human resource management, as well as in main workshop east and modules site east. In 2022, we continue to work to expand the female candidate field for open management roles by requesting from our external recruitment partners that they always present their strongest female candidate for the interview rounds. In the end, employees, managers, and board members are always selected and employed based on experience and competences.

Currently, the total number of Board members is four and there are no female representatives. We continue to have a goal of at least one female representative before 2025, but so far no suitable candidates have made themselves available.

### *Whistle-blower scheme*

We have contracted with the law firm Bruun & Hjejle to establish a whistle-blower scheme, in accordance with Danish law no. 1436 of 29/06/2021 containing provisions implementing EU's Whistle-blower Directive 2019/1937/EU of 23/10/2019. The actual whistle-blower platform or WEB portal is delivered by EQS Group A/S and Bruun & Hjejle will assist with the first screening of claims to qualify if claims are rightfully under the whistle-blower policy and to ensure the right process is followed internally.

## Human rights

GSV recognises internationally accepted human rights, including the right to a healthy and safe workplace. The main risks related to our activities include unintended incidents at our sites potentially leading to injuries.

Our QMS provides stringent procedures for handling of chemicals, personal protective equipment, and work processes, as we don't accept work accidents. We work diligently with contingency planning and registration of deviations to stop accidents before they happen. An independent monitoring body audits the QMS through unannounced inspections throughout the year as well as an annual in-depth review.

In 2022, we continue our focus on reporting of safety observations, that can be defined as close calls with the potential for injury or property loss as well as unsafe working conditions. We will continue to work closely with depot managers to raise awareness among employees of safety observations and their importance for avoiding accidents to happen, and we have seen a significant increase in the number of reported safety observations relative to lost time incident.

We measure and monitor our health and safety work by the number of work-related accidents involving lost work time per million working hours (LTIF) and by the number of registered safety observations relative to lost time incident.

After persistently working on it we have succeeded with a cultural shift from centrally determined police management, to managers and employees themselves taking responsibility and working with local action plans on site where the accidents happen. As a result, our LTIF have dropped from 26 in 2020 to 11 in 2021. The industry average for construction and civil engineering in 2020 was 20. We have reported 42 safety observations per lost time incident, which is up from 29 in 2020 but still short of our target of 60. This will be a focus area in 2022.

GSV regards a conscious safety culture as a strong and necessary foundation, not only for the health and safety work but also for the quality of work and will continue to prioritise this.

## Environment

It is our ambition to continuously reduce the environmental impact of our business and we therefore constantly strive to reduce our resource consumption, such as energy and water, and increase our materials efficiency and limit waste amounts.
Recognising that a large part of our environmental footprint lies outside of our control, we encourage the development and diffusion of environmental and climate-friendly technologies, e.g., equipment based on electricity and batteries rather than fossil fuels, and we have included environmental considerations in our supplier code of conduct.

To further this ambition, we have set up a working group with our CEO and senior managers from different areas of business. Their goal is to identify areas for action, calculate business cases and implement solutions that further a reduction of resource consumption in GSV. An example of an outcome from this group is the planned installation of solar panels in our modules site East to create the first $CO_2$-neutral rental site.

In 2021 we continued to explore the use of Hydrotreated Vegetable Oil (HVO) as a renewable diesel fuel, and are progressing in the transition in internal handling, i.e., fuel tanks, security of supply, certification etc. As a test case we have two haulers propelled exclusively by HVO in the capital region, and we exclusively procure new equipment that is HVO compatible. Our plan is to invest in this, and adjacent environmentally friendly technologies, driven by customer demand.

Our activities are subject to environmental laws and regulations governing, among other things, noise, wastewater, and waste disposal. The main environmental risks related to our activities include unintended fuel spill and leakage, as well as excessive energy consumption and incorrect waste handling. Risks are monitored locally to prevent, remedy, or minimise any adverse effect on the environment, and we conduct emergency drills to prepare for possible environmental accidents. In 2021, there were no unintended environmental impacts.

In 2021 we continued the collaboration with our waste management supplier on more thorough waste sorting and more stringent compliance. We purchase all our electricity from Norsk Elkraft, and we obtained a certificate for 100% certified $CO_2$-neutral electricity in 2021.

Our main water and chemicals consumption relate to the washing and cleaning of equipment upon return delivery. All supplier sellers and outlets have been instructed to comply with an environmentally conscious positive list, and supplier agents comb all depots and remove products that are not on the list.

In our new Supersite Greve, we have installed a state-of-the-art water recycling plant in connection with the washing facilities for return equipment. We use on average 15 cubic meters of water each day in this facility, and when the plant is fully operational, we expect to reduce consumption by 50%.

## Health and Safety Committee – a Human Interest piece

In 2020 we faced a challenge. In just five years, we had completed four significant acquisitions. From an operational standpoint each acquisition was a success, but it left the company a bit of a cultural rag rug. At the same time, safety wasn't being prioritised and our incident frequency was unsatisfactory. The equipment rental industry as a whole is immature when it comes to safety, and we were no exception. We then took a conscious decision to enact a strategy of using safety as a cultural anchor point. Regardless of everything else, safety in the workplace is something everyone can rally behind – a common goal – and in addition to being ethically sound, we believed it held the power to reinforce unity and job satisfaction while also positively affecting productivity. At the time, we had no idea how right we were.

Strategy is no match for culture, and we knew that to be a success, this cultural anchor point would have to be with the employees in the production, and not with management in power point presentations. Therefore, the first step was to establish a brand-new occupational health and safety committee. The new committee would be much larger, with employee and management representatives from all work functions, and have a much broader mandate. Instead of focusing only on the physical working conditions, they also deal with training of new employees, collaboration across job functions, employee satisfaction and much more. On the committee sits union representatives and senior management, and it is chaired by the CEO. The committee have implemented a wide range of initiatives, large and small. In 2021 the committee passed a new health and safety strategy for GSV with ambitious goals for the continued work.

Since the establishment of the committee, safety have been put first everywhere and every time. It is the first point on the agenda on every management and team meeting, and the representatives on the committee are recognised as employee ambassadors and cultural lighthouses. Our health and safety strategy comes to life in concrete action plans thought out and implemented by local committee groups on the front line where the challenges originate.

Using safety as a cultural anchor point to strengthen job satisfaction and increase productivity, by empowering an employee-driven health and safety committee. It sounds simple, but it has become the power behind a cultural revolution that has taken its own life and is continually amplified with amazing results. In 2021 our incident frequency has more than halved. Our employee satisfaction has gone up 14 points. Our internal process time have dropped five percentage-points. In short, our people do an amazing job, they have fun while they're at work and they get home safe. We are a modern company with classic virtues. We are GSV.

# Data Ethics

Cf. section 99D of the Danish Financial Statement Act

At GSV we collect, store, and use a large variety of data. Most data are used for internal purposes. Examples of that would be costumer profile data, operational data, and suppliers related data. Data that is governed by GDPR requirements pertaining employees, potential future employees, and applicants are stored in a GDPR compliant depository in our HR application Mindkey.

GSV data is collected through various internal platforms primarily CRM (SuperOffice), and ERP (NAV/Business Central). The data is therefore generated by us.

Our marketing department obtain data through a subscription channel "FaktaNet Live". That data is used internal only. Marketing also maintains our SoMe channels. We do not store any data that way. In the rare cases where we share information with our subcontractors, a DPA will be signed to secure proper data ethics within our supply chain.

GSV does not in any cases sell data, and we do not use any methods of AI, machine learning or other algorithms to make decisions or calculations for us.

To prevent bias, we have our ERP system rating every supplier on the same calculation points. Every employee with a status of manager/leader is trained in our use of data and are therefore responsible for sharing correct data ethics. All decisions regarding data ethics and new system development are anchored within our corporate management.

**The politics consists of:**

- All data are stored in cloud solutions protected by GDPR requirement.
- Collection of all data through internal platforms or external partners are only used internally.
- If sharing data with external partners, a DPA will be required.
- Ongoing education/training of employees on how to handle data.

# Risk Management

## Risk governance structure

GSV is managing the risks inherent in the business activities and reducing the potential financial impact of these to an acceptable level through mitigating actions.

Central to our risk management strategy is systematic data collection from our internal systems, which provides a solid basis to ensure identification of risks and options for mitigation for management to pursue. This process is supported by fast information flows, thorough root cause analyses and short response times accommodated by our flat organizational structure. In 2021 we developed further insightful and timely reporting and controls as we continued to digitalise our processes. We use this information for daily, weekly, and monthly reporting to ensure identification of deviations and follow up on relevant key performance indicators.

Our risk management approach scales with our activities, enabling a timely response to issues that may have a material impact on the company's earnings, financial position, and the achievement of other financial and strategic targets. The Board of Directors has the final responsibility for GSV's risk management and determines the overall framework for identifying and mitigating risks.

The Executive Board is responsible for the day-to-day compliance with the risk management framework as well as the continuous development of GSV's risk management activities.

### *Operating risks*

Material operating risks stems from:

- The external environment setting the opportunities for revenue
- Our need to control and scale costs
- Our need to secure, maintain and manage our fleet of rental equipment
- Our ability to deliver adequate safety, timeliness, and quality services to our customers
- Our ability to develop, maintain and operate digital solutions with security and high uptime

Most of our customers operate in the engineering, building and construction industries, where the level of activity is dependent on economic macro trends, which may thus affect GSV's sales potential and thus earnings. We monitor the development of projected construction activity and adjust accordingly.

The rental market in Denmark is competitive and demanding. At GSV we monitor revenue progression real time and ensure the price and quality is competitive to mitigate the risk drop in market share and thus revenue.

GSV also monitors costs development tightly to ensure adaption of lower costs should the market environment warrant this. We have shown historically that GSV can swiftly respond to a downturn in the construction market by resizing the fleet and operations.

Fleet management at GSV has in 2021 continued to develop tools to monitor the performance of the fleet. Ordering and delivery of new equipment is key to GSV to maintain the right age profile to enable quality services. Information, strong planning processes, long term partnerships with suppliers and careful selection of brands are all factors mitigating the risks related to fleet management.

At GSV we monitor real time the quality and timeliness of our customer deliveries. Thereby we can swiftly introduce mitigating actions if our performance indicators start slipping. Our ISO 9001 certification is the reflection of the quality work performed throughout the GSV organization.

Embedded with quality is strong mitigating processes to avoid safety incidents. GSV has expanded the safety work materially over recent years and in 2021 we lowered our Lost Time Incident Ratio well below the industry average. Failing to maintain a safe working environment would compromise our “People First” core value.

As the digitalisation of GSV has grown in importance so has the need for security and high uptime. GSV works with quality suppliers to protect our systems. It is obvious that threats and risks in this space are very fluid and fast changing. GSV thus will need to tighten the risk management continuously to protect the integrity of our data.

Our Executive Board and Board of Directors continuously address the development of the business in respect of operational risks and ensures processes monitor and mitigate risks.

In 2021 additional attention was paid to risks related to COVID-19. First and foremost, to ensure the safety and health of the GSV employees by following regulations and guidance from the health authorities. Secondly to maintain operations uninterrupted. Covid-19 did not cause any material detrimental impact in 2021.

### *Financial risks*

The Executive Board and the Board of Directors regularly evaluate whether the capital structure supports the achievements of overall strategic goals and long-term growth.

GSV is financed by its equity and asset-based leasing. On 31 December 2021 the solvency ratio was 34%. This was less than the end of 2020 (35%). At any given time, we aim to have cash covering between one and two months of operating costs. Cash consists of cash in bank and drawing rights for short term liquidity.

We have not taken advantage of financial transactions or used financial instruments that do not support the underlying business.

As of 31 December 2021, the net interest-bearing debt including IFRS 16 debt was DKK 859m, which is considered a moderate level debt. GSV debt is solely asset backed leasing debt.

Our equipment leasing portfolio is supplied by four Danish leasing companies and we have adequate sources to fund our investment needs. We structure the duration of the leasing contracts to match cash flow of the underlying assets, to ensure a balanced cash flow.

# Annual report 1 January – 31 December

## Statement of comprehensive income

| DKK'000 | Note | 2021 | 2020 |
|---|---|---|---|
| **Revenue** | 3 | **978,164** | **897,073** |
| Direct costs | 4 | -361,626 | -330,247 |
| Other operating income | | 32,269 | 38,240 |
| Other external costs | 5 | -65,491 | -63,465 |
| **Gross profit/loss** | | **583,316** | **541,601** |
| Staff costs | 6 | -274,840 | -264,367 |
| **Profit/loss before interest, taxes, depreciation, amortisation and special items (EBITDA before special items)** | | **308,476** | **277,234** |
| Depreciation, amortisation and impairment losses | 7 | -161,531 | -164,319 |
| Special items | 8 | -1,777 | -9,169 |
| **Operating profit (EBIT)** | | **145,168** | **103,746** |
| Finance income | | 1,048 | 860 |
| Finance costs | 9 | -16,641 | -17,801 |
| **Profit/loss before tax** | | **129,575** | **86,805** |
| Tax on profit/loss for the year | 10 | -30,019 | -21,306 |
| **Profit/loss for the year/total comprehensive income** | | **99,556** | **65,499** |
| | | | |
| **Profit/loss for the year/total comprehensive income is attributable to:** | | | |
| Shareholders in G.S.V. Materieludlejning A/S | | 99,556 | 65,499 |
| **Profit/loss for the year/total comprehensive income** | | **99,556** | **65,499** |

# Annual report 1 January – 31 December
## Balance sheet

| DKK'000 | Note | 2021 | 2020 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Intangible assets | 11 | 56,531 | 53,571 |
| Property, plant and equipment | 12,17 | 1,422,340 | 1,205,015 |
| Deposits | 13 | 6,629 | 6,858 |
| Receivables from Parent Company | | 45,805 | 33,446 |
| **Total non-current assets** | | **1,531,305** | **1,298,890** |
| | | | |
| **Current assets** | | | |
| Finished goods for resale and spare parts | | 19,391 | 15,586 |
| Trade receivables | 14 | 208,576 | 160,174 |
| Current tax receivables | | 31,738 | 0 |
| Other receivables | | 2,143 | 3,365 |
| Prepaid costs | | 10,002 | 4,241 |
| Cash and cash equivalents | | 95,572 | 85,147 |
| **Total current assets** | | **367,422** | **268,513** |
| | | | |
| **Assets held for sale** | | **0** | **5,135** |
| | | | |
| **Total assets** | | **1,898,727** | **1,572,538** |

# Annual report 1 January – 31 December
## Balance sheet

| DKK'000 | Note | 2021 | 2020 |
|---|---|---|---|
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Share capital | 15 | 15,329 | 15,329 |
| Share premium | | 46,800 | 46,800 |
| Retained earnings | | 589,855 | 490,299 |
| **Total equity** | | **651,984** | **552,428** |
| | | | |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Deferred tax | 16 | 112,401 | 103,920 |
| Lease liabilities | 22 | 728,975 | 572,715 |
| Other payables | 22 | 24,302 | 24,927 |
| **Total non-current liabilities** | | **865,678** | **701,562** |
| | | | |
| **Current liabilities** | | | |
| Lease liabilities | 22 | 202,922 | 185,429 |
| Trade payables | 23 | 104,880 | 62,601 |
| Current tax payable | | 0 | 13,932 |
| Other payables | | 73,263 | 56,586 |
| **Total current liabilities** | | **381,065** | **318,548** |
| **Total liabilities** | | **1,246,743** | **1,020,110** |
| | | | |
| **Total equity and liabilities** | | **1,898,727** | **1,572,538** |

# Annual report 1 January – 31 December
## Statement of changes in equity

| DKK'000 | Share capital | Retained earnings | Share premium | Total equity |
|---|---|---|---|---|
| **Equity at 1 January 2020** | **15,329** | **424,800** | **46,800** | **486,929** |
| **Total comprehensive income for 2020** | | | | |
| Profit/loss for the year/other comprehensive income | 0 | 65,499 | 0 | 65,499 |
| **Total comprehensive income for the year** | **0** | **65,499** | **0** | **65,499** |
| **Equity at 31 December 2020** | **15,329** | **490,299** | **46,800** | **552,428** |
| **Equity at 1 January 2021** | **15,329** | **490,299** | **46,800** | **552,428** |
| **Total comprehensive income for 2021** | | | | |
| Profit/loss for the year/other comprehensive income | 0 | 99,556 | 0 | 99,556 |
| **Total comprehensive income for the year** | **0** | **99,556** | **0** | **99,556** |
| **Equity at 31 December 2021** | **15,329** | **589,855** | **46,800** | **651,984** |

# Annual report 1 January – 31 December
# Cash flow statement

| DKK'000 | Note | 2021 | 2020 |
|---|---|---|---|
| Profit/loss for the year | | 99,556 | 65,499 |
| Depreciation, amortisation and impairment losses | | 161,531 | 164,319 |
| Other adjustments | 19 | 58,668 | 13,085 |
| **Cash flow from operations before changes in working capital** | | **319,755** | **242,903** |
| Changes in working capital | 20 | -43,228 | -46,897 |
| **Cash flow from operations** | | **276,527** | **196,006** |
| Interest income received | | 1,048 | 860 |
| Interest expense paid | | -16,641 | -17,801 |
| Income taxes paid | | -63,530 | -66,180 |
| **Cash flow from operating activities** | | **197,404** | **112,885** |
| | | | |
| Purchase of intangible assets | 11 | -8,637 | -11,187 |
| Purchase of property, plant and equipment | 12,21 | -35,132 | -66,917 |
| Proceeds from sale of property, plant and equipment | 12 | 104,271 | 133,614 |
| **Cash flow from investing activities** | | **60,502** | **55,510** |
| | | | |
| Other financing debt | 22 | -626 | 24,928 |
| Increase of debt to group companies | 22 | -12,359 | -11,184 |
| Payment of lease liabilities | 22 | -172,825 | -173,576 |
| Termination of lease contents and contents to liabilities | 22 | -61,671 | -32,668 |
| **Cash flow from financing activities** | | **-247,481** | **-192,500** |
| **Cash flow for the year** | | **10,425** | **-24,105** |
| Cash and cash equivalents at beginning of year | | 85,147 | 109,252 |
| **Cash and cash equivalents at year end** | | **95,572** | **85,147** |
| | | | |
| **Unutilised credit facilities at year end** | | **100,650** | **161,860** |

# Annual report 1 January – 31 December
## Notes to the financial statements

### 1 ACCOUNTING POLICIES

**General**
G.S.V. Materieludlejning A/S is a public limited company incorporated in Denmark.

The financial statements for the period 1 January to 31 December 2021 have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements in the Danish Financial Statements Act for reporting class C (large) entities.

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

The financial statements are prepared on a going concern basis and in accordance with the historical cost convention, except where IFRS explicitly requires use of other values. Otherwise, the accounting policies are as described below.

GSV has implemented all relevant new or revised International financial Reporting Standards and IFRIC Interpretations with effective date 1 January 2021 or earlier. The accounting policies applied are unchanged from those applied in the Annual Report 2020.

Effective from 1 January 2021 GSV has reassessed the useful lives on specific categories of rental equipment and in the process changes the useful lives for the specific categories. Generally, this has increased the estimated useful lives for assets grouped as rental equipment. The reassessment of useful lives has reduced depreciations in 2021 with app. DKK 9.8 million of useful lives.

**Reclassification of comparative figures**
Minor reclassifications have been made in individual items in the statement of comprehensive income, balance sheet and cash flow statement. This has not affected the result and equity of this year or last year and has been made solely to ensure the comparability of the individual items in the financial statements.

**Foreign currency translation**
GSV uses DKK as functional currency.

On initial recognition, transactions denominated in foreign currencies are translated into the functional currency 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 finance income or finance costs.

Receivables and 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 recognized in the latest financial statements is recognised in the income statement as finance income or finance costs.

**Revenue**
Revenue consists of rental income from construction equipment, related services and goods. Rental income from short-term rental agreements and operating leases is recognised straight-line in the income statement according to the agreed term of the contract, during which the customer has the right to use the underlying asset.

Revenue from the sale of goods and services is recognised when control over a good or service has been transferred to the customer. Revenue is measured based on the consideration specified in the contract with a customer and excludes amounts collected on behalf of third parties, i.e., excluding VAT and other taxes charged. All discounts granted are deducted from revenue.

**Direct costs**
Direct costs include costs which are directly related to the activity such as purchase of equipment, rental expenses, fleet preparation costs and transportation costs.

**Other operating income**
Other operating income comprises items secondary to the activities of the entities, including gains on the disposal of intangible assets and property, plant and equipment.

**Other external costs**
Other external costs include costs relating to operating and maintaining equipment and property as well as sales and administrative expenses.

# Annual report 1 January – 31 December
## Notes

### 1 ACCOUNTING POLICIES (CONTINUED)

**Staff costs**
Staff costs comprise wages and salaries, including holiday allowance and pensions as well as other social security costs, etc. for the Company's employees. Refunds from public authorities including COVID-19 salary compensation have been deducted from staff costs.

**Depreciation, amortisation 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.

**Special items**
Special items are used in connection with the presentation of profit or loss for the year to distinguish operating profit from exceptional items, which by their nature are not related to GSV's ordinary operations or investments in future activities.

Special items comprise:
- Restructuring and transactions costs, impairment costs, etc. relating to fundamental structural, procedural and managerial reorganizations as well as any related gains or losses on disposals
- Restructuring and transactions costs relating to acquisition and divestment of enterprises

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

Finance income and costs comprise interest income and expense including the interest element of finance lease payments, 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**
Tax for the year, which comprises current tax for the year, adjustments to prior years and changes in deferred tax, including changes in tax rates. Tax is recognised in the income statement except for tax related to items recognised in other comprehensive income or directly to equity.

### BALANCE SHEET

**Intangible assets**
**Goodwill**
Goodwill from business combinations is measured at cost less impairment losses. Goodwill is not amortised. Goodwill is tested for impairment at least once a year. The value is written down to the recoverable amount if the carrying amount exceeds the recoverable amount of the cash-generating unit alias total GSV Materieludlejning A/S.

**Software**
Software is measured at cost less accumulated amortisation. Software is amortised on a straight-line basis after entry into service over the estimated useful life, which is 3 to 7 years.

The depreciation period and residual value are determined at the date of acquisition and reassessed annually.

**Tangible assets**
**Property, plant and equipment**
Rental equipment and fixtures and fittings, tools and equipment and leasehold improvements 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. Moreover, cost includes the initial estimate of the costs of dismantling and removing the asset as well as restoring the site at which the asset has been used.

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.

# Annual report 1 January – 31 December
## Notes

### 1 ACCOUNTING POLICIES (CONTINUED)

The basis of depreciation is cost less expected 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 | 5-20 years |
| Leasehold improvements | 5-15 years |
| Fixtures and fittings, tools and equipment | 5-15 years |

The depreciation period and residual value are determined at the date of acquisition and reassessed annually.

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**
**As lessee**
The Company recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company don't recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with such leases as an expense on a straight-line basis over the lease term.

**As lessor**
The Company determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease the Company makes an overall assessment based on certain indicators of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

**Deposits**
Deposits are measured at fair value at initial recognition and subsequently measured at amortised cost.

**Impairment of non-current assets**
**Goodwill**
Goodwill is tested for impairment at least annually, initially before the end of the year of acquisition.

The carrying amount of goodwill is allocated to GSV's cash-generating unit at the acquisition date. Management assesses that the smallest cash-generating units to which the carrying amount of goodwill can be allocated is GSV. Goodwill is tested for impairment together with other non-current assets and written down to the recoverable amount in the income statement if the carrying amount is higher.

Generally, the recoverable amount is calculated as the present value of projected net cash flows (value in use) from the cash-generating unit to which goodwill is allocated.

# Annual report 1 January – 31 December
## Notes

### 1 ACCOUNTING POLICIES (CONTINUED)

**Other non-current assets**
The carrying amount of other non-current assets is assessed annually to determine whether there is any indication of impairment. When indication of impairment exists, the recoverable amount of the asset is calculated. The recoverable amount is the higher of an asset's fair value less costs of disposal or its value in use. The value in use is determined as the present value of the forecast net cash flows from the asset or the cash-generating unit to which the asset belongs.

**Recognition of impairment losses in the income statement**
An impairment loss is recognised when the carrying amount of the asset or the cash-generating unit is higher than the recoverable amount of the asset or the cash-generating unit. The impairment loss is recognised as depreciation/amortisation of property, plant and equipment and intangible assets in the income statement.

Impairment losses on goodwill are recognised directly in profit for the year and are not subsequently reversed. Impairment losses on other assets are reversed in case of changes in the assumptions and estimates that brought about the impairment loss. Impairment losses are only reversed to the extent that the asset's new carrying amount does not exceed the carrying amount that the asset would have had less depreciation/amortisation if the asset had not been subject to an impairment write-down.

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

Goods for resale and spare parts 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 based on the simplified expected credit loss model.

Financial assets are continually monitored in accordance with the company's risk policy. Impairment losses are recorded based on the projected loss percentage. The loss percentage is determined based on historical data for losses adjusted with the estimated effect of changes in the relevant loss-making parameters, such as economic growth, interest rates, unemployment, etc. in Denmark. The total losses are recognised in the income statement based on the expected loss throughout the duration of the receivable.

**Prepaid costs**
Prepaid costs are measured at cost.

**Assets held for sale**
Assets classified as held for sale comprise assets for which it is highly probable that the value will be recovered through a sale within 12 months rather than through continued use.

Assets classified as held for sale are measured at the lower of the carrying amount and the fair value less cost to sell at the classification date as held for sale. Assets held for sale are not depreciated. Impairment losses arising on the first classification as "held for sale" and gains and losses from the subsequent measurement is recognised in the income statement under the items they concern.

**Equity**
**Other reserves**
Other reserves consist of premium on capital increase.

**Income taxes and deferred tax**
G.S.V. Materieludlejning A/S is jointly taxed with G.S.V. Holding A/S and CC Tool Invest ApS.

Current joint tax contribution 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.

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.

# Annual report 1 January – 31 December
## Notes

### 1 ACCOUNTING POLICIES (CONTINUED)

Deferred tax assets, including the tax value of tax loss carry-forwards, 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 reporting 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.

**Provisions**
Provisions are recognised when the Company, as a result of a past event has a present legal or constructive obligation, and it is probable that there will be an outflow of economic benefits to settle the liability.

Provisions are measured at Management's best estimate of the amount at which the liability is expected to be settled.

On measurement of provisions, the costs necessary to settle the provision is discounted to net present value if it has a material effect on the measurement of the provision. A pre-tax discount rate is used which reflects the current market assessment of the time value of money and the risks specific to the liability. The un-winding of discount is recognised as finance costs.

**Liabilities**
Liabilities are measured at amortised cost.

**Lease liabilities**
Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. Lease payments, included in the measurement of the lease liability comprise:

- fixed payments
- variable lease payments that depend on an index or a rate and initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the Company is reasonably certain to exercise
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early

The lease liability is subsequently measured at amortised cost using the effective interest method.

**Prepayments from customers**
Prepayments from customers recognised as liabilities comprise advance invoicing regarding income in subsequent years.

**Fair value measurement**
The Company uses the fair value concept for certain disclosure requirements and the recognition of deposits.

# Annual report 1 January – 31 December
## Notes

### 1 ACCOUNTING POLICIES (CONTINUED)

### CASH FLOW STATEMENT
The cash flow statement is presented using the indirect method based on profit/loss for the year. The statement of cash flow shows the cash flow from operating activities, investing activities and financing activities for the year, and the years changes in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

Investing and financing transactions that do not require the use of cash or cash equivalents are excluded from the cash flow statement. Cash flows relating to assets held under leases are recognized as payment of interest and repayment of debt. Non-cash transactions are disclosed in the notes.

The impact on liquidity from acquisition and sale of entities is recognised as a separate line item under cash flows from investing activities. In the cash flow statement, cash flows from entities acquired are recognised in the cash flow statement from the date of acquisition, and entities divested up to the date of divestment.

Cash flow from operating activities are determined as profit for the year adjusted for non-cash operating items, changes in working capital and corporation tax.

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

Cash flows from financing activities comprise changes in size or composition of the Company’s contributed 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 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.

# Annual report 1 January – 31 December
## Notes

### 1 ACCOUNTING POLICIES (CONTINUED)

### Financial ratios

Financial ratios are described below and in the section, “Non-IFRS financial measures”.

| | |
|---|---|
| Gross margin | $\frac{\text{Gross profit x 100}}{\text{Revenue}}$ |
| EBITDA before special items margin* | $\frac{\text{EBITDA before special items x 100}}{\text{Revenue}}$ |
| Operating margin before special items* | $\frac{\text{(EBIT - special items) x 100}}{\text{Revenue}}$ |
| EBIT margin | $\frac{\text{EBIT x 100}}{\text{Revenue}}$ |
| Return on invested capital | $\frac{\text{Operating profit x 100}}{\text{Average invested capital}}$ |
| Invested capital | Operational intangible assets and property, plant and equipment as well as networking capital |
| Current ratio | $\frac{\text{Current assets x 100}}{\text{Short-term debt}}$ |
| Return on equity | $\frac{\text{Profit/loss of the year x 100}}{\text{Average equity}}$ |
| Solvency ratio | $\frac{\text{Equity ex. non-controlling interests at year end x 100}}{\text{Total equity and liabilities at year end}}$ |

***Non-IFRS financial measures**. The Company presents financial measures in the Annual Report that are not defined in IFRS. The company believes these non-GAAP measures provide valuable information to management when evaluating performance. Since other companies may calculate these differently from the Company, they may not be comparable to the measures used by other companies. These financial measures should therefore not be considered to be a replacement for measures defined under IFRS.

# Annual report 1 January – 31 December
## Notes

### 2 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

### Significant estimation uncertainties and assumptions

The calculation of the carrying amount of certain assets and liabilities requires estimates and assumptions about the future.

The estimates and assumptions made are, among others, based on historical experience and other factors, which Management considers appropriate according to the circumstances, but which by nature are uncertain and unpredictable. Prerequisites may be incomplete or inaccurate, and unexpected events or circumstances may occur. Due to the risks and uncertainties to which the Company is subject, actual outcomes may deviate from the estimates made.

It may be necessary to change past estimates due to changes in the circumstances that were the basis of the previous estimates or due to new knowledge or subsequent events.

Estimates that are particularly significant for the financial reporting are made i.e., upon business combinations in connection with purchase price allocation, upon impairment test of goodwill and upon determination of lease terms for property leases.

Upon business combinations, the assets, liabilities and contingent liabilities of the acquiree must be identified and valued at fair value. Typically, there are no active markets for these assets and liabilities that can be used for fair value measurement, thus valuation models with input of variables are used. The fair value may therefore be subject to uncertainty and may be subject to subsequent adjustments.

The annual impairment test of goodwill is estimated by i.e., expected future cash flows, discount rate, etc. These estimates may be subject to uncertainty and may change the calculation if the parameters change. However, Management has estimated that there is no impairment of goodwill and no need for the preparation of sensitivity analysis as Management has assessed that any reasonably possible change in the key assumptions will not lead to impairment. The matter is described in further detail in note 11.

The Company’s property leases allow for extension at the discretion of the Company. The determination of the lease term is significant to the calculation of lease liabilities and right-of-use assets, and consequently, due to discounting, to depreciation and interest costs of the year. Management has assessed the probable lease term for individual leases in relation to the Company’s strategic goals and current plans. The matter is described in further detail in note 17.

### Significant accounting judgements in applying the accounting policies

In the process of applying the Company’s accounting policies, Management makes judgements, apart from those involving estimations, which may have a significant effect on the amounts recognised in the financial statements.

Special items imply management judgement in the separation from other items in the income statement to ensure correct distinction from operating activity.

# Annual report 1 January – 31 December
## Notes

### 3 Revenue

| DKK'000 | **2021** | **2020** |
|---|---|---|
| Machinery and equipment | 720,298 | 648,719 |
| Services and sale of new equipment | 257,866 | 248,354 |
| | **978,164** | **897,073** |

### 4 Direct costs

| DKK'000 | **2021** | **2020** |
|---|---|---|
| Rental cost | 117,233 | 95,468 |
| Fleet preparation cost | 6,215 | 10,810 |
| Transport cost | 76,405 | 76,081 |
| Cost of goods consumed | 63,348 | 60,619 |
| Write-down of inventories | 2,633 | 2,665 |
| Other service cost | 95,792 | 84,604 |
| | **361,626** | **330,247** |

### 5 Fees to auditor appointed at the general meeting

The Company's fees to the auditors are a part of the consolidated note disclosure for the parent company G.S.V. Holding A/S.

### 6 Staff costs

| DKK'000 | **2021** | **2020** |
|---|---|---|
| Payroll costs | 231,141 | 218,577 |
| Defined-contribution pension plans | 20,560 | 20,100 |
| Other social security costs | 4,662 | 4,139 |
| Other staff costs | 18,477 | 21,551 |
| | **274,840** | **264,367** |
| | | |
| Average number of full-time employees | 467 | 477 |

# Annual report 1 January – 31 December
## Notes

### 6 Staff costs (continued)

Portion relating to remuneration of the Executive Board and the Board of Directors:

| | Board of Directors | Executive Board | Total |
|---|---|---|---|
| **2021** | | | |
| Salaries and fees | 750 | 8,783 | 9,533 |
| Pensions | 0 | 261 | 261 |
| | **750** | **9,044** | **9,794** |
| **2020** | | | |
| Salaries and fees | 800 | 7,311 | 8,111 |
| Pensions | 0 | 255 | 255 |
| | **800** | **7,566** | **8,366** |

The above figure shows management remuneration in the companies merged. The Board of Directors and the executive Board are employed in the parent company G.S.V. Holding A/S.

The Executive Board and other executives have bonus schemes based on the Company's financial performance during the financial year and individual goals.

In 2021 the Company received DKK 0.2 million from COVID-19 help packages (2020 DKK 0.8 million).

In 2021 the Company capitalized salary costs with DKK 0.4 million as software projects (2020 DKK 1.5 million).

### 7 Depreciation, amortisation and impairment losses

| DKK'000 | 2021 | 2020 |
|---|---|---|
| **Intangible assets** | | |
| Amortisation | 5,677 | 3,494 |
| **Tangible assets** | | |
| Depreciations | 155,854 | 160,825 |
| | **161,531** | **164,319** |

### 8 Special items

| DKK'000 | 2021 | 2020 |
|---|---|---|
| Restructuring and transaction costs | 0 | -5,831 |
| Loss from disposal of business unit including adjustment to prior year | -1,777 | -3,338 |
| | **-1,777** | **-9,169** |

# Annual report 1 January – 31 December
## Notes

### 9 Finance income and finance costs

| DKK'000 | 2021 | 2020 |
|---|---|---|
| Interest element, discounted lease obligations | 13,355 | 14,551 |
| Credit institutions | 2,337 | 3,250 |
| Other | 949 | 0 |
| | **16,641** | **17,801** |
| Total interest cost related to financial liabilities measured at amortised cost | **16,641** | **17,801** |

### 10 Tax on profit/loss for the year

| DKK'000 | 2021 | 2020 |
|---|---|---|
| **Tax for the year can be divided as follows:** | | |
| Tax on profit/loss for the year | 23,884 | 54,563 |
| Deferred tax adjustment for the year | 4,638 | -35,645 |
| Adjustment of tax relating to previous years | 1,497 | 1,038 |
| Adjustment of deferred tax relating to previous years | 0 | 1,350 |
| | **30,019** | **21,306** |
| **Tax for the year can be accounted for as follows:** | | |
| Estimated 22% tax on profit before tax | 28,506 | 19,097 |
| Other costs not deductible and non-taxable income | 16 | -179 |
| Adjustment relating to previous years | 1,497 | 2,388 |
| | **30,019** | **21,306** |
| **Effective tax rate** | **23%** | **25%** |

# Annual report 1 January – 31 December
## Notes

### 11 Intangible assets

| DKK'000 | **Software** | **Goodwill** | **Total** |
|---|---|---|---|
| Cost at 1 January 2021 | 34,059 | 31,680 | 65,739 |
| Additions | 8,637 | 0 | 8,637 |
| Cost at 31 December 2021 | 42,696 | 31,680 | 74,376 |
| Amortisation and impairment losses at 1 January 2021 | -12,168 | 0 | -12,168 |
| Amortisation | -5,677 | 0 | -5,677 |
| Amortisation and impairment losses at 31 December 2021 | -17,845 | 0 | -17,845 |
| **Carrying amount at 31 December 2021** | **24,851** | **31,680** | **56,531** |

Carrying amount from internally developed software at 31 December is DKK 24.9 million.

| DKK'000 | **Software** | **Goodwill** | **Total** |
|---|---|---|---|
| Cost at 1 January 2020 | 22,897 | 31,680 | 54,577 |
| Additions | 11,187 | 0 | 11,187 |
| Disposals | -25 | 0 | -25 |
| Cost at 31 December 2020 | 34,059 | 31,680 | 65,739 |
| Amortisation and impairment losses at 1 January 2020 | -8,699 | 0 | -8,699 |
| Amortisation | -3,494 | 0 | -3,494 |
| Disposal of amortisation | 25 | 0 | 25 |
| Amortisation and impairment losses at 31 December 2020 | -12,168 | 0 | -12,168 |
| **Carrying amount at 31 December 2020** | **21,891** | **31,680** | **53,571** |

Carrying amount from internally developed software at 31 December is DKK 21.9 million.

# Annual report 1 January – 31 December
## Notes

### 11 Intangible assets (continued)

**Impairment tests**
An impairment test has been prepared of total goodwill allocated to the cash-generating unit, G.S.V. Materieludlejning A/S. Goodwill is tested for impairment at least once a year and more frequent if there are indicators of impairment. The annual impairment test is made on 31 December. The recoverable amount is calculated based on the cash-generating unit's value in use. The key assumptions are discount factor, revenue growth and EBIT margin.

The discount factor reflects market assessments of the time value of money calculated based on a risk-free interest rate and the specific risks associated with the cash-generating unit. Discount factors are calculated on an 'after tax' basis using Weighted Average Cost of Capital (WACC).

For the purpose of calculating the cash-generating unit's value in use, the cash flows from the board approved budget for 2021 are used. After 2021 a 2-year forecast period is used.

The growth rate used in the budget and forecast period is 3.1% and is based on industry forecasts and is in line with past experience. For purpose of the impairment test, 0% growth has been assumed in the terminal period.

EBIT margin used in budget and forecast period 15% compared to 14% realised in 2021 (EBIT before special items).

The impairment test does not lead to impairment.

The key assumptions used to calculate the recoverable amount are as follows:

| Year | Revenue growth p.a. | EBIT-margin | Pre-tax discount |
|---|---|---|---|
| 2021 | 3.1% | 15% | 7.1% |
| 2020 | 6.8% | 14-17% | 7.2% |

# Annual report 1. January – 31 December
## Notes

### 12 Property, plant and equipment

| DKK'000 | Rental equipment | Fixtures and fittings, tools and equipment | Lease-hold improve-ments | Total |
|---|---|---|---|---|
| Cost at 1 January 2021 | 1,878,609 | 339,746 | 29,699 | 2,248,054 |
| Adjustments prior year | 0 | 0 | -499 | -499 |
| Additions | 250,961 | 192,420 | 0 | 443,381 |
| Disposals | -163,035 | -67,553 | -134 | -230,722 |
| Cost at 31 December 2021 | 1,966,535 | 464,613 | 29,066 | 2,460,214 |
| Depreciation and impairment losses at 1 January 2021 | -857,333 | -166,756 | -18,950 | -1,043,039 |
| Depreciation | -113,265 | -40,691 | -1,898 | -155,854 |
| Depreciation on disposals | 114,123 | 46,876 | 20 | 161,019 |
| Depreciation and impairment losses at 31 December 2021 | -856,475 | -160,571 | -20,828 | -1,037,874 |
| **Carrying amount at 31 December 2021** | **1,110,060** | **304,042** | **8,238** | **1,422,340** |
| **Portion related to assets held under leases** | **491,213** | **298,937** | **0** | **790,150** |

The Company has signed contracts for delivery of rental equipment in 2021 for a total of DKK 267 million (2020: DKK 32 million).

Included in additions to leasehold improvement 2021 is refurbishments in progress with DKK 0 million (2020: DKK 3 mil-lion).

| DKK'000 | Rental equipment | Fixtures and fittings, tools and equipment | Lease-hold improve-ments | Total |
|---|---|---|---|---|
| Cost at 1 January 2020 | 1,950,673 | 261,990 | 39,424 | 2,252,087 |
| Additions | 217,163 | 84,888 | 3,539 | 305,590 |
| Disposals | -289,227 | -7,132 | -13,264 | -309,623 |
| Cost at 31 December 2020 | 1,878,609 | 339,746 | 29,699 | 2,248,054 |
| Depreciation and impairment losses at 1 January 2020 | -938,967 | -133,995 | -21,002 | -1,093,964 |
| Depreciation | -119,744 | -39,467 | -1,614 | -160,825 |
| Depreciation on disposals | 201,378 | 6,706 | 3,666 | 211,750 |
| Depreciation and impairment losses at 31 December 2020 | -857,333 | -166,756 | -18,950 | -1,043,039 |
| **Carrying amount at 31 December 2020** | **1,021,276** | **172,990** | **10,749** | **1,205,015** |
| **Portion related to assets held under leases** | **499,537** | **169,746** | **0** | **669,283** |

# Annual report 1 January – 31 December
## Notes

### 13 Deposits

| DKK'000 | 2021 | 2020 |
|---|---|---|
| Cost at 1 January | 6,858 | 7,545 |
| Additions | 480 | 95 |
| Disposals | -709 | -782 |
| Cost at 31 December | 6,629 | 6,858 |
| **Carrying amount at 31 December** | **6,629** | **6,858** |

### 14 Trade receivables

Risks related to trade receivables arise upon sale. It is group policy to credit rate all customers prior to contracting and daily trading activities and to determine a credit maximum. Credit exposure on customers and counterparties are monitored on a monthly basis. If the credit rating of a given customer proves unsatisfactory, separate guarantees are required for the sale. If the credit maximum on a customer is reached, additional sales will be blocked.

In 2021 actual loss on bad debt was DKK 6 million and bad debt provision was DKK 2 million (2020: was DKK 13 million and DKK -6 million). In proportion to revenue the amount was 0.8% (2020: 0.7%).

Prepayments form part of the assessment of required write-down for bad debts. The Company has entered into a 'Non-Recourse Factoring' agreement with BNP Paribas, where future benefits and risk of receivables from selected costumers are transferred from the Company to BNP Paribas. At 31 December 2021 DKK 39 million was received in connection with this agreement (2020: DKK 43 million). Apart from the above, the Company has not taken any additional measures to reduce credit risks.

Trade receivables not written down are solely attributable to debtors in Denmark.

Trade receivables at 31 December, of which none has been written down, can be specified as follows:

| DKK'000 | 2021 | 2020 |
|---|---|---|
| **Maturity** | | |
| Current | 133,784 | 96,369 |
| Up to 30 days | 64,693 | 51,491 |
| Between 30 and 90 days | 5,152 | 6,831 |
| More than 90 days | 4,947 | 5,483 |
| **Total trade receivables** | **208,576** | **160,174** |

# Annual report 1 January – 31 December
## Notes

### 14 Trade receivables (continued)

Expected loss on trade receivables can be specified as follows:

| DKK'000 | Loss percent | Receiva-bles | Expected loss | Total |
|---|---|---|---|---|
| **Maturity 2021** | | | | |
| Current | 1% | 134,564 | -780 | 133,784 |
| Up to 30 days | 2% | 66,108 | -1,415 | 64,693 |
| Between 30 and 90 days | 33% | 7,736 | -2,584 | 5,152 |
| More than 90 days | 68% | 15,536 | -10,589 | 4,947 |
| **Total trade receivables** | **7%** | **223,944** | **-15,368** | **208,576** |

| DKK'000 | Loss percentage | Receiva-bles | Expected loss | Total |
|---|---|---|---|---|
| **Maturity 2020** | | | | |
| Current | 1% | 96,997 | -628 | 96,369 |
| Up to 30 days | 0% | 51,711 | -221 | 51,490 |
| Between 30 and 90 days | 9% | 7,478 | -647 | 6,831 |
| More than 90 days | 69% | 17,608 | -12,124 | 5,484 |
| **Total trade receivables** | **8%** | **173,794** | **-13,620** | **160,174** |

The Company does not have a past record of major bad debts seen in proportion to industry standards, but the Company has increased the expected credit loss percentage due to the COVID-19 situation.

**Prepaid costs**
Prepaid costs are attributable to prepaid costs regarding rent, insurance premium, subscriptions and interest.

### 15 Equity

**Share capital**

| | Numbers of shares of 500 DKK | Nominal value DKK'000 |
|---|---|---|
| 1 January 2020 | 30,658 | 15,329 |
| **31 December 2020** | **30,658** | **15,329** |
| **31 December 2021** | **30,658** | **15,329** |

All shares are fully paid.

# Annual report 1 January – 31 December
## Notes

### 16 Deferred tax

| DKK'000 | 2021 | 2020 |
|---|---|---|
| Deferred tax at 1 January | 103,920 | 138,216 |
| Adjustment related to previous years | 3,843 | 1,350 |
| Deferred tax for the year recognised in profit/loss for the year | 4,638 | -35,646 |
| **Deferred tax at 31 December** | **112,401** | **103,920** |
| | | |
| **Deferred tax is recognised in the balance sheet as follows:** | | |
| Deferred tax (liability) | 112,401 | 103,920 |
| **Deferred tax at 31 December, net** | **112,401** | **103,920** |
| | | |
| **Deferred tax relates to:** | | |
| Intangible assets | 5,467 | 4,816 |
| Property, plant and equipment | 312,523 | 265,896 |
| Leases | -205,017 | -166,792 |
| Finished goods for resale and spare parts | -572 | 0 |
| | **112,401** | **103,920** |

### 17 Right-of-use asset and lease liabilities

**The Company as lessee**
The Company leases rental equipment, fixtures and fittings, tools and equipment, etc. The lease period is typically between 3 and 6 years. For trucks it is up to 7 years with the option of renewal after the end of the period and rentals up to 10 years. None of the lease agreements contain conditional leasing services.

The amounts capitalized in the balance comprise leased assets.

| DKK'000 | Rental equipment | Fixtures and fittings, tools and equipment | Total |
|---|---|---|---|
| Carrying amount at 1 January 2021 | 499,537 | 169,746 | 669,283 |
| Additions, net | -22,252 | 131,541 | 109,289 |
| Amortisation | 13,928 | -2,350 | 11,578 |
| **Carrying amount at 31 December 2021** | **491,213** | **298,937** | **790,150** |

| DKK'000 | Rental equipment | Fixtures and fittings, tools and equipment | Total |
|---|---|---|---|
| Carrying amount at 1 January 2020 | 441,481 | 123,818 | 565,299 |
| Additions, net | 59,110 | 83,774 | 142,884 |
| Amortisation | -1,054 | -37,846 | -38,900 |
| **Carrying amount at 31 December 2020** | **499,537** | **169,746** | **669,283** |

# Annual report 1 January – 31 December
## Notes

### 17 Right-of-use asset and lease liabilities (continued)

**The Company as lessor**
The Company leases equipment under operating leases.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

| DKK'000 | **2021** | **2020** |
|---|---|---|
| <1 year | 0 | 0 |
| 1-2 years | 0 | 0 |
| 2-3 years | 0 | 0 |
| 3-4 years | 0 | 0 |
| 4-5 years | 0 | 0 |
| **Total undiscounted lease payments** | **0** | **0** |

### 18 Mortgages and collateral

Security has been given with a net carrying amount of DKK 140 million (2020: DKK 140 million) for the Company's bank facility at Jyske Bank.

# Annual report 1 January – 31 December
## Notes

### 19 Other adjustments

| DKK'000 | 2021 | 2020 |
|---|---|---|
| Other finance income | 1,048 | 860 |
| Finance costs | -16,641 | -17,801 |
| Incomes taxes | -63,530 | -66,180 |
| Gain on sale of PP&E | 28,936 | 35,740 |
| Provisions | -8,481 | 34,296 |
| | **-58,668** | **-13,085** |

### 20 Changes to the working capital

| DKK'000 | 2021 | 2020 |
|---|---|---|
| Changes in inventory | -3,805 | -481 |
| Changes in trade receivable and other receivable | -84,450 | 3,857 |
| Changes in trade payables and other payables | 45,027 | -50,273 |
| | **-43,228** | **-46,897** |

### 21 Non-cash transactions

| DKK'000 | 2021 | 2020 |
|---|---|---|
| Acquisition of property, plant and equipment (see note 12) | 443,381 | 305,590 |
| Acquisition of assets held for sale | 0 | 5,135 |
| Portion relating to leased assets | -408,249 | -243,808 |
| **Paid regarding acquisition of property, plant and equipment** | **35,132** | **66,917** |
| | | |
| Additions of financial liabilities | 408,249 | 243,808 |
| Portion relating to lease obligations | -408,249 | -243,808 |
| **Cash proceeds from the raising of financial liabilities** | **0** | **0** |

# Annual report 1 January – 31 December
## Notes

### 22 Liabilities from financing activities

| DKK'000 | 1 January 2021 | Debt payments | New debt | Debt repayments | 31 December 2021 |
|---|---|---|---|---|---|
| Leasing liabilities | 758,144 | -172,825 | 408,249 | -61,671 | 931,897 |
| Other payables | 24,927 | -626 | 0 | 0 | 24,302 |
| **Liabilities from financing activities** | **783,071** | **-173,451** | **408,249** | **-61,671** | **956,199** |

| DKK'000 | 1 January 2020 | Debt payments | New debt | Debt repayments | 31 December 2020 |
|---|---|---|---|---|---|
| Leasing liabilities | 720,580 | -173,576 | 243,808 | -32,668 | 758,144 |
| Other payables | 0 | 24,927 | 0 | 0 | 24,927 |
| **Liabilities from financing activities** | **720,580** | **-148,649** | **243,808** | **-32,668** | **783,071** |

# Annual report 1 January – 31 December
## Notes

### 23 Financial risks and financial instruments

The Company is, to a limited extent, exposed to financial risks, including market risks (interest rate risks), credit risks and liquidity risks. The disclosures in the note only address the most predominant risks. The Company's credit risks are described in note 14.

The overall framework for the financial risk management has been set out in The Company's finance policy. The finance policy is updated yearly and approved by the Board of Directors.

Centralised financial risk management is conducted by Management. Management monitors The Company's risk concentration within different areas such as customers, etc. Additionally, Management monitors any changes in The Company's risk concentration.

The finance policy governs The Company's investment policy, financing policy and credit risk policy in relation to financial counterparties. In addition, it describes the approved risk framework.

It is The Company's policy not to speculate in financial risks. The Company's financial strategy only sets out to manage and reduce financial risks directly attributable to The Company's operations, investments and financing.

The Company's key interest rate risks relate to financial and operating leases where The Company has mixed both variable and fixed interest rates in the leases.

In terms of interest rate sensitivity, an increase in interest rate level of percentage point p.a. relative to the interest rate level of the Company's floating-rate liabilities for a full year at the balance sheet date will have a negative impact on results for the year of DKK 9.3 million (2020: 7.6 million). A decrease in interest rate level of percentage point will have a corresponding positive impact on results for the year and equity.

The Company does not make use of hedging and is not exposed to changes in exchange rates as The Company does not engage in material foreign currency transactions.

The financing structure is a standard set-up for a private equity-owned business. On a quarterly basis, The Company tests financial covenants against target.

The Executive Board and Board of Directors regularly evaluate whether the capital structure supports The Company's fulfilment of the overall targets and the realisation of long-term sustainable economic growth. The Company is supported by equity with a solvency ratio above 38.2% at group level, drawing facilities, trade credit, etc. The duration and interest risks for The Company are assessed to the extent necessary. At the balance sheet date, net interest-bearing debt including IFRS 16 debt was DKK 861 million (2020: DKK 697 million), which is deemed appropriate in relation to the balance sheet total (capital structure).

The Company's risk exposure and risk management for 2021 was unchanged compared to that for 2020.

# Annual report 1 January – 31 December
## Notes

### 23 Financial risks and financial instruments (continued)

Loan from credit institutions and lease liabilities:

| DKK'000 | Average nominal interest rate | Average effective interest rate | Interest period | Carrying amount |
|---|---|---|---|---|
| Variable interest-bearing lease liabilities (note 17) | 1.20% | 2.00% | 1 month | 931,897 |
| **Lease liabilities for 2021 in total** | | | | 931,897 |
| Variable interest-bearing lease liabilities (note 17) | 1.75% | 2.00% | 1 month | 758,144 |
| **Lease liabilities for 2020 in total** | | | | 758,144 |

**2021**

| DKK'000 | Contractual cash flows | Within 1 year | 1 to 5 years | After 5 years |
|---|---|---|---|---|
| **Non-derivative financial instruments** | | | | |
| Lease liabilities | 973,631 | 214,906 | 529,377 | 229,348 |
| Trade payables | 104,880 | 104,880 | 0 | 0 |
| **31 December** | **1,078,511** | **319,786** | **529,377** | **229,348** |

**2020**

| DKK'000 | Contractual cash flows | Within 1 year | 1 to 5 years | After 5 years |
|---|---|---|---|---|
| **Non-derivative financial instruments** | | | | |
| Lease liabilities | 791,374 | 197,436 | 516,927 | 77,011 |
| Trade payables | 62,601 | 62,601 | 0 | 0 |
| **31 December** | **853,975** | **260,037** | **516,927** | **77,011** |

Contractual cash flows are undiscounted contractual cash flow including interests.

# Annual report 1 January – 31 December
## Notes

### 24 Financial instruments categories

**Methods and assumptions for the determination of fair value**
The methods and assumptions used for calculating fair value of financial instruments are described per class of financial instruments.

Other financial instruments (measured at amortised cost in the balance sheet).

Receivables, suppliers with a short credit and other liabilities are estimated to have a fair value equal to the carrying amount.

Deposits and debt to credit institutions with interest rate are estimated to have a fair value that is approximately equal to the carrying amount.

The fair value of leases is calculated based on expected cash flows for the individual contract discounted using interest rate curves. At the balance sheet date leases was DKK 974 million (2020: DKK 791 million).

| DKK'000 | 2021 | 2020 |
|---|---|---|
| **Loans and receivables** | | |
| Trade receivables | 208,576 | 160,174 |
| Other receivables | 2,143 | 3,365 |
| Receivables from Parent Company | 45,805 | 33,446 |
| Prepaid costs | 10,002 | 4,241 |
| Cash and cash equivalents | 95,572 | 85,147 |
| **Total loans and receivables** | **362,098** | **286,373** |

| **Financial liabilities are measured at amortised cost** | **2021** | **2020** |
|---|---|---|
| Trade payables | 104,880 | 62,601 |
| Other payables | 97,565 | 81,513 |
| **Total financial liabilities are measured at amortised cost** | **202,445** | **144,114** |

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## Notes

### 25 Related parties

The Company's related parties include the following:

*Control*

G.S.V. Holding A/S, Baldersbuen 5, 2640 Hedehusene

G.S.V. Holding A/S controls the majority of the shares in the company, CC Tool Invest ApS, Baldersbuen 5, 2640 Hedehusene has through a shareholder's agreement a controlling influence in G.S.V. Holding A/S.

The company is a part of the consolidated financial statements of G.S.V. Holding A/S, Hedehusene, and the financial statements for Catacap I K/S, København, which is the smallest relatively largest group where the company is a subsidiary.

The consolidated financial statements of G.S.V. Holding A/S and financial statements of Catacap I K/S can be obtained through inquiry at the above addresses.

*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.

*Transaction with related parties*

Remuneration of the Executive and Board of Directors has been disclosed in note 4. The Executive and Board of Directors are made available free of charge from the Parent Company G.S.V. Holding A/S.

The Company has an intercompany account with the Parent Company. The balance and the interest are disclosed in the balance sheet and note 9 respectively.

In 2021 the Company was charged rental and marketing cost DKK 0.8 million from entities controlled by key management personnel (2020: DKK 0.5 million).

### 26 Events after the balance sheet date

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

### 27 New financial reporting regulation

At the time of the publication of this annual report a number of new or changed standards and interpretations have not yet become obligatory and have therefore not been included in this report. The new standards and interpretations will be implemented as they become obligatory. It is the management's assessment that the new standards and interpretations will not have material impact on the annual reports in the coming years.