

TIP Trailer Services Denmark ApS
Annual Report 2020
Registration no. 66293815

TIP Trailer Services


TIP Trailer Services Denmark ApS

Annual Report 2020

Litauen Alle 7, 2630 Taastrup

Approved at the Company's annual general meeting on 15 June 2021

Chairman: Robert Fast

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TIP Trailer Services

Statement by the Executive and Board of Directors

The Board of Directors and the Executive Board have today discussed and approved the annual report of TIP Trailer Services Denmark ApS for the financial year 1 January – 31 December 2020.

The annual report has been prepared in accordance with the Danish Financial Statements Act. It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 December 2020 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

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

Copenhagen, 15 June 2021


Executive Board:

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Christian Petersen


Managing Director

Board of Directors:

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Robert Fast
Chairman

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Christian Petersen

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Gerard Reinder Kraaij



Independent auditor's report

To the Shareholders of TIP Trailer Services Denmark ApS

Opinion

We have audited the financial statements of TIP Trailer Services Denmark ApS for the financial year 1 January – 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

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

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

Independent auditor's report

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 additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and 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 in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditor's report

Statement on the Management'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.

Aarhus, 15 June 2021

EY Godkendt Revisionspartnerselskab

CVR no. 30700228



Lone Nørgaard Eskildsen

State Authorised

Public Accountant

mne32085

Management's review

Company details

TIP Trailer Services Denmark ApS
Litauen Alle 7
2630 Taastrup

Telephone: +45 7010 7300

Registration No.: 66 29 38 15
Established: 3-Sept-1980
Registered office: Copenhagen

Board of Directors

Robert Fast, Chairman
Christian Petersen
Gerard Reinder Kraaij

Executive Board

Christian Petersen

Auditors

EY Godkendt Revisionspartnerselskab
Vaerkmestergade 25, 8000 Aarhus C

Management's review

Financial highlights

DKK Thousand	2020	2019	2018	2017	2016
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Key figures

Revenue	388,760	205,426	192,337	145,565	113,118
Profit/(loss) from ordinary operating activities	27,088	(8,002)	5,120	(4,513)	(12,030)
Profit/(loss) from financial income and financial expenses	(19,992)	(6,468)	(2,753)	(989)	(882)
Profit/(loss) for the year	51,053	(14,109)	2,367	(5,500)	(12,910)

Fixed assets	1,072,886	579,756	496,071	365,937	315,424
Current assets	104,661	78,723	61,155	69,415	113,207
Total assets	1,177,549	658,479	557,226	435,352	428,632
Share capital	(60,507)	(60,006)	(60,006)	(60,006)	(60,006)
Capital and reserves	(355,875)	(238,251)	(252,358)	(249,990)	(255,490)
Long-term liabilities	(657,291)	-	-	-	-
Short-term liabilities	(159,532)	(420,227)	(304,868)	(185,362)	(173,142)

Investments in Property, Plant and Equipment	(689,998)	(178,452)	(216,046)	(142,231)	(141,335)
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Financial ratios

Net profit ratio	7%	-4%	3%	-3%	-11%
Return on investments	3%	-1%	1%	-1%	-3%

The financial ratios have been calculated as follows:

Net profit ratio $\text{Operating profit/(loss) x 100 / Revenue}$

Return on investment $\text{Operating profit/(loss) x 100 / Average operating assets}$

Operating assets Total Assets

The key comparative figures for the years 2016 to 2019 have not been adjusted thereafter the merger of Pema which occurred on the 1st January 2020.

Management's review

Operating review

Activity

TIP Trailer Services Denmark ApS (the "Company") principal activities are to provide leasing of trailers, lease management and maintenance services. The operating area is restricted to Denmark.

Development in activities

On 1 of January 2020 the merger with Pema Denmark was effective. From that date all assets and liabilities as well as any other rights and obligations of Pema are deemed to have passed to TIP Denmark. Due to the acquisition and merger of Pema, the Company has increased its size, the book value of its fleet, and revenue.

Operating profit amounts to DKK 27 million compared to 2019 where there was a loss of DKK 8 million.

The net book value of trailers has increased during the year from DKK 508 million in 2019 to DKK 985 million in 2020. Sales of trailers accounted for DKK 51 million while additions during 2020 amounted to DKK 477 million.

The company will keep investing in its fleet to further increase revenue and expand the business. Moreover, it is expected that the synergies created with the merger of Pema will help to further boost growth, specially in other areas like leasing and renting of specialized equipment, in which Pema is strong.

Although COVID-19 makes economic environment still uncertain, the Company shows a robust performance which was not materially affected by the pandemic in 2020. Moreover, the result in the first quarter 2021 projects a profit at year end. The company expects a profit before tax in the range of 20 to 23 mDKK for the coming year.

Financial position

The Company has capital and reserves of DKK 356 million at year end. The capital structure is considered satisfactory and sufficient to continue with the Company's activities in the upcoming financial year. On January 1, 2019 the intra-group loan received from Global TIP Finance B.V. was extended till December 31, 2023.

Outlook

On March 11, 2020 the WHO declared the COVID-19 outbreak a world pandemic. As a result, many economic sectors are currently seeing a substantial negative impact. The Company has proven that its business model is resilient and it can remain profitable even during a global economic downturn. The Company will maintain preventative measures as long as the COVID-19 situation requires it, and will continue to prioritise the health of our employees, customers and society first. Although we saw stronger than expected business during 2020, we expect economic pressure to continue through to mid-2022. As uncertainty decreases, we expect to see improved leasing business, in addition to benefits to our maintenance and repair business as the backlog in regulatory inspections is resolved.

Environmental issues

The Company's influence on the external environment and working environment aims to reduce the risk of pollution and avoid working accidents.

Subsequent events

After the end of the financial year, no events have occurred which may change the financial position of the entity substantially.

Financial statements for the year ended 31 December

Accounting policies

The annual report of TIP Trailer Services Denmark ApS (the “Company”) for the year ended December 31, 2020 has been prepared in accordance with the provisions applying to class C-medium enterprises under the Danish Financial Statements Act.

The accounting policies remained unchanged from last year.

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed new and amended presentation and disclosure requirements. The accounting policies used in the preparation of the financial statements are consistent with those of last year.

With effect 1 of January 2020 the Company has merged with Pema Last- og Trailerudlejning A/S. The merger has been accounted for in accordance with the book value method by which the net assets and operating profit is recognised as of 1 January 2020. The comparison figures are unchanged due to the use of book value method.

The reporting currency of this annual report is Danish kroner.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

Financial statements for the year ended 31 December

Accounting policies

Foreign currency translation

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

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 at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as interest income or expense and similar items.

Income statement

Revenue

Revenue is comprised of lease income, rebills to customers and profit/loss on disposal of trailers.

Revenues are accrued so that leases invoiced, but covering a period of the coming financial year are stated as over-billings. Leases not invoiced covering the period of this financial year are stated as short-billings.

Operating costs

Operating costs comprise maintenance, lease expenses and insurance.

Staff costs

Staff costs comprise salaries, wages, remuneration, pensions, social costs and other staff costs to employees of the Company, including the executive and board of directors.

Other external costs

Other external costs comprise of rental expenses, travel costs, marketing, bad debt provisions, audit expense, office costs and bank charges.

Interest income and expense and similar items

Interest income and expense and similar items comprise interest income and expense, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme.

Tax on profit/loss for the year

Tax for the year comprises current tax and changes in deferred tax for the year. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in capital and reserves is recognised directly in capital and reserves.

Other costs

Other costs shows the management service fee net balance. The recharge costs from HQ. And the revenue streams generated as Nordics headquarters. In this category is also included certain costs related to Pema merger.

Financial statements for the year ended 31 December

Accounting policies

Balance sheet

Property, plant and equipment excluding trailers

Land and buildings, and fixtures and fittings, and tools and equipment are measured at cost less accumulated depreciation and impairment.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

The basis of depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Buildings	40 years
Fixtures and fittings, tools and equipment	3-5 years

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

Financial statements for the year ended 31 December

Accounting policies

Balance sheet

Intangible fixed assets

Goodwill represents the excess of the cost of the acquisition over the Company's interest in the net realisable value of the assets acquired and (contingent) liabilities assumed at the transfer date less cumulative amortisation and cumulative impairment losses. Goodwill is paid upon the acquisition. The capitalised goodwill is amortised on a straight-line basis over the estimated useful life.

Fleet

The lease portfolio is operating lease and is recorded in the balance sheet under tangible assets.

The valuation of the trailer fleet is based on cost less accumulated depreciation. Trailers are depreciated on a straight line basis so that the costs of the trailers less expected market value at termination of the lease contracts are depreciated over the contract period. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the amortisation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Major refurbishments are capitalised and depreciated together with the trailers.

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

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful life is up to 12 years.

Inventories

Inventories are carried at the lower of cost and net realizable value and are to be sold within one year. The cost of inventories is usually the current net book value of Fleet transferred to inventories and is determined for each item individually. The net realizable value is periodically re-assessed for all units that have been held for sale for six months or more and adjusted, if necessary.

Sales of inventories are recognised when the significant risks and rewards of ownership have been transferred to the buyer, usually on receipt of cash. Book value of the assets sold and any costs directly associated with the sale are recorded at the same time. The revenue and the related book value are recognised as revenue from disposal of Fleet and cost of disposed Fleet respectively in the statement of profit or loss.

Financial statements for the year ended 31 December

Accounting policies

Impairment of non-current assets

The carrying amount of property, plant and equipment, including trailers, is subject to an annual test of indications of impairment other than the decrease in value reflected by amortization or depreciation. Impairment tests are conducted on individual assets or group of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Receivables

Receivables are measured at amortised cost. An individual and collective provision is recognize based on the risk probability of default. Write-down is made to net realisable value for bad debt losses.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Corporation tax and deferred tax

Current tax payable and receivable is recognized 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 base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to equipment and other items where temporary differences arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement.

Financial liabilities

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

Other liabilities are measured at net realisable value.

Cash flow statement

The cash flow statement shows the cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Company's cash and cash equivalent at the beginning and end of the year.

Cash and cash equivalent comprise cash at bank and in hand.

Equity

Comprised of share capital, share premium and retained earnings. Profit or loss of the year is distributed to retained earnings.

Trade payables

Trade and fleet payables are non-interest bearing and are settled within agreed terms. Fleet payables relate to outstanding purchase orders where the Company has entered into a contract to purchase fleet.

The Company requires security deposits to cover credit risk of customers with lower ratings or when exposure is high versus customer equity and cash flow coverage. They are returned if not used when all contracts related are paid in full by the customer. The Company may transfer the security deposit from one contract to the following contract with supporting documentation signed by the Company and the customer. Security deposits are requested at the beginning of a lease or rental from some customers according to the Company's risk management policies. They are held for various lengths of time.

Financial statements for the year ended 31 December

Income statement

DKK'000	Note	2020	2019
Revenue	1	388,760	205,426
Operating Costs		(102,615)	(47,760)
Gross Margin		286,145	157,666
Depreciation and Impairment	2	(146,927)	(64,847)
Ordinary Operating Profit		139,218	92,819
Staff Costs	3	(85,712)	(77,072)
Other External Costs	4	(21,179)	(23,960)
Other costs		(5,239)	0
Other Income		0	211
Operating Profit/(Loss)		27,088	(8,002)
Interest income		2	88
Interest expense from group companies		(19,260)	(6,556)
Interest expense other		(734)	0
Profit/(Loss) from ordinary activities before tax		7,096	(14,470)
Tax on loss from ordinary activities	5	43,957	361
Profit/(Loss) for the year	11	51,053	(14,109)

Financial statements for the year ended 31 December

Balance sheet

DKK'000	Note	2020	2019
ASSETS			
Fixed assets			
Property, plant and equipment	6		
Land and buildings		85,146	68,502
Fleet		984,857	507,963
Fixtures and fittings, tools and equipment		424	321
		<u>1,070,427</u>	<u>576,785</u>
Intangible assets	7		
Customer list/ Goodwill		2,459	2,971
Total Intangible Assets		<u>2,459</u>	<u>2,971</u>
Total Fixed and Intangible Assets		<u>1,072,886</u>	<u>579,756</u>
Current assets			
Inventories		8,480	6,737
Receivables			
Trade receivables		82,464	61,705
Prepayments		7,927	282
VAT refund		0	7,359
		<u>98,871</u>	<u>76,083</u>
Cash at bank and in hand		<u>5,790</u>	<u>2,640</u>
Total current assets		<u>104,661</u>	<u>78,723</u>
TOTAL ASSETS		<u>1,177,549</u>	<u>658,479</u>

Financial statements for the year ended 31 December

Balance sheet

DKK'000	Note	2020	2019
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		60,507	60,006
Retained earnings		295,368	178,243
Total capital and reserves		355,875	238,249
Liabilities			
Long-term liabilities			
Amounts owed to group enterprises		657,291	140,287
Holiday accrual		4,851	1,324
		662,142	141,611
Short-term liabilities			
Amounts owed to group enterprises		35,861	203,346
Other amounts owed to group enterprises		0	361
Trade payables		53,833	40,137
Deposits received from customers		4,130	191
Other payables		61,933	34,584
VAT Payable		3,775	0
		159,532	278,619
Total liabilities		821,674	420,230
TOTAL EQUITY AND LIABILITIES		1,177,549	658,479
Contingent liabilities	8		
Related party disclosures	9		
Mortgages and Collateral	10		

Financial statements for the year ended 31 December

Statement of Changes in Equity

Capital and reserves

DKK'000	Share Capital	Retained earnings	Total
Capital and reserves at 1 January 2019	60,006	192,351	252,357
Profit for the year	-	(14,109)	(14,109)
Capital and reserves at 31 December 2019	60,006	178,242	238,249
Pema merger effective 1 January 2020	501	66,073	66,574
Profit for the year	-	51,053	51,053
Capital and reserves at 31 December 2020	<u>60,507</u>	<u>295,368</u>	<u>355,875</u>

The share capital comprises 60.507 shares of DKK 1,000 thousand each.

Share capital for the latest five years is specified as follows:

DKK'000	2020	2019	2018	2017	2016
Share capital at 31 December 2019	60,006	60,006	60,006	60,006	60,006
Pema merger effective 1 January 2020	501	-	-	-	-
Share capital at 31 December 2020	<u>60,507</u>	<u>60,006</u>	<u>60,006</u>	<u>60,006</u>	<u>60,006</u>

Financial statements for the year ended 31 December

Cash flow statement

DKK'000	Note	2020	2019
Lease revenue		388,760	205,426
Operating costs		(102,615)	(47,760)
Staff costs		(85,712)	(77,072)
Other operating costs		17,539	(23,388)
Cash generated from operation activities before changes in working capital		217,972	57,205
Changes in working capital		29,497	(12,540)
Cash generated from operating activities		247,469	44,666
Interest received		2	88
Interest paid		(19,994)	(6,556)
Cash flows from operating activities		227,477	38,197
Acquisition of fixed assets		(690,057)	(178,452)
Disposal of fixed assets		50,001	29,920
Cash flows (used in)/ from investing activities		(640,056)	(148,532)
Change in Group financing		415,730	111,599
Cash flows from financing activities		415,730	111,599
Net cash flows from/(used in) operating, investing and financing activities		3,150	1,265
Cash and cash equivalents at 1 January		2,640	1,375
Cash and cash equivalents at 31 December		5,790	2,640

Financial statements for the year ended 31 December

Notes

DKK'000

	2020	2019
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1 Revenue

Short-term revenue	93,986	63,643
Long-term revenue	284,422	132,506
Other revenue	9,227	7,111
Fleet sales	1,125	2,165
	388,760	205,426

Long-term revenue is generated from long-term leasing of fleet while short-term is generated from short-term renting. Other revenue includes damage protection, fleet insurance income and rental income from rented yards and facilities.

2 Depreciation and impairment

Land and buildings	4,560	3,806
Fleet	141,676	60,396
Customer list	565	565
Computer software	6	0
Fixtures and fittings, tools and equipment	120	80
	146,927	64,847

3 Staff costs

Wages and salaries	77,209	69,259
Pensions	6,597	6,259
Social security costs	1,906	1,554
	85,712	77,072
Average number of employees	150	143

With reference to the Danish Financial Statements Act. §98 b, 3, the wage for the executive Board is not described. The board of directors have not received remuneration.

Financial statements for the year ended 31 December

Notes

DKK'000

4 Other external costs	2020	2019
Management fee	2,038	0
Allowance for bad debt	1,503	314
Utilities	3,000	2,703
Rent	3,359	2,159
Maintenance	3,629	4,355
Travel	5,909	7,560
General	5,302	5,897
Advertising	530	774
Exceptional operating expenses	1,149	0
	26,418	23,763

Included in exceptional are costs incurred as consequence of the outbreak of covid-19 pandemic and costs related to acquisition of Pema.

5 Tax on the result for the year

Income tax payments/refund from joint taxation, prior years	43,957	361
	43,957	361

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statement and recognition in the tax computation. As consequence of the acquisition and merger of the Pema business at the beginning of 2020 the Company have had DTL of 43,9Million. With the purpose of aligning provision to the timing differences DTL has been fully released.

Deferred tax assets amounts to DKK 114 million (2019: 159 million).

Deferred tax assets have not been recognised since the potential value is uncertain.

Financial statements for the year ended 31 December

Notes

6 Property, plant and equipment

DKK'000	Land and buildings	Trailers	Fixtures and fittings, tools and equipment	Total
Cost at 1 January 2020	108,872	750,853	2,197	861,921
Additions	2,586	92,878	182	95,646
Transferred from Group undertakings, original cost price	28,666	886,481	331	915,478
Transferred to Group undertakings, original cost price	-	(36,697)	-	(36,697)
Disposals	-	(73,346)	-	(73,346)
Cost at 31 December 2020	140,124	1,620,169	2,710	1,763,003
Depreciation at 1 January 2020	(40,370)	(242,890)	(1,876)	(285,136)
Depreciation	(4,560)	(141,676)	(120)	(146,356)
Transferred from Group undertakings	(10,048)	(310,788)	(290)	(321,126)
Transferred to Group undertakings	-	99	-	99
Disposals	-	59,943	-	59,943
Depreciation at 31 December 2020	(54,978)	(635,312)	(2,286)	(692,576)
Carrying amount at 31 December 2020	85,146	984,857	424	1,070,427

7 Intangible Assets

DKK'000	Goodwill	Customer List	Computer Software	Total
Cost at 1 January 2020	1,276	3,021	-	4,297
Additions	-	-	59	59
Cost at 31 December 2020	1,276	3,021	59	4,356
Amortisation at 1 January 2020	-	(1,326)	-	(1,326)
Amortisation	-	(565)	(6)	(571)
Amortisation at 31 December 2020	-	(1,891)	(6)	(1,897)
Carrying amount at 31 December 2020	1,276	1,130	53	2,459

Financial statements for the year ended 31 December

Notes

8 Contingent liabilities, contingent assets and security

Total operating leasing obligations amounts to DKK 20,461 thousands.

9 Related Party Disclosures and Transactions

Related parties in control of TIP Trailer Services Denmark ApS:

- Global TIP Holdings Two B.V. (main shareholder)
- ISQ Global Fund II GP, LLC (ultimate consolidated company)

Global TIP Holdings Two B.V. holds the entire share capital.

ISQ Global Fund II GP, LLC indirectly exercises management, control and operations of the Company via Cube Transportation Europe Coöperatief U.A. which is the most senior TIP holding company. ISQ Global Fund II GP, LLC is a limited liability company incorporated in Delaware on 5th of April 2017 and registered in Delaware under file number 6370470 with its registered address at Corporation Service Company, 251 Little Falls Drive, Wilmington, New Castle County, Delaware 19808. There is no natural person who ultimately is entitled to or controls (in each case whether directly or indirectly) more than a 25% share of the capital, profits, or voting rights of ISQ Global Fund II GP, LLC and the Company other than Mr. Sadek Wahba who indirectly controls more than 25% of the Company via his indirect interest of more than 25% in ISQ Global Fund II GP, LLC. As of the date of this report, there were no investors owning 10% or more of the economic interests in the entire ISQ Global Infrastructure Fund II structure, of which ISQ Global Fund II GP, LLC is the general partner.

With reference to the Danish Financial Statements Act. §98c(7) all transactions with related parties have been performed on arms length basis and therefore no information about transactions with related parties have been enclosed.

10 Mortgages and Collateral

The Company is party to the Global TIP Holdings Two BV group revolving credit facility. Under this arrangement all assets, including real property, its motor vehicles, trade receivables, operating assets, inventory and bank accounts are secured by a cross guarantee to the lenders against amounts drawn down under this facility along with all group companies.

The guarantee towards other companies is limited to an amount equal to or the greater of

- The equity at the date of the accession of the agreement (DKK 249,990 thousand)
- The equity at the date when a claim for payment is made against the company

11 Proposed distribution of profit/ loss

DKK'000	2020	2019
Retained earnings	51,053	(14,109)
	<u>51,053</u>	<u>(14,109)</u>