# ANNUAL REPORT 2019

G.S.V. HOLDING A/S


PEOPLE FIRST

# CONTENTS

# GSV IN BRIEF

G.S.V. Materieludlejning A/S is the market leading equipment rental company in Denmark with core customers in the engineering, building and construction industries, as well as in the public sector. Our core business is to partner with customers to meet their needs for high quality rental equipment and services, no matter if it's large, customized total enterprises or a single standard equipment. Through a continuous renewal of our fleet and digitalization of the customer experience, we are at the forefront of delivering sustainable, high quality solutions. We put people first. We want to be recognized as an attractive workplace, and our 21 departments across Denmark employ more than 500 employees. With more than 26,000 pieces of equipment, we have the widest product range in the equipment rental industry. GSV is DRA certified, meaning that we live up to the highest quality, health and safety, and environmental standards in the industry.

# LETTER FROM THE CEO

**'People First' is in the DNA of GSV and has been for decades. Our dedicated employees are the pillars of our success and deserve recognition for always having the customers and other key stakeholders as top priority.**

Our People First approach is well reflected in our recognition of our responsibilities in society. We have a constant focus on contributing to construction companies that are safe for personnel, reasonable for neighbours and sustainable for the climate and environment. We also contribute to a well-educated work force by training our employees in the highest safety and quality standards and by establishing an increasing number of apprenticeships.

When we look at GSV today, we see a strong, market leading and customer focused company that has evolved in recent years, especially due to this focus on the employee aspects of our business.

**Creating a market leading and focused company**

For years, it has been our vision to set new and higher standards for our industry – to be the preferred partner to our customers by meeting the exact needs of each and everyone whether it is a small craft business or the biggest construction companies on the market.

Within the last years, GSV has grown significantly. It has been a strategic priority to develop the business through acquisitions, most recently by the acquisition in 2018 of Ramirent Denmark, to serve our customers better. The authorities approved the merger in March 2019. The merger of GSV and Ramirent Denmark has been completed and Ramirent Denmark is now fully integrated into GSV. We also in 2019, decided to divest our Scaffolding and Pavilion business units in order to sharpen focus on our core rental business. Both the Scaffolding and Pavilion business units are good profitable units, which can develop their full potential with their new owners. We wish our former employees and the new owners all the best with their ventures.

GSV is now even more focused, and the largest player in the rental equipment industry for the engineering, building and construction industries in Denmark and offer an exciting line of services.

The main benefits for our customers are:

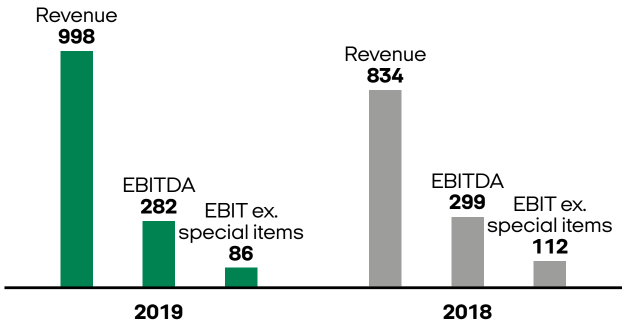
- **Broad and deep product offering** – We are the preferred one-stop shop for more than 7,000 large, mid-sized and small customers by having the industry's highest quality and widest variety of products. Our customers know that no matter what type of equipment they need, they can get it from us.
- **Competent workforce** – We provide customized and specialized service with a high level of professionalism.
- **A local partner** – Our country-wide network of service centres ensure local engagement and customer proximity offering dedicated service, fast delivery and local on-shelf availability of most equipment.
- **Site management solution** – We offer construction site management for our customers, which includes service management and consulting, waste management and sorting, logistics and design of construction site, help securing a safe environmental friendly and efficient work environment.
- **Digital solutions** – Our new app platform for renting and returning equipment was successfully launched during 2019. We have already seen a solid customer uptake and expect this to increase when as we continue to grow our digital footprint in 2020. The GSV App gives the users a convenient platform to rent equipment, secure an overview of rented equipment and expediently return the equipment at the end of usage.

**Mixed market conditions in 2019**

In 2019, the market for building constructions was growing while being more challenging for major civil construction projects. The growth in the building industry was mainly observed in larger cities, where GSV has a strong presence.

Among the major projects benefitting from GSV services in 2019 were Metro Copenhagen, Storstrøm Bridge, data centres, railway projects in Denmark, Norway and Sweden as well as preparation activities to the Fehmarn project for which GSV offer to deliver all solutions and services to the winning construction companies.

**GSV HOLDING A/S FINANCIAL TRENDS**
DKKm




Financial performance did not meet expectations.

Revenue 2019 was DKK 998m compared to DKK 834m in 2018.

Despite the growth of 20%, this was lower than planned. The combined business of GSV and Ramirent Denmark should have produced a higher revenue line. Consequently, we saw a decline in EBITDA margins from 36% to 28% – among other factors caused by acquisition of Ramirent.

| | 2019 | 2018 |
|---|---|---|
| EBITDA Margin | 28% | 36% |
| EBIT ex. Special Items Margin | 9% | 13% |

The subsequent lower EBIT Margin exclusive of Special Items of 9% led to a Return on Invested Capital (before special items, tax and goodwill) of 8.2%.

At the end of 2019, we completed the sale of Scaffolding and Pavilion Activities. Together with a strong free cash flow, this allowed us to repay all bank debt at year end and build a healthy cash balance of DKK 110m. Our funding at year-end 2019 is composed only of asset based leases at a suitable level.

To address the unsatisfactory result we decided at the end of 2019 to adjust the organization putting a strong focus on local representation and service.

**Continued strong Leadership**
With the fast pace of the rental equipment industry, we have maintained a high level of employee development. During 2019, we have strengthened the leadership throughout the company by empowering local departments. We have also hired strong management profiles such as our new CFO. Our emphasis on employee development and leadership has been crucial in ensuring faster decision making in operations, providing high quality customer service and obtaining high employee satisfaction.

**GSV – A great place to be involved**
We will continue to develop GSV as a great partner to our employee, customers, partners, investors and society. 'People first' is at the core of our business and with our new operational model, we provide better development opportunities for our employees as well as better products and services for our customers. In 2020 we will also continue to invest in sustainable products with less climate impact and have comitted the majority of our capex investments for battery and electrically driven equipment in order to support ours and our customers' contribution to the UN Sustainable Development Goals and climate goals set by the local and national authorities.

Thus, I look back on 2019 with great pride and welcome 2020 with enthusiasm and confidence – there are many exciting opportunities for GSV, and we have the right strategy to further advance our market leading position.

CEO, Dan O. Vorsholt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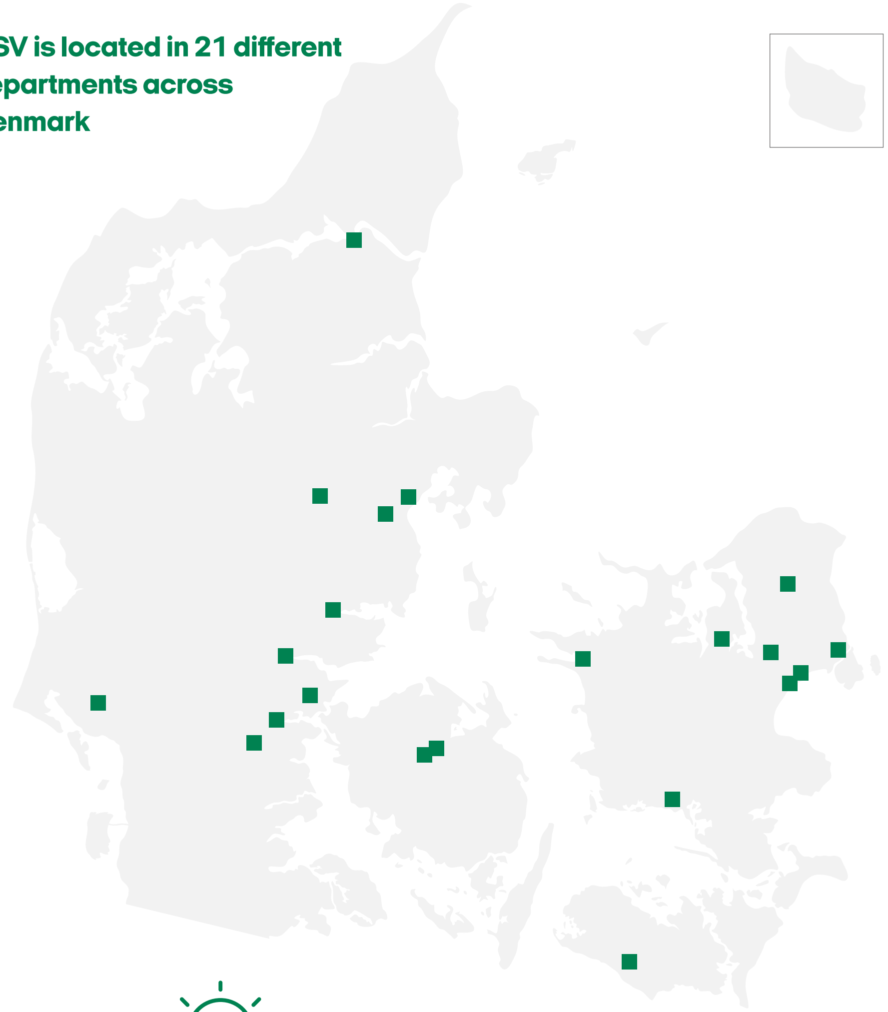
We want to support our clients and their wish to meet the climate goals set by the local and national government.

CEO, Dan O. Vorsholt

# GSV AT A GLANCE

**We help our customers improving Denmark through rental of high-quality equipment and running our business with focus on people, quality and service with personal touch**

GSV is located in 21 different departments across Denmark



## MISSION AND VISION

MISSION

**We help our customers improving Denmark**
Through rental of high-quality equipment and running our business with focus on people, quality and service with personal touch

## GSV WANT TO BE RECOGNIZED AS:

VISION

- **An innovative business partner for our customers and suppliers**
- **An attractive workplace for our employees**
- **A good investment for our shareholders**

## GSV SERVES THE ENTIRE CONSTRUCTION SITE

HEAVY EQUIPMENT

LIGHT EQUIPMENT

SMALL EQUIPMENT

LIFT

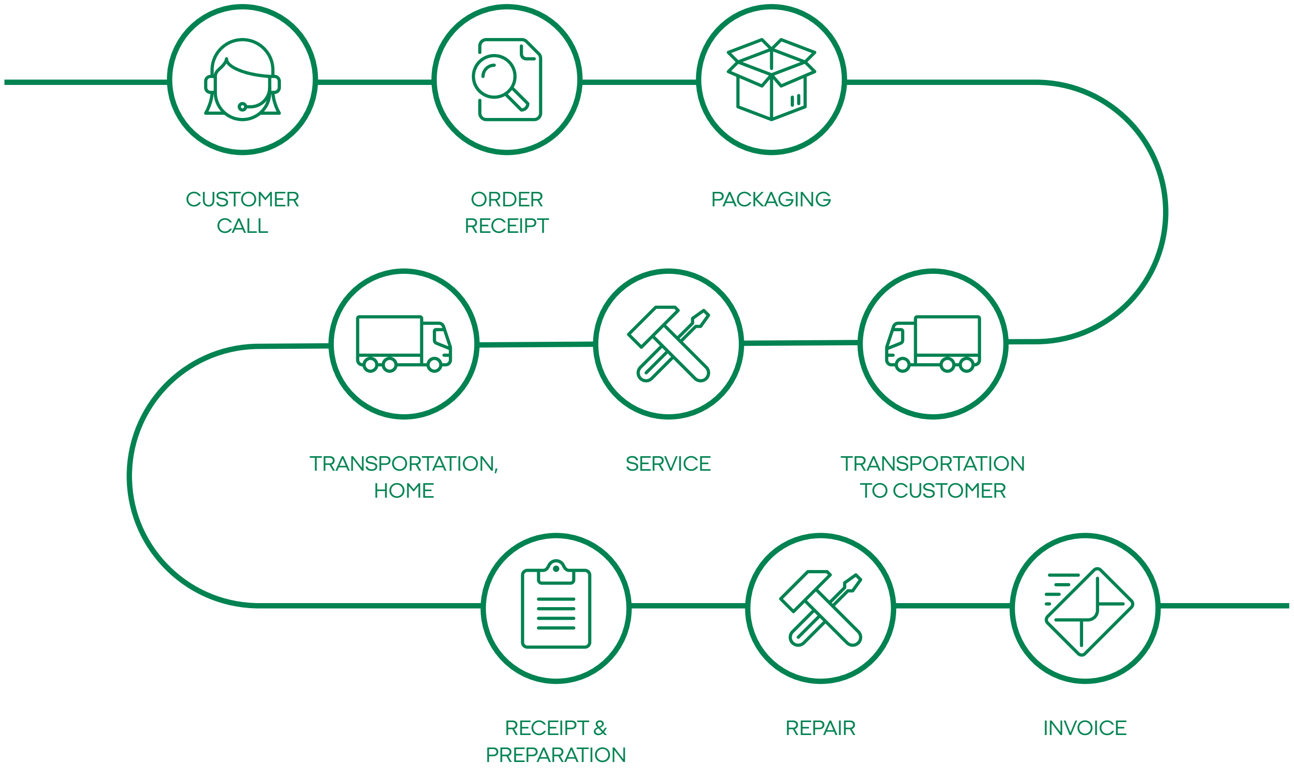
PLATFORM

MODULAR SPACE

SOLUTIONS

## GSV'S BUSINESS MODEL

Every working day of 2019, GSV delivered approximately 7,800 pieces of equipment to our customers. 21 departments throughout the country are working 24-7 to secure timely and high-quality delivery. More than 80% of the daily deliveries were ordered from customers with less than 24 hours' notice and with delivery performance of more than 99%.




GSV is the market leading equipment rental company in Denmark with core customers in the engineering, building and construction industries, as well as in the public sector. Our customers are large-scale entrepreneurs and constructors, mid-sized craft enterprises and small companies with a shared need for high quality rental equipment and services.

**21**

21 departments in Denmark

**471**

[average] employees

**+26,000**

pieces of equipment

**+7,000**

large, mid-sized and small customers

THEME

# THE FUTURE OF SUSTAINABLE CONSTRUCTION

**Together with suppliers and customers, we want to focus on establishing sustainable construction sites that are economically effective, safe for employees, not burdensome for the local communities and environmentally responsible.**

It is estimated that on a global scale, there will be built just as much within the next 40* years as we have done in the last 200 years. Considering that the building and construction industry today accounts for up to 50% of global energy consumption, 50% of global water consumption, 60% of material consumption and 50% of waste for landfill, there is an urgen need to rethink the entire industry. In Denmark alone, 40% of all waste comes from the building and construction industry and it accounts for up to 40% of $CO_2$ emissions.

GSV is primarily involved in the establishment and operation of engineering and construction sites and rental of equipment.

**The industry's green transition is a win-win**

We believe, that it will be possible to establish large emission or fossil free construction sites within 4-5 years, and when the rental equipment industry switches to sustainable solutions, it will be beneficial for the environment (less consumption of non-renewable resources, less waste, fewer emissions), for the companies (better product economy and competitive advantages), for the local communities (less noise, odour and fewer particle emissions) and for the global climate (less $CO_2$ emissions from fuel and production of building materials, such as concrete).

But it's a shared responsibility to create sustainable solutions – no one can do it alone, as we need a level playing field for all. With respect to the construction process itself, we must strive towards a common framework and requirements that are aligned – from owner and contractors to constructors and equipment providers. As an added plus, partnerships allow you to experiment and test new, sustainable solutions.

Someone must take the lead – in GSV we are already deep into the green transition. The majority of our investments in 2019 were in climate neutral equipment. Today, a large part of our units runs on electricity or battery. In addition, precise planning of transport helps to avoid unnecessary driving, and we are implementing measures for reduction of idle travel, optimal waste management, water saving measures, etc.

Through recent years' acquisitions and divestments, GSV has established itself as the market leading rental company in Denmark. This provides us with major business opportunities, and it also entails a responsibility to lead by example.

* https://fremtidensbyggeri.dk/

In October 2019, GSV hosted the conference 'future of sustainable construction', where GSV, suppliers, contractors and constructors discussed future trends in the construction industry and what ambitions and visions in sustainability and climate protection prevail in Copenhagen, Denmark's largest growth area. Top picture: Dan O. Vorsholt, CEO at GSV, and Frank Jensen, Lord Mayor of Copenhagen

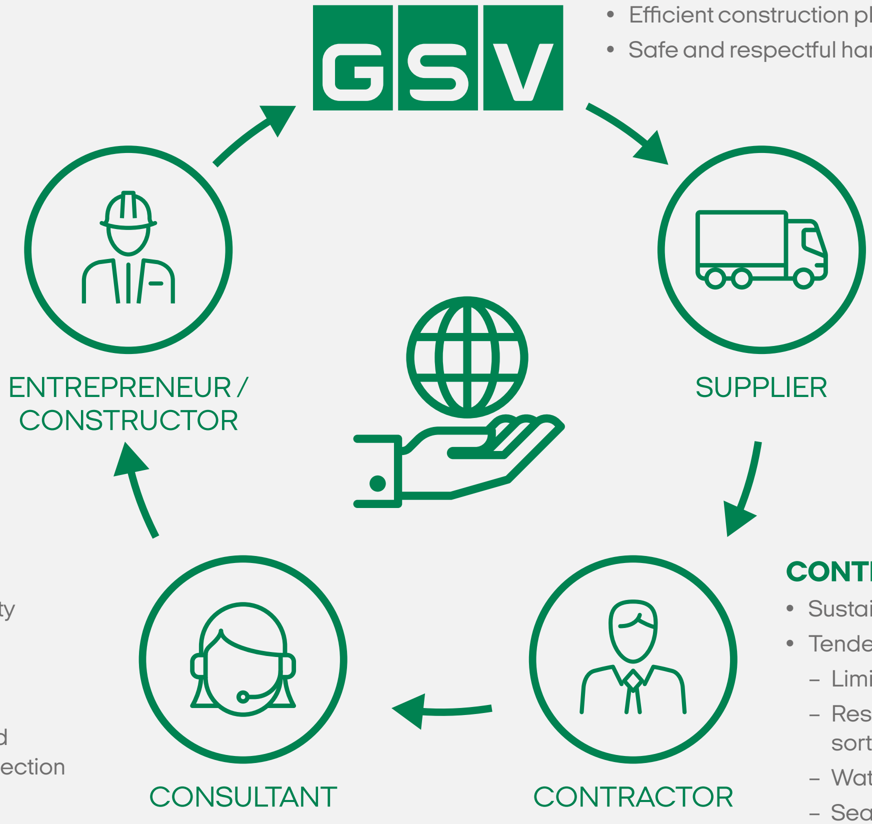
**→ READ MORE AT HTTPS://FREMTIDENSBYGGERI.DK/**

## SUSTAINABILITY IS A COMMON RESPONSIBILITY

All entities in the building and construction industries have a role to play in contributing to a more sustainable future, but we need to work together to succeed. Here are some of the key contributions that main players can provide to a greener construction site.

### GSV

- Offer equipment based on electricity or batteries
- Continuous maintenance and supervision of equipment
- Reduction of noise and emissions by using new, fuel efficient models
- Digitalization to improve eco-efficiency and utilization, safety and communication
- Efficient construction planning
- Safe and respectful handling of building materials




### ENTREPRENEUR / CONSTRUCTOR

- No idling of machinery
- Waste sorting and correct disposal
- Reduced water and energy consumption

### SUPPLIER

- Research into alternative and efficient combustion engines
- Optimized planning of routes and timing

### CONSULTANT

- Availability of sustainability experts
- Sustainability training of contractors
- Assessments of projected solutions and material selection

### CONTRACTOR

- Sustainable materials requirements
- Tender requirements
  - Limited transportation and no idling
  - Responsible demolition and waste sorting
  - Water and energy preservation
  - Seasonal planning to adjust to weather conditions

In GSV we are already deep into the green transition. In 2019 alone, the majority of our investment in rental equipment were spent on climate neutral equipment. Today, a large part of our units run on electricity or battery.

# KEY FIGURES IN 2019

**GSV have in 2019 focussed on integration of Ramirent and divestment of Pavilions and Scaffolding, securing a solid financial position for 2020. With Ramirent now integrated, GSV can now focus on continued improvements of the core rental business in 2020.**

**(All amounts in the report is stated in DKK)**

**REVENUE IN 2019**

**DKK 998m**

2018: DKK 834m

**PROFIT/LOSS FOR THE YEAR**

**DKK 31m**

2018: DKK 63m

**RETURN ON INVESTED CAPITAL EXCL. GOODWILL**

**8.2%**

2018: 11.9%

**EBITDA**

**DKK 282m**

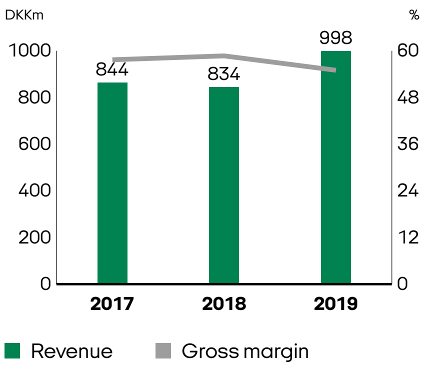
2018: DKK 299m

**EBITDA-MARGIN**

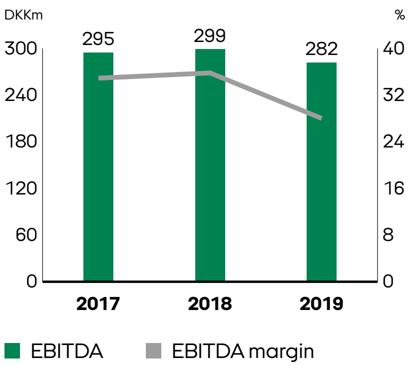
**28%**

2018: 36%

**REVENUE DEVELOPMENT**




**EBITDA DEVELOPMENT**



# FINANCIAL HIGHLIGHTS FOR THE GROUP

| DKKm | 2019 | 2018 | 2017 | 2016 | 8 mths. 2015 |
|---|---|---|---|---|---|
| **INCOME STATEMENT** | | | | | |
| Revenue | 998 | 834 | 844 | 863 | 476 |
| Gross profit | 552 | 490 | 487 | 473 | 227 |
| **EBITDA before special items** | **282** | **299** | **295** | **293** | **206** |
| Depreciation, amortisation and impairment losses | -195 | -187 | -183 | -199 | -139 |
| Special items | 5 | -9 | -20 | -9 | -16 |
| **EBIT** | **91** | **103** | **92** | **85** | **51** |
| Finance income and finance costs | -26 | -21 | -28 | -24 | -14 |
| Profit/loss for the year | 31 | 63 | 42 | 49 | 30 |
| **BALANCE SHEET** | | | | | |
| Total assets | 1,681 | 1,584 | 1,597 | 1,681 | 1,610 |
| Investments in property, plant and equipment | 232 | 216 | 192 | 246 | 176 |
| Equity | 639 | 604 | 541 | 500 | 403 |
| **CASH FLOW STATEMENT** | | | | | |
| Cash flow from operating activities | 236 | 217 | 234 | 221 | |
| Cash flow from investing activities | 343 | -45 | 25 | -314 | |
| Cash flow from financing activities | -471 | -174 | -323 | 142 | |
| Cash flows for the year | 107 | -2 | -64 | 48 | |

| % | 2019 | 2018 | 2017 | 2016 | 8 mths. 2015 |
|---|---|---|---|---|---|
| **FINANCIAL RATIOS** | | | | | |
| Gross margin | 55% | 59% | 58% | 55% | 48% |
| EBITDA margin | 28% | 36% | 35% | 34% | 43% |
| Operating margin before special items | 9% | 13% | 13% | 11% | 14% |
| Operating margin | 9% | 12% | 11% | 10% | 11% |
| Return on invested capital excl. goodwill | 8% | 12% | 10% | 10% | 5% |
| Current ratio | 84% | 43% | 47% | 52% | 97% |
| Return on equity | 5% | 10% | 8% | 10% | 7% |
| Solvency ratio | 38% | 38% | 34% | 30% | 25% |
| Number of employees | 471 | 384 | 392 | 398 | |

Financial highlights for 2016-19 are prepared in accordance with IFRS. The comparative figures for 2015 have not been restated to reflect the change in accounting policies, but have been prepared in accordance with the previous accounting policies based on the provisions of the Danish Financial Statements Act. The 2015 figures represent the period from May to December.

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Ratios".

# FINANCIAL REVIEW

**COMMENTS ON THE 2019 FINANCIAL PERFORMANCE**
GSV group consists of G.S.V. Holding A/S and the subsidiary G.S.V. Materieludlejning A/S.

The principal activity of G.S.V. Holding A/S is to own the shares in G.S.V. Materieludlejning A/S which is the operational company (hereinafter the group is referred to as 'GSV').

GSV is the 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 21 departments throughout Denmark with the largest product range in the equipment rental industry.

The average number of employees increased during the year from 384 in 2018 to 471 in 2019 mainly as a result of the Ramirent acquisition.

**Income statement**
The year's total revenue amounts to DKK 998m compared to revenue of DKK 834m in 2018. The increase in revenue is mainly due to the acquisition of Ramirent in March 2019.

Profit for the year before depreciation, amortisation and interest (EBITDA) amounted to DKK 282m compared to DKK 299m in 2018.

The EBIT for the year is impacted by non-recurring costs associated with acquisitions and other non-recurring costs totalling an income of DKK 5m due to badwill recognition. (2018: cost of DKK 9m).

In 2019, GSV had a cash conversion of 92% compared to 80% in 2018.

**Balance and equity**
GSV's total balance was increased by DKK 97m during the year and totalled at year-end DKK 1,681m.

The Company repaid all acquisition financing totalling DKK 221m during the year.

GSV supports our customers with a modern and updated fleet of rental equipment to continue to be their preferred rental partner. In 2019, GSV made investments of DKK 169m in rental equipment.

Equity at year-end amounted to DKK 639m compared to DKK 604m at year-end 2018.

**Outlook 2020**
We expect to increase revenue in 2020 through organic growth compared to the equivalent 2019 business.

The 2020 EBITDA margin is expected to increase. Synergies from the acquisition of Ramirent are expected to increase as we move into a full year of ownership.

The focus on continued operational improvement in 2020 will continue.

For further information, visit the website www.GSV.dk.


**IN 2019, FOLLOWING THE ACQUISITION OF RAMIRENT, WE HAVE HAD SPECIFIC FOCUS ON ADVANCING OUR SERVICES AND BUILDING A STANDARD EQUIPMENT RANGE IN LOCAL DEPOTS TO SERVICE SMALL AND MID-SIZED CUSTOMERS.**

# OUR STRATEGY

**In 2019 we continued to develop the company towards our goal of becoming a world class rental equipment business. Following the completion of the integration of Ramirent, we have commenced a new strategic plan based on four areas of development.**

## NEW SOLUTIONS

We want to deliver top service by developing and offering new solutions that meet or exceed customer expectations. For example, we will offer to take over responsibility for construction site management to free up our customers' resources to focus on their core businesses. We will also support our customers to deliver ambitious $CO_2$ reductions by providing electric or battery driven solutions across our equipment portfolio. Finally, we will continue to enhance digital platforms to provide efficient user experiences and support customer business processes by providing comprehensive and timely information on equipment and customers' transactions.

## LOCAL BUSINESS

We want our customers to experience the unique, combined support from the national GSV organization and the local centres – because ultimately, the rental business is a local business. Our local centres are equipped to support and cater for both local, small and mid-sized customers and larger, national entrepreneurs. We offer management support and custom made services adapted to local needs as we believe that first hand, local knowledge is vital in servicing our many customers irrespective of size.

## MARKET SHARE

We want to increase our market share by taking over responsibility for a larger share of the customers' equipment, through offering of digital solutions, and by offering sustainable alternatives. We believe in scale and we are certain that many smaller equipment portfolios could be managed more efficiently if acquired by GSV and rented back to the customer. The result will be lower costs and better quality to our customers. In addition, through digital offerings and focus on sustainability, we are convinced, that we are at the forefront of market developments, supporting our continued growth.

## GETTING IT RIGHT THE FIRST TIME

Getting it right the first time is always best. We want to improve the quality of our administrative services by investing in technology and process improvements. We want our customers to receive the right equipment – the right service – the right invoice on time – the first time. We will use our scale to develop world class processes servicing our customers and deliver efficiencies..

# GSV CORE BELIEFS

**Our strategic priorities spring from our three core beliefs**

## 1

### PEOPLE FIRST

People is our business: Customers, employees, suppliers, owners, society and many other stakeholders. People build relations and do business with people they trust. Our products may not be so different from others' in the industry. But our services are. And they are delivered to people by people that care. We are a people-business so much more than an equipment business. We value that and build our business around this imperative.

## 2

### CUSTOMER CENTRIC

Every day we strive to meet our customers' needs and service them well.

## 3

### SCALE WINS

In our industry, scale offers opportunities to improve services, quality and efficiency. This requires a strong operating model. We strive to do that better than our competitors. That is why we have taken an active role in the consolidation of the Danish market, building our position as market leader. We will continue to build scale to the benefit of our customers, our shareholders and our employees.

## THEME

# CLOSE TO THE CUSTOMER

**We aspire to be our customers' preferred business partner, and every day we strive to go that extra mile to fulfill their needs and service them well. We are the industry leader in Denmark and at the forefront of market developments. We help customers service their customers' needs for sustainable solutions, we provide seamless services through digitalization and we always aim to deliver on time, on place and on quality.**

## PUTTING THE CUSTOMER AT THE CENTER OF OUR BUSINESS

### HIGH QUALITY EQUIPMENT

We are certified according to DRA, which assures that the equipment meets the highest quality standards. When renting from us, customers always get well serviced, new models, and our own workshops give full control of service and maintenance.

### DELIVERY ON TIME

We have full control of logistics and transportation to deliver all ordered equipment on time as requested and at the right place.

### GSV ONE-STOP APP

Our GSV One-stop app gives the customer full overview of rented equipment, including specific location, and equipment can be ordered and cancelled at any time. Available 24-7-365.

### DEDICATED CONSULTANCY AND PROFESSIONAL SERVICE 24-7

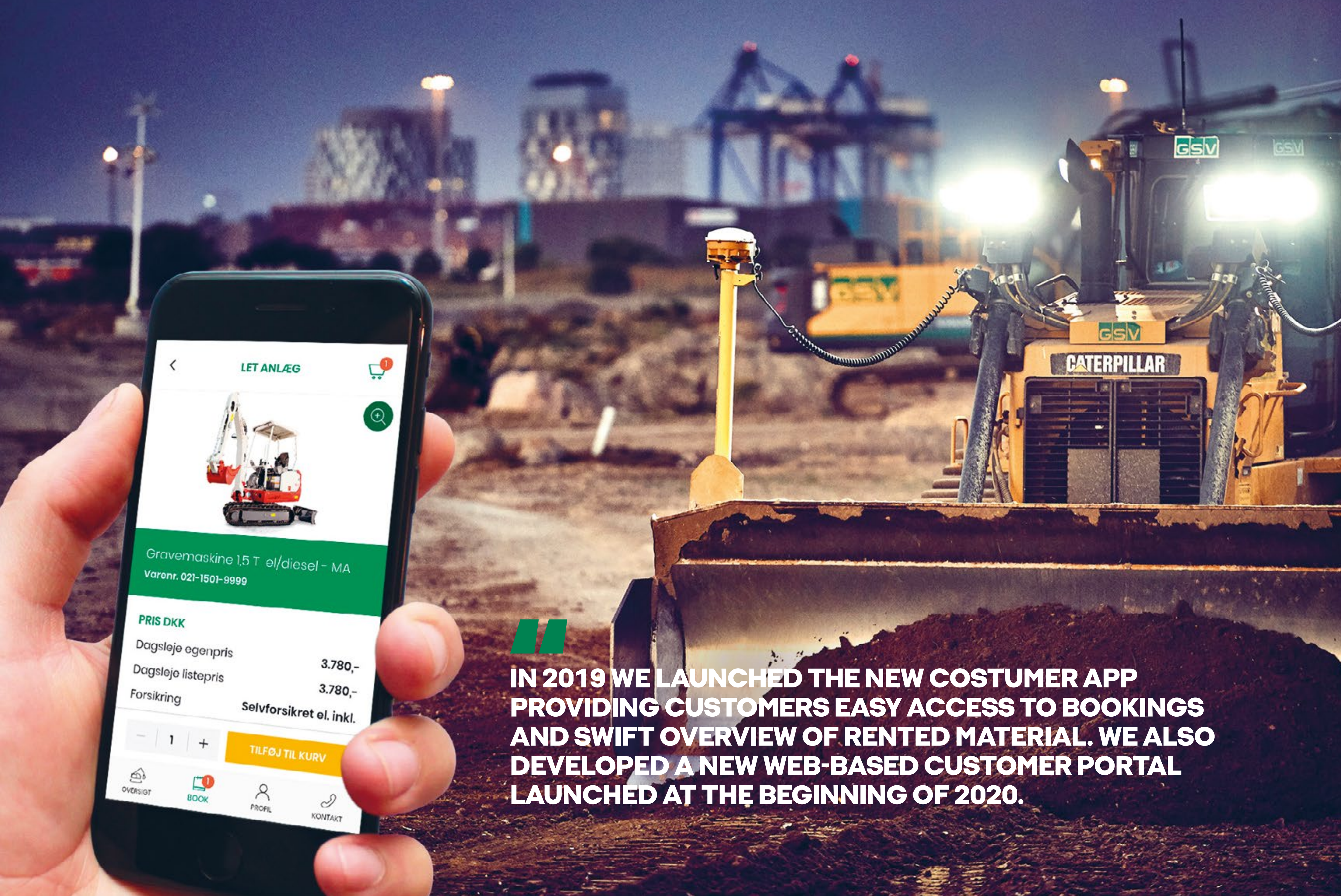
Our experienced personnel are well trained to help customers decide which equipment best suites their needs, and our educated, service personnel is available 24-7 to solve any challenge or in the rare occasion of equipment defects.

### THE PREFERRED LOCAL ONE-STOP SHOP

Our locally anchored operating model ensures local knowledge and understanding of how to best serve customers in their market. All necessary skills are placed in the local centres in order to ensure high quality service of all customers, large and small. We have the largest range of equipment and a broad network to source everything needed, even if it's not in-house.

### MAKING BUSINESSES MORE SUSTAINABLE

With the majority of our equipment park available as electric or battery driven, we help customers reach their sustainability targets and meet the requirements from contractors for environmentally friendly alternatives.




**IN 2019 WE LAUNCHED THE NEW COSTUMER APP PROVIDING CUSTOMERS EASY ACCESS TO BOOKINGS AND SWIFT OVERVIEW OF RENTED MATERIAL. WE ALSO DEVELOPED A NEW WEB-BASED CUSTOMER PORTAL LAUNCHED AT THE BEGINNING OF 2020.**

# OUR MARKETS

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

The Danish market for rental equipment to the engineering, building and construction industries amounts to approximately DKK 4.4 billion and is, according to the European Rental Association, expected to grow by 2-4% over the coming years. Following a long period of high growth in most of the market, the next years are expected to provide a more varied picture with stable to slowly growing activity in the civil engineering, renovation and industrial areas when excluding effects of the Fehmarn Belt connection, expected to initiate in 2021. New buildings in the housing market are expected to decline slightly, according to the Danish Construction Association.

**Market opportunities**

In general, the development in the equipment rental industry follows the activity level in the engineering, building and construction industries. However despite a slightly less favourable outlook for the whole market, several trends support continued growth in the equipment rental industry, e.g. sustainability and digitalization.

**Sustainability**

There is an increasing recognition among contractors and constructors to the possibility of reducing the industry's environmental footprint by renting equipment rather than owning. Some of the key sustainability benefits include higher utilization of equipment, efficiency gains, and continued renewal of the fleet facilitating 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 environment and business.

It is estimated that companies in the Construction Industry have an utilization rate of 15-25% for own equipment while GSV has a utilization of more than 60%. In a broader perspective, this high utilization rate – and our strong focus on high quality maintenance – is in line with the increasing global focus on creating a circular economy. This means increased reuse, recycle, repair and sharing of resources – right at the core of our business.

**Digitalization**

The equipment rental industry is generally reluctant to change and use of new technology, and very few rental companies in the Danish market have digitalized their pro-

## GSV IS CONTRIBUTING TO MAJOR CONSTRUCTION PROJECTS IN DENMARK

STORSTRØM BRIDGE

CITY & HARBOR COPENHAGEN

METRO COPENHAGEN

LIGHT RAIL PROJECTS IN AARHUS AND ODENSE

HIGHWAY PROJECTS ON FUNEN AND IN JUTLAND

WILDCAT AND SEDONA DATA CENTRES

RAILWAY PROJECTS IN NORWAY AND SWEDEN

NEW HEADQUARTER OF DANSKE BANK

cesses. We believe that businesses at the forefront of the digitalization agenda will gain competitive edge by being able to provide personalized, efficient and sophisticated services to their customers.

GSV is dedicated to providing the best service in the industry and are leading the digitalization agenda. In 2019, we launched the One-stop app, which provides the customer with a full overview and placement of rented equipment, order and return possibility, online catalogue and other customer service functions. The digital customer experience is a key driver in the optimization of both the customers' and GSV's business processes.

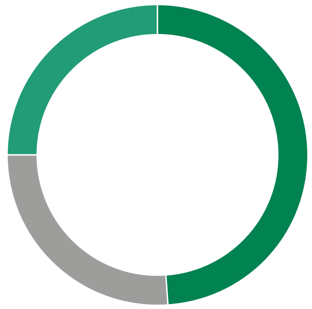
**Our customers**
GSV is the market leading one-stop shop for more than 7,000 large, mid-sized and small customers in the public and private markets providing the company with a resilient position with many levers for growth and profitability under changing market conditions. Our customers know, that no matter what type of equipment they need, they can get it from us.

Sales to large, key customers, constituting 49% of our revenue, increased by 3% in 2019. A dedicated key account sales team services these country-wide customers individually, who often request a wide range of equipment. In 2019, we had specific focus on identification of upcoming large-scale projects and lead generation. In addition, we have increased our local presence on construction sites to enrol new customers once the construction project is up and running.

Small and mid-sized customers are more local in nature. They employ up to 50 employees. The mid-sized customers have requirements similarly to large customers, but in smaller scale. The smallest customers often request single equipment in short periods of time and will pick-up and return the equipment by themselves. These customer units require personalised, local service, flexibility and immediate availability of equipment. In 2019, following the acquisition of Ramirent, we have had specific focus on advancing our services and establishing a standard equipment range in local offices to service small and mid-sized customers.

**CUSTOMERS**

%



- Key customers (49%)
- Small size customers (26%)
- Middle size customer (25)

# OUR PRODUCTS

We always strive to deliver the optimal solutions and best customer service. As a one-stop shop, we offer a broad and deep range of the newest equipment. During 2019, our portfolio has been adjusted due to the divestments of the scaffolding and pavilion products and more significantly following the acquisition of Ramirent Denmark's business.

With those transactions complete, GSV's product portfolio is more streamlined, focused and attractive to our core customers in the engineering, building and construction industries.

GSV's fleet now amounts to more than 26,000 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 particular conditions of rail construction.

> Continuous investments ensure that our fleet is always renewed and living up to the latest quality, safety and environmental standards.

### LIGHT EQUIPMENT


- Mini dumpers
- Mini excavators
- Mini loaders

### MODULAR SPACE

- Living units
- Office units
- Staircase units
- Entrance units.

### RAIL

- Dumpers, excavators and boom lifts on rail wheels
- Accessories

### HEAVY EQUIPMENT

- Dumpers
- Excavators
- Dozer
- Graders
- Loaders

### LIFT

- Boom lifts
- Scissor lifts
- Truck lift
- Telescopic boom lifts

### PLATFORM

- Work platforms
- Mast cranes
- Loading platforms.

### SMALL EQUIPMENT

- Generators
- Vibrators
- Heating equipment
- Tools.

### SOLUTION

- Climate
- Access
- On-Site
- Facility
- Logistic.

Our heavy equipment covers construction equipment weighing above 15 tons. Very often our service related to heavy equipment also includes highly skilled and experienced operators.

Light equipment includes non-handheld construction and building equipment up to 15 tons, and our small equipment is generally handheld and tools.

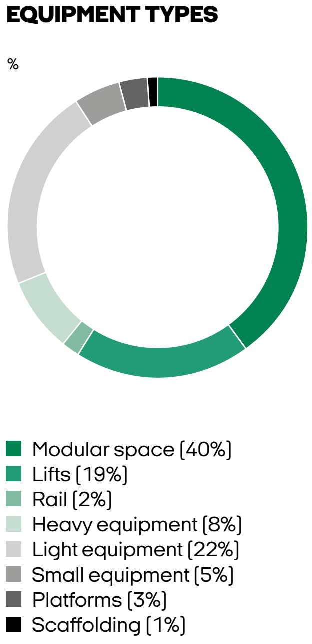
With our modular space units we can fulfil significant and varied customer needs in temporary spacing on constructions sites. Platform equipment covers work platforms, cranes and loading units to serve requirements at construction sites.

**Fleet investments**
Continuous investments ensure that our fleet is always renewed and living up to the latest quality, safety and environmental standards. The investments are made 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 2019, GSV invested 232 mDKK in its fleet to maintain an attractive, reliable and updated fleet. Our fleet currently has an average age of 4 years.

GSV is consolidating the numbers 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** quality,
**3** availability and
**4** service options included.

In 2019, GSV achieved average rental period of 18 days compared to 28 days in 2018. The shorter average rental period in 2019 was mainly due to shorter construction project timelines in the market, more efficient rental processes and higher customer awareness around idle equipment.



THEME

# AN AMBITIOUS CONTRIBUTION TO THE EDUCATION OF APPRENTICES

**There is an increasing demand for young people to choose a craft profession and GSV happily accepts a responsibility to provide more education to attract young people to the construction industry.**

In GSV, 9% of the workforce is under the age of 30, whereas 44% is over the age of 50 (end 2019). It is our ambition to attract, retain and develop more young people.

We therefore have a clear ambition to maintain the best apprenticeship program in the industry by seeking to provide our apprentices with the best possible setting on the job and in terms of educational experience. Because of this, we are working closely with the vocational school in Denmark, Erhvervsskolerne Aars, to ensure close contact between the schooling system and the apprenticeship of each individual.

As the largest equipment rental company in Denmark, we offer our apprentices an opportunity to acquire knowledge of a vast number of machinery types and models, which makes the education highly diverse, along with opportunities to explore other parts of the company.

**Safety and welfare**

At GSV we prioritize safety and welfare. Thus, every apprentice has his or her own contact person who is responsible for the apprentice's necessary training as well as daily welfare. This is accounted for with follow-up interviews, which take place several times a year. In these interviews, themes like problem solving, welfare and teamwork are discussed. Furthermore, each apprentice gets instructed on safety procedures and DRA.

GSV seeks to uphold our responsibility to society by creating more apprenticeships to help students, employees, and the industry in general. By the end of 2019, GSV had 6. It is our goal that 75% of apprentices stay at GSV after the end of their apprenticeship and education.

> I recommend GSV as the place to start on your apprenticeship. You learn how to operate an excavator, how to drive a wheel loader and a dozer. You learn such a variety of skills here.

Jonas Strøyer, Machine operator apprentice

# CORPORATE SOCIAL RESPONSIBILITY

**Our approach and policies**
GSV has a long-standing commitment to act responsibly. As a market leading partner for the engineering, construction and building industries, we have for decades been devoted to putting people first meaning that our focus is on creating value for our key stakeholders – our customers, employees, partners, shareholders and society. We put people before machines.

Our industry is heavily intertwined with society, be it e.g. large, transformational infrastructure projects, as job creator for thousands of smaller and medium sized business or via the impacts it has on the environment. We are committed to contributing to society, and strongly prioritize training and education of our employees and increase the number of apprentices in the organisation.

The bulk of social and environmental impacts in our value chain happens outside the scope of our company, specifically in the manufacture of the equipment, usage phase and disposal. Therefore, we work actively to partner with our stakeholders to create sustainable solutions, as most recently witnessed by our hosting of the conference, "The future of construction" in Copenhagen, October 2019. In GSV we are committed to take our share of the responsibility. Our policies for social and environmental responsibility is integrated in our certified quality management system (QMS) and guided by the ten principles of the United Nations Global Compact. In addition, we have described how we expect our employees to conduct their business in a Code of Conduct. We have also implemented a code of conduct for our suppliers.

**Materiality assessment and risk management**
The engineering, building and construction industries today account for up to 50% of global energy consumption, 50% of global water consumption, 60% of material consumption and 50% of waste for landfill. In Denmark alone, 40% of all waste comes from these industries, and they account for up to 40% of $CO_2$ emissions.

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
- Energy consumption
- Use and handling of chemicals
- Waste handling
- Fraud and bribery

## REPORT SCOPE

This section constitutes GSV's statutory report on corporate social responsibility for the financial year 2019, pursuant to sections 99a and 99b of the Danish Financial Statements Act. A description of our business model can be found on page 6-7 in this annual report. Included data and description of activities cover the period 1 January 2019 – 31 December 2019, unless otherwise stated. Numbers are based on readings, invoices or registrations in our it-systems.

## ORGANIZATION

The responsibility for GSV's CSR policies is vested in the Executive Board, while overall operational responsibility is placed with the Director for Health, Safety, Environment and Quality (HSEQ). Execution of activities with respect to environment, health and safety is placed with the Director for HSEQ. Execution of activities with respect to labour conditions, diversity, fraud, bribery and anti-competitive behaviour is placed with the Director for HR.

## ANTI-CORRUPTION

We are against corruption in all its forms, including extortion and bribery. GSV has a zero tolerance towards fraud or bribery. Our obligation to fight corruption is governed by the code of conduct, and any violation should be reported to our CEO, Human Resources and quality manager. During 2019, we did not observe any incidents or violations of our anti-corruption policies, and we have conducted follow-up training of relevant employees.

GSV is primarily operating in Denmark and the majority of our suppliers are premium branded equipment manufacturers. 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 2019, we continued training of personnel and implemented an updated code of conduct for our suppliers, which they are obliged to sign as part of entering a business contract with GSV.

## 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. In order to ensure that our human rights policy is also followed by our suppliers, we openly communicate the Danish law and perform compliance inspection of their documentation. 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.

**Gender diversity**
GSV has a zero tolerance to discrimination and provide equal opportunities for both male and female employees with respect to salary and promotion and ensuring a good working environment for all employees to best utilize their skills and gain management responsibilities. But we operate in an industry with few female workers, and we are experiencing difficulties in recruiting female employees at all levels of the organisation.

During 2019, there were female managers in marketing, procurement, finance and HR functions as well as in one of our rental departments. In 2019, we have worked 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. We declined one female candidate and accepted one in 2019, as 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 six and there are no female representatives.

## HUMAN RIGHTS

GSV recognizes 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 2019, we have had specific 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. In order to raise awareness among employees of safety observations and their importance for avoiding accidents to happen a campaign was launched resulting in a significant increase in the number of reported safety observations.

We also strengthened the health and safety organisation in 2019 by greatly increasing the local and functional representation, assigning accountability directly to line managers, and working in smaller groups with frequent meeting schedules and focus on specific issues.

We measure and monitor our health and safety work by the number of work-related accidents per million working hours (LTIF) and by the number of registered safety observations. In 2019, the development has not been satisfactorily despite an increase in the number of safety observations from 2 in 2018 to 113 in 2019 as the LTIF increased from 21.6 in 2018 to 32.0 in 2019. The higher LTIF can be partly explained by increasing awareness and improved reporting throughout the organisation. This is also evident from the 338% increase in safety observation per accident. GSV regards the more conscious safety culture as a strong and necessary foundation for the future health and safety work.

## 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. Recognizing 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.

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 minimize any adverse effect on the environment. In 2019, there were no unintended environmental impacts.

Our main water and chemicals consumption relate to the washing and cleaning of equipment upon return delivery. In 2019, we have conducted extensive training of our employees in wash facilities in a joint effort with our primary cleaning agent supplier. Best practice regarding dosing and application as well as water temperature and consumption have been implemented throughout the organization.

Due to our large in- and outdoor facilities and full day and night work activity, we continuously implement the newest and most effective lighting. In 2019, we have replaced fluorescent lighting with LED in most indoor fixtures, a work that continues in 2020 with the installation of passive infrared sensors in certain areas.

## CSR DATA AND NON-FINANCIAL KEY PERFORMANCE INDICATORS

| Environmental data and indicators | Unit | 2019* | 2018** |
|---|---|---|---|
| Water consumption | $m^3$ | 16,254 | 11,430 |
| Energy for heating | kwh | 4,260,730 | 2,389,567 |
| Electricity | kwh | 2,031,173 | 1,269,877 |
| Chemicals consumption | liter | 18,852 | 14,476 |
| Waste | mt | 2,003 | 1,278 |
| - Recycled | mt | 1,167 | 393 |
| - Incineration | mt | 559 | 416 |
| - Landfill | mt | 272 | 468 |
| Recycled waste ratio to total waste | % | 58% | 31% |
| Chemical consumption pr. delivered unit | liter | 0.15 | 0.13 |
| Energy for heating pr $m^2$ (building area) | kwh | 89 | 80 |
| Electricity consumption pr $m^2$ (building area) | kwh | 42 | 43 |
| Building areas | $m^2$ | 47,889 | 29,876 |
| Delivered units | no. | 127,163 | 113,200 |
| **Health and safety data and indicators** | | | |
| Safety observations | no. | 113 | 2 |
| Accidents with lost time | no. | 29 | 20 |
| Lost Time Incidence Frequency (LTIF)*** | | 32.0 | 21.6 |
| Safety observations per accident | no. | 3.9 | 0.1 |
| **Gender split female/male** | | | |
| Executive Management, Directors and senior managers | % | 11/89 | 12/88 |
| Board of Directors | no. | 0/100 | 0/100 |

* 2019 unclucles Ramirent from 1 January 2019
** 2018 do not include Ramirent
*** Work-related accidents per million working hours

## HEALTH AND SAFETY TARGETS 2020

It is our ambition to significantly reduce the number of work accidents and strengthen our safety culture. For 2020, we have set the following targets:

**LOST TIME INCIDENCE FREQUENCY**

**15**

32.0 in 2019

**NUMBER OF SAFETY OBSERVATIONS PR. ACCIDENT**

**40**

3.9 in 2019

**QMS DEVIATIONS REPORTED BY MONITORING BODY**

**1**

0 in 2019

## ENVIRONMENTAL TARGETS 2020

We have set the following environmental targets for 2020:

**ENERGY USED FOR HEATING**

**80 KWH/M²**

89 kWh/m² in 2019

**ENERGY USED FOR ELECTRICITY**

**35 KWH/M²**

42 kwh/m² in 2019

**FRACTION OF RECYCLED WASTE**

**75%**

58% in 2019

## GENDER TARGET 2020

We have set the following gender targets for 2020:

**FEMALE MEMBERS OF THE BOARD OF DIRECTORS**

**20%**

0% in 2019

# RISK MANAGEMENT

## RISK GOVERNANCE STRUCTURE

GSV is constantly seeking to manage the risks inherent in the business activities and reduce the potential financial impact of these to an acceptable level.

Central to our risk management strategy is a regular data collection from several internal systems, which provides a solid basis for management's decisions.

This process is supported by fast information flows, thorough root cause analyses and short response times accommodated by our flat organizational structure.

Our risk management approach therefore 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 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.

## PARTICULAR RISKS – OPERATING AND FINANCIAL RISKS

### OPERATING RISKS

The majority 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. Moreover, GSV depends on the procurement of necessary funding on market terms.

Our Executive Board and Board of Directors continuously address the development of the business in respect of customers and market to identify potential risks and to secure that GSV has adequate resources allocated to adapt to the macro economic trends

### FINANCIAL RISKS

GSV's financing structure is common for private equity-owned groups. The Executive Board and the Board of Directors regularly evaluate whether the capital structure supports the achievements of overall strategic goals and long-team growth.

GSV is financed by its equity and long-term loan facilities. At 31 December 2019 the solvency ratio was 40%.

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

At the balance sheet date, the net interest-bearing debt was DKK 611m, which is considered an appropriate level.

# BOARD OF DIRECTORS



| | **CARSTEN NYGAARD KNUDSEN**<br>**Chairman of the board** | **PETER RYTTERGAARD**<br>**Deputy chairman** | **STEVE JAMES CORCORAN**<br>**Board member** |
|---|---|---|---|
| **Year of birth** | 1961 | 1970 | 1960 |
| **Joined the board** | 2015 | 2015 | 2017 |
| **Directorships** | **Executive Board:** Søgaarden Sjælsø ApS.<br>**Chairman:** G.S.V. Holding A/S, G.S.V. Materieludlejning A/S, Dane TopCo ApS, Tresu A/S, Tresu Investment A/S, Tresu Group Holding, Tresu Investment Holding A/S.<br>**Deputy chairman:** Glunz & Jensen Holding A/S<br>**Member of the Board of Directors:** Lyngsoe System Holding A/S, Lyngsoe System A/S, Stibo Fonden, Stibo Holding A/S, Stibo Ejendomme A/S, Languagewire A/S, Languagewire Holding A/S, EG A/S. | **Executive Board:** Buldus ejendomme ApS, Investerings-selskabet af 27/12 1985 ApS, CataCap OP ApS, Cat-aCap DM ApS, CataCap DM II ApS, CC II Management Invest 2017 GP ApS, CATACAP GENERAL PARTNER I ApS, Mobylfie DM ApS, TPA Green ManCo ApS, CASA ManCo ApS, LW ManCo ApS, CC Fly Invest ApS, Rekom ManCo ApS, CC Globe Invest Aps.<br>**Chairman:** Atlantic HoldCo Limited, Atlantic OfferCo Limited Aerfin Holdings Limited, Aerfin Limited.<br>**Deputy chairman:** TPA Holding I A/S, TPA Holding II A/S, TP Aerospace Holding A/S, G.S.V. Holding A/S, G.S.V. Materieludlejning A/S.<br>**Member of the Board Directors:** Kjærulff Pedersen A/S, CataCap Management A/S, CataCap General Partner II ApS, CC Orange Invest ApS, Mobylife Holding A/S, Mobylife DK A/S, Mobylife AB, Mobylife AS, Mobylife OY, CC Green Wall Invest ApS, RYTTERGAARD INVEST A/S, CC TOOL INVEST ApS, CC Oscar Invest Aps, CC SKY Invest ApS, CC OSCAR HOLDING I A/S, CASA A/S, HB-Care Leasing ApS, CC EXPLORER INVEST ApS, CC Lingo Invest ApS. | **Member of the Board Directors:** G.S.V. Holding A/S, Hawk Plant (UK) Ltd, Hawk Plant Hire Ltd, Hawk Hire Ltd, Hawk Plant Ltd, Hawk Plant Sales Ltd, Safety & Training Ltd, Enverity Ltd, EPS Plant Ltd |



| | **VILHELM EIGIL HAHN PETERSEN**<br>**Board member** | **JENS NYHUS**<br>**Board member** | **DAN O. VORSHOLT**<br>**Board member** |
|---|---|---|---|
| **Year of birth** | 1960 | 1965 | 1973 |
| **Joined the board** | 2015 | 2015 | 2015 |
| **Directorships** | **Executive Board:** Myco ApS, CataCap OP ApS, CataCap DM ApS, CataCap DM II ApS, CC II Management Invest 2017 GP ApS, CATACAP GENERAL PARTNER I ApS, Mobylfie DM ApS, Casa ManCo ApS, TPA Green ManCo ApS, LW ManCo ApS, CC Fly Invest ApS, Rekom ManCo ApS, CC TRACK INVEST ApS, CC Globe Invest ApS.<br>**Chairman:** CC Green Wall Invest ApS, CC Lingo Invest ApS.<br>**Deputy chairman:** Mobylife Holding A/S, Mobylife DK A/S, Mobylife AB, Mobylife AS, Mobylife OY, CC Oscar Holding I A/S, CASA A/S, Rekom Group A/S, CC Fly Holding I ApS, CC Fly Holding II A/S.<br>**Member of the Board of Directors:** Airhelp Limited, CataCap Management A/S, CataCap General Partner II ApS, Lyngsoe Systems Holding A/S, Lyngsoe Systems A/S, CC Explorer Invest ApS, CC Tool Invest ApS, G.S.V. Holding A/S, G.S.V. Materieludlejning A/S, CC Oscar Invest ApS, TPA Holding I A/S, TPA Holding II A/S, TP Aerospace Holding A/S, CC ORANGE INVEST ApS. | **Executive Board:** Full list see page 31.<br>**Member of the Board of Directors:** Full list see page 31.<br>SEE LIST | **Executive Board:** DOV Holding ApS, DHS Invest ApS.<br>**Executive Board and member of the Board of Directors:** G.S.V. Holding A/S, G.S.V. Materieludlejning A/S |

**Number of shares held by the board of directors: A-shares: 252,495. B-shares: 39,520.**

# EXECUTIVE BOARD

| |  |  |  |
|---|---|---|---|
| | **DAN O. VORSHOLT**<br>**CEO** | **FRANK OLESEN**<br>**COO** | **JESPER BRAMMING**<br>**CFO** |
| **Year of birth** | 1973 | 1961 | 1960 |
| **Year of employment** | 1996 | 2018 | 2019 |
| **Directorships** | **Executive Board:** DOV Holding ApS, DHS Invest ApS.<br>**Executive Board and member of the Board of Directors:** G.S.V. Materieludlejning A/S, G.S.V. Holding A/S. | **Executive Board:** FSFPOS2014, Nordlys Tele A/S. G.S.V. Materieludlejning A/S., G.S.V. Holding A/S.<br>**Chairman:** Keolis Danmark A/S.<br>**Member of the Board of Directors:** Nordlys Tele A/S. | **Executive Board:** G.S.V. Materieludlejning A/S, G.S.V. Holding A/S..<br>**Chairman:** Jesper Bramming Holding ApS. |

**Number of shares held by the Executive Board: A-shares: 247,555. B-shares: 19,760**

## JENS NYHUS

### Directorships

**Executive Board**: Carlsberg Byen I A/S, Carlsberg Byen Komplementar ApS, Carlsberg Byen P/S, Carlsberg Byen Komplementar I ApS, Carlsberg Byen Komplementar Byggefelt 8 ApS, Carlsberg Byen Ejendomme I P/S, Carlsberg Byen Ejendomme P/S, Carlsberg Byen Komplementar 20d ApS , Carlsberg Byen 20d P/S, Komplementar Carlsberg Byen BA 13 ApS, Komplementar Carlsberg Byen BA 16 ApS, Komplementar Carlsberg Byen BA 17 ApS, Komplementar Carlsberg Byen BA 3 ApS, Carlsberg Byen BA 13 P/S, Carlsberg Byen BA 16 P/S, Carlsberg Byen BA 17 P/S, Carlsberg Byen BA 3 P/S, Komplementar Carlsberg Byen BA 12 ApS, Carlsberg Byen BA 12 P/S, Komplementar Carlsberg Byen BA 2 P/S, Komplementar Carlsberg Byen BA 5 ApS, Komplementar Carlsberg Byen BA 11 ApS, Komplementar Carlsberg Byen BA 16.3 ApS, Carlsberg Byen BA 2 P/S, Carlsberg Byen BA 5 P/S, Carlsberg Byen BA 11 P/S, Carlsberg Byen BA 16.3 P/S, Komplementar Carlsberg Byen Ejendomssalg ApS, Komplementar Carlsberg Byen Ejendomsdrlft ApS, Carlsberg Byen Ejendomssalg P/S, Carlsberg Byen Ejendomsdrlft P/S, Komplementar Carlsberg Byen BA 4.2 ApS, Carlsberg Byen BA 4.2 P/S, Komplementar Carlsberg Byen BA 6ø ApS, Komplementar Carlsberg Byen BA 7 ApS, Komplementar Carlsberg Byen BA 9 ApS, Komplementar Carlsberg Byen BA 10.3 ApS, Komplementar Carlsberg Byen BA 15 ApS, Carlsberg Byen BA 6ø P/S, Carlsberg Byen BA 7 P/S, Carlsberg Byen BA 9 P/S, Carlsberg Byen BA 10.3 P/S, Carlsberg Byen BA 15 P/S, Carlsberg Byen BA 9 Bolig I P/S, Komplementar Carlsberg Byen BA 9 Bolig I ApS, Carlsberg Byen BA 9 Bolig II P/S, Komplementar Carlsberg Byen BA 9 Bolig II ApS, Carlsberg Byen BA 9 Tårn P/S, Komplementar Carlsberg Byen BA 9 Tårn ApS, Carlsberg Byen BA 10.3 Tårn P/S, Komplementar Carlsberg Byen BA 10.3 Tårn ApS, Carlsberg Byen BA 11 Kontor P/S, Komplementar Carlsberg Byen BA 11 Kontor ApS, Carlsberg Byen Parkering P/S, Komplementar Carlsberg Byen Parkering ApS, Carlsberg Byen Ejendomme Tårn P/S, Komplementar Carlsberg Byen Ejendomme Tårn ApS, Carlsberg Byen BA 2 Bolig P/S, Komplementar Carlsberg Byen BA 2 Bolig ApS, Carlsberg Byen BA 2 Tårn P/S, Komplementar Carlsberg Byen BA 2 Tårn ApS, Carlsberg Byen Administrationsbygning P/S, Komplementar Carlsberg Byen Administrationsbygningen ApS, Carlsberg Byen BA 5 Bolig P/S, Komplementar Carlsberg Byen BA 5 Bolig ApS, Carlsberg Byen BA 6Ø Bolig I P/S, Komplementar Carlsberg Byen BA 6Ø Bolig I ApS, Carlsberg Byen BA 6Ø Bolig II P/S, Komplementar Carlsberg Byen BA 6Ø Bolig II ApS, Carlsberg Byen BA 6Ø Tårn P/S, Komplementar Carlsberg Byen BA 6Ø Tårn ApS, Carlsberg Byen BA 7 Bolig P/S, Komplementar Carlsberg Byen BA 7 Bolig ApS, Carlsberg Byen BA 15 Bolig P/S, Komplementar Carlsberg Byen BA 15 Bolig ApS, Carlsberg Byen BA 15 Tårn P/S, Komplementar Carlsberg Byen BA 15 Tårn ApS, Carlsberg Byen Ejendomme Tårn Udlejning P/S, Komplementar Carlsberg Byen Ejendomme Tårn Udlejning ApS, Carlsberg Byen Ejendomme Tårn Salg P/S, Komplementar Carlsberg Byen Ejendomme Tårn Salg ApS, Carlsberg Byen BA 6V P/S, Komplementar Carlsberg Byen BA 6V ApS, Carlsberg Byen BA 10 P/S Tårn, Komplementar Carlsberg Byen BA 10 ApS, Carlsberg Byen BA 14 P/S, Komplementar Carlsberg Byen BA 14 ApS.

**Member of the Board of Directors:** DSB Ejendomsudvikling A/S, Carlsberg Byen I A/S, Carlsberg Byen Komplementar I ApS, Carlsberg Byen Komplementar Byggefelt 8 ApS, Carlsberg Byen Ejendomme I P/S, Carlsberg Byen Ejendomme P/S, Carlsberg Byen Komplementar 20d ApS , Carlsberg Byen 20d P/S, Komplementar Carlsberg Byen BA 13 ApS, Komplementar Carlsberg Byen BA 16 ApS, Komplementar Carlsberg Byen BA 17 ApS, Komplementar Carlsberg Byen BA 3 ApS, Carlsberg Byen BA 13 P/S, Carlsberg Byen BA 16 P/S, Carlsberg Byen BA 17 P/S, Carlsberg Byen BA 3 P/S, Komplementar Carlsberg Byen BA 12 ApS, Carlsberg Byen BA 12 P/S, Komplementar Carlsberg Byen BA 2 P/S, Komplementar Carlsberg Byen BA 5 ApS, Komplementar Carlsberg Byen BA 11 ApS, Komplementar Carlsberg Byen BA 16.3 ApS, Carlsberg Byen BA 2 P/S, Carlsberg Byen BA 5 P/S, Carlsberg Byen BA 11 P/S, Carlsberg Byen BA 16.3 P/S, Komplementar Carlsberg Byen Ejendomssalg ApS, Komplementar Carlsberg Byen Ejendomsdrlft ApS, Carlsberg Byen Ejendomssalg P/S, Carlsberg Byen Ejendomsdrlft P/S, Komplementar Carlsberg Byen BA 4.2 ApS, Carlsberg Byen BA 4.2 P/S, Komplementar Carlsberg Byen BA 6ø ApS, Komplementar Carlsberg Byen BA 7 ApS, Komplementar Carlsberg Byen BA 9 ApS, Komplementar Carlsberg Byen BA 10.3 ApS, Komplementar Carlsberg Byen BA 15 ApS, Carlsberg Byen BA 6ø P/S, Carlsberg Byen BA 7 P/S, Carlsberg Byen BA 9 P/S, Carlsberg Byen BA 10.3 P/S, Carlsberg Byen BA 15 P/S, Carlsberg Byen BA 9 Bolig I P/S, Komplementar Carlsberg Byen BA 9 Bolig I ApS, Carlsberg Byen BA 9 Bolig II P/S, Komplementar Carlsberg Byen BA 9 Bolig II ApS, Carlsberg Byen BA 9 Tårn P/S, Komplementar Carlsberg Byen BA 9 Tårn ApS, Carlsberg Byen BA 10.3 Tårn P/S, Komplementar Carlsberg Byen BA 10.3 Tårn ApS, Carlsberg Byen BA 11 Kontor P/S, Komplementar Carlsberg Byen BA 11 Kontor ApS, Carlsberg Byen Parkering P/S, Komplementar Carlsberg Byen Parkering ApS, Carlsberg Byen Ejendomme Tårn P/S, Komplementar Carlsberg Byen Ejendomme Tårn ApS, Carlsberg Byen BA 2 Bolig P/S, Komplementar Carlsberg Byen BA 2 Bolig ApS, Carlsberg Byen BA 2 Tårn P/S, Komplementar Carlsberg Byen BA 2 Tårn ApS, Carlsberg Byen Administrationsbygning P/S, Komplementar Carlsberg Byen Administrationsbygningen ApS, Carlsberg Byen BA 5 Bolig P/S, Komplementar Carlsberg Byen BA 5 Bolig ApS, Carlsberg Byen BA 6Ø Bolig I P/S, Komplementar Carlsberg Byen BA 6Ø Bolig I ApS, Carlsberg Byen BA 6Ø Bolig II P/S, Komplementar Carlsberg Byen BA 6Ø Bolig II ApS, Carlsberg Byen BA 6Ø Tårn P/S, Komplementar Carlsberg Byen BA 6Ø Tårn ApS, Carlsberg Byen BA 7 Bolig P/S, Komplementar Carlsberg Byen BA 7 Bolig ApS, Carlsberg Byen BA 15 Bolig P/S, Komplementar Carlsberg Byen BA 15 Bolig ApS, Carlsberg Byen BA 15 Tårn P/S, Komplementar Carlsberg Byen BA 15 Tårn ApS, Carlsberg Byen Ejendomme Tårn Udlejning P/S, Komplementar Carlsberg Byen Ejendomme Tårn Udlejning ApS, Carlsberg Byen Ejendomme Tårn Salg P/S, Komplementar Carlsberg Byen Ejendomme Tårn Salg ApS, Carlsberg Byen BA 6V P/S, Komplementar Carlsberg Byen BA 6V ApS, Carlsberg Byen BA 10 P/S Tårn, Komplementar Carlsberg Byen BA 10 ApS, Carlsberg Byen BA 14 P/S, Komplementar Carlsberg Byen BA 14 ApS.

GO BACK

# STATEMENT BY MANAGEMENT

The Board of Directors and the Executive Board have today discussed and approved the annual report of G.S.V. Holding A/S for the financial year 1 January - 31 December 2019.

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 consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2019.

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

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

Hedehusene, 21 February 2020

**Executive Board:**

Dan Vorsholt

Frank Olesen

Jesper Bramming

**Board of Directors:**

Carsten Nygaard Knudsen
Chairman

Peter Ryttergaard
Vice chairman

Steve James Corcoran

Vilhelm Eigil Hahn Petersen

Jens Nyhus

Dan Vorsholt

# INDEPENDENT AUDITOR'S REPORT

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

**Opinion**
In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Group's and Parent Company's operations and cash flows for the financial year 1 January – 31 December 2019 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. Holding A/S' consolidated financial statements and separate financial statements for the financial year 1 January – 31 December 2019 comprising the income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including summary of significant accounting policies, for the Group as well as for the Parent Company (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 Standard 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 Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

**Statement on the Management's review**
Management is responsible for the Management's review.

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

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

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

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

**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 consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements 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 financial statement users taken on the basis of these consolidated financial statements and parent company financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Copenhagen, 21 February 2020

**KPMG**
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Henrik O. Larsen

| | |
|---|---|
| **Henrik O. Larsen** | **Klaus Rytz** |
| State Authorised | State Authorised |
| Public Accountant | Public Accountant |
| MNE no. 15839 | MNE no. 33205 |


# CONSOLIDATED FINANCIAL STATEMENTS

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## PRIMARY STATEMENTS



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| DKK'000 | Note | 2019 | 2018 |
|---|---|---|---|
| **Revenue** | 3 | **997,799** | **834,021** |
| Direct costs | 4 | -408,812 | -328,082 |
| Other operating income | | 24,314 | 28,611 |
| Other external costs | 5 | -61,128 | -44,688 |
| **Gross profit/loss** | | **552,173** | **489,862** |
| Staff costs | 6 | -270,539 | -190,939 |
| **Profit/loss before interest, taxes, depreciation and amortisation (EBITDA)** | | **281,634** | **298,923** |
| Depreciation, amortisation and impairment losses | 7 | -195,155 | -187,355 |
| Special items | 8 | 4,603 | -8,833 |
| **Operating profit (EBIT)** | | **91,082** | **102,735** |
| Finance income | | 138 | 181 |
| Finance costs | 9 | -26,290 | -21,153 |
| **Profit/loss before tax** | | **64,930** | **81,763** |
| Tax on profit/loss for the year | 10 | -33,519 | -18,315 |
| **Profit/loss for the year/total comprehensive income** | | **31,411** | **63,448** |
| | | | |
| **Profit/loss for the year/ total comprehensive income is attributable to:** | | | |
| Shareholders in G.S.V. Holding A/S | | 31,411 | 63,448 |
| **Profit/loss for the year/total comprehensive income** | | **31,411** | **63,448** |

# CONSOLIDATED BALANCE SHEET

| DKK'000 | Note | 2019 | 2018 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Intangible assets | 11 | 216,204 | 357,666 |
| Property, plant and equipment | 12,17 | 1,158,123 | 1,064,793 |
| Deposits | 13 | 7,545 | 7,958 |
| Receivables from Parent Company | | 150 | 0 |
| **Total non-current assets** | | **1,382,022** | **1,430,417** |
| **Current assets** | | | |
| Finished goods for resale and spare parts | | 15,105 | 14,569 |
| Trade receivables | 14 | 168,371 | 116,105 |
| Other receivables | | 2 | 301 |
| Prepaid costs | 14 | 5,942 | 20,288 |
| Cash and cash equivalents | | 110,038 | 2,539 |
| **Total current assets** | | **299,458** | **153,802** |
| **Total assets** | | **1,681,480** | **1,584,219** |

| DKK'000 | Note | 2019 | 2018 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 15 | 5,021 | 4,996 |
| Share premium | | 50,277 | 49,405 |
| Retained earnings | | 584,114 | 549,959 |
| **Total equity** | | **639,412** | **604,360** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Deferred tax | 16 | 138,216 | 103,175 |
| Loans from credit institutions | 24 | 0 | 171,100 |
| Lease liabilities | 24 | 546,580 | 344,630 |
| **Total non-current liabilities** | | **684,796** | **618,905** |
| **Current liabilities** | | | |
| Loans from credit institutions | 24 | 0 | 50,369 |
| Loans from Parent Company | 24 | 0 | 112 |
| Lease liabilities | 24 | 173,997 | 126,789 |
| Banks | | 0 | 39,023 |
| Trade payables | 24 | 100,394 | 107,916 |
| Current tax payable | | 23,199 | 3,566 |
| Other payables | | 59,682 | 33,179 |
| **Total current liabilities** | | **357,272** | **360,954** |
| **Total liabilities** | | **1,042,068** | **979,859** |
| **Total equity and liabilities** | | **1,681,480** | **1,584,219** |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| DKK'000 | Share capital | Retained earnings | Share premium | Total equity |
|---|---|---|---|---|
| **Equity at 1 January 2019** | **4,996** | **549,959** | **49,405** | **604,360** |
| **Total comprehensive income for 2019** | | | | |
| Profit/loss for the year/ other comprehensive income | 0 | 31,411 | 0 | 31,411 |
| **Total comprehensive income for the year** | **0** | **31,411** | **0** | **31,411** |
| **Transactions with owners** | | | | |
| Share capital increase | 25 | 0 | 872 | 897 |
| Sale/purchase of treasury shares | 0 | 2,744 | 0 | 2,744 |
| **Total transactions with owners** | **25** | **2,744** | **872** | **3,641** |
| **Equity at 31 December 2019** | **5,021** | **584,114** | **50,277** | **639,412** |

| DKK'000 | Share capital | Retained earnings | Share premium | Total equity |
|---|---|---|---|---|
| **Equity at 1 January 2018** | **4,955** | **488,494** | **47,148** | **540,597** |
| **Total comprehensive income for 2018** | | | | |
| Profit/loss for the year/ other comprehensive income | 0 | 63,448 | 0 | 63,448 |
| **Total comprehensive income for the year** | **0** | **63,448** | **0** | **63,448** |
| **Transactions with owners** | | | | |
| Share capital increase | 41 | 0 | 2,257 | 2,298 |
| Sale/purchase of treasury shares | 0 | -1,983 | 0 | -1,983 |
| **Total transactions with owners** | **41** | **-1,983** | **2,257** | **315** |
| **Equity at 31 December 2018** | **4,996** | **549,959** | **49,405** | **604,360** |

# CONSOLIDATED CASH FLOW STATEMENT

| DKK'000 | Note | 2019 | 2018 |
|---|---|---|---|
| Profit/loss for the year | | 31,411 | 63,448 |
| Depreciation, amortisation and impairment losses | | 195,155 | 187,355 |
| Other adjustments of non-cash operating items | 20 | 44,314 | 18,248 |
| **Cash flow from operations before changes in working capital** | | **270,880** | **269,051** |
| Changes in working capital | 21 | 870 | -13,431 |
| **Cash flow from operations** | | **271,750** | **255,620** |
| Interest income received | | 138 | 181 |
| Interest expense paid | | -26,290 | -21,153 |
| Income taxes paid | | -10,089 | -17,409 |
| **Cash flow from operating activities** | | **235,509** | **217,239** |
| Purchase of intangible assets | 11 | -7,052 | -2,282 |
| Purchase of property, plant and equipment | 12,22 | -23,745 | -101,447 |
| Proceeds from sale of property, plant and equipment | 12 | 614,578 | 59,042 |
| Acquisition of subsidiaries and activities | 19 | -240,938 | 0 |
| **Cash flow from investing activities** | | **342,843** | **-44,687** |

| DKK'000 | Note | 2019 | 2018 |
|---|---|---|---|
| Payment of debt to credit institutions | | -260,492 | -58,000 |
| Proceeds from debt to credit institutions | | 0 | 5,536 |
| Payment of lease liabilities | | -213,740 | -122,039 |
| Payment of debt to Parent company | | -262 | -134 |
| Sale/purchase of treasury shares | | 2,744 | -1,983 |
| Capital increase | | 897 | 2,298 |
| **Cash flow from financing activities** | | **-470,853** | **-174,322** |
| **Cash flow for the year** | | **107,499** | **-1,770** |
| Cash and cash equivalents at beginning of year | | 2,539 | 4,309 |
| **Cash and cash equivalents at year end** | | **110,038** | **2,539** |
| **Unutilised credit facilities at year end** | | **155,762** | **23,625** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 ACCOUNTING POLICIES

**General**
G.S.V. Holding A/S is a public limited company incorporated in Denmark. The annual report for 2019 includes both the consolidated financial statements of G.S.V Holding A/S and its subsidiaries (GSV) and separate financial statements of the parent company. Reference is made to page 66 for the parent´s specific accounting policies.

The consolidated financial statements for the period 1. January to 31 December 2019 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), which is the Parent Company' and the reporting entities' functional currency.

The consolidated 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.

G.S.V. has implemented all relevant new or revised International financial Reporting Standards and IFRIC Interpretations with effective date 1 January 2019 or earlier. The accounting policies applied are unchanged from those applied in the Annual Report 2018.

Effective from 1 January 2019 GSV has reassessed the useful lives on rental equipment and in the process changed the range for useful lives from 5-15 years to 5–20 years. Generally this has increased the estimated useful lives for assets grouped as rental equipment. The reassessment have reduced depreciations in 2019 with app. DKK 60 million and the reduction in depreciations for 2020 is expected to be a little higher.

**Basis of consolidation solidation**
The consolidated financial statements comprise the Parent Company, G.S.V. Holding A/S, and subsidiaries over which the Parent Company exercises control. The Parent Company is considered to exercise control over another entity when the Company has the voting power in the subsidiary, the possibility or right to receive dividends from the subsidiary and possibility to use the voting power to influence the rate of dividends.

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

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

Positive differences (goodwill) between the purchase consideration and the fair value of identifiable assets and liabilities acquired, including contingent liabilities, are recognised as intangible assets. Goodwill is not amortised but tested for impairment at least once a year. The initial impairment test is conducted before the end of the year of acquisition. Negative goodwill is recognised as income in the income statement at the acquisition date.

Goodwill and negative goodwill from acquired entities may be adjusted until 12 months after the acquisition date. Newly acquired or newly established entities are recognised in the financial statements from the date of acquisition. Sold or discontinued entities are recognised until the date of disposal. Comparative figures are not adjusted to reflect newly acquired entities.

For business combinations such as purchases and sales of equity, mergers, divisions, asset transfers and share exchanges, etc. between companies under the control of the Group, the aggregation method is used. The aggregation is considered as completed at the date of acquisition retroactively until the beginning of the financial year without adjusting comparative figures. Differences between the agreed consideration and the acquired Group's carrying amount are recognised in equity.

**Materiality in presentation'**
In connection with the preparation of the annual report Management provides the disclosures required by IFRS unless the information is considered irrelevant or immaterial to the users of the annual report.

**Foreign currency translation**
All entities in 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 ACCOUNTING POLICIES, continued

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 consist 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.

**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 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 consolidated 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 costs, impairment costs, etc. relating to fundamental structural, procedural and managerial reorganisations as well as any related gains or losses on disposals
- Transaction and restructuring 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 t income statement except for tax related to items recognised in other comprehensive income or directly to equity.

The Parent Company is part of a joint taxation scheme. Current Danish tax is allocated between the jointly taxed companies in proportion to their taxable income (full absorption).

The jointly taxed companies are taxed under the on-account tax scheme.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 ACCOUNTING POLICIES, continued

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

**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.

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 Group 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 tor certain re-measurements of the lease liability.

GSV do not 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 Group recognizes the lease payments associated with such leases as an expense on a straight-line basis over the lease term.

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

To classify each lease the Group 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 ACCOUNTING POLICIES, continued

**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 Materieludlejning A/S.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.

**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.

**Equity**
**Dividends**
Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year (declaration date) is disclosed as a separate item under equity.

**Treasury shares**
Where the Parent Company purchases its own equity share capital, the consideration paid is deducted from total shareholders' equity and classified as treasury shares until such shares are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received is included in total shareholders' equity. No gains or losses are recognised in the purchase, sale, cancellation or issue of treasury shares.

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 ACCOUNTING POLICIES, continued

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.

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**
At initial recognition, financial liabilities are measured at fair value less transaction costs. Subsequently, the financial liabilities are measured at amortised cost, corresponding to the capitalized value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other 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 Group is reasonably certain to exercise
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option
- penalties for early termination of a lease unless the Group 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 Group uses the fair value concept for certain disclosure requirements and the recognition of deposits.

**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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 ACCOUNTING POLICIES, continued

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.

**Financial ratios**
Financial ratios have been calculated in accordance with the guidelines from the Danish Society of Financial Analysts, and supplemented by certain key ratios for G.S.V. Holding A/S.
Financial ratios are described below and in the section "Non-IFRS financial measures".

| | |
|---|---|
| Gross margin | $\frac{\text{Gross profit x 100}}{\text{Revenue}}$ |
| EBITDA margin* | $\frac{\text{EBITDA x 100}}{\text{Revenue}}$ |
| Operating margin before Special items* | $\frac{\text{[EBIT – Special items] x 100}}{\text{Revenue}}$ |
| Operating margin | $\frac{\text{Operating profit x 100}}{\text{Revenue}}$ |
| 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 net working capital |
| Current ratio | $\frac{\text{Current assets x 100}}{\text{Short-term debt}}$ |
| Return on equity | $\frac{\text{Profit from ordinary activities after tax x 100}}{\text{Average equity}}$ |
| 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 Group presents financial measures in the Annual Report that are not defined in IFRS. The Group believes these non-GAAP measures provide valuable information to the Group's management when evaluating performance. Since other companies may calculate these differently from the Group, 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 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.a. upon business combinations in connection with purchase price allocation, upon impairment test of goodwill and upon determination of lease terms for property leases.

In December 2018 GSV entered an agreement to buy Ramirent Denmark and in March 2019 the Danish Competition and Consumer Authority approved the transaction. The purchase is recognised and measured as a business combination.

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.a. 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 sensitive analyses 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. If these goals and plans are changed, the lease liabilities and right-of-use assets are revised. 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.

Based on historical experience and expectations concerning the future use of property, plant and equipment, Management has reassessed the expected useful lives. The reassessment have reduced depreciations in 2019 with app. DKK 60 million and the reduction in depreciations for 2020 is expected to be a little higher.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3 REVENUE

| DKK'000 | 2019 | 2018 |
|---|---|---|
| Machinery and equipment | 711,199 | 589,317 |
| Pavilion and modular space | 286,600 | 244,704 |
| | **997,799** | **834,021** |
| **Portions related to lease income** | **711,152** | **618,841** |

## 4 DIRECT COSTS

| DKK'000 | 2019 | 2018 |
|---|---|---|
| Rental cost | 109,232 | 91,215 |
| Fleet preparation cost | 18,632 | 13,329 |
| Transport cost | 77,060 | 58,484 |
| Cost of goods consumed | 74,468 | 70,545 |
| Write-down of inventories | 3,342 | -676 |
| Other service cost | 126,078 | 95,185 |
| | **408,812** | **328,082** |

## 5 FEES TO AUDITOR APPOINTED AT THE GENERAL MEETING

| DKK'000 | 2019 | 2018 |
|---|---|---|
| Statutory audit fees | 617 | 478 |
| Tax advisory services | 71 | 41 |
| Other services | 5,319 | 1,167 |
| **Total fees to KPMG** | **6,007** | **1,686** |

## 6 STAFF COSTS

| DKK'000 | 2019 | 2018 |
|---|---|---|
| Payroll costs | 226,727 | 159,890 |
| Defined-contribution pension plans | 19,728 | 15,273 |
| Other social security costs | 4,501 | 3,021 |
| Other staff costs | 19,583 | 12,755 |
| | **270,539** | **190,939** |
| **Average number of full-time employees** | **471** | **384** |

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

| DKK '000 | Board of Directors | Executive Board | Total |
|---|---|---|---|
| **2019** | | | |
| Salaries and fees | 800 | 9,075 | 9,875 |
| Pensions | 0 | 501 | 501 |
| | **800** | **9,576** | **10,376** |
| **2018** | | | |
| Salaries and fees | 800 | 3,461 | 4,261 |
| Pensions | 0 | 163 | 163 |
| | **800** | **3,624** | **4,424** |

The above figure includes management remuneration in the companies merged.

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

The executive Board increased from two to three members during 2018.

The contract with the former CFO will expire 30 April 2020. Salary during the notice period is included in remuneration to executive Board in 2019.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 7 DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

| DKK'000 | 2019 | 2018 |
|---|---|---|
| **Intangible assets** | | |
| Amortisation | 2,106 | 1,781 |
| **Tangible assets** | | |
| Depreciations | 193,049 | 185,574 |
| | **195,155** | **187,355** |

## 8 SPECIAL ITEMS

| DKK'000 | 2019 | 2018 |
|---|---|---|
| Merger cost | 0 | -295 |
| Badwill from acquisition less acquisition costs | 33,917 | -3,224 |
| Restructuring costs | -6,037 | -5,121 |
| Prep of ownership change | 0 | -193 |
| Loss from disposal of business unit | -23,277 | 0 |
| | **4,603** | **-8,833** |

## 9 FINANCE COSTS

| DKK'000 | 2019 | 2018 |
|---|---|---|
| Interest element, discounted lease obligations | 15,004 | 11,066 |
| Credit institutions | 11,186 | 9,612 |
| Other | 100 | 475 |
| | **26,290** | **21,153** |
| **Total interest cost related to financial liabilities measured at amortised cost** | **26,290** | **21,153** |

## 10 TAX ON PROFIT/LOSS FOR THE YEAR

| DKK'000 | 2019 | 2018 |
|---|---|---|
| **Tax for the year can be divided as follows:** | | |
| Tax on profit/loss for the year | 30,550 | 9,862 |
| Deferred tax adjustment for the year | 2,377 | 8,232 |
| Adjustment of tax relating to previous years | -1,303 | 0 |
| Adjustment of deferred tax relating to previous years | 1,895 | 221 |
| | **33,519** | **18,315** |
| **Tax for the year can be accounted for as follows:** | | |
| Estimated 22% tax on profit before tax | 14,285 | 17,988 |
| Other costs not deductible and non-taxable income | 18,642 | 106 |
| Adjustment relating to previous years | 592 | 221 |
| | **33,519** | **18,315** |
| **Effective tax rate** | **52%** | **22%** |

The significant change in effective tax rate is due to not deductible and non-taxable income related to sale of business unit.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 11 INTANGIBLE ASSETS

| DKK'000 | Software | Goodwill | Total |
|---|---|---|---|
| Cost at 1 January 2019 | 15,845 | 348,414 | 364,259 |
| Additions | 7,052 | 0 | 7,052 |
| Disposals | 0 | -146,408 | -146,408 |
| Cost at 31 December 2019 | 22,897 | 202,006 | 224,903 |
| Amortisation and impairment losses at 1 January 2019 | -6,593 | 0 | -6,593 |
| Amortisation | -2,106 | 0 | -2,106 |
| Amortisation and impairment losses at 31 December 2019 | -8,699 | 0 | -8,699 |
| **Carrying amount at 31 December 2019** | **14,198** | **202,006** | **216,204** |

| DKK'000 | Software | Goodwill | Total |
|---|---|---|---|
| Cost at 1 January 2018 | 13,563 | 348,414 | 361,977 |
| Additions | 2,282 | 0 | 2,282 |
| Cost at 31 December 2018 | 15,845 | 348,414 | 364,259 |
| Amortisation and impairment losses at 1 January 2018 | -4,812 | 0 | -4,812 |
| Amortisation | -1,781 | 0 | -1,781 |
| Amortisation and impairment losses at 31 December 2018 | -6,593 | 0 | -6,593 |
| **Carrying amount at 31 December 2018** | **9,252** | **348,414** | **357,666** |

**Impairment tests**

An impairment test has been prepared of total goodwill allocated to the cash-generating unit, G.S.V. Holdng 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 at 31 December.

The recoverable amount is calculated based on the cash-generating unit's value in use.

The main assumptions are discount factors and growth rates in the terminal period as well as expected changes in revenue, market shares, sales prices and operating costs in the budget, forecast and terminal periods.

## 11 INTANGIBLE ASSETS, CONTINUED

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 2020 are used. After 2020 a 4 year forecast period are used. For financial years after the budget and forecast period (terminal period), cash flows of the last forecast period of 5 years adjusted for a conservative estimate of market growth and expected additional market shares.

The growth rate used in the forecast period (2.5%) and the terminal period (0%) respectively is based on industry forecasts.

The Group's budgets and forecasts, and thus the calculation of the recoverable amount (value in use), are significantly influenced by Management's expectations of the Group's growth up until 2024. The Group's expected market shares are thus calculated on the basis of the current market share at the end of 2019 adjusted for a conservative estimate of expected additional market shares.

Management considers the growth rates used, including increases in market shares and thus budgets and forecasts, to be realistic. Even a significant reduction in budgeted growth rates of up to 2.5% will not lead to impairment.

Estimated changes in selling prices and operating costs in the budget and terminal periods are based on historical experience and expectations of future market changes.

The impairment test does not lead to impairment.

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

| | Market share | Revenue | Gross margin | Discount factor pre-tax % | Discount factor post-tax % |
|---|---|---|---|---|---|
| 2019 | 23% | 998 | 55% | 6.5% | 6.0% |
| 2018 | 20% | 834 | 59% | 6.5% | 6.0% |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 12 PROPERTY, PLANT AND EQUIPMENT

| DKK'000 | Rental equipment | Fixtures and fittings, tools and equipment | Leasehold improvements | Total |
|---|---|---|---|---|
| Cost at 1 January 2019 | 1,875,241 | 221,354 | 31,697 | 2,128,292 |
| Additions | 168,663 | 55,590 | 8,216 | 232,469 |
| Additions from acquisition | 557,759 | 49,257 | 4,337 | 611,353 |
| Disposals | -650,990 | -64,211 | -4,826 | -720,027 |
| Cost at 31 December 2019 | 1,950,673 | 261,990 | 39,424 | 2,252,087 |
| Depreciation and impairment losses at 1 January 2019 | -932,588 | -113,256 | -17,655 | -1,063,499 |
| Depreciation | -142,734 | -48,073 | -2,242 | -193,049 |
| Additions from acquisition | -254,129 | -2,415 | -3,736 | -260,280 |
| Depreciation on disposals | 390,484 | 29,749 | 2,631 | 422,864 |
| Depreciation and impairment losses at 31 December 2019 | -938,967 | -133,995 | -21,002 | -1,093,964 |
| **Carrying amount at 31 December 2019** | **1,011,706** | **127,995** | **18,422** | **1,158,123** |
| **Portion related to assets held under leases** | **441,481** | **123,818** | **0** | **565,299** |

## 12 PROPERTY, PLANT AND EQUIPMENT, CONTINUED

| DKK'000 | Rental equipment | Fixtures and fittings, tools and equipment | Leasehold improvements | Total |
|---|---|---|---|---|
| Cost at 1 January 2018 | 1,831,170 | 196,339 | 34,707 | 2,062,216 |
| Additions | 177,821 | 37,716 | 458 | 215,995 |
| Disposals | -133,750 | -12,701 | -3,468 | -149,919 |
| Cost at 31 December 2018 | 1,875,241 | 221,354 | 31,697 | 2,128,292 |
| Depreciation and impairment losses at 1 January 2018 | -886,653 | -96,205 | -14,529 | -997,387 |
| Depreciation | -154,194 | -28,810 | -2,570 | -185,574 |
| Depreciation on disposals | 108,259 | 11,759 | -556 | 119,462 |
| Depreciation and impairment losses at 31 December 2018 | -932,588 | -113,256 | -17,655 | -1,063,499 |
| **Carrying amount at 31 December 2018** | **942,653** | **108,098** | **14,042** | **1,064,793** |
| **Portion related to assets held under leases** | **444,214** | **101,332** | **0** | **545,546** |

The Group has signed contracts for delivery of rental equipment in 2020 for a total of DKK 40 million (2019: DKK 44 million).
Included in additions to leasehold improvement in 2019 is refurbishments in progress with DKK 8 million (2018: DKK 0 million).

## 13 DEPOSITS

| DKK'000 | 2019 | 2018 |
|---|---|---|
| Cost at 1 January | 7,958 | 6,724 |
| Additions | 1,176 | 1,610 |
| Disposals | -1,589 | -376 |
| Cost at 31 December | 7,545 | 7,958 |
| **Carrying amount at 31 December** | **7,545** | **7,958** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 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.

The Group does not have a past record of major bad debts seen in proportion to industry standards.

In 2019 actual loss on bad debt was DKK 4 million and bad debt provison was DKK 1 million (2018: DKK 6 million and DKK -2 million). In proportion to revenue the amount was 0.4% (2018: 0.6%).

Prepayments form part of the assessment of required write-down for bad debts. The Group 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 Group to BNP Paribas. At 31 December 2019 DKK 53 million was received in connection with this agreement (2018: DKK 43 million). Apart from the above, the Group 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 | 2019 | 2018 |
|---|---|---|
| **Maturity** | | |
| Current | 76,682 | 54,066 |
| Up to 30 days | 67,983 | 52,686 |
| Between 30 and 90 days | 13,527 | 4,394 |
| More than 90 days | 10,179 | 4,959 |
| | **168,371** | **116,105** |

## 14 TRADE RECEIVABLES, CONTINUED

Expected loss on trade receivables can be specified as follows:

| DKK'000 | Loss procent | Receiv-ables | Expected loss | Total |
|---|---|---|---|---|
| **Maturity 2019** | | | | |
| Current | 0% | 76,736 | -54 | 76,682 |
| Up to 30 days | 1% | 68,348 | -365 | 67,983 |
| Between 30 and 90 days | 10% | 15,030 | -1,503 | 13,527 |
| More than 90 days | 62% | 27,478 | -17,299 | 10,179 |
| | **10%** | **187,592** | **-19,221** | **168,371** |
| **Maturity 2018** | | | | |
| Current | 0% | 54,199 | -133 | 54,066 |
| Up to 30 days | 1% | 53,066 | -380 | 52,686 |
| Between 30 and 90 days | 19% | 5,399 | -1,005 | 4,394 |
| More than 90 days | 57% | 11,441 | -6,482 | 4,959 |
| | **6%** | **124,105** | **-8,000** | **116,105** |

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 15 EQUITY

**Share capital**

| | Number of shares | | Nominal value | |
|---|---|---|---|---|
| **DKK'000** | **A-shares** | **B-shares** | **A-shares** | **B-shares** |
| 1 January 2018 | 4,835 | 120 | 4,835 | 120 |
| Capital increase | 8 | 33 | 8 | 33 |
| **31 December 2018** | **4,843** | **153** | **4,843** | **153** |
| Capital increase | 2 | 23 | 2 | 23 |
| **31 December 2019** | **4,845** | **176** | **4,845** | **176** |

**Treasury shares**

| | Number of shares | | Nominal value (DKK'000) | | % of share capital | |
|---|---|---|---|---|---|---|
| **DKK'000** | **2019** | **2018** | **2019** | **2018** | **2019** | **2018** |
| **A-shares** | | | | | | |
| 1 January | 11,534 | 8,624 | 12 | 9 | 0% | 0% |
| Additions | 0 | 2,910 | 0 | 3 | 0% | 0% |
| Sold | -10,745 | 0 | -11 | 0 | 0% | 0% |
| **31 December** | **789** | **11,534** | **1** | **12** | **0%** | **0%** |
| **B-shares** | | | | | | |
| 1 January | 28,616 | 16,976 | 29 | 17 | 0% | 0% |
| Additions | 0 | 11,640 | 0 | 12 | 0% | 0% |
| Sold | -28,220 | 0 | -28 | 0 | 0% | 0% |
| **31 December** | **396** | **28,616** | **1** | **29** | **0%** | **0%** |

All treasury shares are owned by the Parent Company.

The capital increase during 2019 did not generate any cost for the Company.

All shares are fully paid.

## 16 DEFERRED TAX

| **DKK'000** | **2019** | **2018** |
|---|---|---|
| Deferred tax at 1 January | 103,175 | 94,722 |
| Addition from acquisition | 30,769 | 0 |
| Adjustment related to previous years | 1,895 | 221 |
| Deferred tax for the year recognised in profit/loss for the year | 2,377 | 8,232 |
| **Deferred tax at 31 December** | **138,216** | **103,175** |
| **Deferred tax is recognised in the balance sheet as follows:** | | |
| Deferred tax (liability) | 138,216 | 103,175 |
| **Deferred tax at 31 December, net** | **138,216** | **103,175** |
| **Deferred tax relates to:** | | |
| Intangible assets | 3,123 | 2,024 |
| Property, plant and equipment | 293,620 | 205,615 |
| Leases | -158,527 | -104,464 |
| | **138,216** | **103,175** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 17 RIGHT-OF-USE ASSET AND LEASE LIABILITIES

**The Group as lessee**
The Group 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 both purchased and leased assets.

| DKK'000 | Rental equipment | Fixtures and fittings, tools and equipment | Total |
|---|---|---|---|
| Carrying amount at 1 January 2019 | 444,214 | 101,332 | 545,546 |
| Additions, net | -36,798 | 47,740 | 10,942 |
| Amortisation | 34,065 | -25,254 | 8,811 |
| **Carrying amount at 31 December 2019** | **441,481** | **123,818** | **565,299** |
| Carrying amount at 1 January 2018 | 457,707 | 93,283 | 550,990 |
| Additions, net | -54,862 | 18,277 | -36,585 |
| Amortisation | 41,369 | -10,228 | 31,141 |
| **Carrying amount at 31 December 2018** | **444,214** | **101,332** | **545,546** |

| DKK'000 | 2019 | 2018 |
|---|---|---|
| Income from subleasing right-of-use assets | 244,218 | 197,701 |

## 17 RIGHT-OF-USE ASSET AND LEASE LIABILITIES, CONTINUED

**The Group as lessor**
The Group 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 | 2019 | 2018 |
|---|---|---|
| <1 year | 0 | 23,490 |
| 1-2 years | 0 | 11,851 |
| 2-3 years | 0 | 876 |
| 3-4 years | 0 | 836 |
| 4-5 years | 0 | 0 |
| **Total undiscounted lease payments** | **0** | **37,053** |
| **Revenue from lease** | **23,490** | **22,019** |

## 18 MORTGAGES AND COLLATERAL

Security has been given with a net carrying amount of DKK 140 million (2018: DKK 140 million) for the Group's bank facility at Jyske Bank.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 19 BUSINESS COMBINATIONS

In December 2018 it was announced that GSV had agreed to buy the Danish activities of the international rental group Ramirent. On 20 March 2019 the Danish competition authorities approved the acquisition of Ramirent and the acquisition was closed. Immediately after closing the two companies were merged with GSV Materieludlejning A/S as the continuing company.

With this important acquisition, GSV continues the strategic path of consolidating the Danish market for rental of equipment. This acquisition provides GSV with larger, broader and better fleet to service all our customers and gives access to service more local markets from the complementary geographic coverage acquired.

**Recognised assets acquired and liabilities assumed at the date of acquisition**

| DKK'000 | 2019 | 2018 |
|---|---|---|
| Property, plant and equipment | 351,073 | 0 |
| Inventories | 5,721 | 0 |
| Trade receivables | 30,744 | 0 |
| Cash and cash equivalents | 19,506 | 0 |
| Deferred tax liabilities | -31,007 | 0 |
| Credit institutions | -46,487 | 0 |
| Other payables | -35,190 | 0 |
| **Net assets, preliminary purchase price allocation** | **294,360** | **0** |
| Badwill | -67,151 | 0 |
| **Consideration transferred** | **227,209** | **0** |
| Adjustments for cash and cash equivalents acquired | -19,506 | 0 |
| Transaction costs related to acquisitions | 33,235 | 0 |
| **Cash consideration for acquisitions** | **240,938** | **0** |

The badwill is mainly attributable to Property, plant and equipment. Badwill is recognised in the statement of comprehensive income as special items.

Considaration transferred amounted to DKK 227.2 million, of which DKK 227.2 million was paid in cash.

For the purpose of the acquisition, assets, liabilities and contingent liabilities were identified and recognised in the acquisition balance sheet at fair value.

## 19 BUSINESS COMBINATIONS, CONTINUED

The Group incurred transaction costs arising from the acquisition and merger including legal costs at an amount of DKK 33.2 million. The amount is recognised in the statement of comprehensive as special items.

Upon the acquisition and with accounting effect from March 2019 the entities were merged with GSV Materieludlejning A/S as the continuing entity.

There were no acquisitions in the year ending 31 December 2018.

## 20 OTHER ADJUSTMENTS

| DKK'000 | 2019 | 2018 |
|---|---|---|
| Other finance income | -138 | -181 |
| Finance costs | 26,290 | 21,153 |
| Incomes taxes | 10,089 | 17,409 |
| Gain on sale of PP&E | -24,314 | -28,586 |
| Provisions | 35,041 | 8,453 |
| Addition by merged companies | -110,135 | 0 |
| Other | 107,481 | 0 |
| | **44,314** | **18,248** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 21 CHANGES TO THE WORKING CAPITAL

| DKK'000 | 2019 | 2018 |
|---|---|---|
| Changes in inventory | -536 | -21 |
| Changes in accounts receivable | -37,208 | 11,700 |
| Changes in trade payables and other payables | 38,614 | -25,110 |
| | **870** | **-13,431** |

## 22 NON-CASH TRANSACTIONS

| DKK'000 | 2019 | 2018 |
|---|---|---|
| Acquisition of property, plant and equipment (see note 12) | 232,469 | 215,995 |
| Portion relating to leased assets | -208,724 | -114,548 |
| **Paid regarding acquisition of property, plant and equipment** | **23,745** | **101,447** |
| Additions of financial liabilities | 208,724 | 114,548 |
| Portion relating to lease obligations | -208,724 | -114,548 |
| **Cash proceeds from the raising of financial liabilities** | **0** | **0** |

## 23 LIABILITIES FROM FINANCING ACTIVITIES

| DKK'000 | 1/1 | Cash flow | 31/12 |
|---|---|---|---|
| Loan from credit institutions | 171,100 | -171,100 | 0 |
| Leasing liabilities | 344,630 | 201,950 | 546,580 |
| **Non-current liabilities** | **515,730** | **30,850** | **546,580** |
| Loan from credit institutions | 50,369 | -50,369 | 0 |
| Loan from Parent company | 112 | -112 | 0 |
| Leasing liabilities | 126,789 | 47,208 | 173,997 |
| Banks | 39,023 | -39,023 | 0 |
| **Current liabilities** | **216,293** | **-42,296** | **173,997** |
| **Liabilities from financing activities for 2019** | **732,023** | **-11,446** | **720,577** |

| DKK'000 | 1/1 | Cash flow | 31/12 |
|---|---|---|---|
| Loan from credit institutions | 251,469 | -80,369 | 171,100 |
| Leasing liabilities | 352,142 | -7,512 | 344,630 |
| **Non-current liabilities** | **603,611** | **-87,881** | **515,730** |
| Loan from credit institutions | 28,000 | 22,369 | 50,369 |
| Loan from Parent company | 246 | -134 | 112 |
| Leasing liabilities | 126,768 | 21 | 126,789 |
| Banks | 33,487 | 5,536 | 39,023 |
| **Current liabilities** | **188,501** | **27,792** | **216,293** |
| **Liabilities from financing activities for 2018** | **792,112** | **-60,089** | **732,023** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 24 FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

The Group 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 Group's credit risks are described in note 14.

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

Centralised financial risk management is conducted by Management. On a monthly basis, Management monitors the Group's risk concentration within different areas such as customers, etc. Additionally, Management monitors any changes in the Group's risk concentration.

The finance policy governs the Group'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 Group's policy not to speculate in financial risks. The Group's financial strategy only sets out to manage and reduce financial risks directly attributable to the Group's operations, investments and financing.

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

In terms of interest rate sensitivity, an increase in interest rate level of 1% 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 7.2 million (2018: 4.2 million). A decrease in interest rate level of 1% point will have a corresponding positive impact on results for the year and equity.

## 24 FINANCIAL RISKS AND FINANCIAL INSTRUMENTS, CONTINUED

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

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

The Executive Board and Board of Directors regularly evaluate whether the capital structure supports the Group's fulfilment of the overall targets and the realisation of long-term sustainable economic growth. The Group is financed over equity with a solvency ratio above 30% at group level, drawing facilities, trade credit, etc. The duration and interest risks for the Group are assessed to the extent necessary. At the balance sheet date, net interest-bearing debt was DKK 611 million (2018: DKK 729 million), which is deemed appropriate in relation to the balance sheet total (capital structure).

During 2019 there were covenants allocated to the Group's interest-bearing debt. During the year, the Group has renegotiated the agreement with adjusted covenants and amended repayment profile to better cater for the business needs of the Group.

The Group's risk exposure and risk management for 2019 was unchanged compared to that for 2018.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 24 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) | 1.75% | 2.5% | 1 month | 720,577 |
| **Loan from credit institutions and lease liabilities for 2019 in total** | | | | **720,577** |
| Fixed interest-bearing debt to credit institutions | 3% | 3% | 3 months | 221,469 |
| Variable interest-bearing lease liabilities (note 17) | 1.75% | 2.5% | 1 month | 471,419 |
| **Loan from credit institutions and lease liabilities for 2018 in total** | | | | **692,888** |

## 24 FINANCIAL RISKS AND FINANCIAL INSTRUMENTS, CONTINUED

| DKK'000 | Contractual cash flows | Within 1 year | 1 to 5 years | After 5 years |
|---|---|---|---|---|
| **2019** | | | | |
| Lease liabilities | 754,366 | 186,967 | 536,324 | 31,075 |
| Trade payables | 100,394 | 100,394 | 0 | 0 |
| **31. december** | **854,760** | **287,361** | **536,324** | **31,075** |
| **2018** | | | | |
| Non-derivative financial instruments | | | | |
| Credit institutions and banks | 270,975 | 91,138 | 179,837 | 0 |
| Lease liabilities | 494,878 | 135,672 | 331,924 | 27,282 |
| Trade payables | 107,916 | 107,916 | 0 | 0 |
| **31. december** | **873,769** | **334,726** | **511,761** | **27,282** |

Contractual cash flows are undiscounted contractual cash flow including interests.

**Total lease expenses recognised in the income statement**

| DKK'000 | 2019 | 2018 |
|---|---|---|
| Interest expense on lease liabilities | 15,004 | 11,066 |
| Expenses relating to short-term leases and leases of low value | 0 | 0 |
| | **15,004** | **11,066** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 25 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 754 million (2018:DKK 495 million).

| DKK'000 | 2019 | 2018 |
|---|---|---|
| **Loans and receivables** | | |
| Trade receivables | 168,371 | 116,105 |
| Other receivables | 2 | 301 |
| Receivables from Parent Company | 150 | 0 |
| Prepaid costs | 5,942 | 20,288 |
| Cash and cash equivalents | 110,038 | 2,539 |
| **Total loans and receivables** | **284,503** | **139,233** |
| **Financial liabilities are measured at amortised cost** | | |
| Loans to credit institutions | 0 | 221,469 |
| Loans from Parent Company | 0 | 112 |
| Banks | 0 | 39,023 |
| Trade payables | 100,394 | 102,486 |
| Other payables | 59,682 | 38,610 |
| **Total financial liabilities are measured at amortised cost** | **160,076** | **401,700** |

## 26 RELATED PARTIES

For information on transactions with related parties, please refer to note 15 in the parent financial statements.

## 27 EVENTS AFTER THE BALANCE SHEET DATE

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

## 28 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.

# PARENT FINANCIAL STATEMENTS

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## PRIMARY STATEMENTS



## NOTES TO THE PARENT FINANCIAL STATEMENTS

# PARENT STATEMENT OF COMPREHENSIVE INCOME

| DKK'000 | Note | 2019 | 2018 |
|---|---|---|---|
| Other external costs | 3 | -568 | -708 |
| **Gross profit/loss** | | **-568** | **-708** |
| Staff costs | 4 | -10,376 | -4,424 |
| **Profit/loss before interest, taxes, depreciation and amortisation (EBITDA)** | | **-10,944** | **-5,132** |
| Special items | 5 | -114,393 | -1,500 |
| **Operating profit (EBIT)** | | **-125,337** | **-6,632** |
| Finance income | | 0 | 120 |
| Finance costs | 6 | -381 | -475 |
| **Profit/loss before tax** | | **-125,718** | **-6,987** |
| Tax on profit/loss for the year | 7 | 2,306 | -521 |
| **Profit/loss for the year/total comprehensive income** | | **-123,412** | **-7,508** |
| | | | |
| **Profit/loss for the year/ total comprehensive income is attributable to:** | | | |
| Shareholders in G.S.V. Holding A/S | | -123,412 | -7,508 |
| **Profit/loss for the year/total comprehensive income** | | **-123,412** | **-7,508** |

# PARENT BALANCE SHEET

| DKK'000 | Note | 2019 | 2018 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Equity interests in subsidiaries | 8 | 375,062 | 489,455 |
| Deferred tax | 9 | 3,844 | 1,537 |
| Receivables from Parent Company | | 150 | 0 |
| **Total non-current assets** | | **379,056** | **490,992** |
| **Current assets** | | | |
| Other receivables | | 1 | 0 |
| Cash and cash equivalents | | 786 | 12 |
| **Total current assets** | | **787** | **12** |
| **Total assets** | | **379,843** | **491,004** |

| DKK'000 | Note | 2019 | 2018 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | | 5,021 | 4,996 |
| Share premium | | 50,277 | 49,405 |
| Retained earnings | | 301,922 | 422,590 |
| **Total equity** | | **357,220** | **476,991** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Loans from group companies | 14 | 22,261 | 13,172 |
| **Total non-current liabilities** | | **22,261** | **13,172** |
| **Current liabilities** | | | |
| Loans from Parent Company | 14 | 0 | 112 |
| Other payables | | 362 | 729 |
| **Total current liabilities** | | **362** | **841** |
| **Total liabilities** | | **22,623** | **14,013** |
| **Total equity and liabilities** | | **379,843** | **491,004** |

# PARENT STATEMENT OF CHANGES IN EQUITY

| DKK'000 | Share capital | Retained earnings | Share premium | Total equity |
|---|---|---|---|---|
| **Equity at 1 January 2019** | **4,996** | **422,590** | **49,405** | **476,991** |
| **Total comprehensive income for 2019** | | | | |
| Profit/loss for the year/ other comprehensive income | 0 | -123,412 | 0 | -123,412 |
| **Total comprehensive income for the year** | **0** | **-123,412** | **0** | **-123,412** |
| **Transactions with owners** | | | | |
| Share capital increase | 25 | 0 | 872 | 897 |
| Sale/purchase of treasury shares | 0 | 2,744 | 0 | 2,744 |
| **Total transactions with owners** | **25** | **2,744** | **872** | **3,641** |
| **Equity at 31 December 2019** | **5,021** | **301,992** | **50,277** | **357,220** |

| DKK'000 | Share capital | Retained earnings | Share premium | Total equity |
|---|---|---|---|---|
| **Equity at 1 January 2018** | **4,955** | **432,081** | **47,148** | **484,184** |
| **Total comprehensive income for 2018** | | | | |
| Profit/loss for the year/ other comprehensive income | 0 | -7,508 | 0 | -7,508 |
| **Total comprehensive income for the year** | **0** | **-7,508** | **0** | **-7,508** |
| **Transactions with owners** | | | | |
| Share capital increase | 41 | 0 | 2,257 | 2,298 |
| Sale/purchase of treasury shares | 0 | -1,983 | 0 | -1,983 |
| **Total transactions with owners** | **41** | **-1,983** | **2,257** | **315** |
| **Equity at 31 December 2018** | **4,996** | **422,590** | **49,405** | **476,991** |

# PARENT CASH FLOW STATEMENT

| DKK'000 | Note | 2019 | 2018 |
|---|---|---|---|
| Profit/loss for the year | | -123,412 | -7,508 |
| Other adjustments of non-cash operating items | 11 | 112,467 | 876 |
| **Cash flow from operations before changes in working capital** | | **-10,945** | **-6,632** |
| Changes in working capital | 12 | -368 | 422 |
| **Cash flow from operations** | | **-11,313** | **-6,210** |
| Interest income received | | -381 | 120 |
| Interest expense paid | | 0 | -475 |
| **Cash flow from operating activities** | | **-11,694** | **-6,565** |
| Payment of debt to credit institutions | | 0 | -31,569 |
| Payment of debt to Parent company | | -262 | -134 |
| Proceeds of debt to group companies | | 9,089 | 37,925 |
| Sale/purchase of treasury shares | | 2,744 | -1,983 |
| Capital increase | | 897 | 2,298 |
| **Cash flow from financing activities** | | **12,468** | **6,537** |
| **Cash flow for the year** | | **774** | **-28** |
| Cash and cash equivalents at beginning of year | | 12 | 40 |
| **Cash and cash equivalents at year end** | | **786** | **12** |

# NOTES TO THE PARENT FINANCIAL STATEMENTS

## 1 ACCOUNTING POLICIES

As Parent company of the G.S.V. Group, the financial statements of G.S.V. Holding A/S are separate financial statements disclosed as required by the Danish Financial Statements Act.

The separate financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and further requirements in the Danish Financial Statements Act.

The accounting policies of the Parent are identical with the policies for the consolidated financial statements, except for the following.

**Dividends from investments in subsidiaries**
Dividends from investments in subsidiaries are recognized as income in the Parent´s income statement under financial income in the year in which the dividend is declared.

**Equity interests in subsidiaries**
Equity interests in subsidiaries are measured at cost. Cost includes the consideration at fair value plus direct acquisition costs. If there is any indications of impairment, an impairment test is performed as described in the accounting policies applying to the consolidated financial statements. If the costs exceeds the recoverable amount, the equity interests are written down to this lower value.

When other reserves than post-acquisition profits earned in subsidiaries are distributed, the distribution is deducted from the acquisition price as the distribution is considered a repayment of the original investment in the subsidiary.

## 2 SIGNIFICANT ESTIMATES

For the preparation of the Annual Report of G.S.V. Holding A/S, Management makes various accounting estimates and judgements that affect the reported amounts and disclosures in the statements and in the notes to the financial statements. These estimates are based on professional judgements, historical data and other factors available to Management. By their nature, estimates include a degree of uncertainty and actual results may therefore deviate from the estimates at the reporting date. Estimates are continuously evaluated, and the effect of any change are recognized in the relevant period.

Accounting judgement considered significant in the preparation and understanding of the financial statements of the Parent includes the following:

**Investments in subsidiaries**
Management assessed annually whether there is an indication of impairment of investment in subsidiaries. If so, the investments will be tested for impairment in the same way as group goodwill. In the assessment of Management, there was no such indication at 31 December 2019, and therefore investments in subsidiaries have not been tested for impairment.

# NOTES TO THE PARENT FINANCIAL STATEMENTS

## 3 FEES TO AUDITOR APPOINTED AT THE GENERAL MEETING

| DKK'000 | 2019 | 2018 |
|---|---|---|
| Statutory audit fees | 18 | 17 |
| Tax advisory services | 5 | 6 |
| Other services | 444 | 93 |
| **Total fees to KPMG** | **467** | **116** |

## 4 STAFF COSTS

| DKK'000 | 2019 | 2018 |
|---|---|---|
| Payroll costs | 9,875 | 4,261 |
| Pensions | 501 | 163 |
| Other staff costs | 0 | 0 |
| | **10,376** | **4,424** |
| **Average number of full-time employees** | **4** | **2** |

## 4 STAFF COSTS, CONTINUED

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

| | Board of Directors | Executive Board | Total |
|---|---|---|---|
| **2019** | | | |
| Salaries and fees | 800 | 9,075 | 9,875 |
| Pensions | 0 | 501 | 501 |
| | **800** | **9,576** | **10,376** |
| **2018** | | | |
| Salaries and fees | 800 | 3,461 | 4,261 |
| Pensions | 0 | 163 | 163 |
| | **800** | **3,624** | **4,424** |

The above figure includes management remuneration in the companies merged.

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

The executive Board increased from two to three members during 2018.

The contract with the former CFO will expire 30 April 2020. Salary during the notice period is included in Remuneration to executive Board in 2019.

# NOTES TO THE PARENT FINANCIAL STATEMENTS

## 5 SPECIAL ITEMS

| DKK'000 | 2019 | 2018 |
|---|---|---|
| Restructuring costs | 0 | 1,500 |
| Loss from disposal of business unit | 114,393 | 0 |
| | **114,393** | **1,500** |

## 6 FINANCE COSTS

| DKK'000 | 2019 | 2018 |
|---|---|---|
| Finance costs to related parties | 381 | 0 |
| Other | 0 | 475 |
| | **381** | **475** |
| **Total interest cost related to financial liabilities measured at amortised cost** | **381** | **475** |

## 7 TAX ON PROFIT/LOSS FOR THE YEAR

| DKK'000 | 2019 | 2018 |
|---|---|---|
| **Tax for the year can be divided as follows:** | | |
| Deferred tax adjustment for the year | -2,306 | -1,537 |
| Adjustment of deferred tax relating to previous years | 0 | 2,058 |
| | **-2,306** | **521** |
| **Tax for the year can be accounted for as follows:** | | |
| Estimated 22% tax on profit before tax | -27,658 | -1,537 |
| Other costs not deductible and non-taxable income | 25,352 | 0 |
| Adjustment relating to previous years | 0 | 2,058 |
| | **-2,306** | **521** |
| **Effective tax rate** | **2%** | **-7%** |

## 8 EQUITY INTERESTS IN SUBSIDIARIES

| DKK'000 | 2019 | 2018 |
|---|---|---|
| Cost at 1 January | 489,455 | 489,455 |
| Loss from disposal of business unit / impairment of goodwill | -114,393 | 0 |
| Cost at 31 December | 375,062 | 489,455 |
| **Carrying amount at 31 December** | **375,062** | **489,455** |

| Name/legal form | Registered office | Equity interests | Equity* | Profit/ loss for the year |
|---|---|---|---|---|
| **2019** | | | | |
| G.S.V. Materieludlejning A/S | Hedehusene | 100% | 486.929 | 154.823 |
| **2018** | | | | |
| G.S.V. Materieludlejning A/S | Hedehusene | 100% | 332.106 | 70.957 |

## 9 DEFERRED TAX

| DKK'000 | 2019 | 2018 |
|---|---|---|
| Deferred tax at 1 January | -1,537 | -2,058 |
| Adjustment related to previous years | 0 | 2,058 |
| Deferred tax for the year recognised in profit/loss for the year | -2,307 | -1,537 |
| **Deferred tax at 31 December** | **-3,844** | **-1,537** |
| **Deferred tax is recognised in the balance sheet as follows:** | | |
| Deferred tax (assets) | -3,844 | -1,537 |
| **Deferred tax at 31 December, net** | **-3,844** | **-1,537** |
| **Deferred tax relates to:** | | |
| Losses | -3,844 | -1,537 |
| | **-3,844** | **-1,537** |

# NOTES TO THE PARENT FINANCIAL STATEMENTS

## 10 MORTGAGES AND COLLATERAL

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

The Parent Company is jointly taxed with G.S.V. Materieludlejning A/S and CC Tool Invest ApS and its subsidiaries. The entities included in the joint taxation have joint and unlimited liability for Danish corporation tax. Subsequent corrections to taxable income may bring about an increase in liabilities. Any subsequent corrections to corporation taxes and withholding taxes may bring about an increase in the Group's liability.

## 11 OTHER ADJUSTMENTS

| DKK'000 | 2019 | 2018 |
|---|---|---|
| Other finance income | 381 | -120 |
| Finance costs | 0 | 475 |
| Provisions | -2,307 | 521 |
| Other | 114,393 | 0 |
| | **112,467** | **876** |

## 12 CHANGES TO THE WORKING CAPITAL

| DKK'000 | 2019 | 2018 |
|---|---|---|
| Changes in accounts receivable | -1 | 453 |
| Changes in trade payables and other payables | -367 | -31 |
| | **-368** | **422** |

## 13 LIABILITIES FROM FINANCING ACTIVITIES

| DKK'000 | 01/jan | Cash flow | 31/dec |
|---|---|---|---|
| Loan from credit institutions | 0 | 0 | 0 |
| **Non-current liabilities** | **0** | **0** | **0** |
| Loan from Parent company | 112 | -112 | 0 |
| **Current liabilities** | **112** | **-112** | **0** |
| **Liabilities from financing activities for 2019** | **112** | **-112** | **0** |

| DKK'000 | 01/jan | Cash flow | 31/dec |
|---|---|---|---|
| Loan from credit institutions | 31,569 | -31,569 | 0 |
| **Non-current liabilities** | **31,569** | **-31,569** | **0** |
| Loan from Parent company | 246 | -134 | 112 |
| **Current liabilities** | **246** | **-134** | **112** |
| **Liabilities from financing activities for 2018** | **31,815** | **-31,703** | **112** |

## 14 FINANCIAL INSTRUMENTS CATEGORIES

| DKK'000 | 2019 | 2018 |
|---|---|---|
| **Loans and receivables** | | |
| Other receivables | 1 | 0 |
| Receivables from Parent Company | 150 | 0 |
| Cash and cash equivalents | 786 | 12 |
| **Total loans and receivables** | **937** | **12** |
| **Financial liabilities are measured at amortised cost** | | |
| Loans from Parent Company | 0 | 112 |
| Loans from group companies | 22,261 | 13,172 |
| Other payables | 362 | 730 |
| **Total financial liabilities are measured at amortised cost** | **22,623** | **14,014** |

# NOTES TO THE PARENT FINANCIAL STATEMENTS

## 15 RELATED PARTIES

G.S.V. Holding A/S' related parties comprise the following:

**Control**

CC Tool Invest ApS, Baldersbuen 5, 2640 Hedehusene
CC Tool Invest ApS holds the majority of the contributed capital in G.S.V. Holding A/S via shareholder agreement.

The financial statements of CC Tool Invest ApS can be obtained by contacting the company at the above address.

**Other related parties**

In addition, the Group's related parties comprise the Group'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 Excutive and Board of Directors has been disclosed in note 4. The executive and Board of Directors are made available for G.S.V Group free of charge from the G.S.V. Holding.

G.S.V. Holding A/S has an intercompany account with the parent company used for minor transactions. The balance at year-end was DKK 150 thousand (2018: DKK 112 thousand). The account do not generate interests.

In 2019 G.S.V. Group was charged a fee of DKK 4.3 million from related parties. The fee covers Commitment letter towards Jyske Bank A/S and was charged by parent companies with DKK 2.5 million, other compainies with a  substantial ownership share with DKK 1 million and DKK 0.7 million from member of the Ececutive Board. Related party transactions has been carried out on an arm´s lenght basis.

## 16 EVENTS AFTER THE BALANCE SHEET DATE

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

## 17 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.

# COMPANY INFORMATION

**G.S.V. Holding A/S**
Baldersbuen 5
Baldersbrønde
2640 Hedehusene

| | |
|---|---|
| Telephone: | +45 70 12 13 15 |
| Website: | www.gsv.dk |
| E-mail: | info@gsv.dk |

| | |
|---|---|
| CVR-no: | 35 87 58 91 |

**Auditor**
KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø

Design and production: Noted

# PEOPLE FIRST

**G.S.V. HOLDING A/S**
Materieludlejning A/S
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GSV
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