
SSG A/S

Knapholm 6, DK-2730 Herlev

**Annual Report for 1 October
2017 - 30 September 2018**

CVR No 19 44 08 34

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
13/11 2018

Lars Thorsgaard Jensen
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of SSG A/S for the financial year 1 October 2017 - 30 September 2018.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 30 September 2018 of the Company and of the results of the Company operations for 2017/18.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Herlev, 13 November 2018

Executive Board

Sonny Hoffmann Nielsen
CEO

Uffe Iversen
CFO

Board of Directors

John Staunbjerg Dueholm
Chairman

Jesper Wadum Nielsen

Lars Thorsgaard Jensen

Independent Auditor's Report

To the Shareholder of SSG A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 September 2018 and of the results of the Company's operations for the financial year 1 October 2017 - 30 September 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of SSG A/S for the financial year 1 October 2017 - 30 September 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

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

Independent Auditor's Report

ment, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events

Independent Auditor's Report

in a manner that gives a true and fair view.

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

Hellerup, 13 November 2018

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jacob F Christiansen
State Authorised Public Accountant
mne18628

Henrik Ødegaard
State Authorised Public Accountant
mne31489

Company Information

The Company

SSG A/S
Knapholm 6
DK-2730 Herlev
E-mail: mail@ssg.dk
Website: www.ssg.dk

CVR No: 19 44 08 34
Financial period: 1 October - 30 September
Incorporated: 18 July 1996
Financial year: 22nd financial year
Municipality of reg. office: Herlev

Board of Directors

John Staunbjerg Dueholm, Chairman
Jesper Wadum Nielsen
Lars Thorsgaard Jensen

Executive Board

Sonny Hoffmann Nielsen
Uffe Iversen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2017/18	2016/17	2015/16	2014/15	2013/14
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	370,684	349,745	344,530	355,589	395,367
Gross profit/loss	225,555	212,857	204,852	190,289	205,668
Earnings before interest, tax, depreciation and amortization (EBITDA)	44,665	46,113	48,540	31,311	12,888
Profit/loss before financial income and expenses	39,404	40,082	41,559	21,997	2,681
Net financials	-463	-208	-338	-1,529	-2,985
Net profit/loss for the year	30,226	31,069	32,097	15,345	-1,248
Balance sheet					
Balance sheet total	175,565	169,063	147,169	176,350	192,770
Equity	83,519	58,293	46,224	45,627	21,282
Ratios					
Gross margin	60.8%	60.9%	59.5%	53.5%	52.0%
Profit margin	10.6%	11.5%	12.1%	6.2%	0.7%
Return on assets	22.4%	23.7%	28.2%	12.5%	1.4%
Solvency ratio	47.6%	34.5%	31.4%	25.9%	11.0%

Refer to definitions in the note on accounting policies.

Management's Review

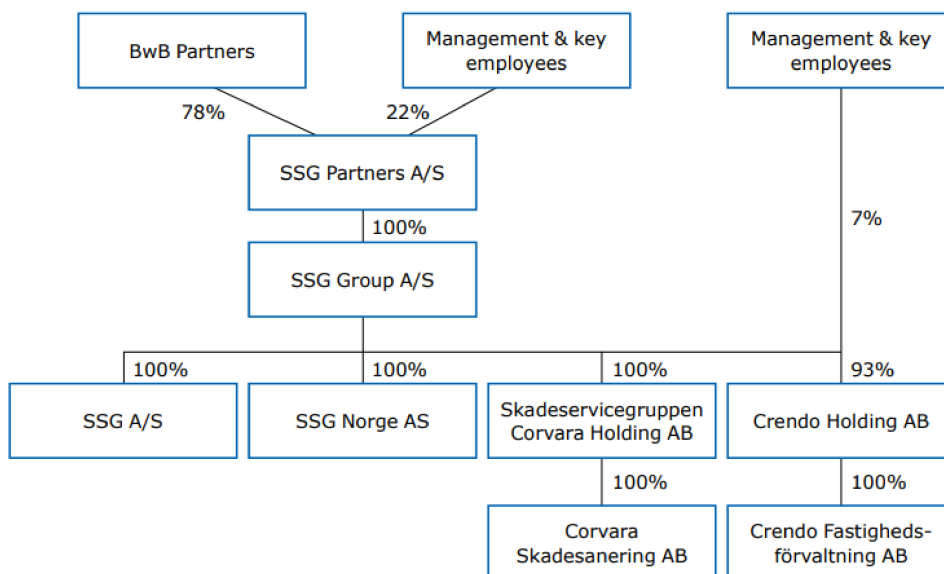
Key activities

SSG is one of Scandinavia's leading providers of damage control and adjacent services. The Company's business model has been tailor-made to meet demands from insurance companies, including specialized repair-work not offered by traditional craftsmen. Damage control, which is SSG's core business and accounts for 80 percent of the Company's revenue for the financial year 2017/2018, primarily refers to services provided in acute situations to stop or limit damage following fire accidents, water leakage, mould or storm related incidents. Adjacent services, which account for 20 percent of the Company's revenue for the financial year 2017/2018, primarily refers to services provided in non-acute situations which require specialized skillsets tools. The offering within the adjacent services covers a wide array of services but is mainly divided into two sub-segments, industry services and property services.

SSG's two service segments, damage control and adjacent services, require similar skillsets and equipment, which allows for efficient resource allocation between the two segments. As demand for damage control services varies over the year, labour and tools can easily be reallocated between the two segments to secure a high utilization throughout the year. The two segments also complement each other well in the sense that, usually, damage control is required in acute situations, whereas adjacent services can be performed in non-acute situations. In periods of high demand for damage control services, the Company can build a pipeline of adjacent services projects which can then be executed during periods of lower demand for damage control, thereby further improving the resource utilization over the year.

Denmark is SSG's home market and is to date the Company's largest and most profitable market. As per 30/9-2018, SSG Denmark has 323 employees through 13 centers across Denmark, offering nation-wide coverage. The Danish operations accounted for 48 percent of the Company's total revenue for the financial year 2017/2018.

Organisational structure and ownership¹⁾



Note: 1) Fully diluted and adjusted for SSG Partners A/S' own shares of approx. 11%.

Management's Review

Development in the year

In financial year 2017/18, SSG A/S realized a total revenue of DKK 370.7 million compared to DKK 349.7 million last year and profit before tax of DKK 38.4 million compared to DKK 39.9 million last year.

SSG A/S (Denmark) continues to generate stable results in accordance with expectations in a year without any major cloudburst or industrial damage. The continuing progress of the efficiency processes and new innovative products also make a positive contribution. The Company has solid contracts with the majority of the large Danish insurance companies.

Development expectations

For 2018/19 revenue and result is expected to be at the same level as in 2017/18.

Capital structure and resources

The SSG share capital is not divided into share classes. Management regularly assesses whether SSG has a capital structure that corresponds to the Company's need for the financing of working capital.

Together with the Company's banks, the Group's owners, Board of Directors and Executive Board assess the combination of equity, loans from shareholders and external financing on a recurring basis.

Management maintains an ongoing dialogue with the Group's most important lenders and shareholders, who show a high level of confidence in the Group. Management assesses that the Group's current capital structure and resources are adequate and sufficient to carry through the activities planned for financial year 2018/19.

Uncertainty relating to recognition and measurement

Accounting estimates have been made in connection with the recognition and measurement of goodwill, deferred tax assets, work in progress and receivables. It is management's assessment that the estimates provide a true and fair view in the Annual Report.

Employees

Our employees constitute the most important asset of SSG, which makes it important to ensure the required technical and human skills. During the year, SSG has therefore held a number of technical courses on humidity, mould and damage control as well as hygiene/environmentally related courses. At management level, training in finances and sale/services has been provided. Moreover, SSG invests in training in the management systems of the insurance companies, In4mo and ScalePoint, on an ongoing basis.

Management's Review

Reporting guidelines of DVCA

The Group is partly owned by private equity and follows certain reporting guidelines issued by the Danish Venture Capital and Private Equity Association. You may find the guidelines here www.DVCA.dk.

Shareholder information

The Company's shares are owned by SSG Group A/S. SSG Partners A/S (parent Company to SSG Group A/S) is owned by BWB Partners II K/S (73%) and SH Service ApS (14%). Furthermore, SSG Partners A/S holds 11% of own shares.

Thus, BWB Partners has control.

Statement of corporate social responsibility

The Company has a policy for health, safety and environment which may be found at the SSG intranet, and new employees are informed about the purpose and contents of the policy in connection with introduction days held on a quarterly basis. This policy sets objectives around the Company's desire to contribute to a better environment and prevent any unnecessary pollution and a set of Company obligations like full compliance with all legal requirement, strive for use of sub-contractors with CSR policies, correct handling and disposal of waste etc. As 2 examples of outcome, the Company has invented a new method for de-humidification which reduced energy electricity consumption by estimated 50% and a remote monitoring of equipment system that significantly reduces the need personal inspection and thus energy used on transportation during a project. Further reductions in fuel and transportation is expected related to new planning function where the use of people, equipment and transportation is optimized centrally.

SSG reports on all work-related injuries, and instructions are prepared with respect to measures to be taken to avoid similar injuries. These instructions can be seen on the notice boards in all canteens, on the intranet and are sent via email to all employees

SSG has a mission and values that have been widely communicated at management meetings, roadshows, on the intranet and in the form of posters in conference rooms, etc. Our mission and values are about taking care of human beings and assets in the best possible way and, thus, support the SSG attitude to the compliance with human rights. However, SSG does not consider it critical to have specific initiatives in this area as employees, customers and suppliers are not regarded as being at risk of non-compliance, the area being regulated by relevant public legislation and trade union rules.

Report on human rights

SSG does not have a policy for human rights, as SSG does not consider it critical to have specific initiatives in this area as employees, customers and suppliers are not regarded as being at risk of non-compliance, the area being regulated by relevant public legislation and trade union rules.

Management's Review

Statement on gender composition

SSG Norge AS has hired a female CEO during 2018. It is the target of the Company's Board of Directors have one female member by 2020. This target has not yet been met as there has been no additions to the Board of Directors in 2017/18 financial year.

The Company wants to increase the diversity of the composition of both the Board of Directors and at other management levels. This is based on a wish to improve the quality of management work and, thus, improve results over time and, simultaneously, stand out as an attractive workplace where all types of applicants apply for vacancies. This applies specifically to the recruitment of new employees at management level where focus is on the qualifications of the applicants as well as the examination of various tests, which are now standard at management level. Age, gender, ethnical background, etc are not taken into consideration. Moreover, all employees take part in an appraisal interview and everybody, without exception, is urged to obtain further training and meet new challenges in order to qualify for a management position in future.

Dividend policy

The payment of dividend is to take place with due consideration of the required consolidation of equity as a basis for the Group's continuing expansion.

Other Management positions held by members of the Board of Directors and the Executive Board

Board of Directors

Name	John Staunbjerg Dueholm (chairman)	Lars Thorsgaard Jensen	Jesper Wadum Nielsen
Position	Senior advisor	Director & Partner - BWB Partners P/S	Director og Partner - BWB Partners P/S
Chairman of the Board of Directors in:	Jetpak AB, SSG Partners A/S, SSG Group A/S and SSG A/S, Hydratech Industries A/S, Hydratech Industries Holdings A/S, Holmris A/S, Holmsris Holding A/S, HTHH ApS, Intermail A/S		Emka Holding ApS, Transmedica Holding 2007 A/S, BWB Partners P/S
Deputy chairman of the Board of Directors in:	Scandinavian Brake System A/S, SBS Friction A/S, SBS Automotive A/S, DPF Svendborg A/S		JB Partners ApS, Holmris A/S, Holmris Holding A/S
Member of the Board of Directors in:	Globus Wine A/S, Air Greenland A/S, BWBP Fonden	SSG A/S, SSG Group A/S, SSG Partners A/S, ZITON A/S, Jack-Up Holding A/S, SSG Norge AS, HXH International AB, Crendo Holding AB, Crendo Fastighetsförvaltning AB	SSG A/S, SSG Group A/S, SSG Partners A/S, Odin General Partner Fonden II, Odin Equity Partners Management II K/S, Transmedica A/S, CIPP Technology Solutions A/S, CIPP Technology Solutions A/S MOEP A/S, STEMA Holding A/S, Jupiter Bach A/S, 14. oktober 2013 A/S
Member of the Executive Board in:	BWB Partners I K/S, BWB Partners II K/S	LTJ Investco ApS, JACK-UP Holding A/S	Anpartsselskabet af 7. juni 2007, Anpartsselskabet af 9. september 2010, Anpartsselskabet af 14. oktober 2013, Anpartsselskabet af 28. marts 2007, Anpartsselskabet af 31. oktober 2007, Anpartsselskabet af 4. juli 2008, Anpartsselskabet af 1. december 2011, Anpartsselskabet af 18. april 2012, Anpartsselskabet af 28. juni 2012, Lowani ApS, BWBP CIV GP ApS, Øserby Plantage ApS, Kawakolo ApS, Emwakolo ApS, Wakolo Invest ApS, Nordic Petrol Systems Holding ApS, Nordic Payment Systems A/S, MOEP A/S, Stema Holding A/S, Anpartsselskabet af 16. november 2015, Brovej 17, 4592 Sejerø ApS

Other Management positions held by members of the Board of Directors and the Executive Board

Executive Board

Name:	Sonny Hoffmann Nielsen	Uffe Iversen
Position	CEO - SSG Partners A/S	CFO - SSG Partners A/S, CEO - SSG A/S, CEO - SSG Group A/S
Chairman of the Board of Directors in:	SSG Norge AS, Crendo Holding AB, Crendo Fastighetsförvaltning AB, Handicap-Befordring A/S, AB Kabelteknik ApS, HB Care A/S, HWH Ejendomme A/S and Handicap-Befordringen Holding A/S, AB Kabelteknik ApS	
Member of the Board of Directors in:	SSG Group A/S and SSG Partners A/S	Crendo Holding AB, Crendo Fastighetsförvaltning AB
Member of the Executive Board in:	SH Service ApS and SG Beverage Services ApS	Uffe Iversen Holding ApS

Income Statement 1 October - 30 September

	Note	2017/18 TDKK	2016/17 TDKK
Revenue	2	370,684	349,745
Other operating income		3,903	3,299
Expenses for raw materials and consumables		-99,936	-94,286
Other external expenses		-49,096	-45,901
Gross profit/loss		225,555	212,857
Staff expenses	3	-180,890	-166,744
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	4	-5,261	-6,031
Profit/loss before financial income and expenses		39,404	40,082
Financial income	5	2,202	2,087
Financial expenses		-2,665	-2,295
Profit/loss before tax		38,941	39,874
Tax on profit/loss for the year	6	-8,715	-8,805
Net profit/loss for the year		30,226	31,069

Balance Sheet 30 September

Assets

	Note	2017/18 TDKK	2016/17 TDKK
Goodwill		416	701
Intangible assets	7	416	701
Other fixtures and fittings, tools and equipment		11,555	6,714
Leasehold improvements		3,428	4,596
Property, plant and equipment	8	14,983	11,310
Fixed assets		15,399	12,011
Inventories		6,316	6,543
Trade receivables		34,522	37,721
Contract work in progress	9	32,654	30,534
Receivables from group enterprises		80,241	75,618
Other receivables		5,402	5,048
Prepayments		986	1,493
Receivables		153,805	150,414
Cash at bank and in hand		45	95
Currents assets		160,166	157,052
Assets		175,565	169,063

Balance Sheet 30 September

Liabilities and equity

	Note	2017/18 TDKK	2016/17 TDKK
Share capital		2,826	2,826
Retained earnings		80,693	55,467
Equity		83,519	58,293
Provision for deferred tax	11	6,260	5,097
Provisions		6,260	5,097
Bank loans		0	21,044
Credit institutions		13,014	14,287
Trade payables		22,380	23,912
Corporation tax		10,638	6,335
Other payables		39,754	40,095
Short-term debt		85,786	105,673
Debt		85,786	105,673
Liabilities and equity		175,565	169,063
Subsequent events	1		
Distribution of profit	10		
Contingent assets, liabilities and other financial obligations	12		
Related parties	13		
Accounting Policies	14		

Statement of Changes in Equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 October	2,826	55,467	58,293
Extraordinary dividend paid	0	-5,000	-5,000
Net profit/loss for the year	0	30,226	30,226
Equity at 30 September	2,826	80,693	83,519

Notes to the Financial Statements

1 Subsequent events

After year end, SSG A/S (Denmark) has distributed extraordinary dividend of DKK 10 million to SSG Group A/S.

	2017/18 <u>TDKK</u>	2016/17 <u>TDKK</u>
2 Revenue		
Geographical segments		
Denmark	370,684	349,745
	<u>370,684</u>	<u>349,745</u>
3 Staff expenses		
Wages and salaries	151,826	139,013
Pensions	19,742	18,611
Other social security expenses	2,748	2,861
Other staff expenses	6,574	6,259
	<u>180,890</u>	<u>166,744</u>
Including remuneration to the Executive Board and Board of Directors of:		
Executive Board	5,100	4,903
Board of Directors	500	800
	<u>5,600</u>	<u>5,703</u>
Average number of employees	<u>332</u>	<u>326</u>
4 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Amortisation of intangible assets	285	775
Depreciation of property, plant and equipment	4,978	5,315
Gain and loss on disposal	-2	-59
	<u>5,261</u>	<u>6,031</u>

Notes to the Financial Statements

	2017/18 TDKK	2016/17 TDKK
5 Financial income		
Interest received from group enterprises	2,094	2,004
Other financial income	108	83
	2,202	2,087
6 Tax on profit/loss for the year		
Current tax for the year	7,552	7,576
Deferred tax for the year	1,163	1,229
	8,715	8,805
7 Intangible assets		Goodwill TDKK
Cost at 1 October		4,312
Cost at 30 September		4,312
Impairment losses and amortisation at 1 October		3,611
Amortisation for the year		285
Impairment losses and amortisation at 30 September		3,896
Carrying amount at 30 September		416

Notes to the Financial Statements

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment TDKK	Leasehold improvements TDKK
Cost at 1 October	58,221	17,018
Additions for the year	8,392	306
Disposals for the year	-50	0
Cost at 30 September	<u>66,563</u>	<u>17,324</u>
Impairment losses and depreciation at 1 October	51,507	12,422
Depreciation for the year	3,504	1,474
Impairment and depreciation of sold assets for the year	-3	0
Impairment losses and depreciation at 30 September	<u>55,008</u>	<u>13,896</u>
Carrying amount at 30 September	<u>11,555</u>	<u>3,428</u>
	<u>2017/18</u> TDKK	<u>2016/17</u> TDKK
9 Contract work in progress		
Selling price of work in progress	116,396	103,094
Payments received on account	-83,742	-72,560
	<u>32,654</u>	<u>30,534</u>
10 Distribution of profit		
Extraordinary dividend paid	5,000	19,000
Retained earnings	25,226	12,069
	<u>30,226</u>	<u>31,069</u>
Extraordinary dividend after year end	<u>10,000</u>	<u>5,000</u>

Notes to the Financial Statements

	2017/18	2016/17
	TDKK	TDKK
11 Provision for deferred tax		
Provision for deferred tax at 1 October	5,097	3,868
Amounts recognised in the income statement for the year	1,163	1,229
Provision for deferred tax at 30 September	6,260	5,097

12 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:

As security for debt to credit institutions, a floating charge of nominally TDKK 81,000 has been registered in the Company's trade receivables, inventories, leasehold improvements, other fixtures and fittings, tools and equipment, goodwill, domain name and rights. At 30 September 2018, the carrying amount is TDKK 57,264 and the net debt amounts to TDKK 13,014 in the Company and TDKK 40,891 in other Group Companies.

The Company has provided work guarantees amounting to TDKK 5,103 and payments guarantees amounting TDKK 14,146.

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	19,382	18,617
Between 1 and 5 years	32,170	39,873
After 5 years	0	0
	51,552	58,490

Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

13 Related parties

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company, SSG Partners A/S

<u>Name</u>	<u>Place of registered office</u>
SSG Partners A/S, CVR no 34 58 24 40	Herlev

Notes to the Financial Statements

14 Accounting Policies

The Annual Report of SSG A/S for 2017/18 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2017/18 are presented in TDKK.

With reference to section 96 of the Danish Financial Statement Act, fee to auditors appointed at the general meeting is not presented in the Annual Report of SSG A/S. Fee paid to auditors appointed at the general meeting are disclosed as part notes in the Parent Company, SSG Partners A/S.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of SSG Partners A/S, CVR no 34 58 24 40, the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

Notes to the Financial Statements

14 Accounting Policies (continued)

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Revenue

Information on business segments and geographical segments based on the Company's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income Statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when the sale is considered effected based on the following criteria:

- delivery has been made before year end;
- a binding sales agreement has been made;
- the sales price has been determined; and
- payment has been received or may with reasonable certainty be expected to be received.

The consideration for the services rendered is determined using different models. Revenue for the different models is as follows:

- If the consideration is based on the time and costs spent, revenue is recognised proportionally to the rendered services by which recognised revenue corresponds to the sales value of the work performed in

Notes to the Financial Statements

14 Accounting Policies (continued)

the year (the production method).

- If the consideration is based on a fixed price contract, revenue is recognised proportionally to the rendered services by which recognised revenue corresponds to the sales value of the work performed in the year (the production method).

Thereby it is ensured that revenue is not recognised until the total profits and costs as well as the stage of completion at the balance sheet date can be measured reliably and it is probable that the economic benefits including payments will be received by the Company.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc. Included in the financial statement line item are also write downs of receivables recognised under current assets.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities as well as extra payments and repayment under the onaccount taxation scheme.

Notes to the Financial Statements

14 Accounting Policies (continued)

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with Danish group companies. The tax effect of the joint taxation is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses). The jointly taxed enterprises have adopted the on-account taxation scheme.

Balance Sheet

Intangible assets

Goodwill

Acquired goodwill is measured at cost net of accumulated amortisation. Goodwill is amortised on a straight-line basis over the estimated useful life of 5-10 years which in some cases can be up to 20 years for strategically acquired companies with a strong market position and a long term earnings profile, if the extended amortisation period is assessed to better reflect the use of the respective resources.

Goodwill is impaired to the recoverable amount if this is lower than carrying amount.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5	years
Leasehold improvements	10-20	years

Depreciation period and residual value are reassessed annually.

Notes to the Financial Statements

14 Accounting Policies (continued)

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of inventories equals landed cost.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expen-

Notes to the Financial Statements

14 Accounting Policies (continued)

ses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

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

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Notes to the Financial Statements

14 Accounting Policies (continued)

Financial debts

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Notes to the Financial Statements

14 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$