SSG A/S

Knapholm 6, DK-2730 Herlev

Annual Report for 1 October 2019 - 30 September 2020

CVR No 19 44 08 34

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 12/11 2020

Allan Tharuman
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 2019 - 30 September 2020.

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 2020 of the Company and of the results of the Company operations for 2019/20.

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, 12 November 2020

Executive Board

Carsten Fensholt Group CEO	Pernille Damm Nielsen Group CFO

Board of Directors

John Staunsbjerg Dueholm Chairman	Johan Agerman	Rune Lillie Gornitzka
Sonny Hoffmann Nielsen	Martin Bøge Mikkelsen	

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 2020 and of the results of the Company's operations for the financial year 1 October 2019 - 30 September 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of SSG A/S for the financial year 1 October 2019 - 30 September 2020, 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-

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

Independent Auditor's Report

disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Hellerup, 12 November 2020
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jacob F Christiansen	Henrik Ødegaard
State Authorised Public Accountant	State Authorised Public Accountant
mne18628	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: 24th financial year Municipality of reg. office: Herlev
Board of Directors	John Staunsbjerg Dueholm, Chairman Johan Agerman Rune Lillie Gornitzka Sonny Hoffmann Nielsen Martin Bøge Mikkelsen
Executive Board	Carsten Fensholt Pernille Damm Nielsen
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:

	2019/20	2018/19	2017/18	2016/17	2015/16
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	385,595	390,800	370,684	349,745	344,530
Gross profit/loss	229,986	236,278	225,555	212,857	204,852
Earnings before interest, tax, depreciation and amortization (EBITDA)	35,855	43,965	44,665	46,113	48,540
Profit/loss before financial income and expenses	29,820	38,236	39,404	40,082	41,559
Net financials	417	130	-463	-208	-338
Net profit/loss for the year	23,387	29,523	30,226	31,069	32,097
Balance sheet					
Balance sheet total	268,252	223,267	175,565	169,063	147,169
Equity	126,430	103,043	83,519	58,293	46,224
Ratios					
Gross margin	59.6%	60.5%	60.8%	60.9%	59.5%
Profit margin	7.7%	9.8%	10.6%	11.5%	12.1%
Return on assets	11.1%	17.1%	22.4%	23.7%	28.2%
Solvency ratio	47.1%	46.2%	47.6%	34.5%	31.4%

Refer to definitions in the note on accounting policies.

Management's Review

Principle 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 repairwork not offered by traditional craftsmen. Damage control, which is SSG´s core business and accounts for 85 percent of the Company's revenue for the financial year 2019/2020, 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 15 percent of the Company's revenue for the financial year 2019/2020, primarily refers to services provided in non acute situations which require specialized skillsets and tools. The offering within these 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 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.

SSG was successfully acquired by Polaris Private Equity in December 2019. Polaris is a leading Nordic private equity company investing in mid-sized companies with the objective to invest in good companies with great potential and make them bigger and better in partnership with Management and the Board. At the same time Polaris/SSG acquired "EBE Gruppen" to strengthen the presence in the Swedish market. EBE Gruppen is the leading damage control and moisture technic company in Greater Gothenburg area, and EBE Gruppen has been successfully integrated in SSG during 2020.

The Danish business is SSG's largest operation, holding a clear market leading position. As per 30/9 2020, SSG Denmark had 353 employees and 13 centers across Denmark, offering nationwide coverage. The Danish operations accounted for 43 percent of the Company's total revenue for the financial year 2019/2020.

In Norway, SSG operates a total of 24 wholly owned centers and four franchise centers with a total of 296 employees. The Norwegian SSG operations account for 33 percent of the Company's total revenue in the financial year 2019/2020.

Management's Review

The Swedish operations are comprised of SSG Nordic and EBE Gruppen, which primarily offers damage control services. Sweden has 256 employees working at its 15 centers. The Swedish operations account for 24 percent of the Company's total revenue in the financial year 2019/2020. In line with the strategic focus on damage control services, Crendo (property service & administration) was divested during the year to free up management time and capacity in SSG's core operations.

It is SSG's ambition to be the most attractive 24/7 Damage Control Service partner in Scandinavia by being:
•The leading partner in quality, customer service and communication.
•Competitive on cost, and with the clear ambition to help insurance companies to reduce average damage cost ongoing.
•The leading partner in digitalization, automatization and transparent reporting.
•The leading partner in innovation and new services to continue to be able to reduce average damage cost.

With the new owners and new management, SSG Group will continue to expand its presence in all Scandinavian countries, with the ambition of being a clear number 1 or 2 in each market.

Development in the year

SSG A/S (Denmark) continued to generate solid results in accordance with expectations in a year without any "big damages projects". The ongoing progress of optimizing the business, digitalization and implementation of new innovative products also made a positive contribution. The Company has solid contracts with the majority of the large Danish insurance companies, and several contracts were renewed in 2019/20 after competitive tenders. In addition, some contracts were extended with increased geographical coverage.

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 2020/21.

Management's Review

Financial targets

Management has an organic revenue target of three to five percent per year for Denmark. Revenue growth will be attributable to increased revenue from existing and new customers based on a new set of innovative services and continued dialogue with existing customers about transferring more basic damage administration/responsibility to SSG. In addition, focus will be on growing adjacent services and establishing "preventive" services in cooperation with insurance companies.

Uncertainty relating to recognition and measurement

Accounting estimates have been made in connection with the recognition and measurement of work in progress, receivables and goodwill. SSG currently works to improve its methods for the recognition and measurement of such items and, in Management's assessment, the estimates made provide a true and fair view in the Annual Report.

Employees

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.

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.

Corporate social responsibility report

For the main operating model of SSG, please refer to section "Principal Activities"

SSG does not consider its operating activities to contain any significant risks with respect to the climate and the environment. The policies in this area 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. The specific activities are an ongoing focus on developing methods to reduce especially the use of fuel, electricity, and chemicals. SSG management is satisfied with the progress made in this area during the financial year.

Management's Review

SSG does operate in an environment where there are certain risks with respect to employee health and safety, for instance in connection with removal of asbestos and mould. The policies in this area establishes the rules for employees, for instance specific work instructions, required training levels, use of protective gear etc.

Other policies take care of social aspects like respect for the individual, smoking and consumption of alcohol, among other things.

The level of implementation is controlled via regular site audits conducted by SSG quality teams where methods and use of equipment is reviewed. A worker's council is established where employee representatives meet and discuss health and safety related subjects and decides on appropriate new initiatives. The Group has earmarked investment in 2020 to improve the working environment.

One of the main measures of a heathy and safe work environment is sick leave, here SSG has achieved its objective of maximum 3% absence.

Shareholder information

The Company's shares are owned by SSG Group A/S which is owned by P-SSG A/S (92,61%) and Key employees, Boards and co-investors (6,78%). Furthermore, the Group holds 0,61% of own shares.

Report on human rights and anti-corruption

SSG does not have a policy for human rights and anti corruption, 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.

Report on gender representation in Management

The Company has an ongoing objective of at least one female board member. The Company's executive management have hired one female member in 2020 but no female in the board as no female board member has been elected.

The Company has an objective of 25% female representation by 2025 in leadership positions. The 23,5 % of females has increased during last financial year and the Company is satisfied with the progress made here towards the 2025 goal.

The main activities behind the goal of increased female representation is centered around internal and external recruiting as well as making sure that all female internal talents get the needed attention and support in their leadership development to compete for leadership positions.

Management's Review

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.

Subsequent events

No other events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

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

Board of Directors

Name	John Staunsbjerg Dueholm (chairman)	Johan Agerman	Rune Lillie Gornitzka
Position	Senior advisor	Board member	Partner - Polaris Equity
Chairman of the Board of Directors in:	SSG A/S, SSG Partners A/S, SSG Group A/S, SSG HoldCo A/S, SSG BidCo A/S, SSG Norge AS, Hydratech Industries A/S, Hydratech Industries Holding A/S, HTHH ApS, InterMail A/S, Jetpak AB	Aktieselskabet af 18. maj 2018, JA3C AB, several subsidiaries in Lowell Nordic Group, Future Pension AB	P-SSG 2019 A/S
Deputy chairman of the Board of Directors in:	DPF Svendborg A/S, SBS Automotive A/S, SBS Friction A/S, Scandinavian Brake Systems A/S		
Member of the Board of Directors in:	BWBP Fonden, Globus Wine A/S	SSG A/S, SSG Partners A/S, SSG Group A/S, SSG HoldCo A/S, SSG BidCo A/S, Svensk Inkasso Medlemsservice AB, Annika Braddon Consulting AB	SSG A/S, SSG Partners A/S, SSG Group A/S, SSG HoldCo A/S, SSG BidCo A/S, SSG Norge AS, P-DMM Holding 2019 A/S, P-DMM 2014 A/S, DMM Holding 1 A/S, DMM Holding 2 A/S, ProData Consult A/S, ProData Holding A/S, ProData BidCo A/S, Det Danske Madhus A/S
Member of the Executive Board in:	BWB Partners II K/S	Lowell Group	Stella Invest ApS

Name	Sonny Hoffmann Nielsen	Martin Bøge Mikkelsen
Position	Board member	Board member
Chairman of the Board of Directors in:	HB-Care A/S, HB-Care Leasing ApS, HB-Care Leasing 1 ApS, WeCon A/S, Dane TopCo ApS	InterForce Region Hovedstaden
Deputy chairman of the Board of Directors in:		
Member of the Board of Directors in:	SSG A/S, SSG Partners A/S, SSG Group A/S, SSG HoldCo A/S, SSG BidCo A/S	SSG A/S, SSG Partners A/S, SSG Group A/S, SSG HoldCo A/S, SSG BidCo A/S, Secure Capital A/S, Secure Fondsmæglerselskab A/S, Alternative Equity Partners A/S, InterMail A/S
Member of the Executive Board in:	SH Service ApS	MBMikkelsen Holding ApS, Mitco Invest ApS

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

Executive Board

Name:	**Carsten Fensholt**	**Pernille Damm Nielsen**
Position	Group CEO	Group CFO
Chairman of the Board of Directors in:	SSG Nordic Holding AB, SSG Nordic AB, Crendo Holding AB, EBE Gruppen AB, EBE Torkteknik AB, EBE Skadeservice AB	
Member of the Board of Directors in:	SSG Norge AS	SSG Norge AS, SSG Nordic Holding AB, SSG Nordic AB, Crendo Holding AB, EBE Gruppen AB, EBE Torkteknik AB, EBE Skadeservice AB
Member of the Executive Board in:	SSG A/S, SSG Partners A/S, SSG Group A/S, SSG HoldCo A/S, SSG BidCo A/S	SSG A/S, SSG Partners A/S, SSG Group A/S, SSG HoldCo A/S, SSG BidCo A/S

Income Statement 1 October - 30 September

	Note	2019/20	2018/19
		TDKK	TDKK
Revenue	1	**385,595**	**390,800**
Other operating income		3,203	2,585
Expenses for raw materials and consumables		-100,226	-104,157
Other external expenses		-58,586	-52,950
Gross profit/loss		**229,986**	**236,278**
Staff expenses	2	-194,131	-192,313
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-6,035	-5,729
Profit/loss before financial income and expenses		**29,820**	**38,236**
Financial income	4	4,290	3,097
Financial expenses		-3,873	-2,967
Profit/loss before tax		**30,237**	**38,366**
Tax on profit/loss for the year	5	-6,850	-8,843
Net profit/loss for the year		**23,387**	**29,523**

Balance Sheet 30 September

Assets

	Note	2019/20	2018/19
		TDKK	TDKK
Goodwill		65	240
Intangible assets	6	**65**	**240**
Other fixtures and fittings, tools and equipment		15,522	12,141
Leasehold improvements		2,661	3,037
Property, plant and equipment	7	**18,183**	**15,178**
Fixed assets		**18,248**	**15,418**
Inventories		**8,638**	**6,642**
Trade receivables		44,876	34,973
Contract work in progress	8	35,421	30,852
Receivables from group enterprises		133,734	120,776
Other receivables		5,731	5,205
Prepayments	9	1,450	851
Receivables		**221,212**	**192,657**
Cash at bank and in hand		**20,154**	**8,550**
Currents assets		**250,004**	**207,849**
Assets		**268,252**	**223,267**

Balance Sheet 30 September

Liabilities and equity

	Note	2019/20	2018/19
		TDKK	TDKK
Share capital		2,826	2,826
Retained earnings		123,604	100,217
Equity		**126,430**	**103,043**
Provision for deferred tax	11	8,934	5,766
Other provisions	12	3,464	0
Provisions		**12,398**	**5,766**
Lease obligations		884	0
Long-term debt	13	**884**	**0**
Credit institutions		24,766	26,564
Lease obligations	13	355	0
Trade payables		20,111	26,280
Payables to group enterprises		1,424	0
Corporation tax		11,870	16,262
Other payables		70,014	45,352
Short-term debt		**128,540**	**114,458**
Debt		**129,424**	**114,458**
Liabilities and equity		**268,252**	**223,267**
Distribution of profit	10		
Contingent assets, liabilities and other financial obligations	14		
Related parties	15		
Accounting Policies	16		

Statement of Changes in Equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 October	2,826	100,217	103,043
Net profit/loss for the year	0	23,387	23,387
Equity at 30 September	**2,826**	**123,604**	**126,430**

Notes to the Financial Statements

		2019/20	2018/19
		TDKK	TDKK
1	**Revenue**		
	Geographical segments		
	Denmark	385,595	390,800
		385,595	**390,800**
2	**Staff expenses**		
	Wages and salaries	163,031	160,590
	Pensions	22,299	20,727
	Other social security expenses	2,557	3,305
	Other staff expenses	6,244	7,691
		194,131	**192,313**
	Including remuneration to the Executive Board and Board of Directors of:		
	Executive Board	6,359	6,291
	Board of Directors	1,175	800
		7,534	**7,091**
	Average number of employees	**346**	**347**
3	**Depreciation, amortisation and impairment of intangible assets and property, plant and equipment**		
	Amortisation of intangible assets	175	175
	Depreciation of property, plant and equipment	5,842	5,554
	Gain and loss on disposal	18	0
		6,035	**5,729**

Notes to the Financial Statements

	2019/20	2018/19
	TDKK	TDKK

4 Financial income

Interest received from group enterprises	4,184	2,990
Other financial income	106	107
	4,290	**3,097**

5 Tax on profit/loss for the year

Current tax for the year	3,682	9,337
Deferred tax for the year	3,168	-494
	6,850	**8,843**

6 Intangible assets

	Goodwill
	TDKK
Cost at 1 October	4,312
Cost at 30 September	4,312
Impairment losses and amortisation at 1 October	4,072
Amortisation for the year	175
Impairment losses and amortisation at 30 September	4,247
Carrying amount at 30 September	**65**

Notes to the Financial Statements

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	TDKK	TDKK
Cost at 1 October	71,710	17,926
Additions for the year	8,693	236
Disposals for the year	-88	0
Cost at 30 September	80,315	18,162
Impairment losses and depreciation at 1 October	59,569	14,889
Depreciation for the year	5,230	612
Impairment and depreciation of sold assets for the year	-6	0
Impairment losses and depreciation at 30 September	64,793	15,501
Carrying amount at 30 September	**15,522**	**2,661**
Including assets under finance leases amounting to	1,236	0

	2019/20	2018/19
	TDKK	TDKK

8 Contract work in progress

Selling price of work in progress	155,125	116,614
Payments received on account	-119,704	-85,762
	35,421	**30,852**

9 Prepayments

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

10 Distribution of profit

Extraordinary dividend paid	0	10,000
Retained earnings	23,387	19,523
	23,387	**29,523**

Notes to the Financial Statements

		2019/20	2018/19
		TDKK	TDKK
11	**Provision for deferred tax**		
	Provision for deferred tax at 1 October	5,766	6,260
	Amounts recognised in the income statement for the year	3,168	-494
	Provision for deferred tax at 30 September	**8,934**	**5,766**

12 Other provisions

The Company has a re-establishment commitment of the leased premises.

Lease re-establishment	3,464	0
	3,464	**0**
After 5 years	3,464	0
	3,464	**0**

13 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Lease obligations

Between 1 and 5 years	884	0
Long-term part	884	0
Within 1 year	355	0
	1,239	**0**

Notes to the Financial Statements

	2019/20	2018/19
	TDKK	TDKK

14 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 registrered in the Company's trade receivables, inventories, leasehold improvements, other fixtures and fittings, tools and equipment, goodwill, domain name and rights. At 30 September 2020, the carrying amount is TDKK 71,762 and the net debt amounts to TDKK 24,766 in the Company.

The Company has provided work guarantees amounting to TDKK 7,721 and payments guarantees amounting TDKK 747.

Rental and lease obligations

	2019/20 TDKK	2018/19 TDKK
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	19,697	20,227
Between 1 and 5 years	48,209	24,261
After 5 years	7,032	0
	74,938	**44,488**

Other contingent liabilities

SSG A/S is involved in commercial claims and disputes which are subject to uncertainty.

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

15 Related parties

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company, P-SSG 2019 A/S and SSG BidCo A/S

Name	Place of registered office
P-SSG 2019 A/S, CVR no 40 93 39 56	Copenhagen
SSG BidCo A/S, CVR no 38 62 09 08	Herlev

Notes to the Financial Statements

16 Accounting Policies

The Annual Report of SSG A/S for 2019/20 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 2019/20 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 Bidco 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 BidCo A/S, CVR no 38 62 09 08, 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

16 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 Companys 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

16 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 regonised until the total profits and costs as well as the stage of completion at the balance sheet date can be measured realibly 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.

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

16 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

16 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

16 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.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

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.

Notes to the Financial Statements

16 Accounting Policies (continued)

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.

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

16 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

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