BELFOR Denmark A/S

Knapholm 6
2730 Herlev
Denmark

CVR no. 19 44 08 34

Annual report 2023

The annual report was presented and approved at the Company's annual general meeting on

12 July 2024

Pia Sommer
Chairman of the annual general meeting

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of BELFOR Denmark A/S for the financial year 1 January – 31 December 2023.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023.

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

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

Herlev, 12 July 2024
Executive Board:

Jan Kreiberg Larsen
CEO

Board of Directors:

Elvir Kolak Chairman	Jan Kreiberg Larsen	Anne-Mette Enoksen

Independent auditor's report

To the shareholder of BELFOR Denmark A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023, and of the results of the Company's operations for the financial year 1 January – 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of BELFOR Denmark A/S for the financial year 1 January – 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 Financial 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 misstatement, whether due to fraud or error.

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

Independent auditor's report

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance 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 financial statement 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 judgment 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 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 July 2024
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Henrik Ødegaard
State Authorised
Public Accountant
mne31489

Management's review

Company details

BELFOR Denmark A/S
Knapholm 6
2730 Herlev
Denmark

CVR no.:	19 44 08 34
Established:	18 July 1996
Registered office:	Herlev
Financial year:	1 January – 31 December

Board of Directors

Elvir Kolak, Chairman
Jan Kreiberg Larsen
Anne-Mette Enoksen

Executive Board

Jan Kreiberg Larsen, CEO

Auditor

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup
CVR no. 33 77 12 31

Management's review

Financial highlights

DKK'000	2023	2022	2021	2020	2019
Key figures					
Revenue	580,594	339,783	91,326	79,953	84,010
Gross profit/loss	344,372	206,852	69,811	57,593	61,193
Profit/loss before financial income and expenses	-55,467	-35,572	1,080	-3,740	-13,563
Profit/loss from financial income and expenses	-75,131	-19,888	-900	-753	-769
Profit/loss for the year	-131,487	-45,048	-2,978	-3,454	-11,289
Total assets	1,257,015	1,274,481	110,319	56,890	61,152
Equity	751,633	-31,557	13,500	16,478	19,931
Investment in property, plant and equipment	36,440	29,671	10,918	3,223	26,726
Ratios					
Gross margin	59.3%	60.9%	76.4%	72.0%	72.8%
Solvency ratio	59.8%	-2.5%	12.2%	29.0%	32.6%
Profit margin	-9.6%	-10.5%	1.2%	-4.7%	-16.1%
Return on assets	-4.4%	-2.8%	1.0%	-6.6%	-22.2%

Financial figures have been adjusted due to group internal downstream mergers in 2023 with BELFOR Denmark A/S as the continuing company. The downstream mergers have been recognised in accordance with consolidation method, hence the financial figures presented in 2019 - 2021 are the figures of the ultimate Danish Parent Company before the acquisition of BELFOR Denmark A/S on 1 July 2022.

The financial ratios have been calculated as follows:

Gross margin $\frac{\text{Gross profit x 100}}{\text{Revenue}}$

Solvency ratio $\frac{\text{Equity at year-end x 100}}{\text{Total assets at year-end}}$

Profit margin $\frac{\text{Profit before financials x 100}}{\text{Revenue}}$

Return on assets $\frac{\text{Profit before financials x 100}}{\text{Total assets at year end}}$

Management's review

Operating review

Principal activities

BELFOR is one of Scandinavia´s leading providers of damage control and complementary services. The Company´s business model has been tailored to meet demand from insurance companies, including specialised repair work not offered by traditional craftsmen

Damage control, which is BELFOR´s core business, primarily refers to services provided in acute situations to stop or limit damage following fire, water leakage, moisture or storm related incidents but also project management for reconstruction work, and in some market segments the full process from damage stop to reconstruction. Complementary services primarily refer to services provided in non-acute situations which require specialised skillsets and tools. The offering within these complementary services covers mainly industry and property services.

Development in the year

In 2023 BELFOR Denmark has grown its base business further. The main driver was the exceptionally high number of weather incidents especially during the second half of the year which have driven up production costs such as payroll, use of temporary workers and subcontractors. Costs related to the acquisition of the SSG Group by BELFOR, integration and reorganization were further factors affecting the result. The operation result improved compared to the prior year, and Management considers the result acceptable given that 2023 was a year of integration and consolidation of the acquired companies.

The integration of the acquired activities and the mergers with the former holding companies led to adaptation of intangibles from purchase accounting, subsequent annual amortization of goodwill and other intangibles, and increased financial expenses arising from the financing of the acquisition.

Capital structure and resources

The Company’s share capital is not divided into share classes. Management regularly assesses whether BELFOR has a capital structure that corresponds to the Company’s need for financing of working capital. Together with the Company’s banks, the owners, Board of Directors and Executive Board assess the combination of equity, loans from shareholders and external financing on a recurring basis. As a consequence of this ongoing assessment, it was decided to convert the entire acquisition loan of 914m to equity at the end of 2023.

Management maintains an ongoing dialogue with the Group’s most important lenders and since the acquisition of the SSG Group, BELFOR has become part of the BELFOR’s global financing capacities that ensure sufficient liquidity at all times. Management assesses that the Group’s current capital structure and resources are adequate and sufficient to carry through the activities planned for financial year 2024.

Financial targets

Management has a long-term target of three to five percent organics growth per year. Focus in 2024 will, however, be to re-establish profitability in terms of gross margin at the level from previous years. Despite this and the impact from the debt forgiveness the target for 2024 is a loss in the range between DKK 25 and 50m.

Management's review

Operating review

Employees

Employees constitute the most important asset of BELFOR, which makes it important to ensure the required technical and human skills. During the year, BELFOR has therefore held ongoing technical courses on e.g. humidity, moisture and damage control as well as hygiene/environmentally related courses. Training in specific areas such as logging, work in heights and on the road has been conducted. We have also implemented training in Denmark and in Germany in a new chemical setup, and workshops with focus on work environment. BELFOR continues to invest in training in the management systems of the insurance companies, In4mo and ScalePoint. We have also in 2023 participated in BELFOR's international High Potential Programme, which is an exclusively developed leadership program for senior managers.

Shareholder information

All of the Company's shares are owned by BELFOR Europe GmbH. The Company is part of the consolidated financial statements of BELFOR Europe GmbH as the smallest group and ultimately of the consolidated financial statements of BELFOR Holdings Inc., Wilmington, Delaware, USA.

Uncertainty regarding recognition and measurement

Accounting estimates have been made in connection with the recognition and measurement of work in progress, and receivables. BELFOR continuously 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.

Reporting on sustainability in accordance with section 99 a of the Danish Financial Statement Act

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

BELFOR implemented the UN and OECD standards and is member of UN Global Compact. In addition, we have set a strategy/plan around 5 Sustainable Development Goals (SDGs); Gender Equality, Decent work and Economic Growth, Sustainable Cities and Communities, Responsible Consumption and Production and Climate actions. A baseline has been documented for all areas and we have implemented a monthly reporting tracking system along the financial reporting system to ensure transparency and focus.

BELFOR does not consider its operating activities to contain any significant risks with respect to the climate and the environment since we are a service company and since our main impact is consumption of fuel for our vehicles and handling and disposal of waste on behalf of our customers. The Policies in this area set 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 requirements, strive for use of sub-contractors with CSR policies, and correct handling and disposal of waste. The specific activities are an ongoing focus on developing methods to reduce especially the use of fuel, electricity, and chemicals.

Management's review

Operating review

Sustainable Development Goals

We have operationalized target on all our selected SDGs and have elaborated on some of them here:

SDG 3 Good Health and well-being
- Healthy workplace conditions (Physically and mentally)
- Freedom with responsibility
- Safe workplace

SDG 4 Quality Education
- Skills development
- Special courses
- E-learning

SDG 10 Reduced Inequalities
- Equal conditions for all
- Integration work
- Equal numbers of women and men

SDG 12: Responsible consumption and production
- In house produced chemistry
- Recycling
- Minimize kilometres driven

SDG 13 Climate Action
- Less CO2 emissions
- Less water consumption
- Less power consumption
- Sorting of waste

We continue to work towards our goal of having 50% women in the company. In 2023, 24% of the workforce were female employees. We are also constantly working to increase the number of women in the industry to create a variety of employee qualities and skills at all levels.

We offer in-house training for our employees, e.g., in the use of SRF (Soot Removal Film), which is a rubber material that effectively removes soot.

At BELFOR, we work purposefully to improve our culture and attitudes regarding working environment, so our employees can carry out their work in a safe and secure manner.

Driving is responsible for most of our CO2 emissions, and therefore we look very carefully at how we can work smarter and reduce the number of kilometres driven to minimize our CO2 emissions. In 2023, we have increased the use of remote monitoring of cases to minimize driving, and we use video inspection of damages where it is possible. This makes our working hours more efficient, and we do not drive unnecessary for a humidity check. Reduction of CO2 emissions will also come from the vehicle fleet by switching to electric cars. Our goal is a car fleet of passenger cars that is 100% electric in 2030.

Management's review

Operating review

Social- and employee matters

BELFOR 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 establish the rules for employees, for instance specific work instructions, required training levels and use of protective gear.

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

The level of implementation is controlled via regular site audits conducted by BELFOR quality teams where methods and use of equipment are reviewed. A worker's council has been established where employee representatives meet and discuss health and safety related subjects and decide on appropriate new initiatives. The Group has again in 2023 invested to improve the working environment and will continue with current initiatives going forward.

One of the main measures of a healthy and safe work environment is sick leave. In 2023 the absence was 6%.

Environment and Climate

The rising energy prices also affect BELFOR, and new and green ways of thinking are needed to ensure a sustainable future for all of us. But this must not be at the expense of the quality of our work.

We are constantly developing new and more environmentally friendly ways of doing business. We have introduced a new chemistry program with in-house developed chemistry. This means that we control which chemicals are used and that our employees always work with the correct dosage. The old chemistry is continuously used up as the new chemistry program is implemented.

Our patented product SRF (Soot Removal Film) is a product developed internally at BELFOR. It consists of a 100% natural rubber material, and it saves large amounts of clean water.

Our vehicles and equipment are continuously supplemented with new and more environmentally friendly units. We no longer purchase diesel passenger cars, and we continuously invest in a good charging infrastructure for electric cars at our locations.

We are continuously working to be able to drive fewer kilometres by making more use of remote monitoring and of SMS to video in the cases where it is possible.

Human rights and Anti-Corruption

Risks related to human rights mainly relate to discrimination, i.e. treating, or proposing to treat (potential) employees or business partners unfavourably because of a personal characteristic, such as sex, age, race or disability.

Risks related to corruption mainly relate to bribes and kickbacks to receive work orders from customers or to provide business or inappropriate advantages to suppliers.

BELFOR complies with all relevant legislation concerning the areas of human rights and anti-corruption.

We work actively against discrimination, corruption, extortion and bribery. BELFOR has a zero tolerance in these areas which is clearly communicated to all employees and business partners, based on internal policies and a code of conduct.

During 2023 there have been no reported incidents. We will continue current initiatives going forward.

Management's review

Operating review

Reporting on gender diversity in accordance with section 99 b of the Danish Financial Statement Act

The Company has an objective of at least one female Board member (33%) in year 2025. In 2023, as previously, the Board was composed of 3 male and no female members. In early 2024 changes to the Board were made, and the Board is now composed of 2 male and 1 female member. Belfor Denmark has in 2023 focused on finding candidates of the underrepresented gender for the Board of Directors with the ambition of having a more diverse gender composition. However, in selecting candidates Belfor Denmark prioritises experience and expertise in the industry.

In the senior management team, we had one woman out of the 7 members in 2023. During 1st quarter 2024, the senior management team was expanded to 8 members, and 2 additional women joined the team. The company strives to maintain and meet the set targets for gender quotas at the top and upper management levels,but will always hire the best qualified candidate. The company believes that diversity among employees contributes positively to the working environment and strengthens the company's performance and competitiveness.

The Company has an objective of 25% female representation in other leadership positions by 2025. Females in other leadership positions went up from 21 % in 2021/2022 to 24 % in 2023.

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

In 2023, we have decided to start up the mentoring scheme in 2024, from which we will be able to recruit 1st line managers in the future.

In the mentor corps, we have the ambition to have +25 percent female mentors, which reflects the distribution of gender in the company (company policy).

Management's review

Operating review

Board of directors	2023
Members	3
Share of underrepresented gender	0
Target in pct	33%
Target year figure	2025

Leadership and extended leadership team	2023
Members	34
Women	8
Share of underrepresented gender	24%
Target in pct	25%
Target for year figure	2025

Data Ethics in accordance with section 99 d of the Danish Financial Statement Act

BELFOR is working with a very limited exposure to data ethical elements, basically only processing data necessary for payment of wages and salaries and handling of customer and supplier relation.

Consequently, BELFOR has not considered it necessary to have an explicit policy covering this area as we consider the precautions related to adherence to GDPR more than adequate.

Dividend policy

The payment of dividends only takes place with due consideration of the required consolidation of equity as a basis for the Group’s continuing expansion.

Events after the balance sheet date

No significant events took place after the balance sheet date.

Financial statements 1 January - 31 December

Income statement

DKK'000	Note	2023	2022
Revenue	2	580,594	339,783
Costs of raw materials and consumables		-163,274	-82,436
Other operating income		456	88
Other external costs		-73,404	-50,583
Gross profit		344,372	206,852
Staff costs	3	-298,119	-187,471
Depreciation, amortisation and impairment losses	4	-96,818	-51,312
Other operating costs		-4,902	-3,641
Loss before financial income and expenses		-55,467	-35,572
Income from equity investments in group entities		6,000	2,500
Other financial income	5	8,081	23,495
Other financial expenses	6	-89,212	-45,883
Loss before tax		-130,598	-55,460
Tax on loss for the year	7	-889	10,412
Loss for the year	8	-131,487	-45,048

Financial statements 1 January - 31 December

Balance sheet

DKK'000	Note	31/12 2023	31/12 2022
ASSETS			
Fixed assets			
Intangible assets	9		
Customer relations		43,938	56,492
Goodwill		343,705	388,180
		387,643	444,672
Property, plant and equipment	10		
Land and buildings		38,118	81,921
Tools, equipment and vehicles		76,874	71,993
Leasehold improvements		2,614	2,809
		117,606	156,723
Investments	11		
Equity investments in group entities		528,462	380,821
Total fixed assets		1,033,711	982,216
Current assets			
Inventories			
Raw materials and consumables		8,490	9,786
Receivables			
Trade receivables		39,113	44,234
Receivables from group entities		46,318	159,177
Contract work in progress	12	95,106	62,855
Other receivables		11,373	9,956
Prepayments	13	3,625	4,085
		195,535	280,307
Cash at bank and in hand		19,279	2,172
Total current assets		223,304	292,265
TOTAL ASSETS		1,257,015	1,274,481

Financial statements 1 January - 31 December

Balance sheet

DKK'000	Note	31/12 2023	31/12 2022
EQUITY AND LIABILITIES			
Equity			
Contributed capital		4,446	4,446
Other reserves		914,677	0
Retained earnings		-167,490	-36,003
Total equity		751,633	-31,557
Provisions			
Provisions for deferred tax	14	9,666	7,193
Other provisions	15	9,586	11,689
Total provisions		19,252	18,882
Liabilities other than provisions			
Non-current liabilities other than provisions	16		
Lease obligations		51,956	92,743
Current liabilities other than provisions			
Current portion of non-current liabilities	16	29,643	26,840
Other credit institutions, current liabilities		0	31,442
Trade payables		41,218	53,836
Payables to group entities		297,773	1,006,114
Corporation tax		0	2,220
Other payables		65,540	73,961
		434,174	1,194,413
Total liabilities other than provisions		486,130	1,287,156
TOTAL EQUITY AND LIABILITIES		1,257,015	1,274,481

Fees to auditor appointed at the general meeting	17
Contractual obligations, contingencies, etc.	18
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Financial statements 1 January - 31 December

Statement of changes in equity

DKK'000	Contributed capital	Other reserves	Retained earnings	Total
Equity at 1 January 2023	4,446	0	153,222	157,668
Changes due to merger	0	0	-189,225	-189,225
Group contribution by debt forgiveness	0	914,677	0	914,677
Transferred over the distribution of loss	0	0	-131,487	-131,487
Equity at 31 December 2023	4,446	914,677	-167,490	751,633

Financial statements 1 January - 31 December

Notes

1 Accounting policies

The annual report of BELFOR Denmark A/S for 2023 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

The Financial Statements for 2023 presented in TDKK.

The comparative figures for 2022 have been restated using the consolidation method due to group internal downstream mergers. By applying the consolidation method, comparable figures for 2022 are stated as if the merged companies formed a consolidated unit from 1 July 2022; the date of Belfor Slagelse A/S's acquisition of the SSG Group of companies. Financial highlights and comparative figures until 1 July 2022 are the figures of Belfor Slagelse A/S, the parent company before the downstream mergers.

Omission of consolidated financial statements

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of BELFOR Denmark A/S and group entities are included in the consolidated financial statements of BELFOR Europe GmbH, Germany.

Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of BELFOR Europe GmbH, Germany.

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.

Business combinations

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Financial statements 1 January - 31 December

Notes

1 Accounting policies (continued)

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Amortisation of goodwill is allocated in the Consolidated Financial Statements to the operations to which goodwill is related. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

Foreign currency translation

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

Receivables, 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 recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

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

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 the year (the production method).

Financial statements 1 January - 31 December

Notes

1 Accounting policies (continued)

- 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.

Cost of sales

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

Other operating income

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

Other external costs

Other external costs comprise costs of distribution, sales and advertising, administrative expenses, costs of premises, bad debts, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs.

Depreciation, amortisation and impairment losses

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

Other operating costs

Other operating costs comprise items secondary to the activities of the entity, including losses on the disposal of intangible assets and property, plant and equipment.

Income from equity investments in subsidiaries

Dividends from equity investments in subsidiaries measured at cost are recognised as income in the parent company income statement in the financial year when the dividends are declared.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Financial statements 1 January - 31 December

Notes

1 Accounting policies (continued)

Tax on loss for the year

The Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

The Company is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

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

Balance sheet

Intangible assets

Goodwill and customer relations

Acquired goodwill and customer relations are measured at cost net of accumulated amortisation. Goodwill are amortised on a straight-line basis over the estimated useful life of 10 years. Customer relations are amortised on a straight-line basis over the estimated useful life of 5 years.

Goodwill and customer relations are impaired to the recoverable amount if this is lower than carrying amount.

Property, plant and equipment

Land and buildings, leasehold improvements, tools, equipment and vehicles 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:

Buildings	2-10 years
Tools, equipments and vehicles	3-5 years
Leasehold improvements	10-20 years

The fixed assets’ residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

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1 Accounting policies (continued)

Investments in subsidiaries

Equity investments in subsidiaries are measured at cost. In case of indication of impairment, an impairment test is conducted. When the cost exceeds the recoverable amount, write-down is made to this lower value.

Equity investments in subsidiaries with negative net asset values are measured at DKK 0, and any receivables from these entities are written down to the extent that the receivables are deemed irrecoverable. To the extent that the Parent Company has a legal or constructive obligation to cover a negative balance exceeding the receivable, the residual amount is recognised as provisions.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

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.

Leases

A leasing asset and lease obligation are recognized in the balance sheet when, under a leasing agreement relating to a specific identifiable asset, the asset is made available to the company asset during the leasing period, and when the company obtains the right to virtually all the economic benefits from the use of the identified asset and the right to decide on the use of the identified asset.

Leasing liabilities are initially measured at the present value of future lease payments discounted at an alternative loan rate. The following lease payments are recognized as part of the lease obligation:

• Fixed payments.
• Variable payments that change in line with changes in an index, based on the applicable index.
• Payments owed under a residual value guarantee.
• The exercise price for call options that management expects to utilize in a high probability.
• Payments covered by an extension option that the company is likely to utilize.
• Boards related to a termination option, unless the company is likely to not expect to exercise the option.

The lease obligation is measured at amortized cost using a fixed interest rate. The lease obligation is recalculated when there are changes in the underlying contractual cash flows, if there are changes in the Group's estimate of a residual value guarantee or if the company changes its assessment of whether a purchase, extension or termination option with reasonable probability is expected to be exploited.

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1 Accounting policies (continued)

On initial recognition, the leasing asset is measured at cost, which corresponds to the value of the lease obligation adjusted for prepaid lease payments plus direct related costs and estimated costs for demolition, refurbishment or similar and less any rebates or other types of incentive payments received from the lessor.

Subsequently, the asset is measured at cost less accumulated amortization and impairment losses. The lease asset is depreciated over the shortest of the lease term and the useful life of the lease asset. Depreciation is recognized on a straight-line basis in the income statement.

The lease asset is adjusted for changes in the lease obligation as a result of changes in the terms of the lease or changes in the cash flow of the contract in line with changes in an index or interest rate. Leasing assets are depreciated on a straight-line basis over the expected lease term.

Inventories

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

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

The cost of inventories equals landed cost.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

For the remaining receivables we apply an expected credit loss model in accordance with IFRS 9.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed less progress billings and expected losses. The selling price is measured on the basis of the stage of completion at the balance sheet date and the projected income from the individual contract work in progress. The stage of completion is stated as the share of costs incurred in proportion to estimated total costs relating to contract work in progress.

When the selling price of a construction contract cannot be estimated reliably, the selling price is measured at the lower of costs incurred and net realisable value.

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1 Accounting policies (continued)

The individual construction contract is recognised in the balance sheet as receivables or payables, respectively. Net assets comprise the total of construction contracts where the selling price of the work performed exceeds progress billings. Net liabilities comprise the total of construction contracts where progress billings exceed the selling price.

Costs arising from sales work and contracting are recognised in the income statement as incurred.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Corporation tax and deferred tax

Current tax payable and receivable 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 based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, 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 balance sheet 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 or equity, respectively.

Cash at bank and in hand

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

Equity

Dividends

The expected dividends payment for the year is disclosed as a separate item under equity.

Other reserves

Other reserves are recognised separately as a share of equity which is not available for future dividend payments.

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Notes

1 Accounting policies (continued)

Provisions

Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

Liabilities other than provisions

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 liabilities are measured at amortised cost.

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2 Revenue

DKK'000	2023	2022
Geographical segments		
Denmark		
	580,594	339,783
	580,594	339,783

3 Staff costs

	2023	2022
Wages and salaries	265,565	156,351
Pensions	29,160	18,305
Other social security costs	3,394	12,815
	298,119	187,471
Including remuneration to the Executive Board and Board of Directors of:		
Executive Board	6,328	538
	6,328	538
Average number of full-time employees	498	328

4 Depreciation, amortisation and impairment losses

	2023	2022
Amortisation of intangible assets	53,225	26,707
Depreciation of property, plant and equipment	43,587	24,605
Loss on disposal of tangible assets	6	0
	96,818	51,312

5 Other financial income

	2023	2022
Interest income from group entities	7,763	2,859
Other financial income	318	20,636
	8,081	23,495

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DKK'000	2023	2022

6 Other financial expenses

	2023	2022
Interest expense to group entities	80,163	40,732
Other financial costs	9,049	5,151
	89,212	45,883

7 Tax on loss for the year

	2023	2022
Current tax for the year	0	-4,850
Deferred tax for the year	2,473	-5,562
Adjustment of tax concerning previous years	-1,584	0
	889	-10,412

8 Proposed distribution of loss

	2023	2022
Retained earnings	-131,487	-45,048
	-131,487	-45,048

9 Intangible assets

DKK'000	Customer relations	Goodwill	Total
Cost at 1 January 2023	62,769	410,110	472,879
Disposals for the year	0	-5,304	-5,304
Cost at 31 December 2023	62,769	404,806	467,575
Amortisation and impairment losses at 1 January 2023	-6,277	-21,930	-28,207
Amortisation for the year	-12,554	-40,671	-53,225
Reversed amortisation and impairment losses on assets sold	0	1,500	1,500
Amortisation and impairment losses at 31 December 2023	-18,831	-61,101	-79,932
Carrying amount at 31 December 2023	43,938	343,705	387,643

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10 Property, plant and equipment

DKK'000	Land and buildings	Tools, equipment and vehicles	Leasehold improve-ments	Total
Cost at 1 January 2023	102,283	177,341	20,980	300,604
Additions for the year	1,049	34,925	466	36,440
Disposals for the year	-30,542	-11,817	-654	-43,013
Cost at 31 December 2023	72,790	200,449	20,792	294,031
Depreciation and impairment losses at 1 January 2023	-20,362	-105,349	-18,171	-143,882
Depreciation for the year	-14,223	-28,784	-580	-43,587
Reversed depreciation and impairment losses on assets sold	-87	10,558	573	11,044
Depreciation and impairment losses at 31 December 2023	-34,672	-123,575	-18,178	-176,425
Carrying amount at 31 December 2023	38,118	76,874	2,614	117,606
Assets held under finance leases	38,118	41,384	0	79,502

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11 Investments

DKK'000	Equity investments in group entities
Cost at 1 January 2023	380,821
Additions for the year	147,641
Cost at 31 December 2023	528,462
Revaluations at 1 January 2023	0
Revaluations 31 December 2023	0
Carrying amount at 31 December 2023	528,462

Name/legal form	Registered office	Voting rights and ownership interest	Equity	Profit/loss for the year
Rølund A/S	Denmark	100%	18,063	6,441
Kiltin A/S	Denmark	100%	4,170	-3,008
Kirk Chemicals ApS	Denmark	100%	59	-350
BELFOR Sweden AB	Sweden	100%	44,431	-1,786
BELFOR Skadeservice AB	Sweden	100%	13,152	2,908
BELFOR Skane AB	Sweden	100%	8,282	2,695
BELFOR Norway AS	Norway	100%	38,548	-32,505

Numbers stated in '000 local currency.

12 Contract work in progress

DKK'000	31/12 2023	31/12 2022
Selling price of work in progress	95,106	62,855
	95,106	62,855
Construction contracts (assets)	95,106	62,855
Construction contracts (liabilities)	0	0
	95,106	62,855

13 Prepayments

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

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DKK'000	31/12 2023	31/12 2022

14 Provisions for deferred tax

Provision for deferred tax at 1 January	7,193	0
Provision added through consolidation and purchase accounting	0	12,755
Amounts recognised in the income statement for the year	2,473	-5,562
	9,666	7,193

15 Other provisions

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

Other provisions at 1 January	11,689	14,614
Additions	561	0
Utilised during the year	-2,664	-2,925
	9,586	11,689

16 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2023	Repayment, first year	Outstanding debt after five years
Lease obligation	81,599	29,643	1,534
	81,599	29,643	1,534

17 Fees to auditor appointed at the general meeting

DKK'000	2023	2022
Statutory audit services	1,356	400
Other services	143	420
	1,499	820

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18 Contractual obligations, contingencies, etc.

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

TDKK 9,642 and TNOK 1,029 have been deposited as security for outstanding guarantees.

The Company has provided work guarantees amounting to TDKK 7,405 and payments guarantees amounting TDKK 1,552.

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

Other contigent 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.

19 Related party disclosures

BELFOR Denmark A/S' related parties comprise the following:

Control

BELFOR Europe GmbH, Keniastrasse 24, 47269 Duisburg

BELFOR Europe GmbH holds the majority of the contributed capital in the Company.

BELFOR Denmark A/S is part of the consolidated financial statements of, BELFOR Europe GmbH, Keniastrasse 24, 47269 Duisburg, Germany, and the consolidated financial statements of BELFOR Holdings Inc., USA, 185 Oakland Ave., Ste. 150 Birmingham, Michigan 48009, which is the smallest and largest group, respectively, in which the Company is included as a subsidiary.

The consolidated financial statements of BELFOR Europe GmbH and the consolidated financial statements of BELFOR Holdings Inc. can be obtained by contacting the companies at the addresses above.

Related party transactions

In accordance with section 98 c(7) of the Danish Financial Statements Act, the Company has not disclosed any related party transactions as they were conducted on an arm's length basis.