BELFOR Denmark A/S

Knapholm 6
2730 Herlev
Denmark

CVR no. 19 44 08 34

Annual report for the period 1 October 2021 – 31 December 2022

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

18 July 2023

Andreas Michael Ehlinger
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 period 1 October 2021 – 31 December 2022.

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 2022 and of the results of the Company's operations for the financial period 1 October 2021 – 31 December 2022.

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 period and of the Company's financial position.

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

Herlev, 14 July 2023
Executive Board:

Bjørn Herlofsen
CEO

Board of Directors:

Elvir Kolak Chairman	Bjørn Herlofsen	Andreas Michael Ehlinger

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 2022, and of the results of the Company's operations for the financial year 1 October 2021 – 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of BELFOR Denmark A/S for the financial year 1 October 2021 – 31 December 2022, 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, 14 July 2023
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Jacob F Christiansen
State Authorised
Public Accountant
mne18628

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 period:	1 October 2021 – 31 December 2022

Board of Directors

Elvir Kolak, Chairman
Bjørn Herlofsen
Andreas Michael Ehlinger

Executive Board

Bjørn Herlofsen, CEO

Auditor

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

Management's review

Financial highlights

DKK'000	1/10 2021- 31/12 2022	2020/21	2019/20	2018/19	2017/18
Key figures					
Revenue	550,810	430,474	385,595	390,800	370,684
Gross profit/loss	289,141	256,498	229,986	236,278	225,555
Profit/loss before financial income and expenses	-25,262	46,357	29,820	38,236	39,404
Profit/loss from financial income and expenses	1,328	3,260	417	130	-463
Profit/loss for the period	-23,421	38,462	23,387	29,523	30,226
Total assets	411,774	331,941	268,252	223,267	175,565
Equity	157,668	181,089	126,430	103,043	83,519
Investment in property, plant and equipment	23,566	11,030	8,929	5,749	8,698
Ratios					
Gross margin	52.5%	59.6%	59.6%	60.5%	60.8%
Solvency ratio	38.3%	54.6%	47.1%	46.2%	47.6%
Profit margin	-4.6%	10.8%	7.7%	9.8%	10.6%
Return on assets	-6.1%	14.0%	11.1%	17.1%	22.4%

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 2021/2022 BELFOR Denmark has grown its base business further, but could not generate a positive result in a difficult environment. Main drivers were the exceptionally dry weather in Denmark in combination with significantly less cloudburst compared to prior years, a sharp increase in energy-, car-fleet, and material prices while sales price adjustments are only possible with delay. We were also still faced with high sickness levels due to COVID. Costs in context of the acquisition of the SSG Group by BELFOR, integration and reorganisation were further factors. The company has solid contracts with a number of large Danish insurance companies and in 2021/2022 has also invested heavily in modernisation of key IT systems, training of our employees and infrastructure for electrical cars to set the path for a turnaround in 2023 and long-term sustainability.

The Company has changed the financial reporting period from 1 October - 30 September to 1 January - 31 December. The transition period covers 1 October 2021 - 31 December 2022.

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. Management maintains an ongoing dialogue with the Group’s most important lenders and since the acquisition of the SSG Group by 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 2023. However, in the context of mergers of several Danish legal entities of the Group planned for 2023 it is planned to reassess the consolidated Equity and to strengthen the capital structure further.

Financial targets

Management has a long-term target of three to five percent organic growth per year. But focus in 2023 will be to return to profitability on recent historic levels while finalising the integration of our Danish activities, starting to capitalise on investments made in 2021/2022 and developing our business further in cooperation with our customers, who have gained access to strengthened capabilities and product innovations through the acquisition by BELFOR.

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 technical courses on humidity, moisture and damage control as well as hygiene/environmentally related courses. At management level, training in finances and sale/services has been provided. Moreover, BELFOR invests in training in the management systems of the insurance companies, In4mo and ScalePoint, on an ongoing basis. Some of our senior management have participated in BELFOR's international High potential program, which is an exclusively developed leadership program for top managers. We have had employees attend the insurance academy, where they have received training in insurance understanding and in the craftsman's valuer program.

Shareholder information

All of the Company's shares are owned by SSG Group A/S. 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, 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 (SDG's), 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, 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 operationalised the five identified SDGs in 2020/2021 with clear targets of 50% females, 100% reduction in work injuries/incidents, 20% reduction in transport, advanced waste recycling systems with 95% recycling and 50% electrical cars/vans in 2025. In addition, we started in 2021/22 to implement CO2 reporting per project to support our Customers CSR targets. Our short-term ambition is to reduce our CO2 emission with 2.700 – 3.000 tons per year and be the frontrunner in our industry with new ideas and targets.

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 2021/2022 invested to improve the working environment and will continue with current initiatives going forward.

One of the main measures of a heathy and safe work environment is sick leave. In 2021/2022 the absence was 5%.

Environment and Climate

Rising energy prices also hit BELFOR at the beginning of the year, and new and green thinking is needed to ensure a sustainable future for all of us. But this should not be at the expense of the quality of our work, so we have a constant focus on maintaining the same high standards for our customers, while at the same time incorporating new and more environmentally friendly ways of doing business. We make sure to use the most environmentally friendly products and actively work to find innovative digital solutions. Among other things, we have introduced video communication as a new way to assess the extent of a claim without having to drive to the scene, and we use remote monitoring as much as possible. Both initiatives minimise the number of kilometres travelled and save CO2.

Our vehicles and equipment are continuously being supplemented with new and more environmentally friendly units. In 2021/2022, we have increased the share of cases with natural dehumidification and invested into charging infrastructure for electrical vehicles at our centres. In 2023 we will further improve the charging infrastructure for electric vehicles.

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 unfavorably 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.

Management's review

Operating review

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 2022 there have been no reported incidents. We will continue current initiatives going forward.

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 2022, the Company's board composition changed following the sale of the SSG Group to BELFOR. As previously, the board is composed of 3 male- and no female members. New board members were appointed due their prior experience from the damage control industry and specific knowledge of BELFOR processes regarding planned integration activities. However, BELFOR has replaced a male Sales Director in the senior management team with a female Sales Director, and continues to focus on increasing the proportion of women in the company.

The Company has an objective of 25% female representation in other leadership positions by 2025. There was a slight decline in 2022 to 21% of females in other leadership positions during 2021/2022.

The main activities behind the goal of increased female representation are centred 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.

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

Throughout the first half-year of 2023, BELFOR has integrated its Danish Damage Control activities with the former Danish SSG business in BELFOR Denmark A/S.

The former SSG A/S finalised rebranding to BELFOR and changed its name to BELFOR Denmark A/S. Employees in our centres moved together and combined their activities in a new strong organisation with common processes and systems allowing us to improve further the services provided to our customers.

Through plans adopted on 1 April 2023 for a series of mergers, it is planned that BELFOR Slagelse A/S (formerly BELFOR Danmark A/S) and four Danish holding companies of the former SSG Group; P - SSG 2019 A/S, SSG HoldCo A/S, SSG BidCo A/S and SSG Group A/S; are merged onto BELFOR Denmark A/S as ultimate surviving entity. In this context and in preparation for the operational merger, BELFOR Slagelse has transferred all its net assets with the exception of USD-denominated loans to BELFOR Denmark A/S effective 1 April 2023.

BELFOR Denmark A/S
Annual report 2021/22
CVR no. 19 44 08 34

Management's review

Operating review

In March 2023, we refinanced a bank credit facility of DKK 37,0 million and security for bank guarantees with a shareholder loan from BELFOR Europe GmbH. In this context, the floating charge of DKK 81,0 million has been transferred back to the Company.

No further events of material importance to the annual report for 2021/22 have occurred after the balance sheet date.

Financial statements 1 October 2021 - 31 December 2022

Income statement

DKK'000	Note	1/10 2021- 31/12 2022	1/10 2020- 30/9 2021
Revenue	2	550,810	430,474
Costs of raw materials and consumables		-162,598	-112,432
Other operating income		56	873
Other external costs		-99,127	-62,417
Gross profit		289,141	256,498
Staff costs	3	-284,165	-201,442
Depreciation, amortisation and impairment losses	4	-9,715	-7,180
Other operating costs		-20,523	-1,519
Profit/loss before financial income and expenses		-25,262	46,357
Income from equity investments in group entities		-5,240	1,087
Other financial income	5	6,499	4,577
Other financial expenses	6	-5,171	-2,404
Profit/loss before tax		-29,174	49,617
Tax on profit/loss for the year	7	5,753	-11,155
Profit/loss for the period	8	-23,421	38,462

Financial statements 1 October 2021 - 31 December 2022

Balance sheet

DKK'000	Note	31/12 2022	30/9 2021
ASSETS			
Fixed assets			
Property, plant and equipment	9		
Fixtures and fittings, tools and equipment		32,395	18,846
Leasehold improvements		2,574	2,568
		34,969	21,414
Investments	10		
Equity investments in group entities		55,479	60,719
Total fixed assets		90,448	82,133
Current assets			
Inventories			
Raw materials and consumables		8,949	9,163
Receivables			
Trade receivables		24,340	26,976
Receivables from group entities		234,539	157,568
Contract work in progress	11	44,327	47,991
Other receivables		6,720	6,760
Prepayments	12	2,400	1,270
		312,326	240,565
Cash at bank and in hand		51	80
Total current assets		321,326	249,808
TOTAL ASSETS		411,774	331,941

Financial statements 1 October 2021 - 31 December 2022

Balance sheet

DKK'000	Note	31/12 2022	30/9 2021
EQUITY AND LIABILITIES			
Equity			
Contributed capital		4,446	4,446
Reserve for net revaluation under equity method		0	1,087
Retained earnings		153,222	175,556
Total equity		157,668	181,089
Provisions			
Provisions for deferred tax	13	4,052	9,805
Other provisions	14	2,872	2,872
Total provisions		6,924	12,677
Liabilities other than provisions			
Non-current liabilities other than provisions	15		
Lease obligations		252	447
Current liabilities other than provisions			
Current portion of non-current liabilities	15	182	206
Other credit institutions, current liabilities		31,419	13,376
Trade payables		49,656	29,526
Payables to group entities		110,390	24,347
Other payables		55,283	70,273
		246,930	137,728
Total liabilities other than provisions		247,182	138,175
TOTAL EQUITY AND LIABILITIES		411,774	331,941

Fees to auditor appointed at the general meeting	16
Contractual obligations, contingencies, etc.	17
Related party disclosures	18

Financial statements 1 October 2021 - 31 December 2022

Statement of changes in equity

DKK'000	Contributed capital	Reserve for net revaluation under equity method	Retained earnings	Total
Equity at 1 October 2021	4,446	1,087	175,556	181,089
Transferred over the distribution of loss	0	-1,087	-22,334	-23,421
Equity at 31 December 2022	4,446	0	153,222	157,668

Financial statements 1 October 2021 - 31 December 2022

Notes

1 Accounting policies

The annual report of BELFOR Denmark A/S for 2021/22 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, with the following exceptions:

The calculation of bad debt losses was aligned with BELFOR's group accounting policy. For receivables remaining after specific write-downs, we now apply an expected credit loss model in accordance with IFRS 9. The impact on Trade Receivables and Other external costs in 2021/2022 is TDKK -866. Further, few reclassifications have been made in the comparative figures to comply with current year presentation. Comparison figures have not been restated.

The Company has changed the financial reporting period from 1 October - 30 September to 1 January - 31 December. The transition period covers 1 October 2021 - 31 December 2022. The comparison figures have not been restated.

The Financial Statements for 2021/22 are presented in TDKK.

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.

Financial statements 1 October 2021 - 31 December 2022

Notes

1 Accounting policies (continued)

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.

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.

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:

Financial statements 1 October 2021 - 31 December 2022

Notes

1 Accounting policies (continued)

- 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).

- 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

The proportionate share of the individual subsidiaries' profit/loss after tax is recognised in the Parent Company's income statement after full elimination of intra-group gains/losses and amortisation of goodwill.

Financial statements 1 October 2021 - 31 December 2022

Notes

1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses comprise interest, 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.

Tax on profit/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 Ultimate Parent 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

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:

Fixtures and fittings, tools and equipment	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.

Financial statements 1 October 2021 - 31 December 2022

Notes

1 Accounting policies (continued)

Investments in subsidiaries

Equity investments in subsidiaries are measured at the proportionate share of the entities' net asset value calculated in accordance with the Parent Company's accounting policies plus or minus unrealised intra-group gains or losses and plus or minus the residual value of positive and negative goodwill calculated in accordance with the acquisition method. 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.

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.

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.

Financial statements 1 October 2021 - 31 December 2022

Notes

1 Accounting policies (continued)

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.

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.

Financial statements 1 October 2021 - 31 December 2022

Notes

1 Accounting policies (continued)

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.

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.

Deferred income

Deferred income comprises advance invoicing regarding income in subsequent years.

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.

Financial statements 1 October 2021 - 31 December 2022

Notes

2 Revenue

DKK'000	1/10 2021-31/12 2022	1/10 2020-30/9 2021
Geographical segments		
Denmark		
	550,810	430,474
	550,810	430,474

3 Staff costs

Wages and salaries	248,094	175,981
Pensions	31,658	22,316
Other social security costs	4,413	3,145
	284,165	201,442
Including remuneration to the Executive Board and Board of Directors of:		
Executive Board	0	0
Board of Directors	538	475
	538	475
Average number of full-time employees	407	361

4 Depreciation, amortisation and impairment losses

Amortisation of intangible assets	0	65
Depreciation of property, plant and equipment	9,715	7,118
Gain and loss on disposal	-56	-3
	9,659	7,180

5 Other financial income

Interest income from group entities	6,002	4,127
Other financial income	497	450
	6,499	4,577

Financial statements 1 October 2021 - 31 December 2022

Notes

DKK'000	1/10 2021- 31/12 2022	1/10 2020- 30/9 2021

6 Other financial expenses

Interest expense to group entities	0	87
Other financial costs	5,171	2,317
	5,171	2,404

7 Tax on profit/loss for the year

Current tax for the year	0	10,485
Deferred tax for the year	-5,753	670
	-5,753	11,155

8 Proposed profit appropriation/distribution of loss

Reserve for net revaluation under equity method	-1,087	1,087
Retained earnings	-22,334	37,375
	-23,421	38,462

9 Property, plant and equipment

DKK'000	Fixtures and fittings, tools and equipment	Leasehold improve-ments	Total
Cost at 1 October 2021	89,691	18,610	108,301
Additions for the year	22,891	675	23,566
Disposals for the year	-479	0	-479
Cost at 31 December 2022	112,103	19,285	131,388
Depreciation and impairment losses at 1 October 2021	-70,845	-16,042	-86,887
Depreciation for the year	-9,046	-669	-9,715
Reversed depreciation and impairment losses on assets sold	183	0	183
Depreciation and impairment losses at 31 December 2022	-79,708	-16,711	-96,419
Carrying amount at 31 December 2022	32,395	2,574	34,969
Assets held under finance leases	439	0	439

Financial statements 1 October 2021 - 31 December 2022

Notes

10 Investments

DKK'000	Equity investments in group entities
Cost at 1 October 2021	59,632
Cost at 31 December 2022	59,632
Revaluations at 1 October 2021	1,087
Net profit/loss for the year	-5,240
Dividends to the Parent Company	0
Revaluations 31 December 2022	-4,153
Carrying amount at 31 December 2022	55,479

Name/legal form	Registered office	Voting rights and ownership interest
Kiltin A/S	Stenløse, Denmark	100%
Kirk Chemicals ApS	Stenløse, Denmark	100%

Remaining positive difference included in the above carrying amount at 31 December 2022 is TDKK 47.886.

11 Contract work in progress

DKK'000	31/12 2022	30/9 2021
Selling price of work in progress	171,179	138,314
Progress billings	-126,852	-90,323
	44,327	47,991
Construction contracts (assets)	44,327	47,991
Construction contracts (liabilities)	0	0
	44,327	47,991

12 Prepayments

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

Financial statements 1 October 2021 - 31 December 2022

Notes

DKK'000	31/12 2022	30/9 2021

13 Provisions for deferred tax

Provision for deferred tax at 1 October	9,805	8,934
Amounts recognised in the income statement for the year	-5,753	670
Reclassified as corporation tax	0	201
	4,052	9,805

14 Other provisions

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

Other provisions at 1 October	2,872	3,464
Used during the year	0	-592
	2,872	2,872

15 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2022	Repayment, first year	Outstanding debt after five years
Lease obligation	434	182	0
	434	182	0

DKK'000	1/10 2021-31/12 2022	1/10 2020-30/9 2021

16 Fees to auditor appointed at the general meeting

Statutory audit services	400	295
Other services	420	0
	820	295

Financial statements 1 October 2021 - 31 December 2022

Notes

17 Contractual obligations, contingencies, etc.

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 31 December 2022, the carrying amount is TDKK 68.258 and the net debt amounts to TDKK 31.419 in the Company.

The Company has provided work guarantees amounting to TDKK 7.486 and payments guarantees amounting TDKK 2.991.

DKK'000	31/12 2022	30/9 2021
Rental and lease obligations		
Within 1 year	24,800	16,992
Betweeen 1 and 5 years	70,117	42,992
After 5 years	20,803	253
	115,720	60,237

Other contigent 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.

18 Related party disclosures

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

Control

SSG GROUP A/S, Knapholm 4, 2730 Herlev.

SSG GROUP A/S 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.

PENNEO

The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

"By my signature I confirm all dates and content in this document."

Andreas Michael Ehlinger
Bestyrelsesmedlem
Serial number: efe97e6e-864d-4a8b-9f18-2ba7aebde229
IP: 157.97.xxx.xxx
2023-07-14 17:52:48 UTC
MitID

Bjørn Herlofsen
Adm. direktør
Serial number: c3ccdb1f-df2d-4f09-853a-ddce4a7344ea
IP: 176.75.xxx.xxx
2023-07-14 19:52:16 UTC
MitID

Bjørn Herlofsen
Bestyrelsesmedlem
Serial number: c3ccdb1f-df2d-4f09-853a-ddce4a7344ea
IP: 176.75.xxx.xxx
2023-07-14 19:52:16 UTC
MitID

Elvir Kolak
Bestyrelsesformand
Serial number: elvir.kolak@belfor.com
IP: 217.113.xxx.xxx
2023-07-17 07:25:18 UTC
Elvir Kolak

Jacob Fromm Christiansen
Statsautoriseret revisor
Serial number: PID:9208-2002-2-280994644017
IP: 80.62.xxx.xxx
2023-07-17 07:30:28 UTC
NEM ID

Henrik Ødegaard
Statsautoriseret revisor
Serial number: CVR:33771231-RID:56872415
IP: 83.136.xxx.xxx
2023-07-17 16:41:53 UTC
NEM ID

"Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument."

Andreas Michael Ehlinger
Dirigent
Serienummer: efe97e6e-864d-4a8b-9f18-2ba7aebde229
IP: 157.97.xxx.xxx
2023-07-18 07:45:48 UTC