
P - SSG 2019 A/S

Malmøgade 3, DK-2100 København Ø

Annual Report for 15 November 2019 - 30 September 2020

CVR No 40 93 39 56

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
18/1 2021

Rune Lillie Gornitzka
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of P - SSG 2019 A/S for the financial year 15 November 2019 - 30 September 2020.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 30 September 2020 of the Company and the Group and of the results of the Company and Group operations and cash flows for 2019/20.

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

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

Copenhagen, 18 January 2021

Executive Board

Henrik Bonnerup
CEO

Board of Directors

Rune Lillie Gornitzka
Chairman

Niels-Christian Worning

Henrik Bonnerup

Independent Auditor's Report

To the Shareholders of P - SSG 2019 A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 30 September 2020 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 15 November 2019 - 30 September 2020 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of P - SSG 2019 A/S for the financial year 15 November 2019 - 30 September 2020, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for both the Group and the Parent Company ("the Financial Statements").

Basis for opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company 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.

Independent Auditor's Report

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and 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 Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group'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 Group's and 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

Independent Auditor's Report

Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Hellerup, 18 January 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jacob Fromm Christiansen
State Authorised Public Accountant
mne18628

Henrik Ødegaard
State Authorised Public Accountant
mne31489

Company Information

The Company

P - SSG 2019 A/S
Malmøgade 3
DK-2100 København Ø

CVR No: 40 93 39 56
Financial period: 15 November - 30 September
Incorporated: 15 November 2019
Financial year: 1st financial year
Municipality of reg. office: Copenhagen

Board of Directors

Rune Lillie Gornitzka, Chairman
Niels-Christian Worning
Henrik Bonnerup

Executive Board

Henrik Bonnerup

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

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

	Group
	2019/20
	TDKK
Key figures	
Profit/loss	
Revenue	715,285
Gross profit/loss	380,141
Earnings before interest, depreciation, amortization and other operating expenses (EBITDA adjusted for other operating expenses)	29,537
Profit/loss before financial income and expenses	-47,441
Net financials	-32,868
Profit/loss from discontinuing activities	-1,087
Net profit/loss for the year	-73,020
Balance sheet	
Balance sheet total	740,975
Equity	80,505
Cash flows	
Cash flows from:	
- operating activities	-896
- investing activities	-430,669
including investment in property, plant and equipment	-13,045
- financing activities	482,108
Change in cash and cash equivalents for the year	50,543
Ratios	
Gross margin	53.1%
Profit margin	-6.6%
Return on assets	-6.4%
Solvency ratio	10.9%

For definitions of ratios, see under accounting policies.

Management's Review

Principal activities

SSG is one of Scandinavia's leading providers of damage control and adjacent services. The Company's business model has been tailor made to meet demands from insurance companies, including specialized repairwork not offered by traditional craftsmen. Damage control, which is SSG's core business and accounts for 85 percent of the Company's revenue for the financial year 2019/2020, primarily refers to services provided in acute situations to stop or limit damage following fire accidents, water leakage, mould or storm related incidents. Adjacent services, which account for 15 percent of the Company's revenue for the financial year 2019/2020, primarily refers to services provided in non acute situations which require specialized skillsets and tools. The offering within these adjacent services covers a wide array of services but is mainly divided into two sub segments, industry services and property services.

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

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

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

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

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

It is SSG's ambition to be the most attractive 24/7 Damage Control Service partner in Scandinavia by

Management's Review

being:

- The leading partner in quality, customer service and communication.
- Competitive on cost, and with the clear ambition to help insurance companies to reduce average damage cost ongoing.
- The leading partner in digitalization, automatization and transparent reporting.
- The leading partner in innovation and new services to continue to be able to reduce average damage cost.

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

Development in the year

In the financial year 2019/2020, SSG Group generated total revenue of DKK 715.3 million and EBITDA of DKK 29.5 million. The figures only include operations from 1st of December 2019 to 30th of September 2020 equal to 10 months, as SSG Bidco acquired SSG Group 1st December 2019.

On a full financial year basis (12 months) SSG Group grew total revenue to DKK 889.0 million compared to DKK 787.0 million the year before for the continuing business areas.

SSG's main business grew 2.7% organically on a constant currency basis and 13.6% including EBE Gruppen, which was acquired in December 2019. The moderate growth in the underlying business was due to more cloudbursts and big damages in 2018/2019 compared to 2019/2020. In addition, the adjacent services business has been impacted by slightly lower activity due to Covid-19.

Crendo (property & administration services in Sweden) has been divested during the summer 2020 in order to focus 100% on Damage Control & Services.

EBITDA for the 10 months period was DKK 29.5 million. On a full year basis (12 months), EBITDA was DKK 47 million after restructuring costs of DKK 17.3 million mainly related to a successful refocusing of the Norwegian business strategy, streamlining of the Norwegian activities and investments in strengthening the Norwegian management and organization. EBITDA adjusted for restructuring costs amounted to DKK 64.3 million compared to DKK 53.3 million in 2018/2019.

Group EBITDA was slightly below expectations despite strong performance in Denmark and Sweden as the Norwegian operations did not meet expectations due to weak operational systems and management. This has been addressed as planned through the extensive restructuring, and SSG is well positioned for the future. Group EBITDA is expected to increase materially driven by the run rate effect of the completed turnaround and restructuring in Norway as well as growth and efficiency improvement in Denmark.

The net result for continuing business for the financial year 2019/2020 (10 months) was DKK -71.9 million after an impact of DKK -17.6 million from goodwill amortizations required under Danish GAAP. SSG Group will present financial statements in accordance with IFRS going forward, and the profit &

Management's Review

loss statement will be restated accordingly. Adjusted for this Danish GAAP principle and restructuring and transaction costs and measured on a 12 months basis, the net result for the year would have been positive for the year.

*Consolidated 2018/2019 accounts were prepared for SSG Partners A/S.

Country performance:

SSG A/S (Denmark) continued to generate solid results in accordance with expectations in a year without any "big damages projects". The ongoing progress of optimizing the business, digitalization and implementation of new innovative products also made a positive contribution. The Company has solid contracts with the majority of the large Danish insurance companies, and several contracts were renewed in 2019/2020 after competitive tenders. In addition, some contracts were extended with increased geographical coverage.

For SSG Norway AS it was a year characterized by restructuring and refocusing of the strategy as planned. SSG Norway has a solid market position, but operations did not meet expectations, so management was replaced, and the regional organization restructured. A new experienced CEO started in August, new operational management & support systems have been implemented (SSG 3.0), and the key center management structure has been strengthened. We have also invested significantly in upgrading of competencies and education in customer service & quality in the second half of the financial year. We have already seen a solid improvement in customer satisfaction for the largest customers, and SSG Norway is now well positioned for future profitable growth.

EBE Gruppen AB was acquired in December 2019, and combined with SSG Nordic, we now have a strong representation across Sweden. EBE Gruppen brings strong operational performance and culture, and the platform will be the foundation for further growth in Sweden in combination with SSG Nordic. As a consequence of acquiring EBE Gruppen AB, SSG Nordic merged its Gothenburg operation into EBE Gruppen. EBE and most SSG Nordic centers have done well in 2019/2020, but Covid-19 has had a small negative impact for the Municipality customers who have postponed projects. We continue to expand in Sweden, and we have recently opened a new center in Helsingborg and are looking for new locations in the Eastern part of Sweden as well. In addition, SSG Nordic has won two new major agreements with key insurance customers in Sweden, so we are well positioned for future growth.

Management's Review

Capital structure and resources

The P - SSG 2019 A/S share capital is divided into share classes. Management regularly assesses whether SSG has a capital structure that corresponds to the Company's need for the financing of working capital.

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

Management maintains an ongoing dialogue with the Group's most important lenders and shareholders, who show a high level of confidence in the Group. Management assesses that the Group's current capital structure and resources are adequate and sufficient to carry through the activities planned for financial year 2020/2021.

Financial targets on Group level

The Group has an organic revenue growth target of four to five percent per year. The targeted growth is mainly attributable to entering into additional framework agreements with insurance companies in Sweden, Norway and Denmark, as well as growing special services in Denmark, but also the underlying market growth due to climate changes etc.

In addition to the organic revenue growth, the Group has a target of growing revenue through acquisitions by an additional five to seven percent per year. Depending on the market conditions the actual acquired revenue growth can be lower or higher than the target. In line with the M&A strategy, future acquisitions aim to increase inhouse competencies, increase the geographical presence or give quick access to service platforms in specific markets. Management has ongoing dialogues with a number of potential acquisition targets.

To reach its margin target, management will continue to focus on the implementation of The SSG Way, innovation, customer satisfaction and its operational excellence initiatives within the Group.

A new Group Management team has been established during 2020 to support this progress within the Group.

Financial targets for Denmark

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

Financial targets for Norway

Management has an organic revenue growth target of five percent per year for Norway. This will be largely driven by the continued focus on building strong relationships with insurance companies and intensifying sales efforts towards tier 2 customers with high revenue potential (the Company classifies its

Management's Review

customers from tier 1 to tier 3 based on their geographical pan Nordic vs. domestic presence and customer base).

Profitability improvement will be driven by the initiatives implemented as part of the recent turnaround in form of operational improvement, competency redistribution, cost reductions, KPI measurements and ensuring end customer satisfaction.

Financial targets for Sweden

Management has an organic revenue growth target of five percent per year for Sweden. The strategy in terms of organic growth is to leverage inroads and experience from Denmark and Norway, thereby penetrating the large insurance segment.

Profitability is expected to increase as the service mix shifts to a larger share of damage control assignments following the acquisition of EBE Gruppen. Implementing The SSG Way, focusing on KPIs and driving operational excellence initiatives will also be important to ensure that the Swedish business meets its profitability target.

Uncertainty relating to recognition and measurement

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

Employees

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

As of 30/9 2020, the Group had 905 full time employees of whom two were part of Group management, 79 were in regional management and 99 held other administrative tasks within the Company. The remaining 725 employees were responsible for the manual labour within damage control and adjacent services.

Reporting guidelines of DVCA

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

Management's Review

Shareholder information

The Company's shares are owned by Polaris Private Equity IV K/S (98,5%) and other investors (1,5%).

Corporate social responsibility report

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

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

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

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

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

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

Report on human rights and anti corruption

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

Management's Review

Report on gender representation in Management

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

The Company has an objective of 25% female representation by 2025 in leadership positions. The 23.5% of females has increased during last financial year and the Company is satisfied with the progress made here towards the 2025 goal.

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

Dividend policy

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

Subsequent events

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

Management's Review

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

Board of Directors and Executive Board

Name	Rune Lillie Gornitzka	Henrik Bonnerup	Niels-Christian Worning
Position	Partner - Polaris Management	Partner - Polaris Management	Partner - Polaris Management
Chairman of the Board of Directors in:	P-SSG 2019 A/S	P-Menu 2018 A/S	
Deputy chairman of the Board of Directors in:			
Member of the Board of Directors in:	SSG A/S, SSG Partners A/S, SSG Group A/S, SSG HoldCo A/S, SSG BidCo A/S, P-DMM Holding 2019 A/S, P-DMM 2014 A/S, DMM Holding 1 A/S, DMM Holding 2 A/S, ProData Consult A/S, ProData Holding A/S, ProData BidCo A/S, Det Danske Madhus A/S	Link Logistics Holding A/S, Link Logistics A/S, Rely On Nutec Holding A/S, Allianceplus Holding A/S, P-AP 2009 ApS, DDM-Holding 2 A/S, P-DDM 2014 A/S, DDM Holding 1 A/S, Holding af 29. juni 2015 A/S, Holding af 5. september 2016 A/S, P-A17 A/S, PA2017 Holding 1 A/S, PA2017 Holding 2, P-Holding Rely On Nutec A/S, BidCo Rely On Nutec A/S, P - ProData 2018 A/S, P-Rely On Nutec 2018 A/S, Holding af 11. september 2018 A/S, BidCo af 11. september 2018 A/S, P-Link 2019 A/S, Link Top Holding A/S, P-DDM Holding 2019 A/S, P-SSG 2019 A/S, P-Holding af 9. marts 2020 A/S, Polaris V Invest Fonden, BidCo af 9. marts 2020 A/S, P-Holding af 11. september 2018 A/S, Polaris HoldCo ApS, Polaris MidCo1 ApS, Polaris MidCo2 ApS, Polaris DK BidCo1 A/S, Polaris DK BidCo2 A/S, Polaris DK BidCoI ApS, Polaris DK BidCoII ApS	Triax A/S, Triax Holding A/S, P-A17 A/S, P-SSG 2019 A/S, Polaris HoldCo ApS, Polaris MidCo1 ApS, Polaris MidCo2 ApS, Polaris DK BidCo1 A/S, Polaris DK BidCo2 A/S, Polaris DK BidCoI ApS, Polaris DK BidCoII ApS

Management's Review

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

Board of Directors and Executive Board (cont.)

Name	Rune Lillie Gornitzka	Henrik Bonnerup	Niels-Christian Worning
Position	Partner - Polaris Management	Partner - Polaris Management	Partner - Polaris Management
Member of the Executive Board in:	Stella Invest ApS	CEKA Holding ApS, PM III C ApS, PM Holding 2005 ApS, PM II C ApS, P-AP 2009 ApS, DDM-Holding 2014 A/S, P-DDM 2014 A/S, DDM Holding A/S, P-A17 A/S, P-Holding Rely On Nutec A/S, P - ProData 2018 A/S, P-Rely On Nutec 2018 A/S, Holding af 11. september 2018 A/S, BidCo af 11. september 2018 A/S, P-Link 2019 A/S, P-DDM Holding 2019 A/S, P-SSG 2019 A/S, P-Holding af 9. marts 2020 A/S, BidCo af 9. marts 2020 A/S, P-Holding af 11. september 2018 A/S, Polaris V F&F Co-Invest K/S, Polaris V CIV K/S, Polaris Private Equity V K/S, Polaris V KE Co-invest K/S, Sundeinvest ApS	Worning ApS, Polaris HoldCo ApS, Polaris MidCo1 ApS, Polaris MidCo2 ApS, Polaris DK BidCo1 A/S, Polaris DK BidCo2 A/S, Polaris DK BidCoI ApS, Polaris DK BidCoII ApS

Income Statement 15 November - 30 September

	Note	Group 2019/20 (10 months) TDKK	Parent 2019/20 (10 months) TDKK
Revenue	2	715,285	0
Other operating income		7,250	0
Expenses for raw materials and consumables		-229,500	0
Other external expenses		-112,894	-79
Gross profit/loss		380,141	-79
Staff expenses	3	-350,604	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	4	-60,790	0
Other operating expenses		-16,188	0
Profit/loss before financial income and expenses		-47,441	-79
Income from investments in subsidiaries		0	-66,447
Financial income		1,112	0
Financial expenses		-33,980	0
Profit/loss before tax		-80,309	-66,526
Tax on profit/loss for the year	5	8,376	17
Profit/loss from continuing activities		-71,933	-66,509
Profit/loss from discontinuing activities	6	-1,087	-1,013
Net profit/loss for the year		-73,020	-67,522

Balance Sheet 30 September

Assets

	Note	Group 2019/20 TDKK	Parent 2019/20 TDKK
Customer contracts		131,285	0
Brands		35,578	0
Customer relations		33,228	0
Goodwill		268,885	0
Intangible assets	7	468,976	0
Other fixtures and fittings, tools and equipment		44,409	0
Leasehold improvements		5,506	0
Property, plant and equipment	8	49,915	0
Investments in subsidiaries	9	0	70,274
Fixed asset investments		0	70,274
Fixed assets		518,891	70,274
Inventories		10,043	0
Trade receivables		86,214	0
Contract work in progress	10	56,980	0
Other receivables		9,126	138
Deferred tax asset	14	3,807	0
Corporation tax		0	17
Prepayments	11	5,371	0
Receivables		161,498	155
Cash at bank and in hand		50,543	674
Currents assets		222,084	829
Assets		740,975	71,103

Balance Sheet 30 September

Liabilities and equity

	Note	Group 2019/20 TDKK	Parent 2019/20 TDKK
Share capital		1,920	1,920
Retained earnings		69,110	69,110
Equity attributable to shareholders of the Parent Company		71,030	71,030
Minority interests		9,475	0
Equity	12	80,505	71,030
Provision for deferred tax	14	42,046	0
Other provisions	15	3,464	0
Provisions		45,510	0
Other debt relating to the issue of bonds		360,885	0
Lease obligations		15,070	0
Other payables		12,025	0
Long-term debt	16	387,980	0
Credit institutions		24,766	0
Lease obligations	16	7,447	0
Trade payables		49,573	0
Corporation tax		7,624	0
Other payables	16	137,570	73
Short-term debt		226,980	73
Debt		614,960	73
Liabilities and equity		740,975	71,103
Uncertainty with recognition and measurement	1		
Distribution of profit	13		
Contingent assets, liabilities and other financial obligations	20		
Fee to auditors appointed at the general meeting	21		
Accounting Policies	22		

Statement of Changes in Equity

Group

	Share capital	Share premium account	Retained earnings	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 15 November	0	0	0	0	0	0
Cash payment concerning formation of entity	500	0	0	500	0	500
Cash capital increase	1,420	140,580	0	142,000	0	142,000
Exchange adjustments relating to foreign entities	0	0	435	435	27	462
Other equity movements	0	0	-4,383	-4,383	14,946	10,563
Net profit/loss for the year	0	0	-67,522	-67,522	-5,498	-73,020
Transfer from share premium account	0	-140,580	140,580	0	0	0
Equity at 30 September	1,920	0	69,110	71,030	9,475	80,505

Parent

Equity at 15 November	0	0	0	0	0	0
Cash payment concerning formation of entity	500	0	0	500	0	500
Cash capital increase	1,420	140,580	0	142,000	0	142,000
Exchange adjustments relating to foreign entities	0	0	435	435	0	435
Other equity movements	0	0	-4,383	-4,383	0	-4,383
Net profit/loss for the year	0	0	-67,522	-67,522	0	-67,522
Transfer from share premium account	0	-140,580	140,580	0	0	0
Equity at 30 September	1,920	0	69,110	71,030	0	71,030

Cash Flow Statement 15 November - 30 September

	Note	Group	Parent
		2019/20 (10 months) TDKK	2019/20 (10 months) TDKK
Net profit/loss for the year		-73,020	-67,522
Adjustments	17	86,411	67,443
Change in working capital	18	16,312	-65
Cash flows from operating activities before financial income and expenses		29,703	-144
Financial income		1,112	0
Financial expenses		-33,281	0
Cash flows from ordinary activities		-2,466	-144
Corporation tax paid		1,570	0
Cash flows from operating activities		-896	-144
Aquisition of companies	21	-417,624	0
Purchase of property, plant and equipment		-13,045	0
Fixed asset investments made etc		0	-141,682
Cash flows from investing activities		-430,669	-141,682
Repayment of loans		2,333	0
Repayment of loans from credit institutions		-31,910	0
Loan of other long-term debt		358,595	0
Minority interests		10,590	0
Cash capital increase		142,500	142,500
Cash flows from financing activities		482,108	142,500
Change in cash and cash equivalents		50,543	674
Cash and cash equivalents at 15 November		0	0
Cash and cash equivalents at 30 September		50,543	674
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		50,543	674
Cash and cash equivalents at 30 September		50,543	674

Notes to the Financial Statements

1 Uncertainty with recognition and measurement

There is an uncertainty associated with recognition and measurement of group goodwill and deferred tax assets, as recognition and measurement is based on expectations regarding future activities and results.

Group goodwill

P - SSG 2019 A/S has recognized group goodwill amounting to MDKK 269. Group goodwill mainly relates to the acquisition of damage control activities in Denmark, Norway and Sweden and is amortized over 10-20 years. Management has concluded that there are no indicators for impairment as the negative result for 2019/20 primarily is related to one-off cost such as transaction and restructuring costs.

Deferred tax asset

The SSG Group has recognized deferred tax asset related to the tax value of tax losses in the subsidiary in Norway with MDKK 13 and in Sweden with MDKK 4 which have been partly offset deferred tax related to customer contracts and relations. Tax losses can be carried forward and used indefinitely in Norway and Sweden. Based on budgets and estimates, it is expected that positive results for the subsidiaries will be realized and the tax asset is expected to be used within a period of 5 years. Management believes that the assumptions used are realistic and achievable.

2 Revenue

Geographical segments

	<u>Group</u>	<u>Parent</u>
	2019/20	2019/20
	(10 months)	(10 months)
	TDKK	TDKK
Denmark	312,206	0
Norway	242,198	0
Sweden	160,881	0
	<u>715,285</u>	<u>0</u>

Notes to the Financial Statements

	Group	Parent
	2019/20	2019/20
	(10 months)	(10 months)
	TDKK	TDKK
3 Staff expenses		
Wages and salaries	288,462	0
Pensions	35,226	0
Other social security expenses	21,115	0
Other staff expenses	5,801	0
	350,604	0
Average number of employees	783	0

No remuneration has been paid to the Executive Board or Supervisory Board.

Management Incentive Programme

In 2019/20, SSG HoldCo A/S offered a share investment and warrant program to board members and certain key employees in the Group. Under the program, participants have made a combined share and warrant investment in SSG HoldCo A/S. The company holds all shares in SSG Bidco A/S and has no other activities.

As of 30 September 2020, the outstanding number of shares amount to 5% of the share capital in SSG HoldCo A/S and outstanding number of warrants amount to potential shares equal to 4% of the current share capital in SSG HoldCo A/S. The shares and warrants were acquired at fair value and consequently, no cost is recognized. The warrants are exercisable upon the earlier of an exit event (sale of the company) or 27 November 2029.

If a participant leaves the company (bad leaver) the company has a right but not an obligation to acquire the shares and warrants at an amount which may be below fair value. If the company terminates an employee (good leaver) the participant is entitled to sell the shares and warrants to the company at their fair value. As of 30 September 2020 the settlement amount for all outstanding shares and warrants under programme is approx. DKK 8 million.

4 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Amortisation of intangible assets	48,723	0
Depreciation of property, plant and equipment	12,067	0
	60,790	0

Notes to the Financial Statements

	Group	Parent
	2019/20	2019/20
	(10 months)	(10 months)
	TDKK	TDKK
5 Tax on profit/loss for the year		
Current tax for the year	12,157	-17
Deferred tax for the year	-20,533	0
	-8,376	-17
6 Discontinuing activities		
Revenue	77,891	0
Expenses for raw materials and consumables	-33,751	0
Other external expenses	-8,864	0
Gross profit/loss	35,276	0
Staff expenses	-35,234	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	-757	0
Profit/loss before financial income and expenses	-715	0
Financial income	22	0
Financial expenses	-690	0
Profit/loss before tax	-1,383	0
Tax on profit/loss for the year	296	0
	-1,087	0

Notes to the Financial Statements

7 Intangible assets

Group

	Customer contracts	Brands	Customer relations	Goodwill
	TDKK	TDKK	TDKK	TDKK
Cost at 15 November	0	0	0	0
Additions for the year	154,728	38,812	37,717	286,442
Cost at 30 September	154,728	38,812	37,717	286,442
Impairment losses and amortisation at 15 November	0	0	0	0
Amortisation for the year	23,443	3,234	4,489	17,557
Impairment losses and amortisation at 30 September	23,443	3,234	4,489	17,557
Carrying amount at 30 September	131,285	35,578	33,228	268,885

Notes to the Financial Statements

8 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	TDKK	TDKK
Cost at 15 November	0	0
Exchange adjustment	-183	-182
Net effect from merger and acquisition	35,107	5,202
Additions for the year	21,951	1,600
Disposals for the year	-1,585	0
Cost at 30 September	<u>55,290</u>	<u>6,620</u>
Impairment losses and depreciation at 15 November	0	0
Exchange adjustment	-38	-35
Depreciation for the year	10,925	1,149
Impairment and depreciation of sold assets for the year	-6	0
Impairment losses and depreciation at 30 September	<u>10,881</u>	<u>1,114</u>
Carrying amount at 30 September	<u>44,409</u>	<u>5,506</u>
Including assets under finance leases amounting to	<u>22,344</u>	<u>0</u>

Notes to the Financial Statements

	Parent
	<u>2019/20</u>
	TDKK
9 Investments in subsidiaries	
Cost at 15 November	0
Additions for the year	141,682
Cost at 30 September	<u>141,682</u>
Value adjustments at 15 November	0
Exchange adjustment	435
Net profit/loss for the year	-67,460
Other adjustments	-4,383
Value adjustments at 30 September	<u>-71,408</u>
Carrying amount at 30 September	<u>70,274</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
SSG HoldCo A/S	Denmark	TDKK 15,255	93%
SSG BidCo A/S	Denmark	TDKK 14,555	93%
SSG Partners A/S	Denmark	TDKK 34,111	93%
SSG Group A/S	Denmark	TDKK 13,844	93%
SSG A/S	Denmark	TDKK 2,826	93%
SSG Norge AS	Norway	TNOK 3,000	93%
Crendo Holding AB	Sweden	TSEK 1,459	70%
SSG Nordic Holding AB	Sweden	TSEK 50	70%
SSG Nordic AB	Sweden	TSEK 1,000	70%
EBE Gruppen AB	Sweden	TSEK 50	70%
EBE Skadeservice AB	Sweden	TSEK 200	70%
EBE Torkteknik AB	Sweden	TSEK 50	70%

Notes to the Financial Statements

	<u>Group</u>	<u>Parent</u>
	2019/20	2019/20
	TDKK	TDKK
10 Contract work in progress		
Selling price of work in progress	212,911	0
Payments received on account	-155,931	0
	<u>56,980</u>	<u>0</u>

11 Prepayments

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

12 Equity

The share capital is broken down as follow:

	<u>Number</u>
A-shares	855,100
B-shares	1,064,900

The share capital has developed as follows:

	<u>2019/20</u>
	TDKK
Share capital at 15 November	500
Capital increase	1,420
Capital decrease	0
Share capital at 30 September	<u>1,920</u>

	<u>Group</u>	<u>Parent</u>
	2019/20	2019/20
	(10 months)	(10 months)
	TDKK	TDKK
13 Distribution of profit		
Minority interests' share of net profit/loss of subsidiaries	-5,498	0
Retained earnings	-67,522	-67,522
	<u>-73,020</u>	<u>-67,522</u>

Notes to the Financial Statements

	Group	Parent
	<u>2019/20</u>	<u>2019/20</u>
	TDKK	TDKK
14 Provision for deferred tax		
Provision for deferred tax at 15 November	0	0
Amounts recognised in the income statement for the year	-20,533	0
Net effect from acquisition of business	58,772	0
Provision for deferred tax at 30 September	<u>38,239</u>	<u>0</u>

The recognised tax asset comprises tax loss carry-forwards expected to be utilised within the next five years.

The group has unrecognised tax assets in Norway of MDKK 5 related to tax loss carried forward which can be utilised in the future (indefinite).

	Group	Parent
	<u>2019/20</u>	<u>2019/20</u>
	TDKK	TDKK
15 Other provisions		
The Company has a re-establishment commitment of the leased premises.		
Other provisions	3,464	0
	<u>3,464</u>	<u>0</u>
After 5 years	3,464	0
	<u>3,464</u>	<u>0</u>

Notes to the Financial Statements

16 Long-term debt

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

The debt falls due for payment as specified below:

	<u>Group</u>	<u>Parent</u>
	2019/20	2019/20
	TDKK	TDKK
Other debt relating to the issue of bonds		
Between 1 and 5 years	360,885	0
Long-term part	360,885	0
Within 1 year	0	0
	360,885	0
Lease obligations		
Between 1 and 5 years	15,070	0
Long-term part	15,070	0
Within 1 year	7,447	0
	22,517	0
Other payables		
Between 1 and 5 years	12,025	0
Long-term part	12,025	0
Other short-term payables	137,570	73
	149,595	73

Notes to the Financial Statements

	Group	Parent
	2019/20	2019/20
	(10 months)	(10 months)
	TDKK	TDKK
17 Cash flow statement - adjustments		
Financial income	-1,134	0
Financial expenses	34,670	0
Depreciation, amortisation and impairment losses, including losses and gains on sales	61,547	0
Income from investments in subsidiaries	0	67,460
Tax on profit/loss for the year	-8,672	-17
	86,411	67,443
18 Cash flow statement - change in working capital		
Change in inventories	176	0
Change in receivables	16,745	-138
Change in other provisions	1,510	0
Change in trade payables, etc	-2,119	73
	16,312	-65
19 Cash flow statement - acquisition of companies		
Intangible asset investment	517,699	0
Fixed asset investments	2,333	0
Property, plant and equipment	40,309	0
Current assets	200,002	0
Cash	27,289	0
Bank debt and leasing obligations	-82,413	0
Current liabilities	-199,795	0
Other provisions	-60,511	0
	444,913	0
Acquired cash	-27,289	0
	417,624	0

Notes to the Financial Statements

	<u>Group</u>	<u>Parent</u>
	2019/20	2019/20
	TDKK	TDKK
20 Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	42,963	0
Between 1 and 5 years	80,228	0
After 5 years	8,551	0
	<u>131,742</u>	<u>0</u>

Contingent liabilities

The Group has issued a security towards the company Euroclear Sweden AB with the nominal value of TDKK 50 as of September 30, 2020.

As security for debt to credit institutions, a floating charge of nominally TDKK 81,000 has been registered in SSG A/S' trade receivables, inventories, leasehold improvements, other fixtures and fittings, tools and equipment, goodwill, domain name and rights. At 30 September 2020, the carrying amount is TDKK 71,762. The current debt amounts to TDKK 24,766.

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

The subsidiary, SSG A/S, has provided work guarantees amounting to TDKK 7,721 and payments guarantees amounting to TDKK 747.

As security for bondholders all shares in SSG BidCo A/S are pledged with first priority in accordance with Pledge Agreement dated 2 November 2019, for the benefit of Nordic Trustee & Agency AB. As of 30 september 2020 the pledged shares consisted of nominally 14,554,844.73 shares owned by SSG HoldCo A/S.

The group has provided a guarantee against MidtFactoring A/S. The current net debt amounts to TDKK 40,939.

Notes to the Financial Statements

	<u>Group</u>	<u>Parent</u>
	2019/20	2019/20
	(10 months)	(10 months)
	TDKK	TDKK
21 Fee to auditors appointed at the general meeting		
PricewaterhouseCoopers		
Audit fee	870	30
Tax advisory services	17	2
Other services	4,427	26
	<u>5,314</u>	<u>58</u>

Notes to the Financial Statements

22 Accounting Policies

The Annual Report of P - SSG 2019 A/S for 2019/20 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The Consolidated and Parent Company Financial Statements for 2019/20 are presented in TDKK.

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.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, P - SSG 2019 A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Notes to the Financial Statements

22 Accounting Policies (continued)

Business combinations

Uniting of interests

Intragroup business combinations are accounted for under the uniting-of-interests method. Under this method, the two enterprises are combined at carrying amounts, and no differences are identified. Any consideration which exceeds the carrying amount of the acquired enterprise is recognised directly in equity. The uniting-of-interests method is applied at the date of acquisition, and comparative figures have not been restated.

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

Business acquisitions carried through on or after 1 July 2018

Minority interests are initially measured at their proportionate share of the fair value of the acquired entity's identifiable net assets. In this way, only goodwill related to the Parent Company's share of the entity acquired is recognised.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

Leases

Leases in terms of which the Group 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 Group.

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.

Notes to the Financial Statements

22 Accounting Policies (continued)

Translation policies

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

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

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

Revenue

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

Income Statement

Revenue

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

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

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

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

Notes to the Financial Statements

22 Accounting Policies (continued)

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

Expenses for raw materials and consumables

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

Other external expenses

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

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

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

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

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

Notes to the Financial Statements

22 Accounting Policies (continued)

Tax on profit/loss for the year

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

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

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

Balance Sheet

Intangible assets

Brands, customer contracts and relations

Brands, customer contracts and relations are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Brands, customer contracts and relations are amortised over the remaining period or a shorter useful life. The amortisation period for Brands is 10 years, customer relations 7 years and customer contracts 5,5 years.

Goodwill

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

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

Property, plant and equipment

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

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

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the

Notes to the Financial Statements

22 Accounting Policies (continued)

expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-8	years
Leasehold improvements	10-20	years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

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

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

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

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Notes to the Financial Statements

22 Accounting Policies (continued)

Other fixed asset investments

Other fixed asset investments consist of deposit and deferred tax asset.

Inventories

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

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

The cost of inventories equals landed cost.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Contract work in progress

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

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

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

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

Prepayments

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

Notes to the Financial Statements

22 Accounting Policies (continued)

Equity

Dividend

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

Provisions

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

Deferred tax assets and liabilities

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

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

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

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

Current tax receivables and liabilities

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

Financial debts

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

Notes to the Financial Statements

22 Accounting Policies (continued)

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

Cash Flow Statement

The cash flow statement shows the Group's and the Parent Company's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's and the Parent Company's cash and cash equivalents at the beginning and end of the year.

No cash flow statement has been prepared for the Parent Company as the Parent Company cash flows are included in the Consolidated Cash Flow Statement.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand" and "Overdraft facilities".

The cash flow statement cannot be immediately derived from the published financial records.

Notes to the Financial Statements

22 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

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