ARKIL HOLDING A/S **ANNUAL REPORT** 2023

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2,104

employees create the infrastructure of the future
in Denmark, Germany and Ireland

MANAGEMENT'S REPORT

MANAGEMENT STATEMENT AND AUDITORS' REPORT

GROUP AND ANNUAL ACCOUNTS

ARKIL IN BRIEF

Arkil was founded in Haderslev in 1941 by Ove Arkil, a civil engineer. The company has now been family-owned for three generations.

Today, the construction group operates primarily in Denmark, Germany and Ireland.

Arkil places great emphasis on its values, with responsibility, integrity and reliability being the key parameters for the Group's future growth in all business areas and locations.

Arkil doesn't only carry out construction projects. We give back to the local communities we are part of, for example through local engagement and employment, education of apprentices and placement students, as well as participation in initiatives that benefit society and not only our own interests. Arkil is committed to the shared development of the industry through active participation in organisational work and strives to ensure a safe and healthy construction and civil engineering sector that paves the way for others and creates value for all. Arkil is aware of its other social responsibility, including in relation to diversity, sustainability, the environment and climate.

The Group is organised into independent departments and subsidiaries, each with its own specialist expertise. The structure supports the Group's desire to be close to customers and the local market and, in combination with engaged management and a solid collaborative culture, this creates the basis to carry out difficult and interdisciplinary construction projects on land and at sea.

There is a continuous focus on integrating specialist construction expertise across the Group's various business areas. These include civil engineering works, bridge and concrete projects, construction pits, shell constructions, asphalt production, asphalt spreading, railway work, renovation, operation and maintenance of sewage systems and road infrastructure including municipal park and road projects as well as foundation works, groundwater lowering, environmental engineering projects and port and hydraulic engineering projects.

WE HAVE THE FOLLOWING FIVE BASIC VALUES HERE AT ARKIL:

PRINCIPAL AND KEY FIGURES FOR THE GROUP

(DKK million)	2023	2022	2021	2020	2019
INCOME STATEMENT					
Revenue	4,096.2	3,939.5	3,677.1	3,539.2	3,265.7
Operating profit/loss	268.8	163.4	119.6	195.8	197.2
Returns on equity interests	(1.3)	1.6	(4.0)	(7.2)	(11.4)
Net financials	(19.5)	(17.8)	(5.1)	(5.7)	(2.1)
Profit/loss before tax	248.1	147.2	110.6	182.9	183.6
Profit/loss for the year	**185.4**	**105.2**	**79.5**	**129.5**	**135.4**
BALANCE SHEET					
Non-current assets	915.7	888.7	927.4	889.9	814.4
Current assets	1,237.5	1,182.7	1,121.5	1,140.6	1,114.1
Total assets	**2,153.2**	**2,071.4**	**2,048.9**	**2,030.5**	**1,928.5**
Share capital	49.1	49.1	49.1	49.1	49.1
Total equity	**742.0**	**715.7**	**669.3**	**663.3**	**653.4**
Non-current liabilities	442.2	398.1	393.5	439.4	418.0
Current liabilities	969.0	957.6	986.1	927.9	857.0
Total liabilities	**1,411.2**	**1,355.7**	**1,379.6**	**1,367.3**	**1,275.0**
CASH FLOW STATEMENT					
Cash flow from operating activities	378.3	176.6	220.3	370.6	408.4
Cash flow from investment activities	(68.6)	(23.8)	(154.8)	(242.7)	(40.9)
Cash flow from financing activities	(235.3)	(132.0)	(149.6)	(193.4)	(420.2)
Total cash flow	**74.4**	**20.8**	**(84.1)**	**(65.5)**	**(52.7)**
Investments in tangible assets	**(158.9)**	**(119.4)**	**(153.7)**	**(141.7)**	**(115.7)**
KEY FIGURES					
Profit margin, %	6.6	4.1	3.3	5.5	6,0
Return on invested capital, %	27.0	17.3	13.5	24.3	22.8
Liquidity ratio	127.7	123.5	113.7	122.9	130.0
Equity ratio (solvency), %	34.5	34.6	32.7	32.7	33.9
Return on equity, %	25.4	15.2	11.9	19.7	17.4
Average number of employees	**2,104**	**2,050**	**2,077**	**2,025**	**1,932**

Key figures have been defined and prepared in accordance with the CFA Society Denmark's recommendations.

Please refer to note 39 in which the key figure definitions can be found.

MAIN FEATURES OF THE YEAR

In 2023, Arkil achieved revenue of DKK 4.096 million compared to DKK 3,940 million last year, corresponding to an increase of 4.0%. Revenue was thus higher than announced in March 2023.

The primary operating result for 2023 amounted to DKK 269 million, corresponding to a profit margin of 6.6% compared to 4.1% the previous year.

The year's profits before tax constituted DKK 248 million compared to DKK 147 million in 2022 and was therefore realised better compared to last year and better than the expectations announced in the annual report for 2022. As expected, previous years' fluctuations in energy and supplier costs have stabilised. At the same time, the Group has implemented a wide range of projects with a satisfactory result and avoided negative impacts from major loss cases.

After tax, the year's profit was DKK 185 million, compared to DKK 105 million in 2022.

Cash flows from operations totalled DKK 378 million in 2023.

The equity ratio amounted to 34.5% at the end of 2023.

Events after the end of the financial year

The Board of Directors and Executive Board are not aware of any events that have occurred after the end of the financial year that are of significance to the Group's economic or financial position.

Expectations for 2024

At the start of 2024, there are prospects of a busy civil engineering market, where energy conversions in particular will continue to characterise activity. The building market is expected to decline.

The Group has strong financial contingency and a robust order stock, meaning that, everything else being equal, the expectations for 2024 activity levels can be met.

For 2024, a slight increase in activity and a primary operating profit ratio of between 3% and 5% are expected.

DEVELOPMENTS IN DANISH ACTIVITIES

The Group's Danish activities include nationwide construction activity, as well as asphalt production and spreading, performed by local and regional branches and production sites. The head office is located in Haderslev.

Revenue in Denmark increased from DKK 2,388.7 million in 2022 to DKK 2,415.3 million in 2023.

2023 started with a good level of activity early in the year, primarily as a result of a favourable order backlog and a mild winter that did not significantly affect production.

The year has been characterised by a great appetite for investment from the utilities, and we have carried out many tasks for district heating companies, waterworks and energy companies.

Naturally, there have also been tasks for both the government, municipalities and private developers at the usual level.

Earnings in 2023 improved significantly compared to previous years. The risk profile for projects in 2023 has been more favourable in terms of diversification in size and complexity. Overall, this has meant an improvement in earnings on our projects.

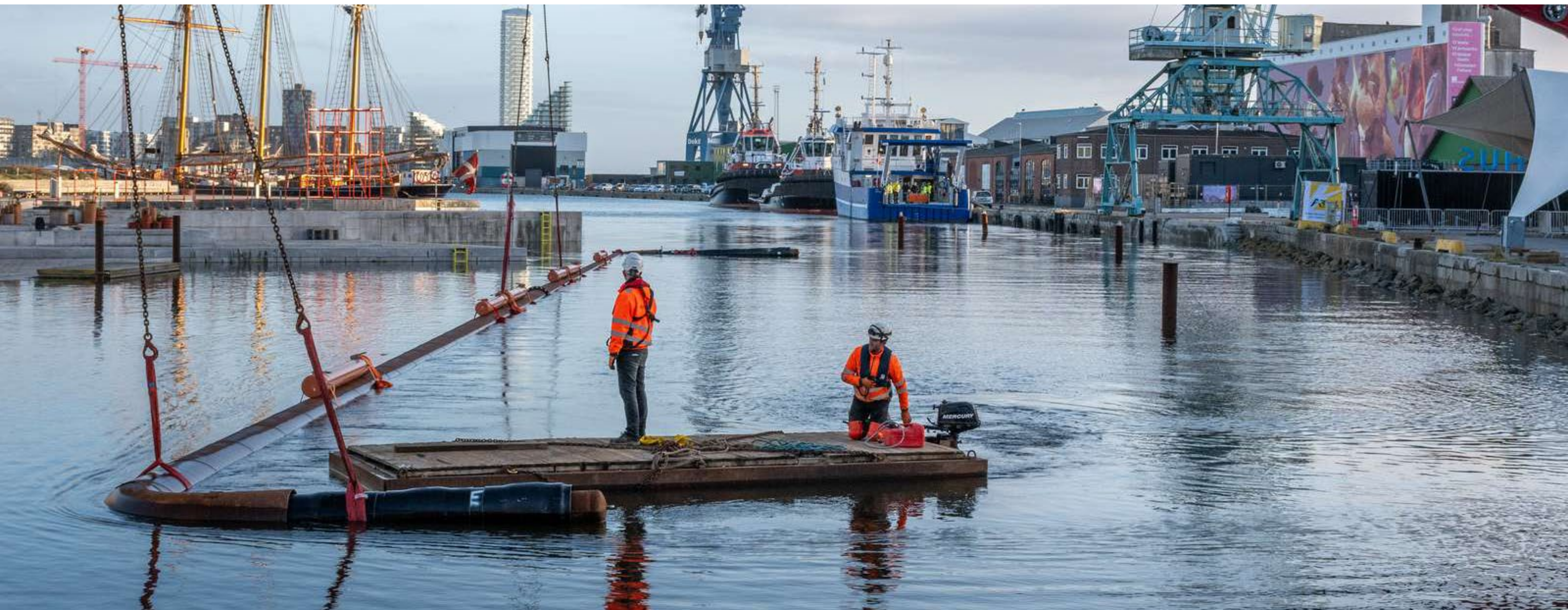
For two decades, Arkil has strived to offer more construction projects with a greater focus on cooperation, innovation and risk management. One of the possible paths is through so-called partnering tenders. It is therefore with great satisfaction that we have entered into several new contracts during the year according to this particular cooperation model.

2024 expectations for Danish activities

At the start of 2024, there are prospects of a busy civil engineering market, where energy conversions in particular will continue to characterise activity. The building market is expected to decline.

A robust order stock means that, everything else being equal, expectations for 2024 activity levels can be met.

Slightly increasing activity is expected for 2024.



DEVELOPMENTS IN FOREIGN ACTIVITIES

The Group's foreign operations are mainly conducted in Germany and Ireland.

The German activities are based generally in Schleswig, Greifswald, Berlin and Hanover and a number of branch offices and production sites. The activities include asphalt and civil engineering activities.

Across the German subsidiaries, we have succeeded in achieving stable project implementation with satisfactory contribution margins and only a few projects operating with losses.

In Germany, activities were realised above expectations at the beginning of the year, and in 2023, additional activities were purchased in the Berlin area.

The Irish activities are based generally in Kildare, Cork, Kerry and Portlaoise. The activities include the extraction of raw materials as well as asphalt and civil engineering activities.

For 2023, Ireland achieved revenue above expectations at the beginning of the year.

2024 expectations for foreign activities

In terms of earnings, the Group's foreign activities have performed better than Danish activities and significantly above the Group's long-term goals. The reason for this is a prolonged upswing which has characterised demand and price formation in a positive manner in these markets, not least in the civil works sector. The asphalt market is under pressure and there is greater uncertainty about the future economic conditions and the resulting reluctance.

A robust order stock means that expectations for 2024 activity levels can be met.

For 2024, foreign activity is expected to be at the same level as 2023.

RISK MANAGEMENT

The Board of Directors of Arkil Holding annually evaluates and approves the strategic plans for the Arkil Group and the individual business segments. Arkil Holding Group activities that fall within the construction industry involve a number of commercial and financial risks.

Risk management is predominantly aimed at hedging risks in the Group's most crucial business process, project management. Project management covers the phases from the invitation to tender to implementation. Based on the scope and complexity of each task, a systematic assessment is carried out on project risks in all phases, in which various parts of the organisation are involved at different times in the process.

The Group has risk management processes that are intended to ensure that significant risks are highlighted and managed in advance and always receive the necessary attention within the implementing organisation and line management. The risk management process contributes to ensuring that the Group engages in projects with an acceptable risk profile within the Group's areas of expertise.

Commercial risks

The Group's strategy is to minimise and hedge commercial and financial risks through established risk management.

The Group's key activities are predominantly routine tasks with known risks that can be minimised through risk management. The most significant operating risk for the Group depends on the ability to be flexible, where the possibility of rapid adjustment to current market conditions within the Group's business areas is a key factor.

Major specialist projects are often carried out as joint ventures with experienced subcontractors as well as in collaboration with specialists, ensuring that risks are reduced. Collaborations based on partnering and early tendering, in which contractors are involved in the projects before initiation of the design and planning phases, strengthen risk coverage in projects.

The Group's insurance strategy is to cover significant risks that the Group itself does not have direct influence over and that may pose a threat to the Group's financial position and existence.

Factors that may result in the realised profits deviating substantially from expectations include, but are not limited to: developments in economic trends and financial markets, losses arising from large stand-alone projects, technological developments, changes to laws and regulations in Arkil's markets, competition, the supply of tasks within the Group's business areas, weather and climate conditions in the Group's markets, and the acquisition and sale of activities and companies.

It is inherent in the nature of its business that the Group is a party to various disputes, as well as legal and arbitration cases. A realistic assessment of the possible outcomes is sought in the financial valuations, but whatever the outcome of the cases, there can be both a positive and a negative impact on the accounts.

Raw material risks

Based on a risk assessment, the Group's policy is to cover financial risks relating to future fluctuations in raw material prices included in the Group's services.

Such risks are generally covered by entering into fixed price agreements with suppliers concerning deliveries to projects. To the extent that fixed price agreements are not entered into, the risk will be covered selectively based on a risk assessment in accordance with the Group's policy using financial instruments in the form of raw material swaps.

Financial risks

As a result of operations, investments and financing, the Group is exposed to changes in exchange rates and interest levels. The Group's policy is to not carry out active speculation involving financial risks. The Group's financial management is therefore aimed only at the management of risks that form a natural part of the operations. The Group's financial risks are predominantly covered through the allocation of revenue and costs in the same currency and the use of derivative financial instruments in accordance with policies approved by the Board of Directors.

Foreign exchange risk

The Group's policy is to limit the impact of currency exchange fluctuations on the Group's return and financial position. Revenue in foreign currency is not indicative of the Group's foreign exchange risk as the majority of costs relating to foreign revenue are in the same currency.

The Group's foreign exchange position is centrally managed and coverage is selective. Only positions based on business conditions will be taken. The Group has substantial transactions/exposure in EUR but the management does not consider there to be any significant currency exchange risks in relation to this. The Group does not otherwise have any substantial currency exposure.

Interest risk

The Group's cash and cash equivalents are invested on demand or as scheduled deposits with a maturity of up to three months in high-interest financial institutions and any listed bonds and shares.

Interest on interest-bearing holdings is variable. The Group's interest-bearing net holdings, specified as debt to credit institutions less holdings of negotiable securities and cash and cash equivalents, constituted DKK 57 million at the end of 2023 compared to DKK -14 million at the end of 2022. A 1% rise or drop in the interest level compared to the balance sheet date would have only insignificant impact on the Group's returns and equity.

Cash flow risks

The Group's policy in connection with borrowing is to ensure the greatest possible flexibility through diversification of borrowing at maturity/renegotiation dates and counterparties with regard to pricing. The Group's cash reserves consist of cash and cash equivalents, securities and unused credit facilities. The Group's aim is to have a sufficient cash position to continue to act effectively in the event of large seasonal fluctuations in cash flow, as is characteristic of the construction industry.

Credit risks

The vast majority of the Group's customers are public and semi-public clients for which the risk of financial loss is considered minimal. The Group's receivables from sales to other customers are exposed to ordinary credit risk.

A critical credit check is carried out on customers before construction contracts are entered into. Furthermore, receivables from sales to other customers are covered to the extent
appropriate and necessary through payment guarantees in the form of bank guarantees and credit insurance. The Group does not have any significant risks relating to individual customers or partners.

Impact on the external environment

As a construction company, we are conscious of the fact that our activities influence the environment. On the basis of our environmental and climate policy, we therefore have a continual focus on minimising our negative impact on both the local and the global climate and environment to the greatest extent possible. The most significant risks relating to climate and the environment are linked to our energy consumption and the use of materials. To minimise these risks, we are undertaking work to reduce energy consumption and develop new, environmentally friendly materials and workflows. We also stay abreast of development possibilities in the industry that could have a positive impact on the area of climate and environment. This area is also described in the section on corporate social responsibility.

IT Security

The Group's activities are highly dependent upon the use of established IT systems and the security relating to these. Any prolonged downtime or other system weaknesses could be substantially damaging to the Group.

The management has created an IT policy that is discussed and updated by management on an ongoing basis. The purpose of the policy is to protect the Group's data, systems and intellectual property. Specific data security systems have been established in the form of email filters, anti-virus software, firewalls and monitoring programmes.

CORPORATE SOCIAL RESPONSIBILITY

Arkil Holding A/S is a holding company for Arkil A/S and has thus assessed that the most significant impact of social and environmental conditions relates to the subsidiary's business activities, which is why Arkil Holding A/S' report on corporate social responsibility, cf. the legal requirements in Section 99a of the Annual Accounts Act, concerns Arkil A/S' efforts in these areas.

The Group is represented in several countries and it has therefore been determined that each country will prepare its own statutory reports on corporate social responsibility. In Denmark, this is prepared by Arkil A/S, which prepares a CSR report concerning Arkil in Denmark. You can read more at www.arkil.dk/csr-rapport.

Business model

Arkil's business model is to carry out construction projects on the basis of established subsidiaries in the countries in which the Group is represented. Arkil manages local and national construction work, port developments, foundations, tunnelling and major cabling projects and Arkil leaves an enduring impression on the infrastructure where it is present. Arkil manages all types of environmental remediation projects and lays asphalt on both municipal and state roads. Arkil also has a strong market presence in the area of road maintenance, and we are a pioneering private road service provider.

Human rights and anti-corruption

Arkil supports the UN Global Compact, which entails unconditional respect for human rights, labour rights and a zero-tolerance policy towards corruption and bribery. This commitment is fully integrated into our Code of Business Principles and forms the core of our ethical framework. The risk of human rights violations and involvement in corruption is primarily related to our use of suppliers that potentially do not comply with applicable national laws and international standards. However, we consider this risk to be minimal, as Arkil operates in countries with strong support for human rights and a low risk of corruption. Nevertheless, we are aware that even in countries like Denmark, where standards are generally high, there may be situations that require extra attention. No violation of the company's business principles was identified in 2023. In 2023, we have also focused on complying with the company's guidelines and policies in this area. We will continue this work in 2024.

Environment and climate

Arkil takes our environmental responsibility seriously and is fully aware of the construction industry's contribution to global greenhouse gas emissions, which account for around 22% of Denmark's total carbon footprint. This share primarily reflects the energy consumption associated with construction processes, the use of raw materials, fuel consumption for machinery and transport-related emissions.

We have a strong focus on innovating and integrating sustainable solutions in our projects, which includes everything from promoting reuse and recycling of materials to optimising our operational processes to minimise greenhouse gas emissions. These efforts are not only aimed at reducing our own environmental impact, but also to offer our customers sustainable alternatives that can contribute to a more sustainable industry.

Solar PV systems in asphalt plants

We have taken a step towards sustainability and reducing greenhouse gas emissions by installing solar PV systems at the large material halls at our asphalt plants in Skrydstrup, Hasselager, Skive and Næstved in spring 2023. These solar PV systems are designed to supplement the energy needs of the asphalt plants with solar energy, which helps to reduce our electricity consumption and supports a more sustainable production of asphalt, especially in connection with the heating of bitumen.

With the installation of approximately 2,900 square metres of solar panels, we expected that the plants would be able to produce approximately 590,000 kWh of electricity annually, which corresponds to around 28% of the asphalt plants' total annual electricity consumption. The aim is for the asphalt plants to be able to use around 80% of the solar PV energy produced.

Although we do not yet have data for a full operating year, the preliminary figures indicate that the plants have produced 253,000 kWh of electricity, with the asphalt plants using approximately 76% of this energy directly.

Due to the production cycle, where asphalt production starts early in the morning before sunrise and ends in the afternoon while the sun is still up, we have managed to store some of the surplus solar energy. This has been done by using the solar energy to heat the bitumen in large tanks to 190 degrees and then taking advantage of the gradual cooling during the night when solar energy is not being produced. Any surplus green energy is channelled out to the grid. Through the implementation of these PV systems, Arkil has achieved a reduction in electricity consumption of 13% and a saving of 58 tonnes of CO_2 in 2023 alone.

It is assumed that the four PV systems produce 590,000 kWh annually, that their own consumption is between 74%-83% and that the CO_2 savings from the electricity grid compared to solar panels amount to 0.1 kg/kWh.

Less idling – less CO2

In 2023, we are rolling out an initiative where we will gradually equip all machines over ten tonnes with an idle meter. The idle meter allows accurate recording of the operating hours of the machines and the time they spend idling. This initiative will contribute to increased awareness among our employees of the benefits of focusing on reducing idling. These benefits include reduced environmental impact through lower greenhouse gas emissions, extended machine life, lower fuel consumption and more efficient use of the machine fleet. What's more, it sends a clear signal of responsibility to developers, citizens and society as a whole.

To implement and process data from these idle meters, Arkil entered into a collaboration with Clevertrack. A pilot project was initiated in our construction department in Viby, where the initial results have already shown significant improvements. Since the introduction of idle trackers, the average idle run for nine selected machines has been significantly reduced from 33% to 13%, although an increase to 18% was observed in the winter months, which can be put down to the weather. The reduction in idling corresponds to a decrease of 60%.

At the end of the year, 64 idle trackers were installed in Construction Division North, and there are plans to equip around 150 machines of 10 tonnes and more with idle trackers by the 2024 summer holiday across the entire construction division. This will then be followed by the other divisions. Our expectation is to reduce the number of idling hours in the company by half.

Existing road materials

Since 2019, Arkil Asfalt has offered Bitumen Stabilised Material (BSM) as an innovative and environmentally friendly solution for road construction, which makes it possible to carry out road renovations and repairs with 100% recycling of the existing road materials. This method minimises the need for virgin raw materials and significantly reduces greenhouse gas emissions compared to traditional methods.

Despite the obvious environmental benefits of the BSM production method, Arkil Asfalt experienced a decline in the production of BSM asphalt in 2023, as well as in the number of customers who requested this solution. During the year, we produced approximately 13,000 tonnes of BSM base layer, which is less than the previous year. This is a disappointing development, as both international experience, measurements from the Danish Technological Institute and our own results clearly show that BSM is a viable solution that does not compromise the quality or service life of roads.

We hope that future 'green' road tenders will prioritise recycling of materials higher, which can hopefully inspire more developers and municipalities to choose BSM. We deliver the products our customers want. However, we believe that BSM technology represents a future where road renovations and repairs can be carried out in a way that is both sustainable and economically beneficial, and therefore hope that more developers and municipalities will choose this green solution in the future.

Soil sorting

Here at Arkil, we have also noticed the accelerated green transition in Denmark in 2023, especially within the expansion of the district heating network, where we have carried out several of these types of projects. Such projects involve substantial amounts of excavated soil that needs to be handled, significant quantities of which is not being recycled but instead driven to landfills.

We see an important opportunity in further promoting sustainability through increased recycling of materials and reduction of waste in our projects. By optimising the recycling of soil and other materials, we can not only lessen resource consumption, but also reduce the need to dispose of excavated soil and bring in new materials. This has both environmental and economic benefits, as it reduces the greenhouse gas emissions associated with transport and contributes to a more efficient use of resources.

To strengthen these efforts, Arkil invested in another soil sorting plant in 2023, bringing the total number of such plants in the company to four.

A concrete example of the use of soil sorting technology is our district heating project in Sorø. By implementing the soil sorting plant, we were able to efficiently separate recyclable materials from the excavated soil, reducing the need to dispose of and bring in new materials.

The fleet is renewed every year

Since 2017, Arkil has implemented a vehicle policy that prioritises the procurement and replacement of its vehicle fleet for newer, more environmentally friendly and fuel-efficient models. This policy aims to reduce the company's fuel consumption and thereby its greenhouse gas emissions. In 2023, this practice continued with the replacement of 71 vehicles, resulting in an expected annual fuel saving of 19,503 litres and a CO2 saving of 51 tonnes per year. The accumulated savings since the implementation of the policy represent a total reduction of 1,157,634 litres of fuel and approximately 3,056 tonnes of CO2.

Based on WLPT consumption, it is assumed that each vehicle saves 275 litres of diesel per year and that each litre of diesel emits approx. 2.5 kg of CO_2.

The annual savings in fuel and CO_2 reduction are decreasing each year, primarily due to the fleet gradually comprising newer and more energy-efficient vehicles.

In order to continue this positive environmental development, Arkil has made the decision in 2024 to purchase electric cars for its supervisors on a major joint project. This step has been taken to further reduce the company's carbon footprint as well as to explore the possibility of, and draw experience from, a broader implementation of electric vehicles in the company.

Speed limits

We have lowered – and continue to lower – the speed of our vehicles and have thus taken steps towards reducing fuel consumption and CO_2 emissions from the company's vehicle fleet by implementing speed limiters on new yellow plate vehicles up to 3500 kg. This policy was implemented in 2022, where the speed limiters reduce the top speed of the cars to 120 km/h and to 90 km/h when a trailer is hitched. In 2023, 62 new yellow plate vehicles were equipped with speed limiters, bringing the total number to 130 vehicles with speed limiters.

This initiative contributes with a number of benefits, including reduced fuel consumption, lower CO_2 emissions and increased road safety. Not least, it serves as a strong signal value to both customers and society that Arkil is committed to sustainability and responsible driving.

Although it is difficult to quantify the exact CO_2 savings achieved by the speed limiters without detailed knowledge of all the vehicles' driving patterns, official calculations support the premise that fuel consumption increases by 12% when the speed is increased from 120 km/h to 130 km/h. Internal tests and calculations show that the fuel consumption of certain vehicle models increases significantly more at higher speeds. For example, on a 105 km route, the consumption of a Renault Master L3H3 is 29.8% higher at 130 km/h compared to 120 km/h, and for a Ford Transit Custom L1H1 the consumption is 26.1% higher at 130 km/h compared to 120 km/h. Over the next four years, Arkil plans to equip the entire fleet of approximately 450–500 yellow plate vehicles with speed limiters.

Social and employee conditions

Arkil's success is closely linked to the job satisfaction of our employees, their skills and well-being. We therefore have a clear objective that Arkil must be an inclusive, safe and attractive workplace for our employees. The safety and well-being of our employees is our highest priority. We strive to prevent occupational accidents through systematic and active dialogue, to learn from them when they happen and to ensure that they do not repeat themselves. We want to promote a high level of well-being by creating optimal working conditions where employees can develop both personally and professionally, and where their motivation and needs are met. It is crucial that both current and potential employees can identify with Arkil's culture and values.

We are aware of our social responsibility, both towards our employees and society as a whole. Apprenticeship efforts have traditionally had a strong focus at Arkil, just as we are involved in other educational initiatives for young people. We offer internships and adapted employment for people on the margins of the labour market – all because it creates value for both society and our company.

Occupational accidents

In 2023, Arkil's workforce comprised 1,234 people, measured in full-time equivalents. This underlines the importance of prioritising safety and a safe working environment – in other words, 1,234 important arguments for putting topics such as health and safety at the top of our agenda. Despite our efforts, we must unfortunately admit that we have not been completely successful in our endeavours to create a safe working environment.

The accident rate at the end of the year ended at 13.6%, which is a step backwards compared to 2.2% in 2022. This development is far from satisfactory.

Our investigations of the accidents reveal that more than half of these incidents involve employees who have worked at the company for less than two years. This suggests that we need to become better at ensuring that all employees receive and understand the necessary instruction, as well as ensuring adequate management supervision before starting work tasks. The analyses from the year also show that the most common causes of accidents are related to falls, trips, ergonomic challenges due to inappropriate or heavy lifting, and incorrect use of hand tools. Experience shows that the risk of accidents increases when work is not carefully planned, for example lack of preparation or discussions during toolbox meetings. This is also supported by our analyses, which point to a lack of planning or risk assessment as a common cause.

One accident is classified as being of a 'serious nature', which is defined as absence of more than three weeks, which is why the percentage of absence due to accidents has decreased even though the number of accidents has increased.

For 2024, we have a clear goal of strengthening the safety culture at Arkil in order to reduce the number of accidents and reach our target of an accident frequency of under 10.

Sickness absence and well-being

It can have significant consequences when an employee gets sick and has to stay home from work, not only for the individual in question, but also for the working environment, their colleagues and the company as a whole. It is therefore of utmost importance for Arkil to monitor sickness absence rates, as these can provide a suggestion of employees' general well-being. It is essential that the physical framework in the workplace, including ergonomics, indoor climate and employee safety, is of the highest priority. At the same time, we place great importance on creating a strong psychological working environment where each employee feels safe, motivated and recognised as a valuable part of the community, with the opportunity to find real meaning in their work.

Employee well-being and job satisfaction are the cornerstones of our company's existence and growth. This is part of our culture, even without formal measurements of employee well-being. We recognise that it can be challenging to assess and track the well-being of our employees without quantifiable data. In 2024, we have therefore decided to investigate the possibilities of introducing measurements of well-being for our employees and to determine the specific details regarding what form these measurements will take. Through this initiative, we hope to strengthen our ability to adapt and develop Arkil in accordance with the needs and expectations of our current and future employees.

Gender composition in management (Section 99b)

On the Board of Directors, 1 out of 5 board members are women (2022: 1 out of 6) and in 2023, the proportion has therefore increased from 16.7% to 20.0%. The Deputy Chair has resigned and no new elections have been held in connection with this.

	2023
The highest management body	
Total number of members	5
Under-represented gender in percent.	1
Target figure in percent.	28
Year for achieving the target figure	2027

For the Board of Directors, a target of 28% has been set for the proportion of female board members. The company aims to achieve this target by the annual general meeting in 2027.

The company strives to ensure fulfilment of the target by increasing the proportion of females on the Board of Directors in connection with the nomination and election of new board members, taking into account the overall expertise of the board and members' individual qualifications

Arkil Holding A/S has less than 50 employees and has not established policies and targets for the gender composition of the Arkil Holding A/S Group. The company therefore reports on the gender composition of the Board of Directors, as described above.

Report on data ethics (§99d)

For Arkil, the correct and satisfactory processing of data is important to us and we feel strongly about data ethics. We work on it continuously as new technological solutions and opportunities change.

Arkil has a sound and sceptical approach to all data management, ensuring that data is stored securely and only accessible to relevant persons.

We are a construction company that does not collect large amounts of data about customers, the market etc. and we only collect data that is relevant to our business. We do not use artificial intelligence or other advanced methods to analyse data. Our data ethics is therefore focused on our handling of basic customer and employee data.

Arkil will never resell data to third parties.

Data security

All data is stored on secure platforms with restricted access and monitoring of unintended access. Access to data is only given to relevant employees so that unauthorised personnel do not receive access. Access is granted automatically when an employee account is created and is removed automatically upon termination. All data retrieved from central solutions is stored on encrypted disks.

Compliance with data protection laws

Arkil complies with the General Data Protection Regulation (GDPR) and only collects relevant data. Collected data is kept for the shortest possible time and access to sensitive personal data is limited to a few authorised employees.

Working with data ethics

Overall, data processing is anchored in IT and Business Development, which cooperates with the Executive Board, staff and production on this issue with the correct and secure processing of data.

COMPANY INFORMATION

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Head Office:	Haderslev

Ownership

The entire share capital of the company is owned by J2A Holding ApS, Søndergård Alle 4, 6500 Vojens, Denmark.

Board of Directors

Jesper Arkil, Chair

Steen Brødbæk

Birgitte Brinch Madsen

Flemming Lyngholm

Jens Skjøt-Arkil

Executive Board

Jens Skjøt-Arkil, Group CEO

Thomas Fonnesbæk Boe, Group COO

Anders Blaavand, Group CFO

Auditor

PricewaterhouseCoopers

State Authorised Public Accountants

Annual General Meeting

The annual general meeting will be held on 21 March 2024.

MANAGEMENT REVIEW

The Board of Directors and Executive Board have today discussed and approved the 2023 annual report for Arkil Holding A/S.

The internal annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated and annual accounts give a true and fair view of the Group and company's assets, liabilities and financial position as of 31 December 2023, as well as of the profits on the Group and company's activities and cash flows for the financial year 1 January – 31 December 2023.

It is also our view that the management report provides an accurate account of the developments in the Group and company's activities and financial matters, the profit for the year and the Group and company's financial position as a whole.

Haderslev, Denmark, 21 March 2024

EXECUTIVE BOARD

Jens Skjøt-Arkil
Group CEO

Thomas Fonnesbæk Boe
Group COO

Anders Blaavand
Group CFO

BOARD OF DIRECTORS

Jesper Arkil
Chair

Flemming Lyngholm

Jens Skjøt-Arkil

Steen Brødbæk

Birgitte Brinch Madsen

THE INDEPENDENT AUDITOR'S REPORT

To the shareholders of Arkil Holding A/S

Conclusion

In our opinion, the consolidated and annual accounts give a true and fair view of the Group and company's assets, liabilities and financial position as of 31 December 2023, as well as of the profits on the Group and company's activities and cash flows for the financial year 1 January – 31 December 2023, in accordance with the Danish Financial Statements Act.

We have audited the consolidated and annual accounts for Arkil Holding A/S for the financial year 1 January - 31 December 2023, which comprise income statements, balance sheet, statement of changes in equity and notes, including the accounting practice used for both the Group and the company, as well as the cash flow statement for the Group ('the accounts').

Basis for the conclusion

We have conducted our audit in accordance with international auditing standards and additional requirements applicable in Denmark. Our responsibilities under these standards and requirements have been described in more detail in the section of the auditor's report on the Auditor's responsibility for the auditing of the annual accounts. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' international guidelines for the ethical behaviour of professional accountants and auditors (IESBA Code) and additional ethical requirements applicable in Denmark, and we have met our other ethical obligations under these requirements and according to the IESBA Code. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the management report

The management is responsible for the management report.

Our opinion on the accounts does not include the management report and we do not express any form of opinion with any certainty with regard to the management report.

In connection with our audit of the accounts, it is our responsibility to read the management report and thereby consider whether the management report is significantly inconsistent with the accounts or, based on the knowledge gained through our audit or otherwise, appears to contain material misstatements.

We are also responsible for considering whether the management report contains the information required pursuant to the Danish Financial Statements Act.

Based on the work performed, it is our opinion that the management report is consistent with the consolidated and annual accounts and has been prepared in accordance with the requirements set out in the Danish Financial Statements Act. We have not identified any material misstatement in the management report.

Management responsibility for the accounts

The management is responsible for the preparation of consolidated accounts and annual accounts that provide a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as deemed necessary by the management in order to prepare accounts that are free from material misstatements, whether due to fraud or error.

In preparing the accounts, management is responsible for assessing the Group and the company's ability to continue its operations and also for preparing the accounts on the basis of the accounting principle of continued operations, unless the management either intends to liquidate the Group or the company, cease operations or has no other realistic alternative but to do so.

The auditor's responsibility for auditing the accounts

Our aim is to achieve a high degree of certainty that the accounts as a whole are free from material misstatements, whether due to fraud or error, and to submit an audit report with an opinion. A high degree of certainty is a high level of assurance but not a guarantee that an audit, performed in accordance with international audit standards and additional requirements applicable in Denmark, will always identify material misstatements when such exist. Misstatements can arise as the result of fraud or error and may be regarded as material if it can be reasonably expected that, individually or collectively, it has an influence on the financial decisions made by users on the basis of the accounts.

As part of an audit performed in accordance with international auditing standards and the additional requirements applicable in Denmark, we carry out professional assessments and maintain professional scepticism during the audit. This includes:

- Identifying and assessing the risk of material misstatements in the accounts, whether due to fraud or error, designing and performing audit procedures in response to these risks, as well as obtaining audit evidence that is sufficient and appropriate for providing a basis for our opinion. The risk of not identifying material misstatements due to fraud is higher than material misstatements due to error, as fraud may include conspiracy, forgery, deliberate omission, misrepresentation or breach of internal control.

- We achieve an understanding of internal control with relevance to the audit in order to design audit procedures that are appropriate for the circumstances, but not to express an opinion on the effectiveness of the Group and company's internal control.
- We consider whether the accounting policies applied by management are appropriate and whether the accounting estimates and related information prepared by management are reasonable.
- We conclude whether the management's preparation of the accounts based on the accounting principles of continued operations are appropriate and whether, on the basis of the audit evidence obtained, there is significant uncertainty linked to events or conditions that could create significant doubt about the Group and company's ability to continue operations. If we conclude that there is significant uncertainty, we must draw attention to such information in the accounts in our auditor's statement or, if such information is not sufficient, modify our opinion. Our opinions are based on the audit evidence that has been achieved up to the date of our auditor's report. However, future events or circumstances may result in the Group and company no longer being able to continue operations.
- We consider the overall presentation, structure and contents of the accounts, including note information and whether the accounts reflect the underlying transactions and events in such a manner that a true and fair view is presented.
- We achieve adequate and appropriate audit evidence for the financial information for the companies or the business activities in the Group for use in expressing an opinion on the consolidated accounts. We are responsible for managing, supervising and performing the consolidated audit. We are solely responsible for our audit opinion.

We communicate with senior management with regard to e.g. the scheduled scope and timing of the audit as well as significant audit observations, including material non-conformities relating to internal control as identified during the audit.

Trekantsområde (Triangle Region), Denmark, 21 March 2024

PricewaterhouseCoopers

State Authorised Public Accountants

CVR no. 33 77 12 31

Jan Bunk Harbo Larsen

State Authorised
Public Accountant
mne30224

Henrik Junker Andersen

State Authorised
Public Accountant
mne42818

PROFIT AND LOSS STATEMENT FOR THE FINANCIAL YEAR 1 JANUARY TO 31 DECEMBER

Parent company		Note		Group	
2022	2023	no.	(Amounts in DKK 1,000)	2023	2022
13,279	13,660	3	Revenue	4,096,170	3,939,536
(1,109)	(1,373)	4.5	Production costs	(3,448,978)	(3,430,133)
12,170	**12,287**		**Gross profit**	**647,192**	**509,403**
(28,920)	(30,072)	4,5,6	Administrative expenses	(378,586)	(348,053)
0	0	7	Other operating income	209	2,006
(16,750)	**(17,785)**		**Operating profit/loss**	**268,815**	**163,356**
107,804	196,561	8	Share of profit/loss after tax in subsidiaries		
		9	Share of profit/loss after tax in participating interest	(982)	1,585
		10	Share of profit/loss after tax in joint ventures	(268)	0
107,804	**196,561**		**Returns on equity interests**	**(1,250)**	**1,585**
441	663	11	Financial income	4,151	965
(6,548)	(13,184)	12	Financial expenses	(23,619)	(18,721)
(6,107)	**(12,521)**		**Net financials**	**(19,468)**	**(17,756)**
84,947	**166,255**		**Profit/loss before tax**	**248,097**	**147,185**
4,220	4,985	13	Tax for the year	(62,662)	(41,938)
89,167	**171,240**		**Profit/loss for the year**	**185,435**	**105,247**
			Distribution of group profit/loss:		
			Arkil Holding A/S shareholders	171,240	89,167
			Non-controlling interests	14,195	16,080
				185,435	**105,247**

BALANCE SHEET AT 31 DECEMBER

Parent company		Note		Group	
2022	2023	no.	(Amounts in DKK 1,000)	2023	2022
			Assets		
			Non-current assets		
			Intangible assets		
		14	Goodwill	141,775	151,358
		15	Acquired know-how	0	0
		16	Licences and rights	10,476	11,159
			Total intangible assets	**152,251**	**162,517**
			Property, plant and equipment		
30,123	30,463	17	Land and buildings	254,639	237,596
1,044	925	18	Fixtures and fittings, tools and equipment	487,792	465,858
705	1,248	19	Plants under construction and advance payments	3,137	3,246
31,872	**32,636**		**Total property, plant and equipment**	**745,568**	**706,700**
			Other non-current assets		
781,714	907,641	8	Equity investments in subsidiaries		
133	4,133	9	Equity investments in participating interest	5,777	2,977
		10	Equity investments in joint ventures	0	251
11,104	10,558	21	Non-current receivables	12,132	13,263
0	0	26	Deferred tax assets	0	2,953
792,951	**922,332**		**Total other non-current assets**	**17,909**	**19,444**
824,823	**954,968**		**Total non-current assets**	**915,728**	**888,661**
			Current assets		
		20	**Inventories**	**121,917**	**114,555**
			Receivables		
		22	Construction contracts	133,269	123,412
26,123	19,356	23.32	Receivables	643,081	681,310
0	0	30	Corporation tax receivable	0	0
26,123	**19,356**		**Total receivables**	**776,350**	**804,722**
200	**200**	32	**Securities**	**36,772**	**35,357**
1,629	**2,190**		**Cash**	**302,508**	**228,112**
27,952	**21,746**		**Total current assets**	**1,237,547**	**1,182,746**
852,775	**976,714**		**Total assets**	**2,153,275**	**2,071,407**

BALANCE AS OF 31 DECEMBER

Parent company		Note		Group	
2022	2023	no.	(Amounts in DKK 1,000)	2023	2022
			Equity and liabilities		
		24	**Equity**		
49,132	49,132		Share capital	49,132	49,132
281,320	389,747		Net revaluation according to the equity method		
			Translation reserve and hedging reserve	(627)	(1,373)
			Retained earnings	(727)	338
207,329	119,853		Proposed dividends	510,954	489,684
141,103	144,262		(Amounts in DKK 1,000)	144,262	141,103
678,884	**702,994**		**Arkil Holding shareholders' share of the equity capital**	**702,994**	**678,884**
			Non-controlling interests	**39,045**	**36,822**
678,884	**702,994**		**Total equity**	**742,039**	**715,706**
			Liabilities		
			Non-current liabilities		
		25	Pensions and similar liabilities	123,976	105,007
160	240	26	Deferred tax	46,160	49,328
0	0	27	Other provisions	7,465	8,168
0	0	28	Payables to credit institutions, etc.	206,135	178,324
29,746	26,086	28	Debt to associated companies		
1,039	1,080	29	Other payables	58,511	57,263
30,945	**27,406**		**Total non-current liabilities**	**442,247**	**398,090**
			Current liabilities		
		25	Pensions and similar liabilities	7,189	6,725
0	0	27	Other provisions	3,878	5,325
0	0	28	Payables to credit institutions, etc.	76,198	98,901
		22	Construction contracts	75,181	72,661
1,332	1,073		Trade payables	346,446	407,381
119,767	220,974	28	Payables to subsidiaries	122,732	51,834
0	0	30	Corporation tax	9,431	508
21,847	24,267	29.32	Other payables	327,934	314,276
142,946	**246,314**		**Total current liabilities**	**968,989**	**957,611**
173,891	**273,720**		**Total liabilities**	**1,411,236**	**1,355,701**
852,775	**976,714**		**Total equity and liabilities**	**2,153,275**	**2,071,407**

Note	
1	Accounting policies used
2	Significant accounting estimates, assumptions and assessments
31	Contingent liabilities and collateral security
34–38	Notes without reference

CASH FLOW STATEMENT

Parent company 2022	Parent company 2023	Note no.	(Amounts in DKK 1,000)	Group 2023	Group 2022
84,947	166,255		Profit/loss before tax	248,097	147,185
			Adjustment for non-cash operating items, etc.:		
753	1,209		Depreciation and amortisation	146,590	153,349
(107,804)	(196,561)		Share of profit/loss after tax in subsidiaries		
(330)	0		Other operating items, net	(13,843)	(16,848)
			Provisions	(3,826)	(16,730)
(441)	(663)		Financial income	(4,151)	(965)
6,548	13,184		Financial expenses	23,619	18,721
56,436	106,516	33	Changes in working capital	50,608	(53,603)
40,109	**89,940**		**Cash generated from operations**	**447,094**	**231,109**
441	663		Interest income received	4,151	965
(6,548)	(13,184)		Interest expenses paid	(24,826)	(14,671)
34,002	**77,419**		**Cash flows from operating activities before tax**	**426,419**	**217,403**
4,423	5,065		Corporation tax paid	(48,149)	(40,821)
38,425	**82,484**		**Cash flows from operating activities**	**378,270**	**176,582**
(19,511)	(1,973)	34	Acquisition of property, plant and equipment	(97,906)	(60,967)
266	0		Sale of property, plant and equipment	32,326	30,567
			Acquisition of intangible assets	0	0
1,733	546		Repayment of non-current receivables	1,132	(426)
0	0		Acquisition of securities	(123)	0
			Sale of securities	0	7,420
(133)	(4,000)		Acquisition of participating interest	(4,000)	(351)
(3,500)	(17,500)		Acquisition of subsidiaries		
62,646	75,004		Dividend from subsidiaries		
41,501	**52,077**		**Cash flow from investing activities**	**(68,571)**	**(23,757)**

Parent company		Note		Group	
2022	2023	no.	(Amounts in DKK 1,000)	2023	2022
(337)	0		Repayment of non-current liabilities	(75,987)	(69,996)
			Proceeds when taking out long-term loans, etc.	3,625	44,254
			Change, bank loan (overdraft)	(15,895)	(7,814)
(78,000)	(134,000)		Dividends paid	(134,000)	(78,000)
			Dividends paid to non-controlling interests	(9,780)	(15,549)
			Earn-out, Ireland	(3,273)	(4,883)
(78,337)	**(134,000)**		**Cash flows from financing activities**	**(235,310)**	**(131,988)**
1,589	**561**		**Cash flows for the year**	**74,389**	**20,837**
40	1,629		Cash and cash equivalents, start of year	228,112	207,271
			Value adjustment of cash and cash equivalents	7	4
1,629	**2,190**		**Cash and cash equivalents, end of year**	**302,508**	**228,112**

STATEMENT OF EQUITY

(Amounts in DKK 1,000)

Group	Share capital	Reserve for foreign currency translation adjustments	Reserve for hedging transactions	Retained profits	Proposed dividends	Total	Minority interests	Total
Equity 1 January 2023	**49,132**	**(1,373)**	**338**	**489,684**	**141,103**	**678,884**	**36,822**	**715,706**
Net profit for the year				26,978	144,262	**171,240**	14,195	**185,435**
Foreign currency translation adjustments, foreign companies		746				**746**	69	**815**
Actuarial profit/loss on performance-based pension schemes				(17,732)		**(17,732)**	(3,129)	**(20,861)**
Revaluation of hedging instruments:								
Revaluation for the year			(1,366)			**(1,366)**		**(1,366)**
Tax on equity movements			301	4,921		**5,222**	868	**6,090**
Contribution of non-controlling interests						**0**	(436)	**(436)**
Distributed dividends					(141,103)	**(141,103)**	(9,344)	**(150,447)**
Dividends, own shares				7,103		**7,103**		**7,103**
Equity 31 December 2023	**49,132**	**(627)**	**(727)**	**510,954**	**144,262**	**702,994**	**39,045**	**742,039**

(Amounts in DKK 1,000)

Group	Share capital	Reserve for foreign currency translation adjustments	Reserve for hedging transactions	Retained profits	Proposed dividends	Total	Minority interests	Total
Equity 1 January 2022	**49,132**	**(1,257)**	**1,938**	**506,473**	**82,134**	**638,420**	**30,875**	**669,295**
Net profit for the year				(51,936)	141,103	**89,167**	16,080	**105,247**
Foreign currency translation adjustments, foreign companies		(116)				**(116)**	(57)	**(173)**
Actuarial profit/loss on performance-based pension schemes				42,926		**42,926**	7,575	**50,501**
Revaluation of hedging instruments:								
Revaluation for the year			(2,051)			**(2,051)**		**(2,051)**
Tax on equity movements			451	(11,913)		**(11,462)**	(2,102)	**(13,564)**
Contribution of non-controlling interests						**0**	(286)	**(286)**
Distributed dividends					(82,134)	**(82,134)**	(15,263)	**(97,397)**
Dividends, own shares				4,134		**4,134**		**4,134**
Equity 31 December 2022	**49,132**	**(1,373)**	**338**	**489,684**	**141,103**	**678,884**	**36,822**	**715,706**

(Amounts in DKK 1,000)

Parent company	Share capital	Net revaluation according to equity method	Retained profits	Proposed dividends	Total
Equity capital 1 January 2022	**49,132**	**206,866**	**300,288**	**82,134**	**638,420**
Net profit for the year		45,156	(97,092)	141,103	**89,167**
Distributed dividends				(82,134)	**(82,134)**
Dividends, own shares			4,133		**4,133**
Foreign currency translation adjustments, foreign subsidiaries		(115)			**(115)**
Actuarial profit/loss on performance-based pension schemes		31,013			**31,013**
Revaluation of hedging instruments, etc. in subsidiaries		(1,600)			**(1,600)**
Other adjustments in subsidiaries					**0**
Equity, 31 December 2022	**49,132**	**281,320**	**207,329**	**141,103**	**678,884**
Net profit for the year		121,557	(94,579)	144,262	**171,240**
Distributed dividends				(141,103)	**(141,103)**
Foreign currency translation adjustments, foreign subsidiaries		764			**764**
Dividends, own shares			7,103		**7,103**
Actuarial profit/loss on performance-based pension schemes		(12,811)			**(12,811)**
Revaluation of hedging instruments, etc. in subsidiaries		(1,065)			**(1,065)**
Other adjustments in subsidiaries		(18)			**(18)**
Equity, 31 December 2023	**49,132**	**389,747**	**119,853**	**144,262**	**702,994**

OVERVIEW OF NOTES

NOTES Note no. 1 Accounting policies

The annual report for Arkil Holding A/S for 2023 has been presented in accordance with the rules for large companies subject to reporting class C in the Danish Financial Statements Act.

In 2022, Arkil Holding A/S applied the exemption provisions in Section 112(1) and Section 86(4) of the Annual Accounts Act to not prepare consolidated accounts and cash flows.

The annual report for the period 1 January – 31 December 2023 covers both the consolidated accounts for Arkil Holding A/S and its subsidiaries (the Group), as well as separate annual accounts for the parent company.

The change has not had an impact on the parent company's assets, liabilities, equity and profit.

The annual report is presented in Danish kroner rounded to the nearest DKK 1,000.

General information about recognition and measurement

Assets are recognised in the balance sheet when it is probable that the company will experience future financial benefits and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when they are probable and can be reliably measured.

At initial recognition, assets and liabilities are measured at cost price. Assets and liabilities are subsequently measured as described for each individual accounting item below.

Certain financial assets and liabilities are measured at amortised cost, which recognises a constant effective rate of interest over the maturity period. Amortised cost price is calculated as the original cost price less any instalments plus/minus the accumulated amortisation of the difference between the cost price and the nominal amount.

Recognition and measurement take into account gains, losses or risks that occur before the presentation of the annual account and that confirm or rule out matters existing on the balance sheet date.

Revenue is recognised in the profit and loss statement in line with being earned, including recognition for value adjustments for financial assets and liabilities measured at market value or amortised cost price. Furthermore, costs incurred to achieve the year's earnings are also recognised, including depreciation, amortisation and provisions, as well as reversals due to changed accounting estimates on amounts previously recognised in the profit and loss statement.

Tables and accounts

Parentheses are used around negative results and deductions.

Consolidated accounts

Controlling interest

The consolidated accounts include the parent company Arkil Holding A/S and subsidiaries in which Arkil Holding A/S has a controlling interest.

Controlling interest means authority to control the financial and operational decisions of a subsidiary. In addition, requirements apply concerning the possibility of achieving financial returns on the investment.

In assessing whether a parent company has a controlling interest, de-facto control is also taken into account.

The existence of potential voting rights that may be used or converted to further voting rights must be included in the assessment of whether a company can achieve the authority to control the financial and operational decisions of another company.

Significant influence

Companies in which the Group can exercise significant influence on financial and operational decisions are classified as equity interests (this exclusively covers associated companies). Significant influence is assumed to exist where the parent company directly or indirectly holds or has at its disposal more than 20% of the voting rights, but no controlling interest exists.

The existence of potential voting rights that may be used or converted to voting rights must be included in the assessment of whether there is significant influence.

Joint arrangements

Joint arrangements are activities or companies in which the Group has a joint controlling interest through partnership agreements with one or more parties. Joint controlling influence means that decisions concerning relevant activities require unanimity among the parties that have a joint controlling influence.

Jointly controlled arrangements are classified as either operational cooperatives or joint ventures. Operational cooperatives refers to activities in which the participants have direct rights to assets and direct liability for obligations, whereas joint ventures refers to activities for which the participants have rights only to net assets.

A Group outline can be seen on page 59.

NOTES Note no. 1 Accounting policies (continued)

Preparation of the consolidated accounts

The consolidated accounts have been prepared as a consolidation of the parent company and individual subsidiaries' accounts in accordance with Group accounting practice(s), with the elimination of intragroup income and costs, shareholdings, outstanding internal accounts, dividends and realised and unrealised gains on transactions between the consolidated companies. Unrealised gains on transactions with equity interests (which exclusively covers associated companies) are eliminated in proportion to the Group's ownership stake in the company. Unrealised losses are eliminated in the same way as unrealised profits unless they do not indicate depreciation.

Subsidiaries' financial items are recognised in the consolidated accounts in full. The minority interests' share of profit for the year and equity in subsidiaries not wholly owned are included in the Group's consolidated profits and equity but are presented separately.

The acquisition and sale of minority interests under continued controlling interest are recognised directly in equity as transactions between shareholders.

The equity share in equity interests (which exclusively covers associated companies) and joint ventures is recognised in the consolidated accounts in accordance with the equity method.

The Group's activities in operational cooperatives are recognised line by line in the consolidated accounts.

Mergers

Newly acquired or newly established companies are included in the consolidated accounts from the acquisition date. Sold or liquidated companies are included in the consolidated profit and loss statements until the cession date. Comparative figures are not adjusted for newly acquired, sold or liquidated companies. Nevertheless, discontinued activities are presented separately, cf. below.

When acquiring new companies for which a controlling interest is obtained, the acquisition method is used. The identifiable assets, liabilities and contingent liabilities of the acquired companies are measured at market value on the acquisition date. Identifiable intangible assets are recognised provided they are separable or arise from contractual rights and the market value can be reliably measured. Deferred tax on the assessments is recognised.

The acquisition date is the date on which Arkil Holding A/S actually achieves control of the acquired company.

Positive differential amounts (goodwill) between the purchase sum, the value of minority interests in the acquired company and the market value of any previously acquired equity on the one hand and the market value of the acquired identifiable assets, liabilities and contingent liabilities on the other are recognised as goodwill under intangible assets. Goodwill is depreciated in a linear fashion in the profit and loss statement following an individual assessment of the economic life.

Negative differences (negative goodwill) are recognised in the profit and loss statement on the acquisition date.

Upon acquisition, goodwill is allocated to cash-generating entities that subsequently form the basis of the depreciation test. Goodwill and market value adjustments in connection with the acquisition of foreign entities with a functional currency other than the Group's presentation currency are treated as assets and liabilities of the foreign entity and converted to the foreign entity's functional currency in the initial recognition on the transaction date.

The acquisition price for a company consists of the market value of the agreed payment in the form of acquired assets, assumed liabilities and issued equity instruments. If parts of the acquisition price are contingent on future events or fulfilment of agreed conditions, this part of the acquisition price is to be recognised at market value on the acquisition date. Subsequent adjustment of conditional purchase consideration must be recognised in the profit and loss statement. Costs that can be attributed to mergers are recognised directly in the profit and loss statement on the payment date.

If, on the acquisition date, there are uncertainties concerning identification or measuring of acquired assets, liabilities or contingent liabilities, or the determination of the acquisition price, the initial recognition must be made based on provisional values. If it is subsequently found that the identification or measurement of the acquisition price, acquired assets, liabilities or contingent liabilities was wrong on initial recognition, the settlement is to be adjusted retroactively, including goodwill, for up to 12 months after the acquisition, and comparative figures are to be adjusted. Goodwill is not to be subsequently adjusted. Changes in estimates of contingent acquisition prices are recognised directly in the profit and loss statement.

Profits and losses on the sale or liquidation of subsidiaries and equity interests (which exclusively covers associated companies) are calculated as the difference between the sales price or settlement price and the book value of net assets, including goodwill on the sales date and costs for sale or liquidation.

NOTES Note no. 1 Accounting policies (continued)

Minority interests

On initial recognition, minority interests are measured either at market value or at their proportional share of the market value of the acquired company's identifiable assets, liabilities and contingent liabilities. In the first scenario, goodwill concerning the minority interests' share in the acquired company are also to be recognised, while, in the latter scenario, goodwill concerning minority interests shall not be recognised. Measurement of minority interests is selected for each transaction and disclosed in the notes in connection with the specification of acquired companies.

Intra-group mergers

In the event of mergers such as the acquisition and sale of equity, mergers, demergers, transfer of assets and share exchange, etc. in connection with the participation of companies under the parent company's controlling interest, the book value method must be applied, wherein the merger shall be deemed to have been completed at the acquisition time without adjustment of comparative figures. The difference between the agreed consideration and the acquired company's book value must be recognised directly in equity.

Conversion of foreign currency

Transactions in foreign currencies are converted at initial recognition to the exchange rate applicable on the transaction date. Currency exchange differences that arise between the exchange rate on the transaction date and the exchange rate on the payment date are recognised in the profit and loss statement.

Outstanding amounts, debts and other monetary entries in foreign currencies are converted at the exchange rate applicable on the balance sheet date. The difference between the exchange rate on the balance sheet date and the rate on the date when the amounts owed or debt arising was recognised in the latest annual accounts is recognised in the profit and loss statement under financial income and costs.

For recognition of foreign subsidiaries and equity interests (which exclusively covers associated companies) that are independent entities, the profit and loss statements are translated to an average exchange rate for the month and the balance sheet items are translated to the exchange rate applicable at close of the balance sheet date.

Currency exchange differences arising from the conversion of foreign subsidiaries' equity at the start of the year to the exchange rates on the balance sheet date, and when translating profit and loss statements from average exchange rates to the exchange rate applicable at close of the balance sheet date, are recognised directly under equity.

Adjustment of outstanding accounts with independent foreign subsidiaries that are considered part of the total investment in the subsidiary are recognised directly in equity. Similarly, exchange rate gains and losses on loans and derivative financial instruments used to hedge foreign subsidiaries are recognised directly in equity.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost price and subsequently measured in the balance sheet at market value. Positive and negative market values for derivative financial instruments are included in other receivables and other debt respectively.

Changes in the market value of derivative financial instruments that are classified and qualify as hedges for market value of a recognised asset or liability are recognised in the profit and loss statement together with changes in the market value of the hedged asset or liability.

Changes to the market value of derivative financial instruments classified as and that qualify for hedging of future assets or liabilities are recognised as other receivables or other debt and also in equity. If the future transaction results in the recognition of assets or liabilities, amounts previously recognised as equity will be carried at cost price for the asset or liability respectively. If the future transaction results in earnings or costs, amounts previously recognised as equity will be carried to the profit and loss statement for the period in which the hedged asset or liability affects profits or losses.

For derivative financial instruments that do not meet the conditions for hedge accounting, changes in market value are recognised on an ongoing basis in the profit and loss statement.

Changes in the market value of derivative financial instruments used to hedge net investments in independent foreign subsidiaries or equity interests (which exclusively covers associated companies) are recognised directly in equity.

NOTES Note no. 1 Accounting policies (continued)

Profit and loss statement Revenue

The company has chosen IAS 11/IAS 18 as the interpretation for the recognition of revenue.

When entering into sales contracts comprising multiple separate sales transactions, the contract sum must be split into the individual sales transactions in accordance with the relative market value. The separate sales transactions must be recognised as net revenue when the criteria applicable to the sale of goods, services or construction contracts have been met.

A contract must be split into individual transactions when the market value of the individual sales transactions can be reliably determined and each sales transaction has an independent value for the buyer. Sales transactions are deemed to have an independent value for the buyer when the transaction is individually identifiable and normally sold individually.

Net revenue is measured at the market value of the agreed price, exclusive of VAT and fees collected on behalf of third parties. All forms of discounts will be recognised in net revenue.

Revenue from the sale of goods

Income from the sale of finished goods and commercial products includes the sale of finished goods, asphalt, road equipment, other construction materials, etc. and is recognised in net revenue when the control of each individual delivery obligation in the sales contract is transferred to the customer, which, according to the sales conditions, takes place at the time of delivery. Even though a sales contract concerning the sale of finished goods often includes several delivery obligations, they will be treated as one overall delivery obligation when delivery takes place at the same time.

Revenue from construction contracts

Construction contracts are continuously recognised in revenue in line with the implementation of production, while revenue corresponds to the sales value of the work performed in the year (production method). When the result of a construction contract cannot be reliably estimated, only revenue corresponding to incurred costs is recognised to the extent it is believed that they will be recouped.

The degree of completion must be determined on the basis of costs consumed in relation to the latest cost estimate.

Production costs

Production costs include costs, including provisions for depreciation and wages, which are paid to achieve the year's revenue. Trade companies recognise goods consumption and production companies recognise production costs incurred to achieve the net revenue for the year. This includes direct and indirect costs for raw materials and consumables, salaries and wages, rent and leasing, as well as depreciation of production facilities. Production costs also include development costs that do not fulfil the criteria for capitalisation.

Furthermore, provisions for expected losses on construction contracts are also recognised.

Administration costs

Administration costs include costs incurred in the year for management and administration, including costs for administrative personnel, office premises and office expenses and depreciations. This also includes depreciations of receivables from sales and income from administration agreements.

Other operating income and costs

Other operating income and costs include accounting items of a secondary nature to the activities of the company, including profit on the sale of intangible and tangible assets.

Performance of equity shares in subsidiaries, equity interests and joint ventures

Under the equity method, a proportional share of profits after tax in subsidiaries will be recognised in the profit and loss statement. Share of profits after tax in subsidiaries, equity interests (which exclusively covers associated companies) and joint ventures are presented as separate entries in the profit and loss statement. Full elimination of intra-group profits/losses is performed for equity interests in subsidiaries.

For equity shares in equity interests (which exclusively covers associated companies) and joint ventures, only proportional elimination of intra-group profits/losses is performed. The relative share of each subsidiary's profits after taxes after full elimination of internal profits/losses must be recognised in the parent company's profit and loss statement.

The relative share of each subsidiary's profits after taxes after full elimination of internal profits/losses must be recognised in the parent company's profit and loss statement.

NOTES Note no. 1 Accounting policies (continued)

The relative share of equity interests' (which exclusively covers associated companies) profits after tax after elimination of the proportional share of internal profits/losses must be recognised in both the consolidated and parent company's profit and loss statements.

Financial income and costs

Financial income and costs comprise interest, currency exchange gains and losses on securities, debt and transactions in foreign currencies, amortisation of financial assets and liabilities and allowances under the on-account tax scheme, as well as realised and unrealised currency exchange gains and losses on receivables and debts in foreign currencies.

Taxes on profit for the year

The company is covered by the Danish rules on compulsory joint taxation for Arkil's Danish companies. Subsidiaries are included in the joint taxation from the date on which they are included in the consolidated accounts and until the date on which they are no longer included in the consolidation.

The parent company, JEAR Holding ApS, Haderslev, acts as the management company for joint taxation and therefore settles all payment of corporation tax with the tax authorities.

The applicable Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable incomes. In connection with this, companies with tax losses will receive joint taxation contributions from companies that have been able to utilise these losses to reduce their own taxable profits.

The year's tax, consisting of the year's joint taxation contributions and changes to deferred tax, including as a result of changes to tax rates, is recognised in the profit and loss statement with the proportion that can be attributed to the year's profit and directly in equity with the proportion that can be attributed to items recognised directly in equity.

Balance sheet Intangible assets

Goodwill

Goodwill is initially recognised in the balance sheet at cost price as described under "mergers". Subsequently, goodwill is measured at cost price with deductions for accumulated depreciation and amortisation, or recoverable amount if this is lower.

Goodwill is depreciated over the estimated financial service life, determined based on the management's experience within each business area. Goodwill is depreciated linearly over the depreciation period, which has been determined to be 20 years. The depreciation period has been determined based on an anticipated repayment period of 20 years, as it relates to strategically acquired companies with a strong market position and a long-term earning profile.

Acquired know-how

Acquired know-how is measured at cost price less deductions for accumulated amortisation and depreciation, or recoverable amount if this is lower. The cost price includes all direct and indirect costs relating to the acquisition.

Acquired know-how is depreciated in a linear fashion over the usage period. The depreciation period amounts to five years.

Profit and loss on the sale of knowledge will be recognised as the sales price less sales costs and the book value on the sales date. Profits or losses are recognised in the profit and loss statement under other operating income and other operating costs respectively.

Development projects, licences and rights

Development costs include wages, amortisation and other costs that can be attributed to the company's development activities. Development projects that are clearly defined and identifiable for which the technological utilisation, sufficient resources and potential future market or potential for use in the company can be demonstrated and for which the intention is to manufacture, market or otherwise use the project, will be recognised as intangible assets provided that the cost price can be reliably recognised and there is sufficient assurance that the future earnings or net sales price can cover production, sales and administration costs as well as development costs. Other development costs are recognised in the profit and loss statement in line with costs arising.

Recognised development costs are measured at cost price less accumulated amortisation and depreciation. The cost price includes wages, depreciation and other costs that can be attributed to the Group's development activities and borrowing costs from specific and general borrowing that directly affect the development of development projects.

Upon completion of development work, the development project will depreciate in a linear fashion over the estimated financial service life. The depreciation period amounts to a maximum of five years.

NOTES Note no. 1 Accounting policies (continued)

The basis for depreciation will be reduced by any amortisation. Depreciation is included in production costs.

Licences and rights are measured at cost price less accumulated amortisation and depreciation. Licences and rights are depreciated in a linear fashion over the remaining agreement period or usage period if this is shorter. The basis for depreciation will be reduced by any amortisation.

Other intangible assets, including intangible assets acquired in connection with company mergers, are measured at cost price less deduction of accumulated amortisation and depreciation. Other intangible assets are depreciated in a linear fashion over the anticipated usage period.

Tangible assets

Land and buildings and technical structures, materials and fixtures and fittings are measured at cost price less accumulated amortisation and depreciation. Land is not depreciated.

When measuring land and buildings classified as investment properties, the cost price method is used.

Cost price includes the acquisition price and costs directly linked to the acquisition up to the date on which the asset is ready for use. For self-constructed assets, the cost price includes direct and indirect costs for materials, components, subcontractors and wages, as well as borrowing costs from specific and general borrowing that directly affects the construction of each asset. The cost price includes the current value of estimated liabilities for the dismantling and removal of the asset and restoration of the site on which the asset was used.

The cost price for a total asset is divided into separate components that are depreciated separately if the useful lives of the individual components are different.

Material assets are depreciated in a linear fashion over the anticipated usage period for the assets:

Buildings	10-50 years
Production facilities	10-15 years
Other technical plants, machinery and fixtures and fittings	3-7 years

The basis for amortisation takes into account the residual value of the asset and is reduced by any devaluation. The residual value is determined on the acquisition date and reviewed annually. If the residual value exceeds the book value of the asset, depreciation will cease.

In the event of changes to the period of depreciation or residual value, the effect will be recognised prospectively as a change in accounting estimates.

Depreciations are recognised in the profit and loss statement under production and administration costs respectively.

Profit and loss on the divestment of tangible fixed assets will be recognised as the sales price less sales costs and the book value on the sales date.

Equity shares in subsidiaries, equity interests and joint ventures

Equity shares in subsidiaries, equity interests (which exclusively covers associated companies) and joint ventures are measured in the parent company's annual accounts using the equity method. The company has chosen to consider the equity method as a consolidation method.

At initial recognition, equity shares in subsidiaries, equity interests (which exclusively covers associated companies) and joint ventures will be measured at cost price, i.e. with a mark-up for transaction costs. The cost price is allocated in accordance with the acquisition method, cf. the aforementioned accounting policy applicable to the consolidated accounts.

A value adjustment is performed on the cost price using profit shares after tax, calculated using the Group's accounting policy with deductions or mark-ups for unrealised intragroup profits/losses.

Any added values and goodwill in relation to the underlying company's recognised equity value is amortised in accordance with the accounting policy applicable to the consolidated accounts. Negative goodwill is recognised in the profit and loss statement.

Dividends received are deducted from recognised value.

Equity shares in subsidiaries, equity interests (which exclusively covers associated companies) and joint ventures measured at recognised equity value are subject to depreciation test requirements if depreciation is indicated.

Impairment of non-current assets

The accounting value of tangible and intangible fixed assets, as well as equity shares in subsidiaries, equity interests (which exclusively covers associated companies) and joint ventures, is evaluated annually for indications of depreciation beyond that which is specified as amortisation.

When there are indications of impairment, an impairment test is conducted on each individual asset and group of assets. Write-down is made to the recoverable amount if this is lower than the carrying amount.

NOTES Note no. 1 Accounting policies (continued)

The recoverable amount is the higher of the net selling price and the value in use. The value in use is calculated as the present value of the expected cash flows from the use of the asset or the group of assets and anticipated net cash flows from the disposal of the asset or group of assets at the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are be reversed.

Inventories

Inventories are measured at cost using the FIFO method. If the net realisable value is lower than cost, inventories are written down to this lower value. The cost of goods for resale as well as raw materials and consumables includes the purchase price plus delivery costs. The net realisable value of inventories is determined as the selling price less completion costs and costs incurred to make the sale, taking into account marketability, obsolescence and developments in the anticipated selling price.

Receivables

Receivables are measured at amortised cost and evaluated individually. Provisions have been made for anticipated losses. For write-down of financial assets, IAS 39 is used as interpretation of the Danish Financial Statements Act.

Construction contracts

Construction contracts are measured at the selling price for the work performed. The selling price is measured based on the stage of completion at the balance sheet date and the total expected income for each work in progress.

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

Individual construction contracts are recognised in the balance sheet as receivables or payables. Net assets comprise the amount of the construction contracts for which the selling price of the work performed exceeds progress billings. Net liabilities comprise the amount of the construction contracts for which progress billings exceed the selling price.

Selling costs and costs incurred in securing contracts are recognised in the income statement as incurred.

Securities and equity investments

Securities and equity investments comprising listed shares and bonds are measured at fair value (market price) at the balance sheet date.

Equity

Translation reserve

The translation reserve includes foreign exchange differences arising on translation of financial statements of entities with functional currencies other than Danish kroner, foreign exchange adjustments of assets and liabilities that form part of the Group's net investments in such entities and foreign exchange adjustments concerning hedging transactions that hedge the Group's net investments in such entities.

Hedging reserve

The hedging reserve includes the cumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and for which the hedged transaction has not yet been realised.

Net revaluation reserve according to the equity method

The net revaluation reserve according to the equity method includes net revaluation of equity investments in subsidiaries and participating interests (which exclusively includes associates) as well as joint ventures relative to cost.

The reserve can be eliminated in the event of a loss, realisation of equity investments or changes to accounting estimates.

The reserve cannot be recognised at a negative amount.

Dividends

Proposed dividends are recognised as a liability at the date of adoption at the annual general meeting (declaration date). Dividends that are expected to be distributed for the year are presented as a separate line item in equity.

NOTES Note no. 1 Accounting policies (continued)

Current tax and deferred tax

According to the joint taxation rules, the subsidiaries' liabilities to the tax authorities for their own corporation tax are settled concurrently with the payment of joint taxation contributions to the administration company.

Joint taxation contributions payable and receivable are recognised in the balance sheet as outstanding balances with group companies.

Deferred tax is measured using the balance-sheet liability method on all temporary differences between carrying amounts and tax values of assets and liabilities. Deferred tax is not recognised on temporary differences relating to goodwill that is not deductible for tax purposes and office premises and other items where temporary differences, except for corporate acquisitions, have arisen at the acquisition date without affecting either profit/loss or taxable income. In cases where the tax value can be settled according to different taxation rules, deferred tax will be measured based on the management's planned use of the asset or settlement of the liability respectively.

Deferred tax assets, including the tax value on tax loss carryforwards, are recognised in the balance sheet at the expected value of their utilisation, 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 and jurisdiction.

Adjustments are made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured on the basis of the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Pension obligations and similar non-current liabilities

The Group has entered into pension plans and similar agreements with the majority of the Group's employees.

Contributions to defined contribution plans are recognised in the income statement in the period in which they are accrued, and contributions payable are recognised in the balance sheet as other payables.

For defined benefit plans, annual actuarial calculation (the projected unit credit method) are performed on the value in use of future benefits payable under the plan. The value in use is calculated based on assumptions about future developments in e.g. salary levels, interest rates, inflation and mortality. The value in use is determined only for benefits to which employees have accrued rights through their employment with the Group. The actuarial calculation of the value in use less the fair value of any assets linked to the plan are recognised in the balance sheet as pension obligations.

Pension costs for the year are recognised in the income statement based on actuarial estimates and financial expectations at the start of the year. Differences between estimated performance of pension assets and liabilities and realised values are referred to as actuarial gains or losses and are recognised in equity.

In the event of changes to benefits relating to employees' employment in the Company, there will be a change in the actuarially calculated value in use recognised as a historical cost. Historical costs are charged to the income statement immediately if employees have already accrued a right to the changed benefit. They will otherwise be recognised in the income statement over the period in which employees accrue the right to the changed benefit.

If a pension plan is a net asset, the asset will only be recognised to the extent it corresponds to unrecognised actuarial losses, future repayments from the plane or will lead to reduced future payments to the plan.

Provisions

Provisions are recognised when the Group, as a result of an event arising before or at the balance sheet date, has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at Management's best estimate of the amount at which the obligation is expected to be settled.

When measuring provisions for liabilities, the costs necessary to settle the liability is discounted to net present value if this has a significant effect on the measurement of the liability. A pre-tax discount rate reflecting the current market interest rate level plus the specific risks that are estimated to apply to the provision is used. The financial year's changes in present values are recognised in financial expenses.

Warranty commitments are recognised as the contracts are performed. Provisions are made for onerous contracts when the anticipated benefits to the Group from a contract are lower than the unavoidable costs under the contract (onerous contracts).

NOTES Note no. 1 Accounting policies (continued)

Financial liabilities

Payables to credit institutions, etc., are recognised at the date of borrowing at the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the "effective interest method" so that the difference between the proceeds and the nominal value is recognised in the income statement as financial expenses over the borrowing period.

The capitalised residual lease liability on finance leases is also recognised in financial liabilities, measured at amortised cost.

Non-financial liabilities

Non-financial liabilities are measured at net realisable value.

Leases

IAS 17 is used as interpretation for the classification and recognition of leases.

For accounting purposes, lease liabilities are divided into finance and operating leases. Leases for assets that transfer substantially all the significant risks and rewards incident to ownership to the Company (finance leases) are initially measured in the balance sheet at the lower of the fair value and the present value of future lease payments. The interest rate implicit in the lease or the incremental borrowing rate is used as the discount rate when calculating the present value. Assets held under finance leases are subsequently accounted for as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are considered operating leases. Payments in connection with operating leases and other rental agreements are recognised in the income statement over the term of the lease. The Company's total liabilities relating to operating leases and rental agreements are disclosed under contingent liabilities in the notes.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities for the year changes in cash and cash equivalents for the year and cash and cash equivalents at the beginning and end of the year.

Cash flows from acquisitions and disposals of companies are disclosed separately under cash flows from investing activities. Cash flows relating to acquired companies are recognised in the cash flow statement from the acquisition date and cash flows relating to companies disposed of are recognised until the disposal date.

Cash flows from operating activities

Cash flows from operating activities are calculated as profit/loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flow from investing activities includes payments in connection with the acquisition and disposals of companies and activities as well as acquisitions and disposals of intangible assets, property, plant and equipment and financial assets.

Cash flows from financing activities

Cash flows from financing activities include changes to the size or composition of the Company's share capital and related costs as well as borrowing, repayment of interest and payment of dividends to shareholders.

Cash and cash equivalents

Cash and cash equivalents include cash and short-term marketable securities with a maturity of less than three months at the acquisition date that are subject to only minor risks of changes in value.

Segment information

Information will be provided on geographical markets. The segment information is in line with the Group's accounting policies, risks and internal financial management. The Group has therefore omitted information on the distribution of net revenue across business segments, as the business segments do not differ from each other.

NOTES Note 2 Significant accounting estimates, assumptions and assessments

Estimation uncertainty

Calculation of the carrying amount of certain assets and liabilities requires assessments, estimates and assumptions about future events.

Estimates that are significant to the financial reporting are made, for example, in connection with the calculation of depreciation, amortisation and impairment losses, selling price of construction contracts, pensions and similar liabilities, provisions and contingent liabilities and assets.

It may be necessary to change previous estimates as a result of changes to the circumstances that formed the basis for the previous estimates or due to new knowledge or subsequent events.

Construction contracts

The main estimates include stages of completion for construction contracts calculated on the basis of progress reports.

The stage of completion for construction contracts is recognised for each contract as the ratio of the realised progress measured by the value of produced units and the anticipated end value of the construction contracts, including the outcome of disputes.

Assessments of disputes regarding additional works, deadline extensions, daily penalty fine demands, etc., are generally made based on the nature of the circumstances, relationship with the entrepreneur, stage of negotiation, previous experience and thus also an assessment of the probable outcome of each case. For significant disputes, external legal reviews are included in the basis for the assessment.

Estimates related to the future performance of residual work depend on a number of factors, as the assumptions for a project may change as the work progresses. Similarly, the assessment of disputes may change as the cases progress.

The actual results could therefore deviate from the anticipated results.

Estimates and assumptions are made based on historical experience and other factors that Management considers reasonable under the circumstances but which are inherently uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise. Furthermore, the Company is exposed to risks and uncertainties that may result in the actual outcomes deviating from these estimates. Risks for the Group are described in the Management's review.

Pension obligations

Some of the Group's foreign companies have defined benefit obligations that are not covered by insurance. Significant estimates used in the recognition of the pension obligations in these companies are the discount rate and life expectancy.

Impairment test of goodwill

Impairment tests of goodwill include an estimate of how the parts of the Company (cash-generating units) to which goodwill relates will be able to generate sufficient positive net cash flows in future to support the value of goodwill and other net assets in the part of the Company concerned.

Estimates of future unrestricted net cash flows are based on budgets and business plans for the next five years and projections for subsequent years. Key parameters are revenue developments, operating margin, profit margin, future capital investments and growth expectations for the years beyond the next five years. Budgets and business plans for the next five years are based on specific future business initiatives for which the risks in key parameters have been assessed and incorporated in expected unrestricted future cash flows. Projections beyond the next five years are based on general expectations and risks.

The discount rates used to calculate the recoverable amount are before tax and reflect the risk-free interest plus specific risks in individual cash-generating units. The effect on future risks has been incorporated in the cash flows used, and such risks are not included in the discount rates used.

Due to the nature of the business, estimates of future cash flows many years into the future must be made, and this inherently leads to some uncertainties. These uncertainties are reflected in the discount rate chosen.

NOTES Note 2 Significant accounting estimates, assumptions and assessments (continued)

Recovery of deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent it is considered probable that taxable profits can be realised in the foreseeable future and the losses can thereby be offset.

As of December 31, 2023, there are no deferred tax assets recognised on the balance sheet.

NOTES Note 3 – 5

Parent company			Group	
2022	2023	(Amounts in DKK 1,000)	2023	2022
		Note 3 Revenue		
13,279	13,660	Sale of goods	214,267	263,591
0	0	Selling price of the year's production under construction contracts	3,881,903	3,675,945
13,279	**13,660**		**4,096,170**	**3,939,536**
		Geographical segment		
13,279	13,660	Domestic	2,410,065	2,388,704
		International	1,686,105	1,550,832
13,279	**13,660**		**4,096,170**	**3,939,536**
		Note 4 Depreciation and amortisation		
		Amortisation, intangible assets	10,411	10,406
753	1,209	Depreciation, property, plant and equipment	136,179	142,943
753	**1,209**		**146,590**	**153,349**
		Depreciation and amortisation are included as follows:		
445	1,090	Production costs	141,626	148,496
308	119	Administrative expenses	4,964	4,853
		Other operating income/costs	0	0
753	**1,209**		**146,590**	**153,349**
		Note 5 Staff costs		
17,224	21,961	Salaries and wages	1,006,213	938,010
1,136	1,600	Contribution to pension schemes	71,660	58,601
85	230	Other staff costs	91,089	85,752
18,445	**23,791**		**1,168,962**	**1,082,363**
4,054	8,000	Executive board	9,612	4,253
2,859	3,411	Board of directors	5,163	5,319
11,532	12,380	Other employees	1,154,187	1,072,791
18,445	**23,791**		**1,168,962**	**1,082,363**
		Staff costs are included as follows:		
0	0	Production costs	896,978	832,522
18,445	23,791	Administrative expenses	271,984	249,841
18,445	**23,791**		**1,168,962**	**1,082,363**
13	**16**	**Average number of employees**	**2,104**	**2,050**

NOTES Note 6 - 7

Parent company			Group	
2022	2023	(Amounts in DKK 1,000)	2023	2022
		Note 6 Fees to the auditor appointed at the annual general meeting		
		The total fees to the auditor appointed at the annual general meeting can be specified as follows:		
		PricewaterhouseCoopers		
186	212	Statutory audit	2,109	1,813
0	0	Other assurance engagements	7	14
369	208	Tax and VAT consulting	339	369
5	5	Non-audit services	38	114
560	**425**		**2,493**	**2,310**
		Other auditors		
0	0	Statutory audit	297	178
0	0	Other assurance engagements	11	11
0	0	Tax and VAT consulting	14	54
0	0	Non-audit services	287	193
0	**0**		**609**	**436**

Note 7 Other operating income

Other operating income covers financial statement items of a secondary nature to the Company's principal activities.

In 2023, the Group received compensation relating to COVID-19 from the authorities in Ireland. The compensation amounts to DKK 209 thousand (2022: DKK 2,006 thousand) and is included in the item "Other operating income".

NOTES Note 8 Equity investments in subsidiaries

Parent company			Group	
2022	2023	(Amounts in DKK 1,000)	2023	2022
496,894	500,394	Cost, start of year		
3,500	17,500	Additions		
500,394	**517,894**	**Cost, 31 December**		
206,866	281,320	Value adjustment, 1 January		
(116)	764	Foreign currency translation		
(62,647)	(75,004)	Dividend paid		
107,804	196,561	Share of profit/loss for the year		
29,413	(13,894)	Other adjustments		
281,320	**389,747**	**Value adjustment, 31 December**		
781,714	**907,641**	**Carrying amount, 31 December**		

Ownership interest (%)		
2022	2023	
		Subsidiaries comprise the following:
100	100	Arkil A/S, Haderslev, Danmark
100	100	Arkil Holding GmbH, Tyskland
100	100	Arkil Inpipe GmbH, Tyskland
100	100	Arkil Holding Ltd,, Irland
80	93	Royal Oak Golf A/S, Haderslev, Danmark

Information about equity interests, names and domiciles of the Group's subsidiaries can be found in the group chart, etc,, on page 58,

In the 2023 financial year, the following fully consolidated German Group companies made use of the exemption provisions of Section 264 (3) HGB and Section 264b HGB:

- Arkil Holding GmbH, Schleswig
- SAW Schleswiger Asphaltsplitt-Werke GmbH & Co KG, Schleswig

NOTES Note 9 Equity investments in participating interests

Parent company			Group	
2022	2023	(Amounts in DKK 1,000)	2023	2022
0	133	Cost, 1 January	14,094	13.743
		Foreign currency translation adjustments	31	0
133	4,000	Additions for the year	4,000	351
133	**4,133**	**Cost, 31 December**	**18,125**	**14.094**
		Value adjustment, 1 January	(11,117)	(12.702)
		Foreign currency translation adjustments	(25)	0
		Share of profit/loss for the year	(1,206)	1.585
0	**0**	**Value adjustment, 31 December**	**(12,348)**	**(11.117)**
133	**4,133**	**Carrying amount, 31 December**	**5,777**	**2.977**

Ejerandel (%)			Ejerandel (%)	
2022	2023		2023	2022
		Participating interests comprise the following:		
		HANSE Asphaltmischwerke GmbH, Berlin, Germany	45	45
		GAM Greifswalder Asphaltmischwerke Verwaltungs GmbH, Rostock, Germany	46	46
		Flüssigboden S-H GmbH & Co, KG, Büdelsdorf, Germany	25	25
0	5	Samson Gruppen Holding ApS, Denmark	5	0
33	33	Durapor A/S, Denmark	33	33

Subsidiaries with equity interest of 50%

The Group has a 50% equity interest in PV Greve A/S, The Group is entitled to appoint the chair of the company, who has the decisive vote in the event of a tie in board resolutions, On this basis, it has been determined that the Group has control of the company's activities and the company is therefore recognised as a subsidiary in the consolidated financial statements,

NOTES Note 10 Equity investments in joint ventures

Parent company			Group	
2022	2023	(Amounts in DKK 1,000)	2023	2022
		Cost, 1 January	2,800	2,800
		Disposals for the year	(2,800)	0
		Cost, 31 December	**0**	**2,800**
		Value adjustment, 1 January	(2,549)	(2,549)
		Disposals for the year	2,817	0
		Share of profit/loss for the year	(268)	0
		Value adjustment, 31 December	**0**	**(2,549)**
		Carrying amount, 31 December	**0**	**251**

	Ownership interest (%)	
	2023	2022
The Group's participation in joint ventures comprises the following:		
Arkil-CJ Anlæg I/S, Haderslev	0	50

The contractual conditions mean that the parties to the arrangements only have rights to the net assets, and they are therefore classified as equity investments in joint ventures.

In accordance with section 5 (1) of the Danish Financial Statements Act. 1, partnerships where Arkil A/S is the pen holder have not prepared an annual report, as partnerships are included in consolidated accounts for Arkil Holding A/S.

For the joint venture, decisions concerning relevant activities require unanimity among the participating parties. The joint venture has been dissolved in 2023.

NOTES Notes 11 - 13

Parent company			Group	
2022	2023	(Amounts in DKK 1,000)	2023	2022
		Note 11 Financial income		
141	393	Financial income, group companies	0	0
300	270	Other financial income	4,151	965
441	**663**	**Total financial income**	**4,151**	**965**
		Note 12 Financial expenses		
3,169	11,270	Financial expenses, group companies	5,948	1,565
3,379	1,914	Other financial expenses	17,671	17,156
6,548	**13,184**	**Total financial expenses**	**23,619**	**18,721**
		Note 13 Tax		
		Tax for the year can be specified as follows:		
(4,220)	(4,985)	Tax for the year	62,662	41,938
0	0	Tax on changes in equity	(6,090)	13,564
(4,220)	**(4,985)**		**56,572**	**55,502**
		Tax for the year comprises:		
(4,841)	(6,511)	Current tax	54,335	30,814
203	80	Deferred tax	7,108	10,927
0	0	Deferred tax regarding previous years	(1,517)	(5,170)
418	1,446	Current tax regarding previous years	2,736	5,367
(4,220)	**(4,985)**		**62,662**	**41,938**

NOTES Notes 14 - 16

Parent company		(Amounts in DKK 1,000)	Group	
2022	2023		2023	2022
		Note 14 Goodwill		
		Cost, 1 January	199,633	199,631
		Foreign currency translation adjustments	140	2
		Cost, 31 December	**199,773**	**199,633**
		Amortisation and impairment losses, 1 January	(48,275)	(38,578)
		Foreign currency translation adjustments	(20)	0
		Amortisation for the year	(9,703)	(9,697)
		Amortisation and impairment losses, 31 December	**(57,998)**	**(48,275)**
		Carrying amount, 31 December	**141,775**	**151,358**
		Note 15 Acquired know-how		
		Cost, 1 January	2,477	2,477
		Additions for the year	0	0
		Cost, 31 December	**2,477**	**2,477**
		Amortisation and impairment losses, 1 January	(2,477)	(2,477)
		Amortisation for the year	0	0
		Amortisation and impairment losses, 31 December	**(2,477)**	**(2,477)**
		Carrying amount, 31 December	**0**	**0**
		Note 16 Licences and rights		
		Cost, 1 January	18,594	18,594
		Foreign currency translation adjustments	47	0
		Cost, 31 December	**18,641**	**18,594**
		Amortisation and impairment losses, 1 January	(7,435)	(6,729)
		Foreign currency translation adjustments	(22)	0
		Amortisation for the year	(708)	(706)
		Amortisation and impairment losses, 31 December	**(8,165)**	**(7,435)**
		Carrying amount, 31 December	**10,476**	**11,159**

NOTES Notes 17 - 18

Parent company			Group	
2022	2023	(Beløb i 1.000 kr.)	2023	2022
		Note 17 Land and buildings		
4,048	30,678	Cost, 1 January	317,468	285,889
0	0	Foreign currency translation adjustments	199	2
49	1,430	Additions for the year	24,115	4,372
26,581	0	Transferred	0	27,205
30,678	**32,108**	**Cost, 31 December**	**341,782**	**317,468**
(37)	(555)	Depreciation and impairment losses, 1 January	(79,872)	(73,567)
0	0	Foreign currency translation adjustments	(89)	(1)
(518)	(1,090)	Depreciation	(7,182)	(6,304)
(555)	**(1,645)**	**Depreciation and impairment losses, 31 December**	**(87,143)**	**(79,872)**
30,123	**30,463**	**Carrying amount, 31 December**	**254,639**	**237,596**
0	**0**	**Amount relating to assets held under a finance lease**	**0**	**0**
		Note 18 Fixtures and fittings, tools and equipment		
3,901	4,199	Cost, 1 January	1,578,721	1,550,957
0	0	Foreign currency translation adjustments	1,319	15
0	0	Additions	164,642	123,054
1,068	0	Transferred	2,547	1,068
(770)	0	Disposals	(143,726)	(96,373)
4,199	**4,199**	**Cost, 31 December**	**1,603,503**	**1,578,721**
(3,424)	(3,155)	Depreciation and impairment losses, 1 January	(1,112,863)	(1,056,827)
0	0	Foreign currency translation adjustments	(920)	(11)
(235)	(119)	Depreciation	(128,997)	(136,636)
504	0	Disposals	127,069	80,611
(3,155)	**(3,274)**	**Depreciation and impairment losses, 31 December**	**(1,115,711)**	**(1,112,863)**
1,044	**925**	**Carrying amount, 31 December**	**487,792**	**465,858**
0	**0**	**Amount relating to assets held under a finance lease**	**216,163**	**189,384**

NOTES Notes 19 - 23

Parent company			Group	
2022	2023	(Amounts in DKK 1,000)	2023	2022
		Note 19 Plants under construction and advance payments		
8,892	705	Cost, 1 January	3,246	9,982
0	0	Foreign currency translation adjustments	6	0
20,298	543	Additions	2,432	22,373
(27,649)	0	Transferred	(2,547)	(28,273)
(836)	0	Disposals	0	(836)
705	**1,248**	**Cost, 31 December**	**3,137**	**3,246**
705	**1,248**	**Carrying amount, 31 December**	**3,137**	**3,246**
		Note 20 Inventories		
		Raw materials and consumables	108,852	101,450
		Finished goods	13,065	13,105
			121,917	**114,555**
		Note 21 Non-current receivables		
12,837	11,104	Cost, 1 January	13,263	12,837
0	0	Increase	255	2,455
(1,733)	(546)	Instalments	(1,386)	(2,029)
11,104	**10,558**	**Cost, 31 December**	**12,132**	**13,263**
11,104	**10,558**	**Carrying amount, 31 December**	**12,132**	**13,263**
		Note 22 Construction contracts		
		Selling price of construction contracts	2,039,266	1,944,598
		Progress billings	(1,981,178)	(1,893,847)
			58,088	**50,751**
		Recognised as follows:		
		Construction contracts (assets)	133,269	123,412
		Construction contracts (liabilities)	(75,181)	(72,661)
			58,088	**50,751**
		Note 23 Receivables		
1,025	7	Trade receivables	606,498	651,866
20,863	17,530	Receivables from subsidiaries	0	12,763
3,711	1,637	Receivables from participating interests	1,637	3,711
524	182	Other receivables	34,946	12,970
26,123	**19,356**		**643,081**	**681,310**

NOTES Note 24 Equity

Moderselskabet			Koncernen	
2022	2023	(Amounts in DKK 1,000)	2023	2022
		Share capital		
49,132	49,132	1 January	49,132	49,132
49,132	**49,132**	**31 December**	**49,132**	**49,132**
		Share capital is comprised of:		
6,150	6,150	A-shares	6,150	6,150
42,982	42,982	B-shares	42,982	42,982
49,132	**49,132**		**49,132**	**49,132**
		A-shares are comprised of:		
1,367	1,367	1 share of 1,367,400 DKK	1,367	1,367
83	83	1 share of 82,600 DKK	83	83
3,450	3,450	69 share of 50,000 DKK	3,450	3,450
1,105	1,105	221 share of 5,000 DKK	1,105	1,105
130	130	130 share of 1,000 DKK	130	130
15	15	30 share of 500 DKK	15	15
6,150	**6,150**		**6,150**	**6,150**
		B-shares consist of 429,823 shares of 100 DKK		
		Voting power:		
10	10	A-shares of 100 DKK		
1	1	B-shares of 100 DKK		
		Own shares		
24,732	24,732	Amount, beginning	24,732	24,732
0	0	Amount, additions	0	0
24,732	**24,732**	**Amount, ending**	**24,732**	**24,732**
2,473	2,473	Nominal value	2,473	2,473
5.0%	5.0%	% of share capital	5.0%	5.0%

As of 31 December, 2023 the group has acquired own shares, nom. DKK 2,473 thousand (2022: DKK 2,473 thousand) at an average cost of DKK 22,925 thousand (2022: DKK 22,925 thousand)

The shares were originally acquired with the aim of achieving flexibility in connection with company acquisitions and entering into strategic cooperation agreements..

NOTES Note 25 Pensions and similar liabilities

In defined contribution plans, the employer is obliged to pay a defined contribution (e.g. a fixed amount or fixed percentage of the salary). In a defined contribution plan, the Group does not bear the risks relating to future developments in interest rates, inflation, mortality and incapacity for work.

In defined benefit plans, the employer is obliged to pay a defined benefit (e.g. a retirement pension as a fixed amount or fixed percentage of the final salary). In a defined benefit plan, the Group bears the risks relating to future developments in interest rates, inflation, mortality and incapacity for work.

The pension obligations of Danish companies are covered by insurance. Certain foreign companies are also covered by insurance. Foreign companies that are not or are only partly covered by insurance (defined benefit plans) recognise the actuarial liability at present value at the balance sheet date. Defined benefit plans are used in some of the Group's German companies. The Parent Company only has contribution plans.

The risks associated with defined benefit plans can generally be classified as risks relating to mortality and interest rate level.

The latest actuarial assessment of pension obligations has been performed by Uhlmann & Ludewig GmbH. The present value of the obligations of the plan and associated pension costs concerning current and previous financial years has been recognised using the projected unit credit method.

The key assumptions for the actuarial calculations at the balance sheet date can, on average, be specified as follows:

	Group	
(Amounts in DKK 1,000)	2023	2022
Discount rate	3.3%	3.8%
Mortality rate table based on anticipated lifespans for working age population in Germany	G2018	G2018
Net obligation, 1 January	111,732	164,134
Foreign currency translation adjustments	248	4
Pensions paid	(7,254)	(6,508)
Pension costs for the current financial year	5,578	4,603
Actuarial loss (gain), changed demographics	12,917	2,353
Actuarial loss (gain), changed financial conditions	7,944	(52,854)
Net obligation, 31 December	**131,165**	**111,732**
The maturity dates of pensions and similar liabilities are expected to be:		
0-1 year	7,189	6,725
1-5 years	29,246	26,917
> 5 years	94,730	78,090
Pensions and similar liabilities, 31 December	**131,165**	**111,732**

NOTES Note 26 Deferred tax

Parent company			Group	
2022	2023	(Amounts in DKK 1,000)	2023	2022
(43)	160	Deferred tax, 1 January	46,375	26,566
		Foreign currency translation adjustments	(6)	38
203	80	Deferred tax for the year recognised in profit/loss for the year	5,591	5,757
		Deferred tax for the year recognised in equity	(5,789)	14,014
		Other	(11)	0
160	**240**	**Deferred tax, 31 December**	**46,160**	**46,375**
		Deferred tax is recognised in the balance sheet as follows:		
0	0	Deferred tax (assets)	0	(2,953)
160	240	Deferred tax (liabilities)	46,160	49,328
160	**240**	**Deferred tax, 31 December, net**	**46,160**	**46,375**
		Deferred tax relates to:		
		Intangible assets	4,265	4,982
160	240	Property, plant and equipment	62,123	57,675
		Current assets	22,968	17,997
0	0	Provisions	3,093	4,015
		Liabilities	(46,289)	(38,294)
160	**240**	**Deferred tax, 31 December, net**	**46,160**	**46,375**

The tax value of the recapture of tax loss for Inpipe Sweden AB, which left the joint taxation at 1 January 2005, is not included in the statement of deferred tax. The tax value thereof constitutes DKK 5,589 thousand (2022: DKK 5,589 thousand).

NOTES Note 27 Provisions

Parent company			Group	
2022	2023	(Amounts in DKK 1,000)	2023	2022
		Warranty commitments, 1 January	10,735	24,840
		Foreign currency translation adjustments	24	1
		Used in the year	(1,574)	(4,600)
		Reversed	(951)	(12,734)
		Provided for in the year	1,161	3,228
0	**0**	**Warranty commitments, 31 December**	**9,395**	**10,735**
		Other liabilities, 1 January	2,758	3,481
		Foreign currency translation adjustments	6	0
		Used in the year	(453)	(84)
		Reversed	(453)	(1,143)
		Provided for in the year	90	504
0	**0**	**Other liabilities, 31 December**	**1,948**	**2,758**
0	**0**	**Provisions, 31 December**	**11,343**	**13,493**
		The maturity dates of provisions are expected to be:		
		Current liabilities	3,878	5,325
		Non-current liabilities	7,465	8,168
0	**0**	**Provisions, 31 December**	**11,343**	**13,493**

Warranty commitments concern completed contracts performed against a guarantee of normally up to 5 years.

Other liabilities concern the restoration of quarries and known liabilities for completed contracts. The liabilities have been calculated based on Management's specific expectations for future costs.

NOTES Note 28 Payables to credit institutions, etc.

Parent company			Group	
2022	2023	(Amounts in DKK 1,000)	2023	2022
		Loans to credit institutions, etc.	1.583	2.280
153,231	247,060	Payables to group companies	122,732	51,834
0	0	Lease liabilities	231,214	209,514
0	0	Bank loans (overdraft facility)	49,536	65,431
153,231	**247,060**	**Carrying amount**	**405,065**	**329,059**
		The liabilities are specified as follows:		
		Loans to credit institutions, etc, and bank loans		
0	0	0-1 year	15,180	31,132
0	0	1-5 years	35,939	36,579
0	0	> 5 years	0	0
0	**0**		**51,119**	**67,711**
		Payables to group companies		
123,485	220,974	0-1 year	122,732	51,834
14,873	14,906	1-5 years	0	0
14,873	11,180	> 5 years	0	0
153,231	**247,060**		**122,732**	**51,834**
		Lease liabilities		
0	0	0-1 year	61,018	67,769
0	0	1-5 years	149,471	124,835
0	0	> 5 years	20,725	16,910
0	**0**		**231,214**	**209,514**
153,231	**247,060**	**Total payables**	**405,065**	**329,059**
0	0	Non-current liabilities, credit institutions, etc,	206,135	178,324
0	0	Current liabilities, credit institutions, etc,	76,198	98,901
29,746	26,086	Non-current liabilities, payables to group companies	0	0
123,485	220,974	Current liabilities, payables to group companies	122,732	51,834
153,231	**247,060**		**405,065**	**329,059**

NOTES Note 29 Other payables

Parent company			Group	
2022	2023	(Amounts in DKK 1,000)	2023	2022
21,847	24,267	0-1 year	327,934	314,276
83	83	1-5 years	8,110	114
956	997	> 5 years	50,401	57,149
22,886	**25,347**		**386,445**	**371,539**
1,039	1,080	Non-current liabilities, other payables	58,511	57,263
21,847	24,267	Current liabilities, other payables	327,934	314,276
22,886	**25,347**		**386,445**	**371,539**

NOTES Notes 30 - 31

Parent company			Group	
2022	2023	(Amounts in DKK 1,000)	2023	2022
		Note 30 Corporation tax		
0	0	Corporation tax payable, 1 January	508	4,818
		Foreign currency translation adjustments	1	0
(4,423)	(5,065)	Current tax for the year, including jointly taxed subsidiaries	57,071	36,511
0	0	Other adjustments	0	0
4,423	5,065	Corporation tax paid for the year	(48,149)	(40,821)
0	**0**	**Corporation tax payable, 31 December**	**9,431**	**508**
		Note 31 Contingent liabilities and collateral		
		Guarantees provided to entrepreneurs by third parties	871,826	810,013
		The Group participates in consortia with joint and several liability in which the total debt amounts to	0	48
		Mortgage and mortgage deeds on land and buildings	0	7,758
		Carrying amount of mortgaged land and properties	0	6,546

Other contingent liabilities

As collateral for Arkil A/S' debt to credit institutions, Arkil Holding A/S has issued an unconditional guarantee for all outstanding obligations.

Pending disputes and litigation

Due to the nature of its business, the Group is involved in various disputes and legal and arbitration proceedings, the outcome of which Management does not expect will have any significant negative impact on the Group's financial position.

Joint taxation

The company is jointly taxed with other Danish Group companies. As a Group company, the company is jointly and severally liable with other group companies for Danish corporation tax and withholding taxes on dividends, interests and royalties within the joint taxation.

NOTES Notes 32 - 34

Parent company		(Amounts in DKK 1,000)	Group	
2022	2023		2023	2022
		Note 32 Financial instruments		
		The group has the following assets, which are measured at fair value		
0	0	Value adjustments in the income statement	1,207	(4,050)
200	200	Securities	36,772	35,357
		The Group has entered into contracts to ensure future deliveries of bitumen and diesel oil, The contracts run until December 2024,		
		Raw material swaps are measured using generally accepted valuation methods based on relevant observable swap curves, Externally estimated market values based on discounted future cash flows are used,		
		The fair value of derivative financial instruments is at the balance sheet date		
		Assets	0	434
		Liabilities	932	0
		Note 33 Changes in working capital		
0	0	Changes to inventories	(7,362)	(21,515)
(11,917)	6,768	Changes to receivables and contract assets	27,936	(30,348)
68,353	99,748	Changes to trade payables and other payables	30,034	(1,740)
56,436	**106,516**		**50,608**	**(53,603)**
		Note 34 Acquisition of property, plant and equipment, net		
(19,511)	(1,973)	Acquisition of property, plant and equipment	(191,189)	(149,932)
0	0	Assumption of lease liabilities	93,283	88,965
(19,511)	**(1,973)**		**(97,906)**	**(60,967)**

NOTES Note 35 Related parties

The actuarial value of pension obligations to related parties with a significant influence amounts to DKK 19,449 thousand (2022: DKK 19,112 thousand). The pension obligations incurred through the acquisition of companies in 2004 were established through SAW Schleswiger Asphaltsplitt-Werke GmbH & Co. KG in 1974.

JEAR Holding ApS' other related parties with significant influence include the Company's Executive Board, executive management as well as these parties' immediate family members. Related parties also include companies in which the aforementioned people have substantial interests. Remuneration for the Executive Board is specified in note 5.

Work performed for related parties amounts to DKK 17 thousand (2022: DKK 26 thousand) and has been conducted on market terms. Receivables from related parties amount to DKK 0 thousand (2022: DKK 0 thousand).

Furthermore, the Parent Company's related parties include subsidiaries and participating interests (which exclusively includes associates), cf. notes 8 and 9, in which the Parent Company has control or substantial influence.

The Group's related parties also include participating interests and joint ventures in which the Group has a substantial influence or joint control. Participating interests are listed in note 9, and joint ventures are listed in note 10.

Subsidiaries, participating interests and joint ventures

Transactions with subsidiaries, participating interests and joint ventures included the following:

Parent company			Group	
2022	2023	(Amounts in DKK 1,000)	2023	2022
141	393	Financial income from group companies		
3,169	11,270	Financial expenses to group companies		
		Purchase of goods and services from participating interests	29,929	22,761
		Sale of goods and services to participating interests	3,829	3,040
4,494	3,612	Purchase of goods and services from group companies	300	300
14,691	14,912	Sale of goods and services to group companies		
20,863	17,530	Receivables from subsidiaries	0	12,763
149,513	247,060	Payables to subsidiaries	122,512	51,834
82,134	141,103	Dividends paid	150,447	97,397
62,647	75,004	Dividends received		

Transactions with subsidiaries have been eliminated in the consolidated financial statements in accordance with the accounting policies.

NOTES Note nr. 36 - 38

Parent company			Group	
2022	2023	(Amounts in DKK 1,000)	2023	2022
		Note 36 Operating lease liabilities and rental obligations		
		The Group leases the properties and operating equipment on operating lease terms. The lease period will typically be a period between 2 and 20 years with the option to extend upon expiration of the period.		
		Non-cancellable operating lease payments and rental obligations, etc., are as follows:		
391	404	0-1 years	17,198	15,468
46	358	1-5 years	30,514	28,280
0	0	> 5 years	8,166	6,142
437	**762**		**55,878**	**49,890**

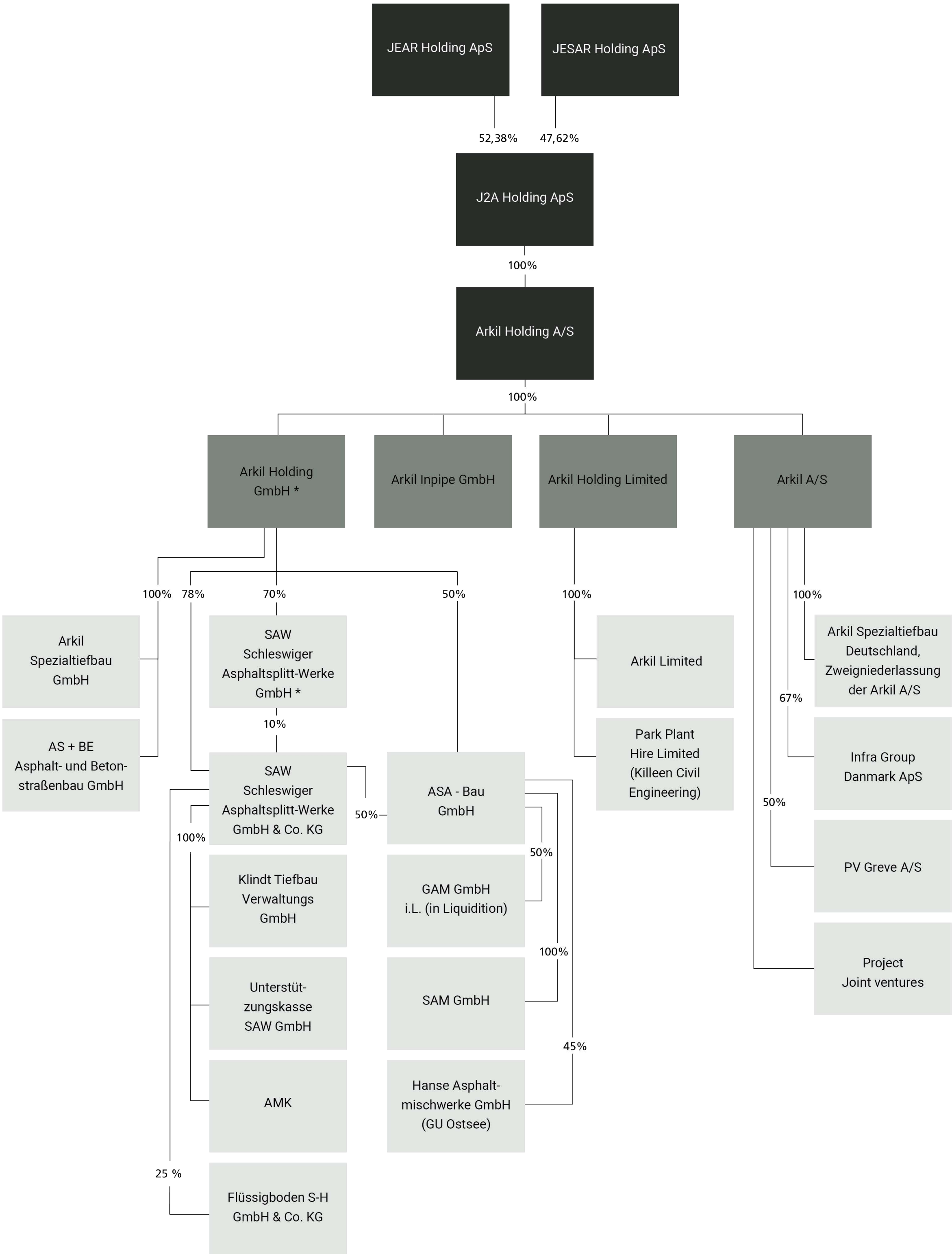
Note 37 Subsequent events

Management is not aware that any events have occurred after the end of the financial year that are significant for the group's economic or financial position.

		Note 38 Distribution of profit/loss
		Proposed distribution of profit/loss:
141,103	144,262	Proposed dividends
(51,936)	26,978	Retained earnings
89,167	**171,240**	

NOTES Note 39 Financial ratio definitions

Profit margin	$\frac{\text{Operating profit/loss x 100}}{\text{Revenue}}$
Return on equity	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$
Current ratio	$\frac{\text{Current assets x 100}}{\text{Current liabilities}}$
Equity ratio (solvency)	$\frac{\text{The Group's equity x 100}}{\text{Total assets}}$
Return on invested capital	$\frac{\text{Operating profit/loss x 100}}{\text{Average invested capital, including goodwill}}$



FURTHER INFORMATION

Arkil Holding A/S owns Royal Oak Golf A/S (93 %) og Durapor A/S (33 %)
JESAR Holding ApS owns Fuglehøj ApS (100 %)

Project joint ventures: Arkil-JV I/S (100 %)

AMK: AMK Asphaltmischwerke Kiel Verwaltungs GmbH, AMK Asphaltmischwerke Kiel GmbH & Co. KG

*** Utilization of exemption provisions:** In the 2023 financial year, these fully consolidated German Group companies made use of the exemption provisions of Section 264 (3) HGB and Section 264b HGB.

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