JEAR HOLDING ApS
ANNUAL REPORT FOR 2023

Søndergård Alle 4, 6500 Vojens, Denmark

CVR no. 41 14 17 00

Approved at the company's annual general meeting on 21 March 2024

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Jesper Arkil, Chairman

TABLE OF CONTENTS

	Page
Statement by Management and independent auditor's report	
Statement by Management	2
Independent auditor's report	3
Management's review	
Company information	5
Financial highlights for the Group	6
Consolidated financial statements and parent company financial statements 1 January – 31 December 2023	
Income statement	15
Balance sheet	16
Cash flow statement	18
Statement of changes in equity	20
Notes	24
Group chart	54

STATEMENT BY MANAGEMENT

The Executive Board has today discussed and approved the annual report of JEAR Holding ApS for the financial year 1 January – 31 December 2023.

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

In my opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group and the Parent Company's financial position at 31 December 2023 and of the results of the Group and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2023.

Further, in my opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's operations and financial matters, the results for the year and the Group's and the Parent Company's financial position.

I recommend that the annual report and the proposed distribution of profit/loss be approved at the annual general meeting.

Haderslev, 21 March 2024

Executive Board

Jesper Arkil

INDEPENDENT AUDITOR'S REPORT

To the shareholder of JEAR Holding ApS

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of JEAR Holding ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("financial statements").

Basis for opinion

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

Statement on the management's review

Management is responsible for Management's Review.

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

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the financial statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material un-certainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Trekantområdet, 21 March 2024
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Jan Bunk Harbo Larsen State Authorised Public Accountant mne30224	Henrik Junker Andersen State Authorised Public Accountant mne42818

COMPANY INFORMATION

The Company	JEAR Holding ApS Søndergård Alle 4 6500 Vojens, Denmark
Telephone	+45 73 22 50 50
Website	www.arkil.dk
E-mail	arkil@arkil.dk
CVR no.	41 14 17 00
Registered office:	Haderslev
Financial year	1 January – 31 December
Formation date	9 December 2019
Executive Board	Jesper Arkil
Auditor	PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab
Annual general meeting	The annual general meeting will be held on 21 March 2024
Ownership	Jesper Arkil (100%)

FINANCIAL HIGHLIGHTS FOR THE GROUP

(DKK million)	2023	2022	2021	2020	2019
INCOME STATEMENT					
Revenue	4,096.3	3,939.5	3,677.1	3,539.2	3,265.7
Operating profit/loss	267.5	162.1	118.4	194.5	196.3
Net financials	(57.8)	(47.9)	(31.2)	(63.1)	(56.9)
Profit/loss before tax	208.4	115.8	84.3	123.2	127.9
Profit/loss for the year	**154.3**	**80.7**	**59.1**	**77.8**	**92.0**
BALANCE SHEET					
Non-current assets	927.0	888.7	927.5	893.9	814.3
Current assets	1,230.4	1,182.2	1,118.9	1,147.4	1,113.8
Total assets	**2,157.4**	**2,070.9**	**2,046.4**	**2,041.3**	**1,928.1**
Total equity	**714.1**	**595.8**	**500.9**	**439.4**	**390.6**
Non-current liabilities	569.4	526.6	536.9	608.0	620.5
Current liabilities	873.9	948.5	1,008.6	993.9	917.0
Total liabilities	**1,443.3**	**1,475.1**	**1,545.5**	**1,601.9**	**1,537.5**
CASH FLOW STATEMENT					
Cash flow from operating activities	273.3	126.4	179.9	316.3	352.8
Cash flow from investing activities	(80.8)	(26.8)	(151.7)	(249.7)	(40.9)
Cash flow from financing activities	(119.9)	(77.7)	(120.6)	(126.7)	(361.4)
Total cash flows	**72.6**	**21.9**	**(92.4)**	**(60.1)**	**(49.5)**
Investments in property, plant and equipment	**(170.3)**	**(119.4)**	**(153.7)**	**(141.7)**	**(115.7)**
KEY FIGURES					
Profit margin, %	6.5	4.1	3.2	5.5	6.0
Return on invested capital, %	27.0	17.4	13.5	23.8	22.5
Current ratio	140.8	124.6	110.9	115.4	121.5
Equity ratio (solvency), %	33.1	28.8	24.5	21.5	20.3
Average number of employees	**2,106**	**2,052**	**2,078**	**2,025**	**1,932**

The key figures have been calculated in accordance with CFA Society Denmark's recommendations. Please refer to the definitions and calculations in note 38.

The Group's principal activities

JEAR Holding ApS is the ultimate parent company of the Arkil Group. Arkil is a construction group, primarily operating in Denmark, Germany and Ireland. The Group performs construction work, bridge and concrete projects, excavations, shell constructions, asphalt production, asphalt paving, 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.

Development in activities and financial matters

In 2023, the Group realised revenue of DKK 4,096.3 million compared to DKK 3,939.5 million in 2022.

The operating profit amounted DKK 267.5 million compared to DKK 162.1 million last year and is thus better realised compared to the expectations in the annual report 2022.

Profit before tax amounted to DKK 208.4 million in 2023 and DKK 115.8 million in 2022.

At the end of 2023, the total assets amounted to DKK 2,157.4 million (2022: DKK 2,070,9 million) and equity amounted to DKK 714.1 million (2022: DKK 595.8 million), while the equity ratio was 33.1% (2022: 28.8%).

RISK MANAGEMENT

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

Risk management is primarily aimed at mitigating risks in the group's most significant business process, project management. Project management includes phases from tender to execution. Adjusted for the scope and complexity of each task, a systematic assessment of project risks is carried out in all phases, with different parts of the organization being involved at various times in the process.

The group has risk management processes aimed at ensuring that significant risks are highlighted and addressed proactively and continuously receive the necessary attention in the executing organization and line management. The risk management process helps ensure that the group engages in projects with an acceptable risk profile within the group's areas of competence.

Commercial Risks

It is the group's strategy through established risk management to minimize and hedge business and economic risks.

The group's principal activities are mainly within routine tasks with known risks, which can be minimized through risk management. The group's most significant operational risk depends on the ability to be flexible, where the ability to quickly adapt to current market conditions within the group's business areas is a key factor.

Major special projects are often carried out in collaboration with experienced subcontractors and in cooperation with specialists, thereby reducing risks. Forms of cooperation based on the basis of partnering and early tender, where the contractor is involved in the project before design and planning have commenced, enhance risk coverage in the projects.

It is the group's insurance strategy to cover significant risks that the group does not directly influence, which can be a threat to the group's financial position and existence.

Factors that could cause the achieved results to deviate significantly from expectations include, but are not limited to, developments in the economic climate and financial markets, losses from individual major projects, technological development, changes in laws and regulations in Arkil's markets, competitive conditions, the supply of tasks within the group's business areas, weather and climate conditions in the group's markets, and the acquisition and divestiture of activities and companies.

The group, as a natural part of its business nature, is involved in various disputes, legal and arbitration cases. Realistic assessments of the outcome possibilities are aimed for in the accounting valuations, but the range of outcomes means that decisions or settlements of cases can affect the accounts in both positive and negative directions.

Raw Material Risks

It is the group's policy, based on a risk assessment, to hedge financial risks on future fluctuations in prices of raw materials that are included in the group's services.

The risk is generally hedged by entering into fixed-price agreements with suppliers for deliveries to projects. To the extent that fixed-price agreements are not entered into, the risk is selectively hedged based on a risk assessment in accordance with the group's policy using financial instruments in the form of commodity swaps.

Financial Risks

As a result of its operations, investments, and financing, the group is exposed to changes in exchange rates and interest levels. It is the group's policy not to engage in active speculation with financial risks. The group's financial management is thus solely aimed at managing risks that are a natural part of the operations. The group's financial risks are primarily hedged through the allocation of income and expenses in the same currency and by using derivative financial instruments in accordance with a policy approved by the board of directors.

Currency Risks

It is the group's policy to limit the impact of currency fluctuations on the group's results and financial position. Turnover in foreign currency is not an expression of the group's currency risk, as the majority of the costs corresponding to foreign sales are incurred in the same currency.

The group's currency position is managed centrally, and hedging is done selectively. Positions are only taken based on business-related circumstances. The group has significant transactions/exposures in EUR, but the management does not consider there to be significant currency risk associated with this. Furthermore, the group has no significant currency exposure.

Interest Risks

The group's liquid assets are placed on demand or time deposits with a term of up to 3 months in high-rated financial institutions and possibly in listed bonds and stocks.

The interest-bearing holding is variably interest-bearing. The group's interest-bearing net holding, calculated as debt to credit institutions minus the holding of marketable securities and liquid assets, amounted to 57 million DKK at the end of 2023 compared to -14 million DKK at the end of 2022. An increase or decrease in the interest rate by 1% compared to the balance sheet date will only have an insignificant impact on the group's results and equity.

Liquidity Risks

It is the group's policy in connection with borrowing to ensure the greatest possible flexibility through the diversification of borrowings on the expiration/re-negotiation dates and counterparties, taking into account pricing. The group's liquidity reserve consists of liquid assets, securities, and unused credit facilities. It is the group's goal to have sufficient liquidity preparedness to continue to operate effectively in the event of significant seasonal fluctuations in liquidity, which are characteristic of the construction industry.

Credit Risks

The vast majority of the group's customers consist of public and semi-public builders, where the risk of financial losses is considered to be minimal. The group's receivables from sales to other customers are subject to ordinary credit risk.

A critical credit assessment of customers is conducted before entering into contracts. Furthermore, receivables from sales to other customers are hedged to the extent it is found appropriate and possible, by payment securities in the form of bank guarantees and credit insurance. The group does not have significant risks related to a single customer or partner.

Impact on the External Environment

As a contractor, we are aware that our activities impact the surroundings. Based on our environmental and climate policy, we therefore continuously focus on minimizing our negative impact on both the local and global climate and environment as much as possible. The most significant risks in terms of environment and climate are related to our energy consumption and use of materials. To minimize these risks, we work to reduce energy consumption and develop new, environmentally friendly materials and work processes. Additionally, we keep ourselves informed about development opportunities in the industry that can have a positive impact on the climate and environmental area. This area is also described in the section on corporate social responsibility.

IT Security

The group's activities are highly dependent on the use of established IT systems and the security around these. Potential prolonged breakdowns or other systemic weaknesses can be of significant harm to the group.

Management has developed an IT policy, which is continuously discussed and updated by management. This policy aims to protect the group's data, systems, and intellectual property rights. Specific data security systems have been established in the form of email filters, antivirus programs, firewalls, and monitoring programs.

CORPORATE SOCIAL RESPONSIBILITY

JEAR Holding ApS is the Parent Company of the Arkil Group and has assessed that the main impacts on social and environmental conditions are related to the business activities of the subsidiary Arkil A/S, and consequently, the Group's reporting on corporate social responsibility, cf. the statutory requirements of section 99a of the Danish Financial Statements Act, focuses on Arkil A/S' efforts within the area of corporate social responsibility.

Business Model

Arkil's business model involves the execution of contractor projects based on established subsidiaries in the countries where the group is represented. Arkil handles local and national construction works, port construction, foundation work, tunneling, and large cable projects, making a significant imprint on the infrastructure where we are present. Arkil manages all types of pollution clean-up and paves both municipal and state roads. At the same time, Arkil is a strong player in the road service area, where we are pioneers in private road service.

Human Rights and Anti-Corruption

Arkil supports the UN Global Compact, which entails an unwavering respect for human rights, labor 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 associated with our use of suppliers, who may not comply with applicable national legislation and international standards. However, we assess this risk to be minimal, as Arkil operates in countries with strong support for human rights and low corruption risk. Nonetheless, we are aware that even in countries like Denmark, where standards are generally high, situations requiring extra attention can arise. No violations of the company's business principles were observed in 2023.

In 2023, we have also focused on complying with the company's guidelines and policies in the area. We will continue this work in 2024.

Environment and Climate

Arkil takes our environmental responsibility seriously and is fully aware of the construction and civil engineering industry's contribution to global CO2 emissions, which accounts for about 22% of Denmark's total CO2 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 focus heavily on innovating and integrating sustainable solutions into our projects, including everything from promoting recycling and reuse of materials to optimizing our operational processes to minimize CO2 emissions. These efforts are not only aimed at reducing our own environmental impact but also at offering our customers sustainable alternatives that can contribute to a more sustainable industry.

Solar Panels on Asphalt Plants

We have taken a step towards sustainability and reduction of CO2 emissions by installing solar panel systems on the large material halls at our asphalt plants in Skrydstrup, Hasselager, Skive, and Næstved in the spring of 2023. These solar panel systems are designed to supplement the asphalt plants' energy needs with solar power, contributing to reducing our electricity consumption and supporting a more sustainable production of asphalt, especially in connection with the heating of bitumen. With the installation of approximately 2,900 square meters of solar panels, we expected the systems to produce about 590,000 kWh of electricity annually, which corresponds to about 28% of the asphalt plants' total annual electricity consumption. The goal is for the asphalt plants to be able to use about 80% of the solar energy produced. Although we do not yet have data for a full year of operation, preliminary figures indicate that the systems have produced 253,000 kWh of electricity, of which the asphalt plants have used about 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 excess solar energy. This is done by using the solar energy to heat bitumen in large tanks to 190 degrees and then utilizing the gradual cooling overnight when no solar energy is produced. Any excess green energy is channeled out to the electricity grid. Through the implementation of these solar panel systems, Arkil has achieved a reduction in electricity consumption of 13.3% and a saving of 58 tons of CO_2 in 2023 alone.

It is assumed that the 4 solar power systems produce 590,000 kWh annually, self-consumption ranges between 74%-83%, and the saved CO_2 from the electricity grid versus solar cells amounts to 0.1 kg/kWh.

Reduced Idling – Lower CO2

In 2023, we initiated a program to gradually equip all machines over ten tons with an idle meter. This device allows for the precise recording of the machines' operational hours and idle time. This measure aims to raise awareness among our employees about the benefits of reducing idling, including reduced environmental impact through lower CO_2 emissions, extended machinery life, reduced fuel consumption, and more efficient use of the machinery fleet. It also sends a clear message of responsibility to contractors, citizens, and society as a whole.

To implement and process data from these idle meters, Arkil partnered with Clevertrack. A pilot project was launched in our construction department in Viby, where initial results have already shown significant improvements. Since introducing idle trackers, the average idling for nine selected machines has been significantly reduced from 33% to 13%, although an increase to 18% was observed in the winter months, attributed to weather conditions. The reduction in idling corresponds to a decrease of 60%.

By the end of the year, 64 idle trackers had been installed in the Construction Division North, with plans to equip about 150 machines weighing 10 tons and over with idle trackers by the summer of 2024 across the entire construction division. This will later be followed by the other divisions. We expect a reduction to half of the idle hours in the company.

Existing Road Materials

Since 2019, Arkil Asphalt has offered Bitumen Stabilized Material (BSM) as an innovative and environmentally friendly solution for road construction, allowing for road renovations and repairs using 100% recycled existing road materials. This method minimizes the need for new raw materials and significantly reduces CO_2 emissions compared to traditional methods.

Despite the clear environmental benefits of the BSM production method, Arkil Asphalt experienced a decrease in BSM asphalt production and the number of customers requesting this solution in 2023. Throughout the year, we produced approximately 13,000 tons of BSM base layer, which is less than in previous years. It's a disappointing development, as international experiences, 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 lifespan of roads.

We hope that future "green" road bids will prioritize the recycling of materials higher, hopefully inspiring more contractors and municipalities to choose BSM. We deliver the products our customer’s desire. However, we believe that BSM technology represents a future where road renovations and repairs can be conducted in a manner that is both sustainable and economically advantageous, and we hope that more contractors and municipalities will opt for this green solution in the future.

Soil Sorting

In 2023, Arkil also experienced the accelerating transition in Denmark, especially in the expansion of the district heating network, where we have carried out several such projects. In these projects, there is a lot of handling of excavated soil, and it has been characteristic that a significant part has not been recycled but instead transported to soil landfills.

We see an important opportunity to further promote sustainability through increased recycling of materials and reduction of waste in our projects. By optimizing the recycling of soil and other materials, we can not only reduce resource consumption but also the need for transporting excavated soil masses and importing new materials. This has both environmental and economic benefits, as it reduces CO_2 emissions associated with transport and contributes to more efficient resource use.

To strengthen this effort, 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 masses, reducing the need for disposal and the import of new materials.

Fleet Renewal

Since 2017, Arkil has implemented a car policy prioritizing the acquisition and replacement of cars with newer, more environmentally friendly, and fuel-efficient models. This policy aims to reduce the company's fuel consumption and thus CO_2 emissions. In 2023, this practice continued with the replacement of 71 cars, resulting in an expected annual fuel saving of 19,503 liters and a CO_2 saving of 51 tons per year. The cumulative savings since the policy's implementation amount to a total reduction of 1,157,634 liters of fuel and approximately 3,056 tons of CO_2.

It is assumed based on WLTP consumption that each car saves 275 liter of diesel annually and that each liter of diesel emits approximately 2.5 kg of CO_2.

The annual saving in fuel and CO_2 reduction decreases each year, mainly because the fleet increasingly consists of newer and more energy-efficient cars.

To identify trends and take appropriate measures to both reduce it and support the well-being of our employees. In 2024, Arkil has decided to purchase electric vehicles for foremen on a larger joint project. This step is taken both to further reduce the company's CO_2 footprint and to explore the possibility and gain experience for broader implementation of electric vehicles in the company.

Speed Limitation

We have lowered – and continue to lower – the speed of our vehicles, thereby taking steps to reduce fuel consumption and CO_2 emissions from the company's car fleet by implementing speed limiters on new yellow-plate vehicles up to 3,500 kg. This policy was initiated in 2022, where speed limiters reduce the vehicles' top speed to 120 km/h, and to 90 km/h when a trailer is attached. In 2023, 62 new yellow-plate vehicles were equipped with speed limiters, bringing the total number of vehicles with speed limiters to 130.

This initiative offers several benefits, including reduced fuel consumption, lower CO_2 emissions, increased traffic safety, and, not least, serves as a strong signal of Arkil's commitment to sustainability and responsible driving to both customers and society.

Although it is difficult to quantify the exact CO_2 savings achieved through speed limitation without detailed knowledge of all vehicles' driving patterns, official calculations support that fuel consumption increases by 12% when speed is increased from 120 km/h to 130 km/h. Internal tests and calculations show that fuel consumption on certain vehicle models increases significantly more at higher speeds. For example, the consumption over a distance of 105 km for 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 Matters

Arkil's success is closely linked to the well-being, skills, and satisfaction of our employees. Therefore, we have a clear objective that Arkil should be an inclusive, safe, and attractive workplace for our employees. Our employees' safety and well-being are our highest priority. We strive to prevent work accidents through systematic and active dialogue, learn from them when they happen, and ensure they do not recur. We aim to promote a high level of well-being by creating optimal working conditions where employees can develop 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. Apprentice efforts have traditionally been a major focus in Arkil, just as we engage in other educational initiatives for young people, offer internships, and tailored employment for individuals on the edge of the labor market – all because it creates value for both society and our company.

Work Accidents

In 2023, Arkil's staff amounted to 1,234 person-years, highlighting the importance of prioritizing safety and a secure working environment - in other words, 1,234 important reasons to place issues such as work environment and safety at the top of our agenda. Despite our efforts, we must unfortunately acknowledge that we have not fully succeeded in our endeavors to create a safe work environment.

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

Our investigations into the accidents reveal that more than half of these incidents involve employees who have been employed between 0 and 2 years. This indicates that we need to ensure that all employees receive and understand the necessary instructions, as well as ensuring sufficient management supervision before work tasks begin. Analyses from the year also show that the most common causes of accidents are related to falls, trips, ergonomic challenges due to improper or heavy lifting, and incorrect use of hand tools. Experience shows that the risk of accidents increases when the work is not carefully planned, such as lacking preparation or discussions during toolbox meetings, which is also supported by our analyses, pointing to a lack of planning or risk assessment as a frequent cause.

One accident is classified as being of "serious nature," defined by absence for more than three weeks, which is why the percentage of absences due to accidents has fallen even though the number of accidents has increased.

For 2024, we have a clear goal to strengthen the safety culture in Arkil in order to reduce the number of accidents and achieve our goal of an accident frequency rate below 10.

Sickness Absence and Well-being

When an employee becomes sick and needs to stay home from work, it can have significant consequences, not just for the individual, but also for the work environment, colleagues, and the company as a to continue this positive environmental development, Arkil has made the decision to purchase electric vehicles for supervisors on a larger joint project in 2024. This step is both to further reduce the company's CO2 footprint and to explore the feasibility and gather experiences for a wider implementation of electric vehicles across the company.

Gender Composition of the Board (§99b)

For the Executive Board, a target of 25% female board members has been set. The Company aims to achieve this target by the annual general meeting in 2025.

The Executive Board of JEAR Holding ApS comprises the owners of the Company at any given time. JEAR Holding ApS was formed in 2019, and a male candidate was found to be most suitable. Since the Company was formed, there have been no newly elected executive board members. As the Executive Board consists of 1 member (male), there is no target for the underrepresented gender, cf. the Danish Business Authority's guidance on section 99b. JEAR Holding ApS has less than 50 employees and has not established policies and targets for the gender composition of the JEAR Holding ApS Group.

JEAR Holding ApS has less than 50 employees and has not established policies and targets for the gender composition of the JEAR Holding ApS Group. The Company therefore reports on the gender composition of the Executive Board, as described above.

	2023
Top management body	
Total number of members	1
Underrepresented gender in percentage	0
Target percentage	25
Year for archieving the target	2025

Statement on Data Ethics (§99d)

For Arkil, ensuring proper and reassuring data handling is essential, and data ethics are a core concern as we continuously adapt to changing technological solutions and opportunities. Arkil adopts a prudent and critical approach to all data management, ensuring that data is stored securely and accessible only to relevant individuals.

As a construction business, we do not collect large volumes of data about customers, the market, etc., and we only gather data that is relevant to our operations. We do not employ artificial intelligence or other sophisticated methods for data analysis. Therefore, our data ethics policy primarily covers the handling of basic customer and employee data.

Arkil commits to never reselling data to third parties.

Data Security

All data is stored on secure platforms with access limitations and monitoring to prevent unauthorized access. Access to data is granted only to relevant employees, ensuring no access is given to unauthorized personnel. Accesses are automatically assigned when an employee is onboarded and are automatically revoked upon termination. All data retrieved from central systems are stored on encrypted drives.

Compliance with Data Protection Laws

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

Working with Data Ethics

Overall, data processing is anchored in IT and Business Development, which collaborate with the executive management, staff, and production departments on ensuring the correct and reassuring handling of data.

Events after the balance sheet date

The executive board is not aware of any events that have occurred since the end of the financial year that are of significance to the Group's economic or financial position.

Expectations for 2024

For 2024, a slight increase in activity and a profit margin from primary operations of between 3% and 5% is expected.

INCOME STATEMENT
FOR THE FINANCIAL YEAR
1 JANUARY TO 31 DECEMBER

Parent company		Note		Group	
2022	2023	no.	(Amounts in DKK 1,000)	2023	2022
		3	Revenue	4,096,284	3,939,536
		4.5	Production costs	(3,449,142)	(3,429,833)
			Gross profit	**647,142**	**509,703**
(281)	(317)	4,5,6	Administrative expenses	(379,896)	(349,581)
		7	Other operating income	209	2,006
(281)	**(317)**		**Operating profit/loss**	**267,455**	**162,128**
34,271	72,936	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
34,271	**72,936**		**Profit/loss from equity investments**	**(1,250)**	**1,585**
112	1,438	11	Financial income	5,590	1,077
(785)	(2)	12	Financial expenses	(63,369)	(48,995)
(673)	**1,436**		**Net financials**	**(57,779)**	**(47,918)**
33,317	**74,055**		**Profit/loss before tax**	**208,426**	**115,795**
122	(247)	13	Tax for the year	(54,117)	(35,120)
33,439	**73,808**		**Profit/loss for the year**	**154,309**	**80,675**
			Distribution of group profit/loss:		
			Shareholders in JEAR Holding ApS	73,808	33,439
			Non-controlling interests	80,501	47,236
				154,309	**80,675**

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		
		17	Land and buildings	265,613	237,596
		18	Fixtures and fittings, tools and equipment	488,060	465,858
		19	Plants under construction and advance payments	3,173	3,246
			Total property, plant and equipment	**756,846**	**706,700**
			Other non-current assets		
288,901	349,720	8	Equity investments in subsidiaries		
		9	Equity investments in participating interest	5,777	2,977
		10	Equity investments in joint ventures	0	251
		20	Non-current receivables	12,131	13,263
		26	Deferred tax assets	0	2,953
288,901	**349,720**		**Total other non-current assets**	**17,908**	**19,444**
288,901	**349,720**		**Total non-current assets**	**927,005**	**888,661**
			Current assets		
		21	**Inventories**	**121,917**	**114,555**
			Receivables		
		22	Construction contracts	133,269	123,412
12,859	23,004	23	Receivables	627,824	668,548
4,344	2,778	29	Corporation tax receivable	0	4,344
17,203	**25,782**		**Total receivables**	**761,093**	**796,304**
5,884	**7,859**	31	**Securities**	**44,631**	**41,241**
1,751	**87**		**Cash**	**302,750**	**230,122**
24,838	**33,728**		**Total current assets**	**1,230,391**	**1,182,222**
313,739	**383,448**		**Total assets**	**2,157,396**	**2,070,883**

Parent company		Note		Group	
2022	2023	no.	(Amounts in DKK 1,000)	2023	2022
			Equity and liabilities		
			Equity		
40	40		Share capital	40	40
234,817	295,636		Net revaluation according to the equity method		
			Translation reserve and hedging reserve	(700)	(142)
61,387	61,375		Retained earnings	357,711	296,346
118	122		Proposed dividends	122	118
296,362	**357,173**		**Shareholders in JEAR Holding's share of equity**	**357,173**	**296,362**
			Non-controlling interests	**356,970**	**299,456**
296,362	**357,173**		**Total equity**	**714,143**	**595,818**
			Liabilities		
			Non-current liabilities		
		24	Pensions and similar liabilities	123,976	105,007
		25	Deferred tax	22,529	31,814
		26	Other provisions	7,464	8,168
		27	Payables to credit institutions, etc.	356,908	324,324
		28	Other payables	58,511	57,263
			Total non-current liabilities	**569,388**	**526,576**
			Current liabilities		
		24	Pensions and similar liabilities	7,189	6,725
		26	Other provisions	3,878	5,324
		27	Payables to credit institutions, etc.	106,198	141,380
		22	Construction contracts	75,181	72,661
			Trade payables	346,446	407,381
17,254	26,059		Payables to subsidiaries		
0	0	29	Corporation tax	6,652	508
123	216	28	Other payables	328,321	314,510
17,377	**26,275**		**Total current liabilities**	**873,865**	**948,489**
17,377	**26,275**		**Total liabilities**	**1,443,253**	**1,475,065**
313,739	**383,448**		**Total equity and liabilities**	**2,157,396**	**2,070,883**

CASH FLOW STATEMENT

Parent company 2022	Parent company 2023	Note nr.	(Amounts in DKK 1,000)	Group 2023	Group 2022
33,317	74,055		Profit/loss before tax	208,426	115,795
			Adjustment for non-cash operating items, etc.:		
			Depreciation and amortisation	146,703	153,349
(34,271)	(72,936)		Share of profit/loss after tax in subsidiaries		
(1)	30		Other operating items, net	(14,499)	(16,840)
			Provisions	(3,826)	(16,730)
(112)	(1,438)		Financial income	(5,590)	(1,077)
785	2		Financial expenses	63,369	48,995
3,619	15,783	32	Changes in working capital	(17,009)	(69,327)
3,337	**15,496**		**Cash generated from operations**	**377,574**	**214,165**
112	289		Interest income received	3,228	1,077
(71)	(2)		Interest expenses paid	(63,369)	(44,232)
3,378	**15,783**		**Cash flows from operating activities before tax**	**317,433**	**171,010**
(4,119)	(15,740)		Corporation tax paid	(44,118)	(44,611)
(741)	**43**		**Cash flows from operating activities**	**273,315**	**126,399**
		33	Acquisition of property, plant and equipment	(109,299)	(60,967)
			Sale of property, plant and equipment	32,326	30,567
			Acquisition of intangible assets	0	0
			Repayment of non-current receivables	1,132	(426)
(3,047)	(827)		Acquisition of securities	(3,607)	(3,047)
			Sale of securities	2,657	7,420
			Acquisition of participating interest	(4,000)	(351)
			Acquisition of subsidiaries		
5,238	5,238		Dividend from subsidiaries		
2,191	**4,411**		**Cash flow from investing activities**	**(80,791)**	**(26,804)**

Parent company		Note		Group	
2022	2023	nr.	(Amounts in DKK 1,000)	2023	2022
			Repayment of non-current liabilities	(129,487)	(119,896)
			Proceeds when taking out long-term loans, etc.	49,419	75,285
			Change, bank loan (overdraft)	(15,895)	(7,814)
(114)	(118)		Dividends paid	(118)	(114)
0	(6,000)		Extraordinary dividends	(6,000)	0
			Dividends paid to non-controlling interests	(14,106)	(20,025)
			Earn-out, Ireland	(3,273)	(4,883)
			Contribution of non-controlling interests	(436)	(286)
(114)	**(6,118)**		**Cash flows from financing activities**	**(119,896)**	**(77,733)**
1,336	**(1,664)**		**Cash flows for the year**	**72,628**	**21,862**
415	1,751		Cash and cash equivalents, start of year	230,122	208,260
			Value adjustment of cash and cash equivalents	0	0
1,751	**87**		**Cash and cash equivalents, end of year**	**302,750**	**230,122**
1,751	87		Cash	302,750	230,122
1,751	**87**		**Cash and cash equivalents, end of year**	**302,750**	**230,122**

STATEMENT OF CHANGES IN EQUITY

(Amounts in DKK 1,000)

Group	Share capital	Translation reserve and hedging reserve	Retained earnings	Proposed dividends	Total	Non-controlling interests	Total
Equity, start of year	40	(142)	296,346	118	**296,362**	299,456	**595,818**
Profit/loss for the year			73,686	122	**73,808**	80,501	**154,309**
Foreign currency translation adjustments, foreign companies			390		**390**	424	**814**
Actuarial gains/losses, subsidiaries			(9,288)		**(9,288)**	(11,573)	**(20,861)**
Hedging instruments, subsidiaries		(715)			**(715)**	(650)	**(1,365)**
Tax on equity items, subsidiaries		157	2,577		**2,734**	3,354	**6,088**
Distributed dividends, subsidiaries					**0**	(14,106)	**(14,106)**
Distributed dividends, JEAR Holding ApS				(118)	**(118)**		**(118)**
Distributed extraordinary dividends, JEAR Holding ApS			(6,000)		**(6,000)**		**(6,000)**
Contribution of non-controlling interests					**0**	(436)	**(436)**
Equity at 31 December 2023	**40**	**(700)**	**357,711**	**122**	**357,173**	**356,970**	**714,143**

(Amounts in DKK 1,000)

Group	Share capital	Translation reserve and hedging reserve	Retained earnings	Proposed dividends	Total	Non-controlling interests	Total
Equity, start of year	40	697	246,839	114	**247,690**	253,166	**500,856**
Profit/loss for the year			33,321	118	**33,439**	47,236	**80,675**
Foreign currency translation adjustments, foreign companies			(59)		**(59)**	(115)	**(174)**
Actuarial gains/losses, subsidiaries			22,485		**22,485**	28,016	**50,501**
Hedging instruments, subsidiaries		(1,075)			**(1,075)**	(977)	**(2,052)**
Tax on equity items, subsidiaries		236	(6,240)		**(6,004)**	(7,559)	**(13,563)**
Distributed dividends, subsidiaries					**0**	(20,025)	**(20,025)**
Distributed dividends, JEAR Holding ApS				(114)	**(114)**		**(114)**
Contribution of non-controlling interests					**0**	(286)	**(286)**
Equity at 31 December 2022	**40**	**(142)**	**296,346**	**118**	**296,362**	**299,456**	**595,818**

(Amounts in DKK 1,000)

Parent company	Share capital	Net revaluation according to the equity method	Retained earnings	Proposed dividends	Total
Equity, start of year	40	190,437	57,099	114	**247,690**
Profit/loss for the year		29,033	4,288	118	**33,439**
Equity transactions in subsidiaries		15,347			**15,347**
Distributed dividends				(114)	**(114)**
Equity at 31 December 2022	**40**	**234,817**	**61,387**	**118**	**296,362**
Profit/loss for the year		67,698	5,988	122	**73,808**
Equity transactions in subsidiaries		(6,879)			**(6,879)**
Distributed dividends				(118)	**(118)**
Distributed extraordinary dividends			(6,000)		**(6,000)**
Equity at 31 December 2023	**40**	**295,636**	**61,375**	**122**	**357,173**

OVERVIEW OF NOTES

1	Accounting policies	20	Non-current receivables
2	Significant accounting estimates, assumptions and assessments	21	Inventories
3	Revenue	22	Construction contracts
4	Depreciation and amortisation	23	Receivables
5	Staff costs	24	Pensions and similar liabilities
6	Auditor fees	25	Deferred tax
7	Other operating income	26	Provisions
8	Equity investments in subsidiaries	27	Payables to credit institutions, etc.
9	Equity investments in participating interest	28	Other payables
10	Equity investments in joint ventures	29	Corporation tax
11	Financial income	30	Contingent liabilities and collateral
12	Financial expenses	31	Financial instruments
13	Tax	32	Changes in working capital
14	Goodwill	33	Acquisition of property, plant and equipment, net
15	Acquired know-how	34	Related parties
16	Licences and rights	35	Operating leases and rental obligations
17	Land and buildings	36	Subsequent events
18	Fixtures and fittings, tools and equipment	37	Distribution of profit/loss
19	Plants under construction and advance payments	38	Financial ratio definitions

NOTES Note 1 Accounting policies

The annual report of JEAR Holding ApS for 2023 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to large reporting class C companies.

The financial statements have been prepared in accordance with the same accounting policies as last year.

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

Parentheses are used around losses and deductions.

A few reclassifications are made in the comparative figures. The reclassifications have had no effect on profit, equity or balance sheet.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be measured reliably.

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

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

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

In recognising and measuring assets and liabilities, any gains, losses and risks that occur before the presentation of the annual report and that evidence conditions existing at the balance sheet date are taken into account.

Revenue is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Furthermore, costs incurred to generate the year's earnings are also recognised, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts previously recognised in the income statement.

Consolidated accounts

Control

The consolidated financial statements include the Parent Company JEAR Holding ApS and subsidiaries which JEAR Holding ApS controls.

Control means the power 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 control, de facto control is also taken into account.

The existence of potential voting rights that may be used or converted to further voting rights are included in the assessment of whether a company can obtain the power 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 participating interests (which exclusively includes associates). Significant influence is deemed to exist when the Parent Company directly or indirectly holds or controls more than 20% of the voting rights but does not control it.

The existence of potential voting rights that may be used or converted into voting rights is considered when assessing whether significant influence exists.

Joint arrangements

Joint arrangements are activities or companies jointly controlled by the Group and one or more other parties through cooperation agreements. Joint control implies that decisions on relevant activities require unanimous consent among the parties jointly controlling the arrangement.

Joint arrangements are classified as either joint operations or joint ventures. Joint operations are activities where the participants have direct rights over assets and are subject to direct liability, whereas joint ventures are activities where the participants solely have rights over net assets.

Utilization of exemption provisions

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

A group chart can be seen on page 53.

Preparation of the consolidated financial statements

The consolidated financial statements have been prepared as a consolidation of the Parent Company's and the individual subsidiaries' financial statements in accordance with the Group's accounting policies with the elimination of intragroup income and costs, shareholdings, intercompany balances, dividends and realised and unrealised gains on transactions between the consolidated companies. Unrealised gains on transactions with participating interests (which exclusively includes associates) are eliminated in proportion to the Group's equity investment in the company. Unrealised losses are eliminated in the same way as unrealised gains unless they do not indicate impairment.

Subsidiaries' financial statement items are recognised in the consolidated financial statements in full. The non-controlling interests' share of profit/loss for the year and equity in subsidiaries not wholly owned is included in the Group's consolidated profit/loss and equity but are presented separately.

The acquisition and sale of non-controlling interests under continued control are recognised directly in equity as transactions between shareholders.

Equity in participating interests (which exclusively includes associates) and joint ventures is recognised in the consolidated financial statements in accordance with the equity method.

The Group's activities in joint operations are recognised line by line in the consolidated financial statements.

Mergers

Newly acquired or newly established companies are included in the consolidated financial statements from the acquisition date. Sold or liquidated companies are included in the consolidated income statement until the disposal date. Comparative figures are not restated for newly acquired, sold or liquidated companies. Nevertheless, discontinued activities are presented separately, cf. below.

When acquiring new companies where control is obtained, the acquisition method is used. The identifiable assets, liabilities and contingent liabilities of the acquired companies are measured at fair value at the acquisition date. Identifiable intangible assets are recognised provided they are separable or arise from contractual rights and the fair value can be reliably measured. Deferred tax on the revaluations made is recognised.

The acquisition date is the date on which JEAR Holding ApS actually obtained control of the acquired company.

Positive differences (goodwill) between the acquisition cost, the value of non-controlling interests in the acquired company and the fair value of any previously acquired equity on the one hand and the fair value of the acquired identifiable assets, liabilities and contingent liabilities on the other are recognised as goodwill under intangible assets. Goodwill is amortised on a straight-line basis in the income statement following an individual assessment of the economic life.

Negative differences (negative goodwill) are recognised in the income statement on the acquisition date.

Upon acquisition, goodwill is allocated to cash-generating units that subsequently form the basis of the impairment test. Goodwill and fair 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 on initial recognition at the transaction date.

The consideration paid for a company consists of the fair value of the agreed consideration in the form of assets acquired, liabilities assumed and equity instruments issued. If part of the consideration is contingent on future events or compliance with agreed conditions, such part of the consideration is recognised at fair value at the acquisition date. Subsequent adjustments of contingent considerations are recognised in the income statement. Costs attributable to business combinations are recognised directly in the income statement as incurred.

If uncertainties concerning the identification or measurement of acquired assets, liabilities or contingent liabilities or the determination of the consideration exist, at the acquisition date, initial recognition will take place based on provisional values. If it turns out subsequently that the identification or measurement of the consideration, acquired assets, liabilities or contingent liabilities was incorrect on initial recognition, the statement will be adjusted retrospectively, including goodwill, until 12 months after the acquisition, and comparative figures will be restated. Goodwill is not subsequently adjusted. Changes in estimates of contingent considerations are recognised directly in the income statement.

Gains and losses from the disposal or liquidation of subsidiaries and participating interests are calculated as the difference between the selling price or settlement price and the carrying amount of net assets, including goodwill, at the disposal date and costs for disposal or liquidation.

Non-controlling interests

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

Intra-group business combinations

The book value method is applied to business combinations such as the acquisition and disposal of equity investments, mergers, demergers, transfer of assets and share exchange, etc., in connection with the participation of companies under the Parent Company's control, provided that the combination is considered completed at the acquisition time without restatement of comparative figures. Differences between the agreed consideration and the acquired company's carrying amount are recognised directly in equity.

Foreign currency translation

On initial recognition, transactions in foreign currencies are translated at the exchange rates applicable at the transaction date. Foreign exchange differences that arise between the exchange rates at the transaction date and the exchange rate at the payment date are recognised in the income statement.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates applicable at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

When recognising foreign subsidiaries and participating interests that are separate entities, the income statements are translated at the average exchange rates for the month, and the balance sheet items are translated at the exchange rates applicable at the balance sheet date.

Foreign exchange differences arising on the translation of foreign subsidiaries' equity at the start of the year at the exchange rates at the balance sheet date and on translation of income statement items from average exchange rates to the exchange rates at the balance sheet date are recognised directly in equity.

Exchange adjustments of outstanding balances with 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 and subsequently measured in the balance sheet at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and other payables, respectively.

Fair value adjustments of derivative financial instruments that are designated and qualify as hedging of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Fair value adjustments of derivative financial instruments designated and qualifying as hedging of future assets or liabilities are recognised as other receivables or other payables and also in equity. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged asset or liability affects the income statement.

Fair value adjustments of derivative financial instruments that do not qualify for hedge accounting are recognised on an ongoing basis in the income statement.

Fair value adjustments of derivative financial instruments held to hedge net investments in foreign subsidiaries or participating interests are recognised directly in equity.

Income statement
Revenue

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

When entering into sales contracts comprising multiple separate sales transactions, the contract price is split up into the individual sales transactions in accordance with the relative fair value approach. The separate sales transactions are recognised as revenue when the criteria for sale of goods, services or construction contracts are met.

A contract is split up into individual transactions when the fair value of the individual sales transactions can be estimated reliably and when each sales transaction represents a stand-alone value for the buyer. Sales transactions are deemed to have a stand-alone value for the buyer when the transaction is individually identifiable and usually sold separately.

Revenue is measured at the fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All forms of discounts are recognised in revenue.

Revenue from the sale of goods

Income from the sale of finished goods and goods for resale includes the sale of finished goods, asphalt, road equipment, other construction materials, etc., and is recognised in revenue when the control of each individual identifiable performance obligation in the sales contract has been 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 performance obligations, they will be treated as one overall performance obligation when delivery takes place at the same time.

Revenue from construction contracts

Construction contracts are recognised in revenue by reference to the stage of completion, which means that revenue corresponds to the selling price of the work performed in the year (the percentage of completion method). When income and expenses of a construction contract cannot be estimated reliably, revenue is recognised solely at the costs incurred in so far as they are likely to be recovered.

The stage of completion is determined on the basis of costs incurred relative to the latest cost estimate.

Production costs

Production costs include costs, including depreciation, amortisation and wages incurred to generate the revenue for the year. Commercial companies recognise their cost of sales, and production companies recognise production costs incurred to generate the revenue for the year. This includes direct and indirect costs of raw materials and consumables, salaries and wages, rent and leases as well as depreciation of production facilities. Production costs also include development costs that do not qualify for capitalisation.

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

Administrative expenses

Administrative expenses include costs incurred in the year for management and administration, including costs related to administrative staff, office premises, office expenses and depreciation and amortisation. Impairment losses on trade receivables are also included.

Other operating income and costs

Other operating income and costs include financial statement items secondary to the activities of the Company, including gains on the disposal of intangible assets and property, plant and equipment.

Profit/loss from equity investments in subsidiaries, participating interests and joint ventures

Under the equity method, a proportionate share of profit/loss after tax in subsidiaries is recognised in the income statement. Shares of profit/loss after tax in subsidiaries, participating interests (which exclusively includes associates) and joint ventures are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

For equity investments in participating interests and joint ventures, only proportionate elimination of intra-group gains/losses is made. The proportionate share of each subsidiary's profit/loss after tax is recognised in the Parent Company's income statement after full elimination of intra-group gains/losses.

Financial income and expenses

Financial income and expenses comprise interest, capital gains and losses on securities, payables and transactions in foreign currencies, amortisation of financial assets and liabilities and surcharges and refunds under the on-account tax scheme, as well as realised and unrealised currency exchange gains and losses on receivables and payables in foreign currencies. Interest rates can be variable based on underlying factors.

Tax for the year

The Company is subject to the Danish rules on compulsory joint taxation of Arkil's Danish companies. Subsidiaries are included in the joint taxation from the date on which they are included in the consolidated financial statements and until the date on which they are excluded from the consolidation.

The Parent Company, JEAR Holding ApS, Haderslev, acts as the administration company for joint taxation and therefore settles all payments 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 this connection, companies with tax losses receive joint taxation contributions from companies that have been able to utilise these losses to reduce their own taxable income.

Tax for the year comprises joint taxation contributions for the year and changes to deferred tax, including due to changes in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts recognised directly in equity is recognised directly in equity.

Balance sheet
Intangible assets

Goodwill

Goodwill is initially recognised in the balance sheet at cost as described under "business combinations". Subsequently, goodwill is measured at cost less accumulated amortisation and impairment losses or at the recoverable amount if this is lower.

Goodwill is amortised over the estimated economic life determined based on Management's experience within each business area. Goodwill is amortised on a straight-line basis over the amortisation period, which has been determined to be 20 years. The amortisation 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 earnings profile.

Acquired know-how

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

Acquired know-how is amortised on a straight-line basis over the useful life. The amortisation period is five years.

Gains and losses on the disposal of know-how are determined as the selling price less selling costs and the carrying amout at the disposal date. Gains or losses are recognised in the income statement under other operating income and other operating costs, respectively.

Development projects, licences and rights

Development costs include wages, amortisation and other costs attributable to the Company's development activities. Development projects that are clearly defined and identifiable for which the technical feasibility, sufficient resources and a potential future market or potential for use in the company can be demonstrated and where the intention is to manufacture, market or otherwise use the project are recognised as intangible assets provided that the cost can be measured reliably and there is sufficient assurance that future earnings or net selling price can cover production costs, selling costs and administrative expenses as well as development costs. Other development costs are recognised in the income statement as incurred.

Recognised development costs are measured at cost less accumulated amortisation and impairment losses. The cost includes wages, amortisation and other costs attributable 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 is amortised on a straight-line basis over the estimated useful life. The amortisation period is a maximum of five years. The basis for amortisation is reduced by impairment losses, if any. Amortisation is included in production costs.

Licences and rights are measured at cost less accumulated amortisation and impairment losses. Licences and rights are amortised on a straight-line basis over the remaining agreement period or useful life if this is shorter. The basis for amortisation is reduced by impairment losses, if any.

Other intangible assets, including intangible assets acquired in connection with business combinations, are measured at cost less accumulated amortisation and impairment losses. Other intangible assets are amortised on a straight-line basis over the expected useful life.

Property, plant and equipment

Land and buildings and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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

Cost includes the acquisition price and costs directly attributable to the acquisition up to the date when the asset is ready for use. For self-constructed assets, cost 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 includes the present 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 of a total asset is divided into separate components that are depreciated separately if the useful lives of the individual components are different.

Property, plant and equipment are depreciated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	10-50 years
Plant	10-15 years
Fixtures and fittings, tools and equipment	3-7 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The residual value is determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount of the asset, depreciation will cease.

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

Depreciation is recognised in the income statement as production costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are recognised as the selling price less selling costs and the carrying amount at the disposal date.

Equity investments in subsidiaries, participating interests and joint ventures

Equity investments in subsidiaries, participating interests (which exclusively includes associates) and joint ventures are measured using the equity method in the parent company financial statements. The Company has chosen to consider the equity method a consolidation method.

On initial recognition, equity investments in subsidiaries, participating interests and joint ventures are measured at cost, i.e. with a mark-up for transaction costs. The cost is allocated in accordance with the acquisition method, cf. the aforementioned accounting policies applicable to the consolidated financial statements.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in values and goodwill, if any, compared to the underlying company's net asset value are amortised in accordance with the accounting policies in the consolidated financial statements. Negative goodwill is recognised in the income statement.

Dividends received are deducted from carrying amount.

Equity investments in subsidiaries, participating interests and joint ventures measured at net asset value are subject to impairment test requirements if there is an indication of impairment.

Impairment of non-current assets

The carrying amount of intangible assets, property, plant and equipment as well as equity investments in subsidiaries, participating interests (which exclusively includes associates) and joint ventures is tested annually for indications of impairment other than the decrease in value reflected by amortisation and depreciation.

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.

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.

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).

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.

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.

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.

NOTES Notes 3 - 5

Parent company			Group	
2022	2023	(Amounts in DKK 1,000)	2023	2022
		Note 3 Revenue		
		Sale of goods	214,267	286,465
		Selling price of the year's production under construction contracts	3,882,017	3,653,071
			4,096,284	**3,939,536**
		Geographical segment		
		Domestic	2,410,179	2,388,704
		International	1,686,105	1,550,832
			4,096,284	**3,939,536**
		Note 4 Depreciation and amortisation		
		Amortisation, intangible assets	10,410	10,406
		Depreciation, property, plant and equipment	136,282	142,943
			146,692	**153,349**
		Depreciation and amortisation are included as follows:		
		Production costs	141,728	148,496
		Administrative expenses	4,964	4,853
			146,692	**153,349**
		Note 5 Staff costs		
230	230	Salaries and wages	1,007,679	939,440
23	25	Contribution to pension schemes	71,660	58,624
2	2	Other staff costs	91,089	85,754
255	**257**		**1,170,428**	**1,083,818**
		The Company's Executive Board consists of one person and reference is therefore made to section 98b(3) of the Danish Financial Statements Act.		
		Staff costs are included as follows:		
0	0	Production costs	896,978	832,522
255	257	Administrative expenses	273,450	251,296
255	**257**		**1,170,428**	**1,083,818**
1	**1**	**Average number of employees**	**2,106**	**2,052**

NOTES Notes 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		
27	37	Statutory audit	2,190	1,867
0	20	Other assurance engagements	27	14
0	0	Tax and VAT consulting	379	369
17	10	Non-audit services	38	141
44	**67**		**2,634**	**2,391**
		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 2022	Parent company 2023	(Amounts in DKK 1,000)	Group 2023	Group 2022
54,084	54,084	Cost, start of year		
54,084	**54,084**	**Cost, 31 December**		
190,437	234,817	Value adjustment, 1 January		
15,347	(6,879)	Equity adjustments in equity investments		
(5,238)	(5,238)	Dividend paid		
34,271	72,936	Share of profit/loss for the year		
234,817	**295,636**	**Value adjustment, 31 December**		
288,901	**349,720**	**Carrying amount, 31 December**		

Ownership interest (%) 2022	Ownership interest (%) 2023	
		Subsidiaries comprise the following:
52.38	52.38	J2A Holding ApS, Haderslev (voting share of 58.44%)

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

Information about equity interests, names and domiciles of the Group's subsidiaries can be found in the group chart, etc., on page 51.

NOTES Note 9 Equity investments in participating interests

Parent company			Group	
2022	2023	(Amounts in DKK 1,000)	2023	2022
		Cost, 1 January	14,094	13,743
		Foreign currency translation adjustments	31	0
		Additions for the year	4,000	351
		Disposals for the year	0	0
		Cost, 31 December	**18,125**	**14,094**
		Value adjustment, 1 January	(11,117)	(12,702)
		Foreign currency translation adjustments	(25)	0
		Disposals for the year	0	0
		Distribution	0	0
		Share of profit/loss for the year	(1,206)	1,585
		Value adjustment, 31 December	**(12,348)**	**(11,117)**
		Carrying amount, 31 December	**5,777**	**2,977**

	Ownership interest (%)	
	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, Tyskland	25	25
Durapor A/S, Danmark	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
		Additions for the year	0	0
		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
		Distribution	0	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, Denmark	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.

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

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 JEAR Holding ApS.

NOTES Notes 11 - 13

Parent company			Group	
2022	2023	(Amounts in DKK 1,000)	2023	2022
		Note 11 Financial income		
112	1,438	Other financial income	5,590	1,077
112	**1,438**	**Total financial income**	**5,590**	**1,077**
		Note 12 Financial expenses		
49	0	Financial expenses, group companies	0	0
736	2	Other financial expenses	63,369	48,995
785	**2**	**Total financial expenses**	**63,369**	**48,995**
		Note 13 Tax		
		Tax for the year can be specified as follows:		
(122)	247	Tax for the year	54,117	35,120
0	0	Tax on changes in equity	(6,088)	13,564
(122)	**247**		**48,029**	**48,684**
		Tax for the year comprises:		
(122)	210	Current tax	51,704	27,436
	37	Deferred tax	2,006	7,488
	(37)	Deferred tax regarding previous years	(2,526)	(5,170)
0	37	Current tax regarding previous years	2,933	5,366
(122)	**247**		**54,117**	**35,120**

NOTES Notes 14 - 16

Parent company			Group	
2022	2023	(Amounts in DKK 1,000)	2023	2022
		Note 14 Goodwill		
		Cost, 1 January	199,623	199,621
		Foreign currency translation adjustments	151	2
		Additions for the year	0	0
		Cost, 31 December	**199,774**	**199,623**
		Amortisation and impairment losses, 1 January	(48,265)	(38,568)
		Foreign currency translation adjustments	(31)	0
		Amortisation for the year	(9,703)	(9,697)
		Amortisation and impairment losses, 31 December	**(57,999)**	**(48,265)**
		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
		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	45	0
		Additions for the year	0	0
		Disposals for the year	0	0
		Cost, 31 December	**18,639**	**18,594**
		Amortisation and impairment losses, 1 January	(7,435)	(6,729)
		Foreign currency translation adjustments	(21)	0
		Disposals for the year	0	0
		Amortisation for the year	(707)	(706)
		Amortisation and impairment losses, 31 December	**(8,163)**	**(7,435)**
		Carrying amount, 31 December	**10,476**	**11,159**

NOTES Note 17 Land and buildings

Parent company			Group	
2022	2023	(Amounts in DKK 1,000)	2023	2022
		Cost, 1 January	317,468	285,889
		Foreign currency translation adjustments	199	2
		Additions for the year	35,169	31,577
		Disposals for the year	0	0
		Cost, 31 December	**352,836**	**317,468**
		Depreciation and impairment losses, 1 January	(79,872)	(73,567)
		Foreign currency translation adjustments	(89)	(1)
		Depreciation	(7,262)	(6,304)
		Disposals for the year	0	0
		Depreciation and impairment losses, 31 December	**(87,223)**	**(79,872)**
		Carrying amount, 31 December	**265,613**	**237,596**
		Amount relating to assets held under a finance lease	**0**	**0**

NOTES Notes 18 - 19

Parent company			Group	
2022	2023	(Amounts in DKK 1,000)	2023	2022
		Note 18 Fixtures and fittings, tools and equipment		
		Cost, 1 January	1,578,721	1,550,957
		Foreign currency translation adjustments	1,319	15
		Additions	164,945	124,122
		Transferred	2,547	
		Disposals	(143,726)	(96,373)
		Cost, 31 December	**1,603,806**	**1,578,721**
		Depreciation and impairment losses, 1 January	(1,112,863)	(1,056,827)
		Foreign currency translation adjustments	(922)	(11)
		Depreciation	(129,030)	(136,636)
		Disposals	127,069	80,611
		Depreciation and impairment losses, 31 December	**(1,115,746)**	**(1,112,863)**
		Carrying amount, 31 December	**488,060**	**465,858**
		Amount relating to assets held under a finance lease	**216,163**	**189,384**
		Note 19 Plants under construction and advance payments		
		Cost, 1 January	3,246	9,982
		Foreign currency translation adjustments	6	0
		Additions	2,468	22,373
		Transferred	(2,547)	(28,273)
		Disposals	0	(836)
		Cost, 31 December	**3,173**	**3,246**
		Carrying amount, 31 December	**3,173**	**3,246**

NOTES Notes 20 - 23

Parent company 2022	Parent company 2023	(Amounts in DKK 1,000)	Group 2023	Group 2022
		Note 20 Non-current receivables		
		Cost, 1 January	13,263	12,837
		Foreign currency translation adjustments	237	0
		Increase	17	2,455
		Instalments	(1,386)	(2,029)
		Cost, 31 December	**12,131**	**13,263**
		Carrying amount, 31 December	**12,131**	**13,263**
		Note 21 Inventories		
		Raw materials and consumables	108,852	101,450
		Finished goods	13,065	13,105
			121,917	**114,555**
		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		
		Trade receivables	606,498	651,866
12,858	23,003	Receivables from subsidiaries	0	0
		Receivables from participating interests	1,637	3,711
		Receivables from joint ventures	0	0
1	1	Other receivables	19,689	12,971
12,859	**23,004**		**627,824**	**668,548**

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 25 Deferred tax

Parent company			Group	
2022	2023	(Amounts in DKK 1,000)	2023	2022
		Deferred tax, 1 January	28,861	12,492
		Foreign currency translation adjustments	(6)	(1)
		Deferred tax for the year recognised in profit/loss for the year	447	2,525
		Deferred tax for the year recognised in equity	(5,789)	14,014
		Other	(984)	(169)
		Deferred tax, 31 December	**22,529**	**28,861**
		Deferred tax is recognised in the balance sheet as follows:		
		Deferred tax (assets)	0	(2,953)
		Deferred tax (liabilities)	22,529	31,814
		Deferred tax, 31 December, net	**22,529**	**28,861**
		Deferred tax relates to:		
		Intangible assets	4,265	4,982
		Property, plant and equipment	62,133	57,675
		Financial assets	0	0
		Current assets	22,968	17,997
		Provisions	3,093	4,014
		Liabilities	(69,930)	(55,807)
		Deferred tax, 31 December, net	**22,529**	**28,861**

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 26 Provisions

Parent company			Group	
2022	2023	(Amounts in DKK 1,000)	2023	2022
		Warranty commitments, 1 January	10,734	24,839
		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
		Warranty commitments, 31 December	**9,394**	**10,734**
		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
		Other liabilities, 31 December	**1,948**	**2,758**
		Provisions, 31 December	**11,342**	**13,492**
		The maturity dates of provisions are expected to be:		
		Current liabilities	3,878	5,324
		Non-current liabilities	7,464	8,168
		Provisions, 31 December	**11,342**	**13,492**

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 27 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
		Lease liabilities	231,214	209,514
		Bank loans (overdraft facility)	49,536	65,431
		Other loans	180,773	188,479
		Carrying amount	**463,106**	**465,704**
		The liabilities are specified as follows:		
		Loans to credit institutions, etc., other loans, and bank loans		
		0-1 year	45,180	73,611
		1-5 years	100,648	89,670
		> 5 years	86,064	92,909
			231,892	**256,190**
		Lease liabilities		
		0-1 year	61,018	67,769
		1-5 years	149,471	124,835
		> 5 years	20,725	16,910
			231,214	**209,514**
		Total payables	**463,106**	**465,704**
		Non-current liabilities, credit institutions, etc.	356,908	324,324
		Current liabilities, credit institutions, etc.	106,198	141,380
			463,106	**465,704**

NOTES Note 28 Other payables

Parent company			Group	
2022	2023	(Amounts in DKK 1,000)	2023	2022
123	216	0-1 year	328,321	314,510
0	0	1-5 years	8,110	114
0	0	> 5 years	50,401	57,149
123	**216**		**386,832**	**371,773**
0	0	Non-current liabilities, other payables	58,511	57,263
123	216	Current liabilities, other payables	328,321	314,510
123	**216**		**386,832**	**371,773**

Parent company			Group	
2022	2023	(Amounts in DKK 1,000)	2023	2022
		Note 29 Corporation tax		
(1,129)	(4,344)	Corporation tax payable, 1 January	(3,836)	3,689
		Foreign currency translation adjustments	0	0
(4,336)	12,804	Current tax for the year, including jointly taxed subsidiaries	51,704	32,973
5,240	4,502	Other adjustments	2,902	0
(4,119)	(15,740)	Corporation tax paid for the year	(44,118)	(40,498)
(4,344)	**(2,778)**	**Corporation tax payable, 31 December**	**6,652**	**(3,836)**
		Note 30 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

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

As administration company, the Company is jointly taxed with other Danish consolidated companies. The Company is jointly and severally liable with other jointly taxed companies for the payment of corporation tax as well as interest, royalties and dividends.

NOTES Notes 31 - 33

Parent company 2022	Parent company 2023	(Amounts in DKK 1,000)	Group 2023	Group 2022
		Note 31 Financial instruments		
		The group has the following assets, which are measured at fair value		
(714)	1,149	Value adjustments in the income statement	2,355	(4,764)
5,884	7,859	Securities	44,631	41,241
		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 32 Changes in working capital		
		Changes to inventories	(7,360)	(21,515)
(5,775)	(10,145)	Changes to receivables and contract assets	30,431	(24,694)
9,394	25,928	Changes to trade payables and other payables	(40,080)	(23,118)
3,619	**15,783**		**(17,009)**	**(69,327)**
		Note 33 Acquisition of property, plant and equipment, net		
		Acquisition of property, plant and equipment	(202,582)	(149,932)
		Assumption of lease liabilities	93,283	88,965
			(109,299)	**(60,967)**

NOTES Note 34 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.

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
		Purchase of goods and services from participating interests	29,929	22,761
		Sale of goods and services to joint ventures	0	0
		Sale of goods and services to participating interests	3,829	3,040
12,858	23,003	Receivables from subsidiaries		
17,254	26,059	Payables to subsidiaries		
84	170	Debt to shareholders		
113	118	Dividends paid	14,224	20,139
5,238	5,238	Dividends received		

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

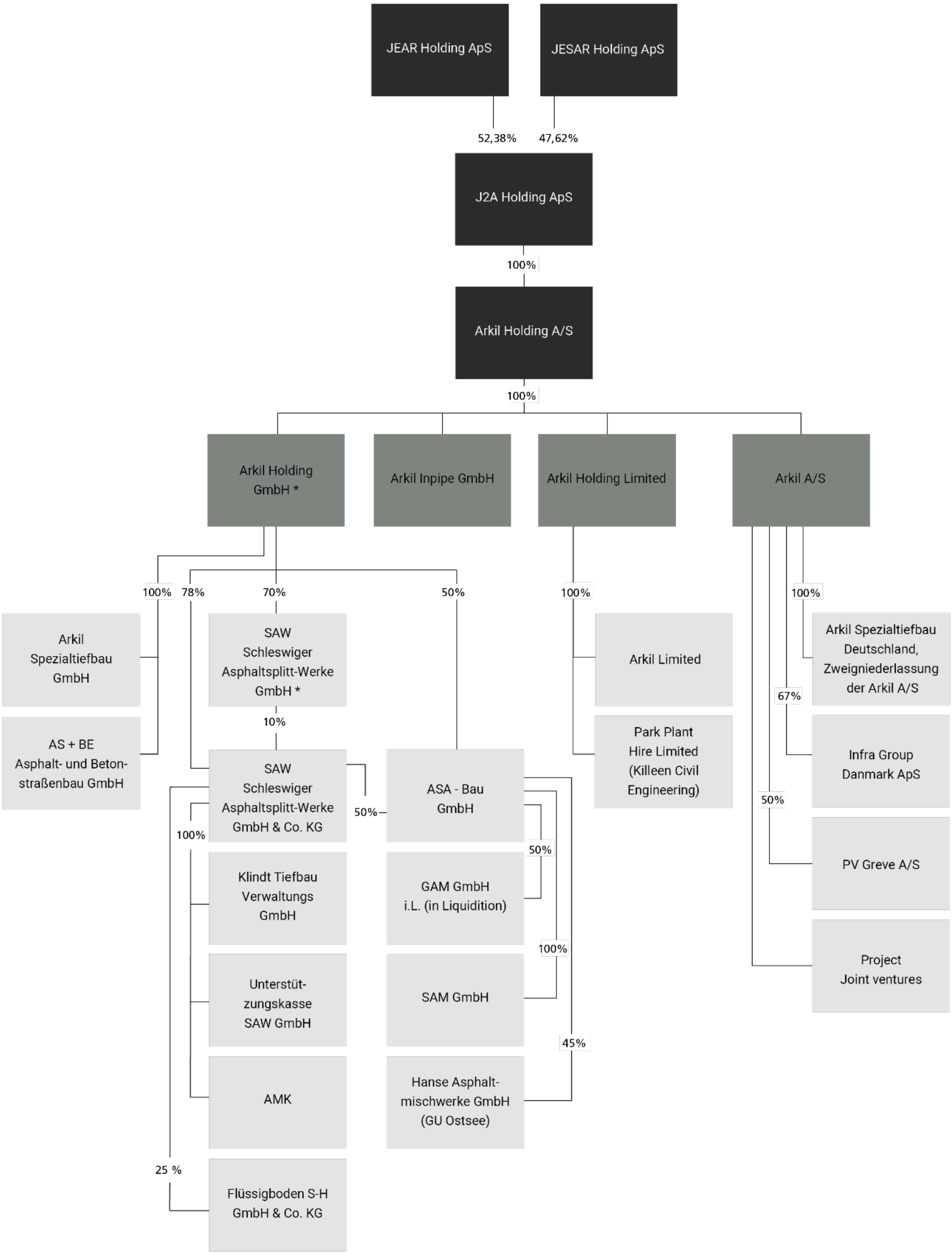
NOTES Notes 35 – 37

Parent company			Group	
2022	2023	(Amounts in DKK 1,000)	2023	2022
		Note 35 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:		
		0-1 years	17,198	15,468
		1-5 years	30,514	28,280
		> 5 years	8,166	6,142
			55,878	**49,890**
		Note 36 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 37 Distribution of profit/loss		
		Proposed distribution of profit/loss:		
118	122	Proposed dividends		
0	6,000	Distributed extraordinary dividends		
29,033	67,698	Net revaluation according to the equity method		
4,288	(12)	Retained earnings		
33,439	**73,808**			

NOTES Note 38 Financial ration definitions

Profit margin	$\frac{\text{Operating profit/loss x 100}}{\text{Revenue}}$
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	$\frac{\text{Operating profit/loss x 100}}{\text{Average invested capital, including goodwill}}$

GROUP CHART



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.