ARKIL A/S **ANNUAL REPORT** 2019

Arkil A/S · Søndergård Alle 4 · DK-6500 Vojens · Tel. +45 73 22 50 50 · CVR 15070544 · arkil@arkil.dk · www.arkil.dk

1,958

Arkil's net revenue is realised with 1,958 DKK million.

MANAGEMENT'S REPORT

MANAGEMENT STATEMENT AND AUDITORS' REPORT

GROUP AND ANNUAL ACCOUNTS

ARKIL IN BRIEF

Arkil was founded in Haderslev in 1941 by Civil Engineer Ove Arkil.

Arkil doesn't only carry out construction projects. Arkil gives back to the local communities it is part of through e.g. local engagement and employment, education of apprentices and placement students, as well as participation in initiatives that benefit society and not only our own interests. Arkil is committed to the shared development of the industry through active participation in organisational work and strives to ensure a safe and healthy construction and civil engineering sector that paves the way for others and creates value for all.

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

Today, Arkil performs traditional construction work on behalf of local authorities, utility companies and private sector clients and also designs and implements major complex infrastructure projects on behalf of government agencies within the railway, road and port sectors. Our knowledge and core expertise are constantly being strengthened and developed through a targeted focus on specialisation and consistent project management.

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

Arkil is currently a substantial player in the Danish market with well over 1,100 employees in Denmark and a revenue of DKK 2.0 billion in 2019.

ARKIL STRIVES TO :

- Be a safe workplace and continuously work to improve the safety of all employees.
- Be considered a company with professional talent and a positive attitude as part of a close collaboration with high levels of trust and integrity.
- Be a decentralised organisation with the delegation of responsibilities, great flexibility and interdisciplinary collaboration.
- Further educate the Group's employees to retain and increase professional expertise at all levels.
- Maintain a strong professional sense of community between employees, with open and well-functioning communication.
- Display care, consideration and awareness of risk in our activities.
- Maintain highly centralised financial control.
- Remain an independent business.
- Be involved in the local communities that we are part of through social awareness, technological development and a limited environmental impact.

KEY FIGURES AND RATIOS FOR ARKIL A/S

(DKK million)	2019	2018	2017	2016	2015
PROFIT AND LOSS STATEMENT					
Net revenue	1,958.8	1,938.4	1,897.5	1,830.0	2,162.8
Returns on primary operations	78.5	3.9	73.6	(57.0)	(23.4)
Returns on equity interests	26.7	18.8	2.9	1.7	8.3
Returns on financial entries	(2.3)	(2.3)	(3.7)	(4.1)	(4.1)
Net profit before taxes	102.9	20.6	72.8	(59.5)	(19.2)
Net profit for the year	**88.2**	**19.6**	**57.0**	**(46.5)**	**(13.6)**
BALANCE SHEET					
Total long-term assets	580.4	424.5	417.2	407.7	391.1
Total short-term assets	538.3	661.1	677.0	556.1	538.8
Total assets	**1,118.7**	**1,085.6**	**1,094.2**	**963.8**	**929.8**
Share capital	33.0	31.0	31.0	31.0	30.0
Total equity	**374.6**	**389.5**	**409.9**	**352.4**	**349.1**
Long-term liabilities	188.9	136.7	150.7	115.6	105.4
Short-term liabilities	555.2	559.4	533.6	495.8	475.3
Total liabilities	**744.1**	**696.1**	**684.3**	**611.4**	**580.7**
Investments in tangible assets	**63.1**	**58.2**	**65.2**	**63.3**	**71.4**
KEY RATIOS					
Profit margin, %	4.0	0.2	3.9	(3.1)	(1.1)
Return on invested capital (ROIC), including goodwill, %	7.9	0.8	8.2	(10.0)	(4.9)
Return on invested capital (ROIC), excluding goodwill, %	8.1	0.8	8.4	(10.6)	(5.2)
Liquidity ratio	97.0	118.2	126.9	112.2	113.4
Equity ratio (solvency), %	33.5	35.9	37.5	36.6	37.5
Return on equity, %	23.1	4.9	15.0	(13.3)	(3.8)
Average number of employees	**1,147**	**1,071**	**1,033**	**1,107**	**1,236**

IFRS 15 has been implemented for the 2018 financial year and later. Comparative figures for 2017, 2016 and 2015 have not been adjusted for the effect of the implementation of IFRS 15.

During the 2019 financial year there were two simplifications in the Group: merger and injection of assets. These have been implemented in accordance with the book value method and therefore exclusively affect the 2019 financial figures. Please refer to note 1, where the effect of the changes is addressed.

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

Please refer to note 32 in which the key figure definitions can be found.

FINANCIAL PERFORMANCE IN 2019

The company's revenue increased by 1.1% to DKK 1,958.8 million in 2019, compared to DKK 1,938.4 million in 2018.

The primary operating result for 2019 amounts to a profit of DKK 78.5 million, compared to a profit of DKK 3.9 million in 2018, corresponding to a profit margin of 4.0% compared to 0.2% in 2018.

The primary operating result and profit margin for the year have been realised at a somewhat higher level than the previous year and are therefore in line with previously announced expectations.

Shares of profit and sale of equity interests have had a positive impact on the company's results for 2019 of DKK 26.7 million compared to DKK 18.9 million in the previous year.

The company's result before tax in 2019 was a profit of DKK 102.9 million compared to a profit of DKK 20.6 million in 2018. After tax, the company's result was a profit of DKK 88.2 million compared to a profit of DKK 19.6 million in 2018.

The overall performance for the company is considered satisfactory.

A distribution of DKK 267.0 million was made during the financial year for the purpose of minimising outside financing in the rest of the Group. Equity has also been reinforced by DKK 93.7 million as a result of the transfer of the headquarters building from Arkil Holding A/S to Arkil A/S.

Arkil Fundering A/S was merged into Arkil A/S in 2019. The merger took place with effect from 1 January 2019, thereby reinforcing the equity of the company by DKK 70.0 million.

At the end of 2019, the equity ratio amounted to 33.5% compared to 35.9% at the end of 2018 and net interest-bearing debt amounted to DKK 200.3 million compared to DKK 97.0 million at the end of 2018.

Events after the reporting period

Arkil operates in countries where COVID-19 outbreaks have occurred in 2020. Prior to the date of presenting the annual report, the outbreak has not had a substantial impact on Arkil's economic and financial position. Nevertheless, it must be assumed that Arkil will become subject to the direct and indirect impact of COVID-19, which could potentially affect the economic and financial position of Arkil. Arkil is managing and adapting to the situation on an ongoing basis with government recommendations and also with consideration for the health and safety of employees and society.

OBJECTIVES, STRATEGY AND EXPECTATIONS

Arkil is a stable and quality-conscious partner that generally operates with a risk-averse strategy and conducts its business with a broad distribution of tasks and customers spanning government infrastructure through regional and local authorities as well as numerous private sector parties.

During 2019, Arkil further strengthened its position in the Danish regional and local market for construction projects, in which both older and newer departments have managed to contribute towards the goal of steady controllable growth. It has been possible to combine Arkil's interdisciplinary specialisms in new ways to benefit developers. As expected, there have been fewer government infrastructure investments, which, in some areas, has affected Arkil's development opportunities, albeit to a limited extent.

During 2019, the Arkil Group aggregated its ownership of ASA-Bau GmbH. As part of the simplification of the Group, Arkil A/S has sold its 50% ownership stake in ASA-Bau GmbH, which has had a positive impact on the year's results. Disregarding this change, international departments once again managed to increase local and regional presence in 2019 by attracting talented employees, forming the basis for yet another year of positive growth in revenue and earnings. Developments are satisfactory and the strategic direction is considered to be correct in this area also.

Focus on a meaningful workplace

The key to success is largely dependent on it being possible, including in coming years, to attract and retain talented, committed and well-qualified workers. During the year, work has been carried out on a number of initiatives to make it even more clear to current and future employees that Arkil is a meaningful workplace with regard to both employees' own development and the general development of society. Arkil constantly ensures that the organisation focuses on its expertise and makes substantial investments in employee training. During 2019, there was particular focus on the training of Group Project Managers, Engineering Students and Trainee Foremen.

In 2019, Arkil focused on how the UN's 17 Sustainable Development Goals can be supported through Arkil's business. Relevant SDGs are addressed in the 2019 CSR report and the systematic work on these will be intensified in 2020.

Expectations for 2020

As mentioned in the section on events after the end of the period, there has been an outbreak of COVID-19 in countries in which Arkil operates. Arkil may become subject to the direct and indirect impact of COVID-19, which could affect activity levels and earnings in 2020.

COVID-19 notwithstanding, there were prospects at the start of 2020 of a market comparable to 2019, albeit with continued low activity levels in larger government infrastructure projects. Arkil has strong financial contingency and there are possibilities for profitable growth and business opportunities. At the start of 2020, there was a robust volume of orders, meaning that everything else being equal, the expectations for activity levels can be met. Unchanged or slightly increasing activity is expected for 2020 but with results at a lower level than was realised in 2019 and with the impact of COVID-19 potentially affecting both activity levels and earnings.

Long-term goals for growth and profit margin will be maintained

The earning level in 2019 was higher than the long-term goal of a profit margin of 3.5%. The Group still anticipates that long-term average earnings will be around 3.5% over the economic cycles and that this will be higher in some periods and lower in others. Long-term growth in activity is still expected to be in the region of 5% per annum and earnings are still prioritised over revenue.

DEVELOPMENTS IN DANISH ACTIVITIES

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

Revenue in Denmark amounted to DKK 1,909.4 million and was therefore in the same range as 2018, when revenue amounted to DKK 1,935.0 million.

At the start of 2019, activities were characterised by a slightly lower volume of orders than previous years, due in particular to the absence of larger government infrastructure projects in the order portfolio. Nevertheless, activities were stable and experienced modest growth within the local and regional construction segment. The relatively mild 2018/2019 winter that followed a historically dry summer in 2018 also had a positive impact on working conditions for construction work at the start of the year.

A continued focus on the regional and local construction market, primarily for local authorities, as well as utility and energy companies meant that there was a sensible and stable influx of orders throughout the year, helping eliminate any potential negative impact from a lack of government investments in both new roads and the railway.

The completion of the expansion of the E45 motorway between Aarhus S and Skanderborg was the most substantial government project in the order book during summer 2019. In order to reduce negative impact for the high volume of traffic in this section, the new asphalt surfacing was laid subject to an extremely strict schedule. This was a schedule that required the involvement of a substantial proportion of our asphalt production resources for three months, with virtually no interruptions.

Another substantial asphalt contract during the summer was the replacement of the wearing course on the main take-off and landing strip at the Skrydsrup air base. This was a project that, for a couple of days in July in particular, required efforts from all of our larger spreading teams, as the surfacing was laid across almost the full width of the strip.

The Danish asphalt market is generally characterised by intense competition and price pressure, most likely due to overcapacity in the market. In spite of this, the year was fairly satisfactory overall when it comes to Arkil's Danish asphalt activities.

Arkil's Environmental Department carried out a pilot project on behalf of the Danish Armed Force's Property Agency using thermal decontamination of oil contamination at the naval station in Grønnedal in South East Greenland. The pilot project could pave the way for further thermal decontamination of contaminated areas within the naval base area.

Activities in the capital region increased throughout the year in line with our strategy to have a greater presence there than previously. Among other things, we have completed more excavations in which one or more of our areas of expertise can be applied, e.g., sheet and ferroconcrete piling, concrete work, groundwater lowering, decontamination and construction work. In spite of the stagnating prognosis for construction in Denmark overall, we still anticipate positive opportunities for these type of projects in the capital region and other larger Danish cities.

Similarly, we initiated a larger climate-proofing project at the end of the year at the Danish Armed Forces' base at Kastellet in the capital region. This is a project that will take place over the coming years. Not far from Kastellet we delivered a successful project establishing the new Freedom Museum for the Danish Agency for Culture and Palaces at the end of the year. The project was technically challenging and was also completed with very limited space.

Other notable substantial contracts in 2019 included the completion of an extensive renovation of the old Lillebælt bridge. This was a project that required the complete stoppage of motorised road traffic for two summers, while ensuring that train traffic, pedestrians and cyclists could still use the bridge. The logistics were therefore quite extensive. In spite of this, the bridge opened ahead of schedule.

Operation and maintenance of the road network in Arkil Vejservice has been fairly stable. The most substantial contracts for the Danish Road Directorate and individual local authorities, among others, have progressed according to schedule. There is no political desire or willingness to place larger parts of municipal road management projects up for tender. This in spite of the fact that practically all analyses unilaterally indicate that there are clear societal benefits associated with inviting tenders. Due to limited calls for tender, no substantial major contracts have been entered into during 2019.

In 2019, an increased focus on the risk profile of the projects was a contributing factor to ensuring that the projects were, overall, completed with satisfactory results. At the same time, Arkil wishes to be a solution-oriented contractor with the aim of delivering quality services and avoiding or resolving conflicts as early as possible in the construction process. Early involvement and early articulation of conflict areas are key parameters when it comes to ultimately delivering a great product to the customer and also ensuring sound results for Arkil. There was therefore a high focus on project management and conflict management during our 2019 training efforts and this will continue in 2020.

During the course of the year, Arkil was involved in several innovative procedures, including the use of robot technology for the production of wells or using robots to manage heavy manual cutting tasks for our employees. It is still too early to say how robot technology will take off in the industry, but there is reason to focus on the opportunities that could arise both with regard to health and safety and productivity.

Arkil Asfalt has also been working on new possibilities for reducing the impact on the environment and climate when performing asphalt work. Together with Affald Varme in Aarhus, we have carried out trial spreading of "bituminous concrete" test fields. This is a product in which the stone materials have been replaced by crushed concrete from the demolition industry.

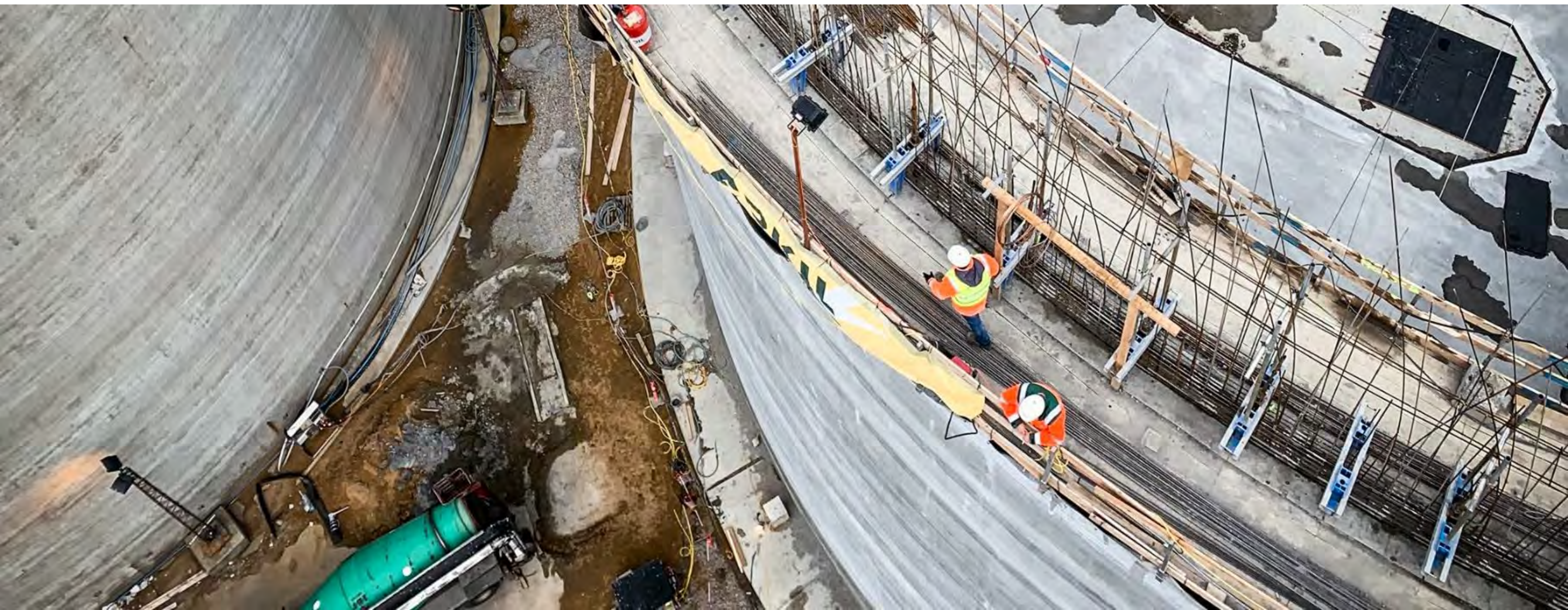
During the autumn, we laid trial sections using BSM asphalt for the municipalities of Aarhus, Slagelse and Fåborg-Central Funen, amongst others. This is a method in which the existing asphalt is completely recycled and carbon emissions from asphalt work can be reduced by up to 90%. The trial sections were so successful that we have decided to invest in this area and Arkil is therefore the only company in Denmark that will be able to offer this service to our customers using their own materials.

2020 expectations for Denmark

As mentioned in the section on events after the end of the period, there has been an outbreak of COVID-19 in countries in which Arkil operates, including Denmark. Arkil may become subject to the direct and indirect impact of COVID-19, which could affect activity levels and earnings in 2020.

Other than COVID-19, there were prospects at the start of 2020 of a market comparable to 2019, albeit with continued low activity levels in larger government infrastructure projects. Arkil has strong financial contingency and there are possibilities for profitable growth and business. Construction activity is expected to stagnate during the year. The fact that no substantial government infrastructure projects are due to commence during the year puts somewhat of a dampener on expectations as far as activity is concerned and this will result in excess capacity on the part of contractors for whom this is their core business. This said, Arkil is present in several markets and has continually adjusted to this change in the demand pattern, but the overall effect of the trend is expected to result in increased pressure on the marginals for construction work in Denmark. At the start of 2020, there was a robust volume of orders, meaning that everything else being equal, the expectations for activity levels can be met. Unchanged or slightly increasing activity is expected for 2020, but the impact of COVID-19 could affect both activity levels and earnings.

As an inherent part of the nature of the business, the company is a party to various disputes, as well as legal and arbitration cases. A realistic assessment of the possible outcomes has been sought in the financial valuations, but whatever the outcome of the cases, there could be both a positive and a negative impact on the accounts.



DEVELOPMENTS IN FOREIGN ACTIVITIES

The company's foreign activities comprise work directly in Germany or via the German subsidiary Arkil Spezialtiefbau Deutschland Zweigniederlassung der Arkil A/S. The subsidiary was formed in 2019 through the merger with Arkil Fundering A/S.

Until 2019, foreign activities also included the 50% ownership stake in the German company ASA-Bau GmbH, which was previously included as an associated company. In 2019, this ownership stake was transferred to another part of the Arkil Group. Shares of profit and profit on the sale have had a positive impact of DKK 32.5 million on the company's results.

The turnover on foreign activities increased substantially as a result of the merger with Arkil Fundering A/S, from DKK 3.4 million in 2018 to DKK 49.4 million in 2019.

Activities in the German subsidiary Arkil Spezialtiefbau predominantly comprise foundation and tunnelling work. In 2019, the most significant project was a pile-driving project on the A10/A24 Havelland Autobahn near Berlin. This is a project that demonstrated our presence in the German market for the driving of ferroconcrete piles.

In Germany, with regard to both existing and acquired activities, the year was better than expected at the start of the year due to high demand overall within core activities and, not least, the well organised and efficient project implementation.

2020 expectations for foreign activities

As mentioned in the section on events after the end of the period, there has been an outbreak of COVID-19 in countries in which Arkil operates, including Germany. Arkil may become subject to the direct and indirect impact of COVID-19, which could affect activity levels and earnings in 2020.

COVID-19 notwithstanding, the volume of orders in Germany was at satisfactory levels at the start of 2020.

Overall, increasing activity levels are expected in 2020 compared to 2019, but the impact of COVID-19 could affect both activity levels and earnings.

RISK MANAGEMENT

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

Risk management is predominantly aimed at hedging risks in the company's most crucial business process, project management. Project management covers the phases from invitation to tender to implementation. Based on the scope and complexity of each assignment, a systematic assessment will be carried out on project risks in all phases, and various parts of the organisation may be involved at different times in the process. The company's risk committee is tasked with ensuring that significant risks are highlighted and managed in advance and always receive the necessary attention within the implementing organisation and line management. The risk management process contributes to ensuring that the company only engages in projects with an acceptable risk profile within the company's core areas of expertise.

Commercial risks

Arkil's activities involve a number of commercial and financial risks. The company's strategy is to minimise and hedge commercial and financial risks through established risk management.

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

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

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

Factors that may result in the realised profits deviating substantially from expectations include, but are not limited to: developments in economic trends and financial markets, losses arising from large stand-alone projects, technological development, changes to laws and

weather and climate conditions in the company's markets, and the acquisition and sale of activities and companies.

Raw material risks

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

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

Financial risks

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

Foreign exchange risk

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

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

Interest risk

Interest on interest-bearing holdings is variable. The company's interest-bearing net debts, recognised as debt to credit institutions less cash, amounted to DKK 200 million at the end of 2019 compared to DKK 97 million at the end of 2018. A 1% rise or drop in the interest level compared to the balance sheet day would have only insignificant impact on the company's returns and equity.

Cash flow risks

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

Credit risks

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

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

IT Security

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

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

CORPORATE SOCIAL RESPONSIBILITY AND GENDER OMPOSITION IN MANAGEMENT

Corporate social responsibility, including the gender composition of management, is an integrated part of Arkil's business strategy.

The company has a desire to act responsibly and to create value in relation to customers, employees, business partners and society as a whole. Arkil has included mandatory corporate social responsibility reporting as part of its CSR report, available on the company's website, see www.arkil.dk/csr-rapport.

COMPANY INFORMATION

Arkil A/S

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DK-6500 Vojens, Denmark

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E-mail:	arkil@arkil.dk
CVR-nr.:	15 07 05 44

Founded:	1991
Head office:	Haderslev

Ownership

The entire share capital of the company is owned by Arkil Holding A/S, Søndergård Allè 4, 6500 Vojens, Denmark.

The company is included in JEAR Holding ApS' consolidated accounts.

Board of Directors

Director, Business Development, Jens Skjøt-Arkil (Chairman)

Chief Executive Officer Jesper Arkil

Chief Executive Officer Jørgen Søndergaard

Executive Management

Chief Executive Officer Jørgen Søndergaard

Chief Technology Officer Jan Schmidt

Auditor

Ernst & Young

Authorised Auditor

Annual General Meeting

The annual general meeting will be held on 27 March 2020

STATEMENT BY EXECUTIVE MANAGEMENT AND BORD OF DIRECTORS

The Board of Directors and Corporate Management have today discussed and approved the 2019 annual report for 2019 for Arkil A/S.

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

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position as of 31 December 2019, as well as of the results of the company's activities and cash flows for the financial year 1 January – 31 December 2019.

In our opinion, the management review gives a true and fair review of the development of the company's activities and financial matters, the year's results and the company's financial position.

The annual report will be presented at the annual general meeting for approval.

Haderslev, Denmark - 20 March 2020

EXECUTIVE MANAGEMENT

Jørgen Søndergaard
Chief Executive Officer

Jan Schmidt
Chief Technology Officer

BOARD OF DIRECTORS

Jens Skjøt-Arkil
Chairman

Jesper Arkil

Jørgen Søndergaard

THE INDEPENDENT AUDITOR'S REPORT

To the shareholders of Arkil A/S

Conclusion

We have audited the annual accounts for Arkil A/S for the financial year 1 January - 31 December 2019, including profit and loss statement, balance sheet, statement of changes in equity, cash flow statement and notes and the applicable accounting policies. The annual accounts have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position as of 31 December 2019, as well as of the results of the company's activities and cash flow for the financial year 1 January – 31 December 2019 under the Danish Financial Statements Act.

Basis for the opinion

We have conducted our audit in accordance with international auditing standards and additional requirements applicable in Denmark. Our responsibilities under these standards and requirements have been described in more detail in "The Auditor's responsibility for the auditing of the annual accounts" section of the auditor's report. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the company in accordance with the International Code of Ethics for Professional Accountants (IESBA's Code of Ethics) and additional requirements applicable in Denmark, and we have met our other ethical obligations under these requirements.

Management responsibility for the annual accounts

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

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

Auditor's responsibility for the annual accounts

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

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

- Identifying and assessing the risk of material misstatement in the annual accounts, whether due to fraud or error, designing and performing audit procedures in response to these risks, as well as obtaining audit evidence that is sufficient and appropriate for providing a basis for our opinion. The risk of not identifying material misstatement due to fraud is higher than material misstatement due to error, as fraud may include conspiracy, forgery, deliberate omission, misrepresentation or breach of internal control.
- We achieve an understanding of internal control with relevance to the audit in order to design audit procedures that are appropriate for the circumstances, but not to express an opinion on the effectiveness of the company's internal control.
- We consider whether the accounting policies applied by management are appropriate and whether the accounting estimates and related information prepared by management are reasonable.
- We conclude whether the management's preparation of the annual accounts based on the accounting principles concerning continued operations are appropriate and whether, on the basis of the audit evidence obtained, there is significant uncertainty linked to events or conditions that could create significant doubt about the company's ability to continue operations. If we

conclude that there is significant uncertainty, we must draw attention to such information in the annual accounts in our auditor's statement or, if such information is not sufficient, modify our opinion. Our conclusion is based on the audit evidence that has been achieved up to the date of our auditor's report. However, future events or circumstances may result in the company no longer being able to continue operations.

- We consider the overall presentation, structure and contents of the annual accounts, including note information and whether the annual accounts reflect the underlying transactions and events in such a manner that a true and fair view is presented.

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

Statement on the management report

The management is responsible for the management report.

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

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

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

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

Haderslev, Denmark - 20 March 2020

Ernst & Young

Authorised Auditor

CVR no. 30 70 02 28

Peter Gath

Chartered Accountant
mne19718

Lasse Poulsen

Chartered Accountant
mne45891

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

Note no.	(Amounts in DKK 1,000)	2019	2018
3	Net revenue	1,958,799	1,938,435
4.5	Production costs	(1,734,073)	(1,827,693)
	Gross profit	**224,726**	**110,742**
5,6,7	Administration costs	(146,211)	(106,800)
	Returns on primary operations	**78,515**	**3,942**
8.17	Share of profits after tax in subsidiaries	5,771	5,132
9.18	Share of profits after tax in associated companies	32,465	13,658
19	Share of profits after tax in joint ventures	(11,499)	68
	Returns on equity interests	**26,737**	**18,858**
10	Financial income	1,006	382
11	Financial costs	(3,339)	(2,632)
	Financial entries, net	**(2,333)**	**(2,250)**
	Net profit before taxes	**102,919**	**20,550**
12	Taxes on profit for the year	(14,748)	(991)
	Net profit for the year	**88,171**	**19,559**

BALANCE AS OF 31 DECEMBER

Note no.	(Amounts in DKK 1,000)	2019	2018
	Assets		
	Long-term assets		
	Intangible assets		
13	Goodwill	18,680	21,155
	Total intangible assets	**18,680**	**21,155**
	Tangible assets		
14	Land and buildings	128,085	29,513
15	Technical plant, equipment, fixtures and fittings	326,207	280,059
16	Plants under construction	225	420
	Total tangible assets	**454,517**	**309,992**
	Financial assets		
17	Equity interests in subsidiaries	11,884	11,558
18	Equity interests in associated companies	0	60,574
19	Equity interests in joint ventures	3,721	15,379
20	Long-term amounts owed	91,610	5,840
	Total financial assets	**107,215**	**93,351**
	Total long-term assets	**580,412**	**424,498**
	Short-term assets		
	Inventories	28,198	17,252
21	Construction contracts	63,150	25,842
	Trade receivables	404,263	476,436
	Receivables from joint ventures	15,988	53,559
	Receivables from associated companies	9,635	4,815
	Other receivables	2,930	11,947
	Cash and cash equivalents	14,148	71,221
	Total short-term assets	**538,312**	**661,072**
	Total assets	**1,118,724**	**1,085,570**

BALANCE AS OF 31 DECEMBER

Note no.	(Amounts in DKK 1,000)	2019	2018
	Liabilities		
22	**Equity**		
	Share capital	**33,000**	**31,000**
	Retained profits	267,619	344,026
	Net revaluation using the equity method	0	14,449
	Proposed dividends	74,000	0
	Total reserves	**341,619**	**358,475**
	Total equity	**374,619**	**389,475**
	Liabilities		
	Long-term liabilities		
23	Deferred taxes	32,248	17,934
24	Credit institutions	136,677	118,798
25	Other debt	19,960	0
	Total long-term liabilities	**188,885**	**136,732**
	Short-term liabilities		
24	Credit institutions	77,747	49,386
	Trade payables	276,221	262,919
20	Construction contracts	49,938	42,003
	Payables to associated companies	9,087	1,717
	Payables to the parent company	0	829
25	Other payables	142,227	202,509
	Total short-term liabilities	**555,220**	**559,363**
	Total liabilities	**744,105**	**696,095**
	Total liabilities	**1,118,724**	**1,085,570**

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CASH FLOW STATEMENT

Note no.	(Amounts in DKK 1,000)	2019	2018
	Net profit before taxes	102,919	20,550
	Adjustment for non-liquid operating entries, etc.:		
	Depreciation and amortisation	93,222	67,067
	Other adjustments	(30,585)	(30,447)
	Cash flow from primary operations before changes in operating capital	**165,556**	**57,170**
29	Changes in operating capital	84,837	18,769
	Cash flow from primary operations	**250,393**	**75,939**
	Paid/received joint tax contributions	(10,294)	(4,325)
	Cash flow from operating activities	**240,099**	**71,614**
30	Purchase of tangible assets, net	(20,209)	(22,994)
	Carried forward from Arkil Holding A/S	(96,983)	0
	Sale of tangible assets	14,057	13,275
	Developments in long-term amounts owed	(92,071)	(126)
	Sale of associated companies	93,040	6,803
	Returns from subsidiaries	5,444	7,000
	Cash flow from investment activities	**(96,722)**	**3,958**
	Repayment of long-term liabilities	(59,403)	(41,927)
	Offset against bank borrowing	20,337	0
	Capital increase	93,740	0
	Dividends paid	(267,000)	(20,000)
	Cash flow from financing activities	**(212,326)**	**(61,927)**
	Cash flow for the year	**(68,949)**	**13,645**
	Cash and cash equivalents, start of year	71,221	57,576
	Carried forward in connection with merger	11,876	0
	Value adjustment of cash and cash equivalents	0	0
	Cash and cash equivalents, end of year	**14,148**	**71,221**

STATEMENT OF EQUITY

(Amounts in DKK 1,000)	Share capital	Retained profits	Net revaluation using the equity method	Proposed dividends	Total
Equity 1 January 2018	**31,000**	**332,061**	**7,314**	**20,000**	**390,375**
Changes in shareholders' equity in 2018					
Net profit for the year		12,424	7,135		**19,559**
Total profits for the year	**0**	**12,424**	**7,135**	**0**	**19,559**
Allocated dividends				(20,000)	**(20,000)**
Revaluation of hedging instruments:					
Revaluation for the year		(902)			**(902)**
Tax on equity movements		199			**199**
Foreign currency translation adjustments on foreign equity interests, value at the start of the year		244			**244**
Changes in shareholders' equity in 2018	**0**	**11,965**	**7,135**	**(20,000)**	**(900)**
Equity, 31. December 2018	**31,000**	**344,026**	**14,449**	**0**	**389,475**
Changes in shareholders' equity in 2019					
Net profit for the year		28,620	(14,449)	74,000	**88,171**
Total profits for the year	**0**	**28,620**	**(14,449)**	**74,000**	**88,171**
Merger with Arkil Fundering A/S	1,000	69,021			**70,021**
Deposit of assets from Arkil Holding A/S	1,000	92,740			**93,740**
Allocated dividends, extraordinary		(267,000)			**(267,000)**
Revaluation of hedging instruments:					
Revaluation for the year		272			**272**
Tax on equity movements		(60)			**(60)**
Changes in shareholders' equity in 2019	**2,000**	**(76,407)**	**(14,449)**	**74,000**	**(14,856)**
Equity, 31. December 2019	**33,000**	**267,619**	**0**	**74,000**	**374,619**

LARGE-SCALE INFRASTRUCTURE PROJECTS

Arkil undertakes large-scale, complex construction projects in railways, motorways, bridges and port expansion.

ROAD MAINTENANCE

Arkil is one of the pioneers in private road maintenance in Denmark. As early as 1978, the company began to offer maintenance services for green areas and stretches of road. Today, Arkil Road Services is one of the largest private providers on the Danish market.

CLIMATE PROOFING

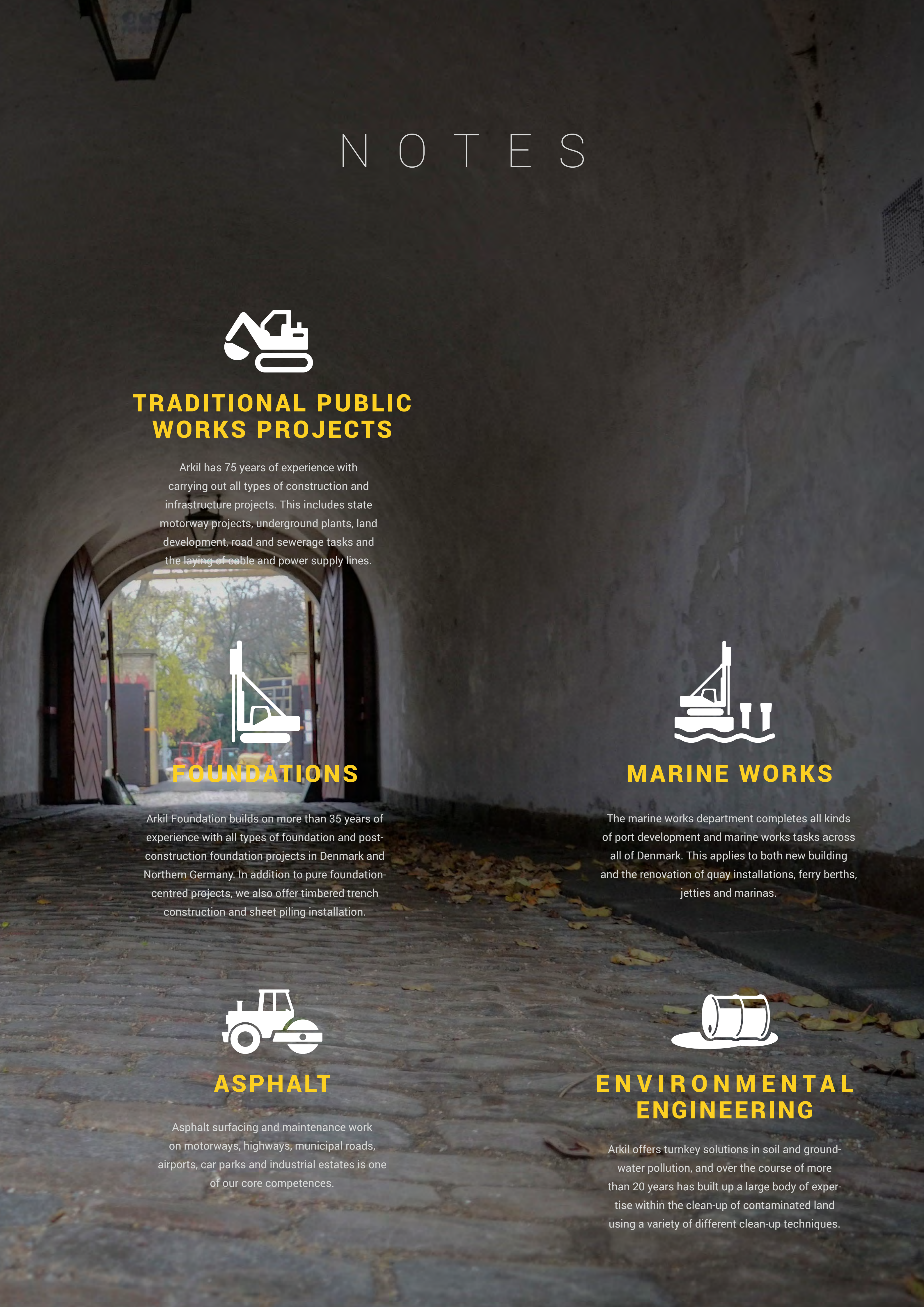
We climate proof Denmark. Arkil carries out comprehensive waste water activities and possesses advanced tunnelling equipment, which can construct tunnels in connection with the reservoir mains and drainage systems needed to process the large volumes of rainwater of the future.

CONCRETE

Arkil specialises in new construction and renovation of concrete structures and bridges. This division undertakes construction work with concrete structures in trade contracts, main contracts and turnkey contracts.

TUNNELLING

Tunnelling is a "no-dig" solution in which large pipes up to 2.5 metres in diameter are placed in the ground without excavation. Arkil has the expertise and machinery to carry out tunnelling in sections ranging from a few hundred metres up to 1000 metres.



NOTES

TRADITIONAL PUBLIC WORKS PROJECTS

Arkil has 75 years of experience with carrying out all types of construction and infrastructure projects. This includes state motorway projects, underground plants, land development, road and sewerage tasks and the laying of cable and power supply lines.

FOUNDATIONS

Arkil Foundation builds on more than 35 years of experience with all types of foundation and post-construction foundation projects in Denmark and Northern Germany. In addition to pure foundation-centred projects, we also offer timbered trench construction and sheet piling installation.

MARINE WORKS

The marine works department completes all kinds of port development and marine works tasks across all of Denmark. This applies to both new building and the renovation of quay installations, ferry berths, jetties and marinas.

ASPHALT

Asphalt surfacing and maintenance work on motorways, highways, municipal roads, airports, car parks and industrial estates is one of our core competences.

ENVIRONMENTAL ENGINEERING

Arkil offers turnkey solutions in soil and ground-water pollution, and over the course of more than 20 years has built up a large body of exper-tise within the clean-up of contaminated land using a variety of different clean-up techniques.


ARKIL

OVERVIEW OF NOTES

NOTES Note no. 1 Accounting practice

General information

The annual report for Arkil A/S has been presented in accordance with the provisions set out for class C enterprises, large, in the Danish Financial Statements Act.

Consolidated accounts have not been prepared pursuant to Section 112, subsection 1 of the Danish Financial Statements Act. The annual accounts for Arkil A/S and associated subsidiaries are included in the consolidated accounts for JEAR Holding ApS, Haderslev.

The annual accounts have been submitted 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.

The company merged with the associated company Arkil Fundering A/S in 2019, with Arkil A/S as the surviving entity. The book value method is applied to the transaction, so profits and losses for Arkil Fundering A/S are therefore included from 1 January to 31 December 2019 in these accounts for Arkil A/S. According to the method, no adjustment of comparative figures has been performed for 2018 and earlier. The transaction has had a positive effect on equity of tDKK 70,021.

In 2019, the company acquired the headquarters buildings from Arkil Holding A/S. The transaction took place with retroactive effect to 1 January 2019 and no adjustment of comparative figures for 2018 and earlier has been performed. The transaction has had a positive effect on equity of tDKK 93,740.

General information about recognition and measurement

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

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

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

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

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

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

Tables and accounts

Parentheses are used around negative results and deductions.

Conversion of foreign currency

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

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

For recognition of foreign subsidiaries and associated companies that are independent entities, the profit and loss statements are translated to an average exchange rate for the month and the balance sheet items are translated to the exchange rate applicable at close of the balance sheet date. Currency exchange differences arising from the conversion of foreign subsidiaries' equity at the start of the year to the exchange rates on the balance sheet date, and when translating profit and loss statements from average exchange rates to the exchange rate applicable at close of the balance sheet date, are recognised directly under equity.

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

NOTES Note no. 1 Accounting practice used (continued)

Derivative financial instruments

IAS 39 is used in the interpretation of the Danish Financial Statements Act for derivative financial instruments.

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

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

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

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

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

Profit and loss statement
Net revenue

The company's revenue comprises construction contracts and the company uses IFRS 15 in the interpretation of the Danish Financial Statements Act.

The company's sales contracts are split into individually identifiable delivery obligations that are recognised and measured separately at market value. If a sales contract comprises multiple delivery obligations, the total sales value of the sales contract will be allocated relative to each delivery obligation under the contract.

Revenue is recognised when the control of each identifiable delivery obligation is transferred to the customer.

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

Any part of the total remuneration that is variable, e.g. in the form of discounts, bonuses, penalties, etc., will be recognised in revenue only when reasonably certain that no repayments will be made in subsequent periods, i.e. as the result of failure to meet goals, etc.

Sale of goods

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

Construction contracts

Construction contracts typically include one delivery obligation that is continuously recognised in revenue in line with the implementation of production, and net revenue corresponds to the sales value of the work performed in the year. Continuous transfer of control to customers for work performed takes place either because the construction takes place at the customer's property, whereby ownership and control are transferred to the customer in line with completion or because the systems are of such a specialised nature that they cannot be used for other purposes without unreasonably large costs, while the customer is also obliged to make ongoing payment for work completed, including reasonable earnings on completed work.

Recognition takes place using input-based settlement methods based on progress status reports in relation to the overall anticipated costs, as this method is considered to be most suitable for reflecting continuous transfer of control.

When the result of a construction contract cannot be reliably considered, only revenue corresponding to incurred costs is recognised to the extent it is believed that they will be recouped.

Production costs

Production costs include costs, including provisions for depreciation and wages, which are paid to achieve the year's net revenue. Production costs also include development

NOTES Note no. 1 Accounting practice used (continued)

costs that do not concern development projects for capitalisation.

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

Administration costs

Administration costs, etc. include costs incurred for administrative personnel, management, office premises, office expenses, etc., including depreciations.

Other operating income and costs

Other operating income and costs include accounting items of a secondary nature to the main objective of the company.

Performance of equity interests in subsidiaries, associated companies and joint ventures

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

Financial income and costs

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

Taxes on profit for the year

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

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

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

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

Balance sheet
Intangible fixed assets

Intangible fixed assets are measured at procurement value less accumulated amortisation and depreciation.

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

Tangible fixed assets

Land and buildings and technical structures, materials and fixtures and fittings are measured at procurement value less accumulated amortisation. Land is not depreciated.

Assets under construction (valued) are measured at cost.

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

Linear amortisation is performed over the expected useful life based on the following assessment of the assets' expected useful lives:

Buildings 10-50 years

Technical plant, machinery and fixtures and fittings 3-15 years

NOTES Note no. 1 Accounting practice used (continued)

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

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

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

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

Equity interests in subsidiaries, associated companies and joint ventures

Equity interests in subsidiaries, associated companies and joint ventures are measured at the proportionate share of the equity value of the companies determined by the parent company's accounting policies less or plus unrealised intercompany profits and losses and plus or less the remaining value of positive or negative goodwill recognised using the acquisition method.

Companies with negative equity are measured at DKK 0 and any receivables from these companies are written down by the parent company's share of the negative equity to the extent it is deemed irrecoverable. If the negative equity exceeds the receivables, the balance will be recognised under provisions if the parent company has a legal or actual obligation to cover the balance deficit of the subsidiary.

Net revaluation of equity interests is carried under equity to the reserve for net revaluation under the equity method, to the extent that the carrying amount exceeds the acquisition value.

Newly acquired or newly established companies are included in the annual accounts from the acquisition date. Sold or liquidated companies are included until the cession date.

Depreciation of long-term assets

The accounting value of tangible and intangible fixed assets as well as equity interests in subsidiaries, associated companies and joint ventures is evaluated annually to determined whether there are any indications of depreciation beyond that which is specified as amortisation.

If there are indications of depreciation, a depreciation test is conducted on each individual asset and group of assets. Depreciation is applied to the recoverable value if this is lower than the accounting value.

The highest value of the net sales price and capitalised value are used as the recoverable value. The capitalised value is calculated as the current value of the expected net cash flow from the use of the asset or asset group and anticipated net cash flow associated with the sale of the asset or asset group at the end of the useful life.

Previously recognised depreciation is reversed when the justification for the depreciation no longer applies. Depreciation on goodwill will not be returned.

Deferred tax assets are reviewed annually and recognised only to the extent that it is probable that they will be utilised.

Inventories

Inventories are measured at cost price using the FIFO method. If the net realisation value is lower than the cost price, it will be depreciated to this lower value. The cost price for commodities, as well as raw materials and ancillary materials, includes the acquisition price plus transport costs. The net realisation value for inventories is recorded as the sales price less completion costs and costs incurred to execute the sale and is determined taking into account marketability, obsolescence and developments in anticipated sales price.

Amounts owed

Amounts owed from sales and other amounts owed are measured at amortised cost price and evaluated individually. Provisions have been made for anticipated losses.

IAS 39 is used in the interpretation of the Danish Financial Statements Act for the depreciation of financial assets.

Construction contracts

Construction contracts are measured at sales value for the implemented work less on-account invoicing and anticipated loss. Construction contracts typically include one delivery obligation that is continuously recognised in revenue in line with the implementation of production, and net revenue corresponds to the sales value of the work performed in the year.

NOTES Note no. 1 Accounting practice used (continued)

Continuous transfer of control to customers for work performed takes place either because the construction takes place at the customer's property, whereby ownership and control are transferred to the customer in line with completion or because the systems are of such a specialised nature that they cannot be used for other purposes without unreasonably large costs, while the customer is also obliged to make ongoing payment for work completed, including reasonable earnings on completed work.

Recognition takes place using input-based settlement methods based on actual costs incurred in relation to the overall anticipated costs as this method is considered to be most suitable for reflecting continuous transfer of control.

When the result of a construction contract cannot be reliably considered, only revenue corresponding to incurred costs is recognised to the extent it is believed that they will be recouped.

The sales value is measured based on the degree of completion on the balance sheet date and the total expected income for each ongoing piece of work. The degree of completion will be determined based on completion statements.

When it is probable that the total contract costs for a construction contract will exceed the total contract revenue, the expected loss on the construction contract will immediately be recognised as a cost. When the sales value on a construction contract cannot be reliably recognised, the sales value of the costs incurred for which recovery is probable will be measured.

Construction contracts for which the sales value of the implemented work exceeds on-account invoicing and anticipated loss will be recognised under amounts owed. Construction contracts for which on-account invoicing and anticipated loss exceed the sales value will be recognised under liabilities.

Advance payments from customers are recognised under liabilities.

Costs in connection with sales and contracting will be recognised in the profit and loss statement as they are incurred.

Equity

Reserve for net revaluation using the equity method

Reserve for net revaluation using the equity method includes net revaluation of equity interests in subsidiaries and associated companies as well as joint ventures in relation to cost price.

The reserve can be eliminated in the event of a loss, realisation of capital shares or changes to accounting practices.

The reserve cannot be recognised at a negative amount value.

Dividends

Proposed dividends are recognised as a liability at the time of adoption at the annual general meeting (declaration date). Dividends that are expected to be paid for the year are shown as a separate item under equity.

Current tax and deferred tax

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

Payable and receivable joint taxation contributions are recognised in the balance sheet under outstanding accounts with associated companies.

Deferred tax is measured using the balance-oriented debt method on all intermediate differences between book and tax values on assets and liabilities. Deferred tax is not recognised on temporary differences concerning taxable non-depreciation goodwill and office premises and other items for which temporary differences, except for company acquisitions, have arisen on the acquisition date without having any effect on profits 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 taxable value on tax loss carry-forwards are recognised under other long-term assets with the value at which they are expected to be used, either by elimination in tax on future earnings or against deferred tax liabilities within the same legal tax entity and jurisdiction.

Adjustments are made to deferred tax resulting from elimination of unrealised intragroup profits and losses.

Deferred tax is measured on the basis of the tax rules and rates in the respective countries that apply on the balance sheet date when the deferred tax is expected to be redeemed as current tax.

Provisions

Provisions for liabilities are recognised when the company, as a result of an event arising before, has a legal or actual obligation and it is probable that the company's financial resources must be used in order to cover the liability.

NOTES Note no. 1 Accounting practice used (continued)

Liabilities

Financial liabilities are recognised at the time of borrowing as the received proceeds after deductions for any transaction costs incurred. In subsequent periods, the financial liabilities are measured at amortised cost price using the effective interest method so that the difference between the proceeds and the nominal value is recognised in the profit and loss statement over the borrowing period.

The capitalised residual leasing liability on financial leasing contracts is also recognised in financial liabilities.

Other financial liabilities are measured at net realisation value.

Leasing

IAS 17 is used as the interpretative aid for the classification and recognition of leasing contracts.

Leasing liabilities are allocated to financial and operational leasing liabilities.

Leasing contracts concerning fixed assets, in which the company bears all of the significant risks and advantages associated with the property rights (financial leasing), are measured at first instance in the balance sheet at the lowest value of the market value and the current value of the future leasing provisions. The internal base interest in the leasing agreement or the alternative borrowing interest will be used as the discount rate when calculating present value. Financially leased assets are then treated as the company's other assets.

The capitalised residual leasing liability is recognised in the balance sheet as a debt liability, and the leasing provision's interest is recognised for the duration of the contract in the profit and loss statement.

All other leasing contracts are treated as operational leasing. Dividends in connection with operational leasing and other rental agreements are recognised in the profit and loss statement for the duration of the contract. The company's total liabilities concerning operational leasing and rental agreements are entered under miscellaneous entries in the notes.

Cash flow statement

The cash flow statement shows the company's cash flows allocated to operating, investment and financing activities for the year, as well as displacement of cash and cash equivalents at the beginning and end of the year.

Cash flow from operating activities

Cash flows from operating activities are recognised as the annual results adjusted for non-cash operating items, changes to working capital and corporation taxes paid.

Cash flow from investment activities

Cash flow from investment activities includes payments in connection with the acquisition and sale of companies and activities, as well as acquisition and sale of intangible, tangible and financial assets.

Cash flow 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 holdings and short-term securities with a maturity of less than three months on the acquisition date and that can be converted to cash holdings without hindrance and for which there is only insignificant risk of value changes.

Segment information

Information is provided about activities/geographical markets. The segment information is in line with the Group's accounting policies, risks and internal financial management.

NOTES Note no. 2 Significant accounting estimates, assumptions and assessments

Estimation uncertainty

Recognition of the book value of certain assets and liabilities requires assessments, estimation and assumptions about future events.

The most significant estimates include the extent of completion of construction contracts settled based on completion statements and service lives for technical plant, materials and fixtures and fittings.

The extent 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.

Assessment of disputes regarding additional works, deadline extensions, daily penalty fine demands, etc. is generally done based on the nature of the circumstances, relationship with the client, 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.

Estimations linked to the future settlement of residual work depend on a number of factors, as the assumptions for a project may be changed in line with the execution of the work. Similarly, the assessment of disputes may change in line with the progress of the cases.

The actual results could therefore deviate from the anticipated results.

Estimates and assumptions are made based on historical experience and other factors that management consider 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 estimations. Risks for Arkil A/S have been addressed in the management report.

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

Estimates that are significant to financial reporting are made, for example, in connection with the settlement of depreciation and amortisation, sales prices in construction contracts and contingent liabilities.

NOTES Note no. 3 - 5

(Amounts in DKK 1,000)	2019	2018
Note no. 3 Net revenue		
Geographical segment		
Domestic	1,909,402	1,935,044
International	49,397	3,391
	1,958,799	**1,938,435**

Note no. 4 Production costs		
Materials and subcontractors, etc.	989,667	1,162,502
Wages, etc.	536,389	494,240
Operation of equipment and plants	108,798	93,838
Depreciation, tangible fixed assets	87,034	61,795
Amortisation, goodwill	4,070	3,312
Profits on the sale of equipment	(7,354)	(7,089)
Other production costs	15,469	19,095
	1,734,073	**1,827,693**

Note no. 5 Depreciation and amortisation		
Depreciation, intangible assets	4,070	3,312
Imperment, tangible assets	0	0
Depreciation, tangible assets	89,152	63,755
	93,222	**67,067**
Depreciation and amortisation are included as follows:		
Production costs	91,104	65,107
Administration costs	2,118	1,960
	93,222	**67,067**

NOTES Note no. 6 - 7

(Amounts in DKK 1,000)	2019	2018
Note no. 6 Employee costs		
Employee costs		
Salaries and wages	537,706	477,224
Contribution-based pension schemes	67,346	59,785
Performance-based pension schemes	0	0
Other employee costs	3,793	3,651
	608,845	**540,660**
Remuneration of directors	0	0
Remuneration of executives	4,142	4,425
Pension, Board of Directors	547	376
Other employees	604,156	535,859
	608,845	**540,660**
Employee costs are included as follows:		
Production costs	527,323	485,644
Administration costs	81,522	55,016
	608,845	**540,660**
Average number of employees	**1,147**	**1,071**

Note no. 7 Remuneration for the auditor elected at the annual general meeting		
The total remuneration for the auditor elected at the annual general meeting can be specified as follows:		
Statutory audit	493	495
Other assurance statements	48	28
Tax and VAT consulting	22	55
Other services	20	72
	583	**650**

NOTES Note no. 8 - 11

(Amounts in DKK 1,000)	2019	2018
Note no. 8 Subsidiaries		
Infra Group Danmark ApS, Ringe, Denmark	67%	67%
PV Greve A/S, Greve, Denmark	50%	50%
Inpipe Danmark A/S, Haderslev, Denmark	0%	100%
Note no. 9 Associated companies		
ASA-Bau GmbH, Germany	0%	50%

In 2019, profit on the sale of shares in associated companies is a separate entry. Profit amounted to tDKK 22,419 and has been recognised in the entry "Share of profits after tax in associated companies".

	2019	2018
Note no. 10 Financial income		
Interest income from associated companies	195	92
Interest, credit institutions, etc.	811	290
Total financial income	**1,006**	**382**
Note no. 11 Financial costs		
Interest income to the parent company	0	142
Interest expenses to associated companies	20	0
Other interest expenses, etc.	3,319	2,490
Total financial costs	**3,339**	**2,632**

NOTES Note no. 12 Taxes

(Amounts in DKK 1,000)	2019	2018
The taxes for the year can be divided as follows:		
Taxes on profit for the year	14,748	991
Tax on equity movements	(60)	(199)
	14,688	**792**
Taxes on the year's profits are as follows:		
Taxes payable	10,017	9,967
Deferred taxes	4,602	(8,976)
Deferred taxes for previous years	0	(57)
Taxes payable for previous years	129	57
	14,748	**991**
Taxes on the year's profit can be explained as follows:		
22% tax calculated on profits before tax	22,642	4,521
Deficit carried with a tax value of	0	0
Tax effect of:		
Other adjustments	389	604
Share of profits after tax in subsidiaries and associated companies	(8,412)	(4,134)
Adjustment of taxes for previous years	129	0
	14,748	**991**
Effective tax percentage	14.3%	4.8%
Effective tax rate, excluding profits from independent taxpayers	22.5%	24.9%

NOTES Note no. 13 Goodwill

(Amounts in DKK 1,000)	2019	2018
Cost price, 1 January	66,538	66,538
Additions related to merger	15,165	0
Cost price, 31 December	**81,703**	**66,538**
Amortisation and imperment, 1 January	(45,383)	(42,071)
Additions related to merger	(13,570)	0
Amortisation	(4,070)	(3,312)
Amortisation and imperment, 31 December	**(63,023)**	**(45,383)**
Book value, 31 December	**18,680**	**21,155**
Amortisation over a period of	20 years	20 years

NOTES Note no. 14 - 15

(Amounts in DKK 1,000)	2019	2018
Note no. 14 Land and buildings		
Cost price, 1 January	41,926	43,191
Carried forward from Arkil Holding A/S	103,700	0
Addtions	7,406	2,155
Carried	16,024	0
Disposals	(6,658)	(3,420)
Cost price, 31 December	**162,398**	**41,926**
Depreciation and imperment, 1 January	(12,413)	(14,280)
Carried forward from Arkil Holding A/S	(22,740)	0
Depreciation	(3,433)	(1,553)
Imperment	0	0
Disposals	4,273	3,420
Depreciation and imperment, 31 December	**(34,313)**	**(12,413)**
Book value, 31 December	**128,085**	**29,513**
Depreciation over a period of	**10-50 years**	**10-50 years**
Note no. 15 Technical plant, equipment, fixtures and fittings		
Cost price, 1 January	775,627	758,112
Additions related to merger	131,168	0
Addtions	69,489	68,948
Carried	420	468
Disposals	(38,006)	(51,901)
Cost price, 31 December	**938,698**	**775,627**
Depreciation and imperment, 1 January	(495,568)	(479,080)
Additions related to merger	(64,982)	0
Imperment	0	0
Depreciation	(85,719)	(62,203)
Disposals	33,778	45,715
Depreciation and imperment, 31 December	**(612,491)**	**(495,568)**
Book value, 31 December	**326,207**	**280,059**
Book value of leased assets	**203,940**	**177,885**
Residual leasing debt	**192,530**	**165,037**
Depreciation over a period of	**3-15 years**	**3-15 years**

NOTES Note no. 16 - 18

(Amounts in DKK 1,000)	2019	2018
Note no. 16 Plants under construction		
Cost price, 1 January	420	468
Carried forward from Arkil Holding A/S	16,024	0
Additions	225	420
Carried	(16,444)	(468)
Cost price, 31 December	**225**	**420**
Book value, 31 December	**225**	**420**
Note no. 17 Equity interests in subsidiaries		
Cost price, 1 January	14,373	14,373
Increase	0	0
Decrease	(500)	0
Cost price, 31 December	**13,873**	**14,373**
Revaluations, 1 January	(2,815)	(947)
Revaluations	5,826	5,132
Depreciations	(5,000)	(7,000)
Revaluations, 31 December	**(1,989)**	**(2,815)**
Book value, 31 December	**11,884**	**11,558**
Note no. 18 Equity interests in associated companies		
Cost price, 1 January	21,289	24,524
Increase	0	0
Decrease	(21,289)	(3,235)
Cost price, 31 December	**0**	**21,289**
Adjustment to equity value at influx	0	840
Cost price, 31 December	**0**	**22,130**
Revaluations, 1 January	38,445	28,111
Revaluations	0	13,902
Depreciations	(38,445)	(3,568)
Revaluations, 31 December	**0**	**38,445**
Book value, 31 December	**0**	**60,574**

NOTES Note no. 19 Equity interests in joint ventures

(Amounts in DKK 1,000)	2019	2018
Arkil A/S participates in the following joint ventures.		
Arkil-Stürup-CGJensen I/S, Haderslev, Denmark	0%	67%
Asfaltkonsortiet Pankas-Arkil I/S, Haderslev, Denmark	0%	50%
Arkil-Volker I/S, Esbjerg, Denmark	0%	99%
Arkil-CJ Anlæg I/S, Haderslev, Denmark	50%	50%
Konsortiet Arkil-Bilfinger I/S, Haderslev, Denmark	87%	87%
Strukton - Arkil JV I/S, Haderslev, Denmark	50%	50%
Arkil JV I/S, Haderslev, Denmark	100%	50%
Arkil-Meyer & John I/S, Haderslev, Denmark	100%	80%

The contractual conditions mean that the parties to the arrangements have sole rights to the net assets, and these must therefore be classified as joint ventures.

For all of the above joint ventures, decisions concerning relevant activities require unanimity among the participating parties.

	2019	2018
Cost price, 1 January	36,561	31,561
Increase for the year	0	5,000
End of year	(17,011)	0
Cost price, 31 December	**19,550**	**36,561**
Revaluations, 1 January	(21,182)	(19,850)
End of year	17,011	0
Allocation	(158)	(1,400)
Share of profit for the year	(11,500)	68
Revaluations, 31 December	**(15,829)**	**(21,182)**
Book value, 31 December	**3,721**	**15,379**

NOTES Note no. 20- 21

(Amounts in DKK 1,000)	2019	2018
Note no. 20 Long-term amounts owed		
Cost price, 1 January	5,840	5,714
Increase	93,193	1,084
Instalments	(1,123)	(958)
Carried forward to short-term assets	(6,300)	0
Cost price, 31 December	**91,610**	**5,840**
Book value, 31 December	**91,610**	**5,840**
Of which amounts owed in associated companies	**91,281**	**4,388**

Note no. 21 Construction contracts		
Sales value of construction contracts	1,020,791	680,316
On-account invoicing	(1,007,579)	(696,477)
	13,212	**(16,161)**
Classificaton in the balance sheet:		
Construction contracts (assets)	63,150	25,842
Construction contracts (liabilities)	(49,938)	(42,003)
	13,212	**(16,161)**

NOTES Note no. 22 Share capital

(Amounts in DKK 1,000)	2019	2018
Share capital		
1 January	31,000	31,000
Increase	2,000	0
31 December	**33,000**	**31,000**
Share capital can be divided as follows:		
A shares	9,375	9,125
B shares	23,625	21,875
	33,000	**31,000**

Issued as shares of DKK 1,000 or multiples thereof.

(Amounts in DKK 1,000)	2019	2018	2017	2016	2015
Share capital					
Share capital, start of year	31,000	31,000	31,000	30,000	30,000
Capital increase	2,000	0	0	1,000	0
31 December	**33,000**	**31,000**	**31,000**	**31,000**	**30,000**

The company's register of owners includes the following shareholders, cf. Section 55 of the Danish Companies Act:
Arkil Holding A/S, Søndergårds Alle 4, 6500 Vojens, Denmark

NOTES Note no. 23 Deferred taxes

(Amounts in DKK 1,000)	2019	2018
Deferred taxes, 1 January	17,934	26,967
Increase in connection with transfer of assets	3,166	0
Increase in connection with merger	6,486	0
The year's deferred tax included in the year's profits	4,602	(9,033)
The year's deferred tax included in other equity movements	60	0
Deferred tax, 31 December	**32,248**	**17,934**
Deferred tax is included in the balance sheet as follows:		
Deferred taxes (assets)	0	0
Deferred taxes (liabilities)	32,248	17,934
Deferred tax, 31 December, net	**32,248**	**17,934**
Deferred tax relates to:		
Intangible assets	424	683
Tangible assets	55,527	43,568
Short-term assets	18,654	15,822
Other liabilities	(42,357)	(42,139)
Tax deficit	0	0
Deferred tax, 31 December, net	**32,248**	**17,934**

NOTES Note no. 24 Debt to mortgage and other credit institutions

(Amounts in DKK 1,000)	2019	2018
Mortgage institutions	1,227	1,695
Credit institutions	20,337	0
Leasing liabilities	192,860	166,489
Total debt liabilities	**214,424**	**168,184**

Liabilities have been recognised in the balance sheet as follows:

Long-term debts	136,677	118,798
Short-term debts	77,747	49,386
Total debt liabilities	**214,424**	**168,184**

The company has entered into the following long-term loans:

			Book value	
Loans	Maturity	Fixed/vari-able	2019	2018
DKK	2021	Variable	469	704
DKK	2023	Variable	758	991
			1,227	**1,695**
Debts outstanding after 5 years			**0**	**0**

Leasing liabilities

	2019			2018		
	Leasing per-formance	Interest	Book value	Leasing per-formance	Interest	Book value
0-1 years	58,998	(2,057)	56,941	50,621	(1,702)	48,919
1-5 years	136,122	(2,757)	133,365	116,065	(2,543)	113,522
> 5 years	2,570	(16)	2,554	4,071	(23)	4,048
Total	**197,690**	**(4,830)**	**192,860**	**170,757**	**(4,268)**	**166,489**

NOTES Note no. 25 - 26

(Amounts in DKK 1,000)	2019	2018
Note no. 25 Other payables		
Holiday pay and wages, etc.	82,923	60,033
Value added tax	31,831	51,822
Miscellaneous debt	47,433	90,654
Total other payables	**162,187**	**202,509**
Liabilities have been recognised in the balance sheet as follows:		
Long-term liabilities (of which due after 5 years: tDKK 18,175)	19,960	0
Short-term debts	142,227	202,509
Total other payables	**162,187**	**202,509**
Note no. 26 Contingent liabilities and collateral security		
Guarantees provided to clients by third parties	598,384	553,762
Mortgage and mortgage deeds on land and buildings	7,775	7,774
Book value of associated assets	7,882	8,352
Operational leasing		
Properties	36,830	41,144
Operating equipment	4,343	2,113
Total operational leasing	**41,173**	**43,257**
Operational leasing falls due as follows:		
0-1 years	6,856	5,853
1-5 years	16,684	18,347
> 5 years	17,633	19,057
Total operational leasing	**41,173**	**43,257**
Consortiums		
The company participates in consortiums with joint and several liability		
Total liabilities	46,398	121,116

No losses are anticipated beyond those included in the accounts.

NOTES Note no. 26 Contingent liabilities and collateral security (continued)

Pending disputes and litigation

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

Joint taxation

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

(Amounts in DKK 1,000)	2019	2018
The company makes use of financial leasing, in which leasing assets in the balance are used as collateral for leasing liabilities.		
Book value of leased assets, technical plant and machinery	203,940	177,885

NOTES Note no. 27 - 30

Note no. 27 Related parties

Related parties with controlling interest:

Arkil Holding A/S, Haderslev, Denmark

Sale of goods and service provisions to associated companies	9,072	29,989
Sale of goods and service provisions to joint ventures	58,826	49,258
Procurement of goods and service provisions from associated companies	9,880	37,265
Procurement of other services from associated companies	37,188	33,399
Interest income from associated companies	195	92
Interest expenses to associated companies	(20)	(142)
Sale of long-terms assets to associated companies	93,040	0
Amounts owed to associated companies	100,916	9,203
Amounts owed to joint ventures	15,988	53,559
Debt to associated companies	(9,087)	(2,546)
Dividends paid	267,000	20,000
Equity effect associated with the transfer of assets from Arkil Holding A/S	93,740	0
Equity effect of merger with Arkil Fundering A/S	70,021	0

Information about remuneration for management is specified in note 6, employee costs

Note no. 28 Subsequent events

Arkil operates in countries in which COVID-19 outbreaks have occurred in 2020. Prior to the date of presenting the annual report, the outbreak has not had a substantial impact on Arkil's economic and financial position. Nevertheless, it must be assumed that Arkil will become subject to the direct and indirect impact of COVID-19, which could potentially affect the economic and financial position of Arkil. Arkil is managing and adapting to the situation on an ongoing basis and in accordance with government recommendations and also with consideration for the health and safety of employees and society.

Note no. 29 Changes in operating capital

Changes to inventories	133	(1,923)
Changes in amounts owed and construction contracts	218,179	(27,268)
Changes to suppliers and other debts	(133,475)	47,960
	84,837	**18,769**

NOTES Note no. 31 - 32

(Amounts in DKK 1,000)	2019	2018
Note no. 30 Purchase of tangible assets, net		
Purchase of tangible assets	(77,120)	(71,523)
Assumption of leasing debt	56,911	48,529
	(20,209)	**(22,994)**
Note no. 31 Distribution of profit		
Proposed dividends	74,000	0
Carried forward to equity	14,171	19,559
	88,171	**19,559**

Note no. 32 Key figure definitions

Profit margin
$$\frac{\text{Returns on primary operations x 100}}{\text{Revenue}}$$

Return on invested capital
$$\frac{\text{Returns for the year x 100}}{\text{Average equity}}$$

Liquidity ratio
$$\frac{\text{Short-term assets x 100}}{\text{Short-term liabilities}}$$

Equity ratio (solvency)
$$\frac{\text{Equity x 100}}{\text{Total assets}}$$

Return on invested capital (ROIC), including goodwill
$$\frac{\text{Returns on primary operations x 100}}{\text{Average invested capital including goodwill}}$$

Return on invested capital (ROIC), excluding goodwill
$$\frac{\text{Returns on primary operations x 100}}{\text{Average invested capital excluding goodwill}}$$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