



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2019 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 920 625 525  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: SRH INVESTCO AS  
Forretningsadresse: c/o Saferoad Holding AS  
Enebakkveien 150  
0680 OSLO

### Regnskapsår

Årsregnskapets periode: 01.01.2019 - 31.12.2019

### Konsern

Morselskap i konsern: Ja  
Konsernregnskap lagt ved: Ja

### Regnskapsregler

Regler for små foretak benyttet: Nei  
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Forenklet IFRS  
Benyttet ved utarbeidelsen av årsregnskapet til konsernet: IFRS

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Andreas Eikrem Røren  
Dato for fastsettelse av årsregnskapet: 11.05.2020

### Grunnlag for avgivelse

År 2019: Årsregnskapet er elektronisk innlevert  
År 2018: Tall er hentet fra elektronisk innlevert årsregnskap fra 2019

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 16.07.2021



### Resultatregnskap

Beløp i: NOK	Note	2019	2018
<b>RESULTATREGNSKAP</b>			
<b>Kostnader</b>			
Other operating costs to group companies	8		200 000
Other operating costs	3	3 411 000	95 145 000
<b>Sum kostnader</b>		<b>3 411 000</b>	<b>95 345 000</b>
<b>Driftsresultat</b>		<b>-3 411 000</b>	<b>-95 345 000</b>
<b>Finansinntekter og finanskostnader</b>			
Financial income	6	5 000	130 000
Financial income from group companies	6,8	2 693 246 000	0
<b>Sum finansinntekter</b>		<b>2 693 251 000</b>	<b>130 000</b>
Financial expences	6	2 461 468 000	52 594 000
Net exchange rate loss/(gain)	6	-7 681 000	23 409 000
<b>Sum finanskostnader</b>		<b>2 453 787 000</b>	<b>76 003 000</b>
<b>Netto finans</b>		<b>239 464 000</b>	<b>-75 873 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>236 053 000</b>	<b>-171 218 000</b>
Tax	7	0	0
<b>Ordinært resultat etter skattekostnad</b>		<b>236 053 000</b>	<b>-171 218 000</b>
<b>Årsresultat</b>		<b>236 053 000</b>	<b>-171 218 000</b>



### Balanse

Beløp i: NOK	Note	2019	2018
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap	5	3 745 637 000	3 559 263 000
<b>Sum finansielle anleggsmidler</b>		<b>3 745 637 000</b>	<b>3 559 263 000</b>
<b>Sum anleggsmidler</b>		<b>3 745 637 000</b>	<b>3 559 263 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Konsernfordringer	8	30 827 000	6 605 000
<b>Sum fordringer</b>		<b>30 827 000</b>	<b>6 605 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Cash and cash equivalents	9	10 131 000	21 788 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>10 131 000</b>	<b>21 788 000</b>
<b>Sum omløpsmidler</b>		<b>40 958 000</b>	<b>28 393 000</b>
<b>SUM EIENDELER</b>		<b>3 786 595 000</b>	<b>3 587 656 000</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Share capital		18 434 000	18 434 000
Overkurs		1 824 944 000	1 824 944 000
<b>Sum innskutt egenkapital</b>		<b>1 843 378 000</b>	<b>1 843 378 000</b>
<b>Opptjent egenkapital</b>			
Other equity		17 558 000	



## Balanse

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2019</b>	<b>2018</b>
Udekket tap			171 219 000
<b>Sum opptjent egenkapital</b>		<b>17 558 000</b>	<b>-171 219 000</b>
<b>Sum egenkapital</b>		<b>1 860 936 000</b>	<b>1 672 159 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Annen langsiktig gjeld</b>			
Gjeld til kredittinstitusjoner	10	1 896 257 000	1 893 604 000
<b>Sum annen langsiktig gjeld</b>		<b>1 896 257 000</b>	<b>1 893 604 000</b>
<b>Sum langsiktig gjeld</b>		<b>1 896 257 000</b>	<b>1 893 604 000</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld		952 000	1 529 000
Kortsiktig konserngjeld	8	22 818 000	250 000
Other current liabilities	11	5 633 000	20 115 000
<b>Sum kortsiktig gjeld</b>		<b>29 403 000</b>	<b>21 894 000</b>
<b>Sum gjeld</b>		<b>1 925 660 000</b>	<b>1 915 498 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>3 786 596 000</b>	<b>3 587 657 000</b>
<b>POSTER UTENOM BALANSEN</b>			
Garantistillelser	12	19 300 000	18 200 000
Pantstillelser	12	51 300 000	40 200 000



## Konsernets resultatregnskap

Beløp i: NOK	Note	2019	2018
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Revenue		6 516 213 000	2 256 916 000
Other operating revenue		45 619 000	22 327 000
<b>Sum inntekter</b>	6,7	<b>6 561 832 000</b>	<b>2 279 243 000</b>
<b>Kostnader</b>			
Cost of goods sold	8	3 716 201 000	1 339 287 000
Personnel costs	10,11	1 525 639 000	481 648 000
Depreciation and impairment	14,15, 16	320 174 000	66 747 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	14		-203 000
Other operating costs	9	892 315 000	404 316 000
<b>Sum kostnader</b>		<b>6 454 329 000</b>	<b>2 291 795 000</b>
<b>Driftsresultat</b>		<b>107 503 000</b>	<b>-12 552 000</b>
<b>Finansinntekter og finanskostnader</b>			
Share of profit of associated companies	5,12	142 000	163 000
Financial income	12	16 742 000	5 196 000
<b>Sum finansinntekter</b>		<b>16 884 000</b>	<b>5 359 000</b>
Financial expences	12	246 698 000	123 824 000
Net exchange rate loss	12	3 971 000	29 304 000
<b>Sum finanskostnader</b>		<b>250 669 000</b>	<b>153 128 000</b>
<b>Netto finans</b>		<b>-233 785 000</b>	<b>-147 769 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-126 282 000</b>	<b>-160 321 000</b>
Tax	13	53 159 000	25 919 000
<b>Ordinært resultat etter skattekostnad</b>		<b>-179 441 000</b>	<b>-186 240 000</b>
<b>Årsresultat</b>		<b>-179 441 000</b>	<b>-186 240 000</b>
Minoritetsinteresser		3 002 000	2 531 000
<b>Årsresultat etter minoritetsinteresser</b>		<b>-182 443 000</b>	<b>-188 771 000</b>



## Konsernets resultatregnskap

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2019</b>	<b>2018</b>
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## Konsernets balanse

Beløp i: NOK	Note	2019	2018
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Development	16	83 725 000	68 934 000
Licenses, product rights etc.	16	21 519 000	22 940 000
Goodwill	16	565 628 000	564 070 000
Customer relationships	16	245 530 000	281 070 000
Other intangible assets	16	19 347 000	21 771 000
<b>Sum immaterielle eiendeler</b>		<b>935 749 000</b>	<b>958 785 000</b>
<b>Varige driftsmidler</b>			
Land	14	48 024 000	36 789 000
Buildings	14	332 630 000	360 796 000
Machines and equipment	14	362 291 000	413 697 000
Construction in progress	14	8 647 000	1 261 000
Rental equipment, furniture and vehicles	14	161 018 000	206 536 000
Right of use assets	15	473 301 000	0
<b>Sum varige driftsmidler</b>		<b>1 385 911 000</b>	<b>1 019 079 000</b>
<b>Finansielle anleggsmidler</b>			
Investeringer i tilknyttet selskap	5	1 234 000	1 074 000
Other investments	5,20	2 792 000	12 664 000
Non-current receivables		20 526 000	26 526 000
Deferred tax assets	13	25 709 000	37 656 000
<b>Sum finansielle anleggsmidler</b>		<b>50 261 000</b>	<b>77 920 000</b>
<b>Sum anleggsmidler</b>		<b>2 371 921 000</b>	<b>2 055 784 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
Inventories	8	994 059 000	1 015 113 000
<b>Sum varer</b>		<b>994 059 000</b>	<b>1 015 113 000</b>
<b>Fordringer</b>			
Trade receivables	19	941 080 000	952 727 000
Other receivables	7,21	362 174 000	373 646 000



### Konsernets balanse

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2019</b>	<b>2018</b>
<b>Sum fordringer</b>		<b>1 303 254 000</b>	<b>1 326 373 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Cash and cash equivalents	22	583 512 000	841 094 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>583 512 000</b>	<b>841 094 000</b>
<b>Sum omløpsmidler</b>		<b>2 880 825 000</b>	<b>3 182 580 000</b>
<b>SUM EIENDELER</b>		<b>5 252 746 000</b>	<b>5 238 364 000</b>

### BALANSE - EGENKAPITAL OG GJELD

#### Egenkapital

##### Innskutt egenkapital

Share capital	26	18 434 000	18 434 000
Overkurs	26	1 824 944 000	1 824 944 000
<b>Sum innskutt egenkapital</b>		<b>1 843 378 000</b>	<b>1 843 378 000</b>

##### Opptjent egenkapital

Currency translation reserve		40 146 000	57 262 000
Other equity		-430 339 000	-197 193 000
<b>Sum opptjent egenkapital</b>		<b>-390 193 000</b>	<b>-139 931 000</b>

Minoritetsinteresser		64 220 000	67 082 000
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<b>Sum egenkapital</b>		<b>1 517 405 000</b>	<b>1 770 529 000</b>
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#### Gjeld

##### Langsiktig gjeld

Pensjonsforpliktelser	11	51 275 000	52 530 000
Utsatt skatt	13	54 164 000	59 355 000
Other provisions	17	30 590 000	39 609 000
<b>Sum avsetninger for forpliktelser</b>		<b>136 029 000</b>	<b>151 494 000</b>

##### Annen langsiktig gjeld

Gjeld til kredittinstitusjoner	19,20, 23,27	1 896 257 000	1 893 604 000
Other non-current liabilities	18,19,	340 213 000	162 482 000



## Konsernets balanse

Beløp i: NOK	Note	2019	2018
	20,23, 27		
<b>Sum annen langsiktig gjeld</b>		<b>2 236 470 000</b>	<b>2 056 086 000</b>
<b>Sum langsiktig gjeld</b>		<b>2 372 499 000</b>	<b>2 207 580 000</b>
<b>Kortsiktig gjeld</b>			
Liabilities to credit institutions	23	27 726 000	24 041 000
Leverandørgjeld		547 041 000	593 718 000
Current tax liabilities	13	16 710 000	23 139 000
Public duties		142 676 000	153 342 000
Other current liabilities	7,18,2 5	483 258 000	419 635 000
Other provisions	17	5 421 000	4 708 000
Current portions of non-current liabilities	23	140 011 000	41 672 000
<b>Sum kortsiktig gjeld</b>		<b>1 362 843 000</b>	<b>1 260 255 000</b>
<b>Sum gjeld</b>		<b>3 735 342 000</b>	<b>3 467 835 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>5 252 747 000</b>	<b>5 238 364 000</b>
<b>POSTER UTENOM BALANSEN</b>			
Garantistillelser	27	389 300 000	430 800 000
Pantstillelser	27	5 192 800 000	1 162 300 000



**SAFEROAD®**



**Financial Statements 2019**  
SRH Investco AS



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## Saferoad in Brief

Saferoad is a leading supplier of road safety and road infrastructure solutions in Europe. The Group offers a broad range of innovative and high-quality products and solutions to those who own, build and maintain roads. The Group has leading positions in several markets across Europe, combining extensive technical expertise in combination with strong local presence. The Group also exports products and executes projects in countries outside of Europe.

Saferoad is organised in two main business areas, Road Safety and Road Infrastructure.



**2 968** employees in 2019.



**26** production facilities ensuring fast response and delivery time.



Underlying revenue of NOK **6 562** million in 2019.



Around **100** sales offices across Europe. Ensuring strong local presence and deep customer understanding.



**Our mission** is to contribute to a safer life on the road and we are dedicated to develop road safety solutions that actively contribute to reduce the number of people seriously injured or killed in traffic accidents.



Saferoad Group was founded in Norway in 2007, as a merger between Ørsta Group and the Euroskilt Group. Our roots go back to 1947 when Ørsta Stålindustri was founded.



## Road Safety

Road Safety is Saferoad's largest business area, representing around 74 per cent of total revenue. It offers a broad range of road safety products and solutions, where the main product areas are road restraint systems, signs and work zone protection light poles, and road marking. Saferoad has a strong local presence in its markets, ensuring close dialogue with customers and efficient handling of projects.

The technical expertise of Saferoad's engineers also enables the Group to offer designated and customised products, services and solutions, providing aesthetic solutions without compromising functionality or safety.

The business area is currently split into two geographical business regions, Road Safety Nordic and Road Safety Europe.

The Nordic business region consists of Norway and Sweden as the two largest markets, in addition to smaller businesses in Denmark, Finland and the UK. The Europe business region covers the geographic areas of Germany and Poland as the two largest markets, in addition to smaller businesses in the Czech Republic, the Netherlands, the Baltics and Romania.

## Road Infrastructure

The Road Infrastructure business area represents around 26 per cent of total revenue and operates under the ViaCon brand.

The road infrastructure solutions cover subgrade construction, which refers to the process of stabilising and reinforcing the terrain, including structural subgrade work related to bridges and ensuring sufficient drainage of water.

The product range includes soil steel bridges, culverts and geosynthetics and the business area offers a full range of services, from design to installation. Technical expertise and skilled employees are particularly important for the engineering-intensive product areas, in particular soil steel bridges and geotechnical solutions. The home markets are served through a combination of local sales network, local warehouses and central manufacturing sites.

The business area operates across Europe, with Sweden, Finland, Poland and Lithuania as the largest markets.

## Overview of Saferoad Group Management



**Espen Asheim, CEO**  
Espen Asheim was appointed Group CEO effective September 2018.

Espen has an undergraduate degree in Finance and Marketing from University of Oregon and holds a master's in business administration (MBA) from Mays Business at Texas A&M University.

He has previously held similar positions in Egmont Publishing AS, VIA Travel Group ASA, Elektroskandia AS and Canal Digital AS.



**Thomas Røkke, CFO**  
Thomas Røkke was appointed Group CFO effective December 2018.

Thomas holds a bachelor and master's degree (lic.oec.) as well as a PhD (dr.oec.) in Finance & Accounting from the University of St. Gallen in Switzerland.

He has previously held similar positions in FristadsKansas (SE) and Løgismose Meyers (DK), and has broad international experience from both operational management positions and strategy consulting.



**Peter Lind, SVP Road Safety Europe**  
Peter Lind was appointed Senior Vice President, Road Safety Europe in March 2011.

Peter has been employed by the Group since 2011. Peter holds a Master of Science in Economics (Diplom Kaufmann) from the University of Trier.

Peter started in road safety business in 1997 and joined Saferoad in 2011 after the German road restraint system company named Lind Verkehrstechnik, which he founded in 2006, merged with the competitor Bongard & Lind and later was acquired by the Saferoad Group.



**Svein Vestermo, SVP Signs & Work Zone Protection Nordics**  
Svein Vestermo was appointed SVP Saferoad Signs/WZP Nordics effective April 2019.

Prior to the SVP role, Svein has held several managing positions in Saferoad since 2006. He holds a master's degree in business administration and Management from Nord University (Siviløkonomutdanningen, Bodø) as well as a bachelor's degree in business administration and Management from Norwegian University of Science and Technology.



**Terje Myhre, SVP RRS Nordics**  
Terje Myhre was appointed SVP Saferoad RRS Nordics effective April 2019.

Since joining Saferoad in 2006, Terje has held various SVP roles in the Nordic region.

Terje has a Master of Business and Marketing from BI Norwegian Business School. He has previously been Managing Director of Kitron Oslo AS from 2003 to 2006, and Managing Director of Ecotron AS from 1996 to 2003.



**Kjetil Nasset, SVP Saferoad Light Poles**  
Kjetil Nasset was appointed SVP Saferoad Light Poles effective April 2019. Since joining Saferoad in 2012, Kjetil has been managing director of Vik Ørsta.

Kjetil holds a bachelor degree in Construction and a degree in Finance & Management. He has previously held several managing positions and came to Saferoad from the position as COO in Spenncon Group.



**Peter Nilsson SVP Road Marking Nordics**  
Peter Nilsson was appointed SVP Saferoad Road Marking Nordics effective April 2019.

Peter has 20 years' experience from the road marking business and has previously held managing positions within business development in Saferoad. Since 2011 he has been managing director of Saferoad's subsidiary, EKC Sverige. Peter holds a business administration degree from Stockholm School of Economics.



**Oscar Sandell, Group Chief HR Officer**  
Oscar Sandell was appointed Group Chief HR Officer in January 2019.

Oscar holds a bachelor's degree from Stockholm University and an MBA from Bond University, Australia.

Oscar has consulting background from Accenture and before joining Saferoad Group, he held several senior HR positions in multinational companies and has led HR functions in Europe, Asia, and America for more than 15 years.



**Espen Samuelsen, SVP Operations**  
Espen Samuelsen was appointed SVP Operations in January 2019.

Espen holds a MSc. from Norwegian University of Science and Technology and an MBA from Ecole Supérieure de Commerce de Paris – Ecole d'Administration de Paris, and BI Norwegian School of Management, Oslo.

Espen has broad international experience from operational roles in Aker Solutions, ExxonMobil and Nycomed, as well as management consulting experience from AT Kearney.



**Steinar S. Holtskog, SVP Strategy and M&A**  
Steinar S. Holtskog was appointed SVP Strategy and M&A effective January 2019.

Steinar holds a master's degree from BI Norwegian Business School of Oslo. He has extensive background from management consulting across several companies (BCG, Creo, Xlent and Differ), as well as a period in the M&A and strategy department of the AF Group (NO).



**Stefan Nordström, CEO ViaCon Group**  
Stefan Nordström was appointed CEO ViaCon Group effective November 2019.

Stefan holds a M.Sc from Chalmers University of Technology and an MBA from Stockholm School of Economics. Stefan has 30 years of industrial experience, and has previously been CEO of TitanX and SVP at Volvo and ABB.



## Message from the CEO

Driving through a newly opened highway in North Europe you are likely to be surrounded by Saferoad's products and solutions. Whether it is the sign guiding your way, the rumble strip alerting you when you are crossing the lane, or the guardrail ensuring you stay on the road. Our products and solutions are designed to contribute to a safer life on the road, reducing the number of people seriously injured or killed in traffic. Smart, efficient and safe travel is becoming increasingly important across Europe and public spending in road safety is growing.

As we move into 2020, we leave behind a year where our main work has been on building a more solid and focused Group. To drive an improved customer offering and operational excellence, we have strengthened and reorganised our business around new product and service focused business areas, shortening the distance between customers, strategy and implementation. We have established the Road Infrastructure area as an operationally stand-alone business under the ViaCon brand with a separate board and management team, and have taken an important strategic and operational step by starting the build-up of a new hot-dip galvanizing plant in Poland for the RRS business in Europe.



With an increase in both sales and earnings in 2019 in most areas, we see that we are moving in the right direction. Especially in the road safety business, we are starting to see the first positive effects of our strategic and operational efforts especially within RRS, Light poles and Road marking. The Road Infrastructure business, however, declined due to a softer market and increased competition. The new management and board are already on good way to implement effective countermeasures, and the Road Infrastructure area will from now on be reported as a distinct separate unit within the Group as a sister company to the Road Safety area.

The safety of our employees and integrity of our operations, remain key ingredients in driving our business forward. During 2019, we have considerably increased our efforts in ESG, focusing on increasing knowledge amongst our employees and implementing preventive measures and tools. We have among other things trained all major management groups, launched trade sanction screenings, introduced a new set of Governance guidelines, implemented employee net promoter score measurements, and initiated new environmental reporting. We are attentive to the increase in work related accidents and we are doing our utmost to reduce this trend. All our employees should arrive safe home from work.

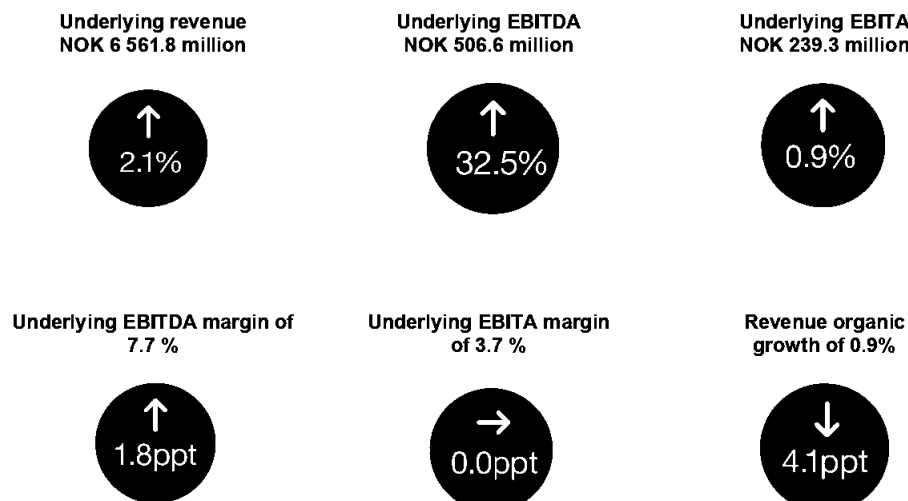
At the time of writing this report, the Covid-19 pandemic is making a severe impact on the world's economy and we are all in uncharted waters. Our main focus is now to safeguard our employees, reduce our liquidity risk and secure future operations. Several mitigating actions have been implemented and we are monitoring the situation closely, preparing for swift changes and at the same running our business as close to normal as possible. How severe Covid-19 will impact Saferoad depends on the extent and duration of the pandemic. Our core values, Care, Drive and Integrity, are more important than ever before and together we will weather the storm. I'm confident that with the competence and capacity of our employees, we are able to adapt and continue to develop solutions that will contribute to a safer life on the road.

**Espen Asheim**  
Group CEO Saferoad



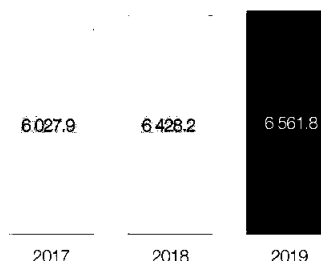
## Short Review of Full Year Figures 2019

In September 2018, the parent company Saferoad Holding ASA was acquired by funds managed by FSN Capital GP V Limited ("FSN Capital") and the legal structure and consolidation group was formed anew. For the sake of comparability, the below proforma financial figures covers the full year 2018, e.g. also the period preceding the formation of the new group.



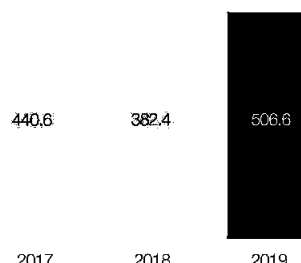
### Full year underlying revenue<sup>1)</sup>

Underlying revenue for 2019 increased by 2.1 per cent in 2019 to NOK 6 561.8 million, driven by high activity in the Nordic and Polish road restraint system business, noise protection, as well as strong sale of light pole-, sign- and transmission products. The development in Road Infrastructure business was held back by market phasing, competition and project delays.



### Full year underlying EBITDA<sup>2)</sup>

Underlying EBITDA increased to NOK 506.6 million in 2019, driven by higher revenues, improved product margins, companies acquired during 2018 as well as through the avoidance of further project and other write-downs seen last year. The company also started the reporting of leasing obligations according to IFRS 16 in 2019, which made another significant contribution (NOK 116.4 million) to the year on year development.



<sup>1)</sup> Revenue is adjusted, specification in the section "Alternative performance measures" on page 92

<sup>2)</sup> Items excluded from underlying EBITDA, EBITA and Net Income/(loss) are specified in the section "Alternative Performance measures" on page 92



## Road Safety

Full year underlying revenue for the segment Road Safety was NOK 4 844.6 million, increasing by 4.9 per cent from last year, while underlying EBITDA ended at NOK 450.6 million, an increase of NOK 150.6 million. The EBITDA margin was 9.3 per cent, up 2.8 per cent points for the same period last year. The underlying EBITA was NOK 238.1 million, up from NOK 188.5 million last year, yielding an EBITA margin of 4.9 per cent. The comparison to last year is positively influenced by the implementation of IFRS 16 Leases, companies acquired during 2018 and positively affected by the avoidance of project write-downs and other one-off items seen last year.

In the Nordic region, full year underlying revenue for 2019 was NOK 3 138.6 million, increasing by 4.9 per cent compared to last year. The corresponding underlying EBITDA was NOK 294.3 million, increasing by NOK 110.0 million compared to last year, in particular due to strong sales of transmission- and light pole products in Norway, and partly Sweden. In addition, high activity in all of the RRS units. The performance was supported by positive development in most of the business areas during the year. The EBITDA margin was 9.4 per cent, up 3.2 per cent points for the same period last year. The underlying EBITA was NOK 134.3 million, up from NOK 97.5 million last year, with a corresponding EBITA margin of 4.3 per cent in 2019.

In the European region, full year underlying revenue was NOK 1 759.5 million, increasing by 3.7 per cent compared to last year. Underlying EBITDA was NOK 156.3 million, increasing by NOK 40.7 million compared to last year, due to strong sale- and high activity of RRS and road maintenance in Poland, noise protection in Germany and improvements in a number of its smaller operating units. The performance was further supported by reduced contract write-downs and positive impact from the acquired entities in December 2018. The corresponding EBITDA margin was 8.9 per cent, up 2.1 per cent point from last year. Underlying EBITA was NOK 103.9 million, up from NOK 90.9 million last year, giving an EBITA margin of 5.9 per cent in 2019.

## Road Infrastructure

Full year underlying revenue ended at NOK 1 732.1 million, decreasing by 6.0 per cent from last year, while underlying EBITDA ended at NOK 124.7 million; a decline of NOK 35.8 million. The EBITDA margin was 7.2 per cent, down 1.5 per cent points for the same period last year. Underlying EBITA ended at NOK 77.7 million, decreasing by NOK 54.4 million, yielding a corresponding EBITA margin of 4.5 per cent. The comparison to last year is positively influenced by the reporting of leasing obligations according to IFRS 16. Earnings during the year have been negatively affected by adverse market conditions, increasing competition in certain business areas as well as delays on critical projects.

In the Nordic region, full year underlying revenue was NOK 466.8 million, decreasing by 9.4 per cent from last year. Underlying EBITDA was NOK 29.8 million, decreasing by NOK 3.4 million, due to a challenging competitive environment. EBITDA margin was 6.4 per cent, unchanged from last year. Underlying EBITA was NOK 21.4 million, a decrease of NOK 9.5 million. The EBITA margin was 4.6 per cent in 2019.

In the European region, full year underlying revenue for 2019 was NOK 1 322.1 million, decreasing by 3.8 per cent from last year. The corresponding underlying EBITDA was NOK 105.7 million, a decrease of NOK 25.7 million compared to last year. Good development in Romania and France was offset by material project delays in the Polish and Turkish production facilities which export to the Middle East and North Africa markets. The results were further affected by a project-driven negative product mix, yielding a lower shares of own production versus externally sourced products, during the year. The EBITDA margin ended at 8.0 per cent, down 1.6 per cent points from last year. The underlying EBITA was NOK 67.8 million, decreasing by NOK 38.0 million with a corresponding EBITA margin of 5.1 per cent in 2019.

## Holding costs

Holding costs consist of the unallocated costs associated with the Group's corporate administration, financial management and the elimination of inter-segment sales.

Full year underlying EBITDA for this segment was NOK (68.6) million, an improvement by NOK 9.8 million compared to last year.

## Key Figures

In September 2018, the company Saferoad Holding ASA was acquired by funds managed by FSN Capital and a new legal structure of the Group was formed. Key figures are shown according to the new legal structure. The figures for 2019 are covering the full year, while last year figures are covering the period after its formation 11 September to 31 December 2018.

Underlying revenue  
2019



6 561.8 NOK million

Underlying EBITDA  
2019



506.6 NOK million

Underlying EBITA  
2019



239.3 NOK million

NOK 1000	2019	11.09.2018 - 31.12.2018
<b>Underlying revenue</b>		
Road Safety Nordic	3 138 606	1 065 180
Road Safety Europe	1 759 459	627 756
Road Infrastructure	1 732 087	614 845
Other/Holding/Eliminations	(68 321)	(33 168)
<b>Operating revenue underlying <sup>1)</sup></b>	<b>6 561 832</b>	<b>2 274 614</b>
<b>EBITDA underlying</b>		
Road Safety Nordic	294 299	70 537
Road Safety Europe	156 348	49 977
Road Infrastructure	124 679	65 556
Other/Holding/Eliminations	(68 688)	(7 020)
<b>EBITDA underlying <sup>2)</sup></b>	<b>506 638</b>	<b>179 049</b>
EBITDA underlying %	7.7 %	7.9%
Items excluded from EBITDA (APMs) <sup>2)</sup>	(78 960)	(125 058)
<b>EBITDA reported</b>	<b>427 678</b>	<b>53 991</b>
EBITDA reported %	6.5%	2.4%
Operating depreciation	(267 342)	(48 716)
<b>EBITA reported</b>	<b>160 336</b>	<b>5 275</b>
EBITA reported %	2.4%	0.2%

<sup>1)</sup> Revenue is adjusted, specification in the section "Alternative performance measures" on page 92

<sup>2)</sup> Items excluded from underlying EBITDA, EBITA and Net Income/(loss) are specified in the section "Alternative Performance measures" on page 92



## Board of Directors' Report

### Strategy and financial targets

Saferoad's long-term vision remains to be the leading road safety and road infrastructure provider in Europe. Saferoad operates in an attractive market with significant growth opportunities across most geographic and product areas. Based on the Group's extensive geographical footprint and broad offering, Saferoad is well positioned to benefit from the favourable market trends and deliver on its ambition to further grow while simultaneously improving profitability.

Saferoad is also strongly committed to becoming leading in the field of ESG (Environment, Social, Governance) and has in 2019 continued to increase its efforts throughout the organisation with a comprehensive ESG Improvement Program.

During the year, Saferoad has made significant efforts to strengthen the strategical and operational management processes and is on track regarding the execution of its strategic agenda, including the creation of a stronger focus on clearly defined product-driven business areas. The company is simultaneously improving critical drivers of operational efficiency, involving initiatives in the area of sales excellence, sourcing improvements and working capital management as well as further developing its manufacturing set-up, including a decision to start the investment in a new galvanisation operation in one of its major manufacturing sites. The Road Infrastructure organisation has been established as an operationally stand-alone business under the ViaCon brand, strengthening the management with a new CEO and own Board of Directors; enabling stronger focus on driving performance and higher level of strategic flexibility.

The Group delivered an improved operational financial performance compared to last year, but with uneven development by the two businesses; while the Road Safety segment provided a solid improvement compared to 2018, the Road Infrastructure business saw a decline on a like for like basis during the year. The strong improvement in the Road Safety business is supported by good market momentum and strong operational improvement. In contrast, Road Infrastructure was held back by a soft market, the competitive situation in several of its core markets and a reduction in the export volumes.

The company expects a further increase in sales and profitability in the coming year, with improvements expected in both business segments. The Road Safety business is exposed to the reorganisation of the national road authorities (NRA) and other negative market dynamics in two of its key markets, but expect to compensate this through already started operational measures as well as expected sales growth in other geographic areas, in particular Eastern Europe. Road Infrastructure is expected to return to sales growth supported by an improved market environment, mainly driven by the Nordic and the Central European area, while financial performance is being further supported through started and planned operational measures.

The Group continues the work of strengthening the internal processes and structures, ensuring that it is fit to meet its strategic targets and customer demands.

### Market developments and outlook

Saferoad operates in the European road safety and road infrastructure market and delivers products and solutions to those who own, build and maintain roads. Saferoad's primary geographical markets are the Nordics, Western Europe and Central and Eastern Europe (CEE), of which the largest part of revenue comes from Norway, Sweden, Germany and Poland.

The outlook for Saferoad's main markets remains promising for the years ahead, driven by increased government spending to build, maintain and upgrade the road infrastructure, with a continued strong commitment by both EU and national governments to focus on road safety. The markets and product segments in which the Group operates are on average expected to continue to grow more than 5 per cent annually over the next 3 to 5 years. The growth rates in some of the Group's largest markets are expected to be on or above the average annual growth rate. The growth in government spending is mainly driven by increasing road traffic volumes, more efficient transportation infrastructure, higher safety focus and government efforts to reduce the existing maintenance lag on the road networks across Europe.

The Group is well positioned to capture this growth, with strong market positions in main markets, a competitive product portfolio and an extensive sales and service network. The Group has a comprehensive set of tangible operational improvement initiatives ongoing to improve competitiveness as well as earnings. The effects of these efforts may take time to materialise and could be overlaid by the associated investments in the immediate future, affecting the results 2020.

Given the development of the global pandemic Covid-19 in 2020, Saferoad has taken several mitigating actions to safeguard employees, reduce liquidity risk and secure future operations, including home office where possible, reduced external access to production facilities, keeping inventories at a minimum, capacity adjustments and close dialogue with customers and suppliers. The Board monitors the situation closely and continuously assess if enforced measures are needed. How severe impact Covid-19 will have on Saferoad's operational and financial performance will depend on the extent, consequences and duration of the Covid-19 pandemic.



## Financial development of the Group

NOK 1000	11.09.2018 –	
	2019	31.12.2018
Operating revenue underlying	<b>6 561 832</b>	2 274 614
EBITDA underlying	<b>506 638</b>	179 049
EBITA underlying	<b>239 296</b>	134 368
EBITDA reported	<b>427 677</b>	53 991
EBITDA underlying margin %	<b>7.7%</b>	7.9%
EBITA underlying margin %	<b>3.6%</b>	5.9%

Saferoad had underlying revenue of NOK 6 561.8 million in 2019, mainly from the Road Safety business. Earnings from operations is positively influenced by implementing IFRS 16 Leases, higher revenues, improved product margins, companies acquired at the end of 2018 as well as through the avoidance of further project and other write-downs seen last year. On the other hand, earnings have been negatively affected by market phasing and competition in certain business areas, now resolved operational challenges in production units and project delays.

## Financial development Road Safety

NOK 1000	11.09.2018 –	
	2019	31.12.2018
Operating revenue underlying	<b>4 844 590</b>	1 673 890
EBITDA underlying	<b>450 607</b>	120 514
EBITA underlying	<b>238 128</b>	85 351
EBITDA reported	<b>431 439</b>	106 281
EBITDA underlying margin %	<b>9.3%</b>	7.2%
EBITA underlying margin %	<b>4.9%</b>	5.1%

In the Road Safety business area, total underlying revenue was NOK 4 844.6 million for 2019, while underlying EBITDA was NOK 450.6 million. The underlying EBITDA margin was 9.3 per cent.

In the Nordic region, underlying revenue was NOK 3 138.6 million in 2019. The revenues were particularly driven by strong sales of transmission-, light poles and sign products in Norway and partly Sweden, combined with high activity in the Norwegian and Finish RRS units. Underlying EBITDA in the Nordic region was NOK 294.3 million, with an EBITDA margin of 9.4 per cent. The performance was supported by good and improving development in most of the business areas and by avoidance of the high negative one-off effects seen last year.

In the Europe region, revenue was NOK 1 759.5 million in 2019. The revenues were driven by strong sale- and high activity of RRS and road maintenance in Poland, noise protection in Germany and improvements in a number of its smaller units. Underlying EBITDA in the European region was 156.3 million, with an EBITDA margin of 8.9 per cent. The performance was supported by reduced contract write-downs and positive impact from the acquired entities in December 2018.



## Financial development Road Infrastructure

NOK 1000	11.09.2018 –	
	2019	31.12.2018
Operating revenue underlying	1 732 087	614 845
EBITDA underlying	124 679	65 556
EBITA underlying	77 706	57 660
EBITDA reported	123 721	59 413
EBITDA underlying margin %	7.2%	10.7%
EBITA underlying margin %	4.5%	9.4%

In the segment Road Infrastructure, underlying revenue was NOK 1 732.1 million in 2019. Underlying EBITDA was NOK 124.7 million, and the underlying EBITDA margin was 7.2 per cent.

In the Nordic region, underlying revenue was NOK 466.8 million in 2019. The revenues suffered from a challenging competitive environment. Underlying EBITDA in the Nordic region was NOK 29.8 million. The EBITDA margin was 6.4 per cent. Though competition had a negative effect on the margins and sales.

In the Europe region, underlying revenue was NOK 1 322.1 million in 2019. Good development in Romania and France was offset by project delays in the Polish and Turkish production facility with export to the Middle East and North Africa market. The underlying EBITDA was 105.7 million, with an EBITDA margin of 8.0 per cent. In particular project delays and lower sale of own products, with a higher margin, had a negative effect on the earnings during the year.

## Holding costs

Holding costs consist of the unallocated costs associated with the Group's corporate administration, financial management and the elimination of inter-segment sales.

The underlying EBITDA for this unit in the period was NOK (68.6) million.

## Reported results

The reported EBITDA continue to include significant transaction costs, both relating to FSN Capital's execution of the acquisition of Saferoad, as well as cost relating to establishing the Road Infrastructure area as a self-standing unit. Further costs are associated with performance improvement projects, restructuring, severance packages and closure cost during the year. An additional charge has been required to cater for ongoing legal proceedings. For the full year these costs come to a total of NOK 79.0 million, which is a significant reduction compared to the previous period.

In 2019, operating profit amounted to NOK 107.5 million. The Group had a net currency loss of NOK (4.0) million, financial income of NOK 16.7 million and financial expenses of NOK (246.7) million in 2019. The financial expenses consist of interest expenses of NOK (170.8) million, interest expenses on lease liabilities of NOK (28.8) million and other financial expenses of NOK (47.1) million.

A net tax expense of NOK (53.2) million was reported in 2019.

The Group's reported net loss in 2019 amounted to NOK (179.4) million.

The profit for the year for SRH Investco AS of NOK 236.1 million is distributed to other equity.

## Financial situation and capital structure

Saferoad aims to maintain a strong financial position, with emphasis on good operational management and controlling of financial risk.

In connection with FSN Capital's acquisition, the Saferoad Group entered into new loan facility agreements provided by DNB and funds managed by GSO Capital (an international provider of leveraged finance). GSO Capital has committed Senior Term Facility Agreements for NOK 975.0 million and EUR 100.5 million which mature in 2025. DNB's commitment is a Revolving Facility Agreement of NOK 300.0 million, and a Financial Leasing Facility of NOK 60.0 million. The DNB facilities matures in 2023. These facilities give a robust financing structure the coming years. The overall financial situation of the Group is



projected to remain stable with a continued acceptable level of liquidity and a solid headroom to the Group's financial covenants.

The Group's total assets at year end 2019 was NOK 5 252.7 million, with a net interest-bearing debt of NOK 1 818.4 million at the end of 2019.

Total equity was NOK 1 517.4 million at the end of 2019, giving an equity ratio at year end of 29 per cent.

The Group's financial position may be viewed as sound, with enough financial capacity to execute current projects and initiatives.

## Cash flow

The cash flow for the Group was NOK (237.9) million in 2019 compared to NOK 817.4 million in 2018, reflecting the high level of transaction related refinancing-inflows last year, which is in contrast to the consequently higher cash outflows from financing activities during 2019.

Net cash flow from operating activities was NOK 359.0 million in 2019 compared to NOK 506.2 million last year, mainly due to improved working capital levels last year. The difference between operating loss and net cash flow from operating activities is mainly due to changes in net working capital.

Net cash flow from investment activities was NOK (232.3) million during 2019 compared to NOK (1 840.1) million in 2018 with the difference mainly caused by the acquisition of Saferoad Holding ASA last year.

Net cash flow from financing activities was negative NOK (364.7) million in 2019 compared to NOK 2 151.2 million in 2018, with the difference mainly due to the de-listing and refinancing last year. New loans and proceeds from shareholders were partly offset by repayment of debt.

Saferoad was in compliance with its financial covenants per 31 December 2019. In accordance with section 3-3 of the Norwegian Accounting Act, the Board of Directors confirms that the financial statements have been prepared on the assumption of going concern.

## Risk factors and risk management

Saferoad is subject to several operational and financial risks as well as uncertainties which may affect parts or all of its activities. Through the Group's risk management and internal control framework, Saferoad aims to systematically identify, assess and manage risk throughout the Group. The responsibility for the risk management and internal control in these aspects primarily rests with the first-line management, meaning the CEO, all managers and employees in the operational units, through the work they carry out in accordance with the authorisations, instructions and guidelines that apply to each of them.

The monitoring of financial risk compliance was introduced and a structured operational as well as strategic risk review was conducted during 2019 to increase transparency in risk related matters. The aspects of risk management are foreseen to continue experiencing additional efforts and mitigating initiatives in the coming period.

The following sections describe some of the key risks that may impact the Group's business operations, financial position and financial performance:

### **Industry and competitive risk**

Saferoad operates in a market that is primarily funded by public authorities, and the end customers are typically road authorities and local municipalities.

The company can therefore be affected by a downturn in the general economic environment, a lack of prioritised funds to the road infrastructure sector versus other sectors or a change in regulatory standards for road quality and road safety. In addition, changing behaviour and technology developments that reduce traffic volumes and investments in road infrastructure and maintenance may impact the Group's business, revenue, profit and financial position.

The Group is mitigating general industry and competitive risk by diversification, both geographically and by products. The Group has a sizable footprint in more than 20 European countries and also exports selected products outside its main footprint. Saferoad works actively with the company's ability to quickly respond to customer needs by having a strong local presence and by focusing on continuous product and business model development.

### **Operational risk**

Saferoad's operations consist of production and delivery to a large series of individual orders and projects, and the individual orders vary in terms of complexity, size, duration and risk. Consequently, systematic risk management in all parts of the business is important. The Group usually undertakes to complete projects by a scheduled date and ensure that the delivered products and solutions meet specified performance standards. Failure to meet required performance standards, to deliver on time or to calculate offers accurately may impact earnings, capacity utilisation of the workforce and/or production sites and may result in reputational damage. Saferoad aims to analyse and assesses risk in the tendering stage and manage risk systematically by the businesses throughout the entire execution phase.



Operational risk also refers to losses due to weaknesses or faults in processes and systems, errors made by employees or external events. Further, the Group has a significant share of its business in markets, which could be associated with ESG risks. The Group therefore continuously works to identify and to mitigate risks, in particular in respect of strategic, operational, compliance, tax and financial risks throughout the Group. To avoid official sanctions, financial losses or a loss of reputation due to failure to comply with laws, regulations and standards, the Group has implemented a strengthened ESG program, with strengthened policies and digital tools that will have a preventive effect.

#### **Strategic risk**

The Group's future development and success depends on the strategies being relevant and effective for the Group, that the measures are being properly executed and that they provide the expected results. If the strategies are not relevant or effective for the Group or are not properly executed, the Group may fail to meet its targets. To ensure that the Group stays on top of developments, strategic risk is managed through continuous monitoring of competitors and the market, follow-up of profitability, and through product development and planning processes.

#### **Financial and market risk**

The Group is exposed to financial risks associated with financial instruments such as trade receivables, liquidity and interest-bearing debt. These risks are classified as credit, market and liquidity risks. The Saferoad Group reports its financial results in Norwegian kroner (NOK). With the exception of subsidiaries in Norway and Sweden, which purchase goods and services in other currencies than their revenues, the foreign subsidiaries in the Group primarily have their revenues and cost base in their local currencies. The risk related to currency exchange fluctuations is limited. Nevertheless, subsidiaries may from time to time generate income or incur costs under currencies that differ from the currency of their operational costs.

#### Legal proceedings

From time to time, companies in the Group may be involved in litigation, disputes and other legal proceedings arising in the normal course of their business. For a more detailed information, see note 28 in the 2019 financial statements.

#### Corporate governance

Corporate governance has high priority for the Board and it considers good corporate governance a prerequisite for value creation, trustworthiness and access to capital.


A more detailed account of Saferoad's work on corporate governance is provided on pages 19 to 21 in the financial statements.


Saferoad is strongly committed to ESG (Environment, Social and Governance) and aims to be leading in this field. The past year, the Group has strengthened its efforts around employees, corporate social responsibility and the environment, developing specific objectives as well as targets per year. These activities are further described in the CSR sections of the document.

At year end 2019, Saferoad had 2 968 employees. The employees represent diversity in terms of age, education, experience and cultural background. Saferoad's work on corporate social responsibility, according to the Accounting Act Section 3-3b, is described in a separate statement on pages 16 to 18 in the financial statements.

Oslo, 20 April 2020

The Board of SRH Investco AS

  
Ulrik Smith  
Chairman of the Board

  
Niclas Thiel  
Board member

## Statement on Corporate Social Responsibility

As a leading supplier of road safety and road infrastructure solutions, Saferoad relies on the trust of customers, authorities, owners, employees and society in general. The Group has built that trust over 70 years of operation, through reliable delivery of high-quality products and services, and by setting and maintaining high ethical standards for all our business dealings.

The Group's daily business is considered as one of its main contributions to society. Every day, Saferoad develops products and solutions, creates modern road infrastructure solutions, educates road workers, installs safety products and secures roads and highways across Europe. These efforts contribute to a safer life on the road and to reducing the number of people seriously injured or killed in traffic accidents.

### Ethics and compliance



Care



Drive



Integrity

The Group's values (care, drive and integrity) form the basis for Saferoad's code of conduct, which outlines the key principles for Saferoad's operations with regards to business ethics and the impact on environment and society overall.

We have ambitious targets for our ESG efforts, and this requires giving it continuous attention and improvement. In this context, we keep ourselves and our employees updated, conduct live trainings on ethics and anti-bribery with our management teams, in addition to an online training programme that has been made available to all employees and is now an integrated part of our Corporate Compliance Program.

#### **Corporate Compliance Program**

The Code of Conduct, together with Saferoad's policy for anti-bribery, competition compliance, data protection, trade sanctions and whistleblowing form Saferoad Corporate Compliance Program. The Corporate Compliance Program applies to all employees, contracted consultants and board members. The aim of the program is to assist Group companies and individual employees to comply with applicable law and business ethics.

Should an employee become aware of any circumstance that may violate the Code of Conduct, they are expected to report the issue to their closest manager or through the Group's whistleblowing system. Violation of the Code of Conduct will not be tolerated and may result in internal disciplinary proceedings, dismissal or even prosecution.

#### *Anti-Bribery:*

Saferoad has a zero-tolerance approach to bribery and corruption in any shape or form and is committed to act professionally, with high ethical standards. All companies shall make active efforts to prevent undesirable conduct and ensure that the employees are capable of dealing with difficult situations.

#### *Competition:*

We believe in free and fair competition. Saferoad does not tolerate any agreement on price fixing, market sharing, abuse of dominant positions or other activities that limit free competition. Saferoad supports the principles stipulated by the TFEU and EEA agreement and aims to comply fully with national and international law.

#### *Trade sanctions:*

Trade sanctions and embargoes restrict dealings with specific individuals, entities, and governments, and are usually related to foreign affairs, national security, or human rights objectives. Saferoad aims to comply with trade sanction laws and regulations published by the United Nations, the USA, and the European Union. The company has developed a Trade Sanctions Manual, containing specific instructions and action points, as well as updated lists of countries that could present issues, and recommendations with regards to risk-based due diligence. In 2019, a screening tool for trade sanction risk was implemented.

#### *Data protection/GDPR:*

Saferoad processes personal data on a daily basis and individuals' privacy and the security of personal data is important for us. Saferoad's data protection manual outlines the main aspects of handling, collecting and storing personal data in line with national and international legislations, including the GDPR directive.

Saferoad offers employees introduction courses to the corporate compliance program. Business ethics and compliance is also a recurring topic in Saferoad's management meetings.



## *Whistleblowing:*

Employees are encouraged to raise their concerns if they discover matters that negatively affect the company's vital interests or the health and safety of individuals. To ensure that concerns can be reported without a threat of retaliation or discrimination, an encrypted reporting tool from an independent external provider are available to all employees and external parties. An own compliance group is responsible for acting on issues reported through the whistleblowing system.

Details of the various policies can be downloaded from Saferoad's website, [www.saferoad.com](http://www.saferoad.com).

## Responsible sourcing

Saferoad's suppliers is required to comply with all applicable national and international laws regulations, and generally accepted practices.

All potential suppliers should be pre-qualified in accordance with established evaluation criteria. The relations are to be based on mutual respect, sound ethical business practices and credibility. Saferoad will provide correct, clear and credible information and treat suppliers impartially.

Efforts to influence suppliers should be based on an ambition of continuous improvement and should focus on the suppliers and product categories where the risk is deemed to be greatest. Procurement activities are to be conducted within the framework of Saferoad's code of conduct and within applicable laws and regulations. Our suppliers must confirm that they meet the regulations put forward by the UN, the ILO conventions and other relevant organisations.

Saferoad acknowledges human rights in all areas.

## Equal opportunities

Saferoad's ambition is to ensure that all employees have equal opportunities for personal and professional development. Discrimination based on gender, age, disabilities, ethnic origin, sexual orientation or religion is not tolerated.

The number of females in the road safety and road infrastructure industry is low. At year end 2019, 83 per cent of the total employees in the Group were male and 17 per cent female. The number of female employees has increased with 1 per cent points from 2018. There were no female members in the Group management team.

At year end 2019, the Board of Directors of Saferoad Holding AS had eight members, of which three were female.

Saferoad believes in diversity and continuously work to increase the number of female employees.

## Labour relations

The knowledge, competence and capacity of Saferoad's employees make them the Group's most important asset. Therefore, Saferoad takes its employees' interests seriously and respect the rights of individuals. Saferoad respects the UN Declaration of Human Rights and International Labour Organization (ILO) standards.

Employees are entitled to be represented on the company's governing bodies. Employee representatives are elected by and from among the employees. The cooperation between the company's management and the employees' labour unions is systematic and good, and it is based on a well-established structure, where various committees meet regularly. Rules have been adopted for what processes and decisions employee representatives shall be involved in. Employee representatives are paid by the company. In 2019, three of the members of the board of Saferoad Holding AS were representatives of the employees.

## Health & Safety

Saferoad does not compromise on safety. The Group wants all employees to come safe home from work every day and maintains a strong safety culture, with a "vision zero" mindset towards work related accidents and injuries – zero injuries and fatalities at work.

Saferoad has a group-wide Health & Safety program. The program consists of tools to assist management and employees in identifying critical and potential risks, as well as routines to help employees identify risks in their daily work. Local management is responsible to ensure that each site represents a safe working environment and that systems to enable safe work are in place.

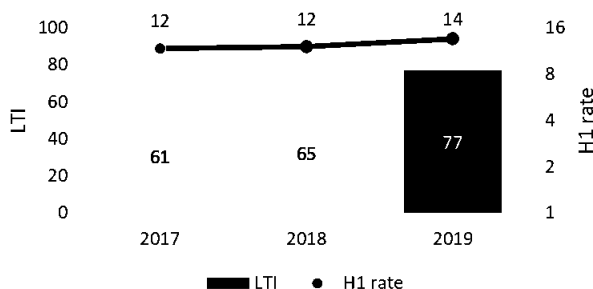
In 2019, both the available work hours (H1) rate and number of lost work time (LTI) incidents increased from previous year. The Group has further strengthened its efforts to implement mitigating actions and preventive measures to decrease the number of incidents and deliver on future targets.



Saferoad's target for 2020 is to have 16 per cent decrease in accidents or injuries leading to lost work time (LTI) and number of accidents per one million work hours in relation to available work hours (H1 rate). The Group also target to maintain sick absence rate below 5.0 per cent.

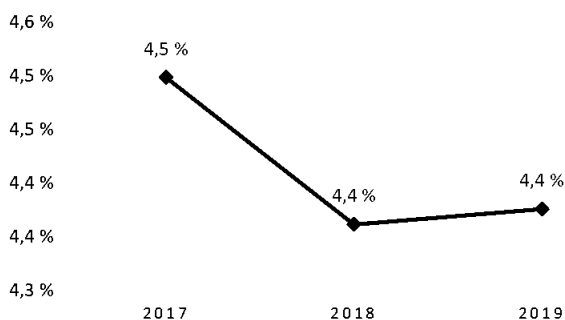
### Development H1 and LTI

The H1 rate for 2019 was 14, increasing from 12 in 2018. LTI for 2019 was 77, an increase by 12 more accidents compared to last year.



### Sick absence rate

The Group works actively to reduce the sick absence rate and has established routines to closely follow-up employees on sick leave to facilitate their prompt return to work. In 2019, the sick absence rate was 4.4 per cent, remaining stable on the same level as 2018.



### Environmental impact

Saferoad aims to make its processes and products as environmentally friendly as possible and strives to handle, transport and sort hazardous goods and waste in a secure manner. We choose, if possible, sustainable products and resources, and prefer suppliers and sub-contractors with environmentally friendly production and products in order to actively contribute to the environment and be a role model to our partners.

Saferoad's ambition is to comply with all relevant environmental legislation and regulations in the countries where it operates and to contribute to a sustainable environment to the best of its ability.

Environmental declarations are becoming increasingly important in the industry and steps have been taken towards the certification of additional products. In order to measure immediate and long-term environmental impacts of products, services and processes, some companies have also implemented environmental management systems according to ISO 14001, which secure continuous improvement and follow-up of environmental issues. In 2019, the Group has also implemented a system to measure and monitor GHG emission on our production facilities. This will enable the Group to set reduction targets moving forward.

Saferoad aims to handle, transport and sort hazardous goods and waste in a secure manner. A number of business units have activities that require environmental permits. These permits are strictly monitored, and reports are furnished to the relevant public authorities.

Saferoad has throughout 2019 continuously been compliant with local environmental laws, regulations and emission licenses.



## Statement on Corporate Governance

This statement on Corporate Governance primarily describes the work of the Board of Directors of Saferoad Holding AS, which is the main operational holding entity in Saferoad Group.

The Saferoad Group considers good corporate governance a prerequisite for value creation, trust and access to capital. The corporate governance policy is built on Saferoad's core values and is designed to establish the fundamental basis for a management model that supports the achievement of the Group's objectives.

Saferoad is incorporated and registered in Norway and is subject to Norwegian law.

### The corporate governance framework

Saferoad's values – care, drive and integrity – express the Group's shared expectations to its employees, beliefs and the Group's code of conduct. In sum, the values shape the character of the organisation, guide decisions and actions and provide a framework for Saferoad's interaction and communication with customers and stakeholders.

To ensure compliance with legislations and regulations across the Group, Saferoad has defined an own corporate compliance programme that includes guidelines and policies on competition compliance, anti-bribery, trade sanctions, data protection and whistleblowing. Saferoad's corporate compliance programme and code of conduct apply to all Saferoad employees and representatives, including contracted consultants and board members.

The programme, which is considered an integral part of day-to-day operations, has been developed over several years, and the current version of the programme was adopted by the Board of Saferoad Holding AS in 2018. The code of conduct and the related policies set the standard for what type of behaviour is expected – internally among colleagues, and externally towards partners and suppliers, customers and other stakeholders. The common approach and integrity of conduct are considered vital to inspire trust, loyalty, and responsible behaviour in the company. In addition, it should prevent any legal violations or other negative financial, legal or reputational consequences for Saferoad. Employees are requested to report any concerns and complaints through the chain of command, directly to members of the company's compliance team, or via the external whistleblowing channel.

Violation of the code of conduct will be subject to disciplinary proceedings, including possible dismissal, as well as potential criminal prosecution. Saferoad strives to make its code of conduct known to its customers, suppliers, competitors and partners. The Group's code of conduct, CSR Guidelines and corporate compliance programme are available from the website [www.saferoad.com](http://www.saferoad.com).

### Business

The Saferoad Group is a leading supplier of high-quality road safety and road infrastructure products and solutions in Europe, with a mission to make life on the road safer. The Group has 2 968 employees across 20 countries in Europe and is headquartered in Oslo, Norway.

Saferoad's business purpose is stated in §3 of its Articles of Association: "The business activity of the Company is investment in other companies and therewith related activities".

### Equity and dividends

Total equity was NOK 1 517.4 million at the end of 2019, giving an equity ratio at year end of 28.9 per cent. The Group's financial position is sound, with sufficient financial capacity to execute current projects and initiatives.

There can be no assurance that a dividend will be proposed or declared in any given year.

### Freely negotiable shares

All shares in the company are freely negotiable.

### General meetings

Saferoad has only one class of share and each share carries one vote. All shares carry equal rights, including the right to participate in general meetings.



## The Board of Directors; Composition and independence

The Board of Directors should represent a diversity in expertise and capacity appropriate to attend to Saferoad's goals and main challenges. The chairman of the Board of Directors is elected by the general meeting. The board members are elected for a period of two years and board members can be re-elected.

## The work of the Board of Directors

The overall management of the company is vested with the Board of Directors and management. In accordance with Norwegian law, the Board of Directors is responsible for, i.e., supervising the general and day-to-day management of the company's business, ensuring proper organisation, preparing plans and financial targets for its activities, ensuring that the company's activities, accounts and asset management are subject to adequate control, and for undertaking investigations necessary to perform its duties. Furthermore, the Board of Directors determines the Group's overall objectives and strategy, in addition to hiring the leading employees and determining the terms and conditions of their employment. CEO instructions are revised on an annual basis.

The board of Saferoad Holding AS, the operational holding company of the Group, conducted 13 meetings in 2019.

## Remuneration of the Board of Directors

The Board of Directors of SRH Investco AS received no remuneration in 2019. None of the members of the Board of Directors owned shares in Saferoad Group in 2019. The Chairman and the members of the Board have no agreements for further compensation due to termination or changes in the position.

See note 10 in the financial statements for more information on remuneration of the Board of Directors.

## Remuneration of Executive Management

The Group's executive management is paid a fixed salary that reflects the education, experience, geography, responsibility and qualifications of each individual.

In addition to their fixed salary, some executive personnel can receive a variable bonus. The Board of Directors set the targets for the Group CEO and the Group CEO establish targets for executive management.

See note 10 in the financial statements for more information.

## Management Incentive Program

The expertise and knowledge of our employees are important for Saferoad's development. In connection to the take-over by FSN Capital in 2018, a Management Incentive Program was introduced, that enable employees to invest on similar terms in both the Road Safety and the Road Infrastructure area.

## Risk management and internal control

The Board of Directors is responsible for ensuring that the company's risk management and internal control systems are adequate to ensure compliance with the regulations and legal frameworks governing the business. The Board of Directors reviews the company's main risk areas and internal control systems on an annual basis, including Saferoad's values, Code of Conduct, and corporate responsibility.

To provide a true and fair view of the company's and Group's assets, liabilities, financial position, and results from operations, Saferoad prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). In 2019, the Board of Directors received reports on the Group's business and financial results on a monthly basis. The reports provided a good overview of the company's strategic and operational performance, as well as plans for the upcoming period.

As a European supplier of road safety products and solutions, Saferoad is exposed to a range of financial and operational risks, which may adversely affect the company's business. Further information regarding risk management is disclosed in the Board of Directors' report on pages 14 to 15.

With their knowledge, competence, and capacity, Saferoad's employees are the company's most important asset in its purpose to make life on the road safer. The Board of Directors strives to promote the health and wellbeing of its employees. A



considerable part of the Group's activities place employees alongside roads or on production sites, and job-related injuries is therefore monitored closely.

Further information about the company's corporate and social responsibility work is disclosed in the Corporate and Social Responsibility report on pages 16 to 18 in the financial statements.

## Auditor

Ernst & Young is appointed as the Group's statutory auditor. The Board of Directors has received written confirmation from the auditor, which confirms that requirements with respect to independence and objectivity have been met.

Each year, the statutory auditor presents a plan for his main auditing activities, including focus areas and audit scope for the coming year, to the Board of Directors. The presentation includes identification of weaknesses, and proposals for improvements. In order to increase the quality in company audits, several local auditors were changed to Ernst & Young or a top 10 audit firm in 2019. The auditor also participates in the board meeting where the company's financial statements are addressed, to highlight any material changes to accounting principles and to comment on any material estimations or topics where there is a significant difference of opinion between the auditor and management.

## Board of SRH Investco AS



### Ulrik Smith, Chairman of the Board

Ulrik has business restructuring and strategy development experience from McKinsey & Company Inc. in Toronto, Canada and venture capital experience from Venturepark Incubator in Berlin, Germany. He also has investment management experience from Goldman Sachs International, London, UK and financial experience from Citigroup Inc. Chicago, USA. Ulrik holds a Bachelor's degree in Economics and Management with Great Distinction, ranked 1 in his class from McGill University Montreal, Canada and an MBA from the Harvard Business School.

Ulrik is currently also a board member in Fibo Holding AS and Mørenot.



### Niclas Thiel, Board Member

Niclas has almost ten years' experience of working in investment and investment banking roles (Bain Capital Private Equity, Investor AB and Carnegie), before joining FSN Capital Partners in early 2016. He holds an MSc. in Economics and Business Administration from the Stockholm School of Economics in Sweden. During his studies, he conducted internships at the Swedish Trade Council/Embassy of Sweden in Vietnam and Lehman Brothers in London, UK.

Niclas is currently also board member of Aura Light AB.



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## Financial statements SRH Investco Group

### Consolidated statement of comprehensive income

NOK 1000	Notes	2019	11.09.2018- 31.12.2018
Revenue		6 516 213	2 256 916
Other operating revenue		45 619	22 327
<b>Total operating revenue</b>	6, 7	<b>6 561 832</b>	<b>2 279 243</b>
Cost of goods sold	8	3 716 201	1 339 287
Personnel costs	10, 11	1 525 639	481 648
Depreciation and impairment property, plant and equipment	14	138 997	48 716
Depreciation and impairment right of use assets	15	128 344	0
Amortisation and impairment	16	52 833	17 828
Other operating costs	9	892 315	404 316
<b>Total operating costs</b>		<b>6 454 330</b>	<b>2 291 795</b>
Operating profit/(loss)		107 502	(12 553)
Financial income	12	16 742	5 196
Financial expenses	12	246 698	123 824
Net exchange rate gain/(loss)	12	(3 971)	(29 304)
Share of profit/(loss) of associated companies	5, 12	142	163
<b>Net financial income/(expenses)</b>		<b>(233 785)</b>	<b>(147 769)</b>
Profit/(loss) before tax		(126 283)	(160 322)
Tax	13	(53 159)	(25 919)
Profit/(loss) for the year		(179 442)	(186 241)
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items to be reclassified to profit/loss in subsequent periods</b>			
Exchange differences on translation of foreign operations	13	30 284	(13 243)
Exchange differences on loans treated as net investments	13	(48 012)	73 912
<b>Items not to be reclassified to profit/loss in subsequent periods</b>			
Remeasurement of net defined benefit liability	11, 13	(2 065)	(2 864)
<b>Other comprehensive income for the year, net of tax</b>		<b>(19 793)</b>	<b>57 805</b>
Total comprehensive income for the year		(199 234)	(128 436)
<b>Profit/(loss) for the year attributable to:</b>			
Equity holders of the parent company		(182 444)	(188 772)
Non-controlling interests		3 002	2 531
		(179 442)	(186 241)
<b>Total comprehensive income attributable to:</b>			
Equity holders of the parent company		(201 625)	(134 375)
Non-controlling interests		2 391	5 939
		(199 234)	(128 436)



## Consolidated statement of financial position (assets)

NOK 1000	Notes	31.12.2019	31.12.2018
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
<b>Intangible assets</b>			
Development	16	83 725	68 934
Licenses, product rights etc.	16	21 519	22 940
Goodwill	16	565 628	564 070
Customer relationships	16	245 530	281 070
Other intangible assets	16	19 347	21 771
Total intangible assets		935 748	958 785
<b>Tangible assets</b>			
Land	14	48 024	36 789
Buildings	14	332 630	360 796
Machines and equipment	14	362 291	413 697
Construction in progress	14	8 647	1 261
Rental equipment, furniture and vehicles	14	161 018	206 536
Right-of-use assets	15	473 301	0
Total fixed assets		1 385 911	1 019 079
<b>Financial non-current assets</b>			
Investment in associated companies	5	1 234	1 074
Other investments	5, 20	2 792	12 664
Non-current receivables		20 526	26 526
Total financial assets		24 552	40 264
Deferred tax assets	13	25 709	37 656
Total non-current assets		2 371 920	2 055 784
<b>CURRENT ASSETS</b>			
Inventories	8	994 059	1 015 113
<b>Receivables</b>			
Trade receivables	19	941 080	952 727
Other receivables	7, 21	362 174	373 646
Total receivables		1 303 254	1 326 373
Cash and cash equivalents	22	583 512	841 094
Total current assets		2 880 826	3 182 580
Total assets		5 252 746	5 238 364




## Consolidated statement of financial position (shareholders' equity and liabilities)


NOK 1000	Notes	31.12.2019	31.12.2018
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	26	18 434	18 434
Share premium	26	1 824 944	1 824 944
Currency translation reserve		40 146	57 262
Other equity		(430 339)	(197 193)
Total shareholders' equity attributable to the shareholders of the parent company		1 453 184	1 703 446
Non-controlling interests	26	64 220	67 082
<b>Total equity</b>		<b>1 517 404</b>	<b>1 770 528</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Liabilities to credit institutions	19, 20, 23, 27	1 896 257	1 893 604
Other non-current liabilities	18, 19, 20, 23, 27	340 213	162 482
Pension obligations	11	51 275	52 530
Deferred tax liabilities	13	54 164	59 355
Other provisions	17	30 590	39 609
<b>Total non-current liabilities</b>		<b>2 372 499</b>	<b>2 207 579</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	23	27 726	24 041
Accounts payables		547 041	593 718
Current tax liabilities	13	16 710	23 139
Public duties (VAT, social benefits etc.)		142 676	153 342
Other current liabilities	7, 18, 25	483 258	419 635
Other provisions	17	5 421	4 708
Current portion of non-current liabilities	23	140 011	41 672
<b>Total current liabilities</b>		<b>1 362 843</b>	<b>1 260 257</b>
<b>Total liabilities</b>		<b>3 735 342</b>	<b>3 467 836</b>
<b>Total shareholders' equity and liabilities</b>		<b>5 252 746</b>	<b>5 238 364</b>

Oslo, 20 April 2020

The Board of SRH Investco AS



Ulrik Smith  
Chairman of the Board



Niclas Thiel  
Board member



## Consolidated statement of changes in equity

NOK 1000	Share capital	Share premium	Currency translation reserve	Other equity	Total	Non-controlling interests	Total equity
Note	26	26				26	
Opening balance of the Group establishment 11.09.2018	18 434	1 824 944	0	0	1 843 378	63 651	1 907 028
Share-based payment				(5 557)	(5 557)		(5 557)
Dividends to non-controlling interests					0	(596)	(596)
Buy-out/transaction non-controlling interests					0	(1 912)	(1 912)
Profit/(loss) for the year				(188 772)	(188 772)	2 531	(186 241)
<b>Other comprehensive income net of tax:</b>							
Actuarial gain/(loss)				(2 864)	(2 864)		(2 864)
Exchange differences on translation of foreign operations			(16 650)		(16 650)	3 407	(13 243)
Exchange differences on loans treated as net investments			73 912		73 912		73 912
Total other comprehensive income net of tax	0	0	57 262	(2 864)	54 397	3 407	57 805
Total comprehensive income	0	0	57 262	(191 637)	(134 375)	5 939	(128 436)
<b>Equity at 31.12.2018</b>	<b>18 434</b>	<b>1 824 944</b>	<b>57 262</b>	<b>(197 193)</b>	<b>1 703 446</b>	<b>67 082</b>	<b>1 770 528</b>
Dividends to shareholders and non-controlling interests				(48 627)	(48 627)	(944)	(49 572)
Buy-out/transaction non-controlling interests				(10)	(10)	(4 308)	(4 318)
Profit/(loss) for the year				(182 444)	(182 444)	3 002	(179 442)
<b>Other comprehensive income net of tax:</b>							
Actuarial gain/(loss)				(2 065)	(2 065)		(2 065)
Exchange differences on translation of foreign operations			30 896		30 896	(612)	30 284
Exchange differences on loans treated as net investments			(48 012)		(48 012)		(48 012)
Total other comprehensive income net of tax	0	0	(17 116)	(2 065)	(19 181)	(612)	(19 793)
Total comprehensive income	0	0	(17 116)	(184 509)	(201 625)	2 391	(199 234)
<b>Equity at 31.12.2019</b>	<b>18 434</b>	<b>1 824 944</b>	<b>40 146</b>	<b>(430 339)</b>	<b>1 453 184</b>	<b>64 220</b>	<b>1 517 404</b>

In September 2018, funds managed by FSN Capital GP V Limited acquired 100 per cent of the shares in Saferoad Holding ASA (later renamed to Saferoad Holding AS) through the holding company SRH Investco AS. Control of Saferoad Holding AS was gained as of 11 September 2018. Prior to this, SRH Investco AS did not hold any subsidiaries and consolidation of the Saferoad Group took therefore place from this date.

The acquisition method has been applied and the identifiable assets acquired, and the liabilities assumed have been measured at their acquisition date fair values.

The share capital in SRH Investco AS as of 31 December 2019 consists of 184 337 750 ordinary shares with nominal value of NOK 0.10 per share.



## Consolidated cash flow statement

NOK 1000	Notes	2019	11.09.2018- 31.12.2018
<b>Cash flow from operations</b>			
Profit/(loss) before tax		(126 283)	(160 322)
Income tax paid	13	(43 198)	(9 937)
Profit from sale and disposal of tangible assets		(8 067)	(2 279)
Loss on sale of tangible assets		1 116	1 151
(Gain)/loss on sale of subsidiaries		0	1 454
Net depreciation, amortisation and impairment	14, 15, 16	320 175	66 544
Impairment of inventory	8	6 218	1 800
Net currency (gains)/losses not relating to operating activities		(2 693)	59 795
Interest income and other financial income	12	(16 742)	(5 196)
Interest costs and other financial expenses	12	246 698	123 824
Changes in inventory	8	6 520	200 085
Changes in trade receivable	19	3 597	215 756
Changes in accounts payable		(42 544)	(90 302)
Income from using equity method	5	(142)	(163)
Changes in other current receivables and liabilities		14 351	104 027
<b>Net cash flow from operations</b>		<b>359 006</b>	<b>506 237</b>
<b>Cash flow from investment activities</b>			
Interest received	12	10 534	5 196
Acquisition of subsidiaries	4	0	(1 784 798)
Buy-out of non-controlling interests and payments for acquired shares	18	(63 470)	(27 637)
Purchase/production of fixed and intangible assets	14, 15, 16	(214 588)	(60 152)
Sale of subsidiaries and asset sale		5 225	26 960
Proceeds from sale of fixed assets		19 954	4 057
Proceeds from sales of associated companies and other investments		18 185	631
Other changes		(8 107)	(4 311)
<b>Net cash flow from investment activities</b>		<b>(232 267)</b>	<b>(1 840 054)</b>
<b>Cash flow from financing activities</b>			
Proceeds from borrowings		186 042	1 910 258
Repayment of borrowings		(187 578)	(1 416 088)
Proceeds from shareholders		0	1 843 378
Dividends to shareholders and non-controlling interests		(2 495)	(61 186)
Loans from former minority shareholders		0	(53 659)
Repayment of financial lease liabilities		(157 287)	0
Interest paid		(203 363)	(71 491)
<b>Net cash flow from financing activities</b>	24	<b>(364 681)</b>	<b>2 151 211</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(237 942)</b>	<b>817 394</b>
Effect of exchange rate differences on cash and cash equivalents		(19 639)	23 699
Cash and cash equivalents at beginning of the period		841 094	0
<b>Cash and cash equivalents at the end of the period</b>		<b>583 512</b>	<b>841 094</b>
Cash and cash equivalents at the end of the period in statement of financial position	22	583 512	841 094
Bank overdrafts at the end of the period in statement of financial position		0	0
<b>Cash and cash equivalents at the end of the period in statement of cash flow</b>		<b>583 512</b>	<b>841 094</b>



## Notes to the consolidated financial statements for SRH Investco Group

### Note 1 Company information

SRH Investco AS is a limited liability company and a pure holding company of Saferoad Group with no other activity. The Company is incorporated and domiciled in Oslo with its registered office c/o Saferoad Holding AS, Enebakkveien 150, 0680 Oslo, Norway.

SRH Investco Group (referred to as Saferoad Group) was established in September 2018, when funds managed by FSN Capital GP V Limited acquired 100 per cent of the shares in the Saferoad Holding ASA (later renamed to Saferoad Holding AS) through the holding company SRH Investco AS.

SRH BridgeCo AS is the ultimate parent company of Saferoad Group. SRH BridgeCo AS owns 60.88 per cent of the shares in SRH Holding AS, which owns 100 per cent of the shares in SRH Investco AS. SRH Investco AS acquired the shares in Saferoad Holding AS 11 and 12 September 2018 and the company was delisted from the Oslo Stock Exchange.

The Group conducts its business through subsidiaries in the Nordic countries, Germany, Poland, the Baltic countries and other European countries. In addition, the Group executes projects in, as well as export and sale of products to, non-European countries. See note 5 in SRH Investco AS separate financial statement for a list of companies that belong to the Group. For additional information regarding the Group, please visit [www.Saferoad.com](http://www.Saferoad.com).

These consolidated financial statements have been approved for publication by the Board of Directors on 20 April 2020 and are to be approved at the annual general meeting.

### Note 2 Accounting principles

#### Basis for preparation and statement of compliance

The consolidated annual accounts for the Group have been prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), as well as the Interpretations of the International Financial Reporting Interpretation Committee (IFRIC), which have been approved by the European Commission for application within the European Union. In addition, the Group applies additional information requirements in accordance with the Norwegian Accounting Act of 1998.

The consolidated statements have been prepared on a historical cost basis, except for certain financial instruments when applicable and contingent consideration that have been measured at fair value. The financial statements have been prepared based on the going concern principle.

The annual accounts for the parent company, SRH Investco AS, have been prepared in accordance with the Norwegian Accounting Act § 3-9 and Regulations on Simplified IFRS as enacted by the Ministry of Finance 3 November 2014. See note 2 to the financial statements for SRH Investco AS for further details.

For effects related to future IFRS amendments reference is made to note 31.

The consolidated financial statements provide comparative information in respect of the previous period, except for the consolidated financial statements for the reporting period 11 September 2018 to 31 December 2018, which is the Groups first reporting period.

#### Consolidation principles and business combinations

The consolidated financial statements include SRH Investco AS and all companies in which SRH Investco AS controls more than 50 per cent of the number of votes, or otherwise has a controlling interest. Non-controlling interests, which consist of the share of the profits/losses and the part of the net assets of Group companies that do not belong to the shareholders of the parent company, are reported as a separate item in the consolidated shareholders' equity. The statement of comprehensive income includes the non-controlling share of the reported profit or loss.

Transactions between Group companies, balance sheet items and unrealised profits on transactions between Group companies are eliminated in full. Unrealised losses are also eliminated, unless the transaction shows a need to write down the transferred asset.

The acquisition method is applied when accounting for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred, and the equity interests issued by



the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Any put option granted to non-controlling interests gives rise to a financial liability for the present value of the redemption amount. The financial liability is recognised by reclassifying the present value of the amount payable upon exercise of the option from other equity to financial liability. The financial liability is subsequently re-measured at the end of each reporting period in accordance with IFRS 9.

If the terms of the transaction provide the parent with a present ownership interest in the shares subject to the put, the shares are accounted for as acquired and no non-controlling interest remains.

Acquisition-related costs are expensed as incurred. Companies which have been acquired or sold during the year are included in the consolidated financial statement as from the date when control is achieved and until the date when control ceases.

Goodwill is determined as the difference between the cost of an acquisition and the fair value of net identifiable assets on the acquisition date. Goodwill is allocated to cash-generating units or Groups of cash-generating units that are expected to benefit from synergies from the business combination and is recognised at cost in the balance sheet, less any accumulated impairment losses. Goodwill is not amortised but is tested for impairment at least annually.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals without loss of control to non-controlling interests are also recorded in equity.

#### Investment in associated companies

The Group's holdings in associated companies are initially recorded at cost and subsequently reported in accordance with the equity method. Associated companies are companies in which the Group has significant influence. Investments in associated companies are reported on the balance sheet at their acquisition value, with the addition of any changes in the Group's share of the net assets of the associated company. The profit or loss reflects the Group's share of the profit or loss of the associated companies. The investments in associated companies are subject to impairment assessments and impairment testing if impairment indicators exist. The investment is written down to recoverable amount if this is lower than the carrying value. Additional losses after the interest is reduced to zero is only provided for to the extent that the Group has a legal or constructive obligation to cover the incurred losses.

Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate. Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

#### Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
  - Held primarily for the purpose of trading
  - Expected to be realised within twelve months after the reporting period
- or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
  - It is held primarily for the purpose of trading
  - It is due to be settled within twelve months after the reporting period
- or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.



## Foreign currency

The Group's presentation currency is NOK, which is also the presentation and functional currency of the parent company.

### Transactions in currencies different from the functional currency

Transactions in non-functional currencies are translated at the rate in effect on the transaction date. Monetary assets and liabilities that are expressed in non-functional currencies are reported on the balance sheet date, translated to the rate in effect on that date. Non-monetary assets and liabilities that are reported at their fair value in non-functional currency are translated at the rate in effect on the balance sheet date. All other non-monetary items are translated at historical foreign exchange rates. All exchange rate differences are reported in profit or loss, with the exception of exchange differences on intercompany loans treated as net investments, which are recognised in other comprehensive income.

### Currency effects in the consolidation

The statement of financial position of subsidiaries with a different functional currency, including goodwill and adjustments for fair value made in connection with consolidation, is translated at the exchange rate at the end of the reporting period, while the profit or loss is translated at an average of the year's exchange rates. The exchange rate differences that arise as a result of the translation are reported directly in other comprehensive income. In the event of a sale or other disposal of a foreign company, the accrued accumulated translation difference is recognised in profit or loss together with the gain or loss resulting from the sale or disposal.

## Revenue from Contracts with Customers

The Group offers a broad assortment of products and solutions to the road safety and road infrastructure industry. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Timing of revenue recognition is considered for each separate performance obligation, as described below. The transaction price is recognised net of any expected variable consideration such as customer bonuses, cash discounts for early payment, penalties, refunds and returns. The Group considers itself as principal in its revenue arrangements, hence revenue is recognised on a gross basis.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in note 3.

For revenue recognition purposes, the Group divides its revenue contracts into three different categories:

### (i) Sale of goods

Sale of goods comprise the sale of road work products to road authorities or other public and private contractors in the road and construction segments. Such products may include signs, pipes, barriers, geosynthetics and light poles etc., which the Group delivers without performing related installation.

Contracts containing the sale of multiple goods are separated into several performance obligations when they are capable of being distinct and are distinct within the context of the contract (e.g. the various goods are independent of each other).

Revenue from the sale of goods is recognised when control is transferred to the customer at a point in time, generally upon physical delivery.

### (ii) Sale of services

The Group's service contracts consist of various services such as road marking, road maintenance and installation services.

In service contracts where delivering specified tasks, performance obligations may either consist of single tasks (e.g. a particular installation) or a series of distinct and repetitive tasks or services (e.g. repetitive services such as road marking).

Revenue from performing services is recognised over time, as the customers generally consume the benefits from the services as the Group performs.

Units delivered (hours, metres etc.) is generally applied as progress measure.

For the Group's contracts with 'stand ready' obligations, as road maintenance projects where it receives a fixed fee for performing an unspecified quantity of services, the Group generally applies a time-based progress measure. If such services are expected to be performed continuously throughout the contract period, a straight-lined recognition method is applied.

### (iii) Sale of goods/services combined and projects

Revenue of sale of goods/services combined and projects relates to contracts where the Group is selling products completely assembled and installed at the customer's premises as well as construction of customised assets for the customer. Examples of such contracts include guardrails, sale and installation of geotextiles, noise protection solutions, soil steel bridges among others.

The goods and services are combined into one performance obligation when the installation services are complex and modify or significantly customise the products and/or whether the Group is delivering goods and services which are highly integrated into one combined output. When this is not the case, the goods and services sold constitute separate performance obligations; e.g. goods and installation.

Revenue is recognised over time, provided that the Group's performance either creates or enhances an asset that the customer controls as the asset is created or enhanced, or the Group's performance does not create an asset with alternative use and the Group has an enforceable right to payment for performance completed to date, or the customer consumes the benefits of the work as the Group performs.



When the Group concludes that none of the criteria are met, revenue is recognised at the point in time when control is transferred, which generally is assessed to be upon physical delivery.

The Group generally applies cost incurred or units delivered (quantity, metres, square metres etc) as progress measures, depending on the nature of the delivered goods and services. Cost incurred is applied in projects where the Group is designing and producing a customised asset for the customer. Units delivered/installed is generally applied when the Group is installing several units, the total consideration typically consist of a fixed unit price times the number of units and control is transferred as we are installing the units.

## **Contract balances**

### **Contract assets**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

### **Trade receivables**

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). See section Financial instruments for initial recognition and subsequent measurement of financial assets.

### **Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

## **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

## **Income tax**

The tax expense consists of the tax payable and changes in deferred tax. Taxes payable are recognised on taxable profits at the current tax rate. Deferred tax assets are calculated on all differences between the carrying value and tax value of assets and liabilities, with the exception of:

- Temporary differences linked to goodwill that are not tax deductible
- Temporary differences related to investments in subsidiaries or associates where the timing of reversal of temporary differences can be controlled and it is probable that temporary differences will not reverse

Deferred tax assets are recognised when it is probable that the company will have a sufficient profit for tax purposes in subsequent periods to utilise the tax asset. The companies recognise previously unrecognised deferred tax assets to the extent it has become probable that the company can utilise the deferred tax asset. Similarly, the company will reduce a deferred tax asset to the extent that the company no longer regards it as probable that it can utilise the deferred tax asset.

Deferred tax liabilities and deferred tax assets are measured on the basis of the enacted or substantially enacted tax rates on the balance sheet date applicable to the companies in the Group where temporary differences have arisen. Deferred tax liabilities and deferred tax assets are recognised at their nominal value.

Taxes payable and deferred taxes are recognised directly in other comprehensive income to the extent that they relate to items recognised in other comprehensive income.

## **Property, plant and equipment**

Property, plant and equipment are stated at their cost less accumulated depreciation and impairment losses, if any.

Acquisition costs include costs directly attributable to the acquisition of the asset. Subsequent costs, such as regular maintenance costs, are recognised in the profit or loss, while other costs that are expected to provide future financial benefits are capitalised. The assets are depreciated on a linear basis over the estimated useful life of the asset. Useful life, depreciation methods and the residual value are reviewed annually.

Depreciation commences when the assets are ready for their intended use.

When assets are sold or disposed of, the carrying amount is derecognised and any gain or loss is recognised in the profit or loss.



## Leasing

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### The Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### i) Rights-of-use assets

The Group recognises rights-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

#### ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

### The Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Lease income from operating leases is recognised in income on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Costs, including depreciation, incurred in earning the lease income are recognised as an expense. Material initial direct costs incurred by lessors in negotiating and arranging an operating lease is added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income. The depreciation policy for depreciable leased assets are consistent with the Group's normal depreciation policy for similar assets.

## Intangible assets

Intangible assets that have been acquired separately are carried at cost. The cost of intangible assets acquired in a business combination is the fair value at the acquisition date. Capitalised intangible assets that are amortised are recognised at cost less any amortisation and impairment losses.

The economic life is either finite or indefinite. Intangible assets with a finite economic life are amortised on a linear basis and tested for impairment. The amortisation period is assessed annually. Changes to the amortisation period are accounted for as a change in estimate.

Intangible assets with an indefinite economic life are tested for impairment at least once a year, either individually or as a part of a cash-generating unit. Intangible assets with an indefinite economic life are not amortised. The economic life is assessed annually with regard to whether the assumption of an indefinite economic life can be justified. If it cannot, the change to a finite economic life is made prospectively.



## Patents and licenses

Expenditures for patents and licenses are capitalised and depreciated over their expected useful life. The expected useful life for patents and licenses varies between five and ten years.

## Software

Expenses linked to the purchase of new computer software are capitalised as an intangible asset provided these expenses do not form part of the hardware acquisition costs. Software is normally depreciated on a straight-line basis over three years. Costs incurred as a result of maintaining or upholding the future utility of software is expensed unless the changes in the software increase the future economic benefits from the software.

## Product rights

Expenditures for rights are capitalised and depreciated over their expected useful life. The expected useful life for product rights varies between five and ten years.

## Contractual customer relationships

Contractual customer relationships purchased or acquired in a business combination are recognised at fair value at the acquisition date.

The contractual customer relations have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationship. The expected useful life varies between two and three years.

## Non-contractual customer relationships

Non-contractual customer relationships acquired in a business combination are recognised at fair value separately from goodwill at the acquisition date, if they are capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability.

Non-contractual customer relations have a finite useful life and are carried at cost less accumulated amortisation. Non-contractual customer relationships are depreciated over their expected useful life. The expected useful life varies between five and fifteen years.

## Research and development

Expenses relating to research activities are recognised in profit or loss as they incur. Development costs that are attributable to an individual project are reported as an asset on the balance sheet when the Group can demonstrate the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete the intangible asset and use or sell it
- how the intangible asset will generate probable future economic benefits
- the availability of resources to complete the asset
- its ability to measure reliably the expenditure during its development

Capitalised development cost is amortised over its expected useful life and tested for impairment annually. The expected useful life for research and development varies between three and fifteen years.

## Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment or if any impairment indicators exist.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The recoverable amount of an asset or a cash-generating unit is the higher of fair value, less cost to sell, and value in use. Impairment is recognised when the carrying value exceeds the recoverable value of the asset or cash-generating unit.

Previously recognised impairments are reversed if the conditions on which the recognised impairments are based are no longer applicable. Impairments are reversed to the extent that the capitalised amount after reversal does not exceed the capitalised amount net of depreciation that would have been the carrying amount if no impairment had been recognised. Impairments are not reversed for goodwill.

## Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

## Financial assets

The Group's financial assets mainly consist of trade receivables, other receivables and cash and cash equivalents.

Assets are classified to the different measurement categories based on the business model and the characteristics of the contractual terms applying to cash flows.

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.



For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The four measurement categories are described below. The Group has normally financial assets entirely measured at amortised cost. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15 Revenue from contracts with customers. The Group normally does not invest in financial assets.

The Group does not apply hedge accounting.

#### **Financial assets at amortised cost (debt instruments)**

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

#### **Financial assets at fair value through OCI (debt instruments)**

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

#### **Financial assets designated at fair value through OCI (equity instruments)**

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

#### **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

#### **Derecognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - a. the Group has transferred substantially all the risks and rewards of the asset, or
  - b. the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

#### **Financial liabilities**

The Group's financial liabilities mainly consist of loans and borrowings, trade and other payables, and other current liabilities. The Group's financial liabilities are classified, at initial recognition, as loans, borrowings and payables, or financial liabilities at fair value through profit or loss. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.



The subsequent measurement of financial liabilities depends on their classification, as described below. The Group normally only hold instruments that are recognised at amortised cost, with the exemption of contingent considerations measured at fair value.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Payables are measured at their nominal amount when the effect of discounting is not material.

Financial liabilities are measured at fair value through profit or loss when they meet the definition of held for trading, or when they are designated as such on initial recognition.

#### **Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

#### **Impairment of financial assets**

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, which are the main part of the Group's financial assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group's provisions are based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

#### **Inventory**

Inventories are recognised at the lower of cost and net realisable value. The cost is arrived at using the FIFO method and includes the costs incurred in acquiring the goods and the costs of bringing the goods to their current state and location. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

#### **Accounts receivable**

Trade receivables and other receivables are recognised net of expected losses. The accrual for losses is based on an individual assessment of each receivable. Reference is also made to section regarding financial instruments for principles regarding loans and receivables.

#### **Cash and cash equivalents**

Cash includes cash in hand and at bank. Cash equivalents are short-term liquid investments that can be immediately converted into a known amount of cash and have a maximum term to maturity of three months from the date of acquisition.

#### **Segment information**

Segment information is presented in line with the Groups internal reporting to the chief operating decision makers (Group Management). The company operates within different operating segments as per the definitions in IFRS 8 Operating segments. Segments are: "Road Safety Nordic", "Road Safety Europe", "Road Infrastructure" and "Other/Holding". Reference is made to note 6 for detailed segment information.

#### **Remunerations to employees**

##### **Defined benefit pension plans**

Defined benefit pension plans are recognised at the present value of the accrued future pension benefits at the end of the reporting period (balance sheet date), less the fair value of pension plan assets. Defined benefit obligations are presented net of plan assets in the balance sheet. Actuarial gains and losses are reported in other comprehensive income.

##### **Defined contribution plans**

The pension contributions are charged to expenses as they are incurred.



## Provisions

A provision is recognised when the Group has an obligation (legal or constructive) as a result of a past event, it is probable (more likely than not) that a financial settlement will take place as a result of this obligation and the size of the amount can be measured reliably. If the effect is material, the provision is calculated by discounting estimated future cash flows using a pre-tax discount rate that reflects the market's pricing of the time value of money and, if relevant, risks specifically linked to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

A provision for a warranty is recognised when the underlying products or services are sold. The provision is based on historical information on guarantees and a weighting of possible outcomes according to the likelihood of their occurrence.

Restructuring provisions are reported when the Group has approved a detailed and formal restructuring plan and the restructuring has either started or been publicly announced.

Provisions for loss-making contracts are recognised when the Group's estimated revenues from a contract are less than the lowest possible cost of meeting the contractual obligations.

## Contingent liabilities and assets

Possible liabilities (obligations) that do not satisfy the three provision criteria are categorised as 'contingent' under IAS 37 and are not recognised in the financial statements. Significant contingent liabilities are disclosed, with the exception of contingent liabilities that are unlikely to be incurred. In a business combination a contingent liability has to be recognised in a business acquisition regardless of probability.

Contingent assets are not recognised in the annual accounts but are disclosed if it is probable that an economic benefit will be received.

## Changes in accounting policies and disclosures

The Group applied in 2019 IFRS 16 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 16 supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

The impact of IFRS 16 on the consolidated statement of financial position as at 1 January 2019 is recognition of right-of-use assets of NOK 410.4 million, lease liabilities of NOK 410.0 million and prepayments of NOK 0.4 million. The impact of IFRS 16 on the consolidated statement of comprehensive income for 2019 is reduced other operating costs of NOK 116.4 million, increased depreciations of NOK 102.4 million and increased financial expenses of NOK 28.7 million. See note 15 for further details.

The Group has lease contracts for various items of plant, machinery, vehicles and other equipment. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

## Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17). The requirements of IFRS 16 were applied to these leases from 1 January 2019.

## Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities,



adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

#### Events after the balance sheet date

New information on the company's financial position at the end of the reporting period which becomes known after the reporting period is recorded in the annual accounts. Events after the reporting period that do not affect the Group's financial position at the end of the reporting period, but which will affect the Group's financial position in the future are disclosed if significant.

### Note 3 Significant accounting judgements, estimates and assumptions

The preparation of consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and applying the chosen accounting policies requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The accounting policies applied by the Group in which judgments, estimates and assumptions may significantly differ from actual results are discussed below.

#### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

##### Revenue from contracts with customers

The Group applies judgements that affect the determination of the amount and timing of revenue from contracts with customers. The judgements include identifying performance obligations in sale of goods/services combined and projects and determining the timing of satisfaction of performance obligations.

#### Estimates and assumptions

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### Business combinations

The business combinations are accounted for by applying the acquisition method, and a degree of judgement is required in establishing fair values of the identifiable assets and liabilities at the acquisition dates, when the values are not observable in the market. See note 4 for information regarding business combinations.

The purchase price allocation for the acquisition of Saferoad in 2018 was performed with the assistance of third-party valuation specialists, based on input from management, with measurement of asset using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models were taken from observable markets where possible, but where this was not feasible, a degree of judgement was required in establishing fair values. Judgements included considerations of inputs such as estimates of the future cash flows expected to arise from the assets and a suitable discount rate in order to calculate present value. Changes in assumptions relating to these factors could affect the reported values recorded in the statement of financial position.

See note 4 for information regarding business combinations.



## Impairment of assets

### **Goodwill**

Determining whether goodwill is impaired requires an estimation of the recoverable amount. At year end 2019 the recoverable amounts are based on the value-in-use of the cash-generating units to which goodwill have been allocated. The value-in-use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying value of goodwill as of 31 December 2019 is NOK 565.6 million (NOK 564.1 million as of 31 December 2018). The Saferoad Group recognises no impairment of goodwill in 2019. Details of recognised goodwill are provided in note 16, including sensitivity disclosures. No significant events or changes in business or market that potentially would change the conclusions were identified from 31 December 2019 until the reporting date.

### **Property plant and equipment and other intangible assets**

The Group has significant carrying amounts related to property, plant and equipment and intangible assets recognised in the consolidated statement of financial position. The value in use of some of these assets could be influenced by changes in market conditions where the Group carries out its business. Significant and prolonged adverse market conditions and/or lower market prices for products and services sold could lead to temporary or permanent reductions of value. Such events will be considered as an impairment indicator and an impairment test will be carried out. The outcome of such impairment tests may be that significant impairment losses are recognised in the statement of income. A reduction of the expected useful life of the assets can also lead to periods with higher depreciation expense going forward. See note 14 and 16 for further details.

### **Determining the lease term of contracts with renewal and termination options – Group as lessee**

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

### **Leases - Estimating the incremental borrowing rate (IBR)**

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

### **Deferred tax assets**

Deferred tax assets are recognised when it is probable that the company will have a sufficient profit for tax purposes in subsequent periods to utilise the tax asset. Assessment of future ability to utilise tax positions is based on judgements of the level on taxable profit, the expected timing of utilisation, expected temporary differences and strategies for tax planning. The judgements relate to a large extent to tax losses carried forward. See note 13 for information about recognised and unrecognised deferred tax assets.

## Note 4 Business combinations and changes in the Group structure

### Acquisitions in 2019

There have been no new material acquisitions in 2019.

### SRH Investco AS' acquisition of Saferoad Holding ASA (Saferoad) in 2018

SRH Investco AS acquired 95.1 per cent of the shares in the listed company Saferoad Holding ASA (now Saferoad Holding AS), on the 11 September 2018. SRH Investco AS effected a compulsory acquisition of the remaining shares in Saferoad Holding ASA on the 12 September 2018, followed by delisting of the shares from the Oslo Stock Exchange. The total cash consideration for 100 per cent of the shares amounts to NOK 1 909.3 million.

The background for SRH Investco AS' acquisition of Saferoad, is the company's ability to support Saferoad in further growth as a market leading provider of road safety and road infrastructure products and solutions in Europe, through its ownership and FSN Capital GP V Limited's and its investment advisor FSN Capital Partners AS' s industrial and operational experience.



The business combination is accounted for by applying the acquisition method, in accordance with IFRS 3. The purchase price allocation was performed with the assistance of third-party valuation specialists and is determined provisional pending upon the final assessment of identifiable assets. The fair values of the identifiable assets and liabilities of the business as at the date of acquisition were as follows:

<b>NOK 1000</b>	<b>Fair values as of acquisition date</b>
Customer relationships	285 191
Other intangible assets	106 868
<b>Total intangible assets</b>	<b>392 059</b>
Land	35 035
Buildings	374 495
Machines and equipment	388 286
Rental equipment, furniture and vehicles, construction	194 975
<b>Total tangible assets</b>	<b>992 790</b>
Total financial assets	38 495
Deferred tax asset	41 782
<b>Total non-current assets</b>	<b>1 465 126</b>
Inventory	1 181 464
Trade receivables	1 134 317
Other current receivables	439 476
Cash and cash equivalents	150 815
<b>Total current assets</b>	<b>2 906 072</b>
<b>Total assets</b>	<b>4 371 198</b>
Liabilities to credit institutions	1 289 850
Other non-current liabilities and provisions	305 393
Deferred tax liabilities	25 031
<b>Total non-current liabilities</b>	<b>1 620 273</b>
Liabilities to credit institutions	21 350
Accounts payables	669 517
Other current liabilities	603 692
<b>Total current liabilities</b>	<b>1 294 559</b>
<b>Net identifiable assets at fair value</b>	<b>1 456 365</b>
Non-controlling interests measured at share of identifiable net assets	(63 651)
Goodwill arising on acquisition	516 549
<b>Purchase consideration transferred</b>	<b>1 909 264</b>

The Group has chosen to measure the non-controlling interests in subsidiaries at the proportionate share of the subsidiary's identifiable net assets. Non-controlling interests at the acquisition date amounts to NOK 63.7 million. Saferoad had at the acquisition date eight subsidiaries which were not consolidated 100 per cent in the consolidated financial statements. Five subsidiaries were included in Road Infrastructure and three subsidiaries were included in Road Safety Europe.

Total goodwill recognised based on the acquisition is NOK 516.5 million. The goodwill comprises of the value of expected synergies from the combination of entities in the Group, the value of assembled workforce and organisation, customer service capability and presence in geographic markets and locations. None of the goodwill is expected to be deductible for income tax purposes.

The fair value of the trade receivables amounts to NOK 1 134.3 million, and the amount is expected to be fully collected. The gross amount of trade receivables is NOK 1 175.5 million.

In the assessment of fair value of liabilities, a contingent liability related to a trial involving the Danish entity Eurostar Denmark A/S is included. There are no changes related to the assessment of the contingent liability from acquisition date to the reporting date 31 December 2018.



In the period between the date of acquisition and 31 December 2018, Saferoad contributed to the Group's entire revenue and contributed to a profit of NOK 10.9 million to the Group's loss before taxes. Saferoad's revenue and profit contributions for the reporting period are ditto figures, as the date of acquisition also defines the beginning of the reporting period for the Group. If the acquisition had taken place as of 1 January 2018, the Group's revenues would have amounted to NOK 6 050.6 million.

Acquisition related transaction costs of NOK 99.6 million are recognised as other operating expenses.

## Other acquisitions in 2018

On 31 December 2018, the Saferoad subsidiary Saferoad RRS GmbH acquired the companies Hausneindorfer Metallbau und Montage GmbH, Schalltec GmbH & Co. KG and Schalltec Beteiligungs GmbH, all included in the Road Safety Europe segment.

<b>Acquired company</b>	<b>Hausneindorfer Metallbau und Montage GmbH</b>	<b>Schalltec GmbH &amp; Co. KG and Schalltec Beteiligungs GmbH</b>	<b>Total</b>
Acquisition made by subsidiary	Saferoad RRS GmbH	Saferoad RRS GmbH	
Total consideration for the shares	46 149	18 264	64 413
Goodwill	27 086	15 627	42 712

Hausneindorfer Metallbau und Montage GmbH was acquired for a total estimated consideration of EUR 4.7 million (NOK 46.1 million) for 100 per cent of the shares. Hausneindorfer Metallbau und Montage GmbH operates within the installation business with focus on maintenance, and the acquisition is expected to strengthen the Group's position in the German market. The consideration is mainly allocated into building and machinery, inventory, trade accounts receivables, cash, current liabilities and goodwill. Hausneindorfer Metallbau und Montage GmbH had operating revenues of EUR 5.5 million (around NOK 53 million) in 2018.

The limited partnership entities Schalltec GmbH & Co.KG (limited partner) and Schalltec Beteiligungs GmbH (general partner) were acquired for a total estimated consideration of EUR 1.9 million (NOK 18.3 million) for 100 per cent of the shares. Schalltec GmbH & Co. KG operates within the installation business, and the acquisition is expected to strengthen the Group's position in the German market. The consideration is mainly allocated into building and machinery, inventory, trade accounts receivables, cash, current liabilities and goodwill. Schalltec GmbH & Co. KG had operating revenues of EUR 2.0 million (around NOK 20 million) in 2018, and Schalltec Beteiligungs GmbH had no external revenues.

The consideration for the shares acquired consists mainly of cash consideration, and contingent considerations as specified in note 18.

There were no revenues or profit/(loss) from the acquired companies included in the consolidated accounts for 2018, as the companies were acquired on 31 December 2018. Revenues and profit/(loss) for the consolidated accounts for 2018 as if the acquisition dates were at the beginning of the reporting period for the Group, would have increased with around NOK 24 million and NOK 4 million, respectively. Acquisition costs of NOK 0.1 million are expensed in 2018.

## Divestments in 2019

In January 2019, the Saferoad subsidiary ASPB Lithuania, a part of the Road Infrastructure segment, was sold at cash proceeds of NOK 3.6 million. There was no gain or loss from the divestment.

## Divestments in 2018

In December 2018, Saferoad's 51 per cent of the shares in Dormark Joint Limited Liability Company, a part of the Road Safety Europe segment, were sold at gross cash proceeds of NOK 0.5 million. A loss from the sale of NOK 1.5 million is included in other operating costs.

In December 2018, the Saferoad subsidiary UAB Pilainiai, a part of the Road Infrastructure segment, was sold at gross cash proceeds of NOK 4.4 million. The property owned by UAB Pilainiai is leased back to the Group, and no gain or loss from the divestment is recognised.



## Note 5 Associated companies and other investments

### Associated companies

The associated companies are companies in which the Group has significant influence. The assessment of influence is based on a judgement of ownership in combination of voting rights, and other contractual arrangements.

The Group has ownership in the following associated companies as of 31 December 2019:

Associated companies	Country	Owner share	Time of acquisition
IBOS Sp. z o.o.	Poland	50 %	15.02.2011
SARL RRS Algeria	Algeria	49 %	27.03.2019

IBOS Sp. z o.o. is a company that performs crash test services for the Polish market and SARL RRS Algeria is a sales office.

Carrying value of associated companies are in December 2019 NOK 1.2 million (NOK 1.1 million in December 2018).

### Change in carrying value associated companies

#### 2019

NOK 1000	IBOS Sp. z o.o.	SARL RRS Algeria	Total
Opening balance 1.1.2019	1 074	0	1 074
Share of this year's profit/(loss)	142	0	142
Equity transactions, dividends	23	0	23
Acquisitions	0	37	37
Translation differences	3	0	3
Carrying value 31.12.2019	1 196	37	1 234

#### 2018

NOK 1000	Rinde Rekon AS	Bjartmar Rinde AS	IBOS Sp. z o.o.	Total
Opening balance of the Group establishment 11.09.2018	0	0	886	886
Share of this year's profit/(loss)	0	0	163	163
Translation differences	0	0	25	25
Carrying value 31.12.2018	0	0	1 074	1 074

Share of profit/(loss) of associated companies' in the statement of comprehensive income includes share of this year's profit, gain from sale of shares in associated companies and gain from reclassification of shares in associated companies to financial asset.

Saferoad financed Rinde Rekon AS and Bjartmar Rinde AS in 2018. The Group's receivables on these companies were considered to be impaired and impairment charges of NOK 4.4 million were recognised as financial expenses in the profit or loss for the Group in 2018. The companies went bankrupt in August 2019.



## Financial information regarding associated companies (100 per cent basis)

### Financial information 31.12.2019

NOK 1000	IBOS Sp. z o.o.	SARL RRS Algeria	Total
Assets	2 690	204	<b>2 894</b>
Liabilities	297	313	<b>611</b>
Revenues	9 970	0	<b>9 970</b>
Profit/(loss) (1.1. - 31.12.)	284	(184)	<b>101</b>
Ownership	50 %	49 %	

### Financial information 31.12.2018

NOK 1000	Rinde Rekon AS	Bjartmar Rinde AS	IBOS Sp. z o.o.	Total
Assets	0	0	907	<b>907</b>
Liabilities	57 166	2 746	80	<b>59 992</b>
Revenues	0	0	7 961	<b>7 961</b>
Profit/(loss) (1.1. - 31.12.)	(5 000)	(25)	282	<b>(4 743)</b>
Ownership	42 %	42 %	50 %	

### Other investments

The company has other investments recognised at amortised cost. The carrying value as of 31 December 2019 was NOK 2.8 million (NOK 12.7 million as of 31 December 2018), of which approximately NOK 2.1 million related to investments Juralco AS (6.19 per cent ownership). The investment in BBV GmbH has been disposed in 2019 for EUR 1.0 million.



## Note 6 Segment information

### Segment structure

The operating segments presented are the key components of the Saferoad Group's business and the segment note follow the structure of internal reporting. The following operating segments have been identified: Road Safety Nordic, Road Safety Europe, Road Infrastructure and Other/Holding. The segments are managed as separate and strategic businesses and no operating segment have been combined for the purpose of segment reporting. Assets and liabilities are not included in the segment reporting.

### Road Safety Europe and Road Safety Nordic

The Road Safety segments offer road restraint systems (guard rails and bridge parapets), lighting columns and other traffic accommodation products and services (signs, work zone protection and road marking) to contractors and road authorities in the Nordics and rest of Europe. Information is provided for each operating segment, and for the total of Road Safety to ensure comparability with Road Infrastructure.

Road Safety Nordic consists of legal entities in Norway, Sweden, Denmark and Finland and a production facility in Poland and entities in UK. Road Safety Europe consists of legal entities in Poland, Germany, Romania, the Netherlands, Slovakia, Belarus, Czech Republic and Turkey.

### Road Infrastructure

Road Infrastructure offers a wide range of soil steel bridges, pipes, culverts, geosynthetics and water and sewage systems for road construction projects in Europe. Road Infrastructure is organised as one operating segment, but is divided in two geographical business regions, "Europe" and "Nordic". Information is provided for the operating segment as a whole, along with information for "Europe" and "Nordic" to ensure comparability with Road Safety.

Road Infrastructure Nordic consists of legal entities in Norway, Denmark, Sweden and Finland. Road Infrastructure Europe consists of legal entities in Poland, the Baltic States, Austria, Romania, Bulgaria, Slovakia, Belarus, Czech Republic, Turkey and Hungary.

The Road Infrastructure business has been managed separately since last quarter 2019, with an own CEO and Board of Directors.

### Other/Holding

The Other/Holding segment consists of the unallocated costs associated with the Group's corporate administration, financial management and the elimination of inter-segment sales.

### Operating segment information

The reported measure of segment profit is EBITDA and EBITA. The Group defines EBITDA as operating profit/(loss) before tax, financial income and expense, depreciation, amortisation and write-downs, including depreciation, amortisation and impairment of excess values in equity accounted investments. The Group defines EBITA as operating profit/(loss) before tax, financial income and expense, amortisation and write-downs, including amortisation and impairment of excess values in equity accounted investments. The Group's definition of EBITDA and EBITA may be different from other companies.

Segment performance is evaluated based on "Underlying EBITDA" and "Underlying EBITA" which deviates from EBITDA and EBITA derived from the consolidated financial statements. In the internal reporting revenues and expenses are adjusted for items which management believes to be non-recurring, such as restructuring expenses, gains and losses (including transactions costs) from disposals of business, transaction costs from preparations of the Group for a potential change of ownership, impairment charges and other non-recurring items. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Depreciations and impairments related to excess values for fixed assets recognised at acquisitions, are not allocated to the segments, and are shown below under "Unallocated Depreciation" and "Impairment other". The elimination of inter-segment sales is included in "Eliminations".

The following table include information about the Group's operation segments and business areas:



## Operating revenue underlying

NOK 1000	2019	2018
Segment Road Safety Nordic	3 138 606	1 065 180
Segment Road Safety Europe	1 759 459	627 756
Other/Eliminations	(53 476)	(19 046)
<b>Road Safety</b>	<b>4 844 590</b>	<b>1 673 890</b>
Road Infrastructure Nordic	466 811	147 351
Road Infrastructure Europe	1 322 061	480 577
Other/Eliminations	(56 785)	(13 083)
<b>Segment Road Infrastructure</b>	<b>1 732 087</b>	<b>614 845</b>
Other/Holding/Eliminations	(14 845)	(14 122)
<b>Operating revenue underlying</b>	<b>6 561 832</b>	<b>2 274 614</b>
Adjustments <sup>1)</sup>	0	4 629
<b>Operating revenue reported</b>	<b>6 561 832</b>	<b>2 279 243</b>

<sup>1)</sup> Items which management believes to be non-recurring

## Personnel costs underlying

NOK 1000	2019	2018
Segment Road Safety Nordic	(986 341)	(313 852)
Segment Road Safety Europe	(272 196)	(82 333)
Other/Eliminations	741	339
<b>Road Safety</b>	<b>(1 257 796)</b>	<b>(395 846)</b>
Road Infrastructure Nordic	(67 027)	(22 203)
Road Infrastructure Europe	(185 546)	(50 052)
Other/Eliminations	(8 031)	(703)
<b>Segment Road Infrastructure</b>	<b>(260 605)</b>	<b>(72 959)</b>
Other/Holding/Elimination	(35 472)	(757)
<b>Personnel costs underlying</b>	<b>(1 553 873)</b>	<b>(469 562)</b>
Classification adjustments <sup>2)</sup>	33 730	(11 820)
Adjustments <sup>1)</sup>	(5 496)	(266)
<b>Personnel costs reported</b>	<b>(1 525 639)</b>	<b>(481 648)</b>

<sup>1)</sup> Items which management believes to be non-recurring

<sup>2)</sup> External services are classified as Other operating costs in IFRS, but as Personnel costs in underlying figures



## Other operating costs underlying

NOK 1000	2019	2018
Segment Road Safety Nordic	(336 473)	(138 687)
Segment Road Safety Europe	(120 220)	(42 946)
Other/Eliminations	4	5
<b>Road Safety</b>	<b>(456 689)</b>	<b>(181 627)</b>
Road Infrastructure Nordic	(30 439)	(10 466)
Road Infrastructure Europe	(103 712)	(34 488)
Other/Eliminations	(267)	(5 179)
<b>Segment Road Infrastructure</b>	<b>(134 418)</b>	<b>(50 133)</b>
Other/Holding/Elimination	(30 180)	17 432
<b>Other operating costs underlying</b>	<b>(621 288)</b>	<b>(214 328)</b>
Classification adjustments <sup>2)</sup>	(198 663)	(69 517)
Adjustments <sup>1)</sup>	(72 364)	(120 163)
<b>Other operating costs reported</b>	<b>(892 315)</b>	<b>(404 316)</b>

<sup>1)</sup> Items which management believes to be non-recurring

<sup>2)</sup> Freight charges are classified as Other operating costs in IFRS, but as Cost of goods sold in underlying figures.

## EBITDA underlying

NOK 1000	2019	2018
Segment Road Safety Nordic	294 299	70 537
Segment Road Safety Europe	156 348	49 977
Other/Eliminations	(40)	0
<b>Road Safety</b>	<b>450 607</b>	<b>120 514</b>
Road Infrastructure Nordic	29 840	6 865
Road Infrastructure Europe	105 691	59 919
Other/Eliminations	(10 852)	(1 228)
<b>Segment Road Infrastructure</b>	<b>124 679</b>	<b>65 556</b>
Other/Holding/Eliminations	(68 648)	(7 020)
<b>EBITDA underlying</b>	<b>506 638</b>	<b>179 049</b>
Adjustments <sup>1)</sup>	(78 960)	(125 058)
<b>EBITDA reported</b>	<b>427 677</b>	<b>53 991</b>
Depreciation and impairment	(267 342)	(48 716)
Amortisation and impairment	(52 833)	(17 828)
<b>Operating profit/(loss) reported</b>	<b>107 502</b>	<b>(12 553)</b>

<sup>1)</sup> Items which management believes to be non-recurring

The impact of IFRS 16 Leases for 2019 is increased EBITDA of NOK 116.4 million.

**EBITA underlying**

NOK 1000	2019	2018
Segment Road Safety Nordic	134 278	42 593
Segment Road Safety Europe	103 850	42 758
<b>Road Safety</b>	<b>238 128</b>	<b>85 351</b>
Road Infrastructure Nordic	21 447	6 108
Road Infrastructure Europe	67 801	52 960
Other/Eliminations	(11 542)	(1 408)
<b>Segment Road Infrastructure</b>	<b>77 706</b>	<b>57 660</b>
Other/Holding/Eliminations	(76 538)	(8 643)
<b>EBITA underlying</b>	<b>239 296</b>	<b>134 368</b>
Depreciation excess values <sup>2)</sup>	0	4 237
Impairment other	0	(203)
Adjustments <sup>1)</sup>	(78 960)	(133 128)
<b>EBITA reported</b>	<b>160 336</b>	<b>5 274</b>
Amortisation and impairment	(52 833)	(17 828)
<b>Operating profit/(loss) reported</b>	<b>107 502</b>	<b>(12 553)</b>

<sup>1)</sup> Items which management believes to be non-recurring

<sup>2)</sup> Depreciation of excess values tangible assets was not allocated to underlying business in 2018 and was reclassified to amortisation. In 2019 depreciation of excess value is allocated to underlying business.

The impact of IFRS 16 Leases for 2019 is increased EBITA of NOK 14.0 million.

**Operating revenue split by geographical areas**

NOK 1000	2019	2018
Norway	1 613 694	537 741
Sweden	1 107 455	412 471
Denmark	380 473	120 325
Poland	738 759	348 571
Germany	961 343	344 264
Other	1 760 109	515 871
<b>Total operating revenue</b>	<b>6 561 832</b>	<b>2 279 243</b>

NOK 1000	2019	2018
Sales revenue - products	5 181 565	1 773 284
Sales revenue - services	1 334 648	483 632
Total other revenue <sup>1)</sup>	45 619	22 327
<b>Total operating revenue</b>	<b>6 561 832</b>	<b>2 279 243</b>

<sup>1)</sup> Other revenue includes gain on sale of fixed assets, rental revenue and other operational revenue

The Group and the segments have a diversified customer base and are not reliant on any single major customer.



## Note 7 Revenue from contracts with customers

### Disaggregated revenue information

Saferoad offers a broad assortment of products and solutions to the road safety and road infrastructure industry. Set out below is the disaggregation of the Group's revenue from contracts with customers into major product/service lines:

#### 2019

NOK 1000	Segment Road Safety Nordic	Segment Road Safety Europe	Road Infrastructure Nordic	Road Infrastructure Europe	Other/Holding/ Eliminations	Total 2019
<b>Major product/service lines</b>						
Road restraint systems	658 976	1 100 184	0	25 857	0	1 785 017
Light poles	470 401	0	0	13 463	0	483 864
Road marking	358 145	361 564	0	0	0	719 709
Signs and work zone protection	960 295	17 483	0	0	0	977 778
Soil steel bridges, pipes and culverts	0	0	200 745	493 729	0	694 473
Geosynthetics	0	0	206 849	278 924	0	485 772
Other products/eliminations	690 219	280 130	56 968	507 401	(125 106)	1 409 611
<b>Revenue from contracts with customers</b>	<b>3 138 036</b>	<b>1 759 360</b>	<b>464 561</b>	<b>1 319 373</b>	<b>(125 106)</b>	<b>6 556 224</b>

#### 2018

NOK 1000	Segment Road Safety Nordic	Segment Road Safety Europe	Road Infrastructure Nordic	Road Infrastructure Europe	Other/Holding/ Eliminations	Total 2018
<b>Major product/service lines</b>						
Road restraint systems	224 396	394 939	0	25 349	0	644 684
Light poles	175 260	0	0	4 668	0	179 928
Road marking	108 367	120 005	0	0	0	228 372
Signs and work zone protection	328 809	2 068	0	0	0	330 877
Soil steel bridges, pipes and culverts	0	0	68 758	226 248	0	295 007
Geosynthetics	0	0	61 926	87 557	0	149 483
Other products/eliminations	232 851	106 523	16 001	136 080	(46 251)	445 203
<b>Revenue from contracts with customers</b>	<b>1 069 683</b>	<b>623 535</b>	<b>146 685</b>	<b>479 902</b>	<b>(46 251)</b>	<b>2 273 554</b>

Below are further description of the products and solutions within each product/service line.

**Road restraint systems** products are designed to reduce the impact of an accident, and include guardrails, bridge parapets, crash cushions and end terminals.

**Light poles** are designed, developed, produced and distributed by Saferoad, mainly for use on the roads, but also for sport arenas, industrial areas, parks, residential areas and parking areas.

**Road marking** is application of road marking materials (lines and symbols) on roads, parking lots, airports and other paved areas, and also includes road maintenance.

**Signs and work zone protection:** The signs-category include fixed traffic signs, mechanical variable message signs and electronic variable message signs, along with safety posts and gantries. Work zone protection products are products of temporary and/or movable character, like barriers, truck mounted attenuators, traffic lights, signs and warning trailers.

**Soil steel bridges, pipes and culverts:** Culverts, bridges, underpasses, overpasses, tunnels, animal underpasses and overcrossings of buried flexible steel structures, as well as culverts, small underpasses and other industrial applications like ventilation or vertical shafts from corrugated steel pipes and pipe-arches solutions, and culverts and storm sewers of plastic pipes, are included in this line.

**Geosynthetics** used within construction applications, are mostly traded products, like woven and non-woven geotextiles, geogrids, natural erosion control mats, asphalt reinforcements, erosion control products, geomembranes, bentonite liners and geocomposites.

**Other products/eliminations:** Other products include street furniture, rail and power poles, rock support products, marina systems and noise protection systems within the road safety segment. The road infrastructure products and solutions are related to railway implementation and application materials, temporary and permanent modular steel bridges, precast modular concrete elements for bridges, environmental protection products, retaining walls and gabions, storm sewage systems and retaining tanks. Eliminations is revenue between the different segments and is applicable for all major product/service lines.



Set out below is the reconciliation of revenue from contracts with customers with the amounts disclosed in the segment information, see note 6, and with reported operating revenue:

## 2019

NOK 1000	Segment Road Safety Nordic	Segment Road Safety Europe	Road Infrastructure Nordic	Road Infrastructure Europe	Other/Holding/ Eliminations	Total 2019
<b>Operating revenue underlying</b>	3 138 606	1 759 459	466 811	1 322 061	(125 106)	<b>6 561 832</b>
Adjustments <sup>1)</sup>	0	0	0	0	0	<b>0</b>
<b>Operating revenue reported</b>	<b>3 138 606</b>	<b>1 759 459</b>	<b>466 811</b>	<b>1 322 061</b>	<b>(125 106)</b>	<b>6 561 832</b>
Rental income	570	99	2 251	2 688	0	<b>5 608</b>
<b>Revenue from contracts with customers</b>	<b>3 138 036</b>	<b>1 759 360</b>	<b>464 561</b>	<b>1 319 373</b>	<b>(125 106)</b>	<b>6 556 224</b>

## 2018

NOK 1000	Segment Road Safety Nordic	Segment Road Safety Europe	Road Infrastructure Nordic	Road Infrastructure Europe	Other/Holding/ Eliminations	Total 2018
<b>Operating revenue underlying</b>	1 065 180	627 756	147 351	480 577	(46 251)	<b>2 274 614</b>
Adjustments <sup>1)</sup>	46 629	0	0	0	0	<b>4 629</b>
<b>Operating revenue reported</b>	<b>1 069 809</b>	<b>627 756</b>	<b>147 351</b>	<b>480 577</b>	<b>(46 251)</b>	<b>2 279 243</b>
Rental income	126	4 221	666	676	0	<b>5 689</b>
<b>Revenue from contracts with customers</b>	<b>1 069 683</b>	<b>623 535</b>	<b>146 685</b>	<b>479 901</b>	<b>(46 251)</b>	<b>2 273 554</b>

## Contract balances

NOK 1000	31.12.2019	31.12.2018	11.09.2018
Trade receivables	<b>910 034</b>	930 703	1 113 141
Contract assets	<b>172 037</b>	163 343	216 255
Contract liabilities	<b>29 233</b>	29 779	13 894

There are no major changes in the figures compared to last year.

Trade receivables are non-interest bearing and are generally on terms of until 60 days. The contract assets consist of unbilled amounts when revenue recognised exceeds the amount billed to customer. The contract liabilities consist of advance payments and billings in excess of revenue recognised (i.e. deferred revenue).

## Performance obligations

For sale of goods the invoicing is generally done when the goods are delivered, i.e. at the same time revenue for each performance obligation is recognised. Sale of goods thus normally has no effect on the contract asset and the contract liability balances. Payment is normally due for the total consideration within two months after invoicing.

For sale of services invoicing is customarily done monthly, according to agreed fixed fees or work performed, and consideration is payable within two months after invoicing. Sale of services normally has no impact on the contract asset and the contract liability balances, as the invoicing normally coincides with the satisfaction of the performance obligations for the month. An exception is when invoicing has not yet been effectuated and the right to consideration is classified as unbilled revenue at reporting date.

Sale of goods/services combined and projects customers are generally invoiced on a monthly basis according to work performed or at agreed milestones. Payment is normally due within two months after invoicing. The sales often have no impact on the contract asset and the contract liability balances, as the invoicing often coincides with the satisfaction of the performance obligations for the month. However, when sale is invoiced according to milestones, revenue can be recognised in excess of or below the amounts invoiced, leading to contract asset or the contract liability balances for the Group.

The Group uses the practical expedient not to disclose the amount of the remaining performance obligations for contracts with original expected duration of less than one year or for contracts with right to consideration from the customer in an amount that corresponds directly with the value to the customer of the entity's performance completed to date.

The aggregate amount of the transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied), for contracts with original expected duration of one year or more, with right to consideration from the customer at



an amount independent of the entity's performance completed to date, as at 31 December 2019 is NOK 193 million (NOK 240 million as at 31 December 2018), whereof NOK 72 million is expected to be recognised within one year (NOK 60 million were expected to be recognised within one year in 2018).

## Note 8 Cost of goods sold and inventories

### Cost of goods sold

NOK 1000	2019	2018
Purchase of goods and changes in inventories	3 709 983	1 337 487
Write-down of inventories	6 218	1 800
<b>Total cost of goods sold</b>	<b>3 716 201</b>	<b>1 339 287</b>

### Inventories

NOK 1000	31.12.2019	31.12.2018
Raw materials	369 008	412 346
Work in progress	34 353	32 207
Own produced goods	341 310	327 375
Goods purchased for resale	249 388	243 184
<b>Total inventories</b>	<b>994 059</b>	<b>1 015 113</b>

## Note 9 Other operating costs

### Other operating costs

NOK 1000	2019	2018
Rent	20 722	23 698
Other costs related to premises	70 924	21 229
Operational lease	14 721	8 552
Direct operating costs (incl. repairs and maintenance)	228 721	77 713
Selling and distribution costs	257 174	88 200
Administrative costs	205 768	150 409
Membership, insurance, license- and guarantee costs	43 837	7 490
Capital losses upon sales of fixed assets	1 116	1 151
Bad debts	12 600	9 863
Other operating costs	36 731	16 012
<b>Total other operating costs</b>	<b>892 315</b>	<b>404 316</b>

### Fees to auditors

NOK 1000	2019	2018
Proposed fee for audit	8 100	6 329
Fees for audit previous year	983	15
Fees for attestation services	394	376
Fees for tax services	2 819	1 859
Fees for other services	1 456	1 925
<b>Total fees</b>	<b>13 752</b>	<b>10 504</b>
Of which is auditing fees to Ernst & Young	7 856	5 155
Of which is other fees to Ernst & Young	4 609	3 784



The amounts in the table above represent the fees for the audit of the statutory financial statements for companies with statutory audit requirements, in addition to the audit of the consolidated financial statement.

Fees to auditor is excluding VAT.

In order to increase the quality in company audits, several local auditors were changed to Ernst & Young or a top 10 audit firm in 2019. In addition, the number of companies included in the audit scope for the Group for 2019 was extended. This resulted in increased fees to auditors for 2019 compared to 2018.

## Note 10 Employees, total personnel costs and management remuneration

### Salaries and remuneration

NOK 1000	2019	2018
Salary	1 223 891	392 115
Social security tax on salaries, pensions, bonuses etc.	180 469	57 810
Other personnel expenses	28 680	5 028
Pension expenses	65 360	21 586
Bonuses	27 239	5 108
<b>Total salaries and remuneration</b>	<b>1 525 639</b>	<b>481 648</b>

There are 2 968 employees in the Group per 31 December 2019 (2 967 last year).

### Whereof salaries and remuneration for Board of Directors and Group management

The Board of Directors in SRH Investco AS received no remuneration in 2018 or 2019. None of the members of the Board of Directors owned shares in Saferoad Group in 2018 or 2019. The Chairman and the members of the Board have no agreements for further compensation due to termination or changes in the position. The Chairman and the members of the Board are employed in FSN Capital Partners AS which is related to the FSN funds that owns SRH BridgeCo AS.

Espen Asheim was appointed CEO in the Saferoad Group from 1 November 2018 and has his formal employment contract with the subsidiary Saferoad Holding AS.

The table below sets out the remuneration for 2019 for the Group CEO.

NOK 1000	2019
Salary <sup>1)</sup>	4 163
Other benefits <sup>2)</sup>	210
Pension benefits	96
<b>Total</b>	<b>4 470</b>

<sup>1)</sup> Salary consists of base salary and holiday payment

<sup>2)</sup> Other benefits are the total of all other cash and non-cash related benefits received by the individual during the year presented and includes such items as the taxable portion of insurance premiums, company car, car allowances and electronic communication items

The Group CEO had 50 000 class A shares (common shares) and 50 000 class B1 shares (preference shares) in SRH Holding AS (the parent company of SRH Investco AS) per 31 December 2019. There are no loans or share-based payments from the company to Group CEO or Board of Directors.

The table below sets out the remuneration for 2019 for the Group management which consisted of ten persons in addition to the CEO.

NOK 1000	2019
Salary <sup>1)</sup>	20 733
Other benefits <sup>2)</sup>	1 193
Pension benefits	1 275
<b>Total</b>	<b>23 200</b>

<sup>1)</sup> Salary consists of base salary and holiday payment

<sup>2)</sup> Other benefits are the total of all other cash and non-cash related benefits received by the individual during the year presented and includes such items as the taxable portion of insurance premiums, company car, car allowances and electronic communication items



The table below sets out the number of shares in subsidiaries owned by the Group management per 31 December 2019.

	<b>31.12.2019</b>
SRH MgmtCo AS - Class B1 shares (preference shares)	210 000
SRH Holding AS - Class A shares (common shares)	215 000
SRH Holding AS - Class B1 shares (preference shares)	215 000
<b>Total</b>	<b>640 000</b>

The CEO and Group management has performance-based bonus agreement. The bonus scheme is determined by the Board of Directors for one year at a time. One of the members of Group Management has a bonus agreement triggered by a change of ownership of the Road Infrastructure segment.

Two members of Group management are entitled to severance pay of six months base salary after termination of employment. The CEO is entitled to severance pay of fifteen months base salary after termination of employment. One member of the Group management has a fixed term contract expiring in June 2022, which is prolonged by a fixed term of two years at a time if not terminated within a notice period of six months to the end of the month prior to the expiry of the service contract. None of the members of the Board has a service contract and none will be entitled to any benefits upon termination of office.

One member of Group management has a loan from the company of NOK 0.4 million. There are no loans from the company to the CEO or Board of Directors.

Former CEO Morten Holum resigned ultimo September 2018. Morten Holum was entitled to a monthly remuneration of NOK 0.3 million until 30 September 2019 and severance pay of six month's base salary of a total of NOK 2.1 million. He was also entitled to a bonus of NOK 1.0 million for the calendar year 2018 and NOK 0.8 million for 2019. This compensation was recognised in full in 2018.



## Note 11 Pensions

The Group policy is to offer pension contribution plans to its employees. The Norwegian companies in the Group are required by law to have a pension scheme and this requirement is fulfilled. The main characteristic of a defined contribution plan is that the employer's obligation is limited to the amount it agrees to contribute to the plan. For such plans the contribution is expensed as they are incurred.

In line with the Group policy, most defined benefit plans were terminated in 2008 or earlier. For historical reasons there are still a limited number of such plans in place in Sweden, Norway and in Germany. The main financial and accounting impact of the remaining defined benefit plans have been summarised below, on the line "defined benefit expense" and under the heading "defined benefit assets and liabilities".

### Pension expense for the year

NOK 1000	2019	2018
Defined benefit expense	(65)	339
Defined contribution expense	65 425	21 247
Total pension expense	65 360	21 586

### Defined benefit assets and liabilities

Accrued pension obligations	67 449	71 068
Pension plan assets	16 341	18 772
Net benefit obligations	51 108	52 296

### Plans with a surplus is recognised separately from plans with a deficit

Recognised pension assets	167	234
Recognised pension obligations	(51 275)	(52 530)

### Actuarial and financial assumptions (defined benefit plans):

#### 2019

NOK 1000	Norway	Sweden	Germany
Discount rates	1,8 %	1,3 %	1,1 %
Salary increase	2,3 %	2,7 %	0,0 %

#### 2018

NOK 1000	Norway	Sweden	Germany
Discount rates	2,6 %	2,3 %	2,0 %
Salary increase	2,8 %	3,0 %	0,0 %

Actuarial gain of NOK 2.1 million in 2019 (NOK 2.9 million in 2018) have been recognised in other comprehensive income.



## Note 12 Financial items

NOK 1000	2019	2018
Interest income	10 345	2 954
Other financial income	6 396	2 241
<b>Total financial income</b>	<b>16 742</b>	<b>5 196</b>
Interest expenses	170 833	52 783
Interest expenses on lease liabilities	28 778	0
Other financial expenses	47 087	71 042
<b>Total financial expenses</b>	<b>246 698</b>	<b>123 824</b>
Currency exchange gain	139 128	46 061
Currency exchange loss	143 100	75 365
<b>Net exchange rate gain/(loss)</b>	<b>(3 971)</b>	<b>(29 304)</b>
Share of profit/(loss) of associated companies	142	163
<b>Net financial income/(expenses)</b>	<b>(233 785)</b>	<b>(147 769)</b>

Other financial expenses consist of guarantee provisions, bank fees, and write-down of long-term receivables. Other financial expenses in 2018 consist of bank fees capitalised in prior periods that were expensed in September 2018, as a consequence of the refinancing in connection with SRH Investco AS' acquisition of Saferoad Group. Other financial expenses in 2018 consist also of net increase in estimated future payments of minority buy-outs and acquired shares of NOK 37.2 million, see note 18.

Other financial income in 2019 consist of net decrease in estimated future payments of minority buy-outs and acquired shares of NOK 6.2 million, see note 18.

Currency exchange gains and losses arise from the Group's holding entities' internal and external monetary positions in currencies different from the entity's functional currency. The gains and losses arise from translation of monetary assets and liabilities expressed in non-functional currencies to the exchange rate in effect on the balance sheet date, and from transactions in non-functional currencies translated at the rate in effect on the transaction date. The gains and losses are netted per currency per entity.



## Note 13 Income tax

### Tax income/(expense)

NOK 1000	2019	2018
Tax payable	(33 263)	(6 764)
Changes in deferred tax	(19 896)	(19 155)
Tax income/(expense) recognised in the consolidated statement of comprehensive income	(53 159)	(25 919)
Prepaid tax (included in other receivables)	31 503	23 952
Current tax liabilities	(16 710)	(23 139)
Total (net) tax payable 31 December, receivable/(liability)	14 793	812

### A reconciliation of the effective rate of tax and the tax rate in Saferoad Group's country of registration

NOK 1000	2019	2018
Profit/(loss) before tax	(126 283)	(160 322)
Expected income taxes according to income tax rate in Norway 22%/23%	27 782	36 874
Adjustment in respect of current income tax of previous years	(4 466)	0
Deferred tax assets not recognised current year	(64 250)	(24 637)
Use of previously unrecognised loss carried forward	19 460	9 476
Effect of reduced valuation allowance regarding deferred tax asset <sup>1)</sup>	(1 397)	56
Non deductible expenses <sup>2)</sup>	(30 259)	(42 557)
Non-taxable income	3 037	931
Tax rate outside Norway other than 22%/23%	123	(5 055)
Change in deferred tax assets/liabilities due to change in tax rates <sup>3)</sup>	2 630	(577)
Other	(5 817)	(431)
Tax income/(expense) recognised in the consolidated statement of comprehensive income	(53 159)	(25 919)
<b>Tax income/(expense) reported in other comprehensive income</b>		
Pensions	101	811
Tax effect on currency translation - net investment	13 619	(22 267)
Income tax on other comprehensive income	13 720	(21 456)

<sup>1)</sup> Assessments of whether tax loss carry forward and deferred tax on other temporary differences should be recognised, is done partly on country and partly on company level.

<sup>2)</sup> The non-deductible expenses include other financial expenses related to changes in estimated future payments for put options on shares (see note 12 and note 18), non-deductible interest expenses, and loss on sale of subsidiaries (see note 4).

<sup>3)</sup> Deferred tax assets/liabilities are measured at new tax rate 21.4% and 30.0% from year end 2019 for respectively Swedish and French entities as those countries have decided to reduce the corporate income tax in 2020. Deferred tax assets/liabilities were measured at new tax rate 22% from year end 2018 for Norwegian entities as Norway decided to reduce the corporate income tax to 22% in 2019. The Group's Expected income taxes in 2018 were measured according to income tax rate of 23% in Norway.



Deferred tax liabilities/(deferred tax assets)	Statement of financial position 2019	Statement of financial position 2018	Statement of profit or loss 2019	Statement of profit or loss 2018
NOK 1000				
<b>Non-current assets and liabilities</b>				
Intangible assets	51 605	63 934	12 329	43 697
Tangible fixed assets	39 637	44 147	4 510	3 020
Pensions	(5 711)	(5 712)	(42)	(1 030)
Other non-current items	17 065	15 539	(1 526)	(16 579)
<b>Total non-current assets and liabilities</b>	<b>102 597</b>	<b>117 908</b>	<b>15 271</b>	<b>29 109</b>
<b>Current assets and liabilities</b>				
Inventory	(2 081)	(2 208)	(128)	866
Liabilities	(1 918)	(548)	1 370	(3 723)
Trade receivables	(4 053)	(3 852)	201	723
Other investments at fair value	(97)	(89)	7	10
Other current items	(9 456)	(11 434)	(1 978)	7 296
<b>Total current assets and liabilities</b>	<b>(17 605)</b>	<b>(18 133)</b>	<b>(527)</b>	<b>5 171</b>
Tax losses carried forward	(261 937)	(238 420)	10 418	1 671
Of which assets not recognised (valuation allowance)	(205 401)	(160 343)	45 058	55 106
<b>Net recognised deferred tax liabilities</b>	<b>28 456</b>	<b>21 699</b>	<b>(19 896)</b>	<b>(19 155)</b>
Of which deferred tax assets	25 709	37 656		
Of which deferred tax liabilities	(54 164)	(59 355)		

#### Tax loss carried forward

The Group has a total tax loss carried forward of NOK 1 243.1 million which expires as follows:

NOK 1000	United Kingdom				2019	2018
	Sweden	Norway	Other	2019		
Current year + 1 year				13 265	13 265	13 980
Current year + 2 years				19 732	19 732	15 048
Current year + 3 years				16 276	16 276	26 261
Current year + 4 years				32 938	32 938	21 018
Current year + 5 years or later				19 382	19 382	53 473
No due date	304 508	143 641	611 652	81 712	1 141 513	998 831
<b>Total tax loss carried forward</b>	<b>304 508</b>	<b>143 641</b>	<b>611 652</b>	<b>183 305</b>	<b>1 243 106</b>	<b>1 128 611</b>
On which deferred tax assets have not been recognised	150 894	143 641	496 433	149 795	940 763	750 424
<b>Total tax loss on which deferred tax assets have been recognised</b>	<b>153 614</b>	<b>0</b>	<b>115 219</b>	<b>33 511</b>	<b>302 344</b>	<b>378 188</b>

#### Changes in net deferred taxes

NOK 1000	2019	2018
Opening balance	21 698	(16 751)
Recognised in profit and loss	19 954	19 155
Recognised as other comprehensive income	(13 719)	21 456
Acquisitions and disposals	9	29
Translation differences	514	(2 191)
<b>As of 31 December</b>	<b>28 455</b>	<b>21 698</b>
Of which deferred tax assets	25 709	37 656
Of which deferred tax liabilities	(54 164)	(59 355)



## Note 14 Property, plant and equipment

### 2019

NOK 1000	Land	Buildings	Machines / equipment	Construction in progress	Rental equipment /furniture /vehicles <sup>1)</sup>	Total
Accumulated cost 31 December 2018	36 789	375 112	443 372	1 261	224 273	1 080 807
Transfer to RoU 1 January 2019	0	0	(85 301)	0	(39 011)	(124 312)
Accumulated cost 1 January 2019	36 789	375 112	358 071	1 261	185 261	956 495
Reclassifications	0	7 448	(3 873)	(6 219)	4 293	1 649
Additions, other	13 546	12 095	108 724	13 524	34 970	182 860
Disposals	(2 190)	(11 566)	(4 495)	0	(2 416)	(20 667)
Translation differences	(121)	(3 830)	(6 481)	81	(2 480)	(12 832)
Accumulated cost 31 December 2019	48 024	379 259	451 946	8 647	219 629	1 107 505

### Depreciation method

#### Useful life

NOK 1000	No depreciation	Linear 10-40 years	Linear 5-10 years	No depreciation	Linear 3-5 years	Total
Accumulated depreciations and impairments 1 January 2019	0	14 316	29 675	0	17 737	61 727
Reclassifications	0	1 826	(419)	0	242	1 649
Disposals	0	0	0	0	(121)	(121)
Depreciations	0	31 876	64 860	0	42 262	138 997
Translation differences	0	(1 388)	(4 461)	0	(1 509)	(7 358)
Accumulated depreciations and impairments 31 December 2019	0	46 629	89 655	0	58 611	194 895
Carrying value 31 December 2018	36 789	360 796	413 697	1 261	206 536	1 019 079
Carrying value 31 December 2019	48 024	332 630	362 291	8 647	161 018	912 610

<sup>1)</sup> This category includes rental equipment where the Group is the lessor.

### 2018

NOK 1000	Land	Buildings	Machines / equipment	Construction in progress	Rental equipment /furniture /vehicles <sup>1)</sup>	Total
Opening balance of the Group establishment 11 September 2018	35 035	374 495	388 285	571	194 404	992 790
Reclassifications	0	2 736	(5 678)	(1 879)	590	(4 231)
Additions, acquisition of subsidiaries	0	1 626	818	0	3 362	5 808
Additions, other	2 246	3 328	39 718	2 530	20 823	68 646
Disposals	(1 329)	(18 056)	(713)	0	(1 756)	(21 855)
Translation differences	837	10 983	20 941	37	6 850	39 648
Accumulated cost 31 December 2018	36 789	375 112	443 372	1 261	224 273	1 080 807

### Depreciation method

#### Useful life

NOK 1000	No depreciation	Linear 10-40 years	Linear 5-10 years	No depreciation	Linear 3-5 years	Total
Reclassifications	0	(202)	(4 010)	0	26	(4 186)
Depreciations	0	10 703	23 943	0	14 272	48 919
Impairments	0	0	(203)	0	0	(203)
Translation differences	0	3 815	9 944	0	3 439	17 198
Accumulated depreciations and impairments 31 December 2018	0	14 316	29 675	0	17 737	61 727
Carrying value 31 December 2018	36 789	360 796	413 697	1 261	206 536	1 019 079

<sup>1)</sup> This category includes rental equipment where the Group is the lessor.

There is no material capitalised interest cost on property, plant and equipment per 31 December 2019 or per 31 December 2018.



## Note 15 Leases

The Group has leases for premises, machinery and equipment, vehicles, fixtures and office machines. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and asset.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on balance sheet:

### 2019

NOK 1000	Leased premises	Leased machinery/ tools/ vehicles	Leased company cars	Leased furniture/ fixtures/ office machines	Total
Transfer from property, plant and equipment to RoU 1 January 2019 (note 14)	0	86 037	36 604	1 672	124 312
Transition to IFRS 16 Leases 1 January 2019	295 470	64 592	48 194	2 138	410 393
Accumulated cost 1 January 2019	295 470	150 629	84 798	3 810	534 706
Reclassifications	0	652	(948)	0	(296)
Additions, other	24 461	30 732	23 617	1 421	80 231
Disposals	(6 530)	(395)	(3 515)	(73)	(10 513)
Translation differences	(4 051)	170	(1 057)	(23)	(4 960)
Accumulated cost 31 December 2019	309 350	181 788	102 896	5 134	599 168
Accumulated depreciations and impairments 1 January 2019	0	0	0	0	0
Reclassifications	0	0	(294)	0	(294)
Disposals	(2 296)	(205)	(393)	(73)	(2 967)
Depreciations	54 869	40 674	31 350	1 452	128 344
Translation differences	275	342	157	9	783
Accumulated depreciations and impairments 31 December 2019	52 847	40 811	30 821	1 387	125 867
Carrying value 31 December 2018	0	0	0	0	0
Carrying value 31 December 2019	256 503	140 976	72 075	3 747	473 301

The right-of-use assets are included in the same line item as where the corresponding underlying assets would be presented if they were owned.

The lease liabilities are secured by the related underlying assets. See note 23 regarding the maturity profile of the lease liabilities at 31 December 2019 and see note 12 regarding interest expense on the lease liabilities.

See Cash flow statement for total cash outflows regarding financial lease payments.

The group has elected not to recognise a lease liability for short term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

The expense relating to payments not included in the measurement of the lease liability is as follows:

NOK 1000	2019
Lease expense for short-term leases	30 544
Lease expense for low value asset leases	2 807
Variable lease payments not included in lease liabilities	5 541



The table below shows the transition to IFRS 16, 1 January 2019. Lease liability recognised at 1 January 2019 is the discounted Operating lease commitments as of 31 December 2018 less short-term leases and low-value assets and added extensions and termination options reasonably certain to be exercised.

NOK 1000	2018
Discounted operating lease commitments as at 1 January 2019	383 321
Recognition exemptions for:	
Short-term leases	(10 432)
Low-value assets	(5 678)
Extensions and termination options reasonably certain to be exercised	29 750
<b>Lease liability recognised at 1 January 2019</b>	<b>396 961</b>

## Note 16 Intangible assets

2019 NOK 1000	Licenses, product rights etc <sup>1)</sup>	Development	Goodwill	Customer relationships	Other intangible assets	Total
Accumulated cost 1 January 2019	23 440	76 916	564 070	287 807	25 918	978 150
Reclassifications	0	0	0	0	16	16
Additions, acquisition of subsidiaries	0	0	1 919	0	0	1 919
Additions, other	0	27 337	0	0	4 343	31 680
Derecognition	(177)	(108)	0	0	(558)	(843)
Translation differences	(697)	(1 076)	(361)	(1 942)	(518)	(4 596)
<b>Accumulated cost 31 December 2019</b>	<b>22 565</b>	<b>103 069</b>	<b>565 628</b>	<b>285 864</b>	<b>29 202</b>	<b>1 006 328</b>

### Amortisation method

Useful life NOK 1000	Linear 5-10 years	Linear 3-15 years	No amortisation	Linear 5-10 years	Linear 3-15 years	Total
Accumulated amortisations and impairments 1 January 2019	500	7 982	0	6 736	4 148	19 366
Amortisations	683	12 232	0	33 486	6 432	52 833
Derecognition	0	0	0	0	(540)	(540)
Translation differences	(136)	(870)	0	112	(185)	(1 080)
<b>Accumulated amortisations and impairments 31 December 2019</b>	<b>1 046</b>	<b>19 344</b>	<b>0</b>	<b>40 334</b>	<b>9 855</b>	<b>70 580</b>
Carrying value 31 December 2018	22 940	68 934	564 070	281 070	21 771	958 785
<b>Carrying value 31 December 2019</b>	<b>21 519</b>	<b>83 725</b>	<b>565 628</b>	<b>245 530</b>	<b>19 347</b>	<b>935 748</b>

<sup>1)</sup> This category includes trademark of NOK 19.6 million which is not amortised.



## 2018

NOK 1000	Licenses, product rights etc <sup>1)</sup>	Development	Goodwill	Customer relationships	Other intangible assets	Total
Opening balance of the Group establishment 11 September 2018	21 922	63 745	516 550	285 192	21 200	908 609
Reclassifications	44	0	0	0	0	44
Additions, acquisition of subsidiaries	0	2	41 247	0	12	41 260
Additions, other	77	10 907	0	0	2 621	13 605
Translation differences	1 396	2 263	6 274	2 815	2 086	14 632
Accumulated cost 31 December 2018	23 440	76 916	564 070	287 807	25 918	978 150

### Amortisation method

#### Useful life

NOK 1000	Linear 5-10 years	Linear 3-15 years	No amortisation	Linear 5-10 years	Linear 3-15 years	Total
Amortisations	309	6 527	0	8 126	2 865	17 828
Translation differences	190	1 456	0	(1 390)	1 282	1 538
Accumulated amortisations and impairments 31 December 2018	500	7 982	0	6 736	4 148	19 366
Carrying value 31 December 2018	22 940	68 934	564 070	281 070	21 771	958 785

<sup>1)</sup> This category includes trademark of NOK 20.2 million which is not amortised.

Total spending in research and development in 2019 amounted to NOK 27.3 million (NOK 10.9 million in 2018).

### Groups of cash-generating unit composition

The Group comprises of the cash-generating units (CGUs) Road Safety Nordic, Road Safety Europe and Road Infrastructure. When identifying the CGUs, various factors have been considered, including how Group management monitors operations by segments. The CGUs correspond to the operating segments, which are managed as separate and strategic business, see description in note 6.

The table below shows the allocation of goodwill between the CGUs:

NOK 1000	31.12.2019	31.12.2018
Road Safety Nordic	352 420	352 420
Road Safety Europe	42 349	42 712
Road Infrastructure	169 859	168 938
Total	564 628	564 070

### Impairment testing of goodwill

The Group tests goodwill for impairment annually or more frequently if there are indications that goodwill is impaired. Recognised goodwill as of 31 December 2019 is NOK 565.6 million, and is derived from CGUs Road Safety Nordic, Road Safety Europe and Road Infrastructure, see table above. The recoverable amounts of the CGUs have been determined based on value-in-use calculations.

### Cash flow assumptions used in value-in-use calculations

Revenue is driven by public road spend budgets in relevant markets, adjusted for Management's expectations for price development and market penetration. Baseline variable costs are assumed to be at a fixed level of revenue and fixed costs are expected to increase by inflation or expected salary growth. Capital expenditure is assumed to be at a fixed level of revenue and depreciation is assumed to be equal to capital expenditure. Net working capital levels are budgeted on an entity level based on historically reported values and expectations to ongoing initiatives to improve capital efficiency. In calculations of the terminal value the level of change in net working capital is assumed at a percentage of revenues based on long-term expectations. The tax rate applied is the weighted tax rate for the relevant countries. Cash flows after year 2024 have been extrapolated using a long-term growth rate that is similar to the expected long-term inflation.

### Discount rates used in value-in-use calculations

The Group has applied a weighted average cost of capital (WACC) specific for each CGU. The value in use is the net present value of the estimated cash flow after tax, using a discount factor reflecting the timing of the cash flows and the expected risks. Discount rates reflect the current market assessment of the risks specific to each CGU. The discount rate is estimated based on the weighted average cost of capital (WACC) for the industry. This rate is further adjusted to reflect the market assessment of any risk specific to the CGU for which future estimates of cash-flows have not been adjusted. The market risk premium of equity is 6 per cent, at the same level as previous years.



The table below outlines the key assumptions for each CGU.

	Expected compound annual growth rate (CAGR) of sales	EBITDA-margins	Change in net working capital as a percentage of revenues	Discount rate applied to cash-flow projections
Road Safety Nordic	3.7%	8%-9%	(0.2%)-(0.9%)	7.27%
Road Safety Europe	3.3%	7%-10%	(0.8%)-(2.4%)	7.29%
Road Infrastructure	6.2%	8%-9%	(1.6%)-(2.0%)	8.39%

### Sensitivity analysis

The calculation of recoverable amount is sensitive for changes in key assumptions. Sensitivity analysis have been performed on the most sensitive assumptions, which are changes in sales growth, changes in discount rates and changes in EBITDA-margins. The table below outlines the level of change in a single assumption that will lead to impairment charges.

	Expected compound annual growth rate (CAGR) of sales	Discount rate applied to cash-flow projections	EBITDA-margins
Road Safety Nordic	(0.2%-points)	0.1%-points	(1%)
Road Safety Europe	(0.0%-points)	0.0%-points	(0%)
Road Infrastructure	(2.2%-points)	1.7%-points	(8%)

The sensitivity analysis indicates that the conclusion is robust to changes in assumptions for Road Infrastructure in all three key assumptions but are more sensitive to changes in assumptions for Road Safety Nordic and Road Safety Europe. Decreased demand can lead to a decline in the expected compound annual growth rate (CAGR) or EBITDA-margin. For Road Safety Nordic a decrease of 0.2%-points in CAGR or 1% change in EBITDA-margin would result in an impairment situation. For Road Safety Europe a minor decrease in CAGR or EBITDA-margin would result in an impairment situation.

### Note 17 Other provisions

Non-current		
NOK 1000	31.12.2019	31.12.2018
Warrantyprovision	6 525	5 399
Other provisions	24 065	34 211
<b>Total non-current provisions</b>	<b>30 590</b>	<b>39 609</b>
Current		
NOK 1000	31.12.2019	31.12.2018
Restructuring provisions	5 421	4 708
<b>Total current provisions</b>	<b>5 421</b>	<b>4 708</b>

Other provisions include royalty provisions for suppliers, a possible VAT claim in Poland and environmental liabilities. Restructuring provisions are mainly related to personnel costs.



## Changes in provisions in 2019

NOK 1000	Warranty provisions	Other provisions	Total non-current provisions	Restructuring provisions	Total current provisions
Opening balance 1.1.2019	5 399	34 211	39 609	4 708	4 708
Additions	1 637	16 185	17 822	4 623	4 623
Used (amount charged against provision)	0	(9 782)	(9 782)	(3 876)	(3 876)
Unused amounts reversed	(500)	(16 537)	(17 037)	0	0
Translation differences	(11)	(12)	(23)	(34)	(34)
Total provisions 31.12.2019	6 525	24 065	30 590	5 421	5 421

## Changes in provisions in 2018

NOK 1000	Warranty provisions	Other provisions	Total non-current provisions	Restructuring provisions	Total current provisions
Opening balance of the Group establishment 11.09.2018	6 299	27 026	33 325	5 652	5 652
Additions	1 951	818	2 769	3 373	3 373
Used (amount charged against provision)	(1 839)	3 085	1 246	(5 080)	(5 080)
Unused amounts reversed	(1 297)	2 143	846	0	0
Translation differences	284	1 138	1 423	763	763
Total provisions 31.12.2018	5 399	34 211	39 609	4 708	4 708

## Note 18 Put options on remaining shares and earn outs on acquired shares

### Put options on shares and estimated future payments

In some acquired companies with non-controlling interests, put options are issued for the purchase of the remaining shares. The estimated future payments related to the buyouts of non-controlling interests and the remaining put option are shown in the table below. Options that do not create any obligations are not reported.

NOK 1000	31.12.2019	31.12.2018
Included in other non-current liabilities	0	49 861
Included in other current liabilities	53 975	7 242
Total estimated future payments	53 975	57 103

### Changes in estimated future payments

NOK 1000	31.12.2019	31.12.2018
Opening balance	57 103	51 234
Change in estimate existing obligations	4 531	4 474
Payments	(7 215)	0
Translation differences	(444)	1 395
Closing balance	53 975	57 103

After an acquisition in March 2018, the Group, through ViaCon International AB owns 60 per cent of the voting shares in Tubosider France S.A.S. The Group also entered into a shareholders' agreement with an option to buy the remaining 40 per cent of the shares. The shareholders' agreement contains clauses regarding put and call options on the shares owned by the minority shareholders that only can be exercised under certain circumstances. The agreement does not provide the Group with a present ownership interests in the remaining shares and therefore a non-controlling interest is recognised at the date of the business combination. The estimated consideration for the remaining shares is profit based and calculated according to a formula based on the company's EBITDA resulting from the latest approved audited accounts of the company and an EV/EBITDA multiple.



## Future payments for acquired shares

The Group has the following future payments (earn outs and seller credit) related to acquired subsidiaries:

NOK 1000	31.12.2019	31.12.2018
<b>Company</b>		
FLA Geoprodukter AB	0	4 675
Stolper AS	318	679
UAB ViaCon Baltic	0	38 275
TrafikkDirigering AS	794	11 974
Oy Latium Ltd	1 644	2 272
AS ViaCon Eesti	6 905	16 358
Saferoad Finland Oy	786	1 585
Schalltec GmbH & Co. KG	4 287	3 934
Hausneindorfer Metallbau und Montage GmbH	10 477	11 510
ViaCon Hungary CS LLC	1 453	0
<b>Total estimated future payments</b>	<b>26 663</b>	<b>91 263</b>
<b>Classified as</b>		
Other non-current liabilities	794	14 902
Other current liabilities	25 869	76 361
<b>Total estimated future payments</b>	<b>26 663</b>	<b>91 263</b>

### **Acquired shares in the reporting period**

In April 2019, the Group acquired the remaining 20 per cent of the shares in ViaCon Hungary CS LLC, which is included in the Road Infrastructure segment. The first tranche of the estimated total consideration was paid in May 2019. The final settlement will be made after finalisation of the annual financial statements for 2019 for the company. ViaCon Hungary CS LLC is consolidated as a wholly owned subsidiary of the Group.

For some of the investments the estimated consideration is based on future development in the financial performance of the investments.

See note 4 "Business combinations and changes in the Group structure" for further details.

## Note 19 Financial strategy and financial risks

### Capital management

Saferoad Group's capital management and financing strategy secures funding for all subsidiaries. The overriding goal is to provide the operating entities with financial capacity to perform their operational activities uninterrupted and to support Saferoad's business strategy.

In September 2018, funds managed by FSN Capital GP V Limited acquired 100 per cent of the shares in the Saferoad Group for NOK 1 909.3 million. The acquisition of the shares and the refinancing of the previous facility agreements with Danske Bank and Nordea was financed by equity and new loan facility agreements provided by DNB and funds managed by GSO Capital. GSO Capital has committed Senior Term Facility Agreements for NOK 975.0 million and EUR 100.5 million which mature in 2025. DNB's commitment is a Revolving Facility Agreement of NOK 300.0 million, and a Financial Leasing Facility of NOK 60.0 million. The DNB facilities mature in 2023.

After the takeover and debt refinancing, the Saferoad Group has enough financial capacity for current operations and further expansion.

According to the new facilities, Saferoad Group is required to be compliant with financial covenants related to leverage ratio and capital expenditure. Leverage ratio is defined as total net debt to last 12 months (LTM) EBITDA. The leverage ratio shall only be tested when 40 per cent or more of the revolving facility is drawn. The leverage ratio covenant does not trigger an event of default. By year end 2019, there were no drawdowns on the revolving facility. The capital expenditure covenant level is set 30



per cent above normal capital expenditure level, and there was significant headroom to the capital expenditure covenant 31 December 2019.

## Net interest-bearing debt

NOK 1000	31.12.2019	31.12.2018
Facility loans (including revolving credit facility)	1 896 257	1 893 604
Leasing	464 300	117 268
Other interest-bearing debt	41 327	43 265
<b>Total interest-bearing debt (note 23)</b>	<b>2 401 883</b>	<b>2 054 137</b>
Cash and cash equivalents (note 22)	583 512	841 094
<b>Net interest-bearing debt</b>	<b>1 818 371</b>	<b>1 213 043</b>

## Financial risk management

Saferoad is exposed to several financial risks that are originated from the international operations and from the financing of the Group. Financial risk mitigation is managed according to Saferoad's financial strategy and policy. The major risks are related to liquidity, counterparts for receivables, foreign exchange, interest rates and commodities. Financial risks are monitored and managed on a consolidated level by Saferoad's Group Treasury.

### Liquidity risk

Liquidity risk is the risk that the Group will be unable to perform its financial obligations as they fall due. The Group's strategy is to manage the liquidity risk so that the Group will have enough liquidity to satisfy its obligations any time. Sufficient liquidity shall be attained without risking unacceptable losses, or at the expense of the reputation of the Group. Saferoad maintains a liquidity reserve as a buffer for extraordinary events. The liquidity reserve is cash and cash equivalents, with the addition of any unutilised commitments under the revolving facility agreement. Saferoad is targeting a minimum liquidity reserve between 3 to 5 per cent of Saferoad's annual turnover. The liquidity risk is closely monitored by the Group Management and the Board.

Cash at hand and the revolving facility agreement of NOK 300.0 million ensures sufficient financial capacity to sustain seasonal working capital fluctuations. The liquidity demand increases throughout the spring, and peak pressure is during early autumn when the operational activity is at the highest. Late autumn and during wintertime the commonly harsher weather conditions naturally reduces the operational activity, and thereby the working capital needs.

Furthermore, Saferoad's growth strategy will also draw on the liquidity reserves, either through proceeds in relation to acquisitions, or capital expenditures. Larger scale operations will also increase working capital needs.

Saferoad operates three cash pools, which facilitates an efficient exploitation of available cash within the Group. The cash pools help to reduce the utilisation of the revolving facility agreement. In addition, continuous cash flow forecasting helps to reduce external debt financing and thereby financing cost.

### Credit risk

The Group has guidelines to ensure that sales of products and services take place only to customers with a satisfactory credit history. Customer credit in the form of payment days is only granted after credit considerations are made. The average size of individual sales is low and there is no significant credit risk linked to individual customers, or customers that can be regarded as a Group due to similarities in their credit risk. The Group's diversified customer base in different jurisdictions, and from various industries, also lowers the concentration of counterparty credit risk from accounts receivables. Guarantees and credit insurances are used if deemed necessary and cost effective.

Realised losses during the year are classified as other operating expenses in the profit or loss (see note 9). The Group's aging structure for outstanding trade receivables is relatively stable. Bad debt losses recognised in 2019 totalled NOK 12.6 million (NOK 9.9 million in 2018). The total provision for bad debt is NOK 52.5 million as of 31 December 2019 (NOK 47.2 million as of 31 December 2018).

### Aging analysis trade receivables, 31 December 2019

NOK 1000	Total	Not due	< 30d	30-60d	60-90d	>90d
Trade receivables	993 544	668 187	140 558	37 416	20 607	126 776
Provision for bad debt	(52 464)	(80)	(241)	(1 064)	(988)	(50 090)
<b>Total trade receivables</b>	<b>941 080</b>	<b>668 107</b>	<b>140 317</b>	<b>36 352</b>	<b>19 619</b>	<b>76 686</b>



## Aging analysis trade receivables, 31 December 2018

NOK 1000	Total	Not due	< 30d	30-60d	60-90d	>90d
Trade receivables	999 890	660 516	186 792	37 725	17 094	97 763
Provision for bad debt	(47 163)	(2 855)	(874)	(918)	(266)	(42 250)
<b>Total trade receivables</b>	<b>952 727</b>	<b>657 661</b>	<b>185 919</b>	<b>36 806</b>	<b>16 828</b>	<b>55 513</b>

The increase in receivables older than 90 days is related to projects in some of the Polish subsidiaries and the main part of these receivables are guaranteed by Polish authorities.

## Foreign exchange rate risk

As a consequence of the international business activities, Saferoad is exposed to foreign exchange risks from the flow of goods (transaction exposure) and from assets and liabilities in currencies other than the reporting currency (translation exposure).

Saferoad aims to reduce these risks by creating natural hedges, to the extent possible. Natural hedges can be achieved by buying and selling goods and services in the same currency, and by borrowing in the same currency as the assets on the balance sheet.

All foreign exchange differences are reported in profit or loss, with the exception of foreign exchange differences on intercompany loans treated as net investments, which are recognised in other comprehensive income.

### Transaction exposure

Saferoad shall reduce the impact from currency fluctuations by primarily creating natural hedges, and thereafter hedge contracted transaction exposure by applying financial instruments. Hedging with financial instruments will only be done after a case by case cost benefit analysis.

### Translation exposure

Translation exposure is an accounting risk arising when items denominated in foreign currencies in the balance sheet and income statement are revaluated and consolidated.

Saferoad shall continuously monitor, measure and follow-up the exposure to evaluate the effects on financial statements and covenants.

### Foreign exchange sensitivities

The schedule below outlines the impact from a 10 per cent NOK appreciation against the main currencies:

#### Impacts from a 10 per cent NOK appreciation towards

NOK million	All currencies	SEK	EUR	PLN
One-off revaluation effects in financial items	0	(101)	104	(2)

The table above illustrates the one-off revaluation effects in financial items from a NOK appreciation against other currencies. Revaluation effects from intercompany positions are included. All sensitivities are estimated while keeping all other parameters constant.

## Interest rate risk

The interest rates on the facility agreements are affected by changes in market rates, as Saferoad is being charged floating interest rates. The exposure to market rates is continuously monitored.

The sensitivity analysis illustrates the annual impact on financial expenses and after-tax profit for an increase or decrease of 100 basis points in the interest rates (all other variables being unchanged):

#### Sensitivity analysis interest rates, 31 December 2019

NOK million	Change financial expenses	Change after tax profit and loss
100 basis points increase	12.6	10.1
100 basis points decrease	(12.6)	(10.1)

Assumes effective tax rate of 20 per cent agreements.

Saferoad interest rate cost is also exposed to risk related to changes in the credit margin on the facilities agreements because the credit margin of the Revolving Facility Agreement varies with Saferoad's leverage ratio. There is no draw-down of the Revolving Facility Agreement per 31 December 2019.



## Commodity risk management

Saferoad is exposed to commodity price risks due to changes in commodity prices, which the Group is not able to transfer to external counterparties. Saferoad's main exposure derives from purchases of raw materials like steel, aluminium, zinc and plastics. In addition, Saferoad is exposed to fluctuations in the price of electricity and oil.

To secure cost-efficiency and large scale of operations, category teams have been established for the major commodities. The category teams closely monitor the risk related to changes in commodity prices and the Group use natural hedging to mitigate potential negative impact from increase in raw material prices on larger projects and orders with fixed prices.

## Financial derivatives

The Group may from time to time use forward agreements to hedge selected currency exposures, and interest rate swaps to hedge interest rate fluctuations. At year end 2019 the Group had no forward currency contracts outstanding or interest swaps. The Group does not apply hedge accounting.

## Note 20 Fair values of financial instruments

Set out below is a comparison by class of the carrying amount and fair values that are recognised in the financial statements.

2019

NOK 1000	Notes	Financial assets and liabilities at amortised cost	Financial liabilities at fair value	Total
<b>Non-current assets</b>				
Non-current receivables		20 526		20 526
Other investments	5	2 792		2 792
<b>Current assets</b>				
Trade receivables	19	941 080		941 080
Other receivables	21	229 007		229 007
<b>Total</b>		<b>1 193 406</b>	<b>0</b>	<b>1 193 406</b>
<b>Fair value</b>		<b>1 193 406</b>	<b>0</b>	<b>1 193 406</b>
<b>Unrecognised gain/(loss)</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Non-current liabilities</b>				
Non-current liabilities to credit institutions	23	1 896 257		1 896 257
Non-current liabilities related to acquisitions	18		794	794
Other non-current liabilities	23	339 419		339 419
<b>Current liabilities</b>				
Accounts payables		547 041		547 041
Current liabilities related to acquisitions	18, 25		79 844	79 844
Other current liabilities	25	403 415		403 415
Current portion of non-current liabilities	23	140 011		140 011
Current liabilities to credit institutions	23	27 726		27 726
<b>Total</b>		<b>3 353 868</b>	<b>80 638</b>	<b>3 434 506</b>
<b>Fair value</b>		<b>3 353 868</b>	<b>80 638</b>	<b>3 434 506</b>
<b>Unrecognised gain/(loss)</b>		<b>0</b>	<b>0</b>	<b>0</b>



## 2018

NOK 1000	Notes	Financial assets and liabilities at amortised cost	Financial liabilities at fair value	Total
<b>Non-current assets</b>				
Non-current receivables		26 526		26 526
Other investments	5	12 664		12 664
<b>Current assets</b>				
Trade receivables	19	952 727		952 727
Other receivables	21	240 691		240 691
<b>Total</b>		<b>1 232 609</b>	<b>0</b>	<b>1 232 609</b>
<b>Fair value</b>		<b>1 232 609</b>	<b>0</b>	<b>1 232 609</b>
<b>Unrecognised gain/(loss)</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Non-current liabilities</b>				
Non-current liabilities to credit institutions	23	1 893 604		1 893 604
Non-current liabilities related to acquisitions	18		64 763	64 763
Other non-current liabilities	23	97 719		97 719
<b>Current liabilities</b>				
Accounts payables		593 718		593 718
Current liabilities related to acquisitions	18, 25		83 603	83 603
Other current liabilities	25	336 032		336 032
Current portion of non-current liabilities	23	41 672		41 672
Current liabilities to credit institutions	23	24 041		24 041
<b>Total</b>		<b>2 986 786</b>	<b>148 366</b>	<b>3 135 152</b>
<b>Fair value</b>		<b>2 986 786</b>	<b>148 366</b>	<b>3 135 152</b>
<b>Unrecognised gain/(loss)</b>		<b>0</b>	<b>0</b>	<b>0</b>

### Fair value

The following methods and assumptions were used to estimate the fair values:

The carrying amount of receivables has been reduced for impaired receivables and is considered equal to fair value. Trade payables are entered into on normal terms and conditions and the carrying amount is equal to fair value.

The fair value of non-current liabilities with floating interest rates is estimated by discounting future cash flows using rates currently available for debt in similar terms, credit risks and remaining maturities. The carrying value is considered to be a reasonable approximation of fair value because the liability has a floating interest rate and the margin set in 2019 is considered to reflect current market terms.

The fair value of liabilities related to acquisitions is estimated by discounting estimated future cash flows.

The fair value of unquoted shares available for sale is estimated using appropriate valuation techniques.

### Fair value hierarchy

The Group applies the following hierarchy when assessing and presenting the fair value of financial instruments:

**Level 1:** Trading prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

**Level 3:** Input for the asset or liability that is not based on observable market data.

For liabilities related to acquisitions in level 3 the carrying amount is assessed to be reasonable approximation of fair value.



## Liabilities measured at fair value

NOK 1000	Total 31.12.2019	Level 3 2019	Total 31.12.2018	Level 3 2018
<b>Financial liabilities at fair value through profit or loss</b>				
Liabilities related to acquisitions	<b>80 638</b>	80 638	<b>148 366</b>	148 366
<b>Total liabilities measured at fair value</b>	<b>80 638</b>	80 638	<b>148 366</b>	148 366

There were no assets measured at fair value per 31 December 2019 or 31 December 2018.

NOK 1000	31.12.2019	31.12.2018
Closing balance liabilities measured at level 3	<b>148 366</b>	120 205
Change in estimate existing obligations	<b>(6 204)</b>	37 326
Acquisitions in the year	<b>904</b>	15 013
Payments	<b>(60 628)</b>	(27 637)
Translation differences	<b>(1 800)</b>	3 460
<b>Closing balance liabilities measured at level 3</b>	<b>80 638</b>	148 366

There are no items in level 1 and 2.

There were no transfers in 2019 or 2018 between level 1 and level 2 fair value measurements, and no transfers into or out of level 3 fair value measurements. See note 18 for a specification of liabilities related to acquisitions.

## Note 21 Other current receivables

NOK 1000	31.12.2019	31.12.2018
Unbilled revenue	<b>172 130</b>	163 521
Prepayments to suppliers	<b>20 773</b>	17 058
Prepaid taxes	<b>31 503</b>	23 952
Other prepayments	<b>80 465</b>	91 705
Receivables on employees, associated- and related parties	<b>3 255</b>	2 938
Other receivables	<b>54 047</b>	74 473
<b>Total other current receivables</b>	<b>362 174</b>	373 646

Receivables on employees, associated- and related parties include a loan to an employee of NOK 0.5 million. The loan is interest-free and without instalments.

## Note 22 Cash and cash equivalents

NOK 1000	31.12.2019	31.12.2018
Cash and bank deposits	<b>581 235</b>	835 333
Restricted cash	<b>2 277</b>	5 761
<b>Total cash and cash equivalents</b>	<b>583 512</b>	841 094

See note 19 for description of cash pool systems.



## Note 23 Interest-bearing liabilities

### Refinancing

In connection with SRH Investco AS' acquisition of the shares in Saferoad Holding ASA 11 and 12 September 2018, Saferoad entered into new senior term facility agreements and revolving facility agreement with GSO and DNB Bank ASA as lenders. Total loan commitments under the facilities are NOK 2 310.0 million, including a NOK 60.0 million leasing facility. The senior term facility agreement matures in September 2025. The revolving facility and leasing facility mature in September 2023. There is no draw-down of the revolving facility agreement per 31 December 2019.

### Interest

Interest on the senior term facilities and the revolving facility agreements will accrue at a floating rate calculated as the sum of the applicable interbank market rate and a margin. The margin for the revolving facility varies with Saferoad's leverage ratio. The margin for the senior term facilities are fixed.

### Security and pledge

See note 27 'Pledged assets and guarantees' regarding security and pledge.

### Financial covenant

See note 19 'Financial strategy and financial risks' regarding financial covenant. The Group was in compliance with these covenants as of 31 December 2019.

### Borrowing costs

The arrangement fee and direct legal cost of total NOK 84.8 million incurred in connection with the new loan agreement is amortised over the time to maturity using the effective interest method.

The Group has the following non-current interest-bearing liabilities to credit institutions:

#### Liabilities to credit institutions 31 December 2019

NOK 1000	Currency	Interest rate	Due date	Amount
Liabilities to credit institutions - Term loan	NOK	NIBOR + Margin	07.09.2025	940 268
Liabilities to credit institutions - Term loan	EUR	EURIBOR + Margin	07.09.2025	955 988
<b>Total</b>				<b>1 896 257</b>
Less current part				0
Non-current				1 896 257

#### Liabilities to credit institutions 31 December 2018

NOK 1000	Currency	Interest rate	Due date	Amount
Liabilities to credit institutions - Term loan	NOK	NIBOR + Margin	07.09.2025	934 915
Liabilities to credit institutions - Term loan	EUR	EURIBOR + Margin	07.09.2025	958 689
<b>Total</b>				<b>1 893 604</b>
Less current part				0
Non-current				1 893 604

#### Other non-current liabilities 31 December 2019

NOK 1000	Amount
Financial leasing	464 300
Other non-current liabilities interest bearing	13 601
Estimated future payments for acquired shares (note 18)	26 663
Estimated future payments for remaining shares - put options (note 18)	53 975
Other non-current liabilities non interest bearing	1 529
<b>Total</b>	<b>560 068</b>
Less current part	(219 855)
Non-current	340 213

#### Other non-current liabilities 31 December 2018

NOK 1000	Amount
Financial leasing	117 268
Other non-current liabilities interest bearing	19 223
Estimated future payments for acquired shares (note 18)	91 263
Estimated future payments for remaining shares - put options (note 18)	57 103
Other non-current liabilities non interest bearing	2 899
<b>Total</b>	<b>287 757</b>
Less current part	(125 275)
Non-current	162 482



The Group has the following current liabilities to credit institutions:

NOK 1000	Carrying value	
	31.12.2019	31.12.2018
Other current liabilities to credit institutions	27 726	24 041
<b>Total current liabilities to credit institutions</b>	<b>27 726</b>	<b>24 041</b>

The tables below, which include interests, summarise the maturity profile of current liabilities to credit institutions and non-current financial liabilities:

## 2019

NOK 1000	Due within one year	Due within two years	Due within three years	Due within four years	Due within five years	Due after five years	Total interest-bearing liabilities
Liabilities to credit institutions - principal amount	32 022	3 020	2 448	1 386	592	1 966 317	2 005 785
Liabilities to credit institutions - interest	165 392	165 426	165 453	162 458	155 633	106 559	920 922
Financial leasing	186 322	123 677	92 159	55 193	39 354	81 862	578 567
Estimated future payments for remaining shares - put options (note 18)	53 975	0	0	0	0	0	53 975
Estimated future payments for acquired shares (note 18)	25 869	794	0	0	0	0	26 663
Other loans	0	0	0	0	0	2 319	2 319
<b>Total</b>	<b>463 579</b>	<b>292 918</b>	<b>260 060</b>	<b>219 037</b>	<b>195 579</b>	<b>2 157 057</b>	<b>3 588 231</b>

## 2018

NOK 1000	Due within one year	Due within two years	Due within three years	Due within four years	Due within five years	Due after five years	Total interest-bearing liabilities
Liabilities to credit institutions - principal amount	29 467	4 617	3 480	2 744	1 247	1 975 253	2 016 807
Liabilities to credit institutions - interest	158 465	158 549	158 573	158 582	156 367	255 164	1 045 700
Financial leasing	44 015	38 915	23 696	11 339	5 719	1 572	125 254
Estimated future payments for remaining shares - put options (note 18)	7 242	49 861	0	0	0	0	57 103
Estimated future payments for acquired shares (note 18)	76 361	11 266	3 636	0	0	0	91 263
Other loans	0	0	2 600	0	0	0	2 600
<b>Total</b>	<b>315 550</b>	<b>263 207</b>	<b>191 984</b>	<b>172 665</b>	<b>163 332</b>	<b>2 231 990</b>	<b>3 338 728</b>



## Note 24 Changes in liabilities arising from financing activities

### 2019

NOK 1000	Notes	31.12.2018	Transition to IFRS 16 Leases		Cash flows	Non-cash changes			31.12.2019	
			1.1.2019	1.1.2019		Sale of subsidiaries	Changes in foreign exchange rates	Other changes		
<b>Non-current liabilities</b>										
Non-current liabilities to credit institutions	23	1 893 604		1 893 604			(8 492)	11 145		1 896 257
Financial leasing	23	80 803	326 814	407 617	(37 640)		(4 878)	(36 573)		328 526
Options on shares and estimated future payments	18, 23	49 861		49 861				(49 861)		0
Future payments for acquired shares	18, 23	14 902		14 902			(59)	(14 049)		794
Other non-current liabilities	23	16 916		16 916	(5 493)	(2 311)	1 283	498		10 893
<b>Total other non-current liabilities</b>	23	<b>162 482</b>	<b>326 814</b>	<b>489 296</b>	<b>(43 132)</b>	<b>(2 311)</b>	<b>(3 654)</b>	<b>(99 985)</b>		<b>340 213</b>
<b>Current liabilities</b>										
Other current liabilities to credit institutions	23	24 041		24 041	4 927		(1 242)			27 726
<b>Total current liabilities to credit institutions</b>	23	<b>24 041</b>	<b>0</b>	<b>24 041</b>	<b>4 927</b>	<b>0</b>	<b>(1 242)</b>	<b>0</b>		<b>27 726</b>
Dividends to non-controlling interests		0		0	(2 495)			2 495		0
Accrued interest		10 439		10 439	(203 363)			197 263		4 339
Current portion of financial leasing	23	36 466	83 181	119 647	(119 647)		(1 034)	136 808		135 774
Current portion of other non-current liabilities	23	5 207	0	5 207	(970)		(27)	27		4 237
Other current liabilities		52 111	83 181	135 292	(326 475)	0	(1 060)	336 593		144 349
<b>Total liabilities from financing activities</b>		<b>2 132 238</b>	<b>409 995</b>	<b>2 542 233</b>	<b>(364 681)</b>	<b>(2 311)</b>	<b>(14 449)</b>	<b>247 753</b>		<b>2 408 545</b>

### 2018

NOK 1000	Notes	11.09.2018	Cash flows	Non-cash changes			31.12.2018
				Changes in foreign exchange rates	Other changes		
<b>Non-current liabilities</b>							
Non-current liabilities to credit institutions	23	1 289 850	522 046	64 611	17 097		1 893 604
Financial leasing	23	106 156	(18 196)	3 478	25 831		117 268
Current portion financial leasing	23	(26 581)	0	(845)	(9 039)		(36 466)
Options on shares and estimated future payments	18, 23	44 630	0	1 218	4 013		49 861
Future payments for acquired shares	18, 23	14 650	0	382	(130)		14 902
Loans from former minority shareholders	18, 23	53 431	(53 659)	228	0		0
Other non-current liabilities	23	34 669	(8 855)	(3 010)	(5 887)		16 916
<b>Total other non-current liabilities</b>	23	<b>226 954</b>	<b>(80 710)</b>	<b>1 452</b>	<b>14 786</b>		<b>162 482</b>
<b>Current liabilities</b>							
Other current liabilities to credit institutions	23	21 345	(825)	3 522			24 041
<b>Total current liabilities to credit institutions arising from financing activities</b>	23	<b>21 345</b>	<b>(825)</b>	<b>3 522</b>	<b>0</b>		<b>24 041</b>
Bank overdrafts included as cash and cash equivalents	23	6			(5)		0
<b>Total current liabilities to credit institutions</b>	23	<b>21 350</b>	<b>(825)</b>	<b>3 522</b>	<b>(5)</b>		<b>24 041</b>
Dividends to non-controlling interests		60 999	(61 186)		187		0
Accrued interest		15 086	(71 491)		66 843		10 439
Other current liabilities		76 085	(132 677)	0	67 030		10 439
<b>Total liabilities from financing activities</b>		<b>1 614 239</b>	<b>307 834</b>	<b>69 584</b>	<b>98 908</b>		<b>2 090 565</b>

Net cash flows arising from liabilities from financing activities are NOK (364.7) million in 2019.

Net cash flows arising from liabilities from financing activities were NOK 307.8 million in 2018. Proceeds from shareholders were NOK 1 843.4 million, which gave a total cash flow from financing activities of NOK 2 151.2 million in 2018.

The column 'Other changes' includes the effect of change in estimate for existing obligations related to put options on remaining shares and earn outs on acquired shares. 'Other changes' also includes the effect of accrual of dividends that were not yet paid at the year end and the effect of accrued but not yet paid interest on interest-bearing loans and borrowings.



## Note 25 Other current liabilities

NOK 1000	31.12.2019	31.12.2018
Salary	54 867	51 213
Bonuses	25 395	15 395
Holiday pay	100 962	98 170
Other liabilities to employees	16 333	13 234
Prepayment from customers	36 846	29 944
Accrued interest	4 339	10 439
Estimated future payments acquired shares (note 18)	25 869	76 361
Estimated future payments remaining shares (note 18)	53 975	7 242
Other current liabilities	164 674	117 637
<b>Total other current liabilities</b>	<b>483 258</b>	<b>419 635</b>

## Note 26 Share capital, shareholders' equity, dividend and non-controlling interests

The share capital of SRH Investco AS on 31 December consists of the following shares:

		Number of shares	Share capital	Share premium
05.03.2018	Incorporation	30 000	30	0
06.09.2018	Repayment	(30 000)	(30)	0
06.09.2018	Capital contribution	184 337 750	18 434	1 824 944
31.12.2019	<b>Total</b>	<b>184 337 750</b>	<b>18 434</b>	<b>1 824 944</b>

Number of shares are in full amount, but share capital and share premium are in NOK thousand.

SRH Investco AS was incorporated 5 March 2018. The share capital was reduced with NOK 30 000 from NOK 30 000 to NOK 0 on 6 September 2018, by redemption of 30 000 shares, each with a face value of NOK 1. The share capital increased to NOK 18 433 775 from NOK 0 by issuance of 184 337 750 shares. The subscription price was NOK 10 per share, of which NOK 0.10 was share capital and NOK 9.90 was share premium.

### Number of shares and shareholders

Shareholders in SRH Investco AS 31 December 2019:

Shareholders	Ordinary shares	Percentage
SRH Holding AS	184 337 750	100 %
<b>Total</b>	<b>184 337 750</b>	<b>100 %</b>

A dividend of NOK 47.3 million from SRH Investco AS has been proposed for 2019.



## Non-controlling interests

2019

NOK 1000	Financial information (100% basis)						
	Accumulated non-controlling interests	Non-controlling interests share of profit/(loss)	Dividends to non-controlling interests	Assets	Liabilities	Revenue	Profit/(loss)
Road Infrastructure Poland subsidiaries	1 769	209	0	7 208	2 377	18 907	903
Road Infrastructure France	45 182	2 955	0	93 539	43 883	154 306	9 046
Other minorities	17 269	(162)	944	74 212	39 244	137 236	723
<b>Total non-controlling interests</b>	<b>64 220</b>	<b>3 002</b>	<b>944</b>				

2018

NOK 1000	Financial information (100% basis)						
	Accumulated non-controlling interests	Non-controlling interests share of Profit/(loss) 2018	Dividends to non-controlling interests	Assets	Liabilities	Revenue <sup>1)</sup>	Profit/(loss) <sup>1)</sup>
Road Infrastructure Poland subsidiaries	5 738	680	596	53 209	28 721	51 140	2 888
Road Infrastructure France	42 963	1 425	0	85 031	45 310	49 158	(3 741)
Other minorities	18 381	427	0	88 869	50 796	47 780	5 263
<b>Total non-controlling interests</b>	<b>67 082</b>	<b>2 531</b>	<b>596</b>				

1) Figures for the period 11.09.2018 to 31.12.2018

For an overview of non-controlling interest ownership percentages and principal places of business, see note 5 in the parent company accounts.

Payment of dividend to minority shareholders shall be no greater than proportionate to their shareholding (unless the rights attaching to their shareholding entitle them to a greater proportion in which case not exceeding such greater proportion).



## Note 27 Pledged assets and guarantees

### Security

The companies listed below have acceded the Facility Agreements with DNB and GSO Capital as Guarantors.

<b>Company</b>	<b>Jurisdiction</b>	<b>Corporate Identity Number</b>
Bongard & Lind Noise Protection GmbH & Co KG	Germany	HRB 21196
Brødrene Berntsen AS	Norway	810547472
Euroskilt AS	Norway	890729142
Eurostar AS	Norway	976962699
Eurostar Danmark A/S	Denmark	26994896
R. Infrastructure Holding AB	Sweden	559228-2437
Inter Metal Sp. z o.o.	Poland	0000189130
Moramast AB	Sweden	556179-2598
Oy ViaCon AB	Finland	0969082-9
RI Holding AS	Norway	923991484
Saferoad AS	Norway	958103069
Saferoad Daluso A/S	Denmark	21778702
Saferoad Europe GmbH Germany	Germany	HRB 22345
Saferoad Grawil Sp. z o.o.	Poland	0000152355
Saferoad Holding AB	Sweden	556753-5470
Saferoad Holding AS	Norway	917763909
Saferoad Holding Denmark Aps	Denmark	31589487
Saferoad Holding Germany GmbH	Germany	HRB 22343
Saferoad Holding Norway AS	Norway	992090014
Saferoad RRS GmbH	Germany	HRB 22479
Saferoad RRS Polska Sp. z o.o.	Poland	0000265582
Saferoad Smekab AB	Sweden	556099-6869
Saferoad Sp. z o.o.	Poland	0000293157
Saferoad Sverige AB	Sweden	556030-8073
Saferoad Treasury AB	Sweden	556493-1573
Saferoad V Holding AB	Sweden	556826-4062
SR RI AS	Norway	924028300
SRH Investco AS	Norway	920625525
UAB ViaCon Baltic	Lithuania	110788621
ViaCon A/S Denmark	Denmark	37331643
ViaCon AB	Sweden	556620-7519
ViaCon AS	Norway	847016272
ViaCon Holding AB	Sweden	556661-6099
ViaCon International AB	Sweden	556619-6159
ViaCon Polska Sp. z o.o.	Poland	0000281974
ViaCon Sp. z o.o.	Poland	0000093391
Vik Ørsta AS	Norway	985001952

The Guarantors' aggregate EBITDA and aggregate gross assets shall not represent less than 80 per cent of consolidated EBITDA and consolidated gross assets of the Group.



Security in favour of DNB and GSO Capital is granted over:

- a) 100 per cent of the issued share capital of each Guarantor by the relevant Holding Company of the Guarantor (book value of NOK 285.8 million per 31 December 2019 and NOK 194.8 million per 31 December 2018); and
- b) each Guarantor has granted security over its intra-group loans for NOK 5.0 million (or a similar value in any other currency) or higher (book value of NOK 4 878.5 million per 31 December 2019 and NOK 927.3 million per 31 December 2018); and
- c) pledge in the bank accounts (other than any tax accounts) of SRH Investco AS (book value of NOK 10.1 million per 31 December 2019 and NOK 21.8 million per 31 December 2018)
- d) pledge granted by SRH Holding AS of all shares issued by SRH Investco AS and held by SRH Holding AS (book value of NOK 18.4 million per 31 December 2019 and 31 December 2018)

The 70 per cent owned subsidiary TrafikkDirigering AS has committed pledge for a total value of up to NOK 25.0 million for a factoring agreement with Nordea. This pledge is within the limits of the facility agreements.

## Guarantees

Guarantee obligations for the Group amounts to NOK 370.0 million at year end 2019 (NOK 412.6 million at year end 2018) consisting of bank guarantees with recourse, which are mainly performance guarantees, payment guarantees and letter of credit.

In addition, SRH Investco AS has issued a guarantee related to pension commitments in Sweden, which amounts to NOK 19.3 million at year end 2019 (NOK 18.2 million at year end 2018).

## Note 28 Other commitments and contingencies

The Group may from time to time be involved in legal proceedings in various forms. While acknowledging the uncertainties of litigation, the Group is of the opinion that based on the information currently available, these matters will be resolved without any material adverse effect individually or in aggregate on the Group's financial position. For legal disputes where the Group assesses it probable (more likely than not) that an economic outflow will be required to settle the obligation, provisions have been made based on management's best estimate.

In June 2015, the Danish Competition Council found Eurostar Denmark A/S, a company within the Group, non-compliant with the Danish and EU competition law by having engaged in joint bidding via a consortium with LKF Vejmarkering A/S in a tender for road marking in Denmark. Prior to entering the joint bidding consortium, Eurostar Denmark A/S sought legal advice, which stated that such a joint bidding consortium did not infringe applicable competition law. The decision was contested by Eurostar Denmark A/S and appealed to the Danish Competition Appeals Tribunal, which upheld the decision in April 2016. Eurostar Denmark appealed the decision from the Danish Competition Council and brought the case before the Danish Maritime and Commercial High Court. The Danish Maritime and Commercial High Court ruled in favour of Eurostar Denmark A/S in August 2018. The case was appealed to the Danish Supreme Court and the Danish Supreme Court ruled in favour of the Danish Competition authorities in November 2019. Any potential fine due to the ruling of the Danish Supreme Court has not been decided yet. Additional disclosures of information as required by IAS 37 regarding this case are not made, due to the ongoing proceedings.



## Note 29 Transactions with related parties

An overview of subsidiaries is presented in note 5 for the parent company, and associated companies are presented in note 5 in the Groups Financial Statements. Remunerations to the Board of Directors and Group Management is disclosed in note 10. Transactions with subsidiaries have been eliminated and do not represent related party transactions.

The Group has the following transactions with shareholders, associated companies, minority shareholders of subsidiaries or companies that can be considered related to members of the Board of Directors or leading executives.

NOK 1000	2019	2018
<b>Profit and loss</b>		
Sales to related parties	1 053	3 126
Purchases from related parties <sup>1)</sup>	51 117	32 257
<hr/>		
NOK 1000	31.12.2019	31.12.2018
<b>Balance sheet</b>		
Receivables <sup>2)</sup>	486	15 620
Payables <sup>3)</sup>	1 213	6 930
Loans from other related parties	613	531

<sup>1)</sup> Purchase from related parties mainly include purchase of goods from minority shareholder of subsidiaries and from companies which are related to leading executives in a company in the Group. In addition, hire of employees from associated companies are included.

<sup>2)</sup> Receivables mainly include receivables for trade of goods from companies which is related to leading executives in a company in the Group.

<sup>3)</sup> Payables mainly include transactions for trade of goods with minority shareholders of subsidiaries and with companies which are related to leading executives in a company in the Group.

## Note 30 Events after the balance sheet date

On 31 March 2020, the Saferoad subsidiary ViaCon International AB acquired the remaining 40 per cent of Tubosider France SAS for a total cash consideration of EUR 5.6 million (NOK 64.4 million). The company is included in the Road Infrastructure segment. Tubosider France is a leading player in the French road infrastructure market. The company manufactures corrugated steel solutions for water management applications and distributes guardrails for roads and bridges. The acquisition extends the Group's portfolio of value-added solutions and geographical reach, and offers synergies with the existing business.

Given the development of the global pandemic Covid-19 in 2020, Saferoad has taken several mitigating actions to safeguard employees, reduce liquidity risk and secure future operations, including home office where possible, reduced external access to production facilities, keeping inventories at a minimum, capacity adjustments and close dialogue with customers and suppliers. The Board monitors the situation closely and continuously assess if enforced measures are needed. How severe impact Covid-19 will have on Saferoad's operational and financial performance will depend on the extent, consequences and duration of the Covid-19 pandemic.

Beyond this, there have not been any significant events for the Group after the balance sheet date.

## Note 31 Future IFRS amendments

The future consolidated financial statements will be affected by new and amended IFRS standards and interpretations which have been published but are not effective as of 31 December 2019. New and amended standards not yet effective (and not approved by the EU), are not expected to have a significant impact on the Group's financial statements.



## Financial Statements SRH Investco AS

### Statement of comprehensive income

NOK 1000	Notes	2019	05.03.2018- 31.12.2018
<b>Total operating revenue</b>		<b>0</b>	<b>0</b>
Other operating costs to group companies	8	<b>0</b>	200
Other operating costs	3	<b>3 411</b>	95 145
<b>Total operating costs</b>		<b>3 411</b>	<b>95 345</b>
<b>Operating profit/(loss)</b>		<b>(3 411)</b>	<b>(95 345)</b>
Financial income	6	<b>5</b>	130
Financial income from group companies	6, 8	<b>2 693 246</b>	0
Financial expenses	6	<b>2 461 468</b>	52 594
Net exchange rate gain/(loss)	6	<b>7 681</b>	(23 409)
<b>Net financial income/(expenses)</b>		<b>239 464</b>	<b>(75 873)</b>
<b>Profit/(loss) before tax</b>		<b>236 053</b>	<b>(171 219)</b>
Tax	7	<b>0</b>	0
<b>Profit/(loss) for the year</b>		<b>236 053</b>	<b>(171 219)</b>
Other comprehensive income for the year, net of tax		<b>0</b>	0
<b>Total comprehensive income for the year</b>		<b>236 053</b>	<b>(171 219)</b>



## Statement of financial position (assets)

NOK 1000	Notes	31.12.2019	31.12.2018
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
<b>Financial non-current assets</b>			
Shares in subsidiaries	5	3 745 637	3 559 263
Total financial assets		<b>3 745 637</b>	3 559 263
<b>CURRENT ASSETS</b>			
<b>Receivables</b>			
Receivables on group companies	8	<b>30 827</b>	6 605
Total receivables		<b>30 827</b>	6 605
Cash and cash equivalents	9	<b>10 131</b>	21 788
Total current assets		<b>40 958</b>	28 393
Total assets		<b>3 786 596</b>	3 587 656

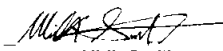


## Statement of financial position (shareholders' equity and liabilities)

NOK 1000	Notes	31.12.2019	31.12.2018
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital		18 434	18 434
Share premium		1 824 944	1 824 944
Other equity		17 558	(171 219)
<b>Total shareholders' equity</b>		<b>1 860 935</b>	<b>1 672 159</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Liabilities to credit institutions	10	1 896 257	1 893 604
<b>Total non-current liabilities</b>		<b>1 896 257</b>	<b>1 893 604</b>
<b>Current liabilities</b>			
Accounts payables		952	1 529
Liabilities to group companies	8	22 818	250
Other current liabilities	11	5 633	20 115
<b>Total current liabilities</b>		<b>29 404</b>	<b>21 894</b>
<b>Total liabilities</b>		<b>1 925 660</b>	<b>1 915 498</b>
<b>Total shareholders' equity and liabilities</b>		<b>3 786 596</b>	<b>3 587 656</b>

Oslo, 20 April 2020

The Board of SRH Investco AS

  
Ulrik Smith  
Chairman of the Board

  
Niclas Thiel  
Board member



## Statement of changes in equity

NOK 1000	Share capital	Share premium	Other equity	Total shareholders' equity
Incorporation 05.03.2018	30	0	0	<b>30</b>
Repayment 06.09.2018	(30)			<b>(30)</b>
Capital contribution 06.09.2018	18 434	1 824 944		<b>1 843 378</b>
Profit/(loss) for the year			(171 219)	<b>(171 219)</b>
Total other comprehensive income net of tax	0	0	0	<b>0</b>
Total comprehensive income	0	0	(171 219)	<b>(171 219)</b>
<b>Shareholders' equity at 31.12.2018</b>	<b>18 434</b>	<b>1 824 944</b>	<b>(171 219)</b>	<b>1 672 159</b>
Dividends to shareholders			(47 276)	<b>(47 276)</b>
Profit/(loss) for the year			236 053	<b>236 053</b>
Total other comprehensive income net of tax	0	0	0	<b>0</b>
Total comprehensive income	0	0	236 053	<b>236 053</b>
<b>Shareholders' equity at 31.12.2019</b>	<b>18 434</b>	<b>1 824 944</b>	<b>17 558</b>	<b>1 860 935</b>

The share capital in SRH Investco AS as of 31 December 2019 consists of 184 337 750 ordinary shares with nominal value of NOK 0.10 per share.

The articles of association do not contain specific decisions on voting rights.

See note 26 in Group accounts for details on share capital, shareholders' equity and ownership.



## Cash flow statement

NOK 1000	Notes	05.03.2018-	
		2019	31.12.2018
<b>Cash flow from operations</b>			
Profit/(loss) before tax		236 053	(171 219)
Net currency (gains)/losses not relating to operating activities		(8 492)	17 467
Interest income and other financial income	6	(2 693 251)	(130)
Interest costs and other financial expenses	6	2 461 468	52 594
Changes in receivables on group companies		5 415	(6 605)
Changes in accounts payable		(827)	1 779
Changes in other current receivables and liabilities		(5 141)	9 789
<b>Net cash flow from operations</b>		<b>(4 776)</b>	<b>(96 324)</b>
<b>Cash flow from investment activities</b>			
Interest and dividend received	6	160 005	130
Acquisition of subsidiaries		(60)	0
Acquisition of shares in Saferoad Holding AS		0	(1 909 263)
<b>Net cash flow from investment activities</b>		<b>159 945</b>	<b>(1 909 134)</b>
<b>Cash flow from financing activities</b>			
Proceeds from borrowings		0	1 912 497
Repayment of borrowings		0	(40 000)
Proceeds from shareholders		0	1 843 378
Dividends to shareholders and non-controlling interests		(200)	0
Loan to Saferoad Holding AS (later converted to equity)		0	(1 650 000)
Interest paid		(166 626)	(38 628)
<b>Net cash flow from financing activities</b>		<b>(166 826)</b>	<b>2 027 246</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(11 657)</b>	<b>21 788</b>
Cash and cash equivalents at beginning of the year		21 788	0
<b>Cash and cash equivalents at the end of the year</b>		<b>10 131</b>	<b>21 788</b>
Cash and cash equivalents at the end of the year in statement of financial position	9	10 131	21 788
Cash and cash equivalents at the end of the year in statement of cash flow		10 131	21 788



## Notes to the financial statements for SRH Investco AS

### Note 1 Company information

SRH Investco AS is a limited liability company, which is incorporated on 5 March 2018 under the name WR Start Up 225 AS and domiciled in Oslo with its registered office c/o Saferoad Holding AS, Enebakkveien 150, 0680 Oslo, Norway. SRH Investco AS acquired the shares in Saferoad Holding AS 11 and 12 September 2018 and serves as a pure holding company in Saferoad Group. The company had no other activities in 2019 or 2018.

The financial statements of SRH Investco AS for the fiscal year 2019 were approved in the board meeting at 20 April 2020.

The Group's activities are described in note 1 of the consolidated financial statements.

### Note 2 Accounting principles

#### Basis for preparation and statement of compliance

The financial statements for SRH Investco AS have been prepared in accordance with the Norwegian Accounting Act § 3-9 and Regulations on Simplified IFRS as enacted by the Ministry of Finance 3 November 2014. In all material aspects, Norwegian Simplified IFRS requires that the IFRS recognition and measurement criteria (as adopted by the European Union) are complied with, but disclosure and presentation requirements (the notes) follow the Norwegian Accounting Act and Norwegian Generally Accepted Accounting Standards.

SRH Investco AS' significant accounting principles are consistent with the accounting principles for the Group, as described in note 2 of the consolidated financial statements. Where the notes for the parent company are substantially different from the notes for the Group, these are shown below. Otherwise, refer to the notes to the consolidated financial statements.

#### Subsidiaries

Investments in subsidiaries are recognised at cost. If the carrying value of a subsidiary is higher than the estimated fair value, the investment is written down. The write-down is shown in profit/loss. Previously recognised write-downs are reversed if the reason for write-downs no longer exists. Dividends, group contributions and other distributions from subsidiaries are recognised in the same year as they are recognised in the financial statement of the subsidiary according to the Norwegian Regulation of simplified IFRS § 3-1. If dividends or group contribution exceed withheld profits after acquisition, the excess amount represents repayment of invested capital, and the distribution will be deducted from the recorded value of the acquisition in the balance sheet statement for the parent company.

#### Cash flow statement

The cash flow statement is presented using the indirect method. Cash and cash equivalents include cash, bank deposits and other short-term, highly liquid financial assets with maturities of three months or less.

#### Events after the balance sheet date

New information on the company's financial position after the end of the reporting period which becomes known after the reporting period is recorded in the financial statements. Events after the reporting period that do not affect the company's financial position at the end of the reporting period, but which will affect the company's financial position in the future are disclosed if significant.



## Note 3 Other operating costs

### Other operating costs

NOK 1000	2019	2018
Fee for audit, legal and consultancy assistance	3 410	90 971
Insurance and guarantee costs	0	200
Other operating costs	1	3 975
<b>Total other operating costs</b>	<b>3 411</b>	<b>95 145</b>

Fee for legal and consultancy assistance for 2018 consists of transaction costs relating to FSN Capital GP V Limited's preparations and executions of the acquisition of Saferoad.

### Fees to auditors

NOK 1000	2019	2018
Proposed audit fee	224	156
Fee for tax services	61	0
Fee for attestation services	0	19
<b>Total fees</b>	<b>286</b>	<b>175</b>

The amounts for fees to auditors include VAT.

## Note 4 Employees and remuneration to key personnel

There are no employees in the company and the company is not required by law to have a pension scheme.

The Board of Directors in SRH Investco AS has not received any remunerations in 2019 or 2018.

The company does not have a CEO.



## Note 5 Shares in subsidiaries

Company	Corp ID No	Ownership	Voting rights	NOK 1000 Carrying value
Saferoad Holding AS	917 763 909	100,00 %	100,00 %	1 266 106
RI Holding AS	923 991 484	100,00 %	100,00 %	530 225
SR RI AS	924 028 300	100,00 %	100,00 %	1 949 246
MgmtCo Saferoad AS	923 008 888	100,00 %	100,00 %	30
MgmtCo RI AS	923 009 027	100,00 %	100,00 %	30
Total value				3 745 637

Company	Country	Registered office	Segment	Time of acquisition
Saferoad Holding AS	Norway	Oslo	Holding	11.09.2018
RI Holding AS	Norway	Oslo	Road Infrastr. Other	04.11.2019
SR RI AS	Norway	Oslo	Holding/Other	18.12.2019
MgmtCo Saferoad AS	Norway	Oslo	Holding/Other	14.10.2019
MgmtCo RI AS	Norway	Oslo	Holding/Other	14.10.2019

NOK 1000	Equity 31.12.2019	Equity 31.12.2018	Profit/(loss) for 2019	Profit/(loss) for 2018
Saferoad Holding AS	1 292 163	3 674 983	303 667	(474 127)
RI Holding AS	531 120	0	896	0
SR RI AS	1 949 246	0	5 272	0
MgmtCo Saferoad AS	(30)	0	(60)	0
MgmtCo RI AS	(30)	0	(60)	0

The table below sets forth SRH Investco AS's ownership in subsidiaries through its ownership in Saferoad Holding AS and RI Holding AS.

Several of the subsidiaries own shares in other subsidiaries.



Shares in subsidiaries owned through subsidiaries	Country	Segment	Ownership
<b>Saferoad Holding AS</b>			
Saferoad Holding AB	Sweden	Holding/Other	100,00 %
<b>Saferoad Holding AB</b>			
Saferoad Holding Norway AS	Norway	Holding/Other	100,00 %
Saferoad Holding Denmark Aps	Denmark	Holding/Other	100,00 %
Saferoad Treasury AB	Sweden	Holding/Other	100,00 %
<b>Saferoad Holding Norway AS</b>			
Saferoad AS	Norway	Holding/Other	100,00 %
<b>Saferoad AS</b>			
Saferoad Holding Germany GmbH	Germany	Holding/Other	100,00 %
Euroskilt AS	Norway	Road Safety Nordic	100,00 %
Trafikksikring AS	Norway	Road Safety Nordic	100,00 %
Vik Ørsta AS	Norway	Road Safety Nordic	100,00 %
Eurostar AS	Norway	Road Safety Nordic	100,00 %
Saferoad Trading AS	Norway	Road Safety Nordic	100,00 %
Brødrene Berntsen AS	Norway	Road Safety Nordic	100,00 %
Stolper AS	Norway	Road Safety Nordic	90,70 %
TrafikkDirigering AS	Norway	Road Safety Nordic	70,00 %
EKC Sverige AB	Sweden	Road Safety Nordic	100,00 %
Saferoad UK Limited	UK	Road Safety Nordic	100,00 %
Saferoad VRS Limited	UK	Road Safety Nordic	100,00 %
Saferoad Sverige AB	Sweden	Road Safety Nordic	100,00 %
Saferoad Smekab AB	Sweden	Road Safety Nordic	100,00 %
Moramast AB	Sweden	Road Safety Nordic	100,00 %
EKC Production AB	Sweden	Road Safety Nordic	100,00 %
Brødrene Berntsen AB	Sweden	Road Safety Nordic	100,00 %
Saferoad Finland Oy	Finland	Road Safety Nordic	100,00 %
Saferoad Pomerania Sp. z.o.o.	Poland	Road Safety Nordic	100,00 %
Saferoad Europe GmbH Germany	Germany	Road Safety Europe	100,00 %
Saferoad RRS GmbH	Germany	Road Safety Europe	100,00 %
Brite Line Europe GmbH	Germany	Road Safety Europe	74,80 %
Bongard & Lind Verwaltungs GmbH	Germany	Road Safety Europe	100,00 %
Bongard & Lind Noise Protection GmbH & Co KG	Germany	Road Safety Europe	100,00 %
Saferoad SES GmbH	Germany	Road Safety Europe	100,00 %
Schalltec GmbH & Co. KG	Germany	Road Safety Europe	100,00 %
Schalltec Beteiligungs GmbH	Germany	Road Safety Europe	100,00 %
Hausneindorfer Metallbau und Montage GmbH	Germany	Road Safety Europe	100,00 %
Saferoad Holland BV	Netherlands	Road Safety Europe	100,00 %
Saferoad Sp. z.o.o.	Poland	Road Safety Europe	100,00 %
Saferoad Grawil Sp. z.o.o.	Poland	Road Safety Europe	100,00 %
Saferoad Kabex Sp. z.o.o.	Poland	Road Safety Europe	100,00 %
Saferoad RRS Polska Sp. z.o.o.	Poland	Road Safety Europe	100,00 %
Signaroad Sp. z.o.o.	Poland	Road Safety Europe	100,00 %
Inter Metal Sp. z.o.o.	Poland	Road Safety Europe	100,00 %
Saferoad Baltic UAB	Lithuania	Road Safety Europe	100,00 %



Shares in subsidiaries owned through subsidiaries	Country	Segment	Ownership
<b>Saferoad AS</b>			
Saferoad Slovakia s. r. o.	Slovakia	Road Safety Europe	100,00 %
Saferoad Czech Republic s.r.o.	Czech Republic	Road Safety Europe	60,00 %
Saferoad Romania SRL	Romania	Road Safety Europe	100,00 %
Marina Systeme GmbH	Germany	Holding/Other	100,00 %
<b>Saferoad Holding Denmark Aps</b>			
Saferoad Daluiso A/S	Denmark	Road Safety Nordic	100,00 %
Eurostar Danmark A/S	Denmark	Road Safety Nordic	100,00 %
<b>RI Holding AS</b>			
R. Infrastructure Holding AB	Sweden	Road Infrastr. Other	100,00 %
Saferoad V Holding AB	Sweden	Road Infrastr. Other	100,00 %
ViaCon Holding AB	Sweden	Road Infrastr. Other	100,00 %
ViaCon International AB	Sweden	Road Infrastr. Other	100,00 %
ViaCon AB	Sweden	Road Infrastr. Nordic	100,00 %
ViaCon Production AB	Sweden	Road Infrastr. Nordic	100,00 %
Arot-ViaCon AB	Sweden	Road Infrastr. Nordic	100,00 %
ViaCon Bridges AB	Sweden	Road Infrastr. Other	100,00 %
FLA Geoprodukter AB	Sweden	Road Infrastr. Nordic	100,00 %
Nordic Culvert AB	Sweden	Road Infrastr. Nordic	100,00 %
ViaCon AS	Norway	Road Infrastr. Nordic	100,00 %
ViaCon Sp. z o.o.	Poland	Road Infrastr. Europe	100,00 %
ViaCon Construction Sp. z o.o.	Poland	Road Infrastr. Europe	100,00 %
Geotex Sp. z o.o.	Poland	Road Infrastr. Europe	100,00 %
Elikopol BK Sp. z o.o.	Poland	Road Infrastr. Europe	100,00 %
ViaCon Polska Sp. z o.o.	Poland	Road Infrastr. Europe	100,00 %
Steel-System Sp. z o.o.	Poland	Road Infrastr. Europe	100,00 %
ViaCon Hungary CS LLC	Hungary	Road Infrastr. Europe	100,00 %
Tubo Hungária LLC	Hungary	Road Infrastr. Europe	100,00 %
ViaCon Bulgaria EOOD	Bulgaria	Road Infrastr. Europe	100,00 %
ViaCon Romania SRL	Romania	Road Infrastr. Europe	100,00 %
ViaCon İnşaat Müh. San. Tic. A.Ş.	Turkey	Road Infrastr. Europe	100,00 %
ViaCon Austria GmbH	Austria	Road Infrastr. Europe	100,00 %
ViaCon ČR s.r.o.	Czech Republic	Road Infrastr. Europe	70,00 %
ViaCon SK s.r.o.	Slovakia	Road Infrastr. Europe	49,00 %
Oy ViaCon AB	Finland	Road Infrastr. Nordic	100,00 %
Solcon Oy	Finland	Road Infrastr. Nordic	100,00 %
Oy Latium Ltd	Finland	Road Infrastr. Nordic	100,00 %
Kiinteistö Oy Rumtikli	Finland	Road Infrastr. Nordic	100,00 %
ViaCon A/S Denmark	Denmark	Road Infrastr. Nordic	100,00 %
Tubosider France SAS	France	Road Infrastr. Europe	60,00 %
AS ViaCon Eesti	Estonia	Road Infrastr. Europe	100,00 %
SIA ViaCon Latvija	Latvia	Road Infrastr. Europe	100,00 %
UAB ViaCon Baltic	Lithuania	Road Infrastr. Europe	100,00 %
UAB ViaCon Statyba	Lithuania	Road Infrastr. Europe	100,00 %
UAB ViaCon Baltic Pipe	Lithuania	Road Infrastr. Europe	100,00 %
ViaCon Technologies COOO	Belarus	Road Infrastr. Europe	100,00 %



For the SRH Investco AS subsidiaries in the table where the indirect ownership interest is listed as less than 50 per cent, SRH Investco AS controls more than 50 per cent of the voting power via its voting power in the owner companies.

The following companies based in Germany make use of the exemption provision pursuant to §264 (3) HGB or § 264b HGB, which means that they do not need to prepare consolidated financial statements at a lower level than SRH Investco Group:

Saferoad Holding Germany GmbH  
Saferoad Europe GmbH  
Saferoad RRS GmbH  
Bongard & Lind Verwaltungs GmbH  
Bongard Lind Noise Protection GmbH & Co. KG  
Saferoad SES GmbH  
Schalltec GmbH & Co. KG  
Schalltec Beteiligungs GmbH  
Hausneindorfer Metallbau und Montage GmbH

## Note 6 Financial items

NOK 1000	2019	2018
Interest income	5	130
Dividends from subsidiaries (note 8)	2 686 487	0
Group contribution from subsidiaries (note 8)	6 759	0
<b>Total financial income</b>	<b>2 693 251</b>	<b>130</b>
Interest expenses	154 324	47 944
Write-down of shares in subsidiaries	2 293 157	0
Other financial expenses	13 987	4 650
<b>Total financial expenses</b>	<b>2 461 468</b>	<b>52 594</b>
Currency exchange gain	8 533	2 775
Currency exchange loss	852	26 184
<b>Net exchange rate gain/(loss)</b>	<b>7 681</b>	<b>(23 409)</b>
<b>Net financial income/(expenses)</b>	<b>239 464</b>	<b>(75 873)</b>

Based on an estimated fair value calculation of the shares in Saferoad Holding AS, the investment is written down with NOK 2 293.2 million in 2019. The fair value at reporting date is measured in accordance with the fair value measurement in the financial statements for SRH Investco AS consolidated. Book value of the shares in Saferoad Holding AS as of 31 December 2019 is NOK 1 266.1 million.



## Note 7 Income tax

### Tax income/(expense)

NOK 1000	2019	2018
Tax payable	0	0
Changes in deferred tax	0	0
Tax income/(expense) recognised in the statement of comprehensive income	0	0

### A reconciliation of the effective rate of tax and the tax rate in SRH Investco AS

NOK 1000	2019	2018
Profit/(loss) before tax	236 053	(171 219)
Expected income taxes according to income tax rate in Norway 22%/23%	(51 932)	39 380
Deferred tax assets not recognised current year	(33 975)	(21 277)
Non deductible expenses	(505 120)	(18 103)
Non-taxable income	591 027	0
Tax income/(expense) recognised in the statement of comprehensive income	0	0

### Tax payable basis

NOK 1000	2019	2018
Profit/(loss) before tax	236 053	(171 219)
Non deductible expenses	2 296 000	78 710
Non-taxable income	(2 686 487)	0
Change in temporary differences	11 145	(77 210)
Tax payable basis	(143 289)	(169 719)
Tax payable (22%/23% of tax payable basis)	0	0

### Deferred tax liabilities/(deferred tax assets)

NOK 1000	2019	2018
<b>Non-current assets and liabilities</b>		
Other non-current items	14 534	16 986
Total non-current assets and liabilities	14 534	16 986
Tax losses carried forward	(68 862)	(37 338)
Of which assets not recognised (valuation allowance)	(54 327)	(20 352)
Net recognised deferred tax liabilities	0	0



## Note 8 Transactions with group companies

NOK 1000	2019	2018
<b>Internal services from group companies</b>		
Vik Ørsta AS	0	200
Other operating costs to group companies	0	200
<b>Dividend and group contribution</b>		
Saferoad Holding AS	2 686 487	0
SR RI AS	6 759	0
Financial income from group companies	2 693 246	0

NOK 1000	31.12.2019	31.12.2018
<b>Receivables on group companies</b>		
Saferoad Holding AS	1 189	6 605
RI Holding AS	22 818	0
SRH BridgeCo AS	60	0
SR RI AS	6 759	0
Total receivables on group companies	30 827	6 605
<b>Current liabilities to group companies</b>		
Vik Ørsta AS	0	250
SRH Holding AS	22 818	0
Total current liabilities to group companies	22 818	250

## Note 9 Cash and cash equivalents

NOK 1000	31.12.2019	31.12.2018
Cash and bank deposits	10 131	21 788
Restricted cash	0	0
Total cash and cash equivalents	10 131	21 788

## Note 10 Interest-bearing liabilities

SRH Investco AS has the following non-current interest-bearing liabilities to credit institutions:

### Liabilities to credit institutions 31 December 2019

NOK 1000	Currency	Interest rate	Due date	Amount
Liabilities to credit institutions - Term loan	NOK	NIBOR + Margin	07.09.2025	940 268
Liabilities to credit institutions - Term loan	EUR	EURIBOR + Margin	07.09.2025	955 988
Total				1 896 257
Less current part				0
Non-current				1 896 257



## Liabilities to credit institutions 31 December 2018

NOK 1000	Currency	Interest rate	Due date	Amount
Liabilities to credit institutions - Term loan	NOK	NIBOR + Margin	07.09.2025	934 915
Liabilities to credit institutions - Term loan	EUR	EURIBOR + Margin	07.09.2025	958 689
<b>Total</b>				<b>1 893 604</b>
Less current part				0
Non-current				1 893 604

The arrangement fee and direct legal cost of total NOK 84.8 million incurred in connection with the new loan agreement is amortised over the time to maturity using the effective interest method.

Note 19 in the consolidated financial statements describes the covenants which SRH Investco AS needs to comply with.

The table below summarises the maturity profile of non-current financial liabilities:

### 2019

NOK 1000	Due within one year	Due within two years	Due within three years	Due within four years	Due within five years	Due after five years	Total interest-bearing liabilities
Liabilities to credit institutions - principal amount	0	0	0	0	0	1 966 301	1 966 301
Liabilities to credit institutions - interest	165 309	165 309	165 309	162 348	155 574	106 557	920 406
<b>Total</b>	<b>165 309</b>	<b>165 309</b>	<b>165 309</b>	<b>162 348</b>	<b>155 574</b>	<b>2 072 858</b>	<b>2 886 707</b>

### 2018

NOK 1000	Due within one year	Due within two years	Due within three years	Due within four years	Due within five years	Due after five years	Total interest-bearing liabilities
Liabilities to credit institutions - principal amount	0	0	0	0	0	1 974 793	1 974 793
Liabilities to credit institutions - interest	158 343	158 343	158 343	158 343	156 233	255 106	1 044 710
<b>Total</b>	<b>158 343</b>	<b>158 343</b>	<b>158 343</b>	<b>158 343</b>	<b>156 233</b>	<b>2 229 899</b>	<b>3 019 503</b>

## Note 11 Other current liabilities

NOK 1000	31.12.2019	31.12.2018
Accrued interest	866	10 326
Other current liabilities	4 767	9 789
<b>Total other current liabilities</b>	<b>5 633</b>	<b>20 115</b>



## Note 12 Pledged assets and guarantees

In September 2018, funds managed by FSN Capital GP V Limited acquired 100 per cent of the shares in the Saferoad Group for NOK 1 909.3 million. The acquisition of the shares and the refinancing of the previous facility agreements with Danske Bank and Nordea was financed by equity and funds managed by GSO Capital. GSO Capital has committed Senior Term Facility Agreements for NOK 975.0 million and EUR 100.5 million which mature in 2025.

### Guarantees

SRH Investco AS has issued a guarantee related to pension commitments in Sweden, which amounts to NOK 19.3 million at year end 2019 (NOK 18.2 million at year end 2018).

### Security

The Senior Term Facility Agreements are drawn by SRH Investco AS.

Security in SRH Investco AS in favour of DNB and GSO Capital is granted over:

- a) pledge in the bank accounts (other than any tax accounts) of SRH Investco AS (book value of NOK 10.1 million per 31 December 2019, NOK 21.8 million per 31 December 2018)
- b) pledge granted by SRH Holding AS of all shares issued by SRH Investco AS and held by SRH Holding AS (book value of NOK 18.4 million per 31 December 2019 and 31 December 2018)
- c) security over its intra-group loans for NOK 5.0 million (or a similar value in any other currency) or higher (book value of NOK 22.8 million per 31 December 2019 and NOK 0 million per 31 December 2018)

See note 27 in the consolidated financial statements for further details.

## Note 13 Transactions with related parties

SRH Investco AS's related parties consist of subsidiaries of the Group. These transactions are described in note 8. No further transactions with related parties for SRH Investco AS have been identified.



## Alternative performance measures (APMs)

APMs are used by Saferoad for annual and periodic financial reporting to provide a better understanding of the company's underlying financial performance for the period. Underlying revenue, underlying EBITDA and underlying EBITA is also used by management to drive performance in terms of target setting. These measures are adjusted IFRS measures defined, calculated and used in a consistent and transparent manner over time and across the Group where relevant.

Operational measures such as volumes, prices and currency effects are not defined as APMs. Saferoad focuses on underlying EBITDA and underlying EBITA in the discussions of periodic operating results for the segments and for the Group.

Each of the following APMs has been defined by the Group as follows:

**Underlying revenue** is defined as reported operating revenue adjusted for material items such as gains from divestments of businesses, as well as other major effects of a special nature.

**EBITDA** is defined as operating profit/(loss) before interests, income tax, depreciation and amortisation.

**Underlying EBITDA** is defined as EBITDA adjusted for material items which are not regarded as part of underlying business performance for the period, such as costs related to acquisitions and divestments, major restructuring costs and closure costs, major impairments of property, plant and equipment, gains and losses of disposals of businesses and operating assets, as well as other major effects of a special nature.

**EBITA** is defined as operating profit/(loss) before interests, income tax and amortisation.

**Underlying EBITA** is defined as EBITA adjusted for material items which are not regarded as part of underlying business performance for the period, such as costs related to acquisitions and divestments, major restructuring costs and closure costs, major impairments of property, plant and equipment, gains and losses of disposals of businesses and operating assets, as well as other major effects of a special nature. Underlying EBITA was also adjusted for depreciations of excess values of tangible assets last year.

**Underlying net income** is defined as net income adjusted for material items which are not regarded as part of underlying business performance for the period, such as costs related to acquisitions and divestments, major restructuring costs and closure costs, major impairments of property, plant and equipment, gains and losses of disposals of businesses and operating assets, impairments of intangible assets, change in deferred tax, changes in earn outs and estimated future payments related to options on shares, and unrealised foreign exchange rate gains/(losses), as well as other major effects of a special nature. Underlying net income was also adjusted for depreciations of excess values of tangible assets last year.



## APM table

NOK 1000	2019	2018
<b>Operating revenue reported</b>	<b>6 561 832</b>	2 279 243
Items excluded from operating revenue underlying	0	(4 629)
<b>Operating revenue underlying</b>	<b>6 561 832</b>	2 274 614
<b>EBITDA reported</b>	<b>427 677</b>	53 991
Items excluded from EBITDA underlying	<b>78 960</b>	125 058
<b>EBITDA underlying</b>	<b>506 638</b>	179 049
<b>EBITA reported</b>	<b>160 336</b>	5 275
Items excluded from EBITA underlying	<b>78 960</b>	129 093
<b>EBITA underlying</b>	<b>239 296</b>	134 368
<b>Net income/(loss) reported</b>	<b>(126 283)</b>	(160 322)
Items excluded from net income/(loss) underlying	<b>77 306</b>	162 828
<b>Net income/(loss) underlying</b>	<b>(48 977)</b>	2 506
<b>Items excluded from underlying revenue, EBITDA, EBITA and Net income</b>		
Other effects	0	(4 629)
<b>Items excluded from operating revenue underlying</b>	<b>0</b>	(4 629)
Transaction cost	0	99 602
Restructuring charges and closure costs	<b>32 646</b>	10 028
Other effects	<b>46 314</b>	20 058
<b>Items excluded from EBITDA underlying</b>	<b>78 960</b>	125 058
Depreciation excess values, reclassified to amortisation	0	4 237
Impairment loss	0	(203)
<b>Items excluded from EBITA underlying</b>	<b>78 960</b>	129 093
Amortisation and impairment	0	(4 237)
Net financial income/(expense)	<b>(21 550)</b>	18 818
Tax	<b>19 896</b>	19 155
<b>Items excluded from Net income/(loss) underlying</b>	<b>77 306</b>	162 828
<b>Items excluded from underlying EBITA, specified per operating segment</b>		
<b>Road Safety</b>	<b>19 168</b>	14 233
Nordic	<b>18 018</b>	11 781
Europe	<b>1 149</b>	2 452
<b>Road Infrastructure</b>	<b>957</b>	6 142
Nordic	<b>957</b>	1 638
Europe	0	4 478
Other	0	26
<b>Holding, other</b>	<b>58 835</b>	104 682
Depreciation excess values, reclassified to amortisation not allocated to segment	0	4 237
Impairment loss not allocated to segment	0	(203)
<b>Items excluded from EBITA underlying</b>	<b>78 960</b>	129 093

- **Transaction costs** in 2018 relates to preparations and executions of the acquisition of Saferoad Holding ASA by funds managed by FSN Capital GP V Limited.
- **Restructuring charges** and closure costs relate to redundancy and other restructuring cost.
- **Depreciation of excess values** is related to acquisitions and is in 2018 reclassified to amortisation.
- **Impairment loss** relates to write-downs of assets or groups of assets to estimated recoverable amounts in the event of an identified loss in value. Gains from reversal of impairment losses are simultaneously excluded from underlying results.
- **Other effects** in 2019 include adjustments for extraordinary operational strategy-, working capital- and ESG projects in relation to the acquisition by funds managed by FSN Capital GP V Limited as well as other less material effects. Other effects in 2018 include adjustment for costs related to release of management incentive bonus in connection to the delisting from Oslo Stock Exchange, extraordinary operational strategy-, working capital- and ESG projects in relation to the acquisition by funds managed by FSN Capital GP V Limited, real estate transfer tax in Germany, extraordinary impairment of inventory as well as other less material effects.
- **Net financial income/(expense)** relates to unrealised foreign exchange rate gains/(losses), as well changes in earn outs and estimated future payments related to options on shares.
- **Tax** relates to changes in deferred tax liabilities/assets.



## Auditor's report



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### INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of SRH Investco AS

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of SRH Investco AS comprising the financial statements of the parent company and the Group. The financial statements of the parent company comprise the statement of financial position as at 31 December 2019, statement of comprehensive income, statements of cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements comprise the statement of financial position as at 31 December 2019, statements of comprehensive income, cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion,

- ▶ the financial statements are prepared in accordance with the law and regulations
- ▶ the financial statements present fairly, in all material respects, the financial position of the parent company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway
- ▶ the consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU

#### Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors (management) is responsible for the other information. Our opinion on the financial statements does not cover the other information, 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 the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Periode: Dokumentskikkel: SE/QD/42L/2Z-P/WT/4M/18Z-1/18Z-REGG5



## Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the parent company and International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- ▶ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- ▶ 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.

Independent auditor's report - SRH Investco AS

A member firm of Ernst & Young Global Limited

Paranco Dokumenttrakk: 5E7QO-KAL-4Z-PVWRT-443BZ-13JRE-8EGGS



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### Report on other legal and regulatory requirements

#### Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on corporate governance and corporate social responsibility concerning the financial statements, the going concern assumption, and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

#### Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 24 April 2020  
ERNST & YOUNG AS

*The auditor's report is signed electronically*

Tore Sertie  
State Authorised Public Accountant (Norway)

Promisio Dokumentnr: 920625525-2019-04-24-13-REG-REGG05

Independent auditor's report - SRH Investco AS  
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"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

### Tore Sørle

Statsautorisert revisor

På vegne av: Ernst & Young AS

Serienummer: 9578-5995-4-774812

IP: 46.9.xxx.xxx

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Skatteetaten

Vår dato 11.02.2019	Din/Deres dato 05.12.2018	Saksbehandler Henning Stokke
800 80 000 Skatteetaten.no	Din/Deres referanse Yvonne Skramstad	Telefon 800 80 000
Org.nr 974761076	Vår referanse 2019/5229113	Postadresse Postboks 9200 Grønland 0134 OSLO

SAFEROAD AS  
Enebakkveien 150  
0680 OSLO

## Tillatelse til å utarbeide årsberetning og årsregnskap på engelsk språk

Vi viser til deres brev av 5. desember 2018 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper:

- Saferoad Holding AS org.nr. 917 763 909
- SRH Investco AS org.nr. 920 625 525
- SRH Holding AS org.nr. 919 999 896
- SRH Mgto AS org.nr. 921 491 115
- SRH BridgeCo AS org.nr. 818 111 762

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering selskapene nevnt ovenfor dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

### Bakgrunn

Fra søknaden gjengis:

*Cidron Triangle AS (org.nr. 917 763 909) ble innvilget tillatelse for å utarbeide årsregnskap og årsberetning på engelsk i vedtak fra Skattedirektoratet datert 08.02.2017. Cidron Triangle AS konverterte til et allmennaksjeselskap og endret navn til Saferoad Holding ASA 03.05.2017.*

*Selskapet ble notert på Oslo Børs 29.05.2017 og ble innvilget tillatelse for å utarbeide årsregnskap og årsberetning på engelsk i vedtak fra Oslo Børs datert 05.05.2017 og Skattedirektoratet datert*



10.04.2018. Saferoad Holding ASA ble omdannet til AS, avnotert fra Oslo Børs og kjøpt opp av SRH Investco AS i september 2018.

SRH Investco AS er 100 % eid av SRH Holding AS. SRH Holding AS er eid 62 % av SRH BridgeCo AS og 38 % av FSN Capital GP V Limited. SRH Mgto AS er 100 % eid av SRH BridgeCo AS. SRH BridgeCo er 100 % eid av FSN Capital GP V Limited. Alle de fem selskapene kontrolleres dermed av FSN Capital GP V Limited.

Saferoadkonsemet har selskaper i over 20 land. Ledelsen i utenlandske datterselskaper og deler av konsernledelsen består av personer som ikke er norskspråklige. Arbeidsspråk og rapportering er derfor i all hovedsak på engelsk. En stor del av kommunikasjonen med konsernets kunder, leverandører og kreditorer foregår på engelsk. Det er heller ingen forhold rundt selskapets finansiering eller eierstruktur som skulle tilsi behov for regnskap på norsk. Bankforbindelser etterspør kun informasjon på engelsk.

Markedsmateriale utgis på engelsk. Alle sentrale aktører og samarbeidspartnere innen bransjen til Saferoadkonsemet behersker og benytter engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

### Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

*"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."*

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.



Som nevnt ovenfor er det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at alle selskapene er direkte eller indirekte eid av et utenlandsk selskap. Eierkretsen er begrenset. I tillegg opererer selskapene i en internasjonal bransje, og arbeidsspråk er engelsk. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Torstein Kinden Helleland  
seniorrådgiver  
Juridisk avdeling, næring  
Skattedirektoratet

Henning Stokke

*Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.*