SAFEROAD®
Have a safe journey

Annual report
2022

Table of contents

SAFEROAD®

01
Group overview

SAFEROAD®

Introduction to Saferoad

Leading road safety supplier in Europe

Saferoad Group is a leading road safety supplier in Europe with 75 years of experience within the industry. The Group employs 2 500 and have production and sales offices across 13 countries in Europe.

Saferoad is owned by FSN Capital V and FSN Capital Bridge Co-Investment, which are vehicles advised by FSN Capital Partners.

The Group offers a broad range of innovative and high-quality products and solutions. Tailored to contribute to a safer life on the road and shape the future of road safety infrastructure. The Group also exports products and executes projects in countries outside of Europe. The core business is road infrastructure related products and services that provides guidance and safety.

Dedicated to Vision Zero, Saferoad aims to actively reduce the number of people seriously injured or killed in traffic.

Key facts

Underlying revenue of NOK 6 173 million.

2 500 employees, in 13 countries across Europe.

19 production facilities with sustainable operations ensuring fast response and delivery time.

30 sales offices ensuring strong local presence and deep customer understanding.

Founded in 2007, as a merger between Ørsta Group and Euroskilt Group. Roots go back to 1947 when Ørsta Stålindustri was founded.

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Dedicated to Vision Zero - Zero people seriously injured or killed in traffic.

SAFEROAD®

Vision, mission, and values
Our identity

Dedicated to vision zero

Zero fatalities and serious injuries in road traffic.

Vision Zero is an holistic approach to road safety, prioritizing the protection of human life. By setting the goal of zero fatalities and serious injuries, it emphasizes that every road user's life is valuable and that traffic accidents are preventable. This approach fosters a culture of shared responsibility among various stakeholders, promoting collaboration to create safer roads, vehicles, and behaviors.

Work for a safer life on the road

At Saferoad Group, our mission is to enhance road safety and promote a safer life on the road for all users by leveraging our seven-decade legacy of expertise and leadership in the European market. As a preeminent supplier of road safety solutions, we are dedicated to the research, development, and deployment of high-quality products and services that are customized to meet the unique needs of our diverse customers. We are committed to shaping the future of road safety and infrastructure, ultimately reducing accidents, saving lives, and ensuring the wellbeing of communities across the continent.

Care

Caring is the engine in our mission of making life on the road safer. We care for people on the move, our customers, our employees, and the environment.

Drive

Our employees are the energy that drives our engine. With our motivating, driving corporate culture, we are constantly moving forward and working to be the front runner in our markets.

Integrity

Integrity is the compass we navigate our actions by. We are professional, reliable and eager to share knowledge with each other and our surroundings.

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Our purpose
A safer life on the road

The importance of continued focus on reducing the number of fatalities and serious injuries in traffic cannot be overstated.

While the EU has made progress in reducing road fatalities, the recent increase of 3 per cent in 2022 is a stark reminder of the challenges that lie ahead. The EU and UN have set ambitious targets to halve the number of road fatalities and serious injuries by 2030, and meeting these goals requires persistent dedication and investment in innovative road safety solutions.

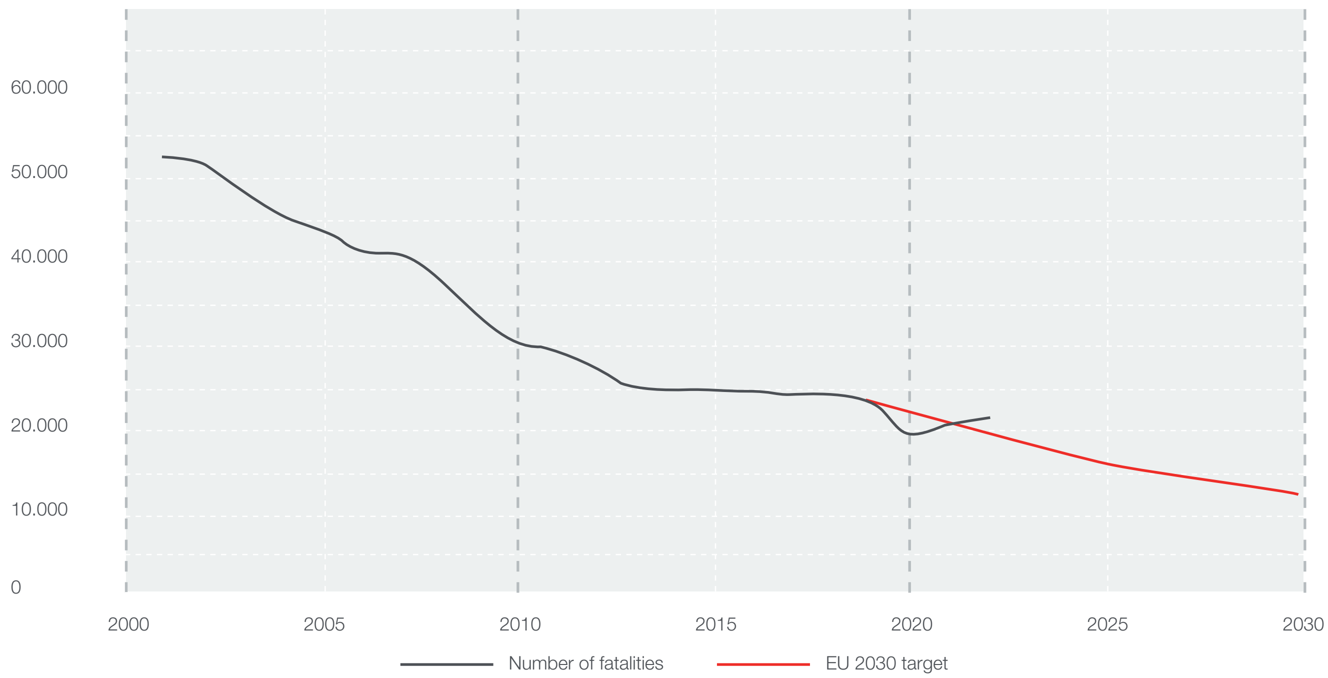
The -10 per cent reduction in fatalities compared to the pre-pandemic period in 2019 is a promising indicator of progress. However, the journey towards achieving a 50 per cent reduction in fatalities and serious injuries by 2030 is far from over. It is crucial to maintain momentum and continuously invest in research, development, and implementation of effective road safety solutions.

Collaborative efforts between stakeholders, such as Saferoad Group, governments, and road authorities, are essential to ensure that road safety remains a top priority in the years to come. Only through sustained focus and innovation can we create safer roads for everyone and achieve the ambitious targets set by the EU and UN.

As a leading road safety supplier in Europe, Saferoad Group has been at the forefront of this effort for 75 years, providing innovative and high-quality products and solutions. Our expertise in road restraint systems, signs and work zone protection, light poles and masts, and road services is how we contribute to enhancing road safety, and towards Vision Zero. Our comprehensive approach to road safety through products and services enable a proactive and sustainable approach to road safety.

Road safety development in Europe

Source: CARE (EU databse on road crashes)



Business areas

A broad range of road safety products and services

Our core business is road infrastructure related products and services that provide guidance and safety.

We provide a broad range of solutions within road restraint systems, light poles, masts, signs, work zone protection, road services, noise protection and street furniture. What they all have in common is that they contribute to a safer life on the road, whether you go by foot, bike, car or public transportation. We offer sustainable and high-quality solutions that can be customised to provide optimum solutions for infrastructure projects.

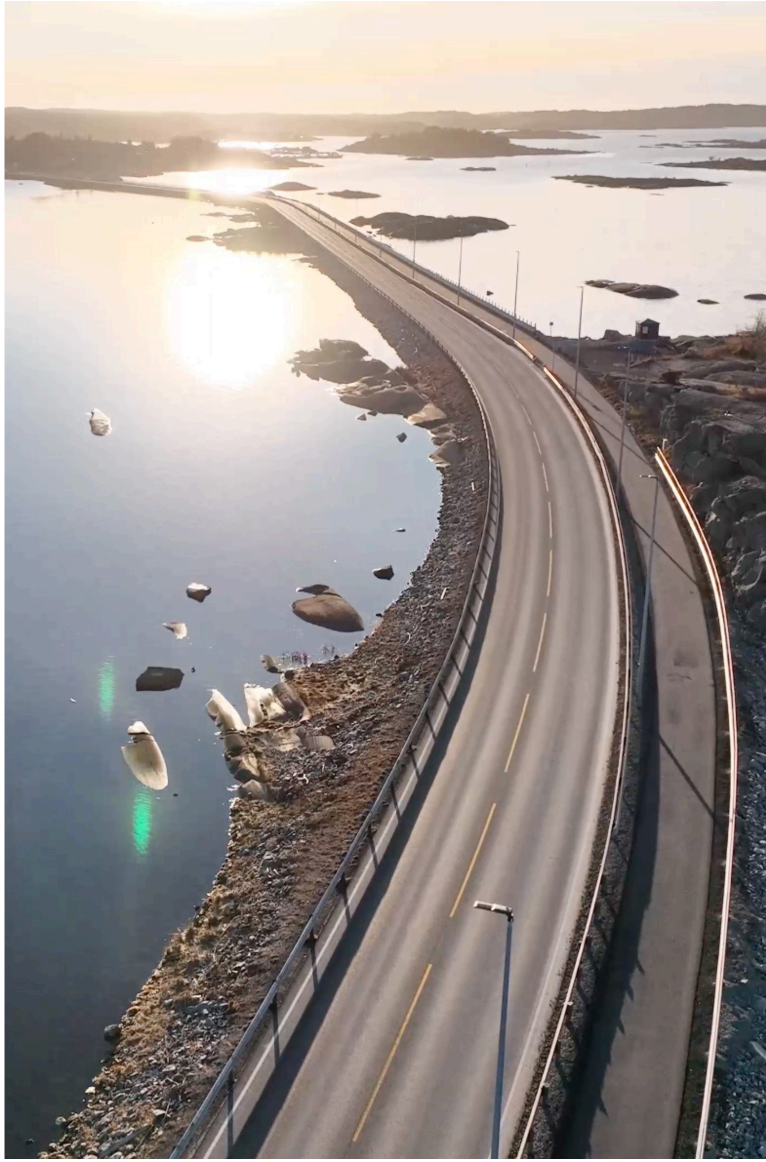
The products and services are divided into four main business areas, so that the experts within each field can benefit from working closely together and drive development across our markets.

Road Safety

Light Poles & Masts

Signs & Work Zone Protection

Road Services



Business area
Road Safety

Guardrails, bridge parapets, rails, energy absorbing systems and noise protection barriers.

We offer a comprehensive and innovative range of road restraint systems and noise protection barriers which covers all areas of use on roads, highways and along railways. Saferoad's offering includes design, manufacturing, delivery, installation and repair. The products are designed and tested according to European and national standards. Our team of experts helps customise your solution to meet local conditions and requirements.

With leading brands such as MegaRail, SafeStar, Safeline, Vik and Birsta, we cover a wide range of containment levels on our guardrails. In end terminals, we offer SafeEnd, as one of the firstend-terminals that has been tested in accordance with the coming standard per EN 1317-7. Hence, it represents the next generation of energy absorbing terminals.

Crash cushions prevent lethal damage to car passengers when crashing into static objects. Our own CrashGuard series have the highest level of certification and offers a wide range of sizes, depending on the area it should secure. Our bridge parapets combine modern design with a high level of safety and are well suited for use in areas with high demands for aesthetics. The modular structure of the parapets contributes to quick installation and low cost.

Saferoad's highly absorbent noise barriers are used where traffic or work zone noise has become a nagging nuisance. Our noise protection elements can be delivered with a variety of specifications and are designed to effectively reduce noise from roads, railways and construction sites.

Number of employees:

1 015

Locations:

NO, SE, DE, PL, UK, FI, NL, RO, LT, CZ and export to other markets

Revenue 2022:

NOK 3 011 million

Business area
Light Poles & Masts

We specialize in creating crash-friendly, safe, decorative, and functional light poles and masts. In addition to street lighting, we offer outdoor furniture options and fences, as well as masts and towers for telecom, rail traffic, and power grid.

Our range of products includes high-quality light poles and masts that are suitable for all application areas. The primary goal of street lighting is to enhance the safety of the traveling public and improve the sense of security in residential and commercial areas.

The use of passive safe light poles is becoming increasingly essential and required by local regulations for both highways and rural roads. Our columns can absorb the energy of colliding vehicles and reduce speed in a controlled manner to a safe level.

We believe that outdoor furniture and fences plays an essential role in creating safe and welcoming communities. Outdoor furniture such as benches and picnic tables provide a gathering place for community members to come together, relax, and enjoy. Our benches, railings and bicycle products are available in various styles, colours, and materials, allowing every project to choose their own identity.

In addition to light poles, masts, and outdoor furniture, we also offer towers and hardware for power grids ranging from 1-420 kV, catenary poles for rail traffic, and antenna towers for telecommunications. To ensure that our products have a long lifespan, we provide a variety of corrosion protection methods, such as hot-dip galvanizing, powder coating, wet paint, or thermoplastic. Our corrosion protection standards are of the highest quality (C5M), and our products are available in all colours of the RAL and NCS scales.

We understand the importance of creating safe and functional public spaces that promote community well-being, and our outdoor furniture options are just one way we contribute to that effort. Whether it’s through our light poles, masts, towers, or benches, we strive to provide high-quality products that enhance the safety, functionality, and aesthetic appeal of our communities.

Number of employees:

461

Locations:

NO, SE, RO

Revenue 2022:

NOK 1 192 million

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Business area
Signs & Work Zone Protection

We offer a complete range of traffic signs, technical solutions, LED and mechanical variable message signs, gantries, posts and work zone protection services.

Our solutions are designed for roads and to make communities safer for people on the move and workers in construction areas. We take great pride in offering our customers, a turnkey solution where we take care of every step to ensure a safe environment for road and construction work.

We offer a wide range of technical solutions that provides real-time information and control of signs and traffic lights to road operators and infrastructure owners. SafeTech consists of technical products, solutions, and traffic management systems to enable smarter and safer traffic flow.

We design and produce our own range of signposts and gantries in aluminium and steel. Our passive safe signposts are tested and approved in accordance with EN 12767. All signs are manufactured according to national rules and regulations.

In our depots we offer a wide range of high-quality products for sale and rental and our safety specialists can take care of the complete installation and decommissioning for any work zone area. This includes inner city solutions such as mobile noise barriers, gates, and access control systems.

Among our services we also offer education of road workers, and we are happy to assist our customers with area access and accommodation planning.

Number of employees:

747

Locations:

NO, SE, DK, DE

Revenue 2022:

NOK 1 451 million

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Business area
Road Services

We offer a wide range of road services, including application of road marking for guidance and safety purposes and complex road maintenance services.

Our road marking range is customised to meet our customers‘ requirements concerning durability, quality and safety. Rumble strips and Type II, structured road marking on highways and country roads are one of our most efficient measures to reduce accidents and improve visibility at night. Our thermoplastic, cold plastic or paint products are made of high-quality materials.

All types of material are applied with state of the art machines and equipment, utilising the latest available technology for highest possible precision, quality and capacity. We put high focus on eco-friendly products to reduce environmental impact.

In Central and Eastern Europe, we provide complex road maintenance services including winter maintenance, greenery, road patrolling, traffic safety and work zone protection services to secure durability and safety of highways, expressways, and country roads 365 days a year.

We strive to meet your requirements for safety and durability, and our staff will ensure a professional and efficient service.

Number of employees:

257

Locations:

NO, SE, DK, PL

Revenue 2022:

NOK 774 million

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Leadership

Group management team

Bernd Frühwald

CEO

Bernd Frühwald was appointed Group CEO effective October 2022. Bernd holds an MBA from St. Gallen Business School in Switzerland and Alpen-Adria-Universität Klagenfurt and earned a mechanical engineering degree from Technical College Ansbach.Prior to his role in Saferoad, Bernd served as President of the Global Power Tools business at Apex Tool Group, and 14 years at Bühler Motor in several executive management positions, including VP for Industrial and Healthcare Business Units; VP Global R&D and VP PMO office.

Anders Kristensson

CFO

Anders Kristensson was appointed Group CFO effective March 2023. Anders holds a Master of Science degree in Business Administration and Economics from the University of Lindkoping, Sweden. He has 15 years of experience from the CFO role in several private equity owned industrial companies both in Scandinavia and internationally. Most recently in IPCO AB, a global supplier of industrial process solutions, with operations in 30 countries. Prior to this he has been interim CEO at IPCO AB, as well as CFO at Envirotainer AB, PIAB AB and Gambro Healthcare.

Oscar Sandell

CHRO

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 Americas for +15 years.

Oscar holds the overall responsibility for the Group's ESG and Communication areas.

Taek Lim

SVP Strategy and M&A

Taek Lim was appointed SVP Strategy and M&A in January 2023. Taek holds a Ph.D. in Engineering from the University of Freiburg and a MSc in physics from Northeastern University in Boston. Prior to starting in Saferoad he was Director Corporate Strategy Development at Bosch, following extensive consulting experience from Kearney, Bain & Company, and Arthur D. Little.

Espen Samuelsen

SVP Operations

Espen Samuelsen was appointed SVP Operations in February 2019.Espen holds a MSc. from Norwegian University of Science and Technology and an MBA from Ecole Supérieur 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.

Kjetil Nesset

SVP Light Poles & Masts

Kjetil Nesset was appointed SVP Light Poles & Masts effective April 2019. Since joining Saferoad in 2012, Kjetil has been managing director of Vik Ørsta. Kjetil holds a bachelor degree in Construction and an degree in Finance & Management. He has previously held several managing positions and came to Saferoad from the position as COO in Spenncon Group.

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Grzegorz Baginski
SVP Road Services

Grzegorz Baginski was appointed SVP Road Services in January 2022. Grzegorz joined Saferoad in 2008 in the position of Business Development Manager Poland and Central and Eastern Europe. Since 2010 he has been General Manager for the Saferoad companies in Poland and Central and Eastern Europe. Prior to Saferoad, he held sales and product manager roles in Swiss and Nordic companies, suppliers of construction products. Grzegorz holds a Master of Civil Engineering from the Gdansk University of Technology and an Executive MBA from GFKM /RSM Erasmus University.

Mads Norman
SVP Signs & Work Zone Protection

Mads Norman was appointed SVP Signs & Work Zone Protection in December 2022. He joined Saferoad in 2019 in the position as managing director of Saferoad Denmark. Mads holds a M.Sc. in industrial management from Aalborg university. Prior to starting in Saferoad he has held several leading roles within operations in Denmark and China in Danfoss Group, Stok Emballage, and before joining Saferoad he was member of the Executive Management in Louis Poulsen as COO.

Message from the CEO
Robust results in a challenging year

I am pleased to present to you our annual report, which provides a comprehensive overview of our performance over the past year, as well as our plans for the future.

The previous year was marked by challenging market conditions due to the Russian invasion of Ukraine. Despite this, I am proud to report that Saferoad achieved a 7.3% growth in sales, reaching NOK 6,173 million. Our underlying EBITDA experienced a slight retraction of NOK 12 million, settling at NOK 579 million for the year. These results demonstrate the robustness and adaptability of our business model, as we effectively navigated geopolitical uncertainty, raw material disruptions, and increased lead times. Our long-term vision to be Europe's leading road safety provider remains unwavering, and we are well-positioned to capitalize on favorable market trends.

Throughout 2022, our primary focus has been on enhancing our internal processes and structures to bolster our position as a leading road safety provider. We have invested in process optimization, technology, and human capital to drive operational efficiency and maximize the potential of our diverse operating units. These improvements have allowed us to identify and capitalize on synergies across the organization, fostering a more streamlined and cohesive business.

In an effort to accelerate growth, a company-wide cash improvement project was launched in late 2022, targeting inventory management, receivables, and payables across all business units in 2023. By reducing operating working capital and improving cash-flow, the project aims to establish a robust foundation for the company's expansion and long-term growth strategy.

We have also initiated an OPEX/LEAN transformation project, a strategic initiative focused on enhancing operational efficiency by implementing LEAN management practices throughout the organization. LEAN Transformation Managers will be tasked with optimizing the organization's direct production labour costs, addressing inefficiencies and waste. Through streamlining processes, promoting continuous improvement, and fostering a culture of excellence, this project aims to significantly improve productivity and cost-effectiveness, ultimately driving a more competitive and sustainable business model.

Additionally, a unifying group branding project has been initiated to create a cohesive brand identity across all operating units, thereby bolstering market position and brand equity. By simplifying the brand architecture and harmonizing marketing efforts, the company aims to enhance customer recognition, encourage cross-selling, and ultimately contribute to its growth objectives.

As we look ahead to the coming year, we are optimistic about our prospects for continued growth in sales and profitability. We anticipate this growth will be driven by several factors, including improved order stock resulting from our strengthened internal processes and structures, operational improvement measures that have increased efficiency across the organization, and the realization of synergies within our core business areas.

Our strong market positions, competitive product portfolio, and extensive sales and service network provide a solid foundation for capturing growth opportunities. We are well-equipped to leverage our expertise, resources, and presence across multiple geographies to expand our reach and continue delivering exceptional value to our customers.

However, success is not only measured by financial metrics. As a Group, we are deeply committed to sustainability and the impact our operations have on the environment and society. We believe that we have a responsibility to be a positive force for change in the world.

At Saferoad, we recognize that sustainability management is essential for our long-term success. We embrace environmental, social, and governance (ESG) principles, which demonstrate our commitment to being a responsible business. We understand the importance of transparency and communication in building trust with our stakeholders and are dedicated to providing clear and accessible reporting on our sustainability efforts.

We have made significant progress in several strategic areas of ESG and continue to work hard on our long-term ESG targets. As a signatory to the United Nations Global Compact (UNGC), we are committed to upholding its Ten Principles, which encompass human rights, labor, environment, and anti-corruption. Additionally, we are dedicated to contributing to the United Nations Sustainable Development Goals (SDGs).

We recognize the urgent need to transition towards a circular economy and have implemented innovative technologies and processes to reduce our carbon footprint, decrease waste generation, and extend the lifespan of our products. We are committed to investing in renewable energy sources and implementing energy-efficient practices throughout our operations.

We strive to create eco-friendly products that meet the highest environmental and social standards, working closely with our suppliers to source sustainable materials, adopt green manufacturing practices, and minimize the environmental impact of our product lifecycle.

The well-being of our employees is a core component of our ESG strategy, and we have implemented comprehensive policies and programs to promote a positive work environment, encourage professional growth, and provide access to essential resources. In 2022, our commitment to employee satisfaction was reflected in the increase of our employee Net Promoter Score. This progress highlights our dedication to creating a supportive and empowering workplace for our valued team members.

Our ESG efforts extend to our entire supply chain, recognizing the importance of transparency and sustainability in minimizing our overall environmental impact, ensuring ethical treatment of workers, and maintaining stakeholder trust. We have established rigorous standards and guidelines for our suppliers and actively monitor their compliance through regular audits and assessments.

We believe that operating with integrity and adhering to the highest ethical standards is fundamental to our long-term success and reputation. Our commitment to ethical business practices is reflected in our robust governance framework, which includes a comprehensive code of conduct, clear policies, and regular training for employees.

As we continue to refine and expand our ESG strategy, we remain steadfast in our pursuit of a more sustainable, inclusive, and responsible future. We understand that achieving our ESG ambitions requires ongoing dedication, collaboration, and adaptation, and we are committed to making a meaningful and lasting positive impact on the world.

As we look ahead, we remain committed to our long-term strategy of delivering value to our stakeholders through growth, innovation, efficiency, and sustainability. We will continue to invest in our people, processes, and technology to drive growth and improve our customer experience. We will also prioritize responsible and sustainable business practices, as we work to build a better future for our planet and communities.

In closing, I want to express my gratitude to our employees, customers, owners and suppliers for their continued support and dedication. I am confident that together, we can achieve even greater success in the years to come.

Sincerely,

Bernd Frühwald
Group CEO

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Short review
Underlying figures

7.3 %
Underlying revenue
NOK 6 173 million

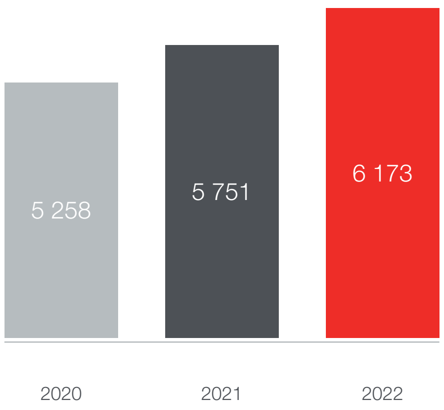
7.1 %
Revenue organic growth

-2.2 %
Underlying EBITDA
NOK 578 million

-0.9 %
Underlying EBITDA margin
9.4%

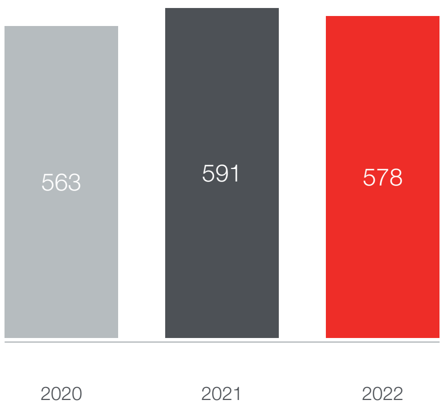
-2.3 %
Underlying EBITA
NOK 335 million

-0.6 %
Underlying EBITA margin
5.4%



Full year underlying revenue

Underlying revenue increased by 7.3 per cent in 2022 to NOK 6 173 million, showing strong demand and growth in nearly all business areas. This was also supported by the strategic direction, sales initiatives as well an attractive market with stable growth due to increased focus on road safety across Europe.



Full year underlying EBITDA

Underlying EBITDA decreased by 2.2 per cent in 2022 to NOK 578 million. Despite the small retraction, the business stands out as robust, actively overcoming challenges ranging from unprecedented price increases on the raw material and uncertainty in the geopolitical and financial market.

Key figures
Saferoad Group

NOK 1000	2022	2021
Underlying operating revenue		
Road Safety	**3 011 279**	2 880 709
Signs & Work Zone Protection	**1 450 714**	1 303 465
Light Poles & Masts	**1 191 742**	984 744
Road Services	**773 929**	794 807
Holding/Eliminations	**(254 330)**	(212 798)
Underlying operating revenue [1)]	**6 173 334**	5 750 927
Underlying EBITDA		
Road Safety	**223 010**	269 293
Signs & Work Zone Protection	**139 825**	148 405
Light Poles & Masts	**215 527**	161 386
Road Services	**75 938**	84 735
Holding/Eliminations	**(75 499)**	(72 856)
Underlying EBITDA [1)]	**578 801**	590 962
Underlying EBITDA %	**9,4 %**	10,3 %
Items excluded from EBITDA (APMs) [1)]	**(64 530)**	(35 639)
Reported EBITDA [1)]	**514 271**	555 323
Reported EBITDA %	**8,3 %**	9,6 %
Underlying EBITA [1)]	**335 705**	343 727
Underlying EBITA %	**5,4 %**	6,0 %
Reported EBITA [1)]	**271 175**	308 087
Reported EBITA %	**4,4 %**	5,3 %

1) See Alternative performance measures in section 4 - Financial Statements

02
Board of Directors report

SAFEROAD®

Board of Directors report
2022

Strategy and financial targets
2022 was another solid year for the Saferoad Group seeing growth in sales of 7.3 per cent to NOK 6 173 million, while underlying EBITDA experienced NOK 12 million retraction to NOK 579 million for the year. The company experienced challenging market conditions brought by the Russian invasion of Ukraine in February 2022. The ongoing conflict caused instability and uncertainty in the geopolitical and financial market, disrupted raw material availability, logistics and prices. The Group has adapted to the changed market dynamics throughout the year and achieved strong financial results. While the business model is rigged to cope with fluctuations in raw material prices, 2022 had additional negative effects from sanctions effectively cancelling ordered volumes aimed to balance order stock with similar lower price levels. In addition, severely increased lead times called upon business resilience as well as agile counter measures to secure the financial outcome. The solid results should be seen as a result of both the robustness and adaptability of the business.

Saferoad's long-term vision remains to be the leading road safety provider in Europe, where the company operates in an attractive market with significant secular growth opportunities across most geographies 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 ambitions. The position as market leader in the Nordic region and a strong presence in Europe, is making the Group well-positioned to achieve further profitable growth in its underlying core markets in the years to come. This is to be complemented by a mix of expansion into complementary products and services, further geographic expansion, and if relevant structural acquisitions.

In 2022 Saferoad has continued to strengthen the internal processes and structures, ensuring that it is fit to meet its strategic development targets as well as customer and market demands. The Group is simultaneously improving critical drivers of operational efficiency and development of its manufacturing set-up as well as reaping the synergies of the more coherent operating units. All of which have contributed to the positive development over the last years. The Group is focusing on accelerating growth through several strategic initiatives. To improve working capital a group wide cash improvement project was launched in the last quarter of 2022 and its improvement initiatives are being implemented in operations across the group in 2023. Objectives for the projects are to reduce operating working capital and improve cash-flow across business units.

Furthermore to create a stronger market position and appearance, a unifying group branding project has been launched, with the aim of simplifying the brand architecture, streamlining brand experience and enhance marketing across the business units in the Group. During the year to come the Group will build a strategic platform that ensures that it is fit to meet customer and market demand, and to further fuel growth.

Saferoad is committed to becoming a leading Group in ESG (Environment, Social, Governance), and has continued to intensify its efforts throughout the organization in 2022 as part of a comprehensive ESG improvement programme. The Group has proactively addressed the need to comply with ESG requirements and have continuously evolved its ESG platform to do so. The company is not only improving the internal processes, but also meeting the increasing customer demand for ESG-compliant products and solutions. Saferoad is taking an active role in raising the industry's standards and joined the UN Global Compact in 2022. Further initiatives and accomplishments in 2022 are outlined in section 3 of this annual report.

The company generally expects a continued increase in sales and profitability in the coming year, supported by improved order stock, operational improvement measures and the pursuit of synergies within the four core business areas.

Market developments and outlook
Saferoad deliver 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, Denmark, Germany, UK 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 growth in government spending is mainly driven by increasing road traffic volumes, more efficient transportation infrastructure, higher safety focus as well as government efforts to reduce the existing maintenance and investment lag on the road networks across Europe.

Governments across Europe have accordingly developed targets for reducing traffic injury and accident reductions, e.g. EU's Vision Zero aiming for zero fatalities or serious injuries by 2050. Global road safety goals are additionally articulated in UN Sustainable Developments Goals target 3.6 and 11.2. Road safety equipment is well recognized as a critical tool to achieve these goals, with EU Vision Zero recommending specific performance measures on barriers/restraints, signs, and road marking.

An additional support of markets is coming from large road maintenance needs given aging road infrastructure, with approximately 45 per cent of highways in the key markets built more than 30 years ago.

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 further improve competitiveness as well as financial performance.

Financial development Saferoad

Saferoad had underlying revenues of NOK 6 173 million in 2022, while underlying EBITDA was NOK 579 million. The underlying EBITDA margin was 9.4 per cent.

NOK 1000	**2022**	2021
Underlying operating revenue	**6 173 334**	5 750 927
Reported operating revenue	**6 173 334**	5 765 915
Underlying EBITDA	**578 801**	590 962
Reported EBITDA	**514 271**	555 323
Underlying EBITDA margin %	**9,4 %**	10,3 %
Reported EBITDA margin %	**8,3 %**	9,6 %

Revenues in Saferoad were driven by good underlying growth and strong order intake in most of the business areas, as well as steel price increases and general price inflation. The development was supported by strong growth in the Light Poles & Masts business from a combination of market demand especially for 5G masts for telecommunication, and steel related price increases. This was complemented by solid growth in the Signs & Work Zone Protection business area, from market demand coupled with sales initiatives, as well as good order intake across the remaining parts of the business. Underlying EBITDA decreased by NOK 12 million to NOK 579 million, a negative development caused by replacement purchases following sanctions against Russia.

Following the invasion of Ukraine, Saferoad analysed its own exposure to risks concerning the conflict that inflicts significant potential for human, political, economic and legal consequences. Saferoad has no recorded sales in the primary affected countries, e.g. Russia, Ukraine and Belarus, but did source raw materials from one larger supplier in the region. Affected materials were redirected to other sources of supply. The conflict did influence prices on several critical inputs in the production process, as well as increased lead times and availability issues. The Group has initiated actions to minimise the impact on operations from these events.

The reported EBITDA of NOK 514 million includes non-operational costs of NOK 65 million, up from NOK 36 million last year, which reflects a portion of costs associated with renewing and extending the Group's financial facilities, but also contains a large other effects, consisting of provision for former Group CEO and costs as part of a Group wide strategic improvement activities. These costs are categorised under the principles of Alternative performance measures (APMs), which is used by Saferoad to provide a better understanding of the company's underlying financial performance. These measures are adjusted IFRS measures defined, calculated and used in a consistent and transparent manner over time and across the Group where relevant.

In 2022, operating profit (EBIT) amounted to NOK 221 million. The Group had a net currency loss of NOK (45) million, financial income of NOK 5 million and financial expenses of NOK (268) million in 2022. The financial expenses consist of Interest expenses to financial institutions of NOK (212) million, interest expenses on lease liabilities of NOK (18) million and other financial expenses of NOK (37) million.

A net tax income of NOK 23 million was reported in 2022, due to a pre-tax loss and recognition of tax loss carry forward.

The Group reported a loss of NOK (64) million.

Parent Company

Saferoad Holding AS is the parent company in the Saferoad Group and supplies and performs services for the Group's other companies. In 2021, the two companies Saferoad AS and Saferoad Holding Norway AS merged with Saferoad Holding AS. Saferoad Holding AS reported a net profit of NOK 27 million in 2022, compared to a net loss of NOK (43) million in 2021 explained by net increase in financial income from subsidiaries. At year-end 2022, Saferoad Holding AS had total assets of NOK 3 587 million compared to NOK 3 333 million in 2021. The profit for the year for Saferoad Holding AS of NOK 27 million is allocated to other equity.

Financial development by Business Area:

Road Safety

NOK 1000	2022	2021
Underlying operating revenue	**3 011 279**	2 880 709
Reported operating revenue	**3 011 279**	2 895 697
Underlying EBITDA	**223 010**	269 293
Reported EBITDA	**218 934**	281 530
Underlying EBITDA margin %	**7,4 %**	9,3 %
Reported EBITDA margin %	**7,3 %**	9,7 %

In the Road Safety business revenues were NOK 3 011 million in 2022. Revenue increased 4.5 per cent versus 2021 due to price increases and inflation, while volumes were reduced due to loss of two key customers in Germany late 2021. The business area experienced challenging market conditions with volatile material prices (steel, zinc, gas), increased inbound lead times, price-related loss of competitiveness in export markets as well as cancellation of inbound steel orders and more expensive replacement purchases. Reduced order volumes resulted in lower utilization of the manufacturing units compared to 2021. The business area saw a positive impact from the galvanisation plant ramp up at Inter Metal after go-live in mid-2021 and reaching full operational efficiency before year-end 2021. 2022 resulted in underlying EBITDA decline for the business area of 17.2 per cent year on year.

Signs & Work Zone Protection

NOK 1000	2022	2021
Underlying operating revenue	**1 450 714**	1 303 465
Reported operating revenue	**1 450 714**	1 303 465
Underlying EBITDA	**139 825**	148 405
Reported EBITDA	**130 700**	145 780
Underlying EBITDA margin %	**9,6 %**	11,4 %
Reported EBITDA margin %	**9,0 %**	11,2 %

The Signs & Work Zone Protection business area continued its positive trend from the 2021, lifting sales by 11.3 per cent, while experiencing a decline in underlying EBITDA by 5.8 per cent. The development was supported by good market demand for products and services, whereas margins suffered from higher than expected price increases and inflation combined with frame agreements with annual price adjustment in January each year. Significant efforts went into strengthening core product and service areas, while the loss-making light construction business in Sweden is being gradually discontinued.

Light Poles & Masts

NOK 1000	2022	2021
Underlying operating revenue	**1 191 742**	984 744
Reported operating revenue	**1 191 742**	984 744
Underlying EBITDA	**215 527**	161 386
Reported EBITDA	**215 527**	161 386
Underlying EBITDA margin %	**18,1 %**	16,4 %
Reported EBITDA margin %	**18,1 %**	16,4 %

The Light Poles and Masts business area, experienced further sales growth of 21.1 per cent and an uplift in underlying EBITDA of 33.5 per cent. The business benefited from continued strong market in both light pole and mast segment where the latter was supported by 5G expansion in telecom combined with a strong railway segment. The business area was also able to adjust sales prices with effect prior to inbound price increases hitting profit and loss.

Road Services

NOK 1000	2022	2021
Underlying operating revenue	**773 929**	794 807
Reported operating revenue	**773 929**	794 807
Underlying EBITDA	**75 938**	84 735
Reported EBITDA	**75 938**	83 529
Underlying EBITDA margin %	**9,8 %**	10,7 %
Reported EBITDA margin %	**9,8 %**	10,5 %

The Road Service business area saw a slight decline in revenues of 2.6 per cent, and a decline in underlying EBITDA of 10.4 per cent. The business area compensated inflation and price increases through index adjustments in contracts and delivered in line with budgeted expectations.

Financial development

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 in the period was NOK (75) million, which represents a slight increase of 3.6 per cent. The increase from 2021 is in line with expectations due to general price increase and wage increase.

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 November 2021 Saferoad renewed and extended its Term Facilities with several funds managed by Blackstone Alternative Credit as Original Lenders and the Revolving Credit Facility with DNB, all Facilities maturing in 2028, and structurally matching the currencies in the loan obligations to the Group's cash flow. This financing arrangement is now directly with the finance providers and separate from the former Viacon division, which was carved out into a separate company in 2019.

Saferoad Group hence now has a Revolving Credit Facility of NOK 510 million and a EUR 7 million overdraft facility and a Bank Guarantee Facility of EUR 40 million provided by DNB per December 2022.

Saferoad has during 2022 bought interest rate caps to protect against rising interest rates, for the Senior Term Facilities Agreement with the GSO-funds. Protection is bought for the full exposure in NOK, EUR and SEK until the maturity of the Senior Term Facilities in 2028.

The overall financial situation of the Group is projected to remain stable with a continued acceptable level of liquidity and is being monitored through structured forecast and management processes. The Group's total assets at year-end 2022 was NOK 4 705 million compared to NOK 4 530 million in 2021, where increase explained by favourable movement in the value of interest rate options. Non-current liabilities ended at NOK 3 059 million in 2022 compared to NOK 3 027 in 2021, with the increase explained by fair value of interest rate swaps. Total equity was NOK 519 million at the end of 2022. The Group's financial position may be viewed as sound, with more than sufficient financial capacity to execute current projects and initiatives.

Cash flow

The cash flow for the Group was NOK (126) million in 2022 compared to NOK (55) million in 2021, where the improved cash flow from operations more than offset by net repayment on loan facilities.

Net cash flow from Operations for the Group was NOK 483 million 2022 compared to NOK 103 million in 2021 with the improvement explained by less unfavourable developments in working capital, especially within inventories.

Net cash flow from investment activities was NOK (156) million for the year compared to NOK (177) million in 2021, with the difference mainly caused by less payments in relation to buy-out of minority interests and acquisition of subsidiaries. 2021 figures were also influenced by the sale of a property in Sweden in December 2021 as a result of structural changes in the business area of Road Safety.

Net cash flow from financing activities was NOK (452) million in 2022 compared to NOK 19 million in 2021, with 2021 figures significantly affected by the refinancing of the Group; both in terms of cash inflow and outflow. New loan facilities gave rise to cash inflow that was offset by repayment of internal loan to SR RI AS and the distribution to shareholders of NOK 1 138 million.

In accordance with §4-5 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, which may affect parts or all its activities. Through the Group's risk management and internal control framework, Saferoad aims to systematically identify, assess, and manage risk throughout the Group. A Groupwide risk assessment was previously concluded in cooperation with Willis Towers Watson, a global advisory and broking company. The identified key risks were incorporated in our operating plans and defined mitigating actions are either implemented or in progress, which has significantly reduced the identified exposures. The responsibility for the risk management and internal control in these aspects rests primarily 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 efforts around risk management and mitigating initiatives has continued during 2022. The year has seen a reinforced strengthening of activities around IT and Cyber security considering the continuously increasing challenges generally observed. In light of increased volatility in key raw materials as well as the now longer-term exposure to potential interest rate risks, the Group has expanded its resources and capabilities to hedge and mitigate adverse developments through financial instruments in this area in line with Group policies. The work on strengthening the financial compliance and control environment has been sustained.

In 2022 we also continued to increase our efforts regarding ESG in several areas beyond the monitoring of health and safety of our employees, which has long been at the core of the business, while continuing the already started activities around monitoring GHG emissions data, environment certifications, employee satisfaction as well as governance, anti-corruption as well as anti-bribery. A more detailed description may be found in section 2 of this report.

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 13 European countries and exports selected products further outside this perimeter. 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 with 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 ser-vices in other currencies than their revenues, the foreign subsidiaries in the Group primarily have their revenues and cost base in their local currencies. The transaction risk related to currency exchange fluctuations is limited, given operational factors, while the Group is affected by changes in key currencies regarding translation of assets and liabilities. Nevertheless, subsidiaries may from time to time generate income or incur costs under currencies that differ from the currency of their operational costs. The group is exposed to risk related to developments in raw material prices in some business areas, this risk is viewed as, and has shown itself during 2022, to be manageable. Financial covenants exist for both loan facilities, see note 4 in the financial statements for a more detailed description.

Environment
Decreasing the negative impact on environment and contributing to more sustainable use of resources has a high priority for the company. Saferoad monitors its emissions, and work actively to reduce these. During 2022 Saferoad continued to develop reporting on Scope 1 and Scope 2 reporting of GHG emissions while also introduced Scope 3.

Saferoad drives continues improvement in its production units with environmental management system ISO 14001. In 2022 one unit was certified, resulting in 64 per cent of the production units in Saferoad being ISO 14001 certified.

The Group is committed to contribute to the shift to more circular business models and use of resources, finding ways to close loops and generate new revenue streams from the processes and materials that we use. In 2021 the Group defined a uniform EPD (environmental product declaration) solution for the business areas Road Safety and Light Poles and Masts in Norway and Sweden and has further built on this into 2022.

Business
The Saferoad Group is a leading supplier of high-quality road safety products and solutions in Europe, with a mission to make life on the road safer.
The Group employs 2 500 across 13 countries in Europe and is headquartered in Oslo, Norway.
Saferoad's business purpose is stated in §2 of its Articles of Association: "The company's objective is to conduct business related to products and services for roads or which improve road safety, as well as other business operations that are naturally related therewith. The business can also be conducted through participation in or in cooperation with other companies".

Personnel and Organisation
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 industry is low. At year-end 2022, 81 per cent

of the total employees in the Group were male and 19 per cent female. The number of female employees has increased 3 per centage point compared to 2021. 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 2022, the sick absence rate was 5.2 per cent, and remains stable compared to previous year.

A group-wide Health & Safety program that consists of tools and routines to help managers and employees identify risks in their daily work is established and together with an increased focus on HSE in the production facilities as well as on site working environment, the Group has seen an increase of incidents resulting in absence from work (LTI). LTI for 2022 was 57 (T<45), an increase of 9 accidents compared to 2021. The H1 rate (absence related to actual work hours) for 2022 was 12 (T<13), increasing from 10 in 2021.

Through an annual eNPS (Employee Net Promoter Score) survey the Group tracks employee satisfaction to identify work environment improvement areas. The overall eNPS score was 29.0 in 2022, compared to 23.5 in 2021. The improved score has led to that all business units has overall positive score in eNPS. The follow-up process has resulted in specific action plans that will be followed up throughout the year.

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 more detailed information, please refer to note 30 in the 2022 financial statements.

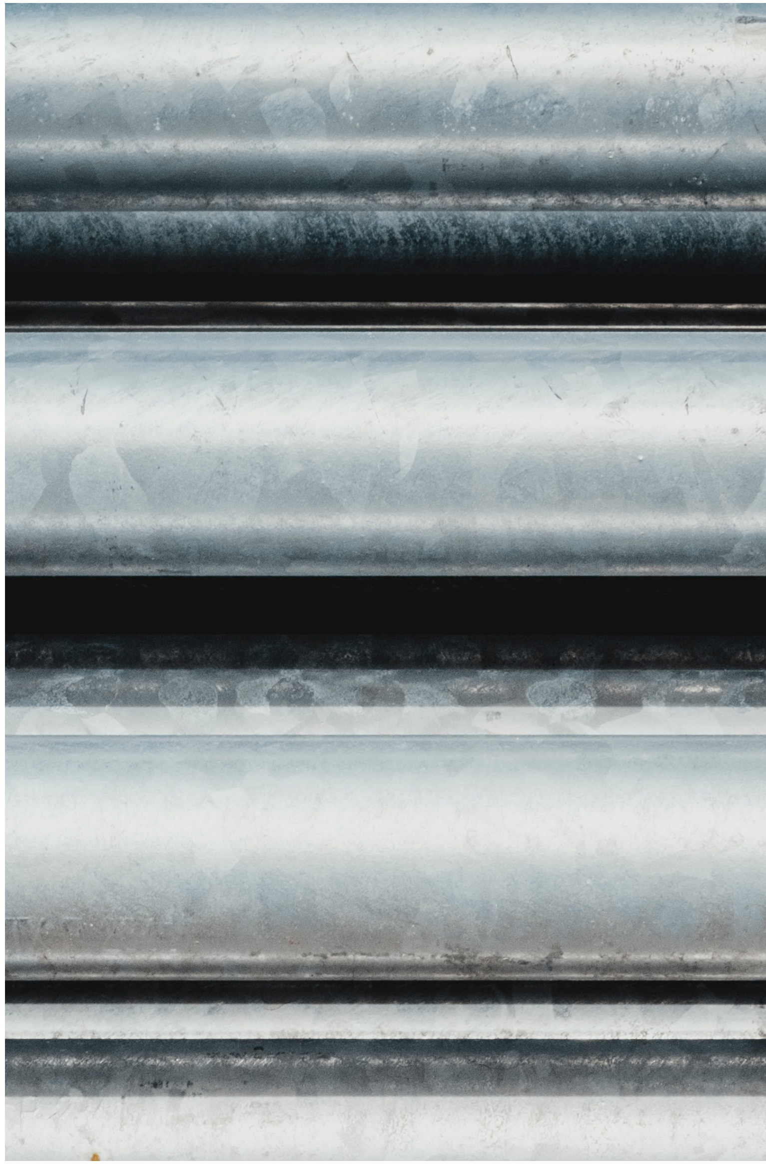
Equity and dividends
Total equity was NOK 519 million at the end of 2022. The Group's financial position is sound, with sufficient financial capacity to execute current projects and initiatives.

Freely negotiable shares
All shares in the company are freely negotiable.

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. See section 2, Governance and transparency for a more detailed description.

Saferoad Holding AS' ultimate parent, SRH BridgeCo AS have purchased and maintain a Directors and Officers Liability Insurance on behalf of the members of the Board of Directors and CEO. The insurance additionally covers any employee acting in a managerial capacity and includes subsidiaries owned with more than 50 per cent. The insurance policy is issued by a reputable, specialized insurer with appropriate rating.

Transparency act
By end of June 2023, Saferoad will prepare a report in accordance with the requirements of the Norwegian Transparency Act. This report will be published on our web site.



Oslo 21 April 2023

The Board of Saferoad Holding AS

Patrik Nolåker
Chairman

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Elke Elfriede Eckstein
Board member

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Ulrik Smith
Board member

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Niclas Thiel
Board member

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Moritz Madlener
Board member

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Espen Asheim
Board member

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Knut Brevik
Board member

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Jan Torgeir Hovden
Board member

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Bernd Frühwald
CEO

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Leadership
Board of Directors

Patrik Nolåker
Chairman

Patrik Nolåker became Chairman of the Saferoad Board of Directors in 2018 and has a broad international experience from over 30 years in various industrial companies. His last operational position was as Group CEO for Dywidag-Systems International (DSI). Prior to DSI he worked as Group CEO for the elevator manufacturer Alimak Hek and previously held various leading management positions within Atlas Copco and ABB. Patrik holds a B.Sc from Karlstad University and a MBA from Maastricht School of Management.

Elke Elfriede Eckstein
Board member

Elke Elfriede Eckstein became member of the Saferoad Board of Directors in 2018. She has an extensive career and background in electronics, lighting and semiconductor industries. Currently she holds a role as President and CEO Enics Group. Previous to that she has held various executive management positions in Weidmueller Group OSRAM, AMD, Altis Semiconductors and Siemens. Elke is educated through Siemens Academy for Electrical Engineering, Munich, Germany.

Ulrik Smith
Board member

Ulrik Smith became member of the Saferoad Board of Directors in 2018. Ulrik holds a position as Co-Managing Partner in FSN, which he joined in 2005. He has experience from McKinsey & Company Inc., Venturepark Incubator, Goldman Sachs International, and Citigroup Inc. Ulrik holds a Bachelor 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.

Niclas Thiel
Board member

Niclas Thiel became member of the Saferoad Board of Directors in 2018. Niclas holds a position as Principal in FSN Capital, which he joined in 2016. He has in total more than 15 years of experience from investment roles, including from Bain Capital in London and Investor AB in Stockholm before FSN Capital. Before becoming an investment professional, he started his professional career in investment banking at Carnegie in Stockholm. He holds an MSc. in Economics and Business Administration from the Stockholm School of Economics in Sweden.

Moritz Madlener
Board member

Moritz Madlener became member of the Saferoad Board of Directors in 2021. Moritz holds a position as Investment Associate in FSN Capital, wich he joined in 2021. Prior to this, he spent over 3 years in the investment banking division at Goldman Sachs, most recently as associate in the firm's New York office. Moritz holds a B.Sc. in Accounting from the University of Denver (DU).

Espen Asheim
Board member

Espen Asheim joined Saferoad's Board of Directors in 2022, boasting 30 years of executive and board experience across IT, digital, media, business services, and logistics sectors. His career includes CEO roles at Telenor/Canal Digital, Elektroskandia, Via Travel Group/ Egencia, Egmont Publishing, and Saferoad Group, as well as consultancy work at Accenture, eScienza, and iEnergies. Espen holds a bachelor's in Finance and Marketing from the University of Oregon and an MBA from Mays Business at Texas A&M University. Currently, he serves as a full-time board member and Executive Advisor at FSN Capital.

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Knut Brevik

Board member

Knut Brevik is a representative elected by the employees in the Saferoad Board of Directors. He became member of the Saferoad board in 2008. Knut has been employed in Euroskilt AS since 1986 as foreman for the mechanical production.

Jan Torgeir Hovden

Board member

Jan Torgeir Hovden is a representative elected by the employees in the Saferoad Board of Directors. He became member of the board in 2008. He has been employed in Vik Ørsta AS since 1986 and now works as responsible for the outdoor furniture warehouse.

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Leadership
Board of Directors

Composition and independence
The Board of Directors should represent a diversity in expertise and capacity appropriate to attend to our 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, e.g., 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 conducted 16 meetings in 2022.

he 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 our values, Code of Conduct, and corporate responsibility.

Remuneration of the Board of Directors
The Board of Directors of Saferoad Holding AS received remuneration for their work in the Board in 2022. The Board of Directors own shares in other companies in the ultimate parent SRH BridgeCo Group.

The Chairman and the members of the Board have no agreements for further compensation due to termination or changes in the position. Please refer to note 9 in the financial statements for more information on remuneration and share ownership of the Board of Directors.

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 their 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.

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.

03
ESG in Saferoad

Commitment
Embracing sustainability management

In today's dynamic world, businesses are progressively embracing responsible practices that foster long-term profitability while positively impacting society and the environment. At Saferoad, we see sustainability management as a vital element for our ongoing success.

By proactively addressing environmental, social, and governance (ESG) issues with transparency, we showcase our dedication to responsible business practices and making a significant difference. We recognize that open communication and transparency are crucial for building trust with stakeholders, and as such, we are devoted to providing clear reporting on our sustainability efforts. This openness allows our stakeholders to hold us accountable and engage in constructive discussions about our ESG performance.

Our annual report is a comprehensive document that offers insights into our sustainability management approach and our most significant ESG topics. We aim to demonstrate how our business strategy aligns with our sustainability objectives by including this information.

We also emphasize the initiatives we've undertaken to address crucial ESG concerns and the progress we've made in achieving our sustainability goals.

As a signatory to the United Nations Global Compact (UNGC), Saferoad pledges to uphold and promote its Ten Principles, encompassing human rights, labor, environment, and anti-corruption. Our annual report also functions as our Communication on Progress (COP) to the UNGC, reaffirming our commitment to integrating these principles into our business strategy and operations. By participating in the UNGC, we join thousands of companies worldwide that share our vision of a sustainable future.

Saferoad is also dedicated to contributing to the United Nations Sustainable Development Goals (SDGs), which provide a universal framework for tackling global challenges such as poverty, inequality, and climate change. We have identified four SDGs closely aligned with our core values and operations: SDG 3 (Good Health and Well-being), SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation, and Infrastructure), and SDG 12 (Responsible Consumption and Production). By concentrating our sustainability efforts on these goals, we aim to maximize our positive impact and drive significant change in our industry and beyond.

Environment

At Saferoad, we understand the urgency of addressing the climate crisis, both for our business's future success and our planet's well-being. By incorporating sustainable practices and innovative solutions into our operations, we position ourselves as an industry leader, gaining a competitive edge in an environmentally aware market. Our commitment to sustainability attracts like-minded partners and customers and bolsters our reputation as a responsible corporate citizen. Our commited approach to improving our environmental footprint enables us to generate lasting value for our stakeholders and our business.

Social

We value our employees' knowledge, skills, and abilities, considering them our most essential resource. We commit to prioritizing their interests, respecting their rights, and adhering to the UN Declaration of Human Rights and International Labour Organization (ILO) standards.

Saferoad strives to offer equal opportunities for personal and professional growth, rejecting discrimination based on gender, age, disability, ethnicity, sexual orientation, or religion. We are devoted to promoting diversity and equality, enhancing representation in recruitment processes, and cultivating an inclusive and open work culture with opportunities for all.

We acknowledge that investing in our employees' growth is not only a moral responsibility but also a strategic advantage contributing to the organization's long-term success and sustainability.

Governance

At Saferoad, we understand the urgency of addressing the climate crisis, both for our business's future success and our planet's well-being. By incorporating sustainable practices and innovative solutions into our operations, we position ourselves as an industry leader, gaining a competitive edge in an environmentally aware market. Our commitment to sustainability attracts like-minded partners and customers and bolsters our reputation as a responsible corporate citizen. By working with our employees, partners, and customers, we aim to develop strategies that help mitigate climate change, preserve natural resources, and foster a greener future for everyone. Our proactive approach to environmental stewardship enables us to generate lasting value for our stakeholders and secure a prosperous world for future generations.

Our goal is to be a leader in corporate sustainability, creating enduring value for our shareholders, employees, customers, the environment, and society.

Our report is prepared in accordance with the Global Reporting Initiative (GRI) Standards, which serve as a globally recognized framework for sustainability reporting. By adhering to the GRI Standards, we ensure that our sustainability disclosures are consistent, comparable, and transparent.

The claims and data in our ESG section have not been audited by a third party.

If you have any comments, questions, or suggestions, about ESG in Saferoad, please contact Oscar Sandell (Group CHRO).

Highlights
ESG strategic areas

64 % of business units **ISO 14001 certified**

Circular initiative: **Beam recycling** in the Netherlands

Employee **Net Promoter Score** improved to **29**

Uniform EPD solution and new PIM system for business area Road Safety

Supplier screening and digital **self-assessment** performed

Scope 3 GHG reporting included

Completed initial **UNGC Communication on Progress**

ESG training for Saferoad Procurement Network

100 % of business units implemented first phase of **Supplier Code of Conduct**

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ESG management
Stakeholders and materiality

At the heart of our ESG management approach lies a deep commitment to understanding and responding to the preferences and expectations of our stakeholders on sustainability. Recognizing the importance of these relationships, we have made stakeholder engagement and materiality assessment integral components of our management strategy.

Our ongoing dialogues with both internal and external stakeholders play a crucial role in determining our sustainability priorities. By engaging in these conversations, we gain valuable insights into the topics and issues that matter most to our stakeholders. This exchange of ideas and concerns allows us to craft a responsive and responsible approach to sustainability that aligns with their needs and expectations.

Through the process of materiality assessment, we identify future trends and understand stakeholder perspectives, enabling us to pinpoint risks and opportunities that could impact our business and the environment. This assessment serves as a compass, guiding us in prioritizing our efforts to make the most meaningful and lasting impact.

To ensure a comprehensive and inclusive approach, we focus on six stakeholder groups that are of primary importance to our sustainability strategy:

- Customers – We strive to meet the needs and preferences of our customers by providing sustainable products and services, while maintaining transparency in our ESG practices.
- Suppliers – By partnering with responsible suppliers who share our commitment to sustainability, we can work together to drive positive change throughout the supply chain.
- Employees – Our employees are vital to our success; we foster a supportive and inclusive work environment that encourages their growth and development while integrating ESG principles into our operations.
- Investors – We engage with investors to communicate our ESG performance and commitment, ensuring alignment with their values and long-term investment strategies.
- Regulators – We collaborate with regulatory bodies to promote a sustainable business environment, adhering to regulations and supporting policies that advance ESG objectives.
- NGOs – By working with non-governmental organizations, we leverage their expertise and insights to inform and strengthen our sustainability initiatives.

In conclusion, our dedication to stakeholder engagement and materiality assessment is central to our ESG management approach. By prioritizing these aspects, we are better equipped to address the complex sustainability challenges we face, while creating long-term value for all stakeholders.

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ESG management
Risks and opportunities

We place a strong emphasis on understanding and addressing ESG risks and opportunities. Our ESG priorities are designed to align with our current and long-term business strategies and are based on relevant risk assessments and opportunities for competitive advantages.

Risks

- High cost and climate impact of of raw material sourcing, transportation, and production
- Health and safety of workers in own production and supply chain
- Scrutiny of human rights and labor conditions in the full supply chain

Opportunities

- Increased demand for road rehabilitation and infrastructure resilient against extreme weather events
- Increased demand for products with a low environmental footprint
- Increased investments in infrastructure projects in societal crisis/turbulence (e.g public stimulus packages due to the pandemic)

Our comprehensive approach to addressing ESG risks and opportunities throughout our value chain (on page 6) allows us to create a more sustainable and responsible business. By focusing on key areas such as raw material procurement, own operations, management and marketing, and customer engagement, we are committed to ensuring that our impact on the environment and society is positive and enduring.

Raw material supply

We recognize the importance of mitigating the environmental and social risks associated with raw material production. To this end, we focus on reducing GHG emissions from the production of zinc, aluminum, and steel, and prioritize energy efficiency in raw material production. Additionally, we promote responsible procurement practices, ensuring our suppliers maintain ethical standards and uphold human rights and labor conditions. Our commitment to supply chain transparency and worker health and safety allows us to create a more sustainable and ethical foundation for our products.

Own operations

In our own operations, we prioritize employee health and safety across production sites, maintenance, and installation. We work to enhance the traceability of raw materials to mitigate the risk of counterfeit goods, while simultaneously improving GHG efficiency, water consumption, and waste-water management at our production sites. We also focus on managing hazardous substances and waste, addressing environmental legacy risks, and promoting material utilization and recycling. Furthermore, we strive to minimize chemical use and pollution and uphold labor and human rights throughout our operations.

Management and marketing

We drive innovation by developing climate-resilient products and enhancing product longevity, ease of maintenance, quality, and safety. Our transportation strategy is designed to minimize environmental impact, and we foster diversity and anti-discrimination in our workforce. Employee education, development, and benefits are key components of our ESG strategy. We maintain a zero-tolerance policy on corruption, bribery, anti-competitive behavior, and strive to deliver integrity and realistic advice to our stakeholders.

Customer/End user

Our customer/end user approach emphasizes end-of-life product management, road safety, and product reliability. We assess the environmental impact of products during their use-phase and work to improve site working conditions. We prioritize public and customer health and safety, and maintain the integrity of our relationships with partners and customers.

ESG management

Our value chain

Raw material supply

- Energy consumption in raw material production (steel, aluminum, plastic, recycled alternatives)
- GHG emission from production (zinc, aluminum, steel)
- Labour conditions and human rights in raw material production
- Workers' health and safety
- Supply chain transparency
- Business ethics in procurement practices

Own operations

- GHG efficiency at production sites
- Water consumption and waste-water management at production sites
- Management of hazardous substances and waste
- Environmental legacy risk at production sites
- Material utilisation and recycling
- Chemical use and pollution
- Health and safety of own employees (production sites, maintenance, installation)
- Labour and human rights (production sites, maintenance, installation)
- Traceability of raw materials (e.g., risk of counterfeit)

Management and marketing

- Product innovation: climate resilient products (e.g., extreme weather)
- Product innovation: product longevity and ease of maintenance
- Transportation of products to market
- Product innovation: product quality and safety (e.g., can sustain impact of heavier vehicles)
- Diversity and anti-discrimination
- Employee education and development
- Employee benefits
- Anti-corruption and bribery
- Anti-competitive behaviour
- Integrity and realistic advice

Customer / end user

- Environmental impact of products during use-phase
- End-of-life product management
- Improved site working conditions
- Road accidents and safety
- Public and customer health and safety
- Product reliability (quality and safety throughout product lifetime)
- Integrity of partners and customers

ESG management

Strategic areas

In today's rapidly evolving business landscape, a strong commitment to ESG principles is essential for organizations seeking to create lasting value and make a positive impact on the world. Our ESG strategy is designed to address key strategic areas, with ambitious long-term goals that reflect our dedication to environmental stewardship, employee well-being, and ethical business practices. In the following sections, we will delve into each strategic area to provide a deeper understanding of our ESG approach and aspirations.

Increasing circularity and reducing climate impact

Our first strategic area focuses on increasing circularity and reducing our climate impact. We recognize the urgent need to transition towards a circular economy that minimizes waste and optimizes the use of resources. By adopting innovative technologies and processes, we aim to reduce our carbon footprint, decrease waste generation, and extend the lifespan of our products. We are also committed to investing in renewable energy sources and implementing energy-efficient practices throughout our operations. These efforts will not only help us meet our climate targets but also create a more resilient and sustainable business model for the future.

Sustainable products

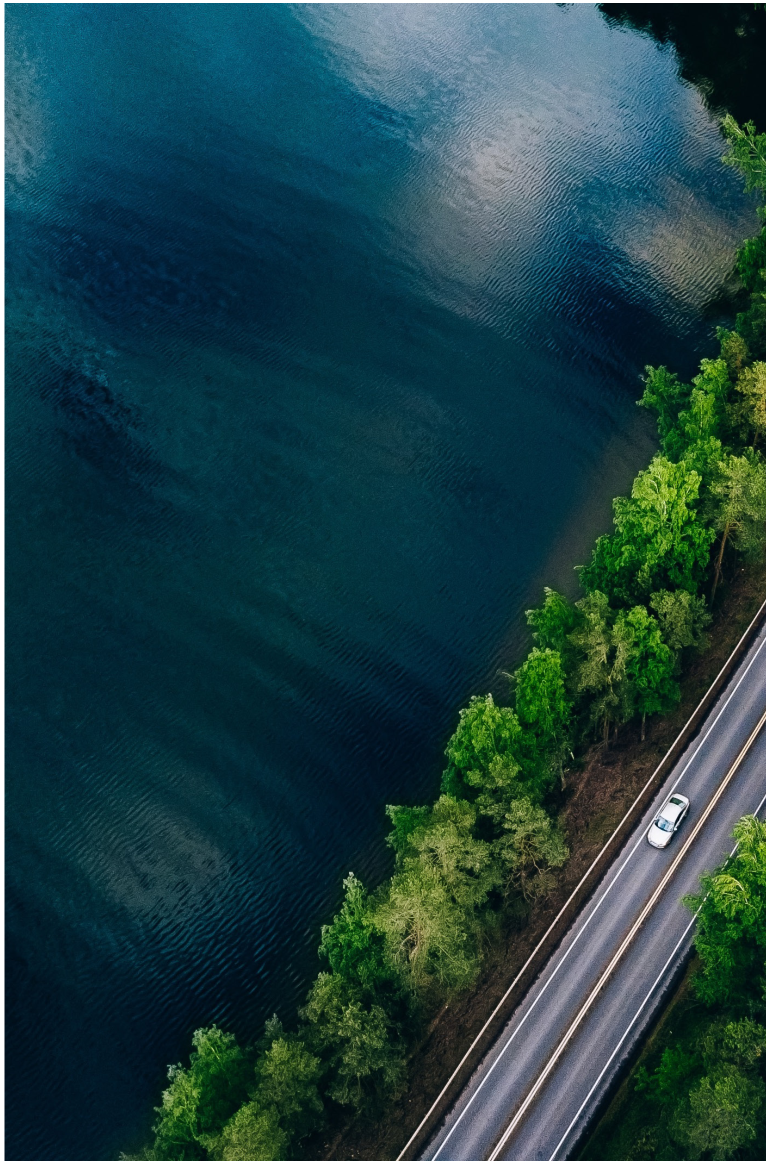
The second strategic area of our ESG strategy revolves around the production and delivery of sustainable products. We are dedicated to creating eco-friendly offerings that meet the highest environmental and social standards while providing exceptional value to our customers. To accomplish this, we work closely with our suppliers to source sustainable materials, adopt green manufacturing practices, and minimize the environmental impact of our product lifecycle. We also strive to continually improve our products' sustainability performance through research and development, driving innovation that benefits both our customers and the planet.

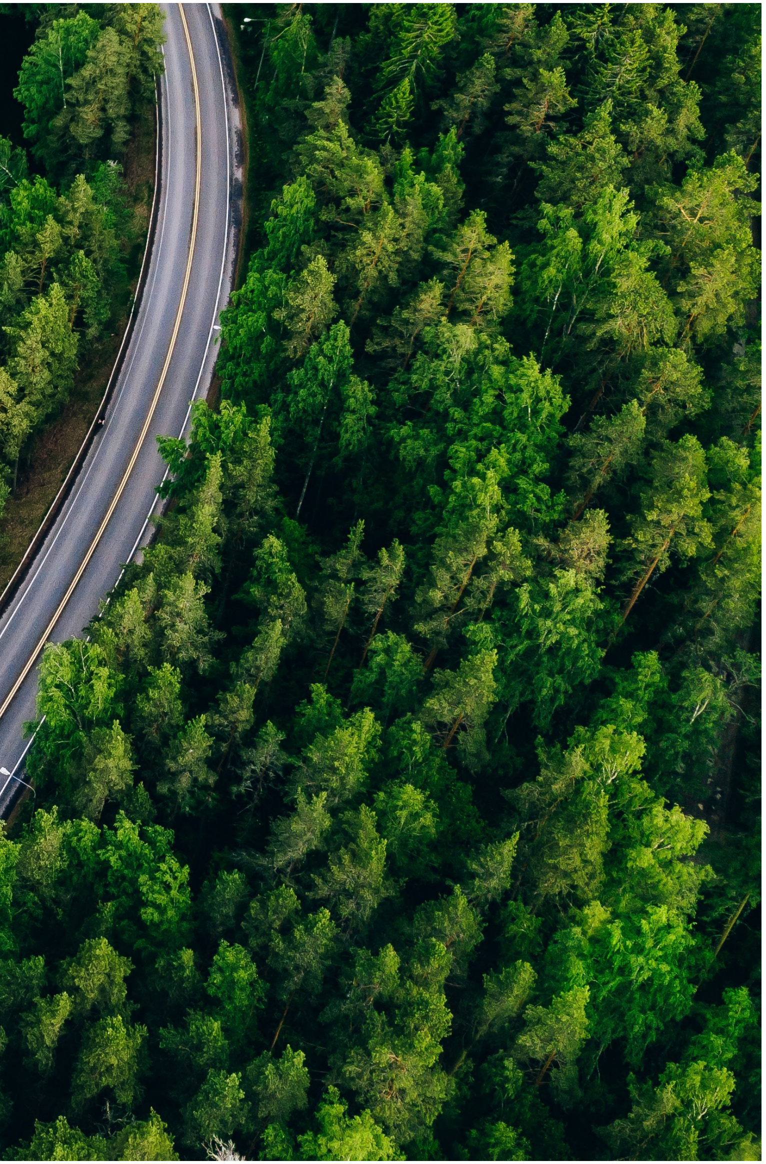
Ensuring health, safety, and satisfaction of own employees

The well-being of our employees is a core component of our ESG strategy. We believe that a safe, healthy, and engaged workforce is essential for achieving long-term success. To ensure the health, safety, and satisfaction of our employees, we have implemented comprehensive policies and programs that promote a positive work environment, encourage professional growth, and provide access to essential resources. We also actively engage with our employees, seeking their input and feedback to identify areas for improvement and to foster a culture of collaboration and mutual respect.

A transparent and sustainable supply chain

Our ESG efforts extend beyond our own operations, encompassing our entire supply chain. We recognize





that a transparent and sustainable supply chain is essential for minimizing our overall environmental impact, ensuring the ethical treatment of workers, and maintaining the trust of our stakeholders. To this end, we have established rigorous standards and guidelines for our suppliers, and we actively monitor their compliance through regular audits and assessments. By working closely with our partners, we aim to create a supply chain that reflects our values and contributes to a more sustainable world.

Ensuring ethical business conduct

Lastly, our ESG strategy underscores the importance of ethical business conduct. We believe that operating with integrity and adhering to the highest ethical standards is fundamental to our long-term success and reputation. Our commitment to ethical business practices is reflected in our robust governance framework, which includes a comprehensive code of conduct, clear policies, and regular training for employees. We also maintain open channels for reporting concerns and take appropriate action to address any instances of non-compliance. By fostering a culture of accountability and transparency, we demonstrate our dedication to responsible business practices and our unwavering commitment to ESG excellence.

As we continue to refine and expand our ESG strategy, we remain steadfast in our pursuit of a more sustainable, inclusive, and responsible future. By addressing these critical strategic areas, we are not only strengthening our organization but also contributing to the greater good of society and the environment. Our ESG efforts demonstrate our commitment to long-term value creation, fostering innovation, and cultivating strong relationships with our stakeholders. We understand that achieving our ESG ambitions requires ongoing dedication, collaboration, and adaptation. As such, we will continue to monitor our progress, engage with stakeholders, and refine our approach to ensure that we remain at the forefront of sustainability and corporate responsibility. Ultimately, our ESG strategy is not just about what we do, but who we are as a company – one that is dedicated to making a making a meaningful and lasting positive impact on the world.

On the following pages we will elaborate our 2022 performance on each strategic ESG area.

Strategic area

Increase circularity and reduce climate impact

- **GHG emissions reporting**
- **Circular operations**
- **ISO 14001 certification**

Our strategic approach to promoting circular business models and resource utilization focuses on three primary pillars: improving GHG emissions reporting, fostering circular operations, and obtaining ISO 14001 certification. By targeting these areas, we can effectively drive sustainable growth and create value from our processes and materials.

Improving GHG emissions reporting

The past years, we have increased the scope of our emissions tracking to enable accurate measurement and target setting. By including Scope 3 emissions in our GHG reporting for 2022, we are taking a more comprehensive approach to understanding and mitigating our environmental impact across the entire value chain, from upstream suppliers to downstream consumers.

Improved GHG emissions reporting allows us to better identify emission hotspots within our operations and supply chain, enabling us to prioritize and implement targeted reduction strategies. This also fosters greater transparency and accountability, as we can effectively communicate our progress to stakeholders and demonstrate our dedication to addressing climate change. Additionally, we work closely with our suppliers to encourage emission reduction efforts and collaborate on developing more sustainable solutions, further enhancing the overall accuracy and comprehensiveness of our GHG emissions data.

GHG emissions*	2022	2021
Scope 1	13.692	12.388
Scope 2	3.343	3.667
Scope 3	311.708	N/A

*(tCO2e yearly)

Circular operations

We are actively seeking ways to close loops within our production processes and integrate circularity across our operations.

One such example is the beam recycling initiative in the Netherlands, which repurposes waste materials and resources, thereby reducing demand for virgin materials and minimizing waste generation. We also encourage the adoption of eco-design principles in product development, which promote longevity, reparability, and recyclability. By implementing these strategies, we can generate new revenue streams and reduce our environmental impact.

ISO 14001 certification

To date, 64 per cent of our business units have achieved ISO 14001 certification, an internationally recognized standard for environmental management systems. This accomplishment underscores our commitment to continuous improvement in environmental performance. We aim to have all our business units certified, ensuring that our environmental management practices are robust, effective, and transparent. This will enable us to better manage risks, ensure compliance with applicable laws and regulations, and enhance stakeholder trust.

In summary, our strategic approach to circularity encompasses improving GHG emissions reporting, implementing circular operations, and achieving ISO 14001 certification of 100 per cent of our production units. We continuously monitor our performance in these areas using established KPIs, which serve as vital indicators of our progress towards a more sustainable future. By focusing on these key areas, we can promote a responsible, environmentally conscious business model that drives long-term value creation and minimizes our impact on the planet.

Strategic area
Sustainable products

- Environmentally friendly products
- Environmental Product Declarations (EPDs)

Our strategic approach in this area focuses on two main objectives: expanding our selection of environmentally friendly product alternatives and increasing the availability of Environmental Product Declarations (EPDs) for our key product groups. By concentrating on these KPIs, we aim to showcase our dedication to sustainable practices and cater to the rising consumer demand for products with a low environmental footprint.

Environmentally friendly products

Firstly, to address the need for environmentally friendly product family alternatives, we will focus on research and development to innovate and improve our existing product lines. We will also collaborate with industry partners, suppliers, and academic institutions to tap into their expertise and resources. Our goal is to introduce eco-friendly alternatives for all main product groups, which will help us reduce our environmental footprint and meet customer expectations for sustainable products.

As for our current performance, we have encountered some challenges. Delays in our product development initiatives have arisen due to capacity constraints and raw material shortages resulting from the war in Ukraine. These delays have impacted our ability to launch new environmentally friendly products as planned. Nevertheless, we remain committed to overcoming these obstacles and are actively working on finding alternative sources of raw materials and optimizing our supply chain.

Environmental Product Declarations

Secondly, we aim to have EPDs for 100 per cent of our key product groups by the end of 2025. In 2022 we implemented a uniform EPD solution for business area Road Safety, as well as a new Product Information Management (PIM) system. These systems will help streamline the process of acquiring and managing EPDs, ensuring that we can easily provide customers with the necessary information to make informed purchasing decisions.

In terms of EPDs, we have made significant progress, with 27.2 per cent of our current portfolio covered by EPDs. We will continue to work on increasing this number to meet our target of 100 per cent by the end of 2025. By staying focused on our KPIs, we believe that we can successfully demonstrate our commitment to sustainability and position ourselves as an industry leader in offering eco-friendly products.

Strategic area

Ensure health, safety, and satisfaction of own employees

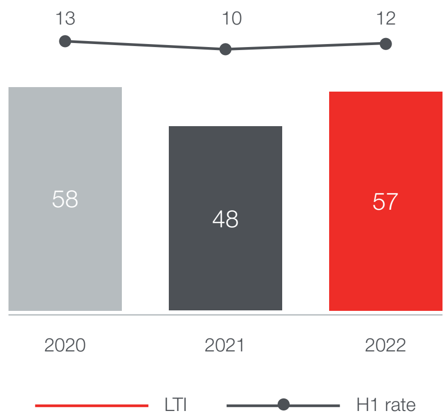
- ESG leadership
- Lost Time Incident rate
- Employee NPS

Ensuring the health, safety, and satisfaction of employees is crucial to the long-term success and sustainability of an organization. To achieve this, our strategic approach focuses on three main priorities: ESG leadership, Lost Time Incident Rate, and employee Net Promoter Score. By understanding the importance of each priority and the role ESG leadership plays, we can create a work environment that promotes employee well-being and satisfaction.

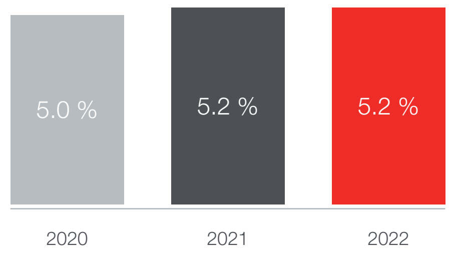
In 2022, our organization made significant progress in ESG leadership by completing the initial Communication of Progress to the UN Global Compact (UNGC). This achievement highlights our commitment to aligning our strategies and operations with the UNGC's principles, which encompass human rights, labor, environment, and anti-corruption. By actively participating in the UNGC, our organization demonstrates a strong dedication to responsible business practices that contribute to employee health, safety, and satisfaction.

However, our LTI performance in 2022 showed an increase in incidents compared to the previous year. With 57 LTIs recorded, an increase of 9 accidents from 2021, and an H1 rate (absence related to actual work hours) rising from 10 in 2021 to 12 in 2022, we recognize the need for continuous improvement in our safety measures. Although these numbers have increased, our organization remains committed to reversing this trend by implementing more stringent safety protocols, providing comprehensive employee training, and enhancing hazard identification. By doing so, we aim to foster a safer work environment that supports employee well-being and reduces the risk of accidents and injuries.

Development H1 and LTI



Sick absence rate



On a positive note, our Employee Net Promoter Score (eNPS) performance in 2022 indicates an increase in employee satisfaction, with the score rising to 29. This improvement suggests that employees are more likely to recommend our organization as a place to work and signals greater engagement, satisfaction, and loyalty to the company. ESG leadership plays a vital role in driving employee satisfaction, as it demonstrates a commitment to ethical practices, environmental stewardship, and social responsibility. When employees feel that their organization is making a positive impact on society and the environment, they are more likely to be proud of their workplace and remain loyal to the company.

Moving forward, we will continue to prioritize these strategic areas to ensure the well-being and success of our workforce.

Strategic area
A transparent and sustainable supply chain

- **Supply chain management**
- **Supplier code of conduct**
- **Supplier self assessment**

Embracing transparency and sustainability aligns with the evolving expectations of our stakeholders, enabling us to build trust and strengthen relationships. A transparent supply chain fosters better communication and collaboration among suppliers, manufacturers, and retailers, leading to innovation, improved product quality, and the development of sustainable solutions. Furthermore, a sustainable supply chain allows us to optimize processes, enhance profitability, and minimize our environmental footprint.

In prioritizing sustainability and transparency in our supply chain, we build long-term resilience and adaptability, ensuring the viability of our operations in an ever-changing business landscape. Ultimately, our focus on a transparent and sustainable supply chain is a critical business strategy that enables us to manage risks, enhance efficiency, and secure our long-term success.

Our approach to supply chain management centers around the implementation of the supplier Code of Conduct across all business units, digital supplier self-assessments, and the development of mitigating plans for critical suppliers with low self-assessment scores.

In 2022, we achieved significant progress in realizing our long-term goals of becoming a best-in-class supply chain management organization. Our performance is evident in the yearly screening of all major suppliers, which we successfully carried out to ensure compliance with sanctions, particularly in light of the Ukraine crisis. This proactive measure demonstrates our dedication to upholding the highest standards in our supply chain.

We are pleased to report that 100 per cent of our business units have implemented the first phase, confirmation and compliance, of the supplier Code of Conduct, signaling a strong commitment to transparency and sustainability. Furthermore, 90 per cent of our critical suppliers have completed the digital supplier self-assessment, which has provided valuable insights into areas for improvement and increased collaboration.

Our strategic approach also involves initiating dialogues with critical suppliers who have scored low on their self-assessments. We have started conversations with all such suppliers and have successfully concluded discussions and established mitigating plans with 50 per cent of them. This engagement highlights our commitment to working closely with our suppliers to address shortcomings and elevate overall performance.

In summary, our performance in 2022 demonstrates the effectiveness of our approach to creating a transparent and sustainable supply chain. By focusing on key performance indicators, such as supply chain management, supplier Code of Conduct implementation, digital supplier self-assessments, and supplier engagement, we have made substantial strides in achieving our long-term goals and ensuring a more ethical and responsible supply chain.

Strategic area
Ensure ethical business conduct

- **ESG training**
- **Cyber awareness training**
- **Whistleblower channels**

In 2022, we made progress in our three main priority areas, reflecting our commitment to ethical business, compliance, and corporate responsibility.

ESG training performance in 2022 saw significant progress as we successfully completed ESG training for our Procurement network. This accomplishment underscores our dedication to integrating sustainable and responsible practices throughout our supply chain. By educating key stakeholders within our Procurement network, we ensure that our partners share our commitment to ESG excellence, fostering long-term, value-driven relationships that contribute to both our organization's and our partners' growth.

Our cyber awareness training performance in 2022 also yielded positive results, with our onboarding rate increasing to 61.4%. This improvement indicates our organization's commitment to equipping employees with the necessary knowledge and tools to protect our digital assets and maintain responsible data handling practices. As we continue to enhance our cyber awareness training, we aim to achieve higher onboarding rates and create a workforce that is increasingly prepared to address cyber threats and uphold our company's reputation for responsible business conduct.

In 2022, our whistleblower channels continued to be compliant. We received 3 whistleblower cases, all with low degree of severity and processed according to our Whistleblower Policy.

We are dedicated to unwavering commitment to transparency, accountability and compliance at all times. We foster a culture that encourages open communication and empowers employees to come forward with any concerns or instances of non-compliance. This ongoing commitment demonstrates our dedication to ethical business practices and the cultivation of a responsible corporate culture.

To ensure compliance with legislations and regulations across the Group, we have defined a comprehensive corporate compliance program that encompasses guidelines and policies on competition compliance, anti-bribery, trade sanctions, data protection, and whistleblowing. These guidelines and policies serve to create a robust framework that promotes responsible business conduct throughout our organization, while also minimizing potential risks associated with non-compliance.

Our corporate compliance program and code of conduct apply to all employees and representatives, thereby ensuring a consistent commitment to ethical behavior across all levels of our organization.

These achievements in our three main priority areas, alongside our core values and comprehensive corporate compliance program, reflect our continued dedication to ethical business conduct, compliance, and corporate responsibility. As we move forward, we will continue to build upon these successes and strengthen our focus on our main priority areas, ensuring that our organization remains at the forefront of sustainability and responsible business practices.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04
Financial statements

Financial statements

Saferoad Group - Table of contents

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Financial statements
Saferoad Group

Consolidated statement of comprehensive income 1.1.-31.12.

NOK 1000	Notes	2022	2021
Revenue		6 145 975	5 718 522
Other operating revenue		27 359	47 393
Total operating revenue	6, 7	6 173 334	5 765 915
Cost of goods sold	8	3 323 280	3 086 365
Personnel costs	9, 10	1 513 379	1 398 305
Depreciation and impairment property, plant and equipment	17	134 084	134 888
Depreciation and impairment right of use assets	18	109 012	112 347
Amortisation and impairment	16	50 157	43 776
Other operating costs	11	822 403	725 923
Total operating costs		5 952 316	5 501 604
Operating profit/(loss)		221 018	264 311
Financial income	12	5 091	6 814
Financial expenses	12	268 309	154 546
Net exchange rate gain/(loss)	12	(45 236)	(15 022)
Share of profit/(loss) of associated companies	12, 13	442	123
Net financial income/(expenses)		(308 012)	(162 631)
Profit/(loss) before tax		(86 994)	101 680
Tax	14	22 805	7 957
Profit/(loss) for the year		(64 189)	109 637

NOK 1000	Notes	2022	2021
OTHER COMPREHENSIVE INCOME			
Items to be reclassified to profit/loss in subsequent periods			
Exchange differences on translation of foreign operations		23 470	(54 426)
Exchange differences on loans treated as net investments		45 982	(696)
Hedge accounting	25	109 077	0
Items not to be reclassified to profit/loss in subsequent periods			
Remeasurement of net defined benefit liability	10, 14	11 975	721
Other		(3 171)	0
Other comprehensive income for the year, net of tax		187 332	(54 402)
Total comprehensive income for the year		123 143	55 235
Profit/(loss) for the year attributable to:			
Equity holders of the parent company		(65 563)	108 370
Non-controlling interests		1 374	1 267
		(64 189)	109 637
Total comprehensive income attributable to:			
Equity holders of the parent company		121 357	54 257
Non-controlling interests		1 786	978
		123 143	55 235

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Consolidated statement of financial position (assets)

NOK 1000	Notes	31.12.2022	31.12.2021
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Development	16	101 614	84 562
Licenses, product rights etc.	16	2 655	1 332
Goodwill	16	415 773	412 610
Customer relationships	16	103 248	121 602
Other intangible assets	16	13 265	10 687
Total intangible assets		636 555	630 793
Tangible assets			
Land	17	33 899	33 308
Buildings	17	280 050	278 432
Machines and equipment	17	392 744	373 297
Construction in progress	17	22 993	12 001
Rental equipment, furniture and vehicles	17	139 455	130 301
Right-of-use assets	18	284 232	318 713
Total fixed assets		1 153 373	1 146 052
Financial non-current assets			
Investment in associated companies	13	1 863	1 367
Other investments	13, 26	625	717
Non-current receivables		21 785	17 022
Financial derivaties	25	219 347	0
Total financial assets		243 619	19 106
Deferred tax assets	14	72 677	55 761
Total non-current assets		2 106 224	1 851 712
CURRENT ASSETS			
Inventories	8	1 074 950	1 041 220
Receivables			
Trade receivables	4	814 436	729 630
Other receivables	7, 19	331 939	404 773
Total receivables		1 146 375	1 134 402
Cash and cash equivalents	20	377 711	502 378
Total current assets		2 599 037	2 678 001
Total assets		4 705 261	4 529 714

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

NOK 1000	Notes	31.12.2022	31.12.2021
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	28	25 766	25 766
Share premium	28	385 469	385 469
Hedge reserve		109 077	0
Currency translation reserve		57 314	(11 591)
Other equity		(63 800)	(3 515)
Total shareholders' equity attributable to the shareholders of the parent company		513 827	396 129
Non-controlling interests	28	4 903	6 781
Total equity		518 730	402 910
LIABILITIES			
Non-current liabilities			
Liabilities to credit institutions	4, 21, 26, 29	2 660 071	2 710 007
Other non-current liabilities	4, 21, 23, 26, 29	257 869	241 617
Financial derivaties	25	79 609	0
Pension obligations	10	31 751	46 452
Deferred tax liabilities	14	23 778	19 713
Other provisions	22	6 380	8 913
Total non-current liabilities		3 059 456	3 026 702
Current liabilities			
Liabilities to credit institutions	21	367	1 190
Accounts payables		458 407	526 948
Current tax liabilities	14	14 139	7 590
Public duties (VAT, social benefits etc.)		157 964	153 892
Other current liabilities	7, 23, 24	398 380	310 917
Other provisions	22	8 386	1 694
Current portion of non-current liabilities	21	89 431	97 868
Total current liabilities		1 127 074	1 100 101
Total liabilities		4 186 530	4 126 803
Total shareholders' equity and liabilities		4 705 261	4 529 714

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Consolidated statement of changes in equity

NOK 1000	Share capital	Share premium	Hedge reserve	Currency translation reserve	Other equity	Total	Non-controlling interests	Total equity
Note	28	28	25				28	
Equity at 31.12.2020	25 766	1 523 879	0	43 242	112 606)	1 480 281	5 803	1 486 085
Dividends to shareholders and non-controlling interests		1 138 410)				1 138 410)		(1 138 410)
Profit/(loss) for the year					108 370	108 370	1 267	109 637
Other comprehensive income net of tax:								
Actuarial gain/(loss)					721	721		721
Exchange differences on translation of foreign operations				(54 138)		(54 138)	(289)	(54 426)
Exchange differences on loans treated as net investments				(696)		(696)		(696)
Total other comprehensive income net of tax	0	0	0	(54 834)	721	(54 113)	(289)	(54 402)
Total comprehensive income	0	0	0	(54 834)	109 091	54 257	978	55 235
Equity at 31.12.2021	25 766	385 469	0	(11 591)	(3 515)	396 129	6 781	402 910
Dividends to shareholders and non-controlling interests						0	(3 665)	(3 665)
Group contribution					(3 659)	(3 659)		(3 659)
Profit/(loss) for the year					(65 563)	(65 563)	1 374	(64 189)
Other comprehensive income net of tax:								
Actuarial gain/(loss)					11 975	11 975		11 975
Hedge accounting			109 077			109 077		109 077
Exchange differences on translation of foreign operations				23 057		23 057	412	23 470
Exchange differences on loans treated as net investments				45 982		45 982		45 982
Other				(133)	(3 038)	(3 171)		(3 171)
Total other comprehensive income net of tax	0	0	109 077	68 906	8 937	186 920	412	187 332
Total comprehensive income	0	0	109 077	68 906	(56 626)	121 357	1 786	123 143
Equity at 31.12.2022	25 766	385 469	109 077	57 314	(63 800)	513 827	4 903	518 730

On 8 November 2021, a dividend distribution of NOK 1 138.4 million was made to the shareholders.

The share capital of NOK 25.8 million in Saferoad Holding AS as of 31 December 2022 consists of 26 675 509 class A shares (common shares) and 102 155 869 class B shares (preference shares), in total 128 831 378 shares, with nominal value of NOK 0.20 per share.

Consolidated cash flow statement

NOK 1000	Notes	2022	2021
Cash flow from operations			
Profit/(loss) before tax		(86 994)	101 680
Income tax paid	14	(2 358)	(48 435)
Profit from sale and disposal of tangible assets		(4 808)	(22 899)
Loss on sale of tangible assets		614	742
Net depreciation, amortisation and impairment	16, 17, 18	293 254	291 260
Impairment of inventory	8	(3 579)	2 918
Net currency (gains)/losses not relating to operating activities		45 454	33 290
Interest income and other financial income	12	(5 091)	(6 807)
Interest costs and other financial expenses	12	268 309	154 546
Changes in inventory	8	(9 720)	(343 213)
Changes in trade receivable	4	(67 804)	(92 622)
Changes in accounts payable		(76 874)	117 260
Income from using equity method	13	(442)	(123)
Changes in other current receivables and liabilities		132 554	(84 510)
Net cash flow from operations		482 513	103 087
Cash flow from investment activities			
Interest received	12	5 091	6 807
Acquisition of subsidiaries	5	0	(25 637)
Buy-out of non-controlling interests and payments for acquired shares	23	0	(7 690)
Purchase/production of fixed and intangible assets	16, 17, 18	(166 715)	(181 407)
Proceeds from sale of fixed assets		8 590	31 894
Other changes		(3 222)	(789)
Net cash flow from investment activities		(156 256)	(176 822)
Cash flow from financing activities			
Proceeds from borrowings		358 321	2 709 274
Repayment of borrowings		(454 702)	(1 238 412)
Group contribution		0	(5 058)
Dividends to shareholders and non-controlling interests		(3 665)	(1 138 410)
Repayment of financial lease liabilities		(121 782)	(131 857)
Interest paid		(230 323)	(176 660)
Net cash flow from financing activities	27	(452 150)	18 878
Net increase/(decrease) in cash and cash equivalents		(125 892)	(54 857)
Effect of exchange rate differences on cash and cash equivalents		1 225	(15 221)
Cash and cash equivalents at beginning of the period		502 378	572 456
Cash and cash equivalents at the end of the period		377 711	502 378

SAFEROAD®

Oslo 21 April 2023

The Board of Saferoad Holding AS

Patrik Nolåker
Chairman

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Elke Elfriede Eckstein
Board member

DocuSigned by:
Elke Elfriede Eckstein
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Ulrik Smith
Board member

DocuSigned by:
Ulrik Smith
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Niclas Thiel
Board member

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Niclas Thiel
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Moritz Madlener
Board member

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Moritz Madlener
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Espen Asheim
Board member

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Espen Asheim
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Knut Brevik
Board member

DocuSigned by:
Knut Brevik
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Jan Torgeir Hovden
Board member

DocuSigned by:
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Bernd Frühwald
CEO

DocuSigned by:
Bernd Frühwald
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Note 1
Company information

Saferoad Holding AS is a limited liability company, which is domiciled in Oslo with its registered office, Enebakkveien 150, 0680 Oslo, Norway.

Saferoad Holding AS is the holding company of the Saferoad Group. The Group conducts its business through subsidiaries in the Nordic countries, Germany, Poland 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 10 in Saferoad Holding 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.

The ultimate parent of Saferoad Group is SRH BridgeCo AS, and Saferoad Group is part of SRH BridgeCo Group together with Viacon Group. Saferoad Group has transactions with other companies in SRH BridgeCo Group, including the sister group ViaCon, which is described in note 31. These transactions are called transactions with group companies in the Financial statements for Saferoad Group.

These consolidated financial statements have been approved for publication by the Board of Directors on 21 April 2023 and are to be approved at the annual general meeting.

Note 2

Statement of compliance and basis for preparation

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.

Amendments and interpretations applied for the first time in 2022, did not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. For effects related to future IFRS amendments and interpretations reference is made to note 3.

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 consolidated financial statements provide comparative information in respect of the previous period.

Consolidation principles

The consolidated financial statements include Saferoad Holding AS and all companies in which Saferoad Holding AS exercises control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through it power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Subsidiaries are deconsolidated from the date that control ceases.

Non-controlling interests, which consist of the share of the profits or 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.
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.

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.

Classification of current and non-current assets and liabilities

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.

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.

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
    - the Group has transferred substantially all the risks and rewards of the asset, or
    - 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.

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.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. Grants received that relate to an acquisition or development of assets has been presented “gross” in the consolidated financial statements. A gross presentation entails that the grant received is presented separately as deferred income. The deferred income is presented as other non-current liability and is amortised over the useful life of the related asset. The amortised part of the deferred income is presented as other operating income in the financial statements.

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.

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 2022.

The amendments to IAS 1 Presentation of Financial Statements are considered most relevant for the Group.

In January 2020, the IASB issued Classification of Liabilities as Current or Non-Current as an amendment to IAS 1 Presentation of Financial Statements. The amendments clarified how an entity classifies debt and other financial liabilities as current or non-current. The amendments clarify:

- that the classification should be based on rights that are in existence at the end of the reporting period
- that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement; and
- that settlement refers to the transfers to counterparty of cash, equity instruments, other assets or services

In February 2021, the IASB issued Disclosure of Accounting Policies as an amendment to IAS 1. The amendment provides guidance and example to help entities apply materiality judgements to accounting policy disclosures. The amendments require an entity to disclose its material accounting policies instead of its significant accounting policies and adding guidance on how to apply the concept of materiality in making decisions about accounting policy disclosure.

The amendments are effective for annual reporting beginning on or after 1 January 2023. Based on our preliminary assessments neither amendment to IAS 1 or other new and amended standards not yet effective (and not approved by the EU), will have a material impact on the Group’s financial statements.

Note 3
Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and applying the chosen accounting policies requires management to make judgements, 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 judgements, estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements, estimates and underlying 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. Judgements, estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting judgements or estimates are recognised in the period in which the judgement or 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.

The accounting policies applied by the Group in which judgements, estimates and assumptions are material are indicated in the table below and disclosed in the respective notes:

Judgements, estimates and assumptions	Note	
Business combinations	5	Estimate
Revenue	7	Judgement
Income tax	14	Estimate
Impairment	15	Estimate
Intangible assets	16	Estimate
Property, plant and equipment	17	Estimate
Leases	18	Judgement / Estimate
Other provisions	22	Estimate

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Note 4
Financial strategy and financial risk

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.

Saferoad's long-term financing is secured through the Parent Company Saferoad Holding AS's Senior Term Facilities Agreement with GSO ESDF II, GSO ESDF II Levered Holdco I S.a.r.l., GSO ESDF II Levered Holdco II S.a.r.l. and G QCM Holdco S.a.r.l. (all funds managed by Blackstone Alternative Credit Advisors LP) as original lenders. The Senior Term Facilities are for NOK 869.1 million, EUR 96.0 million and SEK 610.7 million which mature in 2028. In addition, working capital financing is secured through a Revolving Credit Facility agreement between Saferoad Holding AS and DNB Bank ASA as Original Lender. The Revolving Facility Agreement commitment is NOK 510.0 million and matures in March 2028. By year end 2022, there was drawn NOK 300.0 million on the revolving facility.

Saferoad Holding AS has during 2022 entered into a Frame Agreement for Receivables Purchase with DNB Bank with an uncommitted frame of NOK 250.0 million, where DNB Bank purchases Receivables from the Saferoad subsidiaries. Moramast AB and Saferoad Sverige AB have acceded the Receivable Purchase Agreement during 2022, and by the end of 2022 DNB Bank had bought receivables for an aggregate amount of close to NOK 48.0 million from these two subsidiaries. The purchases of receivables are done on a non-recourse basis.

Saferoad subsidiary, Vik Ørsta AS, has entered into an Overdraft Facility Agreement with DNB Bank for EUR 7.0 million, a Facility that on a recurring basis will be automatically renewed for a 364-day period from December 2023.

Vik Ørsta AS has signed a Mortgage Declaration where Vik Ørsta AS pledges its accounts receivables and inventories as security for the EUR 7.0 million Overdraft Facility Agreement.

Saferoad Group has sufficient financial capacity for current operations and further expansion, after the refinancing.

There is a leverage covenant in the DNB Bank facility with which Saferoad Group must be compliant, in case 40 per cent or more of the revolving facility is drawn. As of 31 December 2022, there is sufficient headroom to the leverage covenant. The only financial covenant in the Senior Term Facility Agreements is a limitation on capital expenditure per annum. Saferoad's 2023 capital expenditure budget is well below the 2023 capex covenant level.

NET INTEREST-BEARING DEBT

NOK 1000	31.12.2022	31.12.2021
Facility loans (including revolving credit facility)	2 660 071	2 710 007
Leasing	292 107	318 615
Other interest-bearing debt	19 958	15 560
Total interest-bearing debt (note 21)	2 972 136	3 044 182
Cash and cash equivalents (note 20)	377 711	502 378
Net interest-bearing debt	2 594 425	2 541 805

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 Credit Facility agreement and the Overdraft Facility Agreement between Vik Ørsta AS and DNB Bank. Saferoad is targeting a minimum liquidity reserve between 3 to 5 per cent of the annual turnover of the consolidated Group. The liquidity risk is closely monitored by the Group Management and the Board.

Bank account balances, the Revolving Credit Facility of NOK 510.0 million, and the EUR 7.0 million Overdraft Facility in Vik Ørsta AS ensure 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 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 two cash pools, which facilitates an efficient exploitation of available cash within the Group. The cash pools help to reduce the utilisation of the Revolving Credit Facility and the EUR 7.0 million Overdraft Facility. 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 11). The Group's aging structure for outstanding trade receivables has increased during 2022 an bad debt losses recognised in 2022 totalled NOK 13.1 million (NOK 5.5 million in 2021). The total provision for bad debt is NOK 33.6 million as of 31 December 2022 (NOK 20.2 million as of 31 December 2021).

AGING ANALYSIS TRADE RECEIVABLES, 31 DECEMBER 2022

NOK 1000	Total	Not due	< 30d	30-60d	60-90d	>90d
Trade receivables	848 060	601 611	121 907	13 173	16 452	94 918
Provision for bad debt	(33 624)	(1 896)	(2 272)	(468)	(133)	(28 856)
Total trade receivables	814 436	599 715	119 636	12 704	16 319	66 062

AGING ANALYSIS TRADE RECEIVABLES, 31 DECEMBER 2021

NOK 1000	Total	Not due	< 30d	30-60d	60-90d	>90d
Trade receivables	749 844	521 018	125 905	17 415	35 409	50 097
Provision for bad debt	(20 215)	(1 246)	(612)	(357)	(490)	(17 510)
Total trade receivables	729 630	519 773	125 293	17 058	34 919	32 587

CHANGES IN BAD DEBT PROVISIONS

NOK 1000	31.12.2022	31.12.2021
Provisions as of 01.01	20 215	22 311
Provision for bad debt during the period	15 532	7 641
Realized losses for the year	(2 841)	(1 954)
Reversed provision during the period	(4 545)	(6 562)
Changes due to business combinations	3 917	0
Translation differences	1 347	(1 220)
Provisions as of 31.12	33 624	20 215

Trade receivables and other receivables are recognised net of expected losses. The accrual for losses is based on an individual assessment of each receivable.

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.

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	138	57	80	5

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 financing agreements are affected by changes in market rates, as Saferoad is being charged floating interest rates. Saferoad has during 2022 bought interest rate caps to protect against rising interest rates, for the Senior Term Facilities Agreement with the GSO-funds. Protection is bought for the full exposure in NOK, EUR and SEK until the maturity of the Senior Term Facilities in 2028

The sensitivity analysis illustrates the annual impact on financial expenses and after-tax result for an increase or decrease of 100 basis points in the interest rates (all other variables being unchanged). The interest rate caps bought are currently effective for all currencies, and we will therefore not experience any significant cost increase or cost decrease if the current interest rate levels increase or decrease by 100 basis points.

SENSITIVITY ANALYSIS INTEREST RATES, 31 DECEMBER 2022

NOK million	Change Financial expences	Change after tax profit and loss
100 basis points increase	5,2	4,1
100 basis points decrease	(5,2)	(4,1)

An assumption of an effective tax rate of 20 per cent is applied to calculate the after-tax impact on P&L.

The interest rate cost is to some extend exposed to risk related to changes in the credit margin on the Revolving Facility Agreement with DNB Bank, because the credit margin is leverage dependent.

Commodity risk management

Saferoad is exposed to commodity price risks due to changes in commodity prices, which the Group is not directly 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.

Saferoad has, during 2022, entered some smaller financial derivative contracts to mitigate the risk from rising steel prices.

Financial derivatives

Saferoad has bought interest rate options to cap the upside risk to market rates, as well as commodity swaps to mitigate the risk from rising steel prices. The Group may also from time to time use forward agreements or options to hedge selected currency exposures. Please see note 25 for further description.

Note 5
Business combinations

Accounting policies
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.

Acquisitions in 2022
There were no acquisitions in 2022.

Acquisitions in 2021
On 30 April 2021, the Saferoad Finland Oy acquired the company KaideKanerv Oy and the subsidiary Kanerva Oy Kaide ja Kuljetus including the subsidiary Teedemeister Oy Suomi, all included in Road Safety segment.

ACQUIRED COMPANY	KaideKanerv Oy	Total NOK 1000
Acquisition made by subsidiary	Saferoad Finland Oy	
Total consideration for the shares	39 813	**39 813**

KaideKanerv Oy was acquired for a total estimated consideration of EUR 4.0 million (NOK 39.8 million) for 100 per cent of the shares. KaideKanerv Group operates within the Road Safety segment, and the acquisitions are expected to strengthen further growth in the Road Safety segment and strengthen the Group's position in the Finnish market.

The consideration is mainly allocated into machinery and plant, inventories, trade accounts receivables, cash and current liabilities. The consideration for the shares acquired consisted of cash consideration.

The acquired business contributed revenues of NOK 90.2 million and profit/(loss) of NOK 7.8 million to the group for the period from 1 May to 31 December 2021.

If the acquisition had occurred on 1 January 2021, consolidated accounts for 2021 revenue and profit/(loss) would have increased with around NOK 104.0 million and NOK 6.0 million, respectively.

Acquisition cost of NOK 1.5 million are expensed in 2021.

Divestments
There were no material divestments in 2022 or 2021.

Significant accounting estimate
The business combinations are accounted for by applying the acquisition method, and a degree of estimate is used when establishing fair values of the identifiable assets and liabilities at the acquisition dates.

Note 6
Segment information

The operating segments are materially unchanged in 2022, but the former segment Other businesses have been dissolved and the entities which previously comprised in Other businesses have been moved to other segments. Saferoad Smekab AB are transferred to the segment Light Poles & Masts and Saferoad Pomerania Sp. z o.o. has been Road Safety. Comparable figures are restated.

Saferoad Group operates in the following business segments:

Road Safety
Road Safety offer a comprehensive and innovative range of road restraint systems (guardrails, bridge parapets, rails, energy absorbing systems) and noise protection barriers which covers all areas of use on roads, highways and along railways. Saferoad's offering includes design, manufacturing, delivery, installation and repair. Road Safety consists of legal entities in Norway, Sweden, Finland, United Kingdom, Germany, Poland, Romania, the Netherlands, Slovakia and Czech Republic.

Signs & Work Zone Protection
Signs & Work Zone Protection offer a complete range of traffic signs, technical solutions, variable message signs, LED, gantries, posts and work zone protection services. Signs & Work Zone Protection consists of legal entities in Norway, Sweden and Denmark.

Light Poles & Masts
Light Poles, Masts & Other design and manufacture a complete range of light poles and masts for all application areas. The main purpose of street lighting is to improve the safety of the travelling public and to improve the sense of security in the areas where residents live and work. Rock Protection Equipment, Marina Products and Street Furniture are also included in the Light Poles & Masts segment. Light Poles & Masts consists of legal entities in Norway, Sweden and Romania.

Road Services
Road Services offer a wide range of road services, including application of road marking for guidance and safety and road maintenance services. Our road marking range is customised to meet customers' requirements concerning durability, quality and safety. Road maintenance services includes winter maintenance, greenery, road patrolling and traffic safety. Road Services consists of legal entities in Norway, Sweden, Denmark and Poland.

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

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

Segment performance is evaluated based on "Underlying EBITDA" which deviates from EBITDA 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 regarding refinancing, impairment charges and other non-recurring items. See APM table for a further description.

Accounting policies
Operating segments are reported in a manner consistent with the internal reporting provided to Group Management. We consider Group Management to be the operating decision-making body, as all significant decisions regarding business are taken in this forum.

Transactions between different segments are on an arm's length basis in a manner similar to transactions with third parties.

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UNDERLYING OPERATING REVENUE

NOK 1000	2022	2021
Road Safety	3 011 279	2 880 709
Signs & Work Zone Protection	1 450 714	1 303 465
Light Poles & Masts	1 191 742	984 744
Road Services	773 929	794 807
Holding/Eliminations	(254 330)	(212 798)
Underlying operating revenue	6 173 334	5 750 927
Adjustments [1]	0	14 988
Reported operating revenue	6 173 334	5 765 915

1) Items which management believes to be non-recurring. See APM table for further break-down

UNDERLYING PERSONNEL COSTS

NOK 1000	2022	2021
Road Safety	490 699	468 278
Signs & Work Zone Protection	509 241	460 370
Light Poles & Masts	310 992	305 134
Road Services	173 928	162 911
Holding/Eliminations	21 764	35 313
Underlying personnel costs	1 506 625	1 432 007
Classification adjustments [2]	(35 678)	(36 698)
Adjustments [1]	42 432	2 996
Reported personnel costs	1 513 379	1 398 305

1) Items which management believes to be non-recurring. See APM table for further break-down
2) External labour services are classified as Other operating costs in IFRS, but as Personnel costs in underlying figures

UNDERLYING OTHER OPERATING COSTS

NOK 1000	2022	2021
Road Safety	229 517	188 068
Signs & Work Zone Protection	179 716	146 291
Light Poles & Masts	114 481	92 672
Road Services	88 382	74 002
Holding/Eliminations	37 513	30 660
Underlying other operating costs	649 609	531 693
Adjustments [1]	20 139	47 631
Reported other operating costs	822 403	725 923

1) Items which management believes to be non-recurring. See APM table for further break-down
2) Freight charges are classified as Other operating costs in IFRS, but as Cost of goods sold in underlying figures

UNDERLYING EBITDA

NOK 1000	2022	2021
Road Safety	223 010	269 293
Signs & Work Zone Protection	139 825	148 405
Light Poles & Masts	215 527	161 386
Road Services	75 938	84 735
Holding/Eliminations	(75 499)	(72 856)
Underlying EBITDA	578 801	590 962
Adjustments [1]	(64 530)	(35 639)
Reported EBITDA	514 271	555 323
Depreciation and impairment	(243 096)	(247 235)
Amortisation and impairment	(50 157)	(43 776)
Reported operating profit/(loss)	221 018	264 311

1) Items which management believes to be non-recurring. See APM table for further break-down

Underlying EBITDA %	9,4 %	10,3 %
Reported EBITDA %	8,3 %	9,6 %

Note 7
Revenue

Accounting policies

The Group offers a broad assortment of products and solutions to the road safety industry. The Group considers itself as principal in its revenue arrangements, hence revenue is recognised on a gross basis. The transaction price is recognised net of any expected variable consideration such as customer bonuses, cash discounts for early payment, penalties, refunds and returns.

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, barriers, 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.) are 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 noise protection solutions.

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 are 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 initially recognised for revenue earned from installation because the receipt of consideration is conditional on completion of the installation. Upon completion of the installation and acceptance by the customer, the amount recognised as contract assets is reclassified to trade receivables.

Trade receivables

A trade receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). See note 2 section Financial instruments.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract.

Significant accounting judgement and assumptions

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.

Operating revenue split by geographical areas

The group receives most of its income from Northern and Eastern Europe. The Group have a diversified customer base and are not reliant on any single major customer.

NOK 1000	**2022**	2021
Norway	**1 786 903**	1 576 949
Sweden	**1 249 037**	1 217 706
Denmark	**388 681**	332 032
Poland	**610 736**	593 418
Germany	**914 868**	974 732
United Kingdom	**284 631**	362 258
Other	**938 477**	708 820
Total operating revenue	**6 173 334**	5 765 915

Operating revenue split by nature

NOK 1000	**2022**	2021
Sales revenue - products	**4 588 051**	4 240 476
Sales revenue - services	**1 557 924**	1 478 045
Total other revenue [1]	**27 359**	47 393
Total operating revenue	**6 173 334**	5 765 915

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

Revenue from contracts with customers split by major product/service line and segments

Set out below is the disaggregation of the Group's revenue from contracts with customers into major product/service lines in accordance with segment reporting, see note 6. Comparable figures for 2021 have been restated accordingly.

2022

NOK 1000	Road Safety	Signs & Work Zone Protection	Light Poles & Masts	Road Services	Holding/ Eliminations	**Total**
Major product/service lines						
Road restraint systems	2 427 967	50 982	0	13 861	0	**2 492 810**
Signs & work zone protection	11 174	1 216 051	0	5 057	0	**1 232 282**
Light poles, masts & other	0	26 730	502 307	0	0	**529 036**
Road services	87 937	0	0	736 376	0	**824 313**
Other products/eliminations	483 949	156 927	689 304	18 585	(254 330)	**1 094 435**
Revenue from contracts with customers	3 011 028	1 450 690	1 191 610	773 879	(254 330)	**6 172 876**

2021

NOK 1000	Road Safety	Signs & Work Zone Protection	Light Poles & Masts	Road Services	Holding/ Eliminations	Total
Major product/service lines						
Road restraint systems	2 326 584	43 102	0	12 833	0	**2 382 519**
Signs & work zone protection	20 829	1 051 339	0	5 841	0	**1 078 010**
Light poles, masts & other	0	54 045	421 909	0	0	**475 955**
Road services	90 212	0	0	759 996	0	**850 208**
Other products/eliminations	457 909	154 898	562 602	16 077	(212 798)	**978 687**
Revenue from contracts with customers	2 895 534	1 303 385	984 512	794 747	(212 798)	**5 765 379**

Below are further description of the products and solutions within each major 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.

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.

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.

Other products/eliminations: Other products include street furniture, rail and power poles, rock support products, marina systems and noise protection systems. Eliminations are revenue between the different segments and is applicable for all major product/service lines.

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:

2022

NOK 1000	Road Safety	Signs & Work Zone Protection	Light Poles & Masts	Road Services	Holding/ Eliminations	Total
Underlying operating revenue	3 011 279	1 450 714	1 191 742	773 929	(254 330)	**6 173 334**
Adjustments [1]	0	0	0	0	0	**0**
Reported operating revenue	3 011 279	1 450 714	1 191 742	773 929	(254 330)	**6 173 334**
Rental income	251	24	132	51	0	**458**
Revenue from contracts with customers	3 011 028	1 450 690	1 191 610	773 879	(254 330)	**6 172 876**

2021

NOK 1000	Road Safety	Signs & Work Zone Protection	Light Poles & Masts	Road Services	Holding/ Eliminations	Total
Underlying operating revenue	2 880 709	1 303 465	984 744	794 807	(212 798)	**5 750 927**
Adjustments [1]	14 988	0	0	0	0	**14 988**
Reported operating revenue	2 895 697	1 303 465	984 744	794 807	(212 798)	**5 765 915**
Rental income	163	80	233	60	0	**536**
Revenue from contracts with customers	2 895 534	1 303 385	984 512	794 747	(212 798)	**5 765 379**

1) Items which management believes to be non-recurring

Balance sheet

Contract assets are included in balance sheet item other receivables and contract liabilities are included in balance sheet item other current liabilities.

CONTRACT BALANCES NOK 1000	31.12.2022	31.12.2021
Trade receivables	**824 236**	698 126
Contract assets	**157 967**	214 572
Contract liabilities	**47 630**	51 937

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 2022 is NOK 27.6 million (NOK 56.0 million as at 31 December 2021), whereof NOK 19.0 million is expected to be recognised within one year (NOK 29.9 million were expected to be recognised within one year in 2021).

Note 8

Cost of goods sold and inventories

Accounting policies

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.

COST OF GOODS SOLD

NOK 1000	2022	2021
Purchase of goods and changes in inventories	3 326 860	3 083 447
Write-down of inventories	(3 579)	2 918
Total cost of goods sold	3 323 280	3 086 365

INVENTORIES

NOK 1000	Carrying value 31.12.2022	Carrying value 31.12.2021
Raw materials	439 167	434 577
Work in progress	41 149	43 026
Own produced goods	396 136	414 448
Goods purchased for resale	198 498	149 170
Total inventories	1 074 950	1 041 220

Note 9

Personell costs, employees and management remuneration

SALARIES AND REMUNERATION

NOK 1000	2022	2021
Salary	1 237 098	1 140 578
Social security tax on salaries, pensions, bonuses etc.	168 543	155 912
Other personnel expenses	24 225	21 381
Pension expenses	63 264	61 294
Bonuses	20 249	19 140
Total salaries and remuneration	1 513 379	1 398 305

There are 2 500 employees in the Group per 31 December 2022 (2 510 last year).

Salaries and remuneration for Board of Directors and Group management

Board of Directors

The Board of Directors in Saferoad Holding AS received a total remuneration of NOK 1.0 million in 2022 (NOK 1.6 million in 2021). The Chairman and the members of the Board have no agreements for further compensation due to termination or changes in the position.

MgmtCo Saferoad AS is a holding company which owns shares in Saferoad Holding AS as part of a management incentive program. The table below sets out the number of shares owned by the Board of Directors in MgmtCo Saferoad AS.

	31.12.2022	31.12.2021
MgmtCo Saferoad AS - Class A shares (common shares)	175 000	140 000
MgmtCo Saferoad AS - Class B1 shares (preference shares)	175 000	140 000
Total	350 000	280 000

CEO

The table below sets out the remuneration for 2022 for the Group CEO, Espen Asheim (10 months) and Bernd Frühwald (3 months).

NOK 1000	Bernd Frühwald Oct-Dec 2022	Espen Asheim Jan-Oct 2022	2021
Salary 1)	1 040	4 312	5 500
Bonus 2)	0	2 300	5 214
Other benefits 3)	2 910	160	211
Pension benefits	0	84	110
Total	3 950	6 856	11 035

1) Salary consists of base salary and holiday payment
2) Bonus earned in 2021, paid in 2022
3) 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. In 2022 the new CEO has received a sign-on bonus which is classified as other benefits

Former CEO has a termination agreement consisting of severance pay of 15 months and performance bonus for 2022. Furthermore, he has an exit bonus split on three components; loyalty, guaranteed salary increase and exit, whereas the latter is an estimate and based on fulfillment of certain criteria's in a potential future sale of the Saferoad Group. As of 31 December 2022 a provision of NOK 28.3 million has been made related to the termination agreement and exit bonus for the former CEO.

The table below sets out the number of shares owned by the CEO in MgmtCo Saferoad AS.

	31.12.2022	31.12.2021
MgmtCo Saferoad AS - Class A shares (common shares)	53 127	35 000
MgmtCo Saferoad AS - Class B1 shares (preference shares)	0	35 000
Total	53 127	70 000

There are no loans or share-based payments from the company to Group CEO or Board of Directors.

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Salaries and remuneration to Group management excl. CEO

The table below sets out the remuneration for 2022 for the Group management which consisted of eight persons in addition to the CEO.

NOK 1000	2022	2021
Salary [1]	18 408	18 546
Bonus [2]	4 775	6 015
Other benefits [3]	772	793
Pension benefits	1 042	1 555
Total	24 997	26 909

1) Salary consists of base salary and holiday payment
2) Bonus earned in 2021, paid in 2022
3) 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 owned by Group management in MgmtCo Saferoad AS.

	31.12.2022	31.12.2021
MgmtCo Saferoad AS - Class A shares (common shares)	133 668	133 668
MgmtCo Saferoad AS - Class B1 shares (preference shares)	133 668	133 668
Total	267 336	267 336

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.

Three members of Group management are entitled to severance pay of six months base salary after termination of employment. 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 total NOK 0.4 million.

Note 10
Pensions

Accounting policies

Defined contribution pension plan

In a defined contribution pension plan the Group is responsible for making an agreed contribution to the employee's pension assets. The future pension will be determined by the amount of the contributions and the return on the pension savings. Once the contributions have been paid, the Group has no further payment obligations. The pension contributions are charged to expenses as they are incurred.

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.

The Group policy is to offer a defined contribution pension plan to its employees.

For historical reasons there are still a limited number of defined benefit pension plans in place in Sweden, Norway and in Germany.

The Norwegian companies in the Group are required by law to have a pension scheme and this requirement is fulfilled.

The main financial and accounting impact of the remaining defined benefit pension plans have been summarised below, on the line "defined benefit expense" and under the heading "defined benefit assets and liabilities".

Actuarial gain of NOK 12.0 million in 2022 (gain of NOK 0.7 million in 2021) have been recognised in other comprehensive income.

ACTUARIAL AND FINANCIAL ASSUMPTIONS (DEFINED BENEFIT PLANS):

		2022	
	Norway	Sweden	Germany
Discount rates	3,2 %	4,0 %	3,8 %
Salary increase	3,8 %	2,4 %	0,0 %

		2021	
	Norway	Sweden	Germany
Discount rates	1,5 %	1,8 %	1,1 %
Salary increase	2,5 %	2,4 %	0,0 %

PENSION EXPENSE FOR THE YEAR

NOK 1000	**2022**	2021
Defined benefit expense	**196**	1 163
Defined contribution expense	**63 069**	60 131
Total pension expense	**63 264**	61 294
Defined benefit assets and liabilities		
Accrued pension obligations	**47 224**	61 816
Pension plan assets	**15 554**	15 465
Net benefit obligations	**31 670**	46 351
Plans with a surplus is recognised separately from plans with a deficit		
Recognised pension assets	**81**	101
Recognised pension obligations	**(31 751)**	(46 452)

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Note 11
Other operating costs

Other operating costs

NOK 1000	2022	2021
Rent	18 420	13 258
Other costs related to premises	99 330	64 273
Leases of machinery, equipment, vehicles, fixtures and office machines [1]	24 123	15 132
Direct operating costs (incl. repairs and maintenance)	246 559	209 165
Selling and distribution costs	198 469	167 637
Fees, external services, office & communication costs	157 770	182 019
Membership, insurance, license- and guarantee costs	32 119	34 165
Capital losses upon sales of fixed assets	614	742
Bad debts	13 122	5 490
Other operating costs	31 877	34 042
Total other operating costs	822 403	725 923

1) Lease expense for short-term leases, low value asset leases and variable lease payments not included in lease liabilities

Fees to auditors

NOK 1000	2022	2021
Proposed fee for audit	8 578	8 149
Fees for audit previous year	439	777
Fees for attestation services	88	223
Fees for tax services	1 909	1 629
Fees for other services	882	1 766
Total fees	11 895	12 544
Of which is auditing fees to Ernst & Young	5 833	5 910
Of which is other fees to Ernst & Young	2 532	3 197

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

Fees to auditor is excluding VAT.

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Note 12
Financial items

Accounting policies

Other financial expenses consist of guarantee provisions, bank fees, and write-down of long-term receivables.

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.

NOK 1000	2022	2021
Interest income	4 218	6 783
Other financial income	873	31
Total financial income	5 091	6 814
Interest expenses	212 442	31 794
Interest expenses on lease liabilities	18 486	21 897
Financial expenses to group companies (note 31)	0	85 143
Other financial expenses	37 381	15 711
Total financial expenses	268 309	154 546
Currency exchange gain	131 272	376 240
Currency exchange loss	176 508	391 262
Net exchange rate gain/(loss)	(45 236)	(15 022)
Share of profit/(loss) of associated companies	442	123
Net financial income/(expenses)	(308 012)	(162 631)

Note 13
Associated companies and other investments

Accounting policies

Associated companies are companies in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies. Significant influence is assumed to exist when the Group owns between 20 and 50 per cent of the voting rights unless other terms and conditions affect the Group's influence. The Group's holdings in associated companies are initially recorded at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of the net assets of the associated company since the acquisition date. The profit or loss reflects the Group's share of the profit or loss of the associated companies. Dividends received are booked towards the investment in the statement of financial position and are regarded as repayment of capital. 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 are 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.

Associated companies

The Group has a 50 per cent ownership in IBOS Sp. z o.o., which performs crash test services for the Polish market.

Carrying value of associated companies are in December 2022 NOK 1.9 million (NOK 1.4 million 2021).

Change in carrying value associated companies

NOK 1000	31.12.2022	31.12.2021
IBOS Sp. z o.o.		
Opening balance 01.01.	1 367	1 342
Share of this year's profit/(loss)	442	123
Dividends	(11)	(22)
Translation differences	64	(75)
Carrying value 31.12.	1 863	1 367

Share of profit/(loss) of associated companies' in the statement of comprehensive income includes share of this year's profit.

Financial information regarding associated companies (100 per cent basis)

NOK 1000	31.12.2022	31.12.2021
IBOS Sp. z o.o.		
Assets	10 767	6 918
Liabilities	7 041	4 183
Equity	3 726	2 735
The Group's share in equity, 50%	1 863	1 367

NOK 1000	2022	2021
IBOS Sp. z o.o.		
Revenues	9 799	9 588
Profit/(loss) (01.01. - 31.12.)	884	245
The Group's share of profit for the year, 50%	442	123
Ownership	50%	50%

Note 14
Income tax

Significant accounting estimates and assumptions
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.

Accounting policies
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/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.

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

TAX INCOME/(EXPENSE)

NOK 1000	2022	2021
Tax payable	(20 234)	(20 447)
Changes in deferred tax	43 039	28 404
Tax income/(expense) recognised in the consolidated statement of comprehensive income	22 805	7 957
Prepaid tax (included in other receivables)	17 084	38 678
Current tax liabilities	(14 139)	(7 590)
Total (net) tax payable 31 December, receivable/(liability)	2 945	31 088

A RECONCILIATION OF THE EFFECTIVE RATE OF TAX AND THE TAX RATE IN THE GROUP'S COUNTRY OF REGISTRATION

NOK 1000	2022	2021
Profit/(loss) before tax	(86 994)	101 680
Expected income taxes according to income tax rate in Norway 22%	19 139	(22 370)
Adjustment in respect of current income tax of previous years	(1 672)	(3 084)
Deferred tax assets not recognised current year 1)	(15 243)	(23 949)
Use of previously unrecognised loss carried forward 1)	38 700	32 556
Effect of redused valuation allowance regarding deferred tax asset 1)	7 964	1 165
Non deductible expenses 2)	(42 231)	(15 755)
Non-taxable income	14 927	7 497
Tax rate outside Norway other than 22 %	6 075	3 368
Change in deferred tax assets/liabilities due to change in tax rates	(1)	(86)
Other 3)	(4 852)	28 615
Tax income/(expense) recognised in the consolidated statement of comprehensive income	22 805	7 957
Tax income/(expense) reported in other comprehensive income		
Pensions	(2 844)	(276)
Tax effect on hedging	(30 776)	0

1) 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.
2) Non-deductible expenses mainly include non-deductible interest expenses.
3) Other mainly consist of recognition of deferred tax asset in connection to special economic zone tax credit in Poland.

DEFERRED TAX LIABILITIES/(DEFERRED TAX ASSETS) NOK 1000	Statement of financial position 2022	Statement of financial position 2021	Statement of profit or loss 2022	Statement of profit or loss 2021
Non-current assets and liabilities				
Intangible assets	32 083	35 922	3 838	(5 548)
Tangible fixed assets	11 369	16 601	5 233	4 779
Pensions	(461)	(4 125)	(820)	(865)
Other non-current items	32 876	2 449	348	2 051
Total non-current assets and liabilities	75 868	50 847	8 599	417
Current assets and liabilities				
Inventory	(1 934)	(1 343)	592	(497)
Liabilities	(3 391)	2 467	5 858	205
Trade receivables	(2 491)	(2 452)	39	(551)
Other investments at fair value	0	0	0	(111)
Other current items	(9 598)	(10 592)	(995)	(1 186)
Total current assets and liabilities	(17 414)	(11 920)	5 494	(2 140)
Tax losses carried forward	(161 259)	(170 340)	(9 081)	18 105
Of which assets not recognised (valuation allowance)	(53 906)	(95 365)	(41 460)	(9 996)

Tax loss carried forward

The Group has a total tax loss carried forward of NOK 779.7 million which expires as follows:

NOK 1000	Sweden	United Kingdom	Norway	Other	2022	2021
Current year + 1 year				0	0	16 003
Current year + 2 years				0	0	7 812
Current year + 3 years				0	0	6 584
Current year + 4 years				8 037	8 037	156
Current year + 5 years or later				3 295	3 295	1 891
No due date		109 716	443 117	170 287	723 120	747 291
Total tax loss carried forward	0	109 716	443 117	181 620	734 453	779 737
On which deferred tax assets have not been recognised		73 795	200 922	2 833	277 551	490 849
Total tax loss on which deferred tax assets have been recognised	0	35 921	242 195	178 787	456 902	288 888

Changes in net deferred tax liabilities/(deferred tax assets)

NOK 1000	2022	2021
Opening balance as of 1 January	(36 048)	(9 947)
Recognised in profit and loss	(43 039)	(28 404)
Recognised as other comprehensive income	33 620	276
Translation differences	(3 432)	2 026
Closing balance as of 31 December	(48 899)	(36 048)
Of which deferred tax assets	72 677	55 761

Note 15
Impairment

Accounting policies

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.

Significant accounting estimates and assumptions

Determining whether goodwill is impaired requires an estimation of the recoverable amount. At year end 2022 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 2022 is NOK 415.8 million (NOK 412.6 million as of 31 December 2021). The Saferoad Group recognises no impairment of goodwill in 2022. Details of recognised goodwill are provided in note 16. No significant events or changes in business or market that potentially would change the conclusions were identified from 31 December 2022 until the reporting date.

Groups of cash-generating unit composition

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 for changes made in the segment structure. Goodwill previously allocated to the former CGU Other businesses have been moved to Light Poles & Masts.

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

NOK 1000	31.12.2022	31.12.2021
Road Safety	120 226	117 063
Signs & Work Zone Protection	98 717	98 717
Light Poles & Masts	145 198	120 512
Road Services	51 632	51 632
Other businesses	0	24 686
Total	415 773	412 610

Impairment testing of goodwill

The Group tests goodwill for impairment annually or more frequently if there are indications that goodwill is impaired. 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 calculated backwards using inventory days, debtors days and supplier days 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 2027 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 for the budget period.

	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	2.3%	11%-12%	(1.5%)-1.0%	10.10%
Signs & Work Zone Protection	4.3%	12%	(0.4%)-1.6%	8.74%
Light Poles & Masts	3.9%	18%-19%	(1.7%)-0.9%	8.92%
Road Services	4.8%	9%-10%	(1.1%)-1.8%	10.04%

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	(2.5%-points)	1.9%-points	(10.4%)
Signs & Work Zone Protection	(4.0%-points)	3.6%-points	(15.9%)
Light Poles & Masts	(16.5%-points)	19.8%-points	(52.6%)
Road Services	(1.2%-points)	1.1%-points	(5.0%)

The sensitivity analysis indicates that the conclusion is robust to changes in assumptions for all four segments. Decreased demand can lead to a decline in the expected compound annual growth rate (CAGR) or EBITDA-margin. The Group believes that no reasonably possible change in any of the key assumptions used for impairment testing would cause the recoverable amount to be lower than the carrying amount of the Cash Generating Units.

Note 16
Intangible assets

Accounting policies

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.

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 development varies between three and fifteen years.

Licenses, product rights etc.

Expenditures for licenses, product rights etc. are capitalised and depreciated over their expected useful life. The expected useful life for patents and licenses 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.

Other intangible assets

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.

Significant accounting estimates and assumptions

Intangible assets and property plant and equipment

The Group has significant carrying amounts related to intangible assets and property, plant and equipment 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.

2022

NOK 1000	Licenses, product rights etc	Development	Goodwill	Customer relationships	Other intangible assets	Total
Accumulated cost 31 December 2021	15 987	217 365	412 610	164 823	60 465	**871 250**
Reclassifications [1]	0	19 926	0	0	0	**19 926**
Additions, other	1 953	20 511	0	0	8 143	**30 607**
Derecognition	0	(1 564)	0	0	0	**(1 564)**
Translation differences	620	6 445	3 163	(1 418)	1 152	**9 963**
Accumulated cost 31 December 2022	18 560	262 683	415 773	163 405	69 760	**930 182**

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 31 December 2021	14 655	132 803	0	43 221	49 778	**240 457**
Amortisations	750	25 471	0	17 399	5 597	**49 217**
Derecognition	0	(624)	0	0	0	**(624)**
Translation differences	501	3 418	0	(463)	1 120	**4 576**
Accumulated amortisations and impairments 31 December 2022	15 905	161 069	0	60 157	56 495	**293 627**
Carrying value 31 December 2021	1 332	84 562	412 610	121 602	10 687	**630 793**
Carrying value 31 December 2022	2 655	101 614	415 773	103 248	13 265	**636 555**

1) Relates to reclassification of grants received which have changed from net to gross booking, mostly offset with an increase in liabilities. The reclassification has no cash effect or profit and loss effect in 2022

2021

NOK 1000	Licenses, product rights etc	Development	Goodwill	Customer relationships	Other intangible assets	Total
Accumulated cost 31 December 2020	16 093	200 426	416 054	167 312	57 416	**857 301**
Reclassifications	0	0	0	0	540	**540**
Additions, other	438	23 498	0	1 007	4 745	**29 689**
Derecognition	0	(306)	0	0	0	**(306)**
Translation differences	(544)	(6 252)	(3 444)	(3 496)	(2 236)	**(15 974)**
Accumulated cost 31 December 2021	15 987	217 365	412 610	164 823	60 465	**871 250**

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 31 December 2020	14 666	115 649	0	26 437	46 931	**203 684**
Amortisations	469	21 063	0	17 649	4 595	**43 776**
Derecognition	0	(51)	0	0	0	**(51)**
Translation differences	(480)	(3 858)	0	(866)	(1 748)	**(6 953)**
Accumulated amortisations and impairments 31 December 2021	14 655	132 803	0	43 221	49 778	**240 457**
Carrying value 31 December 2020	1 426	84 776	416 054	140 875	10 484	**653 616**
Carrying value 31 December 2021	1 332	84 562	412 610	121 602	10 687	**630 793**

Total spending in research and development in 2022 amounted to NOK 20.5 million (NOK 23.1 million in 2021).

Note 17

Property, plant and equipment

Accounting policies

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.

Significant accounting estimates and assumptions

See note 16.

2022

NOK 1000	Land	Buildings	Machines / equipment	Construction in progress	Rental equipment/ furniture/ vehicles [1]	Total
Accumulated cost 31 December 2021	34 809	557 988	1 031 984	12 033	453 838	**2 090 652**
Reclassifications [2]	0	16 897	33 240	(26 586)	2 109	**25 659**
Additions, acquisition of subsidiaries	0	3	(6)	0	0	**(3)**
Additions, other	0	3 313	51 185	36 978	47 131	**138 607**
Disposals	(353)	(1 828)	(18 023)	(189)	(5 845)	**(26 237)**
Translation differences	914	11 219	14 192	793	3 602	**30 720**
Accumulated cost 31 December 2022	35 370	587 592	1 112 572	23 029	500 835	**2 259 397**

Depreciation method
Useful life

NOK 1000	No depre-ciation	Linear 10-40 years	Linear 5-10 years	No deprecia-tion	Linear 3-5 years	Total
Accumulated depreciations and impairments 31 December 2021	1 502	279 555	658 687	32	323 537	**1 263 313**
Reclassifications	(2)	(331)	(251)	0	1 562	**978**
Disposals	0	(473)	(16 721)	0	(4 647)	**(21 841)**
Depreciations	0	24 881	70 840	0	38 364	**134 085**
Translation differences	(30)	3 911	7 272	3	2 564	**13 720**
Accumulated depreciations and impairments 31 December 2022	1 470	307 542	719 827	35	361 380	**1 390 255**
Carrying value 31 December 2021	33 308	278 432	373 297	12 001	130 301	**827 340**
Carrying value 31 December 2022	33 899	280 050	392 744	22 993	139 455	**869 141**

1) This category includes rental equipment where the Group is the lessor
2) Relates to reclassification of grants received which have changed from net to gross booking, mostly offset with an increase in liabilities. The reclassification has no cash effect or profit and loss effect in 2022

2021

NOK 1000	Land	Buildings	Machines / equipment	Construction in progress	Rental equipment/ furniture/ vehicles [1]	Total
Accumulated cost 31 December 2020	38 034	509 965	1 071 248	386	433 032	**2 052 665**
Reclassifications	191	83 813	(98 213)	11 927	1 170	**(1 111)**
Additions, acquisition of subsidiaries	147	736	4 730	0	0	**5 614**
Additions, other	36	3 770	120 077	0	37 939	**161 822**
Disposals	(2 003)	(23 107)	(30 302)	(273)	(6 169)	**(61 854)**
Translation differences	(1 597)	(17 191)	(35 556)	(6)	(12 134)	**(66 484)**
Accumulated cost 31 December 2021	34 809	557 988	1 031 984	12 033	453 838	**2 090 652**

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 31 December 2020	1 442	274 435	643 702	32	298 144	**1 217 755**
Reclassifications	131	(172)	(22)	0	(621)	**(685)**
Disposals	0	(19 430)	(28 267)	0	(4 676)	**(52 373)**
Depreciations	0	32 473	63 334	0	39 089	**134 897**
Translation differences	(71)	(7 750)	(20 060)	0	(8 398)	**(36 262)**
Accumulated depreciations and impairments 31 December 2021	1 502	279 555	658 687	32	323 537	**1 263 313**

Carrying value 31 December 2020	36 592	235 531	427 546	353	134 888	**834 910**
Carrying value 31 December 2021	33 308	278 432	373 297	12 001	130 301	**827 340**

1) 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 2022 or per 31 December 2021.

Note 18
Leases

Accounting policies

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. See note 21 for leasing liabilities.

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 is consistent with the Group`s normal depreciation policy for similar assets.

Significant accounting judgement and assumptions

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)

When the Group cannot readily determine the interest rate implicit in the lease, 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).

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

2022

NOK 1000	Leased premises	Leased machinery/ tools/ vehicles	Leased company cars	Leased furniture/ fixtures/ office machines	Total
Accumulated cost 31 December 2021	293 753	187 311	90 600	3 346	**575 010**
Reclassifications	0	0	0	0	**0**
Additions, acquisition of subsidiaries	0	0	0	0	**0**
Additions, other	28 117	19 161	26 867	(191)	**73 954**
Disposals	(17 401)	(25 187)	(11 780)	(1 986)	**(56 354)**
Translation differences	1 022	2 971	542	85	**4 619**
Accumulated cost 31 December 2022	305 490	184 256	106 229	1 253	**597 229**
Accumulated depreciations and impairments 31 December 2021	122 553	92 961	38 676	2 108	**256 297**
Reclassifications	0	0	0	0	**0**
Disposals	(17 261)	(24 943)	(10 979)	(1 986)	**(55 169)**
Depreciations	51 463	34 222	22 585	743	**109 012**
Impairments	0	0	0	0	**0**
Translation differences	996	1 315	489	59	**2 858**
Accumulated depreciations and impairments 31 December 2022	157 750	103 554	50 770	923	**312 998**
Carrying value 31 December 2021	171 200	94 350	51 924	1 238	**318 713**
Carrying value 31 December 2022	147 740	80 702	55 459	331	**284 232**

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2021

NOK 1000	Leased premises	Leased machinery/ tools/ vehicles	Leased company cars	Leased furniture/ fixtures/ office machines	**Total**
Accumulated cost 31 December 2020	301 140	186 162	83 254	3 889	**574 445**
Reclassifications	0	0	(5)	0	**(5)**
Additions, acquisition of subsidiaries	0	0	0	0	**0**
Additions, other	18 005	25 963	28 197	155	**72 321**
Disposals	(15 115)	(18 960)	(16 479)	(525)	**(51 079)**
Translation differences	(10 278)	(5 854)	(4 367)	(173)	**(20 672)**
Accumulated cost 31 December 2021	293 753	187 311	90 600	3 346	**575 010**
Accumulated depreciations and impairments 31 December 2020	89 942	73 712	35 538	1 746	**200 938**
Reclassifications	0	0	100	0	**100**
Disposals	(15 115)	(18 280)	(15 076)	(525)	**(48 996)**
Depreciations	51 280	40 297	19 795	975	**112 347**
Impairments	0	0	0	0	**0**
Translation differences	(3 554)	(2 769)	(1 681)	(89)	**(8 093)**
Accumulated depreciations and impairments 31 December 2021	122 553	92 961	38 676	2 108	**256 297**
Carrying value 31 December 2020	211 199	112 450	47 717	2 142	**373 507**
Carrying value 31 December 2021	171 200	94 350	51 924	1 238	**318 713**

The lease liabilities are secured by the related underlying assets. See note 21 regarding the maturity profile of the lease liabilities at 31 December 2022 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:

LEASES

NOK 1000	**2022**	2021
Lease expense for short-term leases	**31 020**	19 725
Lease expense for low value asset leases	**2 916**	3 143
Variable lease payments not included in lease liabilities	**531**	3 391

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Note 19

Other current receivables

NOK 1000	31.12.2022	31.12.2021
Unbilled revenue	160 459	214 589
Prepayments to suppliers	20 411	38 568
Prepaid taxes	17 084	38 678
Other prepayments	35 194	60 980
Receivables on employees, associated- and related parties	2 634	2 556
Other receivables	64 140	47 197
Other receivables on group companies (note 31)	32 018	2 204
Total other current receivables	331 939	404 773

Receivables on employees, associated- and related parties include a loan to an employee of NOK 500 thousand.

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Note 20
Cash and cash equivalents

Accounting policies

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.

See note 4 for description of cash pool systems.

NOK 1000	31.12.2022	31.12.2021
Cash and bank deposits	371 153	495 577
Restricted cash	6 558	6 800
Total cash and cash equivalents	377 711	502 378

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Note 21
Interest-bearing liabilities

In November 2021, Saferoad Group refinanced and replaced internal loan from sister company SR RI AS of NOK 1 235.0 million with long-term Senior Term Facility Agreements with certain GSO - funds managed by Blackstone Alternative Credit Advisors LP. The Senior Term Facility Agreements committed are for NOK 869.1 million, EUR 96.0 million and SEK 610.7 million which mature in September 2028.

In addition, working capital financing was secured through a revolving facility agreement between Saferoad Holding AS and DNB Bank ASA as Original Lender. The revolving facility agreement amounts to NOK 510.0 million and matures in March 2028. By year end 2022, there were drawn NOK 300.0 million on the revolving facility agreement.

Interest
Interest on the revolving facility agreement 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. There are interest rate floors in the financial agreements with DNB Bank and the Facilities originally lent by funds managed by Blackstone Alternative Credit Advisors LP. The interest rate floors have become effective for the loans denominated in SEK and EUR.

Security and pledge
See note 29 'Pledged assets and guarantees' regarding security and pledge.

Financial covenant
There is a leverage covenant in the DNB Bank facility with which Saferoad Group must be compliant, in case 40 per cent or more of the revolving facility is drawn. As of 31 December 2022 there is sufficient headroom to the leverage covenant. The only financial covenant in the Senior Term Facility Agreements is a limitation on capital expenditure per annum. Saferoad's 2022 capital expenditure budget is well below the 2022 capex covenant level.

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

LIABILITIES TO CREDIT INSTITUTIONS 31 DECEMBER 2022

NOK 1000	Currency	Interest rate	Due date	Amount
Liabilites to credit institutions - Term loan	SEK	STIBOR + Margin	30/9/2028	558 255
Liabilites to credit institutions - Term loan	NOK	NIBOR + Margin	30/9/2028	840 478
Liabilites to credit institutions - Term loan	EUR	EURIBOR + Margin	30/9/2028	976 059
Liabilites to credit institutions - Revolving credit facility	NOK	NIBOR + Margin	31/3/2028	285 279
Total				2 660 071
Less current part				0
Non-current				2 660 071

LIABILITIES TO CREDIT INSTITUTIONS 31 DECEMBER 2021

NOK 1000	Currency	Interest rate	Due date	Amount
Liabilites to credit institutions - Term loan	SEK	STIBOR + Margin	30/9/2028	572 862
Liabilites to credit institutions - Term loan	NOK	NIBOR + Margin	30/9/2028	836 626
Liabilites to credit institutions - Term loan	EUR	EURIBOR + Margin	30/9/2028	923 070
Liabilites to credit institutions - Revolving credit facility	NOK	NIBOR + Margin	31/3/2028	377 450
Total				2 710 007
Less current part				0
Non-current				2 710 007

OTHER NON-CURRENT LIABILITIES 31 DECEMBER 2022

NOK 1000	Amount
Financial leasing	292 107
Other non-current liabilities interest bearing	19 591
Estimated future payments for acquired shares (note 23)	8 642
Other non-current liabilities non interest bearing	35 601
Total	355 942
Less current part	(98 073)
Non-current	257 869

OTHER NON-CURRENT LIABILITIES 31 DECEMBER 2021

NOK 1000	Amount
Financial leasing	318 615
Other non-current liabilities interest bearing	14 370
Estimated future payments for acquired shares (note 23)	5 908
Other non-current liabilities non interest bearing	592
Total	339 485
Less current part	(97 868)
Non-current	241 617

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

2022

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	2 224	1 441	1 039	866	805	2 456 534	**2 462 909**
Revolving credit facility	0	0	0	0	0	300 805	**300 805**
Liabilities to credit institutions - interest	194 040	194 085	194 097	194 115	194 144	340 240	**1 310 721**
Financial leasing	115 016	78 111	60 031	43 352	23 584	40 090	**360 183**
Estimated future payments acquired shares (note 23)	8 642	0	0	0	0	0	**8 642**
Other loans	0	204	210	216	222	11 830	**12 681**
Total	319 922	273 841	255 376	238 548	218 754	3 149 499	**4 455 941**

2021

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	4 537	647	169	0	0	2 423 161	**2 428 513**
Revolving credit facility	0	0	0	0	0	400 000	**400 000**
Liabilities to credit institutions - interest	159 996	159 873	159 824	159 791	159 791	279 634	**1 078 909**
Financial leasing	129 323	85 674	64 289	43 892	27 597	48 273	**399 048**
Estimated future payments acquired shares (note 23)	0	5 908	0	0	0	0	**5 908**
Other loans	4 652	0	0	0	0	5 669	**10 321**
Total	298 507	252 101	224 282	203 683	187 388	3 156 738	**4 322 700**

Note 22
Other provisions

Accounting policies

A provision is recognised when the Group has a legal or constructive obligation because of a past event, it is probable (more likely than not) that a financial settlement will take place because of this obligation and the size of the amount can be measured reliably.

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.

Significant accounting estimates and assumptions

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.

Possible liabilities (obligations) that do not satisfy the three provision criterions 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.

NON-CURRENT

NOK 1000	31.12.2022	31.12.2021
Warranty provision	3 828	3 860
Other provisions	2 552	5 053
Total non-current provisions	6 380	8 913

CURRENT

NOK 1000	31.12.2022	31.12.2021
Restructuring provisions	8 386	1 694
Total current provisions	8 386	1 694

Other provisions mainly include royalty provisions for suppliers and environmental liabilities. Restructuring provisions are mainly related to personnel costs.

CHANGES IN PROVISIONS IN 2022

NOK 1000	Warranty provisions	Other provisions	**Total non-current provisions**	Restructuring provisions	**Total current provisions**
Opening balance 01.01.2022	3 860	5 053	**8 913**	1 694	**1 694**
Additions	500	615	**1 115**	8 432	**8 432**
Used (amount charged against provision)	(27)	(3 294)	**(3 321)**	(1 644)	**(1 644)**
Unused amounts reversed	(482)	0	**(482)**	0	**0**
Translation differences	(23)	178	**155**	(97)	**(97)**
Total provisions 31.12.2022	3 828	2 552	**6 380**	8 386	**8 386**

CHANGES IN PROVISIONS IN 2021

NOK 1000	Warranty provisions	Other provisions	**Total non-current provisions**	Restructuring provisions	**Total current provisions**
Opening balance 01.01.2021	3 334	27 100	**30 434**	1 670	**1 670**
Additions	756	352	**1 108**	1 742	**1 742**
Used (amount charged against provision)	0	(14 157)	**(14 157)**	(1 559)	**(1 559)**
Unused amounts reversed	(173)	(6 835)	**(7 008)**	(0)	**(0)**
Translation differences	(57)	(1 407)	**(1 465)**	(158)	**(158)**
Total provisions 31.12.2021	3 860	5 053	**8 913**	1 694	**1 694**

Note 23
Earnout on acquired shares

Accounting principle

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.

Future payments for acquired shares

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

NOK 1000	31.12.2022	31.12.2021
Company		
AWK GmbH	8 642	5 908
Total estimated future payments	8 642	5 908
Classified as		
Other non-current liabilities	0	5 908
Other current liabilities	8 642	0
Total estimated future payments	8 642	5 908

Acquired shares in the reporting period

On 31 December 2020, the Group acquired AWK GmbH in Germany, which is included in the Road Safety segment. The first tranche of the estimated total consideration was paid 28 December 2020. The second tranche was paid after finalisation of the annual financial statements for 2020 for the company. The final settlement will be made after finalisation of the annual financial statements for 2023 as the earn-out period has been prolonged for a year. The earn-out is based on the EBITDA-performance for 2021, 2022 and 2023. AWK GmbH is consolidated as a wholly owned subsidiary of the Group.

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Note 24
Other current liabilities

NOK 1000	31.12.2022	31.12.2021
Salary	89 244	55 807
Bonuses	5 393	7 399
Holiday pay	92 885	87 829
Other liabilities to employees	9 148	9 106
Prepayment from customers	47 630	55 209
Accrued interest	2 919	595
Estimated future payments acquired shares (note 23)	8 642	0
Current liabilities to group companies (note 31)	24 185	0
Other current liabilities	118 334	94 972
Total other current liabilities	398 380	310 917

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Note 25
Derivatives

Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its interest rate exposures. The Group wants to have hedges linked to its debt portfolio limiting impacts of an increasing NIBOR, EURIBOR and STIBOR. The basis for this is to limit the impact of an increase in floating interest rates on the Group's interest expenses.

At the inception of the designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument.

Accounting policies

Saferoad accounts for a hedge of interest rate on loan with floating rate as a cash flow hedge. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item. The effectiveness of the hedge relationship will be periodically assessed during the life of the hedge comparing the current terms of the caps and the swap. The hedge is expected to be effective, however any ineffective portion of changes in the fair value of the derivative is recognised in the profit and loss statement.

The interest rate risk is mitigated by purchase of interest rate caps. The fair value of the interest rate caps' are booked as a financial asset. The interest rate caps' are funded with a swap simultaneously booked as a liability. The initial value of the interest rate caps and the swaps equals each other at date of inception.

On a monthly basis, the fair value of the interest rate caps is measured, and the value of the financial asset is adjusted to reflect the fair value. The change in fair value of the caps is recognised in OCI. As the interest rate caps matures, it might lead to an incoming payment recognised in the profit and loss. The value booked as an asset in the balance related to the matured cap will be transferred from the asset value and booked in the profit and loss as a financial expense. When all caps have matured, the asset value will be zero in the balance sheet, and all entries in the hedge reserve is transferred to profit and loss. At each reporting date, the fair value of the swap is measured, and the value of the liability is adjusted to reflect the fair value. The change in fair value of the swap are recognised in OCI and transferred to hedge reserve. When all payments of the swaps have matured, the liability are to be zero in the balance sheet, and all entries in the hedge reserve is transferred to the profit and loss.

As of 31 December 2022, the Group held the following instruments to hedge exposures to changes in interest rate on loan with floating rate:

INTEREST RATE OPTIONS

Current amount	Maturity date	Strike rate	Rate index	Currency	Fair value	Initial value	Fair value NOK
EUR 96 000 000	Sep 28	1,0%	3M EURIBOR	EUR	10 585 200	3 257 766	111 290 676
NOK 869 000 000	Sep 28	2,5%	3M NIBOR	NOK	53 785 384	34 430 884	53 785 384
SEK 610 000 000	Sep 28	1,5%	3M STIBOR	SEK	57 411 065	22 540 491	54 270 680
						Asset	219 346 740

INTEREST RATE SWAPS

Current amount	Maturity date	Currency	Fair value	Initial value	Fair value NOK
EUR 96 000 000	Sep 28	EUR	(2 730 117)	(3 257 766)	(28 703 904)
NOK 869 000 000	Sep 28	NOK	(32 424 370)	(34 430 884)	(32 424 370)
SEK 610 000 000	Sep 28	SEK	(19 549 678)	(22 540 491)	(18 480 311)
				Liability	(79 608 585)

Note 26

Fair value 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.

2022

NOK 1000	Notes	Financial assets and liabilities at amortised cost	Financial assets and liabilities at fair value	Total
Non-current assets				
Non-current receivables		21 785		**21 785**
Other investments	13	625		**625**
Current assets				
Trade receivables	4	814 436		**814 436**
Other receivables	19	258 842		**258 842**
Financial derivatives	25		219 347	**219 347**
Total		1 095 688	219 347	**1 315 034**
Fair value		1 095 688	219 347	**1 315 034**
Unrecognised gain/(loss)		0	0	**0**
Non-current liabilities				
Non-current liabilities to credit institutions	21	2 660 071		**2 660 071**
Non-current liabilities related to acquisitions	23			**0**
Other non-current liabilities	21	257 869		**257 869**
Financial derivatives	25		79 609	**79 609**
Current liabilities				
Accounts payables		458 407		**458 407**
Current liabilities related to acquisitions	23, 24		8 642	**8 642**
Other current liabilities	24	389 738		**389 738**
Current portion of non-current liabilities	21	89 431		**89 431**
Current liabilities to credit institutions	21	367		**367**
Total		3 855 882	88 250	**3 944 133**
Fair value		3 855 882	88 250	**3 944 133**
Unrecognised gain/(loss)		0	0	**0**

2021

NOK 1000	Notes	Financial assets and liabilities at amortised cost	Financial liabilities at fair value	Total
Non-current assets				
Non-current receivables		17 022		**17 022**
Other investments	13	717		**717**
Current assets				
Trade receivables	4	729 630		**729 630**
Other receivables	19	270 030		**270 030**
Total		1 017 399	0	**1 017 399**
Fair value		1 017 399	0	**1 017 399**
Unrecognised gain/(loss)		0	0	**0**
Non-current liabilities				
Non-current liabilities to credit institutions	21	2 710 007		**2 710 007**
Non-current liabilities related to acquisitions	23		5 908	**5 908**
Other non-current liabilities	21	235 709		**235 709**
Current liabilities				
Accounts payables		526 948		**526 948**
Current liabilities related to acquisitions	23, 24			**0**
Other current liabilities	24	310 917		**310 917**
Current portion of non-current liabilities	21	97 868		**97 868**
Current liabilities to credit institutions	21	1 190		**1 190**
Total		3 882 640	5 908	**3 888 548**
Fair value		3 882 640	5 908	**3 888 548**
Unrecognised gain/(loss)		0	0	**0**

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 2021 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.

ASSETS MEASURED AT FAIR VALUE

NOK 1000	Total 31.12.2022	Level 2 2022	Level 3 2022	Total 31.12.2021	Level 2 2021	Level 3 2021
Financial assets measured at fair value						
Interest rate swaps and foreign exchange contracts	219 347	219 347	0	0	0	0
Total assets measured at fair value	219 347	219 347	0	0	0	0

LIABILITIES MEASURED AT FAIR VALUE

NOK 1000	Total 31.12.2022	Level 2 2022	Level 3 2022	12/31/2021	Level 2 2021	Level 3 2021
Financial liabilities measured at fair value						
Interest rate swaps and foreign exchange contracts	79 609	79 609	0	0	0	0
Liabilities related to acquisitions	8 642	0	8 642	5 908	0	5 908
Total liabilities measured at fair value	88 250	79 609	8 642	5 908	0	5 908

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Note 27

Changes in liabilities arising from financing activites

NOK 1000	Notes	31.12..2021	Cash flows	Non-cash changes: Acquisition of subsidiaries and other businesses	Non-cash changes: Changes in foreign exchange rates	Non-cash changes: Other changes	31.12.2022
Non-current liabilities							
Non-current liabilities to credit institutions	21	2 710 007	(100 000)	0	32 568	17 496	**2 660 071**
Financial leasing	21	224 019	(27 186)	0	910	5 719	**203 463**
Future payments for acquired shares	21, 23	5 908	0	0	0	2 734	**11 376**
Other non-current liabilities	21	11 689	6 948	0	671	26 456	**45 765**
Total other non-current liabilities	21	241 617	(20 237)	0	1 581	34 910	**257 869**
Current liabilities							
Revolving facilities	21	0	0	0	0	0	**0**
Other current liabilities to credit institutions	21	1 190	(844)	0	10	11	**367**
Total current liabilities to credit institutions arising from financing activities	21	1 190	(844)	0	10	11	**367**
Bank overdrafts included as cash and cash equivalents	21	0	0	0	0	0	**0**
Total current liabilities to credit institutions	21	1 190	(844)	0	10	11	**367**
Dividends to non-controlling interests		0	(3 665)	0	0	27 850	**24 185**
Accrued interest		595	(230 323)	0	0	232 647	**2 919**
Current portion of financial leasing	21	94 596	(94 596)	0	887	87 757	**88 644**
Current portion of other non-current liabilities	21	3 272	(2 486)	0	120	(120)	**787**
Other current liabilities		98 463	(331 069)	0	1 007	348 134	**116 536**
Total liabilities from financing activities		3 051 277	(452 150)	0	35 166	400 550	**3 034 843**

Note 28

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

The share capital of Saferoad Holding AS on 31 December consists of the following shares:

		Number of shares	Share capital	Share premium
31.12.2016	Total	1 000 000	2 000	1 159 875
02.05.2017	Share split, ratio 1:20	19 000 000	0	0
29.05.2017	Issuing of ordinary new shares in connection with public offering	46 666 667	4 667	1 395 333
21.09.2018	Share capital increase by conversion of debt	0	6 667	1 643 333
31.12.2019	Dividends	0	0	(2 686 487)
20.02.2020	Share capital increase by conversion of receivable	2 723 580	545	23 713
20.02.2020	Share capital increase by fund issue	0	11 888	(11 888)
20.02.2020	Share split	59 441 131	0	0
08.11.2021	Dividends	0	0	(1 138 410)
31.12.2022	Total	128 831 378	25 766	385 469

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

For further description, see consolidated statement of changes in equity.

Number of shares and shareholders

Shareholders in Saferoad Holding AS 31 December 2022:

Shareholders	Class A Shares (Common shares)	Class B Shares (Preference shares)	Total shares	Percentage
SRH Investco AS	25 313 719	100 794 079	126 107 798	97,9%
MgmtCo Saferoad AS	1 361 790	1 361 790	2 723 580	2,1%
Total	26 675 509	102 155 869	128 831 378	100,0%

Non-controlling interests

2022

				Financial information (100% basis)			
NOK 1000	Accumulated non-controlling interests	Non-controlling interests share of profit/(loss)	Dividends to non-controlling interests	Assets	Liabilities	Revenue	Profit/(loss)
Brite Line Europe GmbH	4 903	1 374	3 665	38 264	19 004	67 581	5 453
Total non-controlling interests	4 903	1 374	3 665				

2021

				Financial information (100% basis)			
NOK 1000	Accumulated non-controlling interests	Non-controlling interests share of profit/(loss)	Dividends to non-controlling interests	Assets	Liabilities	Revenue	Profit/(loss)
Brite Line Europe GmbH	6 781	1 267	0	37 386	10 663	68 004	5 026
Total non-controlling interests	6 781	1 267	0				

For an overview of non-controlling interest ownership percentages and principal places of business, see note 10 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).

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Note 29
Pledged assets and guarantees

Saferoad Holding AS refinanced in November 2021 by entering a Senior Term Facilities Agreement with GSO ESDF II (Luxembourg) Holdco S.à r.l., GSO ESDF II (Luxembourg) Levered Holdco I S.à r.l., GSO ESDF II (Luxembourg) Levered Holdco II S.à r.l., G QCM (Luxembourg) Holdco S.à r.l. as Original Lenders (all funds managed by Blackstone Alternative Credit Advisors LP) of NOK 869.1 million, EUR 96.0 million and SEK 610.7 million. The Facilities mature in September 2028.

In addition, working capital financing was secured through a revolving facility agreement between Saferoad Holding AS and DNB Bank ASA as Original Lender. The revolving facility agreement amounts to NOK 510.0 million and matures in March 2028.

Wilmington Trust (London) Limited is acting as Security Agent for all Facilities.

Security

Saferoad Group companies have acceded the Facility Agreements with DNB and the GSO Funds as Guarantors from February 2022 (See table on the right).

In addition to the guarantees, the following securities are given in favour of the Security Agent, acting in the interest of the lenders:

- pledge granted by SRH Investco AS and MgmtCo Saferoad AS of all shares issued by Saferoad Holding AS and held by either SRH Investco AS or MgmtCo Saferoad AS
- pledge granted by the Holding company of each guarantor listed above of all shares owned in the guarantor by the respective Holding company
- pledge over all intra-group loan agreements exceeding a value of NOK 10.0 million, or similar value in other currencies
- Saferoad Holding AS' bank accounts

Company	Jurisdiction	Corporate Identity Number
Bongard & Lind Noise Protection GmbH & Co KG	Germany	HRB 21196
Bongard & Lind Verwaltungs GmbH	Germany	HRB 21973
Brødrene Berntsen AS	Norway	810547472
EKC Sverige AB	Sweden	556520-7478
Euroskilt AS	Norway	890729142
Eurostar AS	Norway	976962699
Eurostar Danmark A/S	Denmark	26994896
Inter Metal Sp. z o.o.	Poland	0000189130
Moramast AB	Sweden	556179-2598
Saferoad Daluiso 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 Pomerania Sp. z o.o.	Poland	0000154679
Saferoad RRS GmbH	Germany	HRB 22479
Saferoad RRS Polska Sp. z o.o.	Poland	0000265582
Saferoad Smekab AB	Sweden	556099-6869
Saferoad Sverige AB	Sweden	556030-8073
Saferoad RRS Sverige AB	Sweden	556505-1413
Saferoad Treasury AB	Sweden	556493-1573
TrafikkDirigering AS	Norway	991821902
Vik Ørsta AS	Norway	985001952

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Note 30
Other commitments and contingencies

Accounting policies
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.

Competition case in Denmark
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 A/S 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.

The case in front of Copenhagen District Court related to the determination of the fine was completed in January 2022. On 11 February 2022, the Copenhagen District Court acquitted the companies and individuals which were subject to charges, including Eurostar Danmark A/S and its CEO, concluding that neither acted gross negligent when engaging in the joint bidding consortium. The decision has been appealed and its therefore not yet final. The appealed case is scheduled for January and February 2024. Additional disclosures of information as required by IAS 37 regarding this case are not made, due to the ongoing proceedings.

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Note 31
Transactions with related parties

An overview of subsidiaries is presented in note 10 for the parent company, and associated companies are presented in note 13 in the Groups Financial Statements. Remunerations to the Board of Directors and Group Management are disclosed in note 9. 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	2022	2021
Profit and loss		
Sales to related parties	818	531
Purchases from related parties [1]	61 970	55 693

NOK 1000	31.12.2022	31.12.2021
Balance sheet		
Receivables [2]	189	84
Payables [3]	165	157
Other transactions with related parties	350	350

1) 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

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

3) Payables mainly include transactions for trade of goods with companies which are related to leading executives in a company in the Group

The Group has the following transactions with group companies outside Saferoad Group but within SRH BridgeCo Group.

NOK 1000	2022	2021
Internal revenue and purchase outside Saferoad Group but within SRH BridgeCo Group		
Internal revenue	131	4 148
Internal purchase	2 706	3 931
Internal financial income and expense outside Saferoad Group but within SRH BridgeCo Group		
Internal interest expense	0	85 143
Group contribution	3 659	0
Dividend	0	1 124 792

The Group has the following financial positions with group companies outside Saferoad Group but within SRH BridgeCo Group.

NOK 1000	31.12.2022	31.12.2021
Loans and receivables on group companies outside Saferoad Group but within SRH BridgeCo Group		
Receivables	6 493	9 767
Total loans and receivables	6 493	9 767
Group contribution on group companies outside Saferoad Group but within SRH BridgeCo Group		
Group contribution	27 966	0
Total Group contribution	27 966	0
Liabilities to group companies outside Saferoad Group but within SRH BridgeCo Group		
Current liabilities	59	2 217
Total liabilities	59	2 217
Dividend and group contribution to group companies outside Saferoad Group but within SRH BridgeCo Group		
Group contribution	24 185	0
Total dividend and group contrubution	24 185	0

Note 32
Events after the balance sheet date

There have been no significant events for the Group after the balance sheet date.

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APMs

Alternative performance measures

APMs are used by Saferoad for financial reporting to provide a better understanding of the company's underlying financial performance for the period. Underlying operating 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 operating revenue is defined as operating revenue reported 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 profit/(loss) for the year before financial income and expense, tax, depreciation, amortisation and write-downs, including depreciation, amortisation and impairment of excess values in equity accounted investments.
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 EBITDA after depreciation.

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 profit/(loss) for the year is defined as profit/(loss) for the year 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.

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NOK 1000	2022	2021
Reported operating revenue	6 173 334	5 765 915
Items excluded from underlying operating revenue	0	(14 988)
Underlying operating revenue	6 173 334	5 750 927
Reported profit/(loss) for the year	(62 790)	109 637
Net financial income and expenses	306 613	162 631
Tax	(22 805)	(7 957)
Depreciation and impairment	243 096	247 235
Amortisation and impairment	50 157	43 776
Reported EBITDA	514 271	555 323
Items excluded from underlying EBITDA	64 530	35 639
Underlying EBITDA	578 801	590 962
Depreciation and impairment	(243 096)	(247 235)
Underlying EBITA	335 705	343 727
Reported profit/(loss) for the year	(62 790)	109 637
Items excluded from underlying profit/(loss) for the year	56 793	18 566
Underlying profit/(loss) for the year	(5 998)	128 203
Items excluded from underlying revenue, underlying EBITDA and underlying profit/(loss) for the year		
Restructuring charges and closure costs	0	(14 988)
Items excluded from underlying operating revenue	0	(14 988)
Transaction and financing costs 1)	3 243	43 168
Restructuring charges and closure costs 2)	8 958	(10 063)
Other effects 3)	52 329	2 534
Items excluded from underlying EBITDA	64 530	35 639
Net financial income/(expense) 4)	35 302	11 331
Tax 5)	(43 039)	(28 404)
Items excluded from underlying profit/(loss) for the year	56 793	18 566
Items excluded from underlying EBITDA, specified per operating segment		
Road Safety	4 076	(12 236)
Signs & Work Zone Protection	9 125	2 624
Light Poles & Masts	0	0
Road Services	0	1 205
Holding	51 329	44 046
Items excluded from underlying EBITDA	64 530	35 639

1) Transaction and financing costs in both 2022 and 2021 relate to costs for external advisors in relation to financing of Saferoad Group and transaction costs in connection to acquisition of companies
2) Restructuring charges and closure costs relate to redundancy and other restructuring cost/(income)
3) Other effects in 2022 includes severance pay, performance bonus and exit bonus to former Group CEO, recruitment costs and sign on bonus new Group CEO, costs relating to change of other members of Group Management, costs relating to extraordinary strategic initiatives such as OPWC project as well as other less material effects such as legal proceedings. Other effects in 2021 include adjustments for legal proceedings, as well as other less material effects
4) 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
5) Tax relates to changes in deferred tax liabilities/assets

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Financial statements

Saferoad Holding AS - Table of contents

Overview

Notes to the financial statements

SAFEROAD®

Financial statements
Saferoad Holding AS

Statement of comprehensive income

NOK 1000	Notes	2022	2021
Operating revenue from group companies	14	63 229	53 162
Total operating revenue		63 229	53 162
Personnel costs	3	78 294	50 763
Depreciation and impairment property, plant and equipment	8	3 193	4 269
Depreciation and impairment right of use assets	9	904	1 466
Amortisation and impairment	7	920	0
Other operating costs	4	61 775	75 689
Other operating costs to group companies	14	18 030	10 604
Total operating costs		163 116	142 791
Operating profit/(loss)		(99 887)	(89 629)
Financial income	5	2 139	963
Financial income from group companies	5, 14	386 848	232 973
Financial expenses	5	300 115	31 830
Financial expenses to group companies	5, 14	7 210	147 540
Net exchange rate gain/(loss)	5	14 495	(15 053)
Net financial income/(expenses)		96 157	39 513
Profit/(loss) before tax		(3 731)	(50 116)
Tax	6	31 227	7 302
Profit/(loss) for the year		27 496	(42 814)
Other comprehensive income for the year, net of tax	15	108 996	0
Total comprehensive income for the year		136 492	(42 814)

Statement of financial position (assets)

NOK 1000	Notes	31.12.2022	31.12.2021
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Intangible assets	7	1 961	2 881
Total intangible assets		1 961	2 881
Tangible assets			
Land	8	5 748	5 748
Buildings	8	11 330	14 513
Rental equipment, furniture and vehicles	8	63	73
Right-of-use assets	9	0	904
Total fixed assets		17 141	21 238
Financial non-current assets			
Shares in subsidiaries	10	1 756 602	1 826 602
Loans to group companies	14	807 445	435 999
Other investments		624	716
Financial derivaties	15	219 347	0
Total financial assets		2 784 017	2 263 316
Deferred tax assets	6	0	22
Total non-current assets		2 803 119	2 287 458
CURRENT ASSETS			
Receivables			
Trade receivables		49	0
Receivables on group companies	14	578 700	809 704
Other receivables		8 804	5 216
Total receivables		587 553	814 920
Cash and cash equivalents	11	196 097	231 099
Total current assets		783 650	1 046 019
Total assets		3 586 768	3 333 477

Statement of financial position (shareholders' equity and liabilities)

NOK 1000	Notes	31.12.2022	31.12.2021
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital		25 766	25 766
Share premium		385 469	385 469
Hedge reserve		108 996	0
Other equity		(77 103)	(104 346)
Total equity		443 128	306 889
LIABILITIES			
Non-current liabilities			
Liabilities to credit institutions	12	2 660 071	2 710 007
Financial derivaties	15	79 609	0
Total non-current liabilities		2 739 679	2 710 007
Current liabilities			
Liabilities to group companies	14	324 923	269 560
Accounts payables		7 339	8 782
Public duties (VAT, social benefits etc.)		21 724	14 413
Other current liabilities	13	49 976	22 820
Current portion of non-current liabilities		0	1 006
Total current liabilities		403 961	316 580
Total liabilities		3 143 641	3 026 587
Total shareholders' equity and liabilities		3 586 768	3 333 477

Statement of changes in equity

NOK 1000	Share capital	Share premium	Hedge reserve	Other equity	Total equity
Equity at 31.12.2020	25 766	1 523 879	0	(12 156)	**1 537 490**
Merger effect				(45 717)	**(45 717)**
Dividends		(1 138 410)			**(1 138 410)**
Group contribution				(3 659)	**(3 659)**
Profit/(loss) for the year				(42 814)	**(42 814)**
Total comprehensive income	0	0	0	(42 814)	**(42 814)**
Equity at 31.12.2021	25 766	385 469	0	(104 346)	**306 889**
Dividends					**0**
Group contribution				(253)	**(253)**
Profit/(loss) for the year				27 496	**27 496**
Hedge accounting			108 996	0	**108 996**
Total comprehensive income	0	0	108 996	27 496	**136 492**
Equity at 31.12.2022	25 766	385 469	108 996	(77 103)	**443 128**

The merger between the subsidiaries Saferoad Holding Norway AS and Saferoad AS into Saferoad Holding AS in 2021 accounted for according to company continuity, impacted equity with NOK (45.7) million due to a negative merger difference.

On 8 November 2021, a dividend distribution of NOK 1 138.4 million was made to the shareholders of the company.

The share capital of NOK 25.8 million in Saferoad Holding AS as of 31 December 2022 consists of 26 675 509 class A shares (common shares) and 102 155 869 class B shares (preference shares), in total 128 831 378 shares, with nominal value of NOK 0.20 per share.

Net group contribution of NOK 0.3 million is to the sister group ViaCon.

See note 28 in Group accounts for details on share capital, shareholders' equity and ownership.

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Cash flow statement

NOK 1000	Notes	2022	2021
Cash flow from operations			
Profit/(loss) before tax		(3 731)	(50 116)
Net depreciation, amortisation and impairment	7, 8, 9	5 018	5 735
Net currency (gains)/losses not relating to operating activities		31 503	(0)
Interest income and other financial income	5	(382 864)	(233 936)
Interest costs and other financial expenses	5	237 298	179 371
Changes in receivables on group companies		(3 065)	212
Changes in accounts payable		(6 852)	13 431
Changes in other current receivables and liabilities		17 827	(4 179)
Net cash flow from operations		(104 866)	(89 482)
Cash flow from investment activities			
Interest and dividend received		256 588	140 638
Acquisition of subsidiaries		0	(36 584)
Share capital increase subsidiaries		0	(106 902)
Purchase/production of fixed and intangible assets		0	(2 881)
Sale of subsidiaries		0	1 650
Change in cash pool		529 276	96 409
Loan to/from group companies		(470 183)	(287 262)
Net cash flow from investment activities		315 680	(194 932)
Cash flow from financing activities			
Proceeds from borrowings		350 000	2 709 416
Repayment of borrowings		(450 000)	(1 235 962)
Group contribution received		95 706	84 452
Dividends to shareholders		0	(1 138 410)
Interest paid		(241 521)	(215 270)
Net cash flow from financing activities		(245 815)	204 226
Net increase/(decrease) in cash and cash equivalents		(35 002)	(80 187)
Cash and cash equivalents at beginning of the year		231 099	311 287
Cash and cash equivalents at the end of the year	11	196 097	231 099

Oslo 21 April 2023

The Board of Saferoad Holding AS

Patrik Nolåker
Chairman

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Elke Elfriede Eckstein
Board member

DocuSigned by:
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Ulrik Smith
Board member

DocuSigned by:
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Niclas Thiel
Board member

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Moritz Madlener
Board member

DocuSigned by:
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Espen Asheim
Board member

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Knut Brevik
Board member

DocuSigned by:
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Jan Torgeir Hovden
Board member

DocuSigned by:
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Bernd Frühwald
CEO

DocuSigned by:
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Note 1
Company information

Saferoad Holding AS is a limited liability company, which is domiciled in Oslo with its registered office, Enebakkveien 150, 0680 Oslo, Norway.

Saferoad Holding AS has transactions with companies in Saferoad Group, ViaCon Group and other companies in the ultimate group SRH BridgeCo, which is described in note 14. These transactions are called transactions with group companies in the Financial statements for Saferoad Holding AS.

The financial statements of Saferoad Holding AS for the fiscal year 2022 were approved in the board meeting at 21 April 2023.

The financial statements of Saferoad Holding AS cover all activities at Saferoad Headquarters. In addition to exercising parent company functions, the company carry out assignments for the Group's other companies and charge them for these services. The company acts as an internal bank and is responsible for the Group's external financing, management of the Group's liquid assets and overall management of the Group's currency and interest risks.

Note 2
Accounting principles

Statement of compliance and basis for preparation
The financial statements for Saferoad Holding 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.

Saferoad Holding AS' accounting principles are consistent with the accounting principles for the Group, see accounting principles described in the consolidated financial statements. 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. 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.

Note 3
Personell costs

SALARIES AND REMUNERATION

NOK 1000	2022	2021
Salary	65 911	37 276
Social security tax on salaries, pensions, bonuses etc.	5 915	6 190
Other personnel expenses	1 692	575
Pension expenses	1 869	1 917
Bonuses	2 907	4 805
Total salaries and remuneration	78 294	50 763

There are twenty employees in Saferoad Holding AS per 31 December 2022 (twenty-one last year).

The company has a defined pension contribution plan as required by law. The employer obligation is limited to the amount it agrees to contribute to the plan and the contribution is expensed as they are incurred.

See note 9 in the consolidated financial statements for details regarding salaries and remuneration for Board of Directors and Group management.

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Note 4

Other operating expences

OTHER OPERATING COSTS

NOK 1000	2022	2021
Rent	2 032	1 190
Other costs related to premises	238	330
Leases of machinery, vehicles and fixtures [1]	173	181
Direct operating costs (incl. repairs and maintenance)	13 081	9 202
Selling, distribution and travel costs	4 532	415
Fees, external services, office & communication costs	39 659	62 760
Membership, insurance, license- and guarantee costs	1 884	1 082
Other operating costs	176	529
Total other operating costs	61 775	75 689

1) Lease expense for low value asset leases not included in lease liabilities

FEES TO AUDITORS (EXCL. VAT)

NOK 1000	2022	2021
Proposed fee for audit	1 749	1 719
Fees for audit previous year	84	84
Fees for tax services	725	492
Fees for other services	163	1 131
Total fees	2 721	3 426

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Note 5
Financial items

NOK 1000	2022	2021
Interest income	2 079	550
Interest income from group companies (note 14)	85 760	140 926
Dividends from subsidiaries (note 14)	174 811	0
Group contribution from subsidiaries (note 14)	126 277	92 047
Gain from sale of share	0	390
Fair value gains on derivatives	6	7
Other financial income	54	16
Total financial income	388 987	233 936
Interest expenses	205 863	28 609
Interest expenses to group companies	7 210	147 540
Write-down of shares in subsidiaries (note 10) [1]	70 000	(1 650)
Other financial expenses	24 252	4 871
Total financial expenses	307 325	179 370
Currency exchange gain	161 896	350 179
Currency exchange loss	147 401	365 232
Net exchange rate gain/(loss)	14 495	(15 053)
Share of profit/(loss) of associated companies	0	0
Net financial income/(expenses)	96 157	39 513

1) Relates to write-down of shares in the subsidiary Saferoad Holding AB

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Note 6
Income tax

TAX INCOME/(EXPENSE)

NOK 1000	2022	2021
Tax payable	507	7 317
Changes in deferred tax	30 720	(16)
Tax income/(expense) recognised in the statement of comprehensive income	31 227	7 302

A RECONCILIATION OF THE EFFECTIVE RATE OF TAX AND THE TAX RATE

NOK 1000	2022	2021
Profit/(loss) before tax	(3 731)	(50 116)
Expected income taxes according to income tax rate in Norway 22%	821	11 025
Adjustment in respect of current income tax of previous years	28	865
Deferred tax assets not recognised current year	0	(4 526)
Use of previously unrecognised loss carried forward	31 724	0
Non deductible expenses	(39 804)	(63)
Non-taxable income	38 458	0
Tax income/(expense) recognised in the statement of comprehensive income	31 227	7 302

TAX PAYABLE BASIS

NOK 1000	2022	2021
Profit/(loss) before tax	(3 731)	(50 116)
Non deductible expenses	180 927	285
Non-taxable income	(174 811)	0
Use of tax loss carried forward/ Change in temporary differences	(4 689)	(111 163)
Group contribution	2 303	33 261
Tax payable basis	0	(127 732)
Tax payable (22% of tax payable basis)	0	0
Tax effect financial derivatives	(30 742)	0
Income tax reported directly in equity	(30 742)	0

DEFERRED TAX LIABILITIES/(DEFERRED TAX ASSETS)

NOK 1000	2022	2021
Non-current assets and liabilities		
Tangible fixed assets	(1 751)	(1 366)
Other non-current items	52 332	25 974
Total non-current assets and liabilities	50 581	24 608
Current assets and liabilities		
Inventory	0	0
Liabilities	(6 186)	0
Trade receivables	(143)	(143)
Total current assets and liabilities	(6 329)	(143)
Tax losses carried forward	(87 093)	(98 591)
Of which assets not recognised (valuation allowance)	(42 841)	(74 103)
Net recognised deferred tax liabilities (deferred tax assets)	0	(22)
Of which deferred tax assets	0	22
Of which deferred tax liabilities	0	0

CHANGES IN NET DEFERRED TAX LIABILITIES (DEFERRED TAX ASSETS)

	2022	2021
As of 1 January	(22)	0
Recognised in profit and loss	(30 720)	(22)
Recognised directly in equity	30 742	0
As of 31 December	(0)	(22)
Of which deferred tax assets	0	22
Of which deferred tax liabilities	0	0

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Note 7
Intangible assets

2022

NOK 1000	Software	Total
Accumulated cost 31 December 2021	2 881	**2 881**
Accumulated cost 31 December 2022	2 881	**2 881**

Amortisation method

Useful life

NOK 1000	Linear 3 years	Total
Accumulated amortisations and impairments 31 December 2021	0	**0**
Amortisations	920	**920**
Accumulated amortisations and impairments 31 December 2022	920	**920**
Carrying value 31 December 2021	2 881	**2 881**
Carrying value 31 December 2022	1 961	**1 961**

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Note 8

Property, plant and equipment

2022

NOK 1000	Land	Buildings	Rental equipment/ furniture/vehicles	**Total**
Accumulated cost 31 December 2021	5 748	82 297	7 378	**95 423**
Accumulated cost 31 December 2022	5 748	82 297	7 378	**95 423**

Depreciation method
Useful life

NOK 1000	No depreciation	Linear 10-40 years	Linear 3-5 years	**Total**
Accumulated depreciations and impairments 31 December 2021		67 784	7 305	**75 089**
Depreciations		3 184	10	**3 193**
Accumulated depreciations and impairments 31 December 2022	0	70 967	7 315	**78 282**
Carrying value 31 December 2021	5 748	14 513	73	**20 334**
Carrying value 31 December 2022	5 748	11 330	63	**17 141**

Note 9
Leases

The company has leases for premises. Except for 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 company to sublet the asset to another party, the right-of-use asset can only be used by the company. 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 tables below describe the nature of the company's leasing activities by type of right-of-use asset recognised on balance sheet:

2022

NOK 1000	Leased premises	Total
Accumulated cost 31 December 2021	3 614	**3 614**
Accumulated cost 31 December 2022	3 614	**3 614**
Accumulated depreciations and impairments 31 December 2021	2 711	**2 711**
Accumulated depreciations and impairments	904	**904**
Accumulated depreciations and impairments 31 December 2022	3 614	**3 614**
Carrying value 31 December 2021	904	**904**
Carrying value 31 December 2022	0	**0**

The lease liabilities are secured by the related underlying assets and expires within one year. Interest expenses related to lease amounted to NOK 28 thousand and are included in financial expenses.

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

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

NOK 1000	2022	2021
Lease expense for short-term leases	**2 032**	1 191
Lease expense for low value asset leases	**173**	164
Variable lease payments not included in lease liabilities	**90**	39

Note 10

Shares in subsidiaries

NOK 1000

Company	Time of acquisition	Land	Registered office	Ownership	Carrying value	Equity 31.12.2022	Profit/(loss) 2022
Saferoad Holding AB	12.12.2016	Sweden	Önnestad	100,0%	129 490	131 479	292
Saferoad Holding Denmark Aps	12.12.2016	Denmark	Odense SV	100,0%	219 406	84 570	28 322
Saferoad Holding Germany GmbH	01.10.2010	Germany	Weroth	100,0%	564 668	435 789	(37 167)
Brödrene Berntsen AB	01.02.2006	Sweden	Gävle	100,0%	2 856	2 286	942
Brødrene Berntsen AS	01.07.2010	Norway	Hønefoss	100,0%	62 727	12 044	39 412
Saferoad UK Limited	31.12.2009	England	Scunthorpe	100,0%	25 000	11 450	(877)
EKC Production AB	01.03.1999	Sweden	Kumla	100,0%	1 670	5 328	13
EKC Sverige AB	01.03.1999	Sweden	Kumla	100,0%	16 780	56 047	15 914
Euroskilt AS	01.01.2007	Norway	Vingrom	100,0%	18 611	107 405	(13 813)
Eurostar AS	01.01.2007	Norway	Oslo	100,0%	2 905	19 187	(1 819)
Saferoad Czech Republic s.r.o.	30.06.2010	Czechia	Line	100,0%	27 770	34 982	(2 360)
Saferoad Sverige AB	28.02.2008	Sweden	Köping	100,0%	154 406	65 533	(4 538)
Saferoad Suomi Oy	30.06.2012	Finland	Tuusula	100,0%	26 935	40 677	17 075
Moramast AB	01.11.2007	Sweden	Mora	100,0%	4 270	8 114	35 031
Saferoad RRS Polska Sp. z o.o.	02.01.2012	Poland	Gdańsk	100,0%	172 325	185 389	15 236
Saferoad Holland BV	01.03.2010	Netherlands	Heerenveen	100,0%	31 000	87 853	14 904
Saferoad Smekab AB	01.01.2007	Sweden	Önnestad	100,0%	55 878	20 055	12 947
Saferoad Trading AS	01.01.2007	Norway	Oslo	100,0%	1 661	2 503	1 295
TrafikkDirigering AS	13.12.2017	Norway	Gardermoen	100,0%	33 502	4 830	448
Trafikksikring AS	05.04.2001	Norway	Oslo	100,0%	110	2 002	(7)
Vik Ørsta AS	01.01.2007	Norway	Ørsta	100,0%	204 632	158 238	54 244
Vik Ørsta Design AS	30.06.2012	Norway	Ørsta	100,0%	0	1 365	1 813
Total value					1 756 602		

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 Saferoad Holding AS:

- 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

Shares in subsidiaries owned through subsidiaries	Country	Segment	Ownership
Saferoad Holding AB			
Saferoad Treasury AB	Sweden	Other/Holding	100 %
Saferoad Holding Denmark Aps			
Saferoad Danmark A/S	Denmark	Signs & Work Zone Protection	100 %
Eurostar Danmark A/S	Denmark	Road Services	100 %
Saferoad Holding Germany GmbH			
Saferoad Europe GmbH Germany	Germany	Road Safety	100 %
Hausneindorfer Metallbau und Montage GmbH	Germany	Road Safety	100 %
Schalltec Beteiligungs GmbH	Germany	Road Safety	100 %
Schalltec GmbH & Co. KG	Germany	Road Safety	100 %
Saferoad SES GmbH	Germany	Road Safety	100 %
Bongard & Lind Verwaltungs GmbH	Germany	Road Safety	100 %
Bongard & Lind Noise Protection GmbH & Co KG	Germany	Road Safety	100 %
Inter Metal Sp. z o.o.	Poland	Road Safety	100 %
Brite Line Europe GmbH	Germany	Road Safety	74.8 %
Saferoad RRS GmbH	Germany	Road Safety	100 %
Saferoad Romania SRL	Romania	Road Safety	100 %
AWK GmbH	Germany	Road Safety	100 %
HMS Montage GmbH	Germany	Road Safety	100 %
Saferoad UK Limited			
Saferoad VRS Limited	United Kingdom	Road Safety	100 %
Saferoad RRS Polska Sp. z o.o.			
Saferoad Baltic UAB	Lithuania	Road Safety	100 %
Saferoad Kabex Sp. z o.o.	Poland	Road Services	100 %
Signaroad Sp. z o.o.	Poland	Road Safety	100 %
Saferoad Pomerania Sp. z o.o.	Poland	Road Safety	100 %
Saferoad Grawil Sp. z o.o.	Poland	Road Services	100 %
Vik Ørsta AS			
Saferoad Lightpoles Brasov S.R.L.	Romania	Lightpoles, Masts & Other	100 %

Note 11
Cash and cash equivalents

NOK 1000	31.12.2022	31.12.2021
Cash and bank deposits	196 097	231 099
Restricted cash	0	0
Total cash and cash equivalents	196 097	231 099

Saferoad Holding AS is the owner of the cash pool system in DNB. The net cash position against DNB is presented as cash in the statement of financial position, and other group companies' positions presented as receivables and payables towards Saferoad Holding AS (see note 14).

The company is participant in the Group's cash pool system with Danske Bank. The cash pool owner is Saferoad Treasury AB, a subsidiary in the Group. The accounts in this cash pool system are presented as intercompany payables in the statement of financial position, as the net balance of Saferoad Holding AS per 31 December 2022 is negative. See further information regarding receivables to group companies in note 14.

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Note 12
Liabilities to credit institutions

In November 2021, Saferoad Group refinanced and replaced internal loan from sister company SR RI AS of NOK 1 235.0 million with long-term Senior Term Facility Agreements with certain GSO - funds managed by Blackstone Alternative Credit Advisors LP. The Senior Term Facility Agreements committed are for NOK 869.1 million, EUR 96.0 million and SEK 610.7 million which mature in September 2028.

In addition, working capital financing was secured through a revolving facility agreement between Saferoad Holding AS and DNB BANK ASA as Original Lender. The revolving facility agreement amounts to NOK 510.0 million and matures in March 2028. By year end 2022, there were drawn NOK 300.0 million on the revolving facility agreement.

Interest
Interest on the revolving facility agreement 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. There are interest rate floors in the financial agreements with DNB and the Facilities originally lent by funds managed by Blackstone Alternative Credit Advisors LP. The interest rate floors have become effective for the loans denominated in SEK and EUR.

Financial covenant
There is a leverage covenant in the DNB facility with which Saferoad Group must be compliant, in case 40 per cent or more of the revolving facility is drawn. As of 31 December 2022 there is sufficient headroom to the leverage covenant. The only financial covenant in the Senior Term Facility Agreements is a limitation on capital expenditure per annum. Saferoad's 2022 capital expenditure budget is well below the 2022 capex covenant level.

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

LIABILITIES TO CREDIT INSTITUTIONS 31 DECEMBER 2022

NOK 1000	Currency	Interest rate	Due date	Amount
Liabilites to credit institutions - Term loan	SEK	STIBOR + Margin	30.9.2028	558 255
Liabilites to credit institutions - Term loan	NOK	NIBOR + Margin	30.9.2028	840 478
Liabilites to credit institutions - Term loan	EUR	EURIBOR + Margin	30.9.2028	976 059
Liabilites to credit institutions - Revolving credit facility	NOK	NIBOR + Margin	31.3.2028	285 279
Total				2 660 071
Less current part				0
Non-current				2 660 071

LIABILITIES TO CREDIT INSTITUTIONS 31 DECEMBER 2021

NOK 1000	Currency	Interest rate	Due date	Amount
Liabilites to credit institutions - Term loan	SEK	STIBOR + Margin	30.9.2028	572 862
Liabilites to credit institutions - Term loan	NOK	NIBOR + Margin	30.9.2028	836 626
Liabilites to credit institutions - Term loan	EUR	EURIBOR + Margin	30.9.2028	923 070
Liabilites to credit institutions - Revolving credit facility	NOK	NIBOR + Margin	31.3.2028	377 450
Total				2 710 007
Less current part				0
Non-current				2 710 007

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Note 13
Other current liabilities

NOK 1000	31.12.2022	31.12.2021
Salary	33 896	3 532
Bonuses	0	6 025
Holiday pay	3 504	3 433
Accrued interest	2 919	595
Other current liabilities	9 656	9 235
Total other current liabilities	49 976	22 820

Note 14

Transactions with group companies and related parties

NOK 1000	2022	2021
Internal operating revenue from group companies		
Management fee	57 229	44 280
Rental	6 000	6 000
Other revenue	0	2 882
Internal operating revenue from group companies	63 229	53 162
Internal services from group companies		
Vik Ørsta AS	4 782	4 302
Saferoad Daluiso A/S	2 016	2 071
Saferoad Sverige AB	9 653	3 677
Saferoad Pomerania Sp. z o.o.	171	463
Saferoad Smekab AB	1 407	90
Other operating costs to group companies	18 030	10 604
Received dividend and group contribution		
Saferoad Holding AB	132 006	0
Saferoad Holding Denmark Aps	23 888	0
Saferoad Trading AS	2 102	0
Brødrene Berntsen AS	50 647	27 826
Vik Ørsta Design AS	2 294	0
Vik Ørsta AS	69 647	51 374
Euroskilt AS	0	9 831
Eurostar AS	331	0
Trafikkdirigering AS	1 256	3 015
EKC Sverige AB	9 454	0
Saferoad Holland BV	9 462	0
Dividend and group contribution from group companies	301 088	92 047
Internal financial income		
Interest income	58 052	29 312
Cash pool interest income	27 709	111 614
Financial income from group companies	85 760	140 926
Internal financial expense		
Interest expence	0	85 143
Cash pool interest expense	7 210	62 397
Financial expence to group companies	7 210	147 540

NOK 1000	31.12.2022	31.12.2021
Non-current loans to group companies		
Loans to group companies	807 445	435 999
Total non-current loans to group companies	807 445	435 999
Receivables on group companies		
Trade accounts receivables	73 992	70 976
Other receivables	191 252	22 165
Cash pool, net receivables	123 760	601 792
Accrued interest income	43 108	19 065
Total receivables on group companies	432 113	713 998
Group contribution and dividend receivable on group companies		
Brødrene Berntsen AS	50 647	27 826
Eurostar AS	331	0
Vik Ørsta Design AS	2 294	0
Euroskilt AS	0	9 831
RI Holding AS	3 496	3 243
Trafikkdirigering AS	1 256	3 015
ViaCon AS	0	416
Vik Ørsta AS	69 647	51 374
EKC Sverige AB	9 454	0
Saferoad Holland BV	9 462	0
Total group contribution on group companies	146 587	95 706
Current liabilities to group companies		
Cash pool	317 517	265 923
Trade accounts payable	1 908	3 637
Other liabilities	5 498	0
Total current liabilities to group companies	324 923	269 560

For information regarding cash pool, see note 11.

Saferoad Holding AS' related parties consist of companies in Saferoad Group, ViaCon Group and other companies in the ultimate group SRH BridgeCo. These transactions are described above. No further transactions with related parties for Saferoad Holding AS have been identified.

Note 15
Derivatives

Derivative financial instruments and hedge accounting

Saferoad Holding AS holds derivative financial instruments to hedge its interest rate exposures. The Group wants to have hedges linked to its debt portfolio limiting impacts of an increasing NIBOR, EURIBOR and STIBOR. The basis for this is to limit the impact of an increase in floating interest rates on the Group's interest expenses.

At the inception of the designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument.

Accounting policies

Saferoad accounts for a hedge of interest rate on loan with floating rate as a cash flow hedge. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item. The effectiveness of the hedge relationship will be periodically assessed during the life of the hedge comparing the current terms of the caps and the swap. The hedge is expected to be effective, however any ineffective portion of changes in the fair value of the derivative is recognised in the profit and loss statement.

The interest rate risk is mitigated by purchase of interest rate caps. The fair value of the interest rate caps' are booked as a financial asset. The interest rate caps' are funded with a swap simultaneously booked as a liability. The initial value of the interest rate caps and the swaps equals each other at date of inception.

On a monthly basis, the fair value of the interest rate caps is measured, and the value of the financial asset is adjusted to reflect the fair value. The change in fair value of the caps is recognised in OCI. As the interest rate caps matures, it might lead to an incoming payment recognised in the profit and loss. The value booked as an asset in the balance related to the matured cap will be transferred from the asset value and booked in the profit and loss as a financial expense. When all caps have matured, the asset value will be zero in the balance sheet, and all entries in the hedge reserve is transferred to profit and loss. At each reporting date, the fair value of the swap is measured, and the value of the liability is adjusted to reflect the fair value. The change in fair value of the swap are recognised in OCI and transferred to hedge reserve. When all payments of the swaps have matured, the liability are to be zero in the balance sheet, and all entries in the hedge reserve is transferred to the profit and loss.

As of 31 December 2022, Saferoad Holding AS held the following instruments to hedge exposures to changes in interest rate on loan with floating rate:

INTEREST RATE OPTIONS

Current amount	Maturity date	Strike rate	Rate index	Currency	Fair value	Initial value	Fair value NOK
EUR 96 000 000	Sep 28	1,0%	3M EURIBOR	EUR	10 585 200	3 257 766	111 290 676
NOK 869 000 000	Sep 28	2,5%	3M NIBOR	NOK	53 785 384	34 430 884	53 785 384
SEK 610 000 000	Sep 28	1,5%	3M STIBOR	SEK	57 411 065	22 540 491	54 270 680
						Asset	219 346 740

INTEREST RATE SWAPS

Current amount	Maturity date	Currency	Fair value	Initial value	Fair value NOK
EUR 96 000 000	Sep 28	EUR	(2 730 117)	(3 257 766)	(28 703 904)
NOK 869 000 000	Sep 28	NOK	(32 424 370)	(34 430 884)	(32 424 370)
SEK 610 000 000	Sep 28	SEK	(19 549 678)	(22 540 491)	(18 480 311)
				Liability	(79 608 585)

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Note 16
Pledged assets and guarantees

Saferoad Holding AS refinanced in November 2021 by entering a Senior Term Facilities Agreement with GSO ESDF II (Luxembourg) Holdco S.à r.l., GSO ESDF II (Luxembourg) Levered Holdco I S.à r.l., GSO ESDF II (Luxembourg) Levered Holdco II S.à r.l., G QCM (Luxembourg) Holdco S.à r.l. as Original Lenders (all funds managed by Blackstone Alternative Credit Advisors LP) of NOK 869.1 million, EUR 96.0 million and SEK 610.7 million. The Facilities mature in September 2028.

In addition, working capital financing was secured through a revolving facility agreement between Saferoad Holding AS and DNB BANK ASA as Original Lender. The revolving facility agreement amounts to NOK 510.0 million and matures in March 2028.

Wilmington Trust (London) Limited is acting as Security Agent for all Facilities.

Security
Saferoad Group companies listed in the table to the right have acceded the Facility Agreements with DNB and the GSO Funds as Guarantors from February 2022.

In addition to the guarantees, the following securities are given in favour of the Security Agent, acting in the interest of the lenders:

- pledge granted by SRH Investco AS and MgmtCo Saferoad AS of all shares issued by Saferoad Holding AS and held by either SRH Investco AS or MgmtCo Saferoad AS
- pledge granted by the Holding company of each guarantor listed above of all shares owned in the guarantor by the respective Holding company
- pledge over all intra-group loan agreements exceeding a value of NOK 10 million, or similar value in other currencies
- Saferoad Holding AS' bank accounts

Guarantees The company has a guarantee related to withholding tax account of NOK 11.0 million.

Company	Jurisdiction	Corporate Identity Number
Bongard & Lind Noise Protection GmbH & Co KG	Germany	HRB 21196
Bongard & Lind Verwaltungs GmbH	Germany	HRB 21973
Brødrene Berntsen AS	Norway	810547472
EKC Sverige AB	Sweden	556520-7478
Euroskilt AS	Norway	890729142
Eurostar AS	Norway	976962699
Eurostar Danmark A/S	Denmark	26994896
Inter Metal Sp. z o.o.	Poland	90428498
Moramast AB	Sweden	556179-2598
Saferoad Daluiso 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 Pomerania Sp. z o.o.	Poland	0000154679
Saferoad RRS GmbH	Germany	HRB 22479
Saferoad RRS Polska Sp. z o.o.	Poland	0000265582
Saferoad Smekab AB	Sweden	556099-6869
Saferoad Sverige AB	Sweden	556030-8073
Saferoad RRS Sverige AB	Sweden	556505-1413
Saferoad Treasury AB	Sweden	556493-1573
TrafikkDirigering AS	Norway	991821902
Vik Ørsta AS	Norway	985001952

Auditors report

Building a better working world

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Saferoad Holding AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Saferoad Holding AS (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the statement of financial position as at 31 December 2022 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022 and its financial performance and 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 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 requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the Chief Executive Officer) 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 board of directors' report contains the information required by applicable legal requirements and 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 the other information is materially

inconsistent with the financial statements, there is a material misstatement in this other information or that the information required by applicable legal requirements is not included in the board of directors' report, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contain the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act and of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, 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 and the Group'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 the Group, 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 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 and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting 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 and the Group'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 and the Group 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 the board of directors 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.

Oslo, 26 April 2023
ERNST & YOUNG AS

The auditor's report is signed electronically

Tore Sørlie
State Authorised Public Accountant (Norway)

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