The annual report for the financial year 2021/222 is prepared in PDF and XHTML format.
Please note that the ESEF edition (XHTML format), published via Nasdaq Copenhagen and submitted to the Danish Financial Supervisory Authority, is the official and regulated annual report.

INFRASTRUCTURE AND BUILDINGS FOR MODERN SOCIETIES

Annual Report 2021/22

AARSLEFF

Contents

Highlights for the year 3
The year in brief, financial highlights 4
The year in brief, ESG key figures 5
Letter from the CEO 6
Key figures 8
Milestones 9
Outlook for 2022/23 10

Our business 12
Our foundation 13
Business model 14
Strategic focus areas 15
Financial targets 17
Why invest in Aarsleff? 18
Stakeholders 19
Significant risks 21

Financial performance of the year 24
Financial review 25
Quarterly follow-up 27
Construction 28
Technical Solutions 30
Rail 32
Ground Engineering 34
Pipe Technologies 36

The year at a glance 38
Lynetteholm – a new artificial island in Port of Copenhagen 39
Reinforcement of important Swedish channel 40
The Fehmarnbelt Link is powering ahead 41
Renewal of sewer system in large hospital 42
Expanding terminal 3 in Copenhagen Airport 43

Responsibility and sustainability 44
Introduction to ESG 45
Role and scope 46
Global goals facilitate dialogue 47
A sustainable strategy 50
Environment and climate 52
Employees 58
Society around us 65
EU taxonomy 71
Policies and principles 73

Corporate governance 75
Corporate governance 76
Internal control and risk management in financial reporting 78
Executive Management and Board of Directors 80
Shareholder information 84

Financial statements 86
Consolidated financial statements 87
Parent company financial statements 130
Key figures, definitions 139
Management's statement 141
Independent auditor's report 142
Companies in the Aarsleff Group 146

Page 41

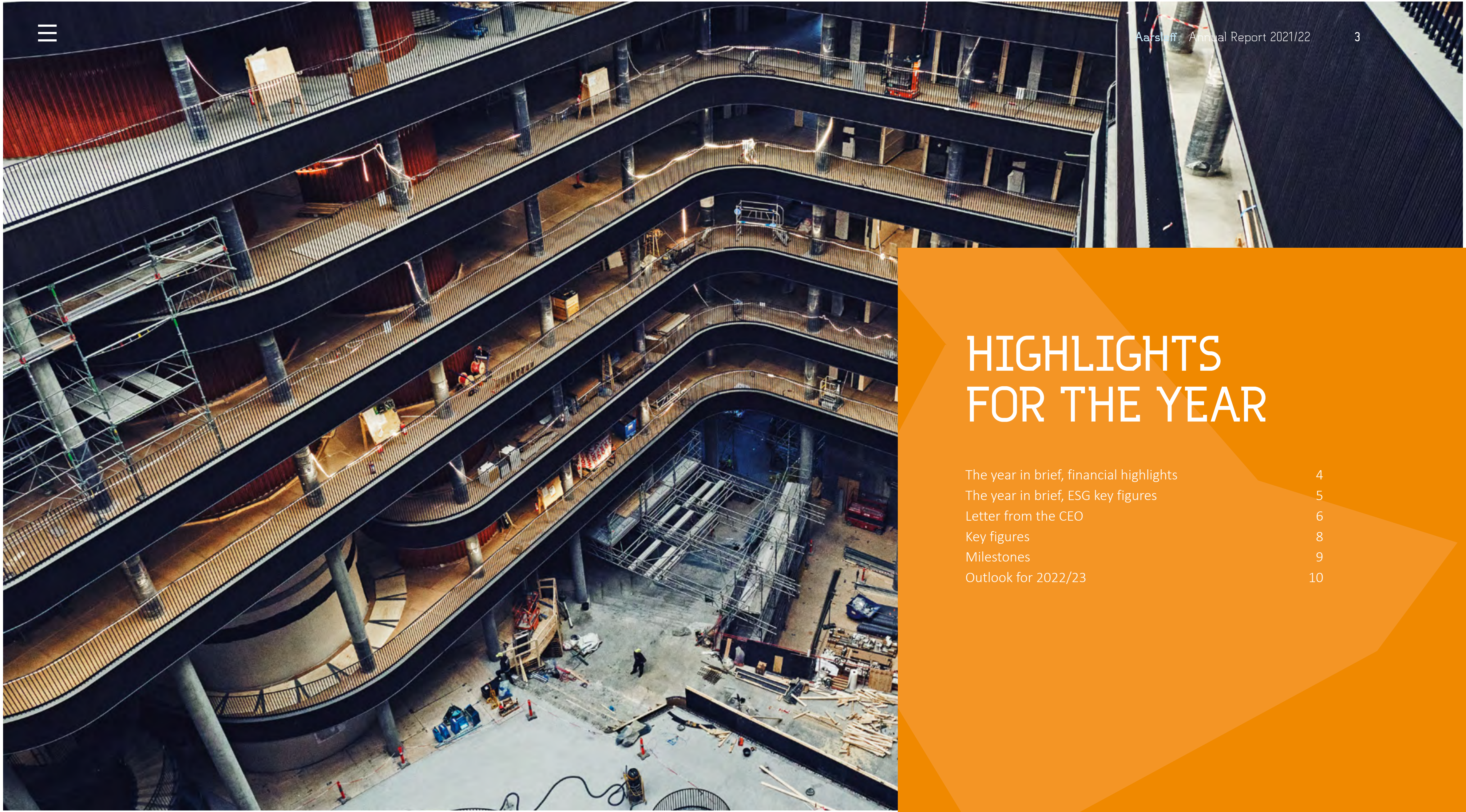
The year at a glance

In Rødbyhavn, the portal structure for the Fehmarnbelt link is taking shape, and the construction of the element factory is progressing.

Page 50

A sustainable strategy

Focus on transition, collaboration, shared solutions, innovation and commitment.



HIGHLIGHTS FOR THE YEAR

The year in brief, financial highlights	4
The year in brief, ESG key figures	5
Letter from the CEO	6
Key figures	8
Milestones	9
Outlook for 2022/23	10

The year in brief

Financial highlights

Number of employees

8,604

Markets

14 countries

ROIC (after tax)

13.1%

Revenue growth

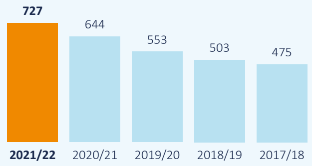
23.8%

See Financial performance of the year

for an elaboration of quarterly and annual results

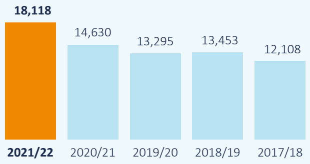
EBIT

DKKm 727



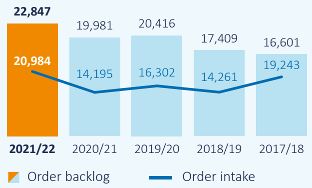
Revenue

DKKm 18,118



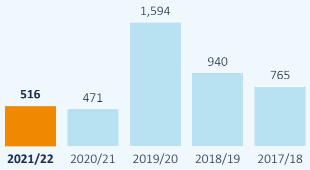
Order backlog

DKKm 22,847



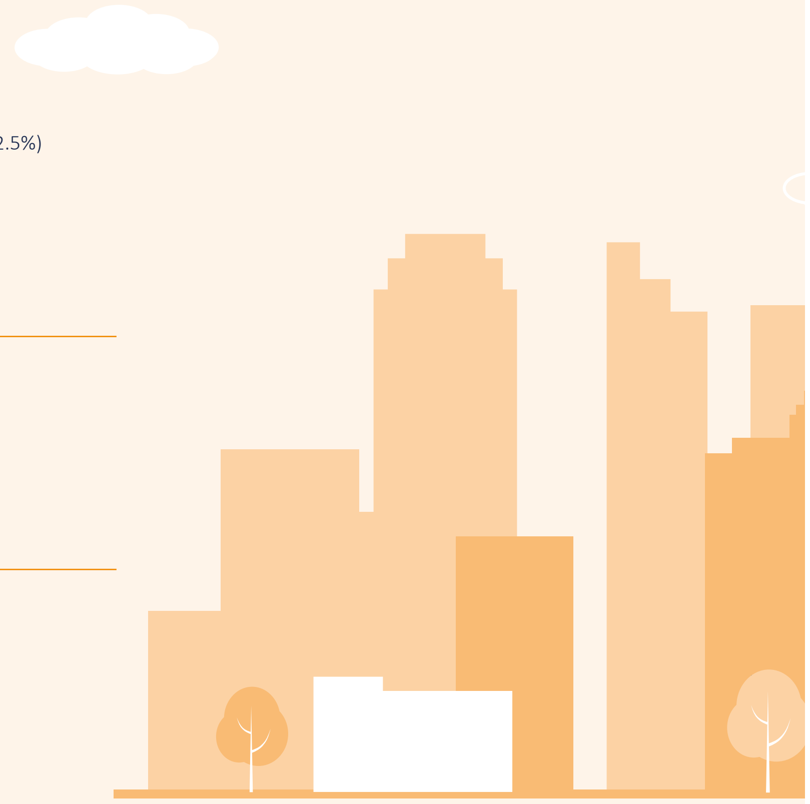
Cash flows from operating activities

DKKm 516



The year in brief

ESG key figures



Apprentices (Target: 10%)

8.3%

Proportion of hourly paid staff in total.

Trainees (Target: 5%)

3.7%

Proportion of salaried staff in total.

Sickness absence (Target: Max 2.5%)

4.6%

Absence in % of total working hours.

Emission intensity

4.3%

Tons of CO_2 per revenue in DKK million.

CO_2 reduction targets for scope 1+2

80%

In 2030, measured as tons of CO_2 per revenue in DKK million with 2020/21 as the baseline year.

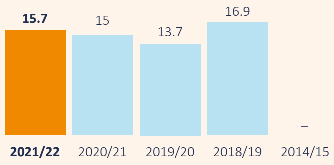
EU taxonomy

74%

Eligible revenue.

Accidents (Target: Max 5)

15.7

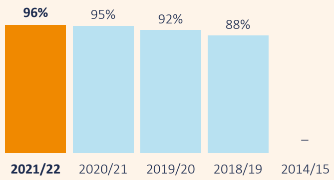


Number of accidents per 1 million working hours.

Construction machines

(Target: increase the proportion)

96%



Proportion of acquired vehicles of high energy classes.

Read more

See Responsibility and sustainability for an elaboration of initiatives and results of the year.

Jesper Kristian Jacobsen
CEO

An unusual year

Although times are uncertain and turbulent, we manage to deliver all-time high results for the fourth consecutive year. We owe this to our many skilled employees and to our DNA.

The world had barely begun to overcome the coronavirus pandemic when the war in Ukraine broke out. A war with terrible human consequences. And with impacts that are inevitably affecting industries and companies around the globe. In the building and construction industry, we are experiencing rising prices of raw materials and materials, material shortages and not least, inflation and increasing interest rates. Therefore, I would like to thank our dedicated employees who, with their usual Aarsleff spirit, have been adaptable and solution-oriented, thereby facilitating our strong bottom line and top line results.

Old virtues for new times

Adaptability is and will be a vital part of Aarsleff's DNA. As usual when times are changing, we see opportunities and solutions rather than challenges. We are currently anticipating continued turbulent times with a changing market and a likely slowdown of the building activities. But in return, there is a current need for infrastructure improvements and green transition. And not least, there is a particular focus on the energy area due to the war in Ukraine. Here we see a good match with our expertise within areas such as offshore windfarms, installation of electric cables and district heating as well as Power-to-X plants. In addition, our extensive experience with railways and light rails as well as roads and pipelines puts us in a good position for the new market situation.

Constantly developing

In addition to projects related to the green transition, we are also working on turning sustainable solutions into a natural part of our own business. For that reason, we and our skilled collaboration partners are looking forward to testing a number of initiatives for the project Future Green Construction Sites at our construction site Mindet in Aarhus. Here we hope to be able to identify sustainable solutions which will benefit future building and construction projects.

Inside our organisation we are focusing on improving workplace diversity and initially, we will concentrate on gender diversity. This will help us ensure a more diverse workforce and an even better workplace with even better opportunities, allowing us to continue to achieve great results together.

Solid foundation

Large building projects such as Lighthouse in Aarhus as well as Danske Bank's new headquarters and Pasteur's Tower in Copenhagen are near completion or have been completed. In spite of this, our order backlog for 2023 is high, comprising complex infrastructure projects such as Greater Copenhagen Light Rail and the Fehmarnbelt Link. In addition to these, we have a vast number of large and small projects which we carry out within the framework of Aarsleff's five business segments: Construction, Ground Engineering, Pipe Technologies, Technical Solutions and Rail. During the past financial year, Technical Solutions and Rail have become independent segments in order to future-proof the Group structure of the development we are looking into and to create greater transparency on the share market.

In 2022, we marked our 75-year anniversary. This was celebrated with collaboration partners and employees, and I thank all of you for your support and team spirit. With a solid foundation and the ability to adapt – even in unusual times – we are in a really good position for future years.

”We are currently anticipating continued turbulent times with a changing market and a likely slowdown of the building activities. But in return, there is a current need for infrastructure improvements and green transition which will match our expertise.”

Jesper Kristian Jacobsen
CEO

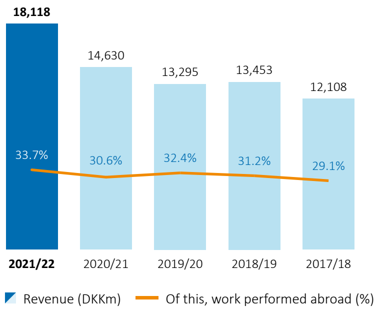
Key figures

(DKK´000)	2021/22	2020/21	2019/20	2018/19	2017/18
Income statement					
Revenue	18,118	14,630	13,295	13,453	12,108
Of this, work performed abroad	6,098	4,475	4,301	4,197	3,520
Operating profit (EBIT)	727	644	553	503	475
Net financials	-44	-31	-23	-30	-30
Profit before tax	683	613	530	473	445
Profit for the year (continuing operations)	517	470	379	361	341
Profit for the year (discontinued operations)	-66	3			
Balance sheet					
Non-current assets	4,364	3,418	2,988	2,709	2,683
Current assets	7,379	5,500	5,607	5,462	5,170
Total assets	11,743	8,918	8,595	8,171	7,853
Equity	3,855	3,664	3,311	3,115	2,899
Non-current liabilities	1,142	813	1,096	750	744
Current liabilities	6,746	4,441	4,188	4,306	4,210
Total equity and liabilities	11,743	8,918	8,595	8,171	7,853
Invested capital (IC)	5,066	3,378	2,730	2,706	2,857
Working capital	1,219	581	-20	699	848
Net interest-bearing deposits/debt (+/-)	-1,211	284	580	399	31
Statement of cash flows					
Cash flow from operating activities	516	471	1,594	940	765
Cash flow from investing activities	-1,158	-676	-669	-665	-393
Of which investment in property, plant and equipment net	-814	-638	-406	-378	-388
Cash flow from financing activities	525	-432	-503	-58	-151
Change in cash and cash equivalents for the year	-117	-637	422	216	221

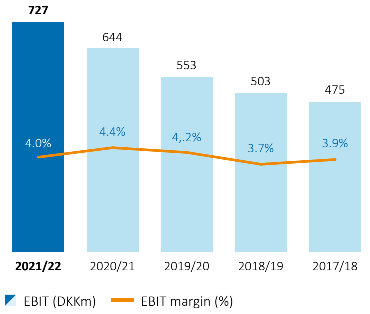
	2021/22	2020/21	2019/20	2018/19	2017/18
Financial ratios[1]					
Gross margin, %	10.7	11.4	12.1	10.7	11.7
Operating margin (EBIT margin), %	4.0	4.4	4.2	3.7	3.9
Profit margin (pre-tax margin), %	3.8	4.2	4.0	3.5	3.7
Return on invested capital (ROIC), %	17.2	21.2	20.4	18.1	16.6
Return on invested capital (ROIC) after tax, %	13.1	16.3	14.5	13.8	12.7
Return on equity (ROE), %	12.1	13.6	11.8	12.1	12.2
Equity ratio, %	32.8	41.1	38.5	38.1	36.9
Earnings per share (EPS), DKK	22.68	23.53	18.79	17.76	16.68
Earnings per share (EPS) (continuing operations), DKK	26.05	23.38			
Share price at 30 September, DKK	186.60	262.50	267.50	222.00	243.00
Price/net asset value	0.94	1.43	1.62	1.44	1.70
Dividend per share, DKK	8.00	8.00	6.50	5.50	5.00
Number of employees	8,604	7,658	7,215	6,838	6,499

[1] For a definition of key figures, see page 139.

Revenue



EBIT



Milestones

OCTOBER – Investing in the world's first battery-powered piling rig

NOVEMBER – Contract for development of Terminal 3 in Copenhagen Airport

DECEMBER – Contract for execution of Lynetteholm, new artificial island

JANUARY – In 2022, we celebrate our 75-year anniversary

FEBRUARY – Employee shares are offered for the fifth year in a row

MARCH – Aarsleff Biz produces the last concrete elements for the new Natural History Museum

APRIL

MAY – Contract for construction of Masthuggskajen, new urban district in Gothenburg

JUNE – Topping-out ceremony for Fehmarnbelt's new production hall

JULY – Aarsleff Rail takes over the shares in the Norwegian company Trym Anlegg

JULY – Wicotec Kirkebjerg wins framework agreement for the Danish Ministry of Defence Estate Agency

AUGUST – Handing over Pasteur's Tower in the Carlsberg City

SEPTEMBER – Commencement of the construction of Denmark's tallest office building in Aarhus

Outlook for 2022/23

Operations

- Revenue in the range of DKK 18.5 to 19.5 billion, corresponding to a growth of 2-8%.
- EBIT in the range of DKK 820-880 million.
- High share of the order backlog for execution in the financial year.

Investments

- Investments in property, plant and equipment exclusive of leased assets are expected to amount to DKK 700-800 million.
- New shared office in Taastrup for Wicotec Kirkebjerg A/S and Petri & Haugsted AS to be completed.
- Large investments in vessels for the Fehmarn project.
- Investments in the development of Ground Engineering's new product, a precast screw pile.

The market

- Good opportunities within the construction segment derived from the green transition and now also the energy crisis.
- Declining activity within building projects due to increasing material and raw material prices as well as increasing interest rates.
- In general, there is great uncertainty as to global supply chain challenges, inflation and geopolitical tensions.

Employees

- Focus on gender diversity and development of our employees at all levels, including talent development and training of foremen.
- Start-up of a safety culture programme to reduce the number or accidents.
- Continued focus on ensuring that the Group has expertise within digitalisation and sustainability.

Construction

Growth 1-6%.
EBIT DKK 350-370 million.

- Increasing activity in the construction market while the activity within building projects is decreasing.
- A number of the large building projects are in the final phase.
- Increasing level of activity on the Fehmarn contracts.
- Continued good growth opportunities in the North Atlantic with a high level of activity in Iceland and Greenland.

Technical Solutions

Growth 0-5%.
EBIT DKK 80-90 million.

- Declining revenue on the large One Company building projects that are near completion.
- Numerous tender opportunities especially within district heating and work in connection with the green transition.
- Increasing revenue from service, e.g. the contract with the Danish Ministry of Defence Estate Agency in the Region of Southern Denmark.

Rail

Growth 8-15%.
EBIT DKK 70-80 million.

- Growth in Norway after the acquisition of Trym Anlegg AS.
- High level of activity on the Greater Copenhagen Light Rail and on the nation-wide electrification project.
- Still many tender opportunities.

Ground Engineering

Growth 3-9%.
EBIT DKK 180-190 million.

- Strong construction market which partly compensates for the slowdown in building activities.
- High level of activity in Sweden within execution of large projects.
- Continued progress in the UK and a very high capacity utilisation.

Pipe Technologies

Growth 3-8%.
EBIT DKK 140-150 million.

- Continued great uncertainty as to the development of raw material prices.
- High level of activity in the Nordic markets, but the customers' budgets do not follow the current price development.
- Increased level of activity in Germany but uncertainty as to the municipal financing of projects is a risk factor.

Construction (DKKm)	**2022/23**	**2021/22**	**2020/21**	**2019/20**
Revenue	-	8,462	6,416	6,102
Growth compared to the year before, %	1-6	31.9	5.1	-5.1
EBIT	350-370	250	217	209
EBIT margin, %	-	3.0	3.4	3.4
Order backlog, beginning of the year	13,670	10,896	11,774	9,583
- of this, work for execution in the current year	6,825	5,275	4,550	4,425

Ground Engineering (DKKm)	**2022/23**	**2021/22**	**2020/21**	**2019/20**
Revenue	-	3,332	2,811	2,397
Growth compared to the year before, %	3-9	18.5	17.1	1.7
EBIT	180-190	173	164	141
EBIT margin, %	-	5.2	5.9	5.9
Order backlog, beginning of the year	2,156	1,958	1,501	1,810
- of this, work for execution in the current year	1,525	1,375	1,100	1,200

Technical Solutions (DKKm)	**2022/23**	**2021/22**	**2020/21**	**2019/20**
Revenue	-	2,248	1,920	1,543
Growth compared to the year before, %	0-5	17.1	24.5	-1.2
EBIT	80-90	82	31	10
EBIT margin, %	-	3.6	1.6	0.7
Order backlog, beginning of the year	2,432	2,493	2,493	2,588
- of this, work for execution in the current year	950	1,225	1,250	1,075

Pipe Technologies (DKKm)	**2022/23**	**2021/22**	**2020/21**	**2019/20**
Revenue	-	2,200	2,154	2,150
Growth compared to the year before, %	3-8	2.1	0.2	11.5
EBIT	140-150	149	172	162
EBIT margin, %	-	6.5	8.0	7.5
Order backlog, beginning of the year	1,499	1,526	1,705	1,340
- of this, work for execution in the current year	1,125	1,075	1,075	925

Rail (DKKm)	**2022/23**	**2021/22**	**2020/21**	**2019/20**
Revenue	-	1,876	1,329	1,103
Growth compared to the year before, %	8-15	41.2	20.4	-6.0
EBIT	70-80	73	60	31
EBIT margin, %	-	3.9	4.5	2.8
Order backlog, beginning of the year	3,090	3,108	2,943	2,088
- of this, work for execution in the current year	1,625	1,100	850	450

Aarsleff Group (DKKm)	**2022/23**	**2021/22**	**2020/21**	**2019/20**
Revenue	-	18,118	14,630	13,295
Growth compared to the year before, %	2-8	23.8	10.0	-1.1
EBIT	820-880	727	644	553
EBIT margin, %	-	4.0	4.4	4.2
Order backlog, beginning of the year	22,847	19,981	20,416	17,409
- of this, work for execution in the current year	12,050	10,050	8,825	8,075

OUR BUSINESS

Our foundation	13
Business model	14
Strategic focus areas	15
Financial targets	17
Why invest in Aarsleff?	18
Stakeholders	19
Significant risks	21

Our foundation

Our foundation is built by four interconnected elements.

Our purpose describes why we exist.

Our vision describes the market position that we want to achieve and what we want to be known for.

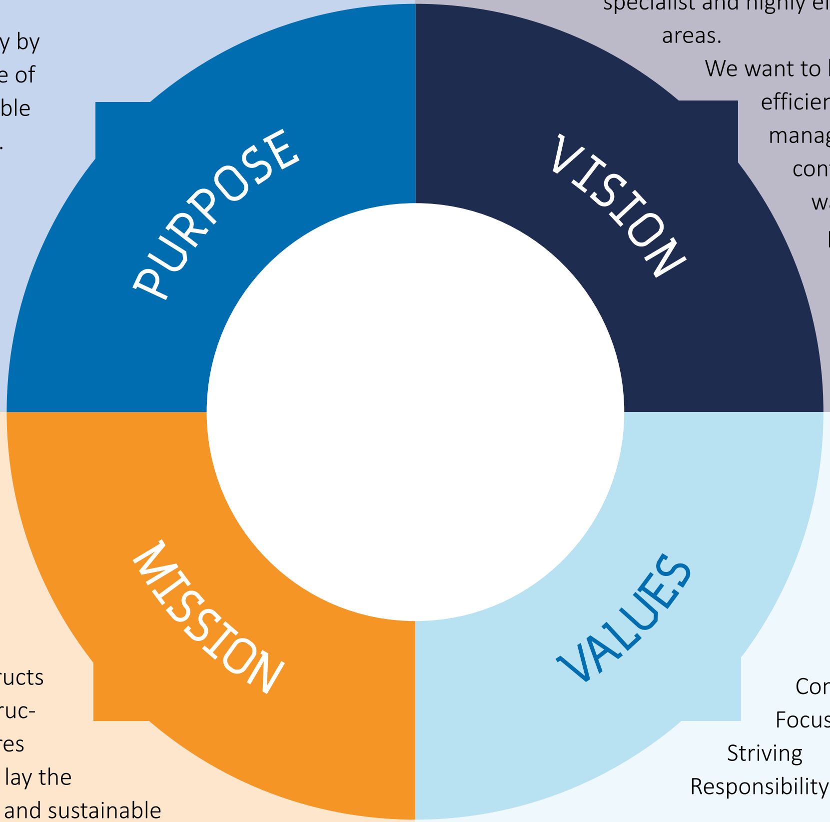
Our mission defines how we fulfil our purpose and our vision.

Our values define the standards that are the basis of our decisions and actions. They also provide the basis for the 11 principles of our management code.

We create value to society by building the infrastructure of the future as well as durable and sustainable buildings.

We want to be a leading and recognised project-oriented building and construction contractor in Northern Europe with market-leading positions in related specialist and highly efficient business areas.

We want to be known for efficient, agile and secure management of diverse contractor projects. We want to be a preferred partner because we create value through cross-disciplinary synergies in all phases.



The Aarsleff Group constructs and maintains the infrastructure and building structures of society. In this way, we lay the foundation for a financial and sustainable development of society and create value for the Group's shareholders.

Commitment
Focus
Striving
Responsibility

Business model

The Aarsleff Group constructs and maintains the infrastructure and building structures of society. We lay the foundations for a financial and sustainable development and create value for society and our shareholders. We take responsibility, lead the way and contribute to the green transition which will future-proof the building and construction industry.

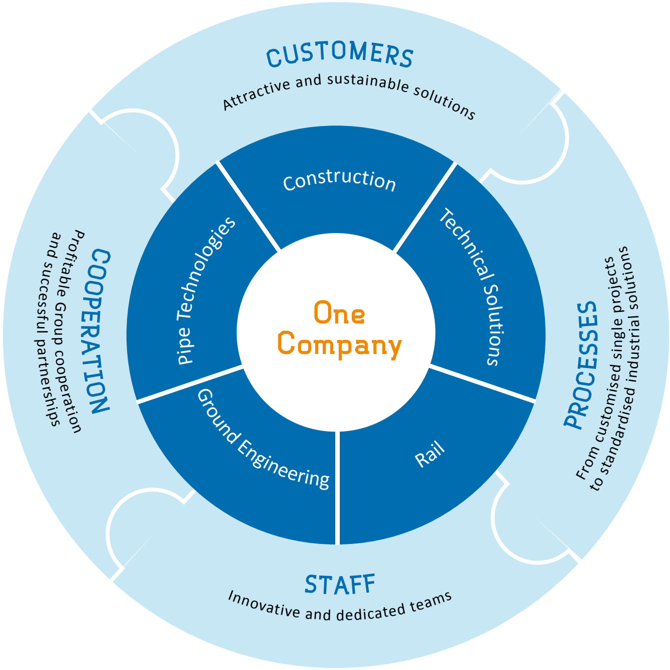
Building on experience, know-how and skills

Aarsleff has a strong position within infrastructure and building construction. Over the years, we have built up knowledge and experience. As a result, we have become market leaders in Denmark and in some countries in the Nordic region and in the Baltic Sea region where we offer our specialist expertise, especially within pipe renewal and foundation. We are focused on achieving efficiency and synergies by using our expertise within infrastructure and building construction across the Group.

Resources

- Profitable and efficient management
- A visible strategy
- Experienced and specialised staff
- Front-runners in innovation and digitalisation
- Focus on sustainability
- Strong working relationships

Business activities



Value creation

- Stable growth and earnings
- Strong position and image
- Supplier of infrastructure and buildings
- Job creation and skills development
- Sustainable and responsible solutions
- One strong business partner

Strategic focus areas

Aarsleff wants to be a leading and recognised project-oriented building and construction contractor in Northern Europe with market-leading positions in our specialist business areas.

The Aarsleff Group has a clear profitability focus, aiming to increase earnings through continuous efficiency improvements and secure project execution.

We manage our portfolio of activities and projects by establishing working relationships that create synergy between the individual business units of the Group. We have a common approach to management, culture, specialisation and improved efficiency with a view to realising synergies.

From general to industrial level

The Aarsleff Group has three different activity levels: The general level with execution of large, single One Company projects with flexible teams from project to project; the activity-focused level with a high potential for repetition and finally the industrial level in Pipe Technologies and Ground Engineering with fully industrialised activities characterised by a high degree of invested capital.

One Company

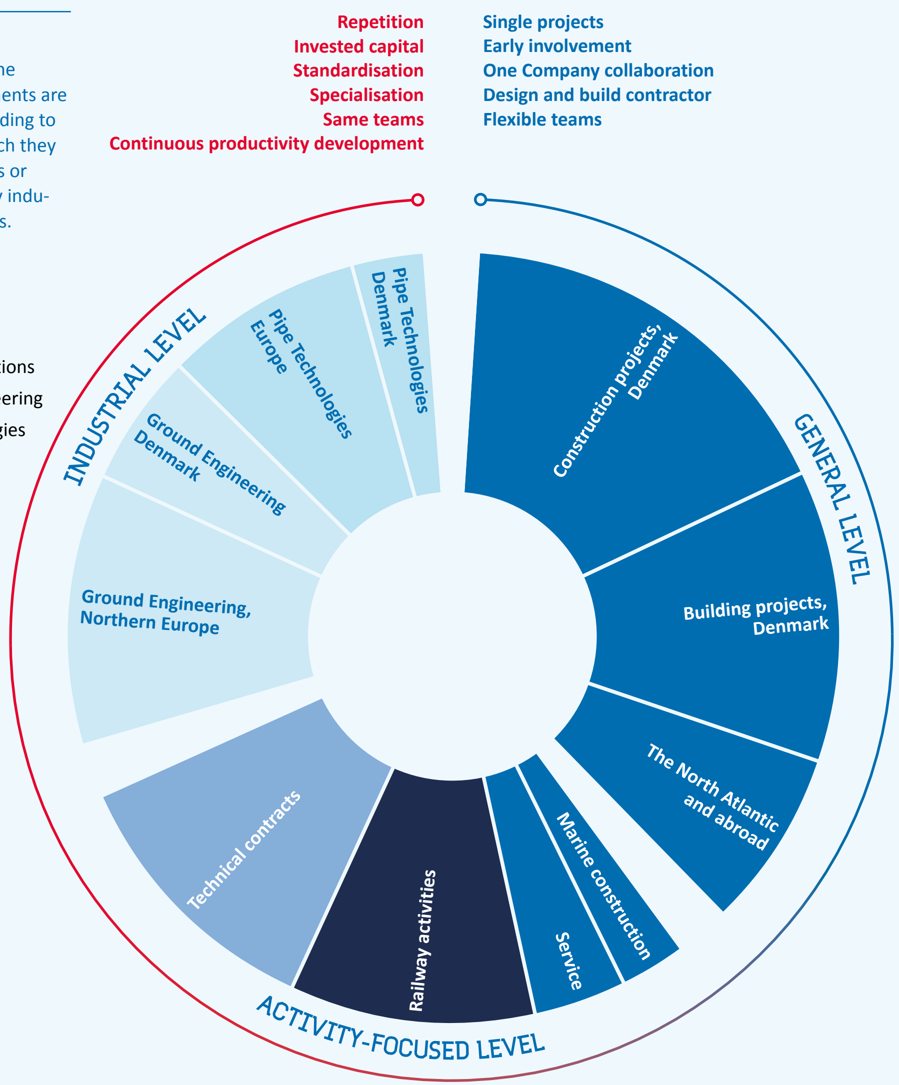
The Aarsleff Group is organised in independent, competitive divisions and companies, each with their own specialist expertise. We refer to teamwork and collaboration across divisions as One Company, meaning that we look for and exploit synergies. The synergies emerge when specialist contractors combine their expertise to find the best solutions.

Focus areas

The activities in the Group's five segments are categorised according to the extent to which they are single projects or projects with fully industrialised activities.

Segments:

- Construction
- Rail
- Technical Solutions
- Ground Engineering
- Pipe Technologies



All large-scale projects are undertaken in collaboration between several divisions and companies of the Aarsleff Group. This allows us to utilise and share experience gained through intercompany projects and to focus on joint management because it creates value to the customer in the form of flexible and efficient processes – and not least, results of the highest quality.

Independent and sharp

Aarsleff is currently expanding the Group by acquisitions or establishment of companies in Denmark and abroad. The companies that we acquire are well-run and have specialist contracting skills. They have a strong management and have shown good results.

All companies are organised as independent units and are competitive when executing One Company projects as well as own projects. We believe that this contributes to keeping the individual units sharp and strong, thereby creating the best foundation for mutual development.

One point of entry

By drawing on the versatile contracting expertise of the companies, Aarsleff undertakes projects of any scale as well as design and build contracts with a high degree of in-house production. This provides security for the client – financially as well as professionally.

AARSLEFF'S GROUP THEMES

Sustainability

We want to contribute to the green transition of the construction business and to ensure that our Group has a common approach that brings benefits to our customers, employees and society.

Customer focus

We want to secure high customer satisfaction based on strong skills, focus on collaboration and high-quality supplies.

Profitability

We ensure profitability through a focus on strong project execution, efficiency and productivity with digitalisation as an important supporting element.

One Company

We work together actively to strengthen the Group's One Company collaboration in order to improve the competitiveness within solution of complex projects with a high degree of in-house production.

Job satisfaction

We want to offer our employees an attractive workplace where a healthy and safe working environment, trust and team spirit are top priorities.

Skills development

We want a strong, professional and operations-driven culture for our employees through lifelong learning and a high level of expertise within project management, methods, tools, product development and collaboration.

Financial targets

At Group level, we operate with financial targets for return, dividend and solvency.

Target	Status	Description of targets
RETURN **EBIT margin** approx. 5%	Average EBIT margin of 4.1% during the past five years.	Efficiency and productivity in all phases as well as selective order intake must contribute to continuous improvement of Aarsleff's competitiveness and earnings. Combinations of skills into turnkey solutions must increase margins and earnings with the focus on synergy and collaboration.
ROIC (after tax) at least 12%	Average return on invested capital after tax (ROIC) of 13.1% during the past five years.	Aarsleff makes regular large investments in machinery, equipment and factories with a view to developing the business. The investments must contribute ROIC of at least 12% after tax.
DIVIDEND 20-40% of profit for the year	Dividend is identical to last year and has been raised by DKK 3 during the past five years. In the past two years, share buyback programmes at a total amount of DKK 202 million have been completed.	The shareholders are ensured an attractive, long-term, direct return through allocation of surplus capital as dividend payments or in the form of share buyback programmes.
SOLVENCY at least 35%	Average solvency ratio of 37% during the past five years.	Aarsleff undertakes large-scale civil engineering projects for which only consolidated companies with strong liquidity are able to tender. Strong liquidity and thus a high credit ranking allows Aarsleff to strategically position ourselves for long-term and continuous development, both in connection with acquisition of companies and internal business development.

EBIT target for the segments

Construction	Technical Solutions	Rail	Ground Engineering	Pipe Technologies
4.5%	4.0%	5.0%	6.5%	6.0%

At segment level, we have specific earnings targets for each of the five reporting segments because invested capital and market opportunities differ.

Growth and development

The growth and development of the Group will continue to take place through a combination of organic growth and acquisitions of specialist expertise and with the focus on profitability. Each individual business area must develop and improve or alternatively rethink its activity. This will lead to organic growth. Acquisitions must provide synergy – either by value-adding complementarity or by creating economies of scale by expanding the existing business areas. In Construction, Technical Solutions and Rail, we are making the most of the current market potential while considering our policy of selective order intake. In the industrial segments Ground Engineering and Pipe Technologies, our growth target is between 5-10% per year with the focus on international growth. Overall, the markets for civil works and building construction still bring opportunities of profitable growth. It is a basic principle for the Aarsleff Group's development that earnings requirements have priority over growth. Continued efficiency improvements with consequent increased competitiveness must make growth a consequence more than a target.

Why invest in Aarsleff?

Growth and profitability

Top line and bottom line growth

An investment in Aarsleff is an investment in a steadily growing Danish Group with historically increasing revenue and earnings. We focus on profitability and investments in development and new business opportunities. The strategic breadth of our business units and types of work reduces risks and ensures the Group's development and operation.

Expertise and professional skills

Building on experience, know-how and skills

Aarsleff has a strong position within infrastructure and building construction. We have built up knowledge and experience over many years. As a result, we have become market leaders in Denmark and in some countries in the Nordic region and in the Baltic Sea region where we offer our specialist expertise, especially within pipe renewal and foundation. We are focused on achieving efficiency and synergies by using our expertise within infrastructure and building construction across the Group.

Strategy and organisation

Sharing one purpose and one strategy

The Aarsleff Group has many specialised business units. We work together sharing one strategy and one purpose: to establish tomorrow's infrastructure and buildings, thereby creating value to society with focus on sustainability. We collaborate according to our One Company model. This provides us with an agile and efficient management of our diverse projects, and we ensure that our knowledge of optimum processes and methods remains in the Group, allowing us to use them again in future projects.

Sustainable development

Business-focused corporate social responsibility

Aarsleff has a strong focus on finding solutions of benefit to the environment, the climate and society. We do so by limiting and eliminating the negative impacts in our value chains and by actively preparing our staff and partners for being a part of the sustainability agenda. Our ECO Center contributes significantly to the development, just as Aarsleff's participation in the Danish government's climate partnership for building and construction is setting new standards for the industry.

Digitalisation and innovation

Value creation through innovation and digitalisation

For many years, Aarsleff has developed new technologies, processes and solutions making us a market leader within infrastructure and building construction. This innovative approach is a result of our participation in numerous large and complex projects as well as of our targeted technology development in Pipe Technologies and Ground Engineering. We have a special focus on using digital tools which create more flexible ways of collaborating, increase the efficiency in the building processes and reduce costs – to the benefit of our employees, business partners and our customers.

Future growth – long-term focus

A long-term investment in a growing market

For decades, Aarsleff has been deeply involved in the largest building and construction projects in Denmark. We are looking ahead towards a number of significant infrastructure projects such as the Fehmarnbelt project and projects which are focused on climate solutions, energy and sustainability, such as offshore wind farms and energy islands. Investing in Aarsleff is, therefore, also a long-term and sustainable investment in a Group which is strongly positioned for future, large-scale building and construction projects.

Stakeholders

The following is a description of our most significant stakeholders. We have defined their primary focus and our relations with the stakeholders.

Our stakeholder relations are first and foremost characterised by the type of business we are, our industry and our position as a listed company. Expectations are that our activities are a profitable business, that we are an attractive workplace and that we take responsibility and develop sustainable solutions of benefit to our customers and society as a whole.

Our stakeholder relations are dynamic, and we are influenced by and react to tendencies and changes in society around us. Currently, we and our stakeholders are affected by the macroeconomic and macropolitical crises in the world. We currently assess what stakeholders that are significant to reach our goals and how much we are able to influence them.

Significant stakeholders	Key areas of interest	How we interact
Clients and customers	Project management Price, time and quality Partnerships Sustainability and certifications	We lay the foundation for tomorrow's infrastructure and buildings and create value to society with focus on sustainability at an international level. We participate in projects by means of early involvement while focusing on optimising time, economy and sustainable solutions, e.g. in the form of choice of materials, execution methods, waste and waste handling. We deliver specialist expertise professionally and business-oriented and preferably in design and build contracts subject to customer requirements and of the requested high quality, including certified buildings. We prioritise framework agreements and long-term partnerships, thereby developing new solutions and standards which improve productivity and efficiency and focus on sustainability.
Interest organisations	Industry initiatives Green transition Legislation and political interests	Embedded in Aarsleff ECO Center, we network, support, manage and carry out activities and projects in collaboration with consultants, manufacturers, suppliers and other stakeholders which support the green transition in the industry. Aarsleff's CEO is chairman of the Danish government's climate partnership for building and construction whose purpose is to reduce the CO_2 emissions.
Investors and analysts	Growth and profitability Sustainable investments	We comply with applicable rules for listed companies and publish company announcements, interim financial reports and annual reports. We communicate at the annual general meeting and engage in regular dialogues. We provide information about the Group's strategy and the increasing interest for the Group's expertise within sustainable solutions.
Suppliers and subcontractors	Requirements and expectations Sustainable choices	We ask collaboration partners and suppliers to comply with our Code of Conduct, our occupational health and safety conditions and our rules relating to the use of foreign labour. We enter into purchase agreements with suppliers to obtain a high quality in the collaboration, including security for documentation of sustainable choices.

Significant stakeholders	Key areas of interest	How we interact
Employees	Health & safety and job satisfaction Career and development Gender diversity Sustainable workday Older employees	We prioritise a healthy and safe working environment over finances and other considerations. Everybody must be able to work safely and thrive through a lifelong and developing working life. We carry out annual job satisfaction surveys in Per Aarsleff A/S, and we have reached our target that at least 95% of all employees must thrive at work. We offer attractive workplaces with focus on corporate spirit and skills development. We have launched gender diversity initiatives to create equal opportunities for genders, including improved career opportunities for women. We facilitate courses, workshops and networks for employees who increasingly work with and are engaged in sustainability in our production and on our projects. We want to provide motivation and create opportunities in order to retain the older employees.
Media	Management and results New solutions and innovative initiatives	We prioritise a trusting relationship with the media and the press, and we inform about results achieved, strategies and new contracts. We invite the media to join us behind the construction site fence to learn more about specialised technical solutions and digital and sustainable measures which contribute to the green transition.
Authorities	Socioeconomics Legislation and regulation	We participate actively in establishing and supporting a sustainable development of society, locally as well as globally. We engage in a dialogue with authorities, and we are aware of our corporate social responsibility. We never participate in abnormal or nontransparent tax structures but have an open and transparent communication about our tax policy.
Neighbours, local communities and end users	Local responsibility and local presence Respect for the environment and the surroundings	We prioritise recruitment of local manpower and the use of local suppliers and subcontractors, where it makes sense. We take corporate social responsibility, and we support social clauses. We inform the local community and persons affected by our work about the inconvenience it may involve. We plan and carry out our processes with the least possible environmental load, e.g. when we carry out No-Dig pipe renewal and ground engineering work using particularly gentle methods. We focus on sustainable solutions both in the end product and during the execution, e.g. minimising noise, dust and emissions.
The foundation Per & Lise Aarsleffs Fond	Continuous development and innovation Corporate social responsibility	We continue the Group's development in line with our founder's goals, comprising long-term, sound and stable growth with an open corporate culture and focus on innovation. Through the foundation, we support charitable or non-profit purposes especially within culture and idea development in technological, technical or scientific areas.
Consultants and architects	Project optimisation and innovation Sustainable building construction	We have a close collaboration with consulting engineers and architects about sustainable solutions, especially in projects with early involvement where the good solutions such as choice of materials, execution methods, waste and waste handling are sought and developed jointly.
Collaboration partners	Innovative and sustainable initiatives	We focus on building long-term partnerships. We have the expertise within project activities, enabling us to operate with a competitive edge internationally. We support and participate in partnerships and project collaboration which develop new digital and sustainable solutions innovatively within the industry.
Educational institutions	Training and corporate social responsibility Spread awareness Diversity	We participate in job fairs, career days and visit students especially within the study programmes building and construction operatives, constructing architects and engineers. We prioritise a close collaboration with educational institutions, contribute to training and master projects and arrange visits to our construction sites and factories. We focus on the importance of training apprentices for our industry. We have launched gender diversity initiatives to create equal opportunities for genders and to make our industry more attractive to women.

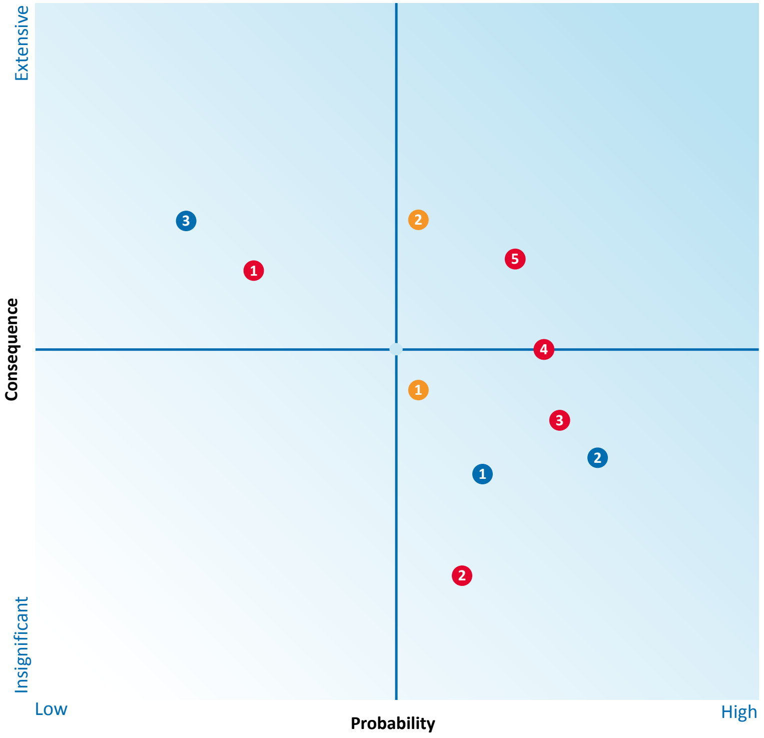
Significant risks

An integrated part of the Aarsleff Group's activities is risk management. We have identified and categorised the most significant risks according to probability and consequence.

The Aarsleff Group's activities involve numerous risks that may affect the operation and financial position of the Group as well as our employees and society around us. We consider risks a natural and integrated part of our business activities. By means of risk management we reduce identified risks to an acceptable level.

Group management has the overall responsibility for each individual risk and performs current risk assessments which are categorised in relation to probability and consequence.

We have illustrated the most significant risks as defined for the Aarsleff Group and how probability and consequence are assessed, compared to the previous financial year.



Risk assessment

The diagram shows the probability that a risk occurs and how we assess its impact on our business.

Environment and climate

1 Emissions

2 Noise, dust, odour and vibrations

3 Construction waste and environmental emission

Employees

1 Accidents and dissatisfaction

2 Lack of sufficient, qualified and skilled employees

Management

1 Joint venture risk

2 Insufficient planning and execution of projects

3 Inaccurate revenue recognition of projects

4 Price and exchange rate increases

5 Cyber attacks

	Environment and climate			Employees	
	Emissions	**Noise, dust, odour and vibrations**	**Construction waste and environmental emission**	**Accidents and dissatisfaction**	**Lack of sufficient, qualified and skilled employees**
Current status	This year, we have systematised our work concerning collection, registration and reporting of environmental data. The collection takes place across the companies in the Group and from the sources and suppliers delivering electricity, water, heat and other resources.	During the year, we have developed and invested in numerous new methods and products which have contributed to the reduction of noise, dust, odour and vibrations. An example of this is the screw pile which does not make noise or vibrations during installation.	During the past years, we have implemented a number of initiatives to limit and reduce material consumption and waste on our projects. First and foremost, it is important to include these initiatives in the design process of the projects.	It is our top priority to offer safe and secure working conditions, so therefore we must reduce our unsatisfactory accident rate. Our most recent employee satisfaction survey in Per Aarsleff A/S was conducted in the autumn of 2022, and the result showed that 97% of the employees, who responded, are “satisfied” or “very satisfied” with their jobs in general. All employees, hourly employees as well as salaried employees were invited to participate.	Apprentices and trainees have also this year been trained in the Aarsleff Group. During the past year, we have increased the number of apprentices, whereas the number of trainees has decreased slightly compared to last year.
Risk	Excessive emissions are harmful to the environment and our climate, and if we as a company do not comply with the reduction requirements, the long-term consequences may be that we cannot tender for work.	Problems with noise, dust, odour and vibrations may influence the well-being of the residents, the business sector and the environment in the areas where we work. Similarly, especially noise, dust and odour from our production facilities may mean that we cannot expand our production plants.	Insufficient instructions in correct waste management and handling of poisonous or dangerous waste may harm our employees and the environment. Some of our activities entail handling, removing, treating, transporting and disposing of poisonous and dangerous materials. Therefore, we must observe a number of official laws which strictly regulate handling, and we must follow procedures.	In the building and construction industry, our employees and other staff on the construction site often work close to motorised equipment, large vehicles or chemical manufacturing processes. Aarsleff is responsible for health and safety and any associated safety procedures on many locations, and if we do not implement procedures or if the implemented procedures are inefficient, it may result in accidents, fines or lawsuits which again may lead to reduced profitability, loss of projects and/or customers.	Lack of qualified staff may result in insufficient capacity for taking on more projects, and thereby affecting our opportunity for growth. And in addition, lack of the right resources may also affect our earnings.
Risk mitigating actions	Over a number of years, Aarsleff has invested in the transition of large parts of our energy consumption by converting fossile fuels to greener alternatives. In many areas, we have switched to electricity produced by means of sustainable energy sources. This is an important effort which will be continued this year and remain high on the agenda in future years.	We plan and carry out our processes, so they have the least possible impact on society around us. We execute and innovatively develop particularly gentle methods for No-Dig pipe renewal and ground engineering work with a particular focus on minimising noise, dust and emissions.	Waste minimisation and waste separation are also high on our sustainability agenda. We find it very important to create easy access to waste separation at source of the construction waste from our projects. On some construction sites we sort the waste into smaller fractions than required, and many of our employees have completed certified training programmes in waste management in recent years. Aarsleff has implemented an ISO-certified quality system which is audited by an external party each year.	We currently perform analyses of the reasons for the accidents and near-miss incidents with the purpose of learning from these and thus reducing the risk of accidents. To reduce the risk that the same type of accident or near-miss incident happens again, we have a routine procedure for how to inform the employees about accidents and immediate improvement notices from the Danish Working Environment Authority. The brief and precise information is given right after the incident in order to have the best effect and learning experience. In addition, we are now also launching our safety culture project with the purpose of creating a culture where safety is first priority in everything we do. Also this year, we have conducted a major survey among our employees, measuring the general satisfaction and a number of other subjects connected with the physical and mental health and safety, relationship with teams and managers, commitment etc. This year’s survey also focused on offensive behaviour. First and foremost, the survey is a tool for identifying challenges and launching centralised and decentralised initiatives that can promote a good working environment and employee satisfaction. As an example, based on the survey we have now started to focus on the prevention and handling of stress in some parts of the Group.	Aarsleff priorities training, education or supplementary training of managers and employees. This can take place as a general upgrading of skills e.g. within new or improved methods, processes and policies and as training in completely new specialist areas, e.g. in case of an internal job change. At Aarsleff, we have a long tradition of employing apprentices and trainees, and we also invite students to visit our construction sites, providing them with insight into the construction industry and supplementary knowledge for their theoretical education. We also participate in career days and fairs at educational institutions where some of our young employees describe their workday, their fascination of the industry, and future job and career opportunities.

Management

	Joint venture risk	Insufficient planning and project execution	Inaccurate revenue recognition of projects	Increasing raw material prices and material shortage	Cyberattacks
Current status	The joint venture risk is unchanged compared to last year, and the Fehmarnbelt project and the collaboration with our partners are proceeding according to plan.	Risk of insufficient planning and project execution is assessed to be unchanged compared to last year.	The risk of inaccurate revenue recognition of projects is assessed to have increased due to the general market instability relating to the development of raw material prices and the availability of certain critical materials and components used in our production and building projects.	The risk of increasing raw material prices and shortage of materials increases and influences our entire business. This does not only increase costs but also the risk of production stop, if the development leads to e.g. raw material shortage.	The risk of cyberattacks is still deemed to be increasing, in part it is due to the Group's increasing digitalisation and automation of processes, but also because the number of companies hit by serious cyberattacks is increasing.
Risk	Sometimes we enter into large-scale contracts together with selected collaboration partners with a view to sharing the risk and adding expertise in connection with project execution. Throughout this process, collaboration partners are carefully selected, as the Aarsleff Group is exposed to significant risks if the collaboration partners cannot handle the task.	A decisive parameter in relation to the Aarsleff Group's ability to generate the expected earnings is the ability to plan, manage and execute projects. This is a process that is continuously improved, as our base of experience is expanded. Within our specialist fields, we execute a number of routine jobs involving a high degree of repetition. One of the effects of repetition is the possibility to control and reduce errors and risks. We work systematically to identify and remove sources of errors, and repetition allows us to monitor, control and inspect the work.	The monthly measuring of progress is based on an estimate of how many costs are expected to be incurred up until project completion. The estimate is based on more objective assessments of expected material consumption etc. as well as on more subjective assessments of e.g. time consumption in consideration of the project manager's experience with similar projects. The measuring of the project progress thus comprises a significant element of estimate which may result in uncertainty relating to the financial reporting of the project.	After signing a contract with a customer, there is a risk of increasing raw material and material prices, resulting in a potential reduction of the Aarsleff Group's earnings generated from the contract in question.	The Aarsleff Group is regularly exposed to cyberattacks of different types and strengths. The risk is increasing as a consequence of more digitalisation and automation, and correspondingly, our dependency on access to systems and data is increasing.
Risk mitigating actions	The joint venture risk is reduced by thoroughly assessing the history, financial strength and professional expertise of our collaboration partners before entering into a working relationship. On the Fehmarnbelt project, for example, the Aarsleff Group cooperates with large, consolidated international business partners.	A form of risk management is integration of design and planning. Traditionally, the contractor does not become part of a project until a firm of consulting engineers has completed the design, and the tender phase is over. However, there is a tendency to involve the contractor already when initiating the design. In some cases, this form of collaboration leads to partnering contracts, and in other cases to design and construct contracts. An example of this is the expansion of Terminal 3 in Copenhagen Airport where the construction contract is based on the co-creation contract which Aarsleff won in 2019.	Each month, several procedures and controls are carried out in connection with measuring of progress of ongoing projects. The initiated controls ensure that the estimates are well-founded and substantiated while taking into account the experience gained from the project and other similar projects. Therefore, Management assesses that the initiated controls reduce the risk to an acceptable level as it will not be possible to eliminate this risk completely.	The development in raw material prices, e.g. steel prices, may have a significant financial effect. We look to reduce the effect hereof by introducing price regulation mechanisms in our contracts with the customers, compensating for fluctuations in the raw material price, or by making fixed price contracts with the suppliers at an early stage. If this is not possible, we will price the uncertainties for the customer.	Initiatives have been introduced to ensure that the damage caused by potential attacks is reduced as much as possible, and we are taking current measures to minimise the Group's exposure to potential attacks which may cause damage to or leakage of our data.

FINANCIAL PERFORMANCE OF THE YEAR

Financial review	25
Quarterly follow-up	27
Construction	28
Technical Solutions	30
Rail	32
Ground Engineering	34
Pipe Technologies	36

Financial review

Revenue

In the financial year, consolidated revenue amounted to DKK 18,118 million which is an increase of DKK 3,488 million or 23.8% compared to the previous year's revenue of DKK 14,630 million. Revenue of the Danish operations increased by 18.4%, while revenue of the foreign operations increased by 36.3%. Organic revenue increased by 20.1%.

The increase in revenue was attributable to large parts of the business where four out of five segments delivered high growth rates. In Construction, there was a high level of activity within construction activities and completion of a number of the large building projects. In Technical Solutions, there was strong growth caused by high demand for technical services as well as participation in the large building projects carried out in One Company collaboration with Aarsleff. In Rail, there was strong growth and good market activity, and revenue was affected by the acquisition of Trym Anlegg AS in Norway. In Ground Engineering, revenue was higher than the previous year, primarily due to good market activity and a few minor acquisitions. In Pipe Technologies, revenue was in line with the year before, and there was satisfactory activity in all main markets.

Gross profit

Gross profit increased by DKK 281 million to DKK 1,943 million, corresponding to 10.7% compared to DKK 1,662 million or 11.4% in 2020/21. Gross profit is negatively affected by the high prices of materials and raw materials and by a few building projects which do not progress as expected. However, the high capacity utilisation in several parts of the business had a positive effect on gross profit.

Capacity costs

Administrative expenses and selling costs increased by DKK 208 million, corresponding to an increase of 19.8% compared to last financial year, amounting to 7.0% of revenue compared to 7.2% last financial year. The nominal development is primarily due to newly acquired companies and the strong growth in revenue.

EBIT

The Group's EBIT amounted to a total of DKK 727 million compared to DKK 644 million the year before, corresponding to an increase of 12.9%. The EBIT margin was 4.0% compared with 4.4% last financial year. The nominal results were slightly above expectations at the beginning of the year but did not follow the development in the top line.

Construction reported EBIT below expectations of DKK 250 million which is an increase of DKK 33 million compared to last year but with a lower EBIT margin of 3.0% compared to 3.4% in 2020/21. Segment results were affected by the significantly increasing prices of materials and raw materials and by a few building projects which do not progress as expected. Results are positively impacted by a high capacity utilisation in most entities.

Technical Solutions reported EBIT significantly above last year, amounting to DKK 82 million compared to DKK 31 million last year. Results were positively impacted by a high demand for technical services and thus a high capacity utilisation. However, the segment was also negatively impacted by the price development of materials and raw materials as well as a few One Company building projects which do not progress as expected.

The Group's railway activities in **Rail** reported EBIT of DKK 73 million compared to DKK 60 million in 2020/21. Results were in line with expectations, but the EBIT margin was negatively affected by the high prices of materials and raw materials.

Ground Engineering reported EBIT of DKK 173 million compared to DKK 164 million the year before. Results were above expectations although there was a negative impact from the price development of e.g. steel and transport. However, this was more than offset by a high level of activity in the fourth quarter and a generally satisfactory activity in all markets as well as a few minor acquisitions.

Pipe Technologies reported results slightly above expectations, and EBIT was DKK 149 million compared to DKK 172 million the year before. Despite the slightly lower nominal results, the EBIT margin was 6.8% compared to the expected 6.5%. This positive deviation is attributable to a general, good activity in all main markets and increasing activity in Norway. Results are negatively impacted by the significantly increasing raw material prices which affected earnings in the factory in Denmark as well as the framework agreements.

Tax

Tax on profit for the year amounted to DKK 166 million, corresponding to a tax rate of 24.3%. The tax rate can be explained by a higher tax rate in subsidiaries that contributed positively to the profit for the year and unrealised gains on mark-to-market taxed financial instruments as well as non-deductible expenses of which the most significant are costs for the employee share programme.

Tax for the year consisted of current tax of DKK 58 million and an adjustment of deferred tax and tax assets of DKK 108 million. The Group's deferred tax assets were conservatively assessed based on expected realisation by set-off against future earnings.

Order backlog

The company's order backlog amounted to DKK 22,847 million compared to DKK 19,981 million at the beginning of the financial year. The order intake amounted to DKK 20,984 and was attributable to for example the conclusion of contracts for the Terminal 3 expansion in Copenhagen Airport, Masthuggskajen, Lynetteholm and Mary Elizabeth's Hospital. In addition, the acquired companies, for example Permagreen Grønland A/S and Trym Anlegg AS, contributed a total of DKK 1,218 million to the order backlog.

Balance sheet

Due to strong growth, consolidated balance sheet total increased by 31.7%. In the financial year, **investments** were made in a new, shared domicile for Wicotec Kirkebjerg A/S and Petri & Haugsted AS, production facilities in the pile factories and expansion of facilities at Aarsleff Biz in Poland. In addition, large investments were made in e.g. new equipment for the execution of the Fehmarn project in order to accommodate requirements.

Work in progress net increased significantly. This was primarily due to a change in the project portfolio to more building projects than construction projects which usually have a higher working capital. In addition, work in progress was also affected by the general revenue growth.

Working capital increased significantly from DKK 581 million last year to DKK 1,219 million. This development was mainly due to the significant increase of work in progress but also to the rise in funds tied up in receivables which was not completely offset by a corresponding increase of accounts payable. The increase of receivables as well as accounts payable was primarily caused by a very high level of activity in the fourth quarter.

Consolidated **net interest-bearing debt** was DKK 1,211 million compared to a net deposit of DKK 284 million last financial year. The change was primarily due to the before-mentioned effect from working capital as well as the high investment level.

Invested capital rose from DKK 3,378 million to DKK 5,066 million, which was also due to the increase in working capital and the effect on interest-bearing debt. Return on invested capital after tax (ROIC) was 13.1% compared to 16.3% the year before.

Cash flow statement

Cash flow from **operating activities** amounted to an inflow of DKK 516 million compared to DKK 471 million last financial year or an increase of DKK 45 million that was mainly attributable to the increased operating profit.

Cash flow from **investing activities** amounted to an outflow of DKK 1,158 million against an outflow of DKK 676 million last financial year. Investments in property, plant and equipment are significantly higher than last financial year owing to the before-mentioned investments in buildings and production facilities and in equipment for some of the large construction projects. In addition, as mentioned in note 30, a number of companies was acquired during the year, among them Permagreen Grønland A/S and Trym Anlegg AS, and the Group has also exercised an option to buy the remaining 49% of the shares in Olimb Rørfornying Holding AS.

Cash flow from **financing activities** amounted to an inflow of DKK 525 million against an outflow of DKK 432 million last financial year, mainly due to incurrence of short-term debt in connection with increased funds tied up in working capital. The cash flow is also affected by the continuation of the share buyback programme, amounting to DKK 157 million this year.

Subsequent events

On 13 December, Aarsleff received a termination of the contract entered into on 3 August 2022 with a multinational company for the Civil Works Package in connection with an extension of a data centre in Odense. The contract had a value of DKK 2.4 billion. The work on the data centre was in progress and will be stopped immediately as a consequence of the termination of contract. The effect of the termination will be included in the order backlog and in the order intake as well as in the outlook for the financial year 2022/23.

Quarterly follow-up

Fourth quarter results

Operating profit (EBIT) of the fourth quarter amounted to DKK 257 million (EBIT margin: 4.9%) compared to DKK 156 million (EBIT margin: 3.9%) in the same period last financial year.

Construction

Construction delivered EBIT slightly below expectations in the fourth quarter. There was a very high level of activity, but the EBIT margin was still affected by the high prices of materials and raw materials and by a few building projects which are not progressing as expected. The first large building project, Pasteur's Tower in the Carlsberg City, was handed over in August.

Technical Solutions

Technical Solutions delivered EBIT in line with expectations in the fourth quarter. The level of activity decreased in the quarter as the completion of several of the large One Company building projects is approaching.

Rail

Rail delivered EBIT in line with expectations in the fourth quarter. The acquisition of Trym Anlegg AS in Norway was included as of 1 August 2022.

Ground Engineering

Ground Engineering had a high level of activity and EBIT was above expectations in the fourth quarter.

Pipe Technologies

Due to an increasing level of activity in Norway, EBIT was above expectations. Also, we managed to maintain an improved seasonal adjustment of revenue, thereby improving the capacity utilisation of the factory and the installation units.

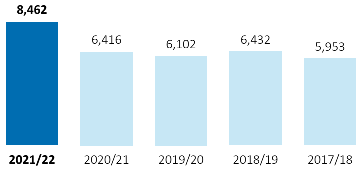
	2021/22				2020/21			
(DKKm)	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Income statement								
Revenue	5,202	4,666	4,113	4,137	4,005	3,703	3,279	3,643
Gross profit	585	484	420	454	435	449	365	413
Depreciation, amortisation and impairment	203	166	158	153	163	143	138	139
Operating profit (EBIT)	256	175	132	164	156	178	138	172
Net financials	-17	-9	-14	-4	-11	-3	-13	-4
Profit before tax	239	166	118	160	145	175	125	168
Tax on profit for the period	-71	-30	-29	-36	-29	-39	-37	-38
Profit for the period (continuing operations)	168	136	89	124	116	136	88	130
Profit for the period (discontinued operations)	-2	-22	-43	1	1	2	-1	1
Cash flow								
Cash flow from operating activities	565	-229	213	-33	61	173	160	77
Cash flow from investing activities	-486	-266	-205	-201	102	-427	-259	-92
Cash flow from financing activities	-221	-200	529	417	28	-215	-296	51
Total cash flow	**-142**	**-695**	**537**	**183**	**191**	**-469**	**-395**	**36**
Balance sheet								
Non-current assets	4,364	3,888	3,748	3,644	3,418	3,192	3,116	3,012
Current assets	7,379	7,242	6,791	6,123	5,500	6,050	5,288	5,799
Total assets	**11,743**	**11,130**	**10,539**	**9,767**	**8,918**	**9,242**	**8,404**	**8,811**
Equity	3,855	3,695	3,642	3,786	3,664	3,591	3,442	3,469
Non-current liabilities	1,142	980	957	967	813	782	775	1,075
Current liabilities	6,746	6,455	5,940	5,014	4,441	4,869	4,187	4,267
Total equity and liabilities	**11,743**	**11,130**	**10,539**	**9,767**	**8,918**	**9,242**	**8,404**	**8,811**
Number of employees	8,604	8,586	8,302	7,828	7,658	7,581	7,358	7,388
Financial ratios								
Gross margin, %	11.2	10.4	10.2	11.0	10.8	12.1	11.1	11.3
Operating margin (EBIT margin), %	4.9	3.8	3.2	4.0	3.9	4.8	4.2	4.7
Invested capital (IC), DKK	5,066	4,626	3,979	3,949	3,378	3,229	2,871	2,948
Return on invested capital (ROIC), % (annualised)	17.2	16.0	18.4	18.4	21.2	23.1	24.7	18.5
Return on invested capital after tax (ROIC), % (annualised)	12.5	10.8	12.8	14.2	16.3	17.2	18.1	12.9
Working capital, DKK	1,219	1,381	860	887	581	455	160	197
Net interest-bearing deposits/debt (+/-), DKK	-1,211	-931	-338	-167	284	361	571	519

Construction

Revenue

DKKm 8,462

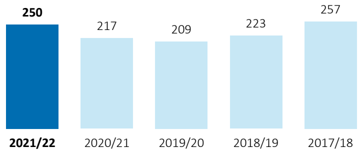
An increase of 31.9% driven by a strong level of activity in the construction market and the completion of a number of large building projects.



Segment results (EBIT)

DKKm 250

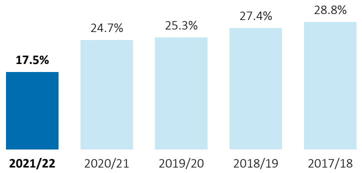
Profit for the year was below expectations.



ROIC (after tax)

17.5%

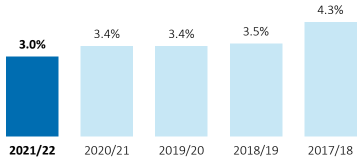
Negatively affected by the development in working capital but still above the 12% target.



EBIT margin

3.0%

Negatively affected by the significantly increasing prices of materials and raw materials and by a few building projects which did not progress as expected. The EBIT margin target for the segment is 4.5%.



Construction

The year in brief

Strong growth caused by a good level of activity in the construction market and by the completion of a number of large building projects.
–
EBIT was below expectations and negatively affected by the strongly increasing prices of materials and raw materials and by a few building projects which are not progressing as expected.

Strategic initiatives

Continued focus on early contractor involvement, e.g. in the collaboration with the utility company Aarhus Vand about the future resource and wastewater treatment plant Aarhus ReWater.
–
Focus on sustainability and innovative projects such as Future Green Construction Sites and (P)RECAST (reuse of precast concrete elements).
–
Agreement with Ørsted on the testing of new installation methods for offshore wind farms.
–
Start-up of the collaboration on design and development of the North Sea Energy Island.

Acquisitions and investments

In November 2021, 70% of Permagreen Grønland A/S was acquired.
–
Large investments in vessels for the Fehmarn project.
–
Continued investments in production facilities in Poland.

Order intake and order backlog

DKKm **11,236**

Order intake of which the order backlog at the acquisition of Permagreen Grønland A/S is included with a total value of DKK 813 million.

DKKm **13,670**

Order backlog at 30 September 2022.

Approx.

DKKm **6,825**

are expected to be carried out in the financial year 2022/23.

Construction projects

Continued high level of activity e.g. with the execution of the Greater Copenhagen Light Rail, along Ring Road 3, and establishment of the Fehmarnbelt Link.
–
Generally, there are many tender opportunities in the construction market, such as large infrastructure projects and projects driven by the green transition, e.g. conversion from natural gas to district heating.

Building projects

Several building projects are affected by the strongly increasing prices of materials and raw materials as well as by the bankruptcy of some of our sub-suppliers.
–
Hansson & Knudsen A/S has signed a contract for its first housing renovation project in Copenhagen.
–
The first large building project, Pasteur's Tower in the Carlsberg City, was handed over in August.
–
Signs of a slowdown within building projects due to increasing material and raw material prices as well as increasing interest rates.
–
We continue developing more building projects by means of early contractor involvement, such as two building plots at Aarhus Ø for Prime Office A/S as well as Denmark's tallest office building, Mindet, for Ejendomsselskabet Olav de Linde.

The North Atlantic and other international operations

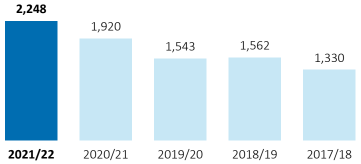
The results of Permagreen Grønland A/S and Icelandic Ístak hf. are negatively affected by increasing prices of materials, raw materials and freight.
–
There is a very high level of activity in Iceland and a satisfactory order backlog.
–
Market opportunities in Greenland are good, particularly within residential building in Nuuk.
–
The integration of Permagreen Grønland A/S proceeds as planned, and the focus is on utilising the synergies with the rest of the Aarsleff Group.
–
The two large harbour projects in Sweden, construction of the peninsula Masthuggskajen in Gothenburg and expansion of Port of Varberg, are making good progress.

Technical Solutions

Revenue

DKKm 2,248

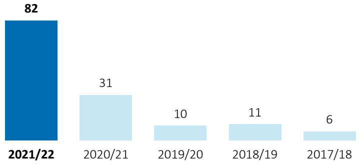
An increase of 17,1% caused by a high demand for the Group's technical services and our participation in the large building projects carried out in One Company collaboration with Aarsleff.



Segment results (EBIT)

DKKm 82

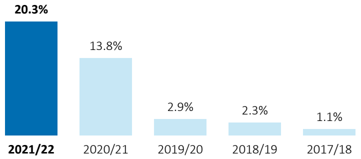
Profit for the year as expected, and the positive development continues with a significant improvement of EBIT.



ROIC (after tax)

20.3%

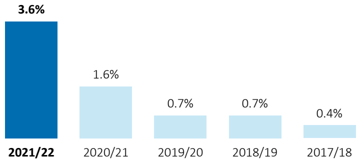
Above the 12% target. The segment does not require significant investments in material and capital equipment.



EBIT margin

3.6%

An improvement compared to previous years and approaching the 4.0% EBIT margin target.



Technical Solutions

The year in brief

Strong growth caused by high demand for the Group's technical services and participation in the large building projects carried out in One Company collaboration with Aarsleff.
–
The positive development continues with a significant improvement of EBIT.

Strategic initiatives

Focus on industry and infrastructure and high demand for the Group's technical expertise within areas such as the food and pharmaceuticals industry as well as within stainless steel pipe installations for primarily waterworks, wastewater treatment plants and hospitals.
–
Also, there is focus on opportunities arising in connection with the green transition, e.g. installation and operation of intelligent control systems which may optimise and reduce the energy consumption.

Acquisitions and investments

In January, acquisition of S&H Klimateknik A/S. The company specialises in cooling and has extensive experience in designing and building refrigeration systems.
–
In September, acquisition of Jysk CTS A/S. The company specialises in intelligent building automation systems. Jysk CTS generates revenue of approx. DKK 70 million and has 66 employees.
–
Effective 1 October, acquisition of Kurt Jensen Maskinfabrik A/S. The company specialises in manufacturing of stainless piping for waterworks, food manufacturers and the environmental sector.
–
Investment in new office building in Taastrup ready for use in the spring of 2023.

Order intake and order backlog

DKKm 2,187

Order intake.

DKKm 2,432

Order backlog at 30 September 2022.

Approx.

DKKm 950

are expected to be carried out in the financial year 2022/23.

Projects

High level of activity due to participation in the large building projects carried out in One Company collaboration with Aarsleff.
–
Several building projects are affected by the strongly increasing prices of materials and raw materials as well as the bankruptcy of some of our sub-suppliers. Also, a few of our building projects are not progressing in line with expectations.
–
Signing of contract in May at a value of approx. DKK 500 million with the Capital Region of Denmark concerning installations for Mary Elizabeth's Hospital.
–
Continued good tender opportunities within large technical contracts, primarily in Greater Copenhagen.

Industry and infrastructure

Increasing level of activity especially within the pharmaceutical industry.
–
High demand for the Group's expertise within stainless steel pipe installations.
–
High level of activity within conversion from natural gas to district heating with current projects in the towns Albertslund, Køge, Helsingør, Holte, Næstved and Rørvig.

Service and installation

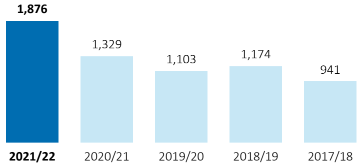
The focus on increasing revenue within service and facility management in recent years has contributed positively to both growth and earnings.
–
Signing of several framework agreements with the Danish Ministry of Defence Estate Agency, e.g. concerning services and participation in minor tenders for assignments above DKK 30,000 from the Region of Southern Denmark.

Rail

Revenue

DKKm 1,876

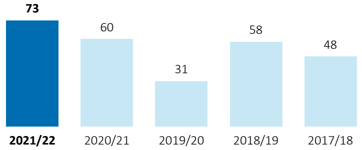
An increase of 41.2% driven by a high level of activity in all markets and the acquisition of Trym Anlegg AS in Norway.



Segment results (EBIT)

DKKm 73

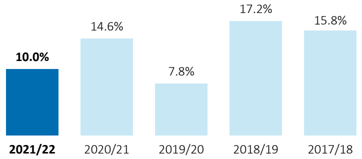
Profit for the year is in line with expectations.



ROIC (after tax)

10.0%

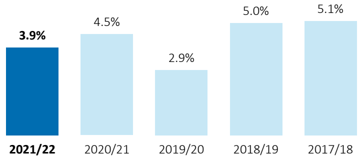
Below the 12% target. Large investments in rail-bound equipment for railway renovation were made.



EBIT margin

3.9%

Is affected by high raw material prices. The EBIT margin target is 5.0%.



Rail

The year in brief

Strong growth caused by a high level of activity in all markets and the acquisition of Trym Anlegg AS in Norway.

–

EBIT was in line with expectations; the EBIT margin, however, is affected by the high raw material prices.

Strategic initiatives

Focus on realising the potential for organic growth in Scandinavia as well as a concentrated effort within catenary systems in Germany.

–

Use the potential for growth within operation and maintenance in Denmark and develop the area in Norway and Sweden.

–

Focus on digitalisation and sustainability, e.g. we have purchased new electric vans for the operation and maintenance task for Odense Tramway.

–

Position ourselves to undertake even larger Scandinavian railway and light rail projects as in-house production. In this connection, the names of the companies in Norway and Sweden will change to Aarsleff Rail.

Acquisitions and investments

In July, an agreement was signed to purchase 66.6% of the shares in the Norwegian company Trym Anlegg AS. Also, it has been agreed that Aarsleff will buy the remaining shares at book value by 2027 at the latest. The total price for 100% of the company is NOK 240 million. The company, which is headquartered in Trondheim in central Norway, has 90 employees, generates annual revenue of NOK 425 million, and in 2021 the operating profit, EBIT, amounted to NOK 30 million.

Order intake and order backlog

DKKm 1,858

Order intake.

DKKm 3,090

Order backlog at 30 September 2022.

Approx.

DKKm 1,625

are expected to be carried out in the financial year 2022/23

Denmark

High level of activity on a number of large projects, such as the Greater Copenhagen Light Rail where the track laying has begun. In addition, we carry out track maintenance and preparation for speed upgrading on the railway section between Aarhus and Langå.

–

The electrification of the section Fredericia-Aarhus is progressing.

–

Continued focus on increasing the activities within service and maintenance. In January, we started working on regional track maintenance in Western Jutland, and in May, operation and maintenance of the infrastructure of Odense Tramway.

Norway

Trym Anlegg AS is included effective from August, and the level of activity was high with strong earnings. The company is a well-run project-based company within the railway and construction segment.

–

Banedrift AS has had a high level of activity, comprising e.g. fibre installations for the Vestfold Line as well as new double tracks in Sandbukta.

–

Focus on the integration of Trym Anlegg AS and on selection of projects matching our organisation in Norway.

–

Banedrift AS has changed its name to Aarsleff Rail AS.

Sweden

High level of activity among other things due to a complete renewal of the catenary system on the 82-kilometre-long section between Borås and Varberg.

–

Track work in Sävenäs for Trafikverket. A good reference for continued development of the track area.

–

Installation of light rail tracks in the Ringön district in Gothenburg.

–

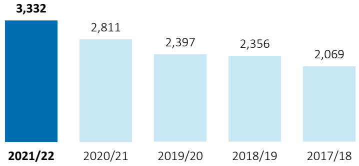
Anker AB has changed its name to Aarsleff Rail AB.

Ground Engineering

Revenue

DKKm 3,332

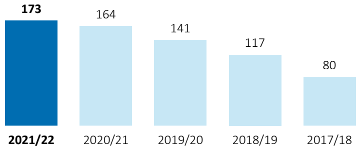
An increase of 18.6% driven by a generally satisfactory level of activity in all Ground Engineering's markets and by minor acquisitions.



Segment results (EBIT)

DKKm 173

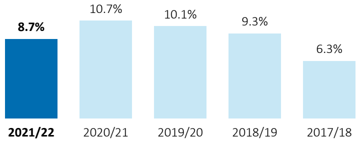
Above expectations primarily due to a high level of activity in the fourth quarter.



ROIC (after tax)

8.7%

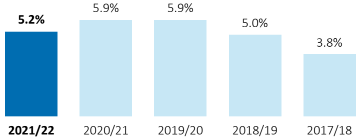
A decrease compared to previous years and below the target of 12%. Ground Engineering is characterised by making large investments in production plant for manufacture of precast reinforced concrete piles and piling rigs for installation of piles.



EBIT margin

5.2%

Is affected by increased costs for especially steel, transport and energy, particularly in the second and third quarter. The EBIT margin target is 6.5%.



Ground Engineering

The year in brief

Growth was driven by a generally satisfactory activity in all Ground Engineering's markets and by minor acquisitions.

–

Increased costs for especially steel, transport and energy affected earnings, particularly in the second and the third quarter.

–

Due to a high level of activity in the fourth quarter, EBIT was above expectations.

Strategic initiatives

Production launch of screw piles and installation of the first piles on a project in Germany.

–

Establishment of new pile factory in Skåne, Sweden.

–

Focus on distribution of our mast foundations for railway electrification in Sweden and Germany.

Acquisitions and investments

In April, acquisition of the UK-based contracting company Cannon Piling Ltd. which carries out in situ activities, for example drilled piles. The company has an annual revenue of approx. DKK 100 million and employs about 45 employees.

–

In June, acquisition of the groundwater specialist BL Grundvandssænkning A/S which generates revenue of approx. DKK 30 million and has 18 employees.

–

Major investments in production facilities for screw piles and a new factory in Skåne.

Order intake and order backlog

DKKm 3,530

Order intake.

DKKm 2,156

Order backlog at 30 September 2022.

Approx.

DKKm 1,525

are expected to be carried out in the financial year 2022/23.

Denmark

Continued high level of activity with results in line with expectations.

–

Fewer large construction pits due to the slowdown within building construction.

–

Execution of two large construction pits in Aarhus in collaboration with Construction to extend the art museum Aros and to build the high-rise office building Mindet.

–

Recovery in the market within No-Dig activities for the contracting company Entreprenørfirmaet Østergaard A/S, primarily due to the green transition.

Sweden

High revenue growth due to several large projects. EBIT exceeded expectations.

–

In November 2021, signing of contract for the sheet pile work for Södertälje lock and canal in Stockholm. The contract value is DKK 271 million.

–

The two large harbour projects in Sweden, construction of the peninsula Masthuggskajen in Gothenburg and expansion of Port of Varberg, are making good progress.

Germany

The level of activity is increasing primarily due to several large pile projects.

–

Earnings from this year's pile installation projects were not satisfactory, among other things due to price increases.

–

Good market opportunities in connection with the green transition and establishment of onshore wind turbine foundations.

The UK

High growth with good utilisation of production facilities resulted in very satisfactory EBIT.

–

Continued good market opportunities, especially within pile foundation for construction of logistic centres and large industrial plants.

Poland

Continued high activity with many projects with reinforced concrete piles.

–

The sale of mast foundation piles has contributed to satisfactory earnings above expectations.

–

Increasing activity in the Czech Republic where we have established a subsidiary in Brno which in collaboration with the Polish company covers the Czech market.

–

The slowdown within building construction is expected to be partly offset by the opportunities on the construction market within harbours and other infrastructure.

Norway

Results were below expectations, primarily because Steg Entreprenør AS and Sør-Norsk Boring AS have been particularly exposed to the increasing material and raw material prices.

–

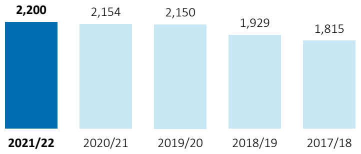
Continued good market opportunities and expansion of the collaboration between the Group's Norwegian companies.

Pipe Technologies

Revenue

DKKm 2,200

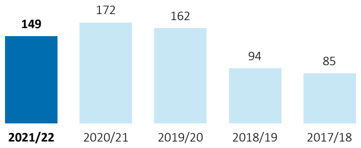
An increase of 2.1%. The level of activity has been satisfactory in all significant markets.



Segment results (EBIT)

DKKm 149

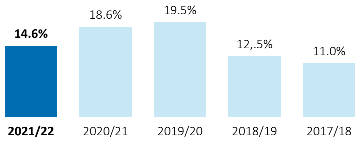
Slightly above expectations driven by the increasing level of activity in Norway.



ROIC (after tax)

14.6%

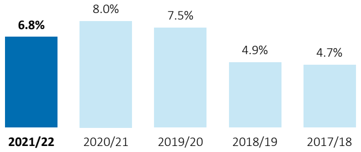
Above the 12% target. Pipe Technologies is characterised by large investments in manufacturing and installation plants.



EBIT margin

6.8%

Above the long-term target of 6% for the segment despite the impact on earnings by the strongly increasing raw material prices.



Pipe Technologies

The year in brief

Satisfactory activity in the main markets.
–
EBIT was slightly above expectations driven by the increasing level of activity in Norway.
–
The strongly increasing raw material prices affected earnings, especially in the factory in Denmark and on the framework agreements.

Strategic initiatives

Continue the development of our liner systems for small dimensions to underpin increased growth of the Bluelight segment in Europe and expand the sale of our LED concept for rehabilitation of laterals in the USA.
–
Sustainability on the agenda – we survey our products and processes to be the first to offer sustainable solutions.
–
Focus on increased earnings and adaptation of the Eastern European activities in relation to changes in geopolitical conditions as well as the future number of tenders.

Acquisitions and investments

In January, Aarsleff exercised the option to buy the remaining 49% of the shares in Norwegian Olimb Rørfornying Holding AS. The remaining shares have been purchased at book value, and Aarsleff now owns 100% of the shares.

Order intake and order backlog

DKKm 2,173

Order intake.

DKKm 1,499

Order backlog at 30 September 2022.

Approx.

DKKm 1,125

are expected to be carried out in the financial year 2022/23.

The Nordic countries

In Denmark, there were fewer large pipe renewal projects, and the number of projects within housing and Industry is decreasing due to the increasing prices of materials.
–
The significantly increasing prices of raw materials are particularly impacting earnings in the factory in Denmark and will also impact the many long-term framework agreements in Denmark in future.
–
The level of activity in Norway is still increasing in the public as well as the private market for pipe renewal.
–
In Sweden, the fluctuating market activity affected earnings.

Western Europe

In Germany, there are a continued high activity and a good order intake. We are working on switching to a more regional approach with more offices to ensure an improved geographic coverage.
–
In the Netherlands, recent years' positive development in both revenue and earnings continues.
–
The sale of the Bluelight technology is progressing in line with expectations, and there is continued focus on new markets, e.g. Italy.

Eastern Europe

Revenue in Poland and the Baltic countries was low as expected.
–
Poland is affected by the lack of EU-funded projects, and we have adjusted capacity in order to match the current level of activity.
–
We have decided to sell our businesses in Russia and leave the country. From an accounting perspective, the activities will be treated as an asset held for sale and are therefore no longer included in Pipe Technologies' revenue and operating profit. There is a current process going on about a sale of the company to the local management.

THE YEAR AT A GLANCE

Lynetteholm – a new artificial island in Port of Copenhagen 39
Reinforcement of important Swedish channel 40
The Fehmarnbelt Link is powering ahead 41
Renewal of sewer system in large hospital 42
Expanding terminal 3 in Copenhagen Airport 43

Lynetteholm – a new artificial island in Port of Copenhagen

In Port of Copenhagen, Per Aarsleff A/S and VG Entreprenør A/S are working on the execution of Lynetteholm, which is Copenhagen's new artificial island and flood protection. Prior to the execution, we participated in geological and archaeological investigations as well as test driving and excavation for soil sampling.

A perimeter of two kilometres

Aarsleff is to construct the first two kilometres of Lynetteholm's 7.5-kilometre perimeter. The perimeter is constructed as an embankment consisting of 593,000 cubic metres of sand and 830,000 tons of quarry stones. The embankment measures 65 metres at the bottom, and it is 18 metres high and 8 metres wide at the top. To establish a solid foundation for the embankment, we carried out a soft-bed replacement, for which we excavated the sea bottom and replaced it with sand. In addition, we dredged 138,000 cubic metres in Svælget, south of Middelgrunden, to ensure a minimum water depth of 12.6 metres, and we have also established a 150-metre-long southern quay designed as a traditional sheet pile wall. Behind the quay, a drainage system was established.

Several preliminary investigations

We made preliminary geotechnical investigations of an outfall from the water treatment plant Lynetten. Later, during the construction work, the outfall will be reinforced. Together with archaeologists from the Viking Ship Museum, we performed preliminary archaeological investigations from our own barges and excavated at 2,144 predetermined locations where we discovered several shipwrecks dating back to the 1700s. Phase 1 of the perimeter is scheduled for completion during the second quarter of 2023 for Lynetteholm to start receiving soil.

Reinforcement of important Swedish channel

In a One Company collaboration, Ground Engineering in Sweden, Denmark and Norway is working on a geotechnically challenging project in Södertälje, south of Stockholm. The Södertälje channel, which is one of the most important entrances to Stockholm and the lake Mälaren, is to be future proofed prior to subsequent dredging.

New construction and repair work

The project includes construction of a 1,000-metre new quay wall with 600 ground anchors as well as repair work and changes on parts of the channel section, such as replacement and reinforcement of sheet piles, jet grouting, supplementary anchoring and casting of tubular piles. Some of the 600 ground anchors are particularly complicated as they must be anchored in rock, which is covered by characteristic and different soil layers deriving from the Ice Age.

The ship traffic continues unaffectedly

Large ships of up to 120 metres long must pass through the channel, while we are working, so our work zones are limited to eight metres from 7 am to 11 am and 15 metres from 11 am to 7 pm. For this reason, we use a barge set-up with pontoons that are only 7.5 metres wide. The work is expected to be completed in August 2023.

The Fehmarnbelt Link is powering ahead

In Rødbyhavn, we are very busy working on the largest construction project in Danish history to date – the construction of the world's longest immersed tunnel, the Fehmarnbelt tunnel, an 18-kilometre stretch linking Rødbyhavn in Lolland to Puttgarden in Germany.

73,000 tons of heavy tunnel elements

1,000 employees are currently working at the Fehmarnbelt project. As partner of the FLC joint venture, Aarsleff participates in three out of four contracts and will take part in producing and installing the 89 tunnel elements as well as establishing portals and ramps on both the German and the Danish side. A standard element weighs 73,000 tons and is 217 metres long, 41 metres wide and 10 metres high.

Factory soon ready for production

The construction of the element factory and the portal structure have especially taken up much time at the site in Rødbyhavn during 2022. Wicotec Kirkebjerg designs and performs the comprehensive technical installation contract for the element factory. The Fehmarnbelt tunnels are designed to last at least 120 years, so high requirements are imposed on the concreting and the climate control in the halls, where the production will begin at the turn of the year. A production that must be uniform, although work will take place day and night, seven days a week for the next almost four years.

Renewal of sewer system in large hospital

Aarsleff Pipe Technologies performed a large and complicated renewal of the sewer system in one of Northern Europe's largest hospitals, Aarhus University Hospital, using their trenchless CIPP lining method late this year.

Renovation of stormwater pipes

The project lasted a week and a half and implied CIPP lining of eight DN600-millimetre pipes, including 16 manholes at a depth of four metres under the hospital corridors and 36 manhole inlets in the form of DN150-300-millimetre rainwater laterals. The renewed pipelines drain the surrounding garden areas and lead to a larger pipeline around the hospital, from which the rainwater will flow into a nearby rainwater reservoir.

Maintenance of critical infrastructure

During planning and execution, we managed several specific hospital-related challenges for the hospital to maintain its critical work procedures. As we were working underneath the helipad for the rescue helicopter, we had to report to the control tower in Skejby, just like we had to establish a bypass road to ensure free passage for the cardiac ambulance. In addition, at three of the manholes, we had to use a crane to lift the liners into a backyard, and we also had to ensure that the hospital corridors were empty of people before we could perform crane lifting.

Expanding Terminal 3 in Copenhagen Airport

At Copenhagen Airport, we are now just over a year into the construction of the comprehensive extension of the terminal area behind the security checkpoints. The entire process began back in 2019 with a co-creation process with the client, consultant and architects.

70,000 square metres of new building

At the beginning of 2022, after three years of design and excavation work, we were able to mix the first concrete for the base slab and the foundation under the new extension. The construction pit comprises an area of approximately 10,000 square metres, from where a building of 70,000 square metres will be built for passengers, passport control, a new and larger luggage claim area, offices and commercial activities.

Many interested parties in play

When conducting construction works in one of Northern Europe's largest airports, there are of course many interested parties to pay attention to, especially because we are working while the airport is in full operation. At the same time, several special security measures also apply. However, we draw on our many specialist skills in Aarsleff and lessons learned from previous projects at the airport. These are useful to us when expanding the Terminal 3 area, which is expected to be ready in 2028.

RESPONSIBILITY AND SUSTAINABILITY

Introduction to ESG	45
Role and scope	46
Global goals facilitate dialogue	47
A sustainable strategy	50
Environment and climate	52
Employees	58
Society around us	65
EU taxonomy	71
Policies and principles	73

Introduction to ESG

Aarsleff contributes actively to support a responsible and sustainable development. This is ensured by systematic efforts with focus on our own impact on society and the environment as well as on development of green and sustainable projects within all our business areas.

On the following pages we describe how we plan and implement our corporate social responsibility through our sustainability strategy, through specific priorities and actions as well as through our policies. The aim is to contribute knowledge and insight into how we take on responsibility for our business in practice and the world around us through initiatives that connect our activities to a sustainable society.

We use the guidelines for ESG – Environmental, Social and Governance – as classification in our reporting. This is a known and used terminology with the purpose of creating a transparent and comparable type of reporting. By implementing ESG in our annual report, we acknowledge that the environment/climate, social conditions and governance/management are important aspects of our overall business and value creation.

The 17 UN global goals are important guides for Aarsleff. They help us to define goals and to prioritise specific development initiatives which support important subsidiary goals as well as the Paris agreement (UN 2015) as a whole. We assess the global goals based on two parameters: How our activities affect the goals, and how we can affect specific goals positively through specific initiatives.

This year, Aarsleff's report is based on the EU Taxonomy. This new reporting allows us to quantify how many of our activities can be classified as sustainable. We report the results of all our companies.

Events around us

Responsibility and sustainability are dynamic. And Aarsleff is also affected by tendencies in society, market trends, crises, conflicts and wars.

We got through the coronavirus pandemic successfully and we are prepared for a possible re-emergence. Like the rest of the construction industry, we have been affected by the impact on resources and economy due to the war in Ukraine and the escalated conflict between Russia and the western world.

The generally increasing focus on climate and the environment has a positive effect on our business. More and more of our clients want sustainability, both in relation to our procedures and working methods and in relation to the projects in which we participate. In addition, the climate law and the government's plans for reducing climate emissions offer more business opportunities for Aarsleff.

How we organise ESG

ESG is an important and strategically prioritised area within Aarsleff. The Executive Management is responsible for the ESG area, and they determine and adjust our targets and ensure follow-up on the current progress of the adopted initiatives. The Executive Management assesses the risks and opportunities of the area and makes decisions on our strategies and ambition level.

Aarsleff ECO Center will, together with the rest of the organisation in Aarsleff, help leading the way in the green transition. ECO Center has defined ambitious goals and specific development plans, thereby setting out the direction for our future development in this area. This year, we have also carried out specific measurements of a number of climate and environment parameters in order to have a solid basis for making improvements, and in order for our stakeholders to make direct comparison with the initiatives and results of the industry.

Our policies

We have a number of policies which set the framework for our specific development initiatives within the ESG area. The policies include the following subjects: Offensive behaviour and violence, anti-corruption, compliance with competition laws, whistleblower system, the environment, climate, human rights, occupational health and safety, apprentices, trainees and cars.

Role and scope

The ESG reporting is included as an integrated part of the management's review and Aarsleff's annual report for 2021/22. In this way, we demonstrate that our policies, efforts and results in this area are important aspects of our business and value creation. We will not be publishing a separate ESG or CSR report.

Data collection

Data collection and statements for this report have been made in accordance with accepted practices for balance, clarity, accuracy, credibility, timeliness and comparability.

We provide ESG examples from the Group companies included in the consolidated financial statements of Per Aarsleff Holding A/S. Unless otherwise stated, our ESG key figures include the companies Per Aarsleff Holding A/S, Per Aarsleff A/S, Centrum Pæle A/S, Petri & Haugsted AS, Wicotec Kirkebjerg A/S, Aarsleff Rail A/S and Hansson & Knudsen A/S, corresponding to approx. 75% of the Group's revenue.

Wherever possible, we have stated comparative figures for the past four years and for 2014/15. The comparative figures stated for 2014/15 are our baseline figures, which means that 2014/15 is the fixed financial year with which we compare all future figures. For some data, such as emissions and energy consumption, this is the first time we report results. So, these figures will be our future baseline in these areas.

Figures are reported based on data from our IT systems, invoices, meter readings, continuous registrations etc. Data are subject to standard control procedures for quality assurance of data. Any estimates included in the statements are specified.

Explanation is provided for any material changes to the accounting policies or to the basis and contents of data compared to previous years.

Principles and legislation

The ESG reporting is based on the guidelines on ESG financial highlights of annual reports issued by CFA Society Denmark, FSR and Nasdaq. In addition, we are inspired by the Global Reporting Initiative (GRI) Standards but do not fulfil the "in accordance with" criteria of this standard.

Although the Aarsleff Group does not participate in the UN Global Compact, its ten principles serve as a significant inspiration for us when we identify, prioritise and set out our significant issues, stakeholders and risks in the ESG area. And the principles are part of the foundation on which we base our targets and action plans.

The ESG reporting is a statement of the corporate social responsibility cf. section 99 a of the Danish Financial Statements Act, a statement of the gender composition of the management cf. section 99 b of the Danish Financial Statements Act and a statement of the policy on equality and diversity cf. section 107 d of the Danish Financial Statements Act. This year, we have added information about Aarsleff's policy on data ethics which is part of section 99 d of the Danish Financial Statements Act.

On page 73, we provide a brief description of Aarsleff's policies. We have linked to several of our policies to allow you to read these in full on www.aarsleff.com.

Global goals facilitate dialogue

At Aarsleff, the 17 UN global goals give us an opportunity to discuss internally and externally how we can contribute to comply with the Paris agreement and create a more responsible and sustainable world. The global goals will create a frame for a dialogue on how we affect and get affected by specific goals and subsidiary goals.

The business community is an important contributor to our work of complying with the UN global goals. At Aarsleff, we focus on how we can affect the goal fulfillment in a positive way through our own projects and in collaboration with clients, customers, partners and suppliers.

Selected global goals

Several of the 17 global goals are of concern to us, and we have analysed our expected impact and, on that basis, assigned a score to each of the goals.

Based on the analysis, ten goals are of particular interest, and four of them have an extraordinarily high score. We give priority to these goals because they are closely connected to our business model and strategy, and because we assess that Aarsleff has the best opportunity of affecting these specific goals in a relevant and effective way. The four most important global goals are:

SDG 9 Industry, innovation and infrastructure
SDG 12 Responsible consumption and production
SDG 13 Climate action
SDG 17 Partnerships for the goals

For each of the four goals we set subsidiary goals which match the sustainability initiatives that we have carried out, are working on or are planning to carry out.

Global goals and weighting of these

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Aarsleff plays an important part in the work of developing the building and construction industry, creating innovative solutions within urban development as well as extending and maintaining infrastructure to make optimum connection between people and businesses.

To play this part, Aarsleff must strive to deliver the highest quality and the most competent solutions. We do this by having a continued focus on quality through our quality policy and by having our project management ISO certified. We also focus on future-proofing our procedures and solutions by means of rethinking in our industrial business; in our planning and design of building and construction projects as well as in our use of materials and resources on the construction sites.

Subsidiary goals 9.1 and 9.5 are particularly relevant to us.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

In the fulfilment of this goal, it is important that Aarsleff focuses on delivering solutions of high quality; solutions that are sustainable and future-proof.

In addition, our environmental policy ensures that we take the environment, climate and fuel efficiency into consideration when we purchase, operate and maintain our machinery and that we pay attention to correct handling of waste. When possible, we integrate circular economy by contributing to more reuse and recycling of materials and resources.

We focus on avoiding material wastage and errors, on separating waste correctly, and on reducing the risk of environmental accidents.

Subsidiary goals 12.4 and 12.5 are particularly relevant to us.

13 CLIMATE ACTION

We find it important to find solutions to the challenges that climate changes pose to society as well as citizens and companies.

In several areas, Aarsleff works on finding solutions to reduce greenhouse gas emissions – in our own companies as well as in the total value chain. Our current calculations of CO2 emission provide us with a good basis for making reductions together with partners, clients, customers and suppliers.

In the past years, we have used targeted policies and initiatives to have more energy-saving and environmentally friendly machines, trucks and cars, and we have set reduction targets for our CO2 emissions in 2030 with current follow-up and evaluation each year.

In addition, the new EU taxonomy allows us to quantify how many of our activities can be classified as sustainable. It gives us and our investors a common language for assessing the values of our activities within climate and economy.

Subsidiary goal 13.3 is particularly relevant to us.

17 PARTNERSHIPS FOR THE GOALS

Partnerships have a central role in succeeding in the green transition. Aarsleff participates in a number of partnerships with companies in the building industry, and in many cases we liaise with the research world, authorities, organisations and associations to find innovative solutions to the challenges within the areas of ESG.

Aarsleff's CEO Jesper Kristian Jacobsen is chairman of the Danish government's climate partnership for building and construction. The vision is that the industry will have reduced the CO2 emission from buildings by 25% in 2033, that the last oil burners must be scrapped and replaced by electric heat pumps, and that natural gas will no longer be used for heating. These are considerable reductions, as heating and operation of buildings have previously presented 20% of Denmark's total CO2 emissions. The present energy situation only makes it even more important to comply with the vision.

Aarsleff is involved in a number of innovation partnerships such as Future Green Construction Sites and the project (P)RECAST with the objective of developing new methods and technologies to reuse precast concrete elements as load bearing structures in new buildings. In addition to Aarsleff, several other companies, consultants, foundations and researchers participate in the projects, and the Danish Technological Institute is project manager of both projects.

The above examples show partnerships that play an important part in our planning and execution of projects with a strong focus on sustainability.

Subsidiary goals 17.16 and 17.17 are particularly relevant to us.

OTHER GOALS

Aarsleff also affects a number of the other 17 global goals. Six other goals should be mentioned:

We affect **SDG 4** (Quality education) in the form of our strong initiative within further and supplementary training and in relation to our goals and efforts to take on more apprentices and trainees.

We affect **SGD 5** (Gender equality) through our improved conditions for maternity leave and through new initiatives to increase the proportion of women in the Group – not least in the management, in centralised as well as decentralised functions.

We affect **SDG 6** (Clean water and sanitation) by being involved in building and construction projects with this focus (e.g. waterworks) in Denmark, and we are also involved in remedying the shortage of water in some areas of Ukraine due to the war.

We affect **SDG 7** (Affordable and clean energy) through our own conversion of our energy consumption to sustainable energy. In addition, we construct plants that contribute to converting the energy consumption of companies and society.

We affect **SDG 8** (Decent work and economic growth) by creating a secure and safe workplace as far as possible. This applies both to the physical as well as the mental working environment. At the same time, we believe that responsibility and economic growth go hand in hand. This is reflected in our focus on diversity, inclusion and equal opportunities as well as in our view on human rights, corruption and data handling.

We affect **SDG 11** (Sustainable cities and communities) by contributing expertise and participating in projects with focus on sustainable city planning, well-functioning and accessible public transport and projects that adapt cities, roads and buildings to climate changes.

A sustainable strategy

Aarsleff's sustainability strategy includes all parts of our Group and companies. The strategy focuses on the environment and climate, employees and social conditions as well as how we manage and control our efforts. It shows the way of how to create value for our business and the surrounding world through a responsible and sustainable development.

Our sustainability strategy is to future-proof the Group as we lead the way in the green transition of the industry. This means that it is both an internal task with focus on having strategy and efforts rooted at our management and employees – and an external task with focus on involving clients, customers, suppliers and partners. To succeed with the green transition, the entire value chain must be involved.

To manage the work of implementing sustainability, we have established Aarsleff ECO Center. They are responsible for determining plans, analysing, ensuring knowledge and rooting, launching initiatives and following up on the results. A special task is to ensure that Aarsleff measures CO2 emission and energy consumption in order to determine reduction targets, report on the results and live up to the Paris agreement.

Efforts will take place everywhere in our organisation, and the companies and business units must adapt targets and action plans to their specific business areas and tasks. The common focus for all is on transition, collaboration, shared solutions, innovation and commitment.

Reduced climate footprint

We want to transform Aarsleff from within and ensure that all employees and business units are ready for this task. One of our most important and difficult tasks is to reduce the Group's total climate footprint. We achieve that through four focus areas which are described in the box to the right.

This is how we reduce our climate footprint

Reduce consumption

By reducing our consumption of fossil fuels and convert to green energy. Fuel alone constitutes almost 90% of the Group's own emissions (scope 1+2). Here we use alternative fuels, develop driving policies and currently replace our fleet of vehicles and machinery with green alternatives.

Choose sustainability

By selecting sustainable materials, structures and components and by optimising and reducing our use of CO2 heavy, non-renewable but necessary materials, such as concrete, steel and oil-based products. This also includes more focus on bio-based and circular materials.

Develop new processes

By developing new building processes, working methods and skills to future-proof our work and make our projects and construction sites non-fossil, waste-free and more sustainable through e.g. digitalisation, innovation, training and collaboration.

Make requirements

By making sustainability requirements and offering green options to customers, suppliers, collaboration partners and our own employees, so everyone is engaged and participates actively in the green transition.

Sustainability with business advantages

At Aarsleff, we consider our strategy and efforts within sustainability as a force for further development of our business. The green transition takes place at our customers, clients and collaboration partners, and we can help them achieve their objectives for a responsible and sustainable development.

There are three focus areas which contribute to current business opportunities. They appear from the box to the right.

The road to sustainability

Our sustainability effort is divided into three areas: Transformation, innovation and commitment.

Transformation is about transforming materials, processes and forms of collaboration that we are using today into more sustainable and responsible forms. For instance finding alternative fuels such as electricity, biodiesel and fuel cells for our fleet of machinery, using more sustainable materials like green concrete, recycled steel produced with green energy as well as organic construction materials. Also, we must develop the future non-fossil and waste-free building processes and construction sites. To Aarsleff, it is also about focusing on the many opportunities that projects with early contractor involvement present and about finding new ways of cooperating with clients and partners.

Innovation is about creating new ideas, products and services for our future earnings. This means for example that we are to be part of innovation projects with collaboration partners and customers, that we are to consider a correlation of sustainability, digitalisation, innovation and new technologies, and that we are to develop methods and organisation forms to support and realise new ideas and business opportunities. In addition, we are to increase collaboration on innovative projects internally and externally as well as consider completely new business areas, e.g. within energy, infrastructure, climate proofing, renovation and organic construction materials.

Commitment is first of all about rooting responsibility and sustainability internally. This takes place through active involvement of the management and employees, so that they get to know our strategies and efforts very well and incorporate these in all our working processes. We are to launch initiatives and workshops to identify problems, challenges, ideas and opportunities, and our employees are to attend supplementary training and skills development within sustainability. The green transition must start from within our organisation, and we must have ambassadors who can see and utilise the potential of our sustainability agenda.

Sustainable business opportunities

Sustainable cities

Focus on green and sustainable cities, plants and buildings with low CO2 footprint, smart and digital solutions, increased reuse and circularity as well as focus on biodiversity and the health of the users. Aarsleff contributes mainly with know-how and expertise in the implementation of new processes and building methods as well as more optimal and environmentally friendly use of materials.

Energy production

Focus on energy production, technical infrastructure, transport and mobility from the production site to the individual user and from city to city, region to region. The tools are new forms of collaboration, innovation and rethinking provided by all the participants on the major projects within e.g. offshore wind and energy islands.

Climate change adaptation

Focus on the climate changes' impact on our future. This leads for example to projects with focus on flood protection, coastal protection, water regulation, clean water and rethinking of our supply structures. It requires major national system changes and rethinking by the parties of the building industry as well as by investors and the political system.

Environment and climate

Ambitions

- Reduce our consumption of fossil fuels and convert to green energy.
- Choose more sustainable materials, structures and components.
- Develop new building processes, work methods and skills.
- Make sustainability requirements for our suppliers and offer green alternatives.

Primary targets

- We want to reduce our CO2 emissions for scope 1+2 by 80% in 2030.
- In 2022/23, we will calculate our CO2 emissions for scope 3 for our most important purchases of goods and services, and in 2023/24 we will set targets for the reduction.
- When purchasing new passenger cars and vans, our target is that 100% of these must be of high energy classes. For construction machines our target is to increase the proportion continuously.
- We want to continue to purchase electric cars and plug-in hybrid cars as well as install more charging points.

Passenger cars and vans

(Target: 100%)

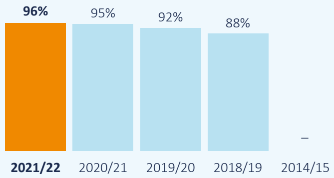
100%

Proportion of acquired vehicles of high energy classes in the past year.

Construction machines

(Target: Increase the proportion)

96%



Vehicles and equipment of high energy classes acquired in the past year.

Emission intensity

Tons CO2 per revenue in DKK million

4.3

CO2 reduction target for 2030

80%

Policies and principles

The most important policies and principles within the area of environment and climate are our QE&OHS management system and our policies on climate impact, passenger cars, vans, machines and the environment. Our efforts to control and optimise the environmental area are based on the ISO 14001 environmental certifications of several of our companies.

Activities

Systematisation of environmental data and clear targets
This year, we have systematised our work concerning collection, registration and reporting of environmental data for this financial year and last financial year. The collection takes place across the companies in the Group and from the sources and suppliers delivering electricity, water, heat and other resources. In this year's annual report, we are able to report on CO2 emissions for scope 1+2, and the results of the measurements in 2020/21 provide our baseline year for the future measurements and results.

This is also the first time that Aarsleff announces clear targets for reduction of CO2 emissions. CO2 reduction target for scope 1+2 is 80% in 2030. As our total annual emission is activity-based, we have decided to calculate emission as tons of CO2 per revenue in DKK million, which is the trend in the industry.

Each year, we will register our emissions in relation to the baseline year and implement necessary regulations in order to follow the development continuously. For example, we will launch energy-efficient driving campaigns, reduce loss, use more electric machines when it makes sense, focus much more on using the right machines for a specific task as well as introduce processes at the construction sites which reduce internal transport, internal relocation of materials and idle running.

Use of HVO diesel will still be a part of the emissions reduction, but it also has major direct costs, as the additional price has increased considerably during the past year. Our target is to focus more on reducing the consumption and not just buy biodiesel.

Non-fossil machines and construction sites in future
Over a number of years, Aarsleff has invested in the transition of large parts of our energy consumption by converting fossil fuels to greener alternatives.

In many areas, we have switched to electricity produced by means of sustainable energy sources. For example at our fixed locations, where all power soon will be green power generated from wind turbines. This important effort will be continued this year and remain high on the agenda in future years. The reason for this is partly the present energy situation and partly the fact that more new green energy technologies are being developed, making this transformation possible and favourable.

Over the past years, we have invested in machines that are greener than previous generations of machines. We have purchased a 65-ton piling rig and two 2.5-ton excavators, which are battery-powered, as well as a 30-ton hybrid excavator and two hybrid bulldozers, which reduce the diesel consumption by up to 20%. In addition, we have active discussions and innovation collaboration with suppliers and manufacturers of machines and generators in order to examine the new possibilities of using fuel cells and green fuels as replacement for diesel.

Our strategy is to purchase electric cars when possible and appropriate. In 2021/22, we purchased more than 40 electric and hybrid cars, and we ordered another 90 for delivery.

During the past years, we have invested in charging points in the parking areas at our office facilities. We now have more than 50 charging points. They can be used for our own cars and

	Target	2021/22	2020/21	2019/20	2018/19	2014/15[1]	
Vehicles and equipment of high energy classes acquired in the past year[2]							
Passenger cars	100	100	100	100	100	47[3]	%
Vans	100	100	96	90	93	29	%
Construction machines	Increase proportion	96	95	92	88	-[4]	%

[1] This year is used as baseline.
[2] Data comprise only Per Aarsleff Holding A/S and Per Aarsleff A/S.
[3] Data are not comparable.
[4] Owing to changes of the corporate structure of the Aarsleff Group, there are no comparable data.

vans as well as for the vehicles of our employees, customers and guests. We have also established mobile charging points which allow charging at our construction sites.

We will continue adjusting or purchasing new vehicles and machines which are 100% electric.

Less diesel, more biodiesel

We will continue replacing diesel with biodiesel as fuel at our construction sites. Like last year, we received one million litres of biodiesel (the so-called HVO diesel produced of biowaste) in this financial year. Biodiesel reduces CO2 emissions with up to 90% compared to standard diesel.

The roll-out posed some challenges, but thanks to dialogue and support from employees and collaboration partners, we – as well as the environment – now benefit from the results.

Optimising the construction site

Aarsleff often has a project managing role at our Danish construction sites, and we participate in initiatives and projects which aim at creating more green, safe and efficient construction sites.

One of the innovation projects is Future Green Construction Sites, which is to examine the effect of a number of green initiatives at selected construction sites over a three-year period. The aim of the project is to show the perspectives of the green transition of construction sites, and in this way show which climate and environmental efforts have the best effect within a specific financial framework. The project is supported by the Ministry of Environment of Denmark's MUDP program (Environmental Technology Development and Demonstration Program) and is carried out in collaboration with Aarhus University and the Danish Technological Institute.

Another project called SmartSite demonstrates that digitalisation and sustainability go hand in hand. SmartSite is a 3D tool we developed to optimise design, planning and logistics at the construction sites.

Focus on material consumption

During the past years, we have implemented a number of initiatives to limit and reduce material consumption on our projects. First and foremost, it is important to include these initiatives in the design process of projects.

If possible and realistic in terms of business, we use recycled materials for our in-house production of construction materials just as we use CO2-reduced materials. We also perform tests with bio-based materials. This is a cost-effective and durable solution for both us and our clients.

The project (P)RECAST is an example of reusing materials. The project focuses on reusing prefab concrete elements from existing buildings as bearing structures in new construction.

Another example is Aarsleff Pipe Technologies' focus on recycled plastic for pipe renewal. Up to 90% of the plastic material used for our CIPP Lining is recycled plastic.

Less waste, more separation

Waste minimisation and waste separation are also high on our sustainability agenda.

It is important to us to prevent waste and to make it easy to sort resources for reuse and recycling. In 2022, we renegotiated the Aarsleff Group's agreements about resource handling with our suppliers to also include development collaboration. Working closely together will ensure a successful implementation of our future policy for circular economy as well as ensure a better use of data in our future work with sustainability.

We already separate waste in smaller fractions than required on a number of our construction sites, and we collaborate with our suppliers on minimising packaging, returning residues and re-using products. In addition, numerous employees completed certified training in waste management during the past years, and we are working steadily on transforming waste into resources.

	2021/22	2020/21[1]	
Bio fuel, CO2 and energy[2]			
Proportion of biofuel of total fuel consumption	5	4	%
CO2 emission, scope 1	73,598	57,894	tons CO2
CO2 emission, scope 2	4,949	6,296	tons CO2
Emission intensity	4.3	4.4	tons CO2/DKKm
Total energy consumption scope 1+2	17.7	17.4	MWh/DKKm

1 This year is used as baseline.

2 As opposed to the other ESG key figures, the key figures here are based on the entire Group. A few minor companies are not included. The target is that all companies are included next year, and the key figures will therefore be adjusted. Baseline is 2020/21.

Results

Our efforts to reduce and transform our energy consumption as well as to minimise waste and limit our material consumptions have a great impact on climate and the environment. That is why it is very important to have a strategy for sustainable development and to present far more figures on CO2 emissions and energy consumption this financial year.

Our data for CO2 emission for scope 1+2 as well as for energy consumption are first-time measurements for 2020/21 and 2021/22. For this reason, we will not be able to comment in detail on our ability to meet our reduction targets until next year.

The proportion of biofuel used constitutes a minor part of the total fuel consumption on our construction sites. Nevertheless, we are working on adjustments and new purchasing in this area, and we expect significant progress over the coming years.

As part of this, all new cars and vans purchased have a high energy class, and for contracting machines, the number is also approaching 100%. This means that energy consumption and CO2 emissions for those machines and vehicles have been reduced considerably during the past years.

Per Aarsleff A/S has decided to purchase green power from our utility company, and this has also contributed to CO2 reduction. And as green power will also be used in several of our companies, we expect that this initiative will be reflected in our CO2 reporting in the years to come.

Management and controls

Aarsleff's QE&OHS management system provides a good basis for safe and systematic prevention and handling of pollution, accidents and other adverse influence on the environment and climate. The system comprises projects carried out for customers as well as management of our own operation. Operational risks common to a contracting company have been identified.

Our risk management is based on our annual environmental and energy survey report, which identifies and describes our risks as well as forms the basis for some of our focus areas and specific actions.

In addition, our ESG organisation with risk and materiality analyses allows us to act on risks at any time.

Plans

Our plans for the future are defined in the section A sustainable strategy. Here we define a number of specific initiatives. We focus on improving the initiatives and efforts that we have already introduced as well as on developing a number of innovative measures and methods together with our partners and clients.

To create the best conditions for innovation and sustainable solutions, we make sure to involve all parties early in building and construction projects. The project Aarhus ReWater is a good example of this. We will take steps to engage in a lot of similar collaboration forms in future years.

We will also continue to involve and engage our employees in the green transition. It is essential that our initiatives are broadly rooted in our organisation and that we have the right expertise. Aarsleff ECO Center plays an important part in this task. They define specific targets, roll out activities locally and hold workshops with management and employees to make sustainability a deep-rooted part of our business.

We strengthen our good efforts within the environment and safety on several construction sites, and we have sustainability coordinators who actively register, document and instruct staff in the field of sustainability. Their role is also to promote that common sustainable solutions are found to challenges that may occur. We expect that this coordination task will have an increasing impact on future major projects.

In the coming years, we will make more key figures available in our annual report. We are already defining requirements and wishes for emission figures together with our biggest suppliers, and subsequently we will announce the figures for scope 3 emissions for our most important purchases of goods and services and determine the reduction targets in this area. Our ambition is to involve our biggest suppliers in a full cooperation about sustainable solutions.

Reuse of concrete with (P)RECAST

Around 8% of the total CO2 emissions globally derives from the cement and concrete industry. There is a strong need to reduce and improve the use of cement and concrete. Current challenges with shortage of raw materials of good quality for use in concrete production show us that there is also a need for better utilisation and protection of our natural resources.

Aarsleff is involved in the project (P)RECAST aiming to develop new methods and technologies to reuse precast concrete elements as load bearing structures in new buildings.

The project is still in its initial phase, so it is too soon to publish the results. But the project has good prospects. In Denmark, we have a strong tradition for reusing concrete elements in building construction, and precast concrete elements present a large volume of the Danish building stock. That is why there is great potential for improving the current practice applied for handling concrete elements during demolition of buildings.

In addition to Aarsleff, several other companies, consultants, foundations and researchers participate in the project. The Danish Technological Institute is project manager of (P)RECAST which runs until June 2024.

SmartSite optimises construction sites

Aarsleff has developed a 3D software to optimise planning, management, design and communication at the construction sites. The tool is rightly called SmartSite and won the prize for best idea in Aarsleff's Digital Challenge.

SmartSite is simple and user-friendly and helps to design and visualise construction sites. The new tool gives a better overview of the layout and resources of the construction site. In addition, it allows easy redesign and changes of the construction site as the building process progresses. Finally, SmartSite is an effective tool for communicating with employees, customers and partners involved in the planning and optimisation of the construction site.

New collaboration forms create world's most efficient resource recovery plant

Sustainability must be rooted at an early stage to have impact on the process and on the finished plants and buildings. This is the positive experience gained from the current project Aarhus ReWater.

In 2021, Aarsleff was chosen by the utility company Aarhus Vand as design and build contractor for the construction of Aarhus ReWater which is a new resource and wastewater treatment plant of a value in the order of billions. Initially, Aarsleff will assist Aarhus Vand with the design and planning together with the rest of the contract team. The plant is scheduled for completion and commissioning in mid-2028, and the project will pave the way for the utility company's ambition of being energy and CO2 neutral in 2030.

The project was put out to tender as a so-called innovation partnership, where a number of companies and experts participated in a three-month innovation period with Aarhus Vand. One of the main reasons for this was to ensure that sustainability was a central part of the project. This means that all architects, consultants and contractors involved in the project work closely together on creating the world's perhaps most efficient resource and wastewater treatment plant.

Waste separation and waste minimisation are high on the sustainability agenda

Waste management plays an increasingly important part at all construction sites and building projects that Aarsleff is involved in. A good example of this is the new Natural History Museum in Copenhagen which Aarsleff delivers in One Company collaboration with the sister company Wicotec Kirkebjerg A/S, because the construction of the museum involves extensive demolition and a major extension and reconstruction. Also, the project is located in the heart of Copenhagen right next to the Botanical Garden and many surrounding historic buildings. This places demands not only on the construction work, but also on separation and handling of waste.

Lessons learned from the project have already been helpful to us. In general, waste separation and waste minimisation are high on our sustainability agenda, which in addition to separation for reuse and recycling also comprise development work with our suppliers in the field of waste management.

Employees

Ambitions

- To create safe and secure workplaces and prevent accidents.
- To develop an engaging and inspiring working environment for all managers and employees.
- To create a diverse company with flexible and inclusive working conditions.
- To create workplaces with equal pay and equal career opportunities.

Primary targets

- We will reduce sickness absence to 2.5% and increase employee satisfaction.
- We will reduce the accident rate at our construction sites to a maximum of 5.
- The proportion of women on management levels must be at least 20%
- Neither of the two genders must be underrepresented on the board of directors of Per Aarsleff Holding A/S (defined as below 40% according to section 99 b of the Danish Financial Statements Act).

Targets for gender diversity

40%

Target for the proportion of women in the board of directors of Per Aarsleff Holding A/S.

25%

Target for the proportion of women in the boards of directors of other companies.

20%

Target for the proportion of women on other management levels.

Employee satisfaction

(Target: min. 95%)

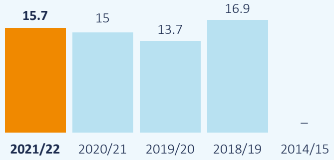
97%

Proportion of employees that are "satisfied with their jobs in general".

Accidents

(Target: max. 5)

15.7

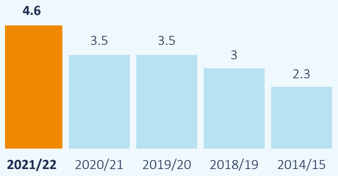


Accidents per 1 million working hours.

Sickness absence

(Target: max. 2.5)

4.6%



Proportion of sickness absence hours in relation to total number of working hours.

Policies and principles

The most important policies and principles within the area of employees are our management framework, our Code of Conduct and our policies on occupational health and safety as well as offensive behaviour and violence.

In addition, our activities such as recruitment, promotions, change of job content and reorganisations are founded on our policy on equality and diversity.

Activities

Safe and secure workplaces

Preventing accidents is key to Aarsleff, and we are engaged in various efforts to improve safety at our construction sites.

We continuously analyse why accidents and near-miss incidents occur, allowing us to learn from these and so reduce the risk of accidents. Our routine procedure for informing our employees about accidents and immediate improvement notices from the Danish Working Environment Authority helps us to reduce the risk of similar accidents or near-miss incidents recurring in the future. Information is immediately provided following an incident to improve lessons learned practices.

Developing a safe working environment in our companies and at our construction sites is, of course, key to us. Project tasks and risks involved differ from project to project which is why methods may also differ. However, they always comply with our policies and management principles.

As part of our efforts in this area, we look to ensure that our managers lead by example, that project safety is clearly incorporated in the design, planning and start-up phases, that our construction sites are tidy, that all accidents and near-miss incidents are registered and that we continuously evaluate lessons learned.

Sickness absence

When an employee becomes ill, it affects the workplace, the close colleagues and of course the employee. We focus on reducing sickness absence, and it is still standard practice that our managers regularly review sickness absence statements allowing them to spot and support employees with special needs.

Employee satisfaction and occupational health and safety

Also this year, we conducted a major survey among our employees, measuring the overall satisfaction and certain other issues, including issues related to the physical and mental working environment, relationship with teams and managers as well as commitment. This year's survey also focused on offensive behaviour.

The survey is primarily a tool for identifying challenges and launching centralised and decentralised initiatives that will promote good working environment and employee satisfaction. The survey has raised our awareness of the need to look at ways and means of preventing and handling stress in some parts of the Group.

Owing to a range of accidents in Aarsleff Rail in the spring of 2021, we arranged a roadshow called On the road with the Safety and Health Preventive Service Bus. The results have been positive, so we continued this initiative in 2022. Under this initiative, the top management visits construction sites to discuss opportunities and challenges of the local working environment. Visits are based on joint discussions, focusing on the employees' ideas, questions and concerns. Usually, there are many questions, good discussions and concrete ideas for improvements. Improvements which have then been implemented in certain parts of the organisation. Overall, the initiative supports a better physical and mental working environment.

	Target	2021/22	2020/21	2019/20	2018/19	2014/15[1]
Accidents and absence						
Accidents[3]	Max 5	15.7	15.0	13.7	16.9	-[2]
Absence due to accidents[3]		10.2	11.1	11.9	12.1	-[2]
Absence[3]	Max 2,5	4.6	3.5	3.5	3	2.3[4]

[1] This year is used as baseline.
[2] Owing to changes of the corporate structure of the Aarsleff Group, there are no comparable data.
[3] Petri & Haugsted AS and Centrum Pæle A/S are covered by the reporting obligation from 2020/21, which is why data from previous years are not included.
[4] Data apply only to Per Aarsleff A/S.

Gender diversity and inclusion

We are increasing our efforts to ensure gender diversity and inclusion at Aarsleff. As an example, efforts are included in our recruitment and employee retention process. When recruiting, we still aim at having a diverse mix of candidates in the field of qualified candidates on all management levels.

However, this can sometimes be quite challenging when we only have a few qualified candidates to choose from, for instance of both genders. When we manage the recruiting process ourselves or engage external recruiting consultants, we strive to find suitable candidates with a wide diversity for us to choose from, for instance both genders. And we are aware of the importance of incorporating gender-neutral communications into, for instance, job advertisements and in-house training materials.

A diverse and gender-balanced mix of candidates is especially important when we recruit managers. We always keep our options open to welcome employees regardless of age, gender, ethnicity, religion, disability and sexual orientation.

	Target	2021/22	2020/21	2019/20	2018/19	2014/15[1]	
Proportion of the underrepresented gender on boards of directors							
Per Aarsleff Holding A/S[2]	40	20	17	20	20	0	%
Per Aarsleff A/S	25	33	33	33	25	0	%
Wicotec Kirkebjerg A/S	25	0	0	0	0	0	%
Aarsleff Rail A/S	25	0	0	0	0	0	%
Petri & Haugsted AS	25	0	0				%
Centrum Pæle Holding A/S[3]	25	25	0				%
Hansson & Knudsen A/S[3]	25	33	0	0	0	0	%
Proportion of the underrepresented gender on other management levels[3]	20	15	14	14	11	13[4]	%
Proportion of the underrepresented gender in proportion to all employees[3]		12	12	11	12	12[4]	%

1 This year is the baseline for the measurement of the Aarsleff Group's CSR efforts.
2 The target is to have no underrepresented gender as defined in section 99 b of the Danish Financial Statements Act by 30 January 2024.
3 Petri & Haugsted AS and Centrum Pæle A/S are covered by the reporting obligation from 2020/21, which is why data from previous years are not included.
4 Owing to changes of the corporate structure of the Group, these data only comprise Per Aarsleff A/S.

Gender diversity and inclusion are also included in our efforts to create favourable parental leave conditions for both genders. We have been lagging behind our industry benchmarks in this area for some years, which is why we have launched initiatives this year to increase our level. As part of this, we provide full pay during parental leave with 29 weeks for the mother and 13 weeks for the father/co-mother. With respect to this, we look to keep track of the political developments in this area and of the needs our employees have in terms of parental leave.

Moreover, a range of additional initiatives is on the way to help increase the proportion of women in the Group, especially in our centralised and decentralised management functions. As part of this, we have decided to set differentiated, realistic and ambitious targets for the gender distribution at various organisation levels.

The composition of the Board of Directors of Per Aarsleff Holding A/S is described on page 77. The specialist expertise of each member of the Board of Directors are described on pages 82-83.

Training and skills development

Aarsleff undertakes several efforts to provide training, education and supplementary training for managers and employees. This may take place as a general upgrading of skills in, for instance, new or improved methods, processes and policies or

as training in completely new specialist areas, for instance as part of an internal job change.

Using Aarsleff Academy for a significant part of the training allows us to offer a range of training courses such as in management, project management, technical disciplines, safety, risk management, purchasing and budgetary control. An example of a mandatory training course is our introduction course in occupational health and safety training in which all hourly and salaried employees must participate. And we regularly hold mandatory half-day courses in occupational health and safety for new managers. In addition to using Aarsleff Academy as a way of providing skills and expertise, our target is also to ensure employee retention, commitment, diversity and inclusion.

Results

It is our top priority to have safe and secure working conditions. Our accident rate is 15.7 for the year. This is almost in line with last year and remains unsatisfactory. However, the average days of absence due to accidents decreased to 10.2 days, which is a decrease of one day compared to last year. We took the first steps of introducing a safety culture project in Aarsleff at the end of this year. A project aiming at creating a culture where safety is our first priority in everything we do. Our efforts include training programmes, communications and influence on behaviour and attitude. Although there is still some way to go before we achieve our target and an accident rate of maximum 5, we will continue our significant efforts of reducing the number of accidents.

The sickness absence of 4.6% is slightly higher than last year. However, some uncertainties must be expected when comparing directly with the latest COVID-19 affected years. Nevertheless, the absence rate continues to be significantly above our target of 2.5%.

Our latest employee satisfaction survey was conducted in Per Aarsleff A/S at the beginning of 2022, and results showed that 96.6% of the employees responding to the survey were “satisfied” or “very satisfied” with their jobs in general. All employees, hourly employees as well as salaried employees, were invited to participate in the survey.

The proportion of the underrepresented gender on the board of directors in Per Aarsleff Holding A/S is 20% at 30 September 2022, which means that we have not yet achieved our target. Consequently, the gender distribution cannot be considered equal according to section 99 b of the Danish Financial Statements Act. The shareholder-elected board members consist of one woman and four men.

It is important to ensure continuity in the Board of Directors, including the existing expertise, and therefore the work to comply with the target will continue on a current basis until 2024.

In addition to this, two of our other companies have elected women to their board of directors this year. The target is that 25% of our board members consist of women. So, we now have two companies with results above the target, one company in line with the target and three companies not yet living up to the target.

Management and controls

Adjusted management systems, specific work procedures, appropriate control methods as well as targeted and updated policies and guidelines are important tools for us when addressing the operational risks of our industry. The way we organise ESG activities helps us to manage risks.

Our main efforts in relation to risks are that we strive towards thorough planning, relevant training, constant behavioural impact and sufficient communications, just as we encourage a close dialogue between managers and employees to ensure employee satisfaction.

Plans

Our employees’ working conditions, job satisfaction and development opportunities continue to be part of the management’s focus areas. It is our target that Aarsleff continues to grow as an attractive workplace at which qualified and skilled managers and employees want to remain.

Over the past years, we have launched several initiatives to minimise accidents and sickness absence as well as increased employee satisfaction, gender diversity and health and safety. We will continue working on these initiatives over the coming years, we will follow up on results just as we will continuously optimise the initiatives to ensure they help to fulfil our specific targets set out for this area.

We continuously update our policies, and this year we updated our policy on anti-corruption.

We will continue our strong efforts in the areas of sustainability, management and new ways of collaborating over the coming years. This calls for effective training programmes and further training both locally and centrally in the Aarsleff Group. Although some of the training takes place externally, a significant part will also take place through Aarsleff Academy. This will significantly affect the way we succeed with our initiatives and our overall business development in the future.

Gender diversity through management, dialogue and clear targets

Gender diversity does not come automatically. That is why, we have decided to approach this systematically to increase the proportion of women in the Aarsleff Group, especially among managers.

And that calls for decentralised initiatives in order for us to succeed. Consequently, we have decided to have the management lead the way in implementing initiatives, to hold diversity seminars and to set differentiated, realistic and ambitious targets for the gender distribution at various organisational levels.

In addition to this, we will launch a range of centralised initiatives related to recruiting, promotion, management development training as well as annual job satisfaction and development interviews. Communicating new initiatives is important. And we must make sure that gender diversity remains top of the agenda. So, we will look to communicate all these excellent initiatives and successes, demonstrating how our efforts help us to keep growing and to create the kind of culture our existing employees want and potential new employees are looking for.

Aarsleff has established a diversity group to facilitate our efforts of promoting gender diversity across the Aarsleff Group. One of the diversity group's tasks is to offer seminars to management groups. These seminars are part of our decentralised initiatives, helping managers to see and act on implicit preferences. This will allow them to recognise and be aware of the importance of improving gender diversity.

Leadership must be learned

Management development and management training play an important role at Aarsleff. Firstly, we must develop managers with the right skills for performing specific managerial functions. Secondly, we must develop managers who are whole people with the right tools to motivate and develop colleagues.

Several of Aarsleff's management development training courses focus on this. As part of this, our six-day training course Your personal leadership provides managers with skills required to lead people and achieve results through others. This year alone, we completed four training courses with 65 participants from our Danish Group companies.

The training courses emphasise disciplines such as motivation and coaching of employees, development of communicative skills, situational management, stakeholder management, conflict resolution and target setting. These are all management disciplines, aiming to increase the efficiency of working relationships and to achieve better joint performance.

Focus on health

The health of our employees is at the core of our operations, and we constantly look to find ways of improving health at our workplaces. As part of this, we use targeted initiatives, and we have recently completed two health promotion pilot projects in which 58 employees participated.

One pilot project centered on ergonomics and exercise. We explored ways of reducing physical strain, preventing attrition and improving the health of employees subjected to physically demanding work on a daily basis. Throughout the project, employees underwent a preliminary health check, received an individual exercise programme for use in their workplaces as well as participated in workshops aimed at reducing ergonomic strain during work activities.

Results show that just 30 minutes of high intensity training per week provide substantial muscular strength gains. And that will help reduce the employees' degree of pain. Out of 33 employees, who participated in weekly, joint training sessions, 17 employees reduced their degree of pain, while six became entirely pain free.

We also completed a pilot project aimed at a wider range of employees, focusing on the physical and mental working environment. In addition to exercises and ergonomics, the project centered on stress, diet, smoking and sleep. The health initiatives were organised according to individual focus areas, and the employees reported good results in each of their focus areas.

In general, the pilot project results have been very positive, and employees have experienced substantial physical capacity improvements, pain reductions and improved well-being. Lessons learned from these pilot projects will be included in our future efforts of improving the physical and mental working environment.

Mobile drilling rig makes challenges easier

Drilling the more than thousand holes, often required for the base slab at the bottom of a construction pit, is a demanding job during a building project. A job that must be undertaken before starting reinforcement and casting activities. So far, drilling activities have usually involved unsuitable working conditions at the bottom of construction pits.

So far, drilling activities have usually involved And that was also expected for the new expansion of Terminal 3 in Copenhagen Airports. However, the project's occupational health and safety coordinator and a mechanical engineer from Aarsleff Design & Engineering teamed up and designed a mobile drilling rig that makes challenging drilling work a lot easier. While operating the new drilling rig when it drills and vacuums, our employees can now operate it from a standing position instead of lying down on their hands and knees. As a result, the new mobile rig significantly improves health and safety. The prospects are promising. And we plan to use the mobile drilling rig on other projects. Moreover, we expect to further develop it with additional designs that will allow us to facilitate drilling work on several similar projects.

Prevention is key at Petri & Haugsted

Reducing accidents is at the core of our operations. This also applies to Petri & Haugsted AS, an Aarsleff company certified in occupational health and safety according to DS/ISO 45001:2018 and the Danish Working Environment Authority Executive Order no. 1409 of 16 September 2020. So, the company has a duty to continuously improve safety and prevent accidents from happening.

Despite systematic efforts in this area, accidents happen at Petri & Haugsted, which is why a range of initiatives has been launched, aiming to raise awareness of safety behaviour and to reduce the number of accidents. And initiatives have proved effective. One of the purposes of the initiatives is to interact better with employees. This is achieved through dialogue, methods and tools, regular health and safety sessions in all health and safety groups and by providing employees with incentives to point out potential health and safety challenges.

As an example, the company offers a reward for the best "Well Spotted" of the month. The incentive "Well Spotted" is about reporting dangerous work-related issues or situations before someone is hurt and sharing the reported stories on the intranet to allow everyone to learn from these.

Special efforts were also made for the company's Polish-speaking employees who now have their own occupational health and safety group. Removing the language barrier in this way has improved the safety culture and made it much easier for the Polish employees to share their ideas and challenges.

Another initiative is a digital meter, appearing on the internal excavation portal and making all staff aware of the number of accidents. This allows information to be shared with all employees and helps raise their awareness of the need to take care of themselves and each other.

Society around us

Ambitions

- To create supplier and customer relations built on international ethical standards and in compliance with our principles and policies in relation to social conditions, anti-corruption, human rights as well as the environment and climate.
- To offer apprentices and trainees a favourable entry into the labour market.
- To ensure that we collect and use data in an ethically responsible way living up to our data ethics policy.
- To contribute positively to the environment and local communities of our companies and projects.

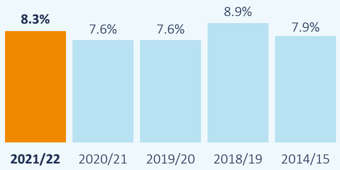
Primary targets

- We want to have 10% apprentices employed across our companies.
- We want to have 5% trainees employed.

Apprentices

(Target: 10%)

8.3%

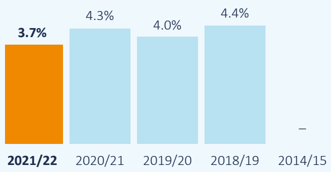


Proportion of the total number of hourly employees.

Trainees

(Target: 5%)

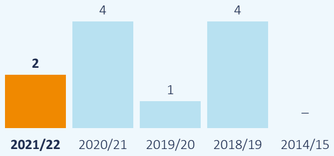
3.7%



Proportion of the total number of salaried employees.

Reports to the whistleblower system

2



Number of concerns reported to the Group's whistleblower system.

Policies and principles

The most important policies and principles within the area of Society around us are our guidelines on competition law and our policies aimed at anti-corruption, human rights, data handling, whistleblower, purchasing, quality, taxes as well as apprentices and trainees.

Activities

Collaborating with partners, suppliers and customers
A significant part of our sustainability strategy focuses on collaborating with our partners, suppliers and customers. In this process, we look to propose green options, to develop innovative sustainable solutions together and to set responsibility and sustainability requirements at our construction sites and for the projects we share. In addition to ensuring that our solutions, projects and processes comply with our own policies and principles, we also make sure that our activities follow norms and rules such as EU regulations, BR23 and ISO certifications.

Our participation as partner in the Femern Link Contractors joint venture consortium is a good example of a collaboration where suppliers, partners and customers must fulfil shared responsibility and sustainability requirements. When collaborating, we and our partners must ensure that our suppliers fulfil a number of requirements in line with requirements set by the client and the consortium.

As part of the legal basis of contract, the consortium has developed a CSR policy setting out the minimum requirements the suppliers must fulfil. The requirements comply with the ten principles of UN's Global Compact and include issues such as administrative and management procedures, communications, reporting, organisational culture, human rights, labour rights, the environment, climate and anti-corruption.

This example is not unique and demonstrate that responsibility and sustainability will be an essential screening and operational parameter when we participate in large-scale building and construction projects in future.

Apprentices and trainees are key to us
At Aarsleff, we have a long tradition of employing apprentices and trainees. We see it as an important social responsibility and acknowledge the political wish to define clauses for the intake of apprentices. Regarding this area, we have a distinct target of having 10% apprentices employed at Aarsleff.

Our efforts of supporting young people undergoing training apply to the entire Aarsleff Group. Over the past years, we have worked hard to increase the number of apprentices we take on in our administrative functions. Our efforts include raising our managers' awareness of the need to increase the number of apprentices they take on. Externally, we have communicated and advertised more than we have done so far, just as we have communicated even more with relevant educational institutions. We prepare specific training plans for each apprentice to ensure that they are trained in relevant specialist fields throughout their training. In our experience this helps to enhance the learning experience and outcome.

We also prioritise to take on trainees and have a proven track record of successfully providing educational internships, valuable for both us and the trainees. Theory is put into practice during the trainee period, and, early on, the students are given responsibilities and an important role at the construction site or office. To ensure the best possible trainee period, we always assign one specialist Aarsleff employee to each trainee.

	Target	2021/22	2020/21	2019/20	2018/19	2014/15[1]
Apprentices and trainees						
Apprentices, number / %[2]	10%	272 / 8.3%	240 / 7.6%	213 / 7.6%	233 / 8.9%	77 / 7.9%[3]
Trainees, number / %[2]	5%	80 / 3.7%	89 / 4.3%	73 / 4.0%	76 / 4.4	-[4]

[1] This year is used as baseline.
[2] Petri & Haugsted AS and Centrum Pæle A/S are covered by the reporting obligation from 2020/21, which is why data from previous years are not included.
[3] Data apply only to Per Aarsleff A/S.
[4] Owing to changed method of accounting, there are no comparable data.

What is more, we collaborate with the students on their thesis work and are always willing to invite them and their teachers for a visit behind the scenes of a construction site, for instance when specific engineering disciplines can be included in their lessons. In addition to trainees, we also employ students as student workers, for instance engineering students.

A helping hand

At Aarsleff, we are aware of our opportunities to take on wide social responsibilities for instance by providing special efforts in local communities and reaching out to people who need a helping hand.

We participate in the initiative Welcome Home (Velkommen Hjem), a Danish organisation for companies who actively helps to bring war veterans and the civil business community closer together. One of the most important targets is to help war veterans get into the civilian labour market. Here, their military skills and experience can be brought into play owing to their excellent understanding of the relation between targets, strategies and discipline.

Under this initiative, Aarsleff is mentor for veterans and in this way helps them to get closer to the labour market. Mentors and veterans are matched based on skills and professional interest to ensure a successful outcome for both parties. We are confident that our good relations to all parts of the Danish society will help us to make the initiative a success.

A more informal initiative exists among our foremen who take wide social responsibilities by employing apprentices who may struggle to fit into the labour market. Providing them with training and support, our foremen give them a chance. And our experience is that these employees usually flourish and find a special dedication through their work at Aarsleff.

Law and business ethics

At Aarsleff, law and business ethics go hand in hand. We want to follow international and Danish laws in every aspect of our operations. Moreover, we have developed policies stating how to comply with laws and what principles Aarsleff wants the management and employees to follow. In many areas, these policies also apply to our business partners and suppliers who must comply with our policies if they want to collaborate with us.

A good example is our tax policy, explaining that we never use abnormal or non-transparent tax structures. We always do our best to counteract tax avoidance, for instance when we enter into project contracts with clients or plan how to collaborate with suppliers.

Another example is our anti-corruption policy. It clearly states that we will not accept or give bribery in any form. Bribery means any offer or acceptance of a gift, fee, remuneration, reward or similar to or from another person as an incentive to influence or promote a certain act or omission.

Finally, our five targeted privacy policies define our focus on data ethics. The five policies relate to various target groups and explain what information we receive and register from our employees, applicants, collaborative partners, customers, shareholders and board members. They describe the purpose for which the information is used, where data comes from and what rights the stakeholders have in relation to change, see or delete data. Using targeted and accessible policies allows us to show transparency in the way we process and protect data at Aarsleff.

Through communication and training, we make sure that all our managers and employees know and understand our policies. We also encourage the use of our whistleblower system to report concerns about irregularities or illegal activities concerning the Group's employees, management or suppliers. Both internal and external Aarsleff stakeholders can report concerns anonymously through our whistleblower system.

Supporting local communities

At Aarsleff, we are in contact with many local communities. Both when it comes to the projects we are involved in and to the places from where our companies operate. We often play an important role as developers of infrastructure and of commercial and residential buildings. But we also play an important role as employer for local staff and as contributor to solve the needs of local communities.

A good example of this is our company Permagreen Grønland A/S who solves civil engineering tasks, operating from several locations in Greenland. However, the company's tasks go beyond that. Because Permagreen Grønland also delivers snow clearance, painting, carpentry, plumbing and glazing work as well as haulage operations. Plus, the company sells paint and construction materials to industrial and private customers. In this way, Permagreen Grønland undertakes a wide range of tasks requested locally. Moreover, the company employs local staff and always has around 30 apprentices and engineering trainees out of 300 employees.

Results

Aarsleff purchases materials and services on a large scale. As a result, our efforts to ensure that suppliers fulfil relevant minimum requirements are highly useful to society. Our increased efforts and requirements have helped to increase responsibility and sustainability of our purchasing, for instance in relation to social conditions, anti-corruption, human rights as well as the environment and climate.

Apprentices and trainees have also this year been trained in the Aarsleff Group. And we have successfully increased the number of apprentices over the past years, which means that the number now accounts for 8.3% of our hourly employees. Our target is 10%. Unfortunately, the number of trainees has decreased slightly compared to last year and now accounts for 3.7% of our salaried employees. Our target is 5%.

Our policy aimed at responsibility in relation to tax payments as well as our whistleblower system have helped to create transparency in our ways of doing business. Two concerns have been reported to our whistleblower system this year. However, we encourage our managers and employees to use the system to report concerns about potential illegal conduct or unacceptable business ethics.

When it comes to customer satisfaction, the customer feedback on responsibility and sustainability has given us valuable knowledge for use in future decisions and actions.

Management and controls

As Aarsleff purchases materials and services on a large scale, there is a potential risk of Aarsleff being involved in cases such as violation of human rights, employee rights, corruption as well as cartel cases. For that reason, several management tools are used to help to ensure that our policies and principles are supported and form an integral part of our operations. This applies both from an internal and external perspective.

Above all, it is crucial that our policies are supported by the management and via internal communications across our companies and construction sites. In addition, our organisations, frequent analyses and our whistleblower system provide us with a clear picture of current challenges and need for measures.

Using in-house training and instruction, the management and employees are presented with several dilemmas to help raise their awareness and understanding of various legal and ethical issues. These issues include human rights, employee rights, corruption and cartel cases.

In addition, our responsibility principles as well as our reporting and control processes reduce our risk of collaborating with suppliers not fulfilling our minimum requirements.

Plans

We have launched a number of initiatives, involving both the management, employees as well as our partners, clients, customers, suppliers and the industry in general. Overall, the initiatives focus on improving policies, optimise processes, using new technology as well as finding new ways of collaborating. On the individual building and construction projects and at our construction sites, we have launched several initiatives to ensure that we use less energy and less materials and resources. Here, we focus on rethinking the way we use materials as well as minimising and separating waste. We will follow up on initiatives over the coming years. The main target is that industry-specific solutions are developed and turned into tender and project standards.

In addition to this, our efforts in this area are aimed at taking overall social responsibility. That is why, we will continue our efforts of increasing the number of apprentices and trainees we take on, just as we will participate in initiatives such as Welcome Home, allowing us to help a group of people who may struggle to gain a foothold on the labour market. All these efforts are also meaningful to Aarsleff, business wise. Because our efforts help to create workplaces with diversity and inclusion and to increase our reputation as a company with inclusive workplaces and room for differences.

In the years to come, we will also aim at improving our policies and standards which internally and externally set the framework for our relations and collaborations. Over the coming years, new European directives and Danish laws and standards will contribute to strengthen openness and transparency in the way we and all major companies report responsibility and sustainability initiatives. So in future, we will continue our efforts of implementing the new requirements and collaborating with our stakeholders on finding ways of how best to contribute to the green transition through shared standards and methods.

E-learning keeps track of legislation

Several laws and standards exist to regulate competition, agreements and relations between Aarsleff and our competitors, suppliers, collaborative partners and customers. In addition to this, Aarsleff has a range of policies defining our position, role and conduct under various conditions and circumstances. However, as the world changes, so do the regulations and policies.

We have developed tools that will help to create insight and learning and so make our employees ready to engage in relations with the world around us. As part of this, Aarsleff has developed a dilemma-based e-learning tool to train employees in the competition law. This new tool introduces the employees to various questions addressing conditions and conduct that may be governed by law.

The e-learning tool does not provide a complete training in the competition law, collaborations and agreements. But it provides insight and inspiration to employees seeking knowledge of these topics.

Important apprentice efforts in Greenland

At Aarsleff, we see it as part of our responsibility to society to take on apprentices, and our target is that at least 10% of our workforce consists of apprentices. We have already achieved this target in our Greenlandic company Permagreen Grønland A/S. This company always has around 30 apprentices and engineering trainees enrolled in a training programme. With around 250 hourly employees in Greenland, the apprentices account for more than 10% of the employees.

This significant effort reflects Permagreen Grønland's awareness of being a part of society. Training apprentices in the lines of business in which the company operates allows the company to have qualified employees who can undertake tomorrow's job functions.

Water supply assistance in Ukraine

Many waterworks have been damaged during the war in Ukraine, and as a result running water is scarce. Another challenge is the salt content which is now so high that it will damage the existing pumps and pipes. Collaborating with a range of other Danish companies, Aarsleff helps by donating and installing equipment such as pumps and generators to relieve the water supply challenges in the country.

As the war is still going on and many waterworks still do not work properly, this task is far from over.

Aarsleff is constructing carbon capture plant in Iceland

Aarsleff is involved in constructing the next major plant for carbon capture and storage. The project is called Mammoth and is scaled to capture and store 36,000 tons of CO2 annually when the plant becomes fully operational at the end of 2023. The new plant will be located close to the existing plant Orca which removes 4,000 tons of CO2 annually.

Participating in this project, which will be the biggest plant once complete, means good prospects for Aarsleff. Because potentials and plans of carbon capture to reduce CO2 emissions also exist in Denmark. So Aarsleff is gaining a lot of experience from the Mammoth project to be included in future projects.

The company Climework is the client behind Mammoth and will also be operating the plant just like they do on the Orca plant.

EU Taxonomy

This year, Aarsleff reports for the first time on which of our economic activities contribute to the green transition according to the EU taxonomy. By doing this, we showcase how we support the EU's ambitious 2030 climate goals.

A sustainable investment

The EU taxonomy regulation is designed to make it easier and more transparent for investors, analysts and other stakeholders to assess whether a company contributes to a sustainable and green transition. The EU taxonomy provides a common classification system and a set of uniform concepts that enable stakeholders to compare companies. The taxonomy forms part of the EU's Green Deal.

As a listed company, Aarsleff is required to report on a number of screening criteria for when building and construction activities can be classified as sustainable according to the EU. We report according to the regulation (Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020) in two ways. First, we are required to disclose which of our activities qualify for screening (i.e. are taxonomy-eligible). This includes disclosing the proportions of our revenue, capital expenditure and operational expenditure that qualify for screening.

The specific framework for the EU taxonomy is still being developed. The regulation sets out six planned environmental and climate objectives. As only two of these objectives have been specified at this point, our assessment and reporting are based on these two objectives only. The two objectives primarily relate to activities aiming to reduce greenhouse gas emissions or climate change adaptation projects.

EU taxonomy accounting principles

CAPEX

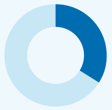
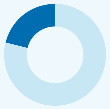
The denominator of the CAPEX KPI covers additions to property, plant and equipment and intangible assets during the financial year considered before depreciation, amortisation and any re-measurements, including those resulting from revaluations and impairment, for the relevant financial year and excluding fair value changes. The denominator also includes increases in leases accounted for under IFRS 16 Leases. This can be reconciled to additions during the year, see note 14 Intangible assets and property, plant and equipment. The numerator covers the proportion of capital expenditure qualifying for screening and equals the part of capital expenditure that is related to assets or processes associated with taxonomy-eligible economic activities. Additions have initially been allocated directly to taxonomy-eligible or non-taxonomy-eligible activities. For the proportion of CAPEX that cannot be allocated directly to activities, the allocation is based on an allocation key.

OPEX

The denominator of the EU taxonomy OPEX KPI covers operating expenditure relating to maintenance and repair of assets (including plant and equipment). The numerator covers the proportion of operating expenditure qualifying for screening and equals the part of operating expenditure that is related to assets or processes associated with taxonomy-eligible economic activities. Additions have initially been allocated directly to taxonomy-eligible or non-taxonomy-eligible activities. For the proportion of OPEX that cannot be allocated directly to activities, the allocation is based on an allocation key.

Revenue

The denominator covers the actual, recognised revenue of each company for the financial year 2021/22. The revenue figures have been specified at project level, meaning that aggregated revenues of the individual projects equal the total revenue of the segment and the taxonomy-eligible proportion. Reference is made to note 5 Revenue.

	Proportion of revenue	Eligible Revenue	Eligible CAPEX / OPEX	
Aarsleff Group		74%	69% 65%	As expected, most of the Aarsleff Group's economic activities are taxonomy-eligible. The activity which generates the largest eligible revenue and which is performed by most segments is *7.1 Construction of new buildings*.
Construction		70%	74% 68%	Construction derives most of its revenue from the construction of new buildings, which implies that most of the taxonomy-eligible revenue is found under activity *7.1 Construction of new buildings*. In addition to this activity, Construction carries on eligible activities related to, among other things, infrastructure and renovation of buildings. Revenue is generated from activities in Denmark and abroad.
Technical Solutions		67%	19% 18%	As regards the activities of Technical Solutions, it is primarily minor service tasks that are not taxonomy-eligible as they do not necessarily meet the requirements for energy renovation. For this type of task, it would be difficult to document an activity as taxonomy-eligible.
Rail		98%	95% 89%	Virtually all revenue of the Rail segment is assessed to be taxonomy-eligible in terms of activity *6.14 Infrastructure for rail transport*. This is because the proportion of revenue related to facility management, train station services, service centre operations, maintenance projects, etc. is also, indirectly, associated with rail transport. Only a minor proportion of the Rail segment's revenue is related to traditional construction works, and part of this revenue is not assessed to be taxonomy-eligible.
Ground Engineering		66%	57% 46%	Ground engineering activities related to construction works are assessed to fall under activity *7.1 Construction of new buildings*. Ground Engineering also carries on activities related to the driving of piles for electrification of the rail network. This activity is considered infrastructure for rail transport. Aarsleff's pile factories are assessed to be non-taxonomy-eligible. Ground engineering activities involving groundwater lowering and ground engineering for, e.g., road and port works are also non-taxonomy-eligible.
Pipe Technologies		86%	94% 81%	The main activity of the Pipe Technologies segment is sewer renovation. Such renovation activity may be categorised as activity *5.4 Renewal of waste water collection and treatment*. The production of the CIPP linings used in connection with renovation is assessed to be non-taxonomy-eligible.

Key assumptions

Due to a lack of sector-specific guidance, the Aarsleff Group has decided to interpret its economic activities according to the EU taxonomy based on specific key assumptions.

The Group's revenue, capital expenditure and operational expenditure have been allocated based on an assessment of the nature of each individual project. Where an identified project can be associated with more than one EU taxonomy activity, the Group has selected the best matching activity based on the technical screening criteria.

Operational expenditures and capital expenditures are allocated based on the distribution of revenue on the EU taxonomy activities, adjusted for operational expenditure and capital expenditure of an administrative nature.

A few very large projects have been divided into sub-projects in order to provide a more accurate presentation of the classification of the activity in terms of the EU taxonomy. The division is based on the nature of each project. This is the case, for example, for the works related to the construction of the Fehmarn Belt fixed link. These works consist of establishing an immersed tunnel comprising a road for car traffic and a rail link.

For Pipe Technologies, a portfolio approach has been applied given the uniform nature of the tasks performed by the segment – apart from the production units – across companies and geographies.

The key assumptions may change as the EU taxonomy evolves.

Our policies and principles

At Aarsleff, managers, employees and collaborative partners are governed by various policies and principles. Here, we provide a brief description of those applying to the ESG area, mentioned on the previous pages.

Environment and climate

See page 52.

QE&OHS management system

Our QE&OHS management system includes our principles for energy savings, quality management, waste management, environmental accident management and resource consumption.

Our summary of **quality, environmental and occupational health & safety management (QE&OHS)**[1] states our targets and specific guidelines for how we deal with environmental issues.

Climate impact

This **policy** explains what we can do to reduce the emissions we cause or contribute to. We will aim at reducing our total consumption of fossil fuels, and we will work on an energy-efficient and climate-friendly use of energy.

Passenger cars, vans and machinery

We have set ambitious targets such as targets for energy consumption and CO2 emissions applying to our entire fleet of vehicles and machinery. We have two company vehicle policies (policy for passenger cars and policy for vehicles with yellow license plates). Both policies state that we look to procure energy-saving and environmentally friendly vehicles.

Environment

Our environmental policy[2] states that we want to reduce our environmental impacts such as waste, fuel, recycling and resource consumption. We will look to prevent pollution and other adverse impacts. That is why thorough, systematic planning and selection of methods are key to us. And we measure essential environmental parameters just as we always aim at reducing waste of resources. We will take account of environmental issues when purchasing, operating and maintaining our machinery.

Employees

See page 58.

Management framework

The most important elements of good management in the Aarsleff Group are summarised in our management framework "Code of good management in the Aarsleff Group – 11 principles" which explains that our managers must show commitment, focus on the most essential matters, strive to renew and take big picture responsibility.

Occupational health and safety

The occupational health and safety policies[2] of the Group companies state that we want to offer attractive workplaces where physical and mental health and safety, job satisfaction as well as lifelong development and training are in focus. The policies also state that we do not accept accidents and consequently have a zero-accident target. We have developed policies, principles and working methods and incorporated these in the way we work.

[1] We have linked to the QE&OHS management system applying to Per Aarsleff A/S, as this is representative of similar systems in our other Group companies.
[2] We have linked to policies applying to Per Aarsleff A/S, as these are representative of similar policies in our other Group companies.

Code of Conduct

Our **Code of Conduct** describes the criteria for good behaviour to be observed by all managers and employees of the Aarsleff Group. And it addresses areas such as the environment, employee relations, safety, working environment, child labour, laws, regulations, international conventions, competition and anti-corruption. Our requirements for business partners and suppliers reflect those we impose on ourselves.

Offensive behaviour and violence

This policy applies to the entire Aarsleff Group, and it states that we do not accept any kind of offensive behaviour or violence at our offices, construction sites or anywhere else. We expect that managers and employees take action immediately, if they observe or experience offensive behaviour or violence. Offensive behaviour includes bullying, sexual harassment and other violations during working hours.

Equality and diversity

Our **policy** on equality and diversity describes how we look to ensure equality and diversity among our managers and employees across the Aarsleff Group. We want to avoid discrimination and to create an open culture without prejudice.

When recruiting, we base our decisions entirely on personal and professional qualifications. So, decisions on recruitment, promotion and dismissal are never influenced by the applicant's or employee's race, ethnicity, social background, gender, religion, sexual orientation or similar factors.

Society around us

See page 65.

Anti-corruption

This policy explains our zero-tolerance approach to all aspects of corruption and facility payments. Our policy covers any transfer of money or assets. And our policy prohibits both direct and indirect bribery.

Competition law

This policy outlines our prohibition of price co-operation, cartel formation and abuse of market dominance. It states that we prohibit entering into agreements or exchanging information that involves bid-rigging or sharing of markets and customers. The policy also applies to consortia and joint ventures.

Taxes

Our **tax policy** is rooted in our Group executive management and states that we never use abnormal or non-transparent tax structures. We will do our best to counteract tax avoidance and so ensure real commercial substance in all the activities we undertake or participate in. We want to have a transparent tax approach with clear communications.

Human rights

Our policy on **respect for human rights** is based on the UN Guiding Principles on Business and Human Rights. It helps us to avoid adverse impacts on human rights and to deal with any adverse impacts we may cause or contribute to.

Apprentices and trainees

Our approach to how we want to contribute to the training of the next generation is outlined in our policy on apprentices and trainees. In the Aarsleff Group, we want to have apprentices and trainees in the civil engineering field and related fields such as administration and finance. We have established specific targets for the number of apprentices and trainees, and we offer trainee programmes aimed at engineering students, among others.

Whistleblower

Our whistleblower system allows employees and business partners to anonymously report concerns to an unbiased party. For instance, in case of reasonable suspicion of violation of Danish or international laws or any other unacceptable matters that may generate economic loss or damage Aarsleff's reputation or adversely impact the life and well-being of individuals. The **whistleblower policy** explains how the system works.

Data ethics

Five targeted privacy policies outline our focus on data ethics. The five policies relate to various target groups and explain what information we receive and register from our employees, applicants, collaborative partners, customers, shareholders and board members. They describe the purpose for which the information is used, where data comes from and what rights the stakeholders have in relation to change, see or delete data.

CORPORATE GOVERNANCE

Corporate governance 76
Internal control and risk management in financial reporting 78
Executive Management and Board of Directors 80
Shareholder information 84

Corporate governance

With few exceptions, Management complies with the recommendations of Nasdaq Copenhagen A/S on good corporate governance, found on https://corporategovernance.dk/

The exceptions are:

- Aarsleff has decided not to webcast the annual general meeting.
- The nomination and remuneration committee consists of two members of which one member is not independent.
- The variable remuneration which is paid to the Executive Management cannot be reclaimed.

The below statement concerns the recommendations updated most recently in December 2020.

An outline of the company's approach to the individual recommendations is available at www.aarsleff.com/corporategovernance20212022

Tasks and responsibilities of the Board of Directors

The Board of Directors defines the overall targets and strategies of the Aarsleff Group. In addition, the Board of Directors performs the overall management of the company.

The Board of Directors has rules of procedure describing the work of the Board of Directors. The rules of procedure also describe the work of the Chairman of the Board of Directors and the Deputy Chairman. The rules of procedure of the Board of Directors are reviewed annually to ensure that the Board of Directors undertakes its most important assignments in relation to the overall strategic management and control of the company as well as the current assessment of the work of the Executive Management.

During the year, the Board of Directors held seven ordinary board meetings attended by the Executive Management and one extraordinary meeting held through video conferencing.

The Board of Directors has established an Audit Committee consisting of three board members. During the year, the committee held four meetings. Also, a Nomination and Remuneration Committee was established consisting of two members. During the year, the committee held three meetings.

Meeting attendance – Board of Directors

Board member	Board meetings		Audit Committee meetings	Nomination and Remuneration Committee meetings
	Ordinary	Ekstraordinary		
Ebbe Malte Iversen	7/7	1/1		3/3
Jørgen Wisborg[1]	4/4	1/1	2/3	
Jens Bjerg Sørensen	7/7	1/1	1/1	2/2
Charlotte Strand	6/7	1/1	4/4	
Henrik Højen Andersen	7/7	1/1	4/4	
Kent Arentoft[2]	3/3			1/1
Bjarne Moltke Hansen[2]	3/3			1/1

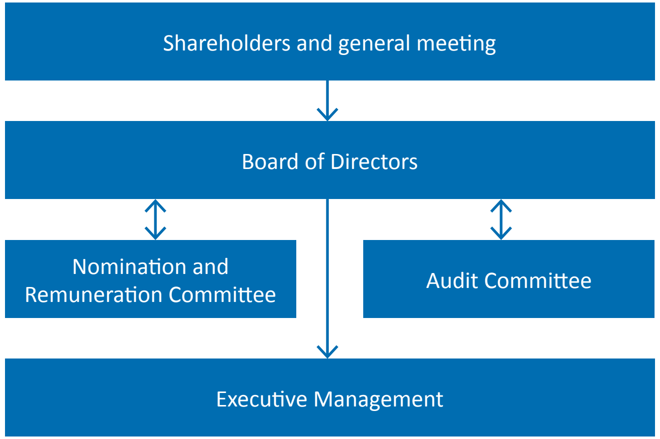
[1] Member of the Board of Directors since 1 February 2022.
[2] Resigned from the Board of Directors as of 1 February 2022.

Composition of the Board of Directors

The Board of Directors is composed by five external members. The members are elected for one year at a time by the Annual General Meeting.

In the procedures for recommendation of new candidates to the Board of Directors, we seek to safeguard the principles of diversity and representation of qualifications so that the Board can continue to carry out its work in the best possible way. We have set up specific targets for the proportion of women in the Board of Directors, see the section on Employees.

Governance structure



The Board of Directors' focus areas

Strategy

- Secure project execution of large and complex contracts
- Improvement of results in units which do not perform satisfactorily
- Ongoing improvements and efficiency improvements
- Focus on value-creating One Company collaboration between the Group's units.

Organisational development

- Management structure and succession planning
- Development and retention of key employees.

Risk management

- Handling price increases and challenges with shortage of materials
- Improvement of internal reporting on large projects
- Reduction of the risk of cyberattacks as well as improvement and alignment of the Group's IT structure.

Sustainability and green transition

- Initiatives for improvement of the Group's green profile
- Statement of $CO2$ emissions and setting of $CO2$ reduction targets
- Focus on new business opportunities within the green transition.

Evaluation of the board of directors

The work, results and composition of the Board of Directors were evaluated during the year. The Chairman of the Board of Directors is responsible for the evaluation, and the result is discussed in the entire Board of Directors. Except for minor adjustments, the evaluation did not result in significant changes to the Board of Directors' annual cycle of work or working methods.

Internal controls and risk management in financial reporting

Internal controls and risk management relating to financial reporting in the Aarsleff Group are made with a view to presenting financial statements that comply with International Financial Reporting Standards (IFRS), as adopted by the EU and additional Danish disclosure requirements for listed companies.

The internal controls and risk management systems have been made with a view to providing reasonable and fair security that errors and defects in the financial statements are discovered and rectified so that the annual report provides a true and fair view without material misstatements and with a view to ensuring that the choice and use of accounting policies are appropriate and that accounting estimates are performed responsibly.

The Group's internal controls and risk management systems relating to financial reporting are based on the internationally recognised COSO framework.

The Group's process for identification and handling of risks at Group level and in the individual business processes is illustrated in the diagram.

Internal controls

Process – Group level

Overall risk assessment at Group level

Top-down approach

Identification of commercial and financial risks

Description of how the most significant risks are hedged

Financial risks in business processes

Identification of financial risks in the business processes

- Work in progress
- Revenue/receivables
- Purchase of goods/accounts payable
- Non-current assets

Mapping of risks to controls

Existing controls are mapped to the identified risks

The Group's control handbook is updated with new risks and controls

Executed controls and processes are documented

Control environment

The Board of Directors has appointed an Audit Committee whose primary purpose is to assist the Board of Directors in monitoring financial reporting and the adequacy of Aarsleff's internal control and risk management systems.

The Audit Committee has supervisory responsibilities and reports to the entire Board of Directors. The responsibility for the day-to-day maintenance of effective internal controls and a risk management system for financial reporting rests with the Executive Management. Managers at different levels are responsible within their respective areas.

Responsibility and powers are defined in the Board of Directors' instructions to the Executive Management, policies, procedures and code. The Board of Directors approves the most significant policies of the Group as well as the code of business conduct.

The Executive Management approves other policies and procedures, and the responsible functions issue guidelines and monitor the use of all policies and procedures. The organisational structure and internal guidelines together with laws and other rules form the control environment.

Risk assessment

A risk analysis is prepared regularly with a view to assessing key risks in the financial reporting process, including a separate assessment of the risk of material misstatement of the consolidated financial statements due to fraud.

The risk assessment, which is allocated to items and individual processes in the financial reporting, forms the basis of the determined risk management policy which is to ensure that relevant risks are managed and reduced to an acceptable level.

Control activities

The aim of the control activities is to prevent, discover and correct any errors and irregularities. The activities are integrated in the Group's accounting and reporting procedures and include procedures for certification, authorisation, approval, reconciliation, analyses of results, separation of incompatible functions, controls concerning IT applications and general IT controls.

The risk assessment in the individual companies provides the basis for the local control activities concerning the financial reporting. This is supported by the Group's control handbook which defines a set of minimum controls that must be carried out. The purpose of the risk assessment and the associated control activities is to ensure that an acceptable level of internal control concerning financial reporting in the Group is maintained.

Information and communication

The Aarsleff Group maintains information and communication systems to ensure that the financial reporting is correct and complete. Accounting policies, accounting procedures and other reporting instructions are updated as needed and reviewed at least once a year.

The Aarsleff Group's accounting policies are specified in an accounting and reporting instruction submitted to the Group companies each year. In case of significant changes to the accounting policies, it is considered from one time to the next how these are communicated to the Group's companies most appropriately.

The Aarsleff Group has an open corporate culture. Everybody can freely express themselves and report concerns about irregularities or illegal activities concerning the Group's employees, management or suppliers. We find it very important that this type of information comes to light and is reported to our whistleblower scheme.

Monitoring

The Aarsleff Group uses a consolidation system for monitoring the Group's results, making it possible by means of analyses and follow-up at an early stage to detect and correct any errors and irregularities in the financial reporting.

Compliance with accounting policies is currently monitored at Group level and other operating levels by financial controllers.

On a rotating basis, an annual review and assessment is carried out to find out whether the control design of relevant companies complies with the standards determined for the individual company in accordance with the company's risk assessment. The result hereof is reported to the Audit Committee.

Similarly, the Audit Committee receives observed control weaknesses and recommendations from the auditor elected at the Annual General Meeting. The Audit Committee monitors that the Executive Management reacts efficiently to any weaknesses or shortcomings and that measures relating to risk management and internal controls in connection with the financial reporting are implemented as planned.

Executive Management and Board of Directors

From the left Ebbe Malte Iversen, Nicolai Schultz, Jesper Kristian Jacobsen, Mogens Vedel Hestbæk, Jens Bjerg Sørensen, Jørgen Wisborg, Charlotte Strand and Henrik Højen Andersen.

Executive Management

	Jesper Kristian Jacobsen	Nicolai Schultz	Mogens Vedel Hestbæk
Position	CEO	Deputy CEO	Group CFO
Employed since	2001	2019	2015
Education	BSc (Engineering)	MSc (Engineering)	MSc (Economics)
Year of birth	1970	1968	1972
Chairman of the board of directors	Network for Global Civil Engineers	Permagreen Grønland A/S	
Board member	The Danish Construction Federation Molio Erhvervsdrivende Fond Rømerfondet		Permagreen Grønland A/S Trym Anlegg AS

Executive Management's total number of shares in the company held at 16 December 2022: 29,465 (at 21 December 2021: 20,216).

Board of Directors

	Ebbe Malte Iversen Chairman of the Board Chairman of the Nomination and Remuneration Committee	Jørgen Wisborg Deputy Chairman Member of the Audit Committee	Jens Bjerg Sørensen Board member Member of the Nomination and Remuneration Committee
Education	BSc (Engineering)	MSc (Economics and Business Administration) INSEAD (LEAP)	Business graduate, Diploma in Business Administration INSEAD, IEP
Special expertise	Management of large, international companies, including listed companies. Professional and industry-related knowledge	Management of large, international companies, including listed companies	Financial insight and general management of large, international companies, including listed companies
Independence	Not considered independent due to employment in the executive management within the past five years	Considered independent	Considered independent
Chairman of the board	STIBO Fonden (plus two subsidiaries) Ejendomsfonden AIS	Danoil II ApS Danoil Exploration A/S Kamstrup A/S Schouw & Co	A. Kirk A/S BioMar Group A/S Borg Automotive A/S Danfoss A/S Fibertex Nonwovens A/S Fibertex Personal Care A/S GPV International A/S HydraSpecma A/S Købmand Herman Sallings Fond (plus two subsidiaries)
Board member	Ege Carpets A/S (deputy chairman) Per og Lise Aarsleffs Fond	Biomar A/S Borg Automotive A/S GPV International A/S Formuepleje Holding A/S FP Kapital A/S	F.M.J. A/S (plus 2 subsidiaries) Købmand Ferdinand Sallings Mindefond Salling Group A/S (deputy chairman)
Other managerial positions		Executive management: Rotensia ApS	General manager of Jens Bjerg Sørensen Datterholding 1 ApS General manager of Jens Bjerg Sørensen Holding ApS
Position		Professional board member	President of Aktieselskabet Schouw & Co

Board of Directors

	Charlotte Strand Board member Chairman of the Audit Committee	Henrik Højen Andersen Board member Member of the Audit Committee
Education	MSc (Economics)	MSc (Engineering) MSc (Engineering Management) Stanford University
Special expertise	Financial insight and general management of large, international companies, including listed companies	Management of large, international companies
Independence	Considered independent	Considered independent
Chairman of the Board	Evida Holding A/S (plus five subsidiaries)	Arla Foods Ingredients Energy A/S Niels Andersens Legats Handelsaktieselskab
Board member	Aibel ASA (member of audit committee) Lakrids by Johan Bülow A/S (deputy chairman and chairman of audit committee) PostNord AB (chairman of audit committee) Reventus Power Limited	ArNoCo GmbH & Co. KG K/S Solenergi Bayern
Other managerial positions		General manager of Solenergi Bayern Komplementar ApS General manager of AFI Partner ApS
Position		CEO of Arla Foods Ingredients Group P/S

Name	Gender	Year of birth	Initially elected	Term of office	Position	Board remuneration	Number of shares[1]	Change[2]
Ebbe Malte Iversen	♂	1951	2020	1 year	Chairman	956,000	129,943	7,506
Jørgen Wisborg	♂	1962	2022	1 year	Deputy chairman	467,000	5,000	5,000
Jens Bjerg Sørensen	♂	1957	2014	1 year	Board member	373,000	0	0
Charlotte Strand	♀	1961	2017	1 year	Board member	429,000	0	0
Henrik Højen Andersen	♂	1960	2020	1 year	Board member	391,000	489	0

[1] Number of shares in the company held at 16 December 2022.
[2] Change from 21 December 2021.

For further information, see Aarsleff's remuneration report.

Shareholder information

Capital and share structure

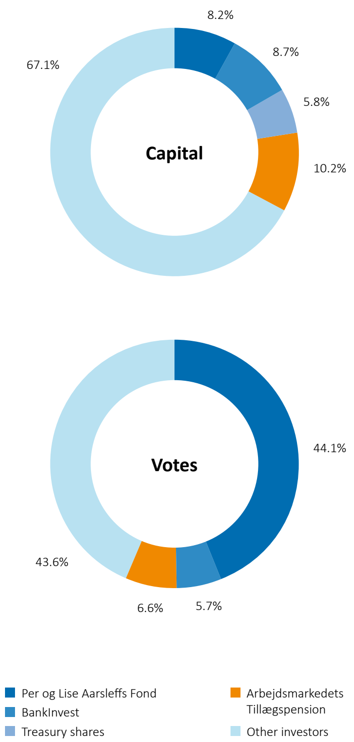
The Aarsleff share is listed in the Mid Cap segment on Nasdaq Copenhagen under the short name PAAL/B and the ISIN code DK0060700516.

The Aarsleff Group has no majority shareholders. All A shares are owned by the foundation Per og Lise Aarsleffs Fond, and the foundation possesses 43.8%[1] of the votes. The purpose of the foundation is to ensure the Aarsleff Group's continued existence and development through possession of Per Aarsleff Holding A/S's A share capital.

Shareholders who hold more than 5% of the share capital or control more than 5% of the voting rights at 9 December 2022 are stated in the pie chart.

Aarsleff's Board of Directors reviews the capital and share structure at least once a year, giving priority to retaining a strong solvency in order to ensure the necessary financial versatility. At its most recent review in October 2022, the Board of Directors found the capital and share structure to be appropriate and adequate relative to the company's plans and expectations.

Share holding, capital and votes[1]



[1] A shares are calculated into shares of DKK 2 in line with the B shares, corresponding to 1,350,000 A shares. Number of votes is corrected for the company's holding of treasury shares.

Dividend policy

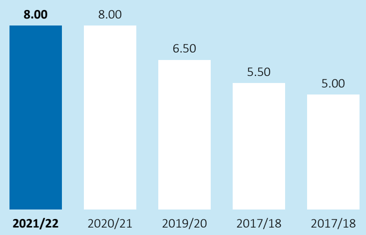
The Group's activities require significant capital resources and a strong solvency to mitigate risks. It is also important that the shareholders receive an attractive, long-term, direct return through allocation of surplus capital as dividend payments or in the form of share buyback programmes.

Aarsleff aims to pay stable or growing dividends ranging from 20-40% of the annual profit but with due consideration to earnings and any potential major investments and acquisitions.

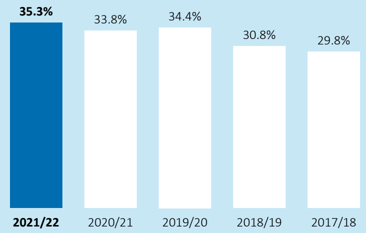
The decision as to the annual distribution of dividend is made on the basis of the actual financial situation, comprising net interest-bearing debt, solvency ratio and outlook for the future financial year.

For the financial year 2021/22, the proposed dividend per share of a nominal value of DKK 2 is DKK 8, corresponding to a dividend distribution of DKK 155.6 million.

Dividend (DKK per share)



Dividend payout ratio



Share buyback and treasury shares

In February, we announced that the current share buyback programme will be extended covering a period until 1 March 2023 during which the company can buy back shares up to a maximum value of DKK 325 million compared to previously DKK 125 million. In the period from 28 June 2021 to 30 September 2022, a total of 780,499 treasury shares were purchased at a total value of DKK 201.6 million. This means that the company's total number of treasury shares amounts to 942,727 shares, corresponding to 4.62% of the share capital. Of these, 385,073 shares are used for meeting the company's obligations related to the Aarsleff Group's employee share programme. At 30 September 2022, the market value of the treasury shares was DKK 175.9 million. Treasury shares are stated at DKK 0 in the balance sheet.

More information

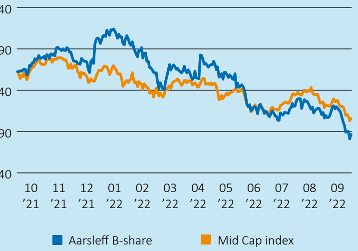
For more information about analyst coverage and access to the shareholder portal, see **www.aarsleff.com/investor.**

Share price performance

The Aarsleff share closed the year at 30 September 2022 at a price of DKK 187 per share (official year-end price) compared with DKK 263 per share at the beginning of the financial year. This corresponds to a decline of 29% after payment of a dividend of DKK 8 per share.

Accordingly, the total market capitalisation of the company's listed share capital amounted to DKK 3,552 million at the close of the financial year, against DKK 4,997 million the year before. Adjusted for the holding of treasury shares, the market capitalisation was DKK 3,376 million at 30 September 2022.

Share price development compared to Mid Cap index



Investor relations policy

Aarsleff aims to create value and achieve results to match the best of our industry peers.

It is our policy to provide reliable information and to give the shareholders and the market the best possible insight into factors considered relevant to ensure a market efficient and fair pricing of the Aarsleff share.

Our top management engage in regular dialogues with current as well as potential investors in the form of personal meetings and conferences. However, ahead of the publication of the interim financial reports and the annual report, we observe a two-week silent period. During such periods, our financial communications are subject to special restrictions.

Share information

	Share class A	Share class B	Total
ISIN code		DK0060700516	
Number of shares	27,000	19,035,000	20,385,0001[1]
Number of treasury shares owned by Per og Lise Aarsleffs Fond at 30 September 2022	27,000	328,086	1,678,086
Number of treasury shares owned by Per Aarsleff Holding A/S at 30 September 2022		942,727	
Nominal value, DKK	100	2	
Votes per share[2]	500	1	
Average daily trading volume in the financial year		26,829	
Exchange		Nasdaq OMX Copenhagen	
Ticker		PAAL/B	
Year high		314	
Year low		181	
Registered shares, %	100	89	

[1] A shares are calculated into shares of DKK 2 in line with the B shares, corresponding to 1,350,000 A shares.
[2] A shares carry ten times as many voting rights as the class B shares per each nominal DKK.

Financial calendar 2023

26 January
Annual General Meeting at 15:00

31 January
Payment of dividend for the financial year 2021/22

24 February
Interim financial report for the period 1 October-31 December 2022

31 May
Interim financial report for the period 1 October 2022-31 March 2023

30 August
Interim financial report 1 October 2022-30 June 2023

19 December
Annual report for the financial year 2022/23

FINANCIAL STATEMENTS

Consolidated financial statements	87
Parent company financial statements	130
Key figures, definitions	139
Management's statement	141
Independent auditor's report	142
Companies in the Aarsleff Group	146

Consolidated financial statements

Main financial statements

Income statement	88
Statement of comprehensive income	88
Balance sheet	89
Statement of cash flows	90
Statement of changes in equity	91

Notes to the financial statements

1	Accounting policies	93
2	Accounting estimates and judgments	96
3	New financial reporting standards and interpretations	97
4	Segment information	98
5	Revenue	100
6	Depreciation, amortisation and impairment	101
7	Staff costs	101
8	Share-based payment	102
9	Fees to auditors appointed by the annual general meeting	102
10	Other operating income and expenses	102
11	Financial income and expenses	103
12	Income tax	103
13	Earnings per share	105
14	Intangible assets and property, plant and equipment	105
15	Leases	108
16	Investments in associates and joint arrangements	110
17	Inventories	111
18	Work in progress	111
19	Construction contract debtors	112
20	Equity	113
21	Provisions	114
22	Other payables	115
23	Credit, interest rate and currency risk and use of financial instruments	115
24	Contingent liabilities and other financial obligations	123
25	Related party transactions	123
26	Other adjustments – statement of cash flows	124
27	Change in working capital – statement of cash flows	124
28	Liquidity	124
29	Liabilities from financing activity	124
30	Acquisitions	125
31	Subsequent events	128
32	Discontinued operations and assets held for sale	129

Income statement

1/10-30/9

Note	(DKKm)	2021/22	2020/21
5	**Revenue**	**18,118**	**14,630**
6, 7	Production costs	-16,175	-12,968
	Gross profit	**1,943**	**1,662**
6, 7, 8, 9	Administrative expenses and selling costs	-1,260	-1,052
10	Other operating income and expenses	29	23
16	Share of profit in associates and joint ventures	15	11
	Operating profit (EBIT)	**727**	**644**
11	Financial income	23	12
11	Financial expenses	-67	-43
	Profit before tax	**683**	**613**
12	Tax on profit for the year	-166	-143
	Profit for the year (continuing operations)	**517**	**470**
32	Profit/loss for the year (discontinued operations)	-66	3
	Profit for the year	**451**	**473**
	Profit for the year is attributable to		
	Shareholders of Per Aarsleff Holding A/S	447	472
	Minority shareholders	4	1
	Total	**451**	**473**
13	**Earnings per share (DKK)**		
	Earnings per share	22.68	23.53
	Earnings per share (continuing operations)	26.05	23.38
	Diluted earnings per share	22.82	23.36

Statement of comprehensive income

1/10-30/9

Note	(DKKm)	2021/22	2020/21
	Profit for the year	**451**	**473**
	Items that may be reclassified to the income statement		
	Foreign exchange adjustment on translation of foreign entities	-25	28
	Fair value adjustments of derivative financial instruments, net	40	8
	Reversal of fair value adjustments of derivative financial instruments, transferred to the income statement	1	0
12	Tax on other comprehensive income	-7	-2
	Other comprehensive income	**9**	**34**
	Total comprehensive income	**460**	**507**
	Comprehensive income is attributable to		
	Shareholders of Per Aarsleff Holding A/S	456	506
	Minority shareholders	4	1
	Total	**460**	**507**

Balance sheet

Assets

Note	(DKKm)	30/9 2022	30/9 2021
	Goodwill	421	225
	Patents and other intangible assets	235	133
	Intangible assets in progress	42	23
14	**Intangible assets**	**698**	**381**
	Land and buildings	1,009	848
	Plant and machinery	1,650	1,438
	Other fixtures and fittings, tools and equipment	153	146
	Property, plant and equipment in progress	241	147
15	Lease assets	573	407
14	**Property, plant and equipment**	**3,626**	**2,986**
16	Investments in associates and joint ventures	1	2
19	Construction contract debtors	32	32
12	Deferred tax	7	17
	Other non-current assets	**40**	**51**
	Non-current assets	**4,364**	**3,418**
17	**Inventories**	**483**	**411**
19	Construction contract debtors	3,426	2,542
18	Work in progress	2,189	1,299
	Receivables from associates and joint ventures	5	22
	Other receivables	285	131
	Income tax receivable	37	3
	Prepayments	65	44
	Receivables	**6,007**	**4,041**
	Securities	**499**	**603**
	Cash and cash equivalents	**316**	**445**
32	**Assets held for sale**	**74**	**0**
	Current assets	**7,379**	**5,500**
	Total assets	**11,743**	**8,918**

Equity and liabilities

Note	(DKKm)	30/9 2022	30/9 2021
	Share capital	41	41
	Translation reserve	-148	-123
	Hedging reserve	29	-5
	Retained earnings	3,740	3,581
	Proposed dividend	163	163
	Equity, shareholders of Per Aarsleff Holding A/S	3,825	3,657
	Minority interests' share of equity	30	7
20	**Equity**	**3,855**	**3,664**
	Mortgage debt	114	91
	Credit institutions	0	3
15	Lease liabilities	397	263
21	Provisions	152	151
12	Deferred tax	395	261
22	Other payables	84	44
	Non-current liabilities	**1,142**	**813**
	Mortgage debt	13	9
	Credit institutions	1,244	142
15	Lease liabilities	173	138
18	Work in progress	1,433	1,160
21	Provisions	99	99
	Trade payables	2,466	1,833
	Income tax payable	86	96
22	Other payables	1,158	964
32	Liabilities relating to assets held for sale	74	0
	Current liabilities	**6,746**	**4,441**
	Total liabilities	**7,888**	**5,254**
	Total equity and liabilities	**11,743**	**8,918**

Statement of cash flows

1/10-30/9

Note	(DKKm)	2021/22	2020/21
	Cash flow generated from operations		
	Operating profit (EBIT)	729	644
	Profit/loss from discontinued operations	-66	3
	Depreciation, amortisation and impairment	680	583
26	Other adjustments	-45	48
27	Change in working capital	-641	-602
	Cash flow from operating activities before net financials and tax	**655**	**677**
	Interest received	30	12
	Interest paid	-68	-27
	Cash flow from ordinary operating activities	**617**	**662**
	Income tax paid	-101	-191
	Cash flow from operating activities	**516**	**471**
	Cash flow generated from investments		
30	Acquisitions	-378	-31
	Investments in property, plant and equipment	-870	-738
	Investments in intangible assets	-26	-5
	Sale of property, plant and equipment	56	100
	Investments in associates	-9	0
	Purchase of securities	-342	-340
	Sale of securities	411	338
	Cash flow from investing activities	**-1,158**	**-676**
	Cash flow generated from financing		
29	Repayment and servicing of non-current liabilities	-40	-10
	Credit institutions	1,101	-130
29	Lease payments	-221	-117
	Dividend paid	-158	-130
	Treasury shares	-157	-45
	Cash flow from financing activities	**525**	**-432**
	Change in cash flows for the year	**-117**	**-637**
	Opening cash and cash equivalents	445	1,078
	Market value adjustment of opening cash and cash equivalents	-9	4
	Change in cash and cash equivalents for the year	-117	-637
28	**Closing cash and cash equivalents**	**319**	**445**

Reference is made to note 32 for a description of cash flows from discontinued operations.

§ **Accounting policy**

The consolidated statement of cash flows is presented using the indirect method, starting with operating profit. The statement of cash flows shows cash flows for the year broken down by operating, investing and financing activities and the effect of these cash flows on the Group's cash and cash equivalents.

Cash flow from operating activities

Cash flow from operating activities is calculated as profit before tax adjusted for non-cash operating items, changes in working capital, payments relating to financial items and tax paid.

Cash flow from investing activities

Cash flow from investing activities comprises acquisition and divestment of enterprises, purchase and sale of intangible assets, property, plant and equipment and other non-current assets, dividends from associates and purchase and sale of securities not included in cash and cash equivalents. Acquisition prices are measured including costs of purchase, and selling prices are measured less trading costs. Cash flows from acquired companies are recognised from the date of acquisition, and cash flows from divested companies are recognised until the date of divestment.

Cash flow from financing activities

Cash flow from financing activities comprises changes in the size or composition of the Group's share capital and related costs as well as the raising of loans and servicing of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

Statement of changes in equity

(DKKm)	Share capital	Translation reserve	Hedging reserve	Retained earnings	Proposed dividend	Total, share-holders of Per Aarsleff Holding A/S	Minority shareholders	Total
Equity at 30/9 2021	**41**	**-123**	**-5**	**3,581**	**163**	**3,657**	**7**	**3,664**
Comprehensive income								
Profit for the year				284	163	447	4	451
Other comprehensive income								
Foreign exchange adjustment of foreign entities		-25				-25		-25
Reversal of fair value adjustments of derivative financial instruments, transferred to the income statement			1			1		1
Tax on derivative financial instruments			0			0		0
Fair value adjustments of derivative financial instruments			40			40		40
Tax on derivative financial instruments			-7			-7		-7
Total other comprehensive income	0	-25	34	0	0	9	0	9
Total comprehensive income	**0**	**-25**	**34**	**284**	**163**	**456**	**4**	**460**
Transactions with owners								
Dividend, minority shareholders							-1	-1
Purchase of minority interests							20	20
Employee share programme				27		27		27
Purchase of treasury shares				-157		-157		-157
Dividend paid					-163	-163		-163
Dividend, treasury shares				5		5		5
Total transactions with owners	**0**	**0**	**0**	**-125**	**-163**	**-288**	**19**	**-269**
Equity at 30/9 2022	**41**	**-148**	**29**	**3,740**	**163**	**3,825**	**30**	**3,855**

Statement of changes in equity

(DKKm)	Share capital	Translation reserve	Hedging reserve	Retained earnings	Proposed dividend	Total, share-holders of Per Aarsleff Holding A/S	Minority shareholders	Total
Equity at 30/9 2020	**41**	**-151**	**-11**	**3,294**	**132**	**3,305**	**6**	**3,311**
Comprehensive income								
Profit for the year				309	163	472	1	473
Other comprehensive income								
Foreign exchange adjustment of foreign entities		28				28	0	28
Reversal of fair value adjustments of derivative financial instruments, transferred to the income statement			0			0		0
Tax on derivative financial instruments			0			0		0
Fair value adjustments of derivative financial instruments			8			8		8
Tax on derivative financial instruments			-2			-2		-2
Total other comprehensive income	0	28	6	0	0	34	0	34
Total comprehensive income	**0**	**28**	**6**	**309**	**163**	**506**	**1**	**507**
Transactions with owners								
Dividend, minority shareholders							0	0
Employee share programme				21		21		21
Purchase of treasury shares				-45		-45		-45
Dividend paid					-132	-132		-132
Dividend, treasury shares				2		2		2
Capital increase							0	0
Total transactions with owners	**0**	**0**	**0**	**-22**	**-132**	**-154**	**0**	**-154**
Equity at 30/9 2021	**41**	**-123**	**-5**	**3,581**	**163**	**3,657**	**7**	**3,664**

Notes to the financial statements

1 Accounting policies

This section describes the general accounting policies applied by the Aarsleff Group. A more detailed description of the accounting policies regarding specific reported amounts is presented in the respective notes for purposes of ensuring full transparency of the disclosed amounts by describing the relevant accounting policies for each note.

The description of accounting policies in the notes forms part of the overall description of the accounting policies of the Aarsleff Group.

Basis of accounting
The consolidated financial statements for 2021/22 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for listed companies and the Danish Executive Order on Adoption of IFRS issued in accordance with the Danish Financial Statements Act.

The annual report is presented in Danish kroner (DKK), which is considered the primary currency of the Group's activities and the functional currency of the parent company.

The annual report is prepared according to the historical cost principle, except for certain financial instruments, which are measured at fair value. Significant accounting policies are described below.

Except for the changes set out below, the accounting policies are consistent with those of the previous year.

Aarsleff has implemented all new or amended financial reporting standards and interpretations adopted by the EU that apply to the financial year 2021/22, including: Phase 2 of the IBOR Reform. This change has not had any significant impact on recognition or measurement in the consolidated financial statements.

Description of significant accounting policies

Consolidated financial statements
The consolidated financial statements comprise the parent company, Per Aarsleff Holding A/S, and the subsidiaries in which Per Aarsleff Holding A/S exercises control. The Group is considered to exercise control if it is exposed, or has a right, to variable returns from its involvement with the enterprise and has the ability to affect those returns through its power over the enterprise.

De facto control and any potential voting rights actually existing at the balance sheet date are taken into account when assessing whether the Group exercises control.

Enterprises in respect of which the Group exercises significant influence, but not control, over operational and financial policies are classified as associates. Significant influence exists where the Group directly or indirectly holds or controls between 20% and 50% of the voting rights.

The consolidated financial statements have been prepared on the basis of the financial statements of the parent company and the individual subsidiaries, prepared under the Group's accounting policies, by combining items of a uniform nature. On consolidation, intragroup income and expenses, unrealised intragroup gains and losses and accounts are eliminated and intragroup shareholdings are offset. Unrealised gains on transactions with associates are eliminated in proportion to the Group's ownership interest in the enterprise. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Investments in subsidiaries are set off against the parent company's share of the fair value of the subsidiaries' identifiable net assets and recognised contingent liabilities at the date of acquisition.

The line items of subsidiaries' financial statements are fully consolidated. Non-controlling interests' share of profit/loss for the year and of equity in subsidiaries that are not wholly owned is included in the consolidated profit and equity, respectively, but is presented separately.

Joint arrangements
The Group participates in a number of joint arrangements, including consortia and working partnerships, in which the Group has joint control through cooperative agreements with one or more parties. Joint control implies that decisions about the relevant operations require unanimous consent of the parties with joint control.

Joint arrangements are classified as joint operations or joint ventures. Joint operations are arrangements in which the participants have direct rights to assets and direct obligations for liabilities, whereas joint ventures are arrangements in which the participants only have rights to net assets.

Revenues and expenses as well as assets and liabilities relating to joint operations are recognised in accordance with the jointly controlled arrangement agreement. The Group's own revenue and expenses and assets and liabilities, respectively, and the Group's share of joint revenue, expenses, assets and liabilities are recognised. See note 16 Investments in associates and joint ventures for additional information.

Foreign currency translation
A functional currency is determined for each of the reporting entities. The functional currency is the currency used in the primary financial environment in which the individual enterprise is operating. Transactions in currencies other than the functional currency are transactions in foreign currencies, which are translated into the functional currency at the exchange rates at the date of transaction.

Receivables and payables in foreign currencies are translated into the functional currency at the official exchange rates at the balance sheet date. Exchange differences arising between the exchange rate at the transaction date and the exchange rate at the date of payment and the balance sheet date, respectively, are recognised in net financials in the income statement.

Notes to the financial statements

1 Accounting policies, continued

The balance sheets and goodwill of foreign consolidated enterprises are translated at the exchange rate at the balance sheet date, while the income statements are translated at the exchange rate at the transaction date. Exchange differences arising on translation of the equity of foreign subsidiaries and associates at the beginning of the financial year at the exchange rates at the balance sheet date as well as on translation of income statements from the exchange rates at the transaction date to the exchange rates at the balance sheet date are recognised in other comprehensive income and classified as a separate translation reserve under equity.

Derivative financial instruments
Derivative financial instruments are recognised at fair value in the balance sheet as from the trading date. Positive and negative fair values of derivative financial instruments are included in other receivables and other debt, respectively. Fair values are determined on the basis of market data as well as recognised valuation methods.

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

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future cash flows are recognised in other comprehensive income. On realisation of the hedged transaction, gains or losses concerning such hedging transactions are transferred from other comprehensive income and recognised in the same item as the hedged item.

For derivative financial instruments not qualifying for hedge accounting, changes in fair values are recognised in net financials in the income statement as they arise.

Income statement

Accounting policies relating to the items in the income statement are described in the respective notes to the income statement with the following exceptions:

Production costs
Production costs comprise direct and indirect costs incurred to achieve revenue for the year, including costs of materials, consumables, wages and salaries, rent and leases, amortisation, depreciation and impairment losses, subcontractor expenses, expenses for design and submission of tenders as well as provision for bad debts in respect of work in progress and warranty obligations on completed contracts.

Administrative expenses and selling costs
Administrative expenses and selling costs comprise expenses for management and administration, including expenses for administrative staff, management, office supplies, insurance, sales and marketing as well as depreciation.

Balance sheet

Accounting policies relating to the items in the balance sheet are described in the respective notes to the balance sheet with the following exceptions:

Impairment of non-current assets
The carrying amount of intangible assets, property, plant and equipment and other non-current assets is assessed at least once a year in order to determine whether there is any indication of impairment. If so, the recoverable amount of the asset is assessed. The recoverable amount of goodwill and intangible assets with indefinite useful lives is always assessed on an annual basis, however.

If the asset does not generate any cash flows independently of other assets, the recoverable amount is determined for the smallest cash-generating unit of which the asset is part.

The recoverable amount is the higher of an asset's selling price less expected costs to sell and its value in use, which is the discounted value of expected future cash flows from the asset.

An impairment loss is recognised in the income statement when the carrying amount of an asset exceeds the recoverable amount of the asset.

Impairment losses on goodwill are not reversed. Impairment losses on other assets are reversed to the extent that the assumptions and estimates underlying the impairment calculation have changed. Impairment losses are reversed only to the extent that the new carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Construction contract debtors
Construction contract debtors are measured at amortised cost. Impairment allowances are made using the simplified expected credit loss model, under which the total loss is recognised immediately in profit/loss at the time of recognition in the balance sheet based on the expected lifetime credit loss of the receivable.

Prepayments
Prepayments comprise incurred expenses relating to subsequent financial years.

Securities
Aarsleff's objective in holding listed bonds is to realise cash flows through sale. The Company's decisions to purchase and sell are based on the fair value of the bonds with monitoring, measurement and current fair value reporting according to the Group's investment policy. The bonds are recognised in current assets at fair value at the trading date and are subsequently measured at fair value. Fair value changes are recognised in net financials in the income statement as they arise.

Notes to the financial statements

1 Accounting policies, continued

Financial liabilities
On initial recognition, mortgage debt and payables to credit institutions are measured at fair value, corresponding to the proceeds received less transaction costs incurred. In subsequent periods, financial liabilities are measured at amortised cost, corresponding to their capitalised value using the effective interest method, so that the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Contingent consideration (earn-out) is measured at fair value through profit or loss, and adjustments are recognised in net financials.

Other financial liabilities, comprising debt to suppliers, group enterprises and associates as well as state grants and other debt are measured at amortised cost.

Deferred income
Deferred income comprises payments received relating to income in subsequent financial years.

Reporting in accordance with the ESEF Regulation
The Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) has introduced a single electronic reporting format for the annual financial reports of issuers with securities listed on the EU regulated markets.

The combination of XHTML format and iXBRL tags enables the annual financial reports to be read by both humans and machines, thus enhancing accessibility, analysis and comparability of the information included in the annual financial reports.

The Group's iXBRL tags have been prepared in accordance with the ESEF taxonomy, which is included in the ESEF Regulation and developed based on the IFRS taxonomy published by the IFRS Foundation.

The line items in the consolidated financial statement are tagged to elements in the ESEF taxonomy. For financial line items that are not directly defined in the ESEF taxonomy, an extension to the taxonomy has been created. Extensions are anchored to elements in the ESEF taxonomy, except for extensions that are subtotals.

The annual report submitted to the Danish Financial Supervisory Authority (the Officially Appointed Mechanism) consists of the XHTML document together with the technical files, all of which are included in the ZIP file Aarsleff-2022-09-30-da.zip.

Key definitions
XHTML (eXtensible HyperText Markup Language) is a text-based language used to structure and mark up content such as text, images and hyperlinks in documents that are displayed in a web browser.

iXBRL tags (or Inline XBRL tags) are hidden metainformation embedded in the source code of an XHTML document that enables the conversion of XHTML-formatted information into a machine-readable XBRL data record using appropriate software.

A financial reporting taxonomy is an electronic dictionary of business reporting elements used to report business data. A taxonomy element is an element defined in a taxonomy that is used for the machine-readable labelling of information in an XBRL data record.

Applying materiality
The consolidated financial statements are a result of processing large numbers of transactions and aggregating those transactions into classes according to their nature or function. The transactions are presented in classes of similar items in the consolidated financial statements. If a line item is not individually material, it is aggregated with other items of a similar nature in the consolidated financial statements or in the notes.

Management provides specific disclosures required by IFRS unless the information is not applicable or is considered immaterial to the decision making of the primary users of these financial statements.

Notes to the financial statements

2 Accounting estimates and judgments

Estimation uncertainty
The calculation of the carrying amount of certain assets and liabilities requires estimates of future events. The estimates made are based on assumptions that Management considers reasonable, but which are inherently uncertain and unpredictable as unexpected events or circumstances may occur which will change the basis of the assumptions applied. The impact has been assessed based on the possible effect on EBIT.

Judgments exercised in applying accounting policies
In applying the accounting policies, the Group makes judgments and accounting estimates which may have a material impact on the amounts recognised in the consolidated financial statements. The impact has been assessed based on the effect on the main items of the income statement and the balance sheet.

The Group is exposed to risks and uncertainties that may cause actual results to differ from the estimates and judgments made. The possible impact of each estimate or judgment is set out in the related notes along with a description of the relevant estimate or judgment.

The impact of the individual estimates may be illustrated as follows:

Significant accounting estimates and judgments	Low	■□□
	Medium	■■□
	High	■■■

Special risks are described in the section Significant risks.

Note	**Significant accounting estimates and judgments**	**Estimate/ judgment**	**Impact of accounting estimates and judgments**	
			2021/22	**2020/21**
5 Revenue	Assumptions used for purposes of recognition under the percentage of completion method	Estimate	■■■	■■■
14 Intangible assets and property, plant and equipment	Determination of amortisation period for intangible assets and determination of key assumptions used for purposes of the annual impairment test	Estimate	■□□	■□□
16 Investments in associates and joint ventures	Determination of whether it is a joint venture or a joint operation	Judgment	■□□	■□□
21 Provisions	Judgments made in connection with warranty provisions	Estimate	■□□	■■□
24 Contingent liabilities and other financial obligations	Determination of the amount of provisions for, e.g., legal and arbitration proceedings	Estimate	■■□	■■□

Notes to the financial statements

3 New financial reporting standards and interpretations

Standards adopted by the EU that have not yet come into force

Amendment to IFRS 3 Business Combinations
IASB has made three minor amendments to IFRS 3, including an update to a reference to the Conceptual Framework, an exemption from the Conceptual Framework regarding provisions and a clarification regarding contingent assets. The amendment is effective for financial years beginning on or after 1 January 2022.

Amendment to IAS 16 Property, Plant and Equipment
The amendment specifies that proceeds from selling an item of property, plant and equipment in progress before it is ready to be used may not be deducted from the cost of the asset, but must instead be recognised in profit or loss. The amendment is effective for financial years beginning on or after 1 January 2022.

Amendment to IAS 37 Provisions, Contingent Liabilities and Contingent Assets
The amendment specifies that costs related directly to the contract should also be included when assessing whether a contract is onerous, including an allocation of costs that relate directly to fulfilling the contract, for example an allocation of the depreciation charge for items of property, plant and equipment. Moreover, the amended standard gives examples of costs that are considered to be related directly to a contract and costs that are not considered to be related directly to a contract. The amendment is effective for financial years beginning on or after 1 January 2022.

Annual improvements 2018-2020
Clarifications to IFRS 1 on first-time adoption with regard to translation differences when a subsidiary's transition to IFRS is at a later date than the parent company's transition; to IFRS 9 on financial instruments regarding fees in the test to assess whether a financial liability is modified or settled; change to an example in IFRS 16; and amendment to IAS 41 on biological assets. The amendments are effective for financial years beginning on or after 1 January 2022.

Furthermore, IASB has issued the following amendments to standards and new interpretations that have yet to be adopted by the EU and that are relevant to the Group.

Amendment to IAS 1 Presentation of Financial Statements
The amendment specifies that only material accounting policies should be disclosed in the annual report. Guidance is provided as to how 'material' should be interpreted in relation to accounting policies. The amendment is effective for financial years beginning on or after 1 January 2023.

Amendment to IAS 1 Presentation of Financial Statements
Clarification of the definition of current liabilities, so that the definition is based on rights existing at the balance sheet date. The requirement for an unconditional right to defer settlement of a liability for twelve months from the balance sheet date is changed to a right to defer settlement for twelve months from the balance sheet date. The amendment is effective for financial years beginning on or after 1 January 2023.

Amendment to IAS 8 Accounting policies, changes in accounting estimates and errors
Clarification of the definition of accounting estimates for purposes of making it easier to distinguish between changes in accounting estimates and changes in accounting policies. The amendment is effective for financial years beginning on or after 1 January 2023.

Amendment to IAS 12 Income Taxes
The amendment specifies that deferred tax must be recognised on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendment is effective for financial years beginning on or after 1 January 2023.

None of the amendments are expected to materially affect the annual report.

Notes to the financial statements

4 Segment information

	Construction		Technical Solutions		Rail		Ground Engineering		Pipe Technologies		Total	
(DKKm)	**2021/22**	**2020/21**	**2021/22**	**2020/21**	**2021/22**	**2020/21**	**2021/22**	**2020/21**	**2021/22**	**2020/21**	**2021/22**	**2020/21**
Revenue	8,462	6,416	2,248	1,920	1,876	1,329	3,332	2,811	2,200	2,154	18,118	14,630
Of which work performed abroad	1,634	751	0	0	548	407	2,290	1,796	1,626	1,521	6,098	4,475
Share of profit in associates and joint ventures	15	11	0	0	0	0	0	0	0	0	15	11
Operating profit (EBIT)	250	217	82	31	73	60	173	164	149	172	727	644
EBIT margin, %	3.0	3.4	3.6	1.6	3.9	4.5	5.2	5.9	6.8	8.0	4.0	4.4
ROIC, %	23.1	32.2	26.7	17.9	13.3	19.0	11.5	13.9	19.3	24.2	17.2	21.2
ROIC after tax, %	17.5	24.7	20.3	13.8	10.0	14.6	8.7	10.7	14.6	18.6	13.1	16.3
Segment assets	4,916	2,969	828	504	1,164	716	2,512	2,111	1,390	1,550	10,810	7,850
Capital expenditure	387	193	64	63	49	59	232	208	82	115	814	638
Depreciation, amortisation and impairment	253	205	36	32	84	71	203	173	104	102	680	583
Investments in associates and joint ventures	1	0	0	0	0	0	0	0	0	2	1	2
Goodwill	56	56	106	40	122	3	43	32	94	94	421	225
Segment liabilities	3,164	2,421	612	507	653	42	985	900	548	782	5,962	4,652
Invested capital (IC)	1,379	778	461	150	795	311	1,678	1,341	753	798	5,066	3,378
Number of employees												
Biweekly paid employees	2,308	1,899	998	849	464	419	933	850	664	674	5,367	4,691
Engineers, technicians and administrative staff	1,368	1,232	394	360	395	344	653	623	427	408	3,237	2,967
Total	**3,676**	**3,131**	**1,392**	**1,209**	**859**	**763**	**1,586**	**1,473**	**1,091**	**1,082**	**8,604**	**7,658**

The EBIT margin expresses EBIT as a percentage of revenue.

No revenue relating to individual customers exceeds 10% of total revenue.

Operating profit (EBIT) is our primary performance measure.

Notes to the financial statements

4 Segment information – continued

Geographical information

(DKKm)	Denmark		International		Total	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
Revenue	12,020	10,155	6,098	4,475	18,118	14,630
Segment assets, non-current	2,855	2,222	1,509	1,179	4,364	3,401

Segment assets and liabilities

(DKKm)	2021/22	2020/21
Assets		
Segment assets for reportable segments	10,810	7,850
Income tax receivable	37	3
Deferred tax	7	17
Assets held for sale	74	0
Securities	499	603
Cash and cash equivalents	316	445
Assets as per balance sheet	**11,743**	**8,918**
Liabilities		
Segment liabilities for reportable segments	5,962	4,652
Mortgage debt	127	100
Credit institutions	1,244	145
Liabilities relating to assets held for sale	74	0
Income tax payable	86	96
Deferred tax	395	261
Liabilities as per balance sheet	**7,888**	**5,254**

§ **Accounting policy**

The segment information has been prepared in accordance with the Group's accounting policies and is based on the Group's internal management reporting.

Segment income and expenses and segment assets and liabilities comprise the items directly attributable to the individual segment, as well as the items that can be allocated to the individual segment on a reasonable basis. Revenue and profit before interest for reportable segments can be reconciled directly to the consolidated income statement.

Segment assets comprise non-current assets used directly in the segment's operations, including intangible assets and property, plant and equipment and investments in associates, as well as current assets used directly in the segment's operations, including inventories, trade receivables, other receivables and prepayments.

Segment liabilities comprise liabilities resulting from the operating activities of the segment, including trade payables, provisions and other payables.

Transactions between segments are priced at estimated market value.

The geographic distribution of revenue is based on the geographic location of the customers. Information on geographic distribution of segment assets is based on the physical location of the assets and comprises subsidiaries and joint operations abroad.

Notes to the financial statements

5 Revenue

(DKKm)	2021/22	2020/21
Domestic		
Sale of goods	148	171
Income from construction contracts	11,872	9,984
Total domestic	**12,020**	**10,155**
International		
Sale of goods	312	298
Income from construction contracts	5,786	4,177
Total international	**6,098**	**4,475**
Total		
Sale of goods	460	469
Income from construction contracts	17,658	14,161
Total	**18,118**	**14,630**

Construction contracts are recognised over time. Revenue from the sale of goods derives predominantly from the Ground Engineering segment.

Order backlog – transaction price allocated to performance obligations not satisfied

(DKKm)	2021/22	2020/21
Order backlog – construction contracts	22,466	19,876
Order backlog – sale of goods	381	105
Total	**22,847**	**19,981**

Of the total order backlog at 30 September 2022, DKK 12,250 million is expected to be executed in the coming financial year (DKK 10,050 million at 30 September 2021). The order backlog at 30 September 2022 has been changed in accordance with the termination of the data centre contract for contractual reasons, see note 31 Subsequent events. For long-term service contracts, framework agreements and similar, the maximum amount of revenue included in the order backlog is the expected revenue for the next five years. The average contract duration is one to two years. As the order backlog is in part based on expectations, it is subject to uncertainty and risks, and actual developments may differ from those expected.

§ Accounting policy

Revenue comprises satisfied and unsatisfied performance obligations on construction contracts and the sale of finished goods and goods for resale. Revenue from the sale of finished goods and goods for resale is recognised in the income statement if control has been transferred to the customer before year end. Revenue is measured excluding value added tax and price reductions directly related to the sale.

Construction contracts

Construction contracts are recognised as revenue in proportion to the rate of completion, so that revenue matches the selling price of the work completed for the year (the percentage of completion method). Control is transferred to the customer over time, as assets are generally constructed on the customer's land.

The Group's construction contracts consist of major building and construction projects for public-sector and private-sector customers. The contracts generally comprise a single performance obligation as the various contract elements are highly integrated and the customer benefits from delivery of the entire project.

Transfer of control and thus the recognition of revenue is determined using input-based methods based on actually incurred costs relative to total calculated project costs. This method is considered to best reflect the gradual transfer of control.

Where the profit or loss from a construction contract cannot be measured reliably, revenue is measured at the lower of contract costs incurred and net realisable value.

! Significant accounting estimates

Variable consideration is not recognised in revenue until it is highly probable that no significant reversal of the amount of cumulative revenue recognised will occur in subsequent periods. This assessment is made on an ongoing basis for the individual construction contracts. Expected contract revenue and contract costs may change as the contract is performed and uncertainties are resolved. Also, in the course of the performance of the contract, amendments may be made, and the preconditions for the performance of the contract may turn out not to be fulfilled. Discrepancies related to additional works, extensions of deadlines, claims for daily penalties, etc. are assessed on the basis of the nature of the issue, the stage of negotiation and past experience. The probability of the outcome is thus assessed on an individual basis.

The Group's internal business processes, financial management and calculation tools together with the project management's knowledge and experience support the reliable measurement of work in progress in accordance with the percentage of completion method.

Notes to the financial statements

6 Depreciation, amortisation and impairment

(DKKm)	2021/22	2020/21
Amortisation and impairment, intangible assets	34	25
Depreciation and impairment, property, plant and equipment	646	558
Total	**680**	**583**
Depreciation and impairment, property, plant and equipment is recognised in the income statement as follows		
Production costs	547	464
Administrative expenses and selling costs	133	94
Total	**680**	**558**
Amortisation and impairment, intangible assets is recognised in the income statement as follows		
Administrative expenses and selling costs	34	25
Total	**34**	**25**

7 Staff costs

(DKKm)	2021/22	2020/21
Wages, salaries and remuneration	4,428	3,851
Pensions	269	237
Share-based payment	27	21
Other costs, social security costs, etc.	285	240
Total	**5,009**	**4,349**
Of this amount:		
Remuneration, Board of Directors[1]	3	3
Fixed remuneration, Executive Management	13	11
Share-based payment, Executive Management	1	1
Total	**17**	**15**
Average number of full-time employees	**8,604**	**7,658**

[1] The Board of Directors was expanded from five to six members effective 28 January 2021 and reduced from six to five members effective 1 February 2022.

Notes to the financial statements

8 Share-based payment

In February 2020, May 2021 and February 2022, the employees in the Danish part of the Group were given the opportunity to take part in an employee share programme. The programmes are matching shares programmes, under which the participants for their own account acquire class B shares in the company (investment shares), which are subject to a three-year vesting period, earning them the right to receive, free of charge, one class B share in the company (matching share) per acquired investment share (1:1). The programmes have terms of three years.

To receive matching shares, an employee must have acquired investment shares and remain employed at the vesting date or be a "good leaver".

Maximum no. of conditional shares	**Executive Management**	**Other employees**	**Total**
Conditional shares granted at 1 March 2020	5,674	139,876	145,550
Cancelled, financial year 2019/20	0	-4,948	-4,948
Conditional shares granted at 1 June 2021	3,880	122,730	126,610
Cancelled, financial year 2020/21	0	-9,629	-9,629
Conditional shares granted at 1 March 2022	4,726	130,995	135,721
Cancelled, financial year 2021/22	0	-8,231	-8,231
Conditional shares granted at 30/9 2022	**14,280**	**370,793**	**385,073**

Fair value per share at the grant date, 26 February 2020, was computed at DKK 192.12.
Fair value per share at the grant date, 31 May 2021, was computed at DKK 273.27.
Fair value per share at the grant date, 28 February 2022, was computed at DKK 241.88.

The fair value at the grant date was based on the following assumptions:

Share price at grant date, 26 February 2020	204.00
Share price at grant date, 31 May 2021	295.00
Share price at grant date, 28 February 2022	261.00
Expected term	3 years
Volatility	0.67-1.2
Risk-free interest rate	0.5%
Dividend of share value	2%-2.5%

The volatility is based on a five-year observation period in respect of the return.

9 Fees to auditors appointed by the annual general meeting

(DKKm)	**2021/22**	**2020/21**
Deloitte	8	7
Other auditors	3	5
Total	**11**	**12**
The fees to Deloitte may be specified as follows:		
Statutory audit	7	5
Other assurance engagements	0	0
Tax consulting services	0	0
Other services	1	2
Total	**8**	**7**

Fees for non-audit services provided to the Group by Deloitte amounted to DKK 1.3 million (2020/21: DKK 2.2 million), comprising review of tax statements, review of statements for prequalifications and various other reports and other general accounting and tax consulting services.

10 Other operating income and expenses

(DKKm)	**2021/22**	**2020/21**
Other operating income	34	45
Other operating expenses	-5	-22
Total	**29**	**23**

Other operating income during the financial years 2021/22 and 2020/21 mainly consisted of gains from the sale of non-current assets. The figures comprised no single material items for either 2021/22 or 2020/21.

§ **Accounting policy**

Other operating income and expenses comprise items secondary to the primary activities of the company.

Notes to the financial statements

11 Financial income and expenses

(DKKm)	2021/22	2020/21
Foreign exchange gain, net	0	2
Value adjustment of earn-out	10	0
Other interest income	13	10
Financial income	**23**	**12**
Foreign exchange loss, net	4	0
Fair value adjustment of securities	35	10
Value adjustment of earn-out	0	15
Borrowing costs recognised in the cost of assets	-1	-1
Mortgage interest	3	1
Interest, lease liabilities	7	5
Other interest expenses	19	13
Financial expenses	**67**	**43**
Net financials	**-44**	**-31**
Of which calculated using the effective interest method	**-11**	**-8**

Borrowing costs are recognised in the cost of constructed assets at an effective interest rate of 1% (2020/21: 1%), corresponding to the Group's average borrowing costs.

§ **Accounting policy**

Financial income and expenses include interest, capital gains and losses on securities and intra-group balances and transactions in foreign currencies, amortisation of financial assets and liabilities, and surcharges and allowances under the tax prepayment scheme, etc. Also included are realised and unrealised gains and losses relating to derivative financial instruments not qualifying for hedge accounting.

12 Income tax

(DKKm)	2021/22	2020/21
Total tax for the year may be specified as follows		
Tax on profit for the year	166	143
Tax recognised in other comprehensive income	-7	2
Total	**159**	**145**
Tax on profit for the year may be specified as follows		
Current tax	58	241
Adjustment for the year of deferred tax and deferred tax asset	108	-98
Total	**166**	**143**
Tax recognised in other comprehensive income may be specified as follows		
Current tax	2	0
Adjustment for the year of deferred tax and deferred tax asset	-9	2
Total	**-7**	**2**
Tax on profit for the year may be specified as follows		
Calculated 22% tax on profit before tax	150	136
Tax effect of:		
Differences in tax rates	6	6
Discrepancies relating to associates	-3	-3
Employee share programme	6	4
Other items	7	0
Total	**166**	**143**

Notes to the financial statements

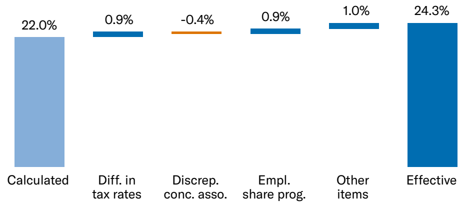
12 Income tax – continued

(DKKm)	2021/22	2020/21
Deferred tax		
Deferred tax at 1/10	244	355
Transferred to current tax	-8	-26
Addition on investments in subsidiaries	36	11
Changed tax rate	-1	0
Deferred tax for the year recognised in profit for the year	108	-98
Deferred tax for the year recognised in other comprehensive income	9	2
Deferred tax at 30/9	**388**	**244**
Recognised as follows		
Deferred tax (asset)	-7	-17
Deferred tax (liability)	395	261
Total	**388**	**244**

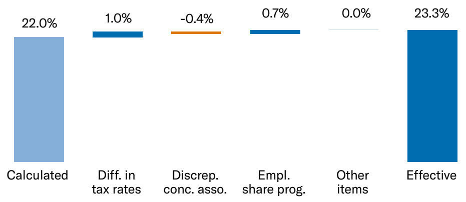
Deferred tax assets relate to tax loss carryforwards that are expected to be utilised against future taxable income within 3-5 years and can generally be carried forward indefinitely.

	2021/22	2020/21
Deferred tax relates to		
Intangible assets	38	24
Property, plant and equipment	103	78
Work in progress	276	183
Other current assets	4	-10
Provisions	-12	-9
Other payables	0	-14
Tax loss carryforwards	-21	-8
Deferred tax at 30/9	**388**	**244**
Deferred tax expected to be realised within 12 months	198	157
Tax base of unrecognised deferred tax assets	0	9

Effective tax rate, 2021/22



Effective tax rate, 2020/21



§ **Accounting policy**

Tax on profit for the year

Tax for the year, consisting of current tax and changes in deferred tax for the year, is recognised in profit for the year, in other comprehensive income or directly in equity.

Changes in deferred tax as a result of changed tax rates are recognised in the income statement.

Per Aarsleff Holding A/S is the administration company for Danish joint taxation purposes. The current Danish income tax liability is allocated among the jointly taxed companies in proportion to their taxable incomes.

Income tax and deferred tax

Deferred tax is measured in accordance with the balance sheet liability method on all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax on temporary differences relating to goodwill not amortisable for tax purposes and other items is not recognised where such temporary differences – other than business acquisitions – arise at the date of acquisition without affecting either profit/loss for the year or taxable income.

Deferred tax is measured on the basis of the tax regulations and rates that, according to the rules in force at the balance sheet date, will apply when the deferred tax is expected to crystallise as current tax. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in other non-current assets at the amount at which they are expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal entity.

Notes to the financial statements

13 Earnings per share

(DKKm)	2021/22	2020/21
Profit for the year, excluding minority shareholders (DKK'000)	447	472
Average no. of shares (thousands)	20,385	20,385
Average no. of treasury shares (thousands)	652	327
Average no. of shares in circulation (thousands)	**19,733**	**20,058**
Average no. of shares, diluted (thousands)	-118	148
Average no. of shares in circulation, diluted (thousands)	**19,615**	**20,206**
Earnings per share (current)	22.68	23.53
Earnings per share (continuing operations)	26.05	23.38
Earnings per share (diluted)	22.82	23.36

14 Intangible assets and property, plant and equipment

(DKKm)	Goodwill	Patents and other intangible assets	Intangible assets in progress	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Lease assets
Cost at 1/10 2021	337	379	23	1,245	3,654	390	147	666
Foreign exchange adjustments	0	1	0	-6	-22	-3	-1	-7
Additions on acquisition of companies	195	127	0	51	53	9	0	9
Additions during the year	0	6	19	41	413	30	376	370
Disposals during the year	0	-11	0	-5	-129	-21	-2	-100
Transfers	0	1	0	113	147	24	-279	0
Cost at 30/9 2022	**532**	**503**	**42**	**1,439**	**4,116**	**429**	**241**	**938**
Depreciation, amortisation and impairment at 1/10 2021	112	246		397	2,216	244		259
Foreign exchange adjustments	-1	-1		-3	-16	-2		-2
Depreciation and amortisation for the year	0	34		40	363	50		193
Assets sold during the year	0	-11		-4	-97	-16		-85
Depreciation, amortisation and impairment at 30/9 2022	**111**	**268**	**0**	**430**	**2,466**	**276**	**0**	**365**
Carrying amount at 30/9 2022	**421**	**235**	**42**	**1,009**	**1,650**	**153**	**241**	**573**

Notes to the financial statements

14 Intangible assets and property, plant and equipment – continued

(DKKm)	Goodwill	Patents and other intangible assets	Intangible assets in progress	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Lease assets
Cost at 1/10 2020	314	328	14	1,203	3,296	361	88	500
Foreign exchange adjustments	0	0	0	8	26	5	1	5
Additions on acquisition of companies	23	52	0	0	0	5	0	27
Additions during the year	0	5	9	49	344	46	289	180
Disposals during the year	0	-6	0	-37	-175	-34	-39	-46
Transfers	0	0	0	22	163	7	-192	0
Cost at 30/9 2021	**337**	**379**	**23**	**1,245**	**3,654**	**390**	**147**	**666**
Depreciation, amortisation and impairment at 1/10 2020	112	227		391	2,050	212		136
Foreign exchange adjustments	0	0		3	14	2		1
Depreciation and amortisation for the year	0	25		33	314	48		163
Assets sold during the year	0	-6		-30	-162	-18		-41
Depreciation, amortisation and impairment at 30/9 2021	**112**	**246**	**0**	**397**	**2,216**	**244**	**0**	**259**
Carrying amount at 30/9 2021	**225**	**133**	**23**	**848**	**1,438**	**146**	**147**	**407**

Goodwill
Goodwill is the only intangible asset with an indefinite useful life.

Goodwill has been tested for impairment. The impairment test was performed on the basis of the business entity or the segment representing the lowest level of cash-generating unit to which goodwill on acquisition could be allocated on a reasonable basis. Where acquired operations and companies are not established as independent units, but are integrated in existing units, it is thus not possible to perform impairment tests on individual acquisitions. In the Group's internal reporting, the carrying amount of goodwill in the individual cash-generating units is allocated to the Group's business segments.

Recoverable amounts are in each individual case calculated as the value in use. Value in use is calculated as the net present value of expected cash flows from the cash-generating units. Value in use is compared to the carrying amounts of the net assets. Expected cash flows are based on budgets for the years 2022/23-2026/27, prepared and approved by the Managements of the respective cash-generating units. For financial years after the budget periods (terminal period), cash flows for the latest budget period are applied, adjusted for expected growth rates.

For purposes of the tests, an expected growth rate in the range of 1.6%-3.2% was applied for the terminal period (2020/21: 1.7%-3.4%), representing an average of the GDP growth rate realised over the past five years. The growth rate is expected not to exceed the long-term average growth rate in the company's markets. As the diversification of the cash-generating units on industries and geographic locations is limited, they are assessed to have identical growth rates.

Apart from growth and the weighted average cost of capital (discount factor) applied, the principal assumptions are assessed to be revenue performance, operating margin and future reinvestment. Budgets for 2022/23-2026/27 were based on past experience, including budgeted returns on the order backlog, expected orders and planned capacity. The announced long-term expectations of annual revenue growth of 0-10%, an EBIT margin of 4-6.5% and strong liquidity were also taken into account. Uncertainty relating to the execution of budgets and possible changes in the amount or allocation of projected cash flows was reflected in the discount factors.

Notes to the financial statements

14 Intangible assets and property, plant and equipment – continued

The impairment tests comprised those of the Group's cash-generating units to which intangible assets with indefinite useful lives have been allocated.

The table below specifies the key assumptions for the units to which significant goodwill has been allocated.

	2021/22			2020/21		
	Discount factor (%)	**Terminal period growth** (%)	**Carrying amount of goodwill** (DKKm)	**Discount factor** (%)	**Terminal period growth** (%)	**Carrying amount of goodwill** (DKKm)
Cash-generating unit						
Trym Anlegg AS	-	-	118	-	-	-
Aarsleff Rohrsanierung GmbH	11.8	1.6	56	10.0	1.7	56
Olimb Rørfornying Holding AS	10.6	1.8	37	8.9	2.5	37
Entreprenørfirmaet Østergaard A/S	10.7	1.8	27	9.1	2.0	27
Others	8.7-10.7	1.6-3.2	183	8.6-10.0	1.7-3.4	105
Total			**421**			**225**

No indication of impairment was identified by the impairment tests.

Sensitivity analyses were performed to identify the minimum growth rate or highest discount rate increase for each cash-generating unit that would not result in impairment losses. Probable changes in the underlying assumptions are not assessed to result in the carrying amount of goodwill exceeding the recoverable amount.

§ **Accounting policy**

Intangible assets

Goodwill is initially recognised in the balance sheet at cost. Subsequently, goodwill is measured at cost less accumulated impairment losses.

The carrying amount of goodwill is allocated to the Group's cash-generating units at the date of acquisition. The determination of cash-generating units is based on the management structure and the internal financial management.

Patents and other intangible assets are measured at cost less accumulated amortisation and impairment losses. Amortisation is provided on a straight-line basis over the shorter of the contract period and useful life, currently 2-7 years. The basis of amortisation is reduced by any impairment losses.

Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. Cost comprises the cost of acquisition and any costs directly associated with the acquisition until the date when the asset is ready for use. The cost of assets constructed by the Group comprises direct and indirect costs of labour, materials, components and subsuppliers as well as borrowing costs relating to specific and general borrowing directly related to the construction of the individual asset.

Notes to the financial statements

14 Intangible assets and property, plant and equipment – continued

Depreciation is provided on a straight-line basis over the useful life, which is:

Productions buildings	20 years
Administrative buildings	10-50 years
Plant and machinery	8-10 years
Other fixtures and fittings, tools and equipment	5-10 years

Land is not depreciated.

Depreciation is calculated taking into account the residual value of the asset less any impairment losses. The residual value is determined at the acquisition date and reassessed annually.

Property, plant and equipment is written down to the lower of the recoverable amount and the carrying amount.

Gains or losses on the disposal of property, plant and equipment are recognised in the income statement in production costs or administrative expenses or other operating income/expenses, respectively, and calculated as the difference between selling price less costs to sell and the carrying amount at the selling date.

Significant accounting estimates

In connection with testing for evidence of impairment of goodwill and other non-current assets, a number of assumptions are applied in the calculations.

Estimates of expected future net cash flows are based on budgets and business plans for the next five years and projections for subsequent years. Key parameters are revenue development, operating margin, future reinvestments and growth and the average cost of capital applied.

15 Leases

Lease assets

(DKKm)	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Total
Lease assets 1/10 2021	**140**	**97**	**170**	**407**
Additions during the year	154	110	106	370
Additions on acquisition of companies	4	4	1	9
Disposals during the year	-2	-6	-7	-15
Depreciation and amortisation for the year	-45	-58	-90	-193
Foreign exchange adjustments	-3	-1	-1	-5
Recognised in balance sheet at 30/9 2022	**248**	**146**	**179**	**573**
Lease assets 1/10 2020	**90**	**95**	**178**	**364**
Additions during the year	69	45	65	180
Additions on acquisition of companies	12	10	5	27
Disposals during the year	-2	-2	0	-5
Depreciation and amortisation for the year	-31	-53	-79	-164
Foreign exchange adjustments	2	2	1	4
Recognised in balance sheet at 30/9 2021	**140**	**97**	**170**	**407**

Notes to the financial statements

15 Leases – continued

Lease liability

(DKKm)	30/9 2022	30/9 2021
Maturities, lease liabilities		
Due within 1 year	173	138
Due in between 1 and 5 years	385	247
Due in more than 5 years	38	27
Total undiscounted lease liability	**596**	**412**
Lease liability recognised in the balance sheet		
Current	173	138
Non-current	397	263
Amounts recognised in profit or loss		
Interest expenses related to lease liabilities	7	5
Variable lease payments not recognised as part of the lease liability	0	0
Expenses related to short-term leases (less than 12 months)	389	288
Expenses related to leases of low value	22	31

Leases

For the financial year 2021/22, the Group paid DKK 221 million in respect of finance leases (2020/21: DKK 117 million), of which interest payments related to recognised lease liabilities amounted to DKK 7 million (2020/21: DKK 5 million) and repayment of recognised lease debt amounted to DKK 214 million (2020/21: DKK 112 million).

§ **Accounting policy**

Leases

A right-of-use asset (lease asset) and a lease liability are recognised in the balance sheet when, under a lease, a specific identified asset is made available for the Group's use for the lease term and when the Group obtains substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset.

Aarsleff has leases relating to properties, vehicles and other production equipment. Leases are usually concluded for a fixed term, but the lease term may include extension options. Terms and conditions of the lease are negotiated on an individual basis and comprise a variety of terms and conditions, including payment terms, rights of termination, maintenance, deposits, guarantees, etc. Some property leases comprise variable payments linked to an index, such as a consumer price index, which are also recognised in the lease liability.

On initial recognition, lease liabilities are measured at the present value of future lease payments, discounted using an alternative borrowing rate. For purposes of assessing the expected lease term, Aarsleff identifies the non-cancellable lease term plus periods comprised by an extension option which Management reasonably expects to exercise and plus periods comprised by a termination option which Management reasonably expects not to exercise. The lease liability is measured at amortised cost under the effective interest method. The lease liability is remeasured if there is a change in an index or an interest rate used or if the Group changes its assessment of whether it reasonably expects to exercise a purchase, extension or termination option.

On initial recognition, the right-of-use asset is measured at cost, corresponding to the value of the lease liability adjusted for lease payments made before the commencement date, plus direct costs incurred and estimated costs for dismantling or restoring the underlying asset or the like and less any discounts or other types of incentives received from the lessor.

Subsequently, the asset is measured at cost less accumulated depreciation and impairment losses. The right-of-use asset is depreciated over the shorter of the lease term and the useful life of the underlying asset. Depreciation is recognised in the income statement on a straight-line basis.

The right-of-use asset is adjusted for changes in the lease liability resulting from changes in terms and conditions of the lease.

The underlying asset is depreciated on a straight-line basis over the expected lease term.

Notes to the financial statements

16 Investments in associates and joint arrangements

(DKKm)	30/9 2022	30/9 2021
Associates The Group has investments in two associates in the Construction segment. The Group previously had investments in two associates in the Pipe Technologies segment. They are each individually immaterial, and they are measured according to the equity method.		
Total carrying amount	1	2
Total share of profit after tax	15	11
Total comprehensive income	**15**	**11**

Joint arrangements

Aarsleff is a member of the Fehmarn Link Contractors consortium. The three contracts comprise the establishment of portals, ramps, payment systems and bridges on both the Danish and the German side as well as the construction and installation of tunnel elements for the 18 km long immersed tunnel. Aarsleff's share of the project represents a value of DKK 3.7 billion (2015 prices). For a specification of ownership interests in the consortia, see the group chart on page 150.

§ **Accounting policy**

Share of profit in associates

The share of profits after tax in associates is recognised in the consolidated income statement after adjustment for unrealised intra-group gains/losses and less any goodwill impairment.

Investments in associates

Investments in associates are measured according to the equity method.

In the balance sheet, investments are measured at the proportionate share of the companies' equity values with the deduction or addition of unrealised intra-group gains and losses and with the addition of the carrying amount of goodwill. Associates with a negative equity value are measured at DKK 0. Any legal or constructive obligation by the Group to cover the associate's negative balance is recognised in liabilities.

Any receivables from associates are written down to the extent they are deemed to be irrecoverable.

Acquisitions of investments in associates are accounted for under the purchase method. See the description of business combinations in note 30 Acquisitions.

! **Significant accounting judgments**

Aarsleff participates in a number of joint arrangements, including consortia and working partnerships, the accounting treatment of which is subject to the classification of the individual joint arrangement, and thus the assessment of the specific contractual relationship and circumstances in general.

The majority of these joint arrangements are established when Aarsleff enters into a construction contract jointly with one or more other contractors. The joint arrangement is established simultaneously with the conclusion of the construction contract with the client, and accordingly does not affect the rights and obligations agreed with the client. Usually, the contractual relationship for the performance of such single contracts implies that the rights and obligations towards the client are directly attributed to the parties, which means that the parties have direct rights to arrangement assets and direct obligations for arrangement liabilities. Such joint arrangements are therefore classified as joint operations. Depending on the individual contractual relationship, the assessment as to whether a joint arrangement should be classified as a joint operation may be based on a management assessment.

In a few cases, Aarsleff enters into joint arrangements established with a view to a more permanent strategic alliance which is not based on the conclusion of single construction contracts. These are in the nature of a jointly controlled enterprise, in which the parties have rights to the net assets. The contractual relationship consequently implies that such joint arrangements are classified as joint ventures.

Notes to the financial statements

17 Inventories

(DKKm)	30/9 2022	30/9 2021
Raw materials and consumables	356	293
Finished goods	127	118
Total	**483**	**411**

§ **Accounting policy**

Inventories are measured at the lower of cost under the FIFO principle and the net realisable value of the individual product group.

The cost of raw materials, goods for resale and consumables comprise the invoiced price plus direct costs incurred in connection with their purchase.

The cost of finished goods comprises the cost of materials and direct labour plus indirect production costs. Financing costs during the production period are not recognised.

18 Work in progress

(DKKm)	30/9 2022	30/9 2021
Selling price of construction contracts	21,054	16,499
Progress billings	-20,298	-16,360
Total	**756**	**139**
Recognised as follows		
Receivables	2,189	1,299
Current liabilities	-1,433	-1,160
Total	**756**	**139**
Advance payments from customers relating to construction contracts not commenced	2	4
Contract assets relating to costs for performance of construction contracts	11	12
Amortisation for the year, recognised in production costs	1	1

Contract assets and liabilities consist in work in progress.

The selling price of work in progress at 30 September 2022 increased relative to 30 September 2021, driven in part by a number of large projects that are near completion. In addition, the level of activity is generally high, and the Group has grown both organically and through acquisitions.

Progress billings were also higher at 30 September 2022 than at 30 September 2021 due primarily to the generally high level of activity.

Notes to the financial statements

18 Work in progress – continued

§ **Accounting policy**

Construction contracts

The selling price is measured on the basis of the total revenue expected from the individual construction contract and the stage of completion at the balance sheet date.

Work in progress is recognised in the balance sheet under receivables and current liabilities, respectively. Work in progress recognised under receivables comprises the selling price of work performed for which the Group does not yet have an unconditional right to payment. Work in progress recognised under current liabilities comprises progress billings of work not yet performed. On conclusion of contracts, the payment terms used are generally in accordance with the General Conditions for the Provision of Works and Supplies in Building and Construction (AB92/AB18). These terms may, however, be departed from subject to individual negotiation.

Generally, invoicing is carried out according to an agreed instalment plan, based on specified milestones or in the form of progress billing.

Contract costs

Costs incurred in selling and tendering in order to obtain a contract are expensed in the year in which they are incurred. Specific external costs directly related to a contract are capitalised and amortised over the contract period.

For a more detailed description of the relevant accounting policies, see note 5 Revenue.

19 Construction contract debtors

(DKKm)	30/9 2022	30/9 2021
The fair value of receivables is considered to correspond to the carrying amount.		
Impairment allowance, construction contract debtors at 1/10	47	46
Additions during the year	5	13
Disposals during the year		
– Used	-4	0
– Reversed	-15	-12
Impairment allowance, construction contract debtors at 30/9	**33**	**47**
Impairment allowances included in receivables, recognised in the income statement	-10	1

The Group regularly follows up on outstanding receivables. Where uncertainty arises about a customer's ability or willingness to pay a receivable and the Group assesses that the claim is subject to risk, an impairment allowance is made to cover this risk. Individually impaired construction contract debtors and allowances for these are registered in separate accounts, both of which are included in the carrying amount of contract debtors.

	30/9 2022	30/9 2021
The balance of construction contract debtors falls due as follows		
Balances not due	2,791	2,002
Balances past due		
By less than 30 days	416	402
By 30 to 90 days	114	62
By more than 90 days	137	108
Total	**3,458**	2,574
Receivables falling due more than one year after the balance sheet date	32	32

Notes to the financial statements

19 Construction contract debtors – continued

For a description of credit risk, see note 23 Credit, interest rate and currency risk and use of financial instruments.

For the measurement of expected credit losses, Aarsleff applies the simplified approach under IFRS 9, which is based on expected losses on all construction contract debtors. To measure the expected credit loss, construction contract debtors are grouped according to their characteristics and number of past due days. Expected loss rates are based on the payment profiles for sales over a 60-month period before 30 September 2022 and 30 September 2021, respectively, and the corresponding historical credit losses realised during that period. Historical losses are adjusted to reflect current and future expected matters that affect the customer's ability to settle the receivables. As Aarsleff operates in countries in which experience shows that there may be a risk of losses due to changing political and cyclical factors, the Company adjusts historical loss rates based on expected changes in these factors.

Expected losses on trade receivables and construction contracts based on a weighted loss rate:

(DKKm)	Loss rate	Amount receivable	Expected loss	Total
30/9 2022				
Balances not due	0.2	4,991	10	4,981
Less than 30 days past due	1.7	423	7	416
30 to 90 days past due	4.3	119	5	114
More than 90 days past due	7.6	148	11	137
Total	0.6	5,681	**33**	**5,648**
30/9 2021				
Balances not due	0.4	3,283	14	3,269
Less than 30 days past due	2.7	413	11	402
30 to 90 days past due	8.7	67	6	61
More than 90 days past due	12.9	124	16	108
Total	**1.2**	**3,887**	**47**	**3,840**

20 Equity

Share capital

The share capital consists of 27,000 class A shares of DKK 100 each and 19,035,000 class B shares of DKK 2 each. Their nominal value is DKK 2,700 thousand and DKK 38,070 thousand, respectively.

The class A shares carry ten times as many voting rights as the class B shares. The class A shares are non-negotiable instruments.

See the section Information to shareholders for additional information.

	Number of shares		Nominal value (DKK'000)		% of share capital	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
Treasury shares (B shares)						
Holding at 1/10	418,539	356,174	837	713	2.05	1.75
Additions during the year	621,633	158,866	1,243	317	3.05	0.77
Disposals during the year	-97,445	-96,501	-195	-193	-0.47	-0.47
Holding at 30/9	**942,727**	**418,539**	**1,885**	**837**	**4.63**	**2.05**

Treasury shares were purchased during the financial year for the purpose of covering the matching shares obligation under the employee share programme and reducing the share capital of Per Aarsleff Holding A/S. Disposals during the year were used for matching of employee shares from 2019.

Resolutions to amend the articles of association or to wind up the company require a majority vote of not less than two-thirds of the votes cast as well as of the voting share capital represented at the annual general meeting.

Notes to the financial statements

20 Equity – continued

§ **Accounting policy**

Proposed dividend

Dividend is recognised in liabilities at the time of its adoption at the annual general meeting. Proposed dividend expected to be distributed for the year is shown as a separate item under equity.

Treasury shares

Purchase and selling amounts of and dividends on treasury shares are recognised directly in equity.

Translation reserve

The translation reserve in the consolidated financial statements comprises foreign exchange differences arising on the translation of the financial statements of foreign entities from their functional currencies into the Group's presentation currency (Danish kroner).

On full or partial realisation of the net investment, foreign exchange adjustments are recognised in the income statement.

Hedging reserve

The hedging reserve contains the accumulated net change in the fair value of hedging transactions that qualify as hedges of future cash flows and for which the hedged transaction has yet to be realised.

21 Provisions

(DKKm)	30/9 2022	30/9 2021
Provisions at 1/10	250	166
Used during the year	-39	-35
Additions on acquisition of companies	7	2
Reversal of unused provisions	-52	-26
Provided for the year	85	142
Foreign exchange adjustments	0	1
Provisions at 30/9	**251**	**250**
Recognised as follows:		
Non-current liabilities	152	151
Current liabilities	99	99
Total	**251**	**250**

Provisions include provisions regarding completed contracts, including warranty obligations, the warranty period on contracts being up to five years from the hand-over date. The main part of the costs is expected to be incurred within three years.

§ **Accounting policy**

Provisions are recognised when the Group has a legal or constructive obligation as a consequence of past events in the financial year or prior years, when it is probable that settlement of the obligation will require an outflow of the Group's financial resources and the amount of the obligation can be measured reliably.

In measuring provisions, the expenditure required to settle the obligation is discounted if this has a material effect on the measurement of the obligation.

Warranty obligations are recognised in proportion to the stage of completion of the contract and are measured based on past experience.

! **Significant accounting estimates**

The assessment of provisions for completed contract work is based on past experience with similar work. Aarsleff regularly implements new methods and technologies for the execution of construction contracts. Where this is the case, the extent to which warranty obligations can be expected is assessed on a case-by-case basis.

Notes to the financial statements

22 Other payables

(DKKm)	30/9 2022	30/9 2021
VAT etc. payable	167	155
Other payroll-related items payable	572	509
Liability concerning earn-out	79	115
Additional other payables	424	229
Provisions at 30/9	**1,242**	**1,008**
Recognised as follows		
Non-current liabilities	84	44
Current liabilities	1,158	964
Total	**1,242**	**1,008**

23 Credit, interest rate and currency risk and use of financial instruments

Financial instrument categories

	Carrying amount		Fair value	
(DKKm)	30/9 2022	30/9 2021	30/9 2022	30/9 2021
The Group's financial instrument categories				
Construction contract debtors	3,458	2,574	3,458	2,574
Work in progress	2,189	1,299	2,189	1,299
Receivables from associates and joint ventures	5	22	5	22
Other receivables	285	163	285	163
Cash and cash equivalents	316	445	316	445
Receivables at amortised cost	**6,253**	**4,503**	**6,253**	**4,503**
Securities	499	603	499	603
Financial assets at fair value through profit or loss	**499**	**603**	**499**	**603**
Derivative financial instruments used for hedging	35	-7	35	-7
Derivative financial instruments to hedge future cash flows	**35**	**-7**	**35**	**-7**
Other payables (earn-out)	79	115	79	115
Financial liabilities at fair value through profit or loss	**79**	**115**	**79**	**115**
Mortgage debt	127	100	127	100
Credit institutions	1,244	145	1,244	145
Lease liabilities	570	401	570	401
Work in progress	1,433	1,160	1,433	1,160
Trade payables	2,466	1,833	2,466	1,833
Financial liabilities at amortised cost	**5,840**	**3,639**	**5,840**	**3,639**

Notes to the financial statements

23 Credit, interest rate and currency risk and use of financial instruments – continued

Fair value measurement

The Group uses the fair value convention in connection with certain disclosure requirements and for the recognition and measurement of financial instruments. Fair value is defined as the price obtainable when selling an asset, or payable when transferring a liability, in an arm's length transaction between market participants (exit price). Assets and liabilities that are measured at fair value or whose fair value is disclosed are categorised under a fair value hierarchy in three levels, based on inputs to the valuation methods applied in measuring fair value. To the extent possible, fair value measurement is based on quoted prices in active markets (level 1) or alternatively on prices derived from observable market inputs (level 2). To the extent that such observable inputs are not available or cannot be used without significant modification, fair values are based on recognised valuation methods and reasonable estimates (level 3).

Current receivables at amortised cost and current financial liabilities

The fair values of current receivables at amortised cost and current financial liabilities are not considered to deviate significantly from their carrying amounts.

Securities

Securities (mainly bonds) are measured at officially quoted prices or price quotes. This constitutes fair value measurement at level 1 of the fair value hierarchy.

Mortgage debt

The fair value of mortgage debt is determined on the basis of the fair value of the underlying bonds. This constitutes fair value measurement at level 2 of the fair value hierarchy.

Derivative financial instruments

Forward exchange contracts are valued on the basis of externally calculated fair values using generally accepted valuation techniques. This constitutes fair value measurement at level 2 of the fair value hierarchy.

Contingent consideration

The fair value of the contingent consideration (earn-out) related to the acquisition of Olimb Rørfornying Holding AS at 31 August 2017 became payable in the financial year. The fair value of the contingent consideration related to Steg Entreprenør AS, Trym Anlegg AS and Jysk CTS A/S has been estimated on the basis of the income approach. The estimate is based on weighted probabilities of the expected payments under the earn-out agreements, discounted at a discount rate of 3%. The total payment for Olimb Rørfornying Holding AS amounted to at least DKK 23 million and was made in the financial year, while the total payment for Steg Entreprenør AS amounts to at least DKK 20 million. For Trym Anlegg AS, the total payment amounts to at least DKK 12 million. The minimum payment for Jysk CTS A/S is DKK 0 million. The amount of the earn-out depends on the future earnings of the acquired companies. This constitutes fair value measurement at level 3 of the fair value hierarchy. Expected earnings is a key assumption in the calculation of the estimate. A +1% change in expected earnings would increase the earn-out amount by DKK 0.4 million. The change in the fair value of earn-out agreements has been recognised at DKK 10 million under financial income and non-current other payables, respectively.

The earn-out amount concerning Trym Anlegg AS and Jysk CTS A/S has been recognised as an addition under non-current other payables.

(DKKm)	2021/22	2020/21
Carrying amount at 1/10	115	64
Additions	49	41
Adjustment in income statement	-10	15
Dividend/partial repayment	-5	-5
Repayment	-70	0
Carrying amount at 30/9	**79**	**115**

Liquidity risk

It is Group policy to maintain significant cash reserves. With its stable and strong solvency, the Group has a high creditworthiness, which is reflected in its adequate credit facilities and loan commitments, both in the short and the long term. The Group pursues a 20-year time horizon for non-current debt, while four-week liquidity forecasts are prepared on an ongoing basis with respect to current debt.

A cash pooling arrangement has been set up covering the majority of the Group's subsidiaries.

Notes to the financial statements

23 Credit, interest rate and currency risk and use of financial instruments – continued

The Group's liabilities fall due as follows:

(DKKm)	Carrying amount	Contractual cash flows[1]	Within 1 year	1-2 years	2-5 years	After 5 years
30/9 2022						
Non-derivative financial instruments						
Mortgage debt	127	142	14	13	43	72
Credit institutions	1,244	1,247	1,247	0	0	0
Trade payables	2,466	2,466	2,466	0	0	0
Other payables	79	79	0	0	79	0
Derivative financial instruments						
Derivative financial instruments to hedge future cash flows	-35	-35	-18	-8	-4	-5
Total liabilities	**3,881**	**3,899**	**3,709**	**5**	**118**	**67**
30/9 2021						
Non-derivative financial instruments						
Mortgage debt	100	102	9	9	30	54
Credit institutions	146	146	143	3	0	0
Trade payables	1,833	1,833	1,833	0	0	0
Other payables	115	115	74	0	41	0
Derivative financial instruments						
Derivative financial instruments to hedge future cash flows	7	7	0	3	1	3
Total liabilities	**2,201**	**2,203**	**2,059**	**15**	**72**	**57**

[1] All cash flows are undiscounted and comprise all liabilities under agreements concluded, including future interest payments on loans.

An overview of the Group's cash reserves is provided in note 28 Liquidity. The Group's cash outflows are fully covered by its profit from operations and the availability of credit facilities and refinancing options.

Currency risk

The Group's currency risk exposure is mainly related to NOK and SEK insofar as the Group's Danish companies are involved in the execution of projects in Norway and Sweden. Moreover, the Group has entered into an earn-out agreement denominated in NOK in connection with the acquisitions of Steg Entreprenør AS and Trym Anlegg AS. The earn-out agreement concerning the acquisition of Olimb Rørfornying Holding AS was performed in the financial year.

The Group's exposures to NOK and SEK are as follows:

(DKKm)	30/9 2022 SEK	30/9 2022 NOK	30/9 2021 SEK	30/9 2021 NOK
Assets				
Trade receivables	82	39	20	56
Cash and cash equivalents	0	0	3	5
Total assets	**0**	**0**	**23**	**61**
Equity and liabilities				
Trade payables	23	11	9	8
Interest-bearing debt	120	74	1	119
Amounts owed to group entities	-140	47	-48	-20
Total equity and liabilities	**3**	**132**	**-38**	**107**
Net position	**79**	**-93**	**61**	**-46**
Financial instruments				
Fair value hedges	0	20	-36	6
Cash flow hedges	-652	55	0	-5
Exposure	**-573**	**-18**	**25**	**-45**

Notes to the financial statements

23 Credit, interest rate and currency risk and use of financial instruments – continued

At 30 September 2022, the Group's SEK exposure amounted to DKK 573 million (DKK 25 million at 30 September 2021) and related primarily to receivables in SEK resulting from activities performed in Sweden by the Group's Danish entities and to hedging of future cash flows from ongoing projects in Sweden. As the cash flows have not yet been recognised, the hedging increases the exposure at the balance sheet date.

The fair value hedging in SEK was executed at a weighted average exchange rate of 0.7047.

At 30 September 2022, the Group's net position in NOK was DKK 92 million and related partially to earn-out liabilities incurred in connection with the acquisition of Steg Entreprenør AS in 2021 and the acquisition of Trym Anlegg AS in 2022. The acquisition of Steg Entreprenør AS has been partially hedged by means of forward contracts. In addition, future cash flows from the execution of projects in Norway have been hedged, and the Group's total NOK exposure at 30 September 2022 was thus DKK -18 million (30 September 2021: DKK -45 million).

The fair value hedging in NOK was executed at a weighted average exchange rate of 0.6698 (0.7564 at 30 September 2021), and the hedging of future cash flows in NOK was executed at a weighted average exchange rate of 0.7132 (0.7290 at 30 September 2021).

Managing currency risk

Currency risk is managed centrally in the Aarsleff Group. The Group's strategy is to hedge currency risk related to construction contracts and other currency transactions by optimising its commercial currency flow. Aarsleff's policy is to hedge at least 50% of the expected contribution margin in relation to construction contracts through commercial currency flow optimisation. To minimise currency risk, the aim is for foreign currency construction contracts to be entered into in EUR or, alternatively, in the same currency as that in which costs are incurred in order to ensure as much natural hedging as possible. During the tendering stage until the contract is entered into, currency risk is generally not hedged.

Normally, currency overdraft facilities are established on the basis of regular computation of foreign exchange exposures to the most important currencies. Moreover, forward contracts are entered into to hedge future cash flows in the form of contract revenue, but only where a contract has been concluded. Ineffectiveness is primarily due to timing differences between the expected timing of receipt of income and payment of expenses.

Foreign exchange adjustment of foreign subsidiaries and associates with functional currencies different from that of the parent company is recognised directly in other comprehensive income. Related currency risks are not hedged. Current and non-current receivables in group enterprises are not generally hedged.

Sensitivity to changes in the exchange rates of the currencies to which the Group is exposed

The effects of reasonably probable changes in the exchange rates of the currencies in which the Group has its main currency exposures are shown below.

The analysis is based on the assumption of all other variables, interest rates in particular, remaining constant relative to 30 September. Forecasts are based on currently available market data.

	30/9 2022 SEK	30/9 2022 NOK	30/9 2021 SEK	30/9 2021 NOK
Year-end exchange rate	0.6823	0.7026	0.7044	0.6708
+5%	0.7164	0.7378	0.7396	0.7043
-5%	0.6482	0.6675	0.6692	0.6373

Notes to the financial statements

23 Credit, interest rate and currency risk and use of financial instruments – continued

(DKKm)		DKK/SEK +5%		DKK/SEK -5%			DKK/NOK +5%		DKK/NOK -5%	
30/9 2022	**SEK exposure**	**Earnings effect**	**Equity effect**	**Earnings effect**	**Equity effect**	**NOK exposure**	**Earnings effect**	**Equity effect**	**Earnings effect**	**Equity effect**
Assets										
Trade receivables	82	4	0	-4	0	39	2	0	-2	0
Cash and cash equivalents	0	0	0	0	0	0	0	0	0	0
Equity and liabilities										
Trade payables	23	-1	0	1	0	11	-1	0	1	0
Interest-bearing debt	120	-6	0	6	0	74	-4	0	4	0
Amounts owed to group entities	-140	7	0	-7	0	47	-2	0	2	0
Financial instruments										
Fair value hedges	0	0	0	0	0	20	1	0	-1	0
Cash flow hedges	-652	0	33	0	-33	55	0	-3	0	3
Net effect		**4**	**33**	**-4**	**-33**		**-4**	**-3**	**4**	**3**

As appears from the above, a change of +/- 5% in the exchange rate of SEK would affect the Group's earnings by +/- DKK 4 million. Given that its SEK exposure is primarily due to cash inflows, the Group believes that the effects of a change in the exchange rate would be offset by currency inflows and outflows over time. Consequently, the net effect shown above merely reflects the effect at the balance sheet date seen in isolation.

The above analysis also shows that a change of +/- 5% in the exchange rate of NOK would affect the Group's earnings by +/- DKK 4 million. This has to do with the fact that the earn-out liability is only partially hedged.

Notes to the financial statements

23 Credit, interest rate and currency risk and use of financial instruments – continued

(DKKm)		DKK/SEK +5%		DKK/SEK -5%			DKK/NOK +5%		DKK/NOK -5%	
30/9 2021	**SEK exposure**	**Earnings effect**	**Equity effect**	**Earnings effect**	**Equity effect**	**NOK exposure**	**Earnings effect**	**Equity effect**	**Earnings effect**	**Equity effect**
Assets										
Cash and cash equivalents	20	1	0	-1	0	56	3	0	-3	0
Trade receivables	0	0	0	0	0	0	0	0	0	0
Work in progress	3	0	0	0	0	5	0	0	0	0
Equity and liabilities										
Trade payables	9	0	0	0	0	8	0	0	0	0
Interest-bearing debt	0	0	0	0	0	0	0	0	0	0
Work in progress	1	0	0	0	0	119	-6	0	6	0
Amounts owed to group entities	-48	2	0	-2	0	-20	1	0	-1	0
Financial instruments										
Fair value hedges	-36	-2	0	2	0	6	0	0	0	0
Cash flow hedges	0	0	0	0	0	-5	0	0	0	0
Net effect		**1**	**0**	**-1**	**0**		**-2**	**0**	**2**	**0**

Notes to the financial statements

23 Credit, interest rate and currency risk and use of financial instruments – continued

Hedging of expected future cash flows
The Group hedges expected future cash flows by means of the following derivative financial instruments:
- Interest rate swaps are used to hedge against changes in interest rates on mortgage loans.
- Forward contracts are used to hedge currency risks relating to expected future net income and expenses.

The table below shows the Group's financial instruments and the expected date of recognition of their fair value.

(DKKm)	Carrying amount	Changes in fair value recognised in other comprehensive income	Expected earnings effect				
			2022/23	2023/24	2024/25	2025/26	After 2025/26
30/9 2022							
Interest rate swap	10	10	2	1	1	1	5
Forward contracts	25	25	16	7	2	0	0
Total	**35**	**35**	**18**	**8**	**3**	**1**	**5**

(DKKm)	Carrying amount	Changes in fair value recognised in other comprehensive income	Expected earnings effect				
			2021/22	2022/23	2023/24	2024/25	After 2024/25
30/9 2021							
Interest rate swap	-4	-4	-1	-1	-1	0	-1
Forward contracts	-3	-3	-1	-2	0	0	0
Total	**-7**	**-7**	**-2**	**-3**	**-1**	**0**	**-1**

The Group's interest rate swaps carry an average interest rate of 1.07% and expire in September 2036 at the latest.

The table shows the value of all the Group's hedging instruments at the balance sheet date. The sensitivity analysis only shows the Group's sensitivity to changes in the exchange rates of SEK and NOK, as these currencies are considered to be of significant importance to the Group.

Fair value hedging
In previous financial years, the Group entered into forward exchange transactions in NOK with a view to paying an earn-out agreement. Their total value was DKK 20.4 million in 2020/21. In 2021/22, the Group also entered into forward exchange transactions in NOK with a view to paying an earn-out agreement. Their total value was DKK 19.5 million against DKK 42.6 million in 2020/21. At 30 September 2022, these financial instruments had a positive fair value of DKK 0.2 million, against a negative fair value of DKK 2.8 million in 2020/2021. The contracts expire in October 2026 at the latest.

Capital management
The Company regularly assesses the need for adjusting the capital structure of the Group as well as of the individual subsidiaries so that it complies with the applicable rules and matches the business foundation and volume of activity.

The Group assesses capital on the basis of the equity ratio. The Group aims to have an equity ratio of at least 35%.

Interest rate risk
Interest rate risk mainly relates to interest-bearing debt, securities and cash. To minimise both interest and related risks, the Group has entered into cash pooling and interest netting agreements in DKK, SEK, EUR and GBP with its Danish bankers.

The Group's interest rate risk is related to the items in the table, which states the earliest maturity date.

Notes to the financial statements

23 Credit, interest rate and currency risk and use of financial instruments – continued

		Effective interest		Carrying amount		Fair value	
	Fixed/ floating	30/9 2022 %	30/9 2021 %	30/9 2022 (DKKm)	30/9 2021 (DKKm)	30/9 2022 (DKKm)	30/9 2021 (DKKm)
Interest-bearing assets	**Fixed**	**0 to 1**	**0 to 1**	**166**	**423**	**166**	**423**
Interest-bearing assets	**Floating**	**0 to 2**	**-1 to 1**	**648**	**625**	**648**	**625**
Interest-bearing liabilities	**Fixed**	**1 to 8**	**1 to 9**	**577**	**467**	**564**	**467**
Interest-bearing liabilities	**Floating**	**1 to 8**	**1 to 9**	**1,448**	**297**	**1,434**	**297**
Net interest-bearing deposit/debt				**-1,211**	**284**		
Payment/maturity profile is specified as follows							
Less than 1 year				-699	641		
1-5 years				-449	-304		
More than 5 years				-63	-53		
				-1,211	**284**		

A 1% increase in the level of interest rates relative to that at the balance sheet date and net interest-bearing assets would, all other things being equal, have a negative effect of DKK 18 million on the Group's profit before tax and equity (2020/21: a negative effect of DKK 11 million). A decrease in the interest rate level would have had a similar positive effect on profit and equity.

Credit risk

The Group is exposed to credit risk with respect to receivables and bank deposits. The Group is not deemed to be exposed to significant credit risk with respect to its cash and cash equivalents, securities portfolio or derivative financial instruments, as the Group's bankers, bond issuers and derivative financial instrument counterparties all have credit ratings corresponding to at least A-/A3 (S&P/Moody's). The maximum credit risk corresponds to the carrying amount.

A large proportion of the Group's customers are public or semi-public institutions, on which the exposure to financial losses is minimal. The Group's trade receivables from other customers are exposed to the usual credit risk. Customers are therefore credit rated before work on a contract commences. To the extent that it is expedient and possible, credit risk on trade receivables is covered by way of bank and insurance guarantees and letters of credit.

The Group does not have significant risk exposure to any individual customer or business partner.

As was the case at 30 September 2021, the Group's impairment allowances at 30 September 2022 related solely to financial assets classified as receivables. Reference is made to note 19 Construction contract debtors.

Notes to the financial statements

24 Contingent liabilities and other financial obligations

(DKKm)	30/9 2022	30/9 2021
Investment and purchase obligations		
Investments in property, plant and equipment	89	37
Contingent assets and liabilities		
The Aarsleff Group is a party to various legal and arbitration proceedings, which are not expected to have a significant negative effect on the Group's future earnings.		
Security		
The carrying amount of land and buildings put up as security for debt to mortgage credit institutions is	165	166
As security for the completion of construction contracts, the usual security has been put up in the form of bank guarantees and suretyship insurance	6,401	5,240

The item warranty obligations comprises the obligations to perform certain warranty work for normally up to five years. The obligation has been calculated on the basis of historical warranty costs.

The Group is a party to joint venture arrangements (joint operations) under joint and several liability. The total liability at 30 September 2022 was DKK 2,766 million, against DKK 1,011 million at 30 September 2021, of which amounts DKK 533 million and DKK 272 million, respectively, were recognised in the consolidated balance sheet. The Group does not foresee any losses over and above those included in the financial statements.

! Significant accounting estimates

In the course of its contracting business, Aarsleff may become party to disputes and lawsuits. In such cases, the Group assesses whether it may incur liabilities as a result of the case in question and the probability thereof. Such assessment is based on available information and legal opinions from advisers. The final outcome of a case is inherently difficult to estimate and may differ considerably from Aarsleff's assessments.

25 Related party transactions

	Associates and joint ventures		Management[1]	
(DKKm)	2021/22	2020/21	2021/22	2020/21
Group				
Income[2]	7	8	0	0
Expenses[2]	0	0	0	0
Receivables[3]	7	24	0	0
Payables	0	0	0	0

[1] Includes members of the Board of Directors and the Executive Management of the parent company. Management remuneration is set out in note 7 Staff costs.
[2] Includes purchase and sale of goods and services.
[3] Includes receivables and payables related to purchase and sale of goods and services.

The foundation Per og Lise Aarsleffs Fond is considered to exercise control as a result of its own shareholding and the dissemination of other shareholdings. Apart from distribution of dividend and a small administration fee, the Group had no transactions with the foundation in 2021/22 or 2020/21.

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

No unusual agreements or other such trades or transactions were concluded or conducted between the Group and its related parties.

Notes to the financial statements

26 Other adjustments – statement of cash flows

(DKKm)	2021/22	2020/21
Profit/loss in associates	-5	-13
Provisions	-19	84
Profit/loss from sale of property, plant and equipment	-21	-23
Total	**-45**	**48**

27 Change in working capital – statement of cash flows

(DKKm)	2021/22	2020/21
Inventories	-54	-86
Work in progress, net	-626	-314
Receivables	-796	-196
Trade payables, other payables, etc.	835	-5
Total	**-641**	**-601**

28 Liquidity

(DKKm)	2021/22	2020/21
Cash and cash equivalents	319	445
Total	**319**	**445**
Cash and cash equivalents are specified as follows:		
Share of cash and cash equivalents in joint operations	133	360
Other cash and cash equivalents	186	85
Total	**319**	**445**

29 Liabilities from financing activity

(DKKm)	Opening	Cash flows	Non-cash changes	Closing
2021/22				
Non-current debt	94	-40	60	114
Lease debt	401	-221	390	570
Total liabilities from financing activity	**495**	**-261**	**450**	**684**
2020/21				
Non-current debt	102	-10	2	94
Lease debt	363	-117	155	401
Total liabilities from financing activity	**465**	**-127**	**157**	**495**

Notes to the financial statements

30 Acquisitions

2021/22
During the financial year 2021/22, Per Aarsleff Holding A/S made the following acquisitions:

At 1 August 2022, Per Aarsleff Holding A/S acquired 66.6% of the shares in Norwegian-based **Trym Anlegg AS**. At the same time, it was agreed that Aarsleff will buy the remaining shares at equity value in 2027 at the latest.

The total consideration for 100% of the shares in the company on a debt-free basis was calculated at DKK 197 million, and DKK 129 million was paid in cash.

Trym Anlegg AS is a project-based company operating in the Rail segment. It has 90 employees and annual revenue of about NOK 425 million. The company is headquartered in Trondheim in central Norway. Trym Anlegg AS holds a strong position in the Norwegian market for railway infrastructure and a strategically important position in relation to the Aarsleff Rail Group's other railway activities in Norway, which are anchored with Banedrift AS in Fredrikstad south of Oslo.

Identifiable assets and liabilities, etc. have been stated at fair value with intangible assets comprising the value of the company's name, customers and order backlog. After recognition of identifiable assets and liabilities at fair value, goodwill was calculated at DKK 117.9 million.

At 29 September 2022, Wicotec Kirkebjerg A/S acquired 70% of the shares in **Jysk CTS A/S**. At the same time, it was agreed that Aarsleff will buy the remaining shares at equity value in 2027 at the latest.

The total consideration for 100% of the shares in the company on a debt-free basis was calculated at DKK 91 million, and DKK 78.6 million was paid in cash.

Jysk CTS A/S specialises in design, programming, installation and servicing of intelligent building automatic controls for the control of energy, heating, ventilation, lighting, alarms, CO2 levels, humidity, etc. with a view to creating profitable solutions with minimal energy consumption.

In line with its strategy, the acquisition will give Wicotec Kirkebjerg an even stronger position in the market for green transition and energy optimisation. As buildings and industrial plants become increasingly installation-heavy, the need to be able to control and adjust energy, comfort and safety levels increases. With the acquisition, building automatic controls will become an integral part of the core business and enable the company to operate buildings and advise on the green transition, IoT integration, demand analysis, taxonomy and energy optimisation on a fully informed and data-based basis.

Jysk CTS A/S has 66 employees in locations in Kolding, Esbjerg, Aarhus and Karlslunde, which ensures nationwide flexibility.

Identifiable assets and liabilities, etc. have been stated at fair value with intangible assets comprising the value of the company's name, customers and order backlog. After recognition of identifiable assets and liabilities at fair value, goodwill was calculated at DKK 63.1 million.

At 1 April 2022, Aarsleff Ground Engineering Limited acquired 100% of the shares in **Cannon Piling Ltd**.

The total consideration for 100% of the shares in the company on a debt-free basis was calculated at DKK 36.5 million, and DKK 33.3 million was paid in cash.

Founded in 1992, Cannon Piling Ltd's customer portfolio includes both small and large UK companies as well as public-sector customers. The company carries on in situ activities involving drilled piles, including, for example, CFA piles and mini piles. The company has an annual revenue of about GBP 13 million and approximately 45 employees. The company is based in Essex, 60 kilometres northeast of London. One of its previous owners, Jeff Newton, is still responsible for the day-to-day management of the company. The acquisition will strengthen the Ground Engineering segment's market position in in situ activities in the UK market, where Cannon Piling will form part of the existing engineering activities. The acquisition underpins the Ground Engineering segment's strategic ambition of creating synergies with the existing business in the UK.

Identifiable assets and liabilities, etc. have been stated at fair value with intangible assets comprising the value of the company's name, customers and order backlog. After recognition of identifiable assets and liabilities at fair value, goodwill was calculated at DKK 1.1 million.

At 1 November 2021, Per Aarsleff Holding A/S acquired 70% of the shares in **Permagreen Grønland A/S**.

The total consideration for 70% of the shares in the company on a debt-free basis was calculated at DKK 38.7 million, and DKK 32.1 million was paid in cash.

Permagreen Grønland A/S is a major Greenland construction company with 350 employees and annual revenue of about DKK 400 million. Headquartered in Nuuk and operating branches in Sisimiut, Maniitsoq, Narsaq and Qaqortoq, the company builds everything from housing units, institutions and hospitals to factories and commercial buildings and also carries out related construction works.

Through a number of years, the Aarsleff Group has carried out one-off building and construction projects in Greenland in collaboration with, among others, Permagreen Grønland A/S and with the participation also of Aarsleff's Iceland company Ístak hf.

Notes to the financial statements

30 Acquisitions – continued

The remaining ownership interest of 30% is held in equal parts between Permagreen Grønland A/S's current CEO Jeppe B. Steffensen and the current COO Jesper J. Petersen. Previous majority shareholder Preben Kold Larsen now works as a consultant for the company.

Identifiable assets and liabilities, etc. have been stated at fair value with intangible assets comprising the value of the company's name, customers and order backlog. After recognition of identifiable assets and liabilities at fair value, goodwill was calculated at DKK 0 million.

At 1 June 2022, Per Aarsleff Holding A/S acquired 100% of the shares in **BL Grundvandssænkning A/S**.

The total consideration for 100% of the shares in the company on a debt-free basis was calculated at DKK 36 million, and DKK 29.8 million was paid in cash.

BL Grundvandssænkning A/S is headquartered in Haderslev and operates branches in Herning and Støvring. It has 18 employees and annual revenue of about DKK 31 million.

The acquisition of BL Grundvandssænkning A/S will strengthen the Group's overall competencies and capacity in groundwater lowering and facilitate the development of new competencies in energy and water works well drilling in step with the growing market demand. Focus will also be on leveraging synergies and working with other group entities, for example Vandfax A/S.

Identifiable assets and liabilities, etc. have been stated at fair value with intangible assets comprising the value of the company's name, customers and order backlog. After recognition of identifiable assets and liabilities at fair value, goodwill was calculated at DKK 10 million.

At 31 August 2017, Per Aarsleff Holding A/S acquired 51% of Norwegian-based **Olimb Rørfornying Holding AS.** The structure of the transaction was that Aarsleff acquired 51% of the shares in a newly established company to which the pipe renewal activities of Olimb Group were transferred prior to the completion of the transaction. It was also agreed that Aarsleff would have an option to buy the remaining shares. The final consideration depended on the company's earnings until 2021, with a minimum payment of DKK 24 million for the remaining 49% of the share capital. The option was exercised before expiry, and the final consideration was calculated at DKK 70.1 million and settled in January 2022.

(DKKm)	**Trym Anlegg AS**	**Jysk CTS A/S**	**Cannon Piling Ltd.**	**Perma-green Grønland A/S**	**BL Grund-vands-sænkning A/S**	**Olimb Rør-fornying Holding AS**	**Others**
Fair value at acquisition date							
Intangible assets	62	28	9	3	20	0	5
Property, plant and equipment	2	1	31	77	10	0	1
Associates	0	0	0	1	0	0	0
Inventories	0	6	0	17	1	0	1
Receivables	102	13	27	95	7	0	2
Cash and cash equivalents	33	0	3	17	6	0	0
Non-current liabilities	-19	-8	-15	-78	-5	0	-3
Other current liabilities	-101	-12	-20	-73	-13	0	-2
Net assets acquired	79	28	35	59	26	0	4
Minority interests	0	0	0	-20	0	0	0
Goodwill	118	63	1	0	10	0	3
Acquisition cost	197	91	36	39	36	0	7
Of which cash and cash equivalents/bank debt	-33	0	-3	-7	-6	0	0
Deferred contingent consideration	-35	-12	0	0	0	70	-2
Cash acquisition cost	**129**	**79**	**33**	**32**	**30**	**70**	**5**
The nominal value of the above receivables is	102	13	27	95	7	-	2

The acquired companies' revenue and profits, included in the consolidated financial statements from the acquisition date, amounted to DKK 517 million and DKK 11.9 million, respectively. Pro forma consolidated revenue and profits for 2021/22, calculated as if the companies were acquired at 1 October 2021, were DKK 1,078 million and DKK 42.5 million, respectively. The pro forma figures were calculated on the basis of the actual consideration paid and the purchase price allocation at the acquisition date, but with depreciation and amortisation, etc. being calculated from 1 October 2021.

Transaction costs amounted to DKK 3.6 million.

Notes to the financial statements

30 Acquisitions – continued

Business combinations after the balance sheet date
On 8 July 2022, Per Aarsleff Holding A/S announced that its subsidiary Wicotec Kirkebjerg A/S had entered into an agreement to acquire 100% of the shares in **Kurt Jensen Maskinfabrik A/S** effective 1 October 2022.

Kurt Jensen Maskinfabrik A/S specialises in the production of stainless steel pipings for water works, food manufacturers and the environmental sector. The company has in-house stainless steel pickling capacity and special pipe plunging equipment.

The company has 20 employees and is based in Otterup, Funen.

2020/21
During the financial year 2020/21, Per Aarsleff Holding A/S made the following acquisitions:

At 1 July 2021, Per Aarsleff Holding A/S acquired 51% of the shares in Norwegian-based **Steg Entreprenør AS**.

Established in 2011, Steg Entreprenør AS, whose customer portfolio consists of both small and large Norwegian companies and public-sector customers, is today a leading provider of No-Dig solutions in Norway. Through its No-Dig activities in Entreprenørfirmaet Østergaard A/S, the Aarsleff Group has long-standing working relations with Steg Entreprenør in guided boring, pilot pipe boring and tunnelling in Norway. Employing some 40 people, the company operates out of Geithus approximately 50 kilometres west of Oslo.

The transaction was structured so that Aarsleff acquired 51% of the shares in the company. Also, it was agreed that Aarsleff has an option to buy the remaining shares. The final consideration depends on the company's earnings until 2026, with a minimum payment of DKK 19 million for the remaining 49% of the share capital.

The total consideration for 100% of the shares in the company on a debt-free basis was calculated at DKK 108.5 million, and DKK 31.3 million was paid in cash.

Identifiable assets and liabilities, etc. have been stated at fair value with intangible assets comprising the value of the company's name, customers and order backlog. After recognition of identifiable assets and liabilities at fair value, goodwill was calculated at DKK 23.1 million.

(DKKm)	**Steg Entreprenør AS**
Fair value at acquisition date	
Intangible assets	52
Property, plant and equipment	32
Receivables	20
Cash and cash equivalents	36
Non-current liabilities	-24
Other current liabilities	-31
Net assets acquired	85
Goodwill	23
Acquisition cost	108
Of which cash and cash equivalents/bank debt	-36
Deferred contingent consideration	-41
Cash acquisition cost	**31**
The nominal value of the above receivables is	20

The acquired company's revenue and profits, included in the consolidated financial statements from the acquisition date, amounted to DKK 16.0 million and a loss of DKK 4.2 million, respectively. Pro forma consolidated revenue and profits for 2020/21, calculated as if the company was acquired at 1 October 2020, were DKK 86.1 million and a loss of DKK 3.5 million, respectively. The pro forma figures were calculated on the basis of the actual consideration paid and the purchase price allocation at the acquisition date, but with depreciation and amortisation, etc. being calculated from 1 October 2020.

Transaction costs amounted to DKK 0.3 million.

Notes to the financial statements

30 Acquisitions – continued

§ **Accounting policy**

Business combinations

The purchase method is applied to acquisitions of subsidiaries and associates. The identifiable assets, liabilities and contingent liabilities of acquired companies are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual or legal right. Deferred tax is recognised on the basis of the revaluations made.

The cost of an enterprise is generally the fair value of the consideration paid. If part of the consideration is contingent on future events occurring or on agreed conditions being met, that part of the consideration is recognised at fair value at the acquisition date. Costs attributable to business combinations are recognised directly in the income statement as incurred.

Any positive difference between cost and fair value (goodwill) on acquisition of subsidiaries is recognised in intangible assets and tested for impairment annually. On acquisition, goodwill is allocated to the cash-generating units subsequently providing a basis for impairment testing. Any positive difference (goodwill) on acquisition of associates is recognised in the balance sheet under investments in associates. Any negative difference (negative goodwill) is recognised as income in the income statement at the date of acquisition.

Acquired companies are recognised from the acquisition date, and companies sold are recognised until the selling date. The acquisition date is the date at which the parent company actually obtains control of the acquired company.

If the fair values of acquired assets and liabilities subsequently turn out to deviate from the preliminary values calculated at the date of acquisition, goodwill is adjusted for this until 12 months after the acquisition date.

In connection with an acquisition, goodwill and any non-controlling (minority) interest are recognised according to one of the following methods:

1. Goodwill related to the acquired company consists of any positive difference between the total fair value of the acquired company and the fair value of total net assets recognised. The non-controlling interest is recognised at its share of the total fair value of the acquired company (full goodwill).

2. Goodwill related to the acquired company consists of any positive difference between the acquisition cost and the fair value of the Group's share of the acquired company's net assets recognised at the acquisition date. The non-controlling interest is recognised at its proportion of the acquired net assets (proportionate goodwill).

Gains or losses on disposal of subsidiaries and associates are stated as the difference between the disposal consideration and the carrying amount of net assets, including goodwill, at the date of disposal plus disposal costs.

31 Subsequent events

On 13 December, Aarsleff received a termination of the contract entered into on 3 August 2022 with a multinational company for the Civil Works Package in connection with an extension of a data centre in Odense.

The contract had a value of DKK 2.4 billion. The work on the data centre was in progress and will be stopped immediately as a consequence of the termination of contract.

The effect of the termination will be included in the order backlog and in the order intake as well as in the outlook for the financial year 2022/23.

Notes to the financial statements

32 Discontinued operations and assets held for sale

In light of the war in Ukraine, the Group announced on 31 March its decision to divest its business in Russia and exit the country. An agreement has been made to sell the business to the local management team, and the transaction is expected to be completed in the near future. Per Aarsleff AO and the associate Bertos OOO belong to the Pipe Technologies segment.

The carrying amount of the net assets of Per Aarsleff AO (Level 3 of the fair value hierarchy) was reduced by DKK 61 million before tax, as the fair value less costs to sell was lower than the carrying amount. The impairment loss has been recognised in the consolidated financial statements under discontinued operations.

The selling price less costs to sell amounts to DKK 0.7 million, corresponding to the carrying amount at 30 September 2022 after recognition of the impairment loss.

(DKKm)	2021/22	2020/21
Discontinued operations		
Revenue	26	64
Costs	-28	-61
Profit/loss before tax	-2	3
Tax on profit/loss	-3	0
Profit/loss after tax	-5	3
Write-down to fair value less costs to sell	-61	0
Tax effect of impairment losses	0	0
Value adjustments after tax	-61	0
Profit/loss for the year from discontinued operations	-66	3
Profit/loss from discontinued operations per share, DKK	-3.37	0.15
Diluted profit/loss from discontinued operations per share, DKK	-3.39	0.15
Cash flows from operating activities	-4	13
Cash flows from investing activities	38	-11
Cash flows from financing activities	-36	-1
Total cash flows from discontinued operations	**-2**	**1**

The full amount of the DKK 66 million loss from discontinued operations (2020/21: profit of DKK 3 million) is attributable to the shareholders of Per Aarsleff Holding A/S. Of the DKK 451 million profit from continuing operations (2020/21: DKK 471 million), DKK 447 million (2020/21: DKK 471 million) is attributable to the shareholders of Per Aarsleff Holding A/S.

(DKKm)	30/9 2022	30/9 2021
Property, plant and equipment	6	3
Other non-current assets	16	2
Deferred tax asset	2	4
Inventories	6	7
Receivables	41	48
Cash and cash equivalents	3	0
Total assets held for sale	**74**	**64**
Credit institutions	0	24
Other liabilities	74	33
Total liabilities relating to assets held for sale	**74**	**57**

Foreign exchange adjustment on translation of foreign entities has been recognised in other comprehensive income.

§ **Accounting policy**

Discontinued operations and assets held for sale

Discontinued operations form a substantial part of the Group if activities and cash flows can be clearly distinguished, operationally and for financial reporting purposes, from the Group's other operations and the operations have either been divested or classified as held for sale and such sale pursuant to a formal plan is expected to take place within 12 months.

The profit/loss from discontinued operations and value adjustments of related assets and liabilities after tax as well as gains/losses from a sale are presented as a separate income statement item with restatement of comparative figures. Revenue, costs, value adjustments, tax and cash flows for the discontinued operations are disclosed in the notes to the financial statements.

Assets and related liabilities for the discontinued operations are recognised separately in the balance sheet without restatement of comparative figures.

Parent company financial statements

Main financial statements

Income statement	131
Balance sheet	132
Statement of changes in equity	133

Notes to the financial statements

1	Accounting policies	135
2	Staff costs	136
3	Fees to auditors appointed by the annual general meeting	136
4	Financial income and expenses	136
5	Income tax	136
6	Investments in subsidiaries	137
7	Equity	137
8	Maturity structure, liabilities	137
9	Contingent liabilities and other financial obligations	138
10	Related party transactions	138
11	Currency and interest rate risk and use of derivative financial instruments	138

Income statement

1/10-30/9

Note	(DKK'000)	2021/22	2020/21
	Revenue	**12,819**	**10,361**
	Production costs	210	210
	Gross profit	**13,029**	**10,571**
2, 3	Administrative expenses and selling costs	-41,075	-30,721
	Operating profit	**-28,046**	**-20,150**
6	Share of profit in subsidiaries	441,552	488,022
	Profit before interest	**413,506**	**467,872**
4	Financial income	16,859	6,922
4	Financial expenses	-5,652	-17,903
	Profit before tax	**424,713**	**456,891**
5	Tax on profit for the year	5,108	-673
	Profit for the year	**429,821**	**456,218**
	Proposed appropriation of profit		
	Reserve for net revaluation according to the equity method	-8,011	85,240
	Retained earnings	274,751	207,897
	Dividend to shareholders	163,081	163,081
	Total	**429,821**	**456,218**

Balance sheet

Assets

Note	(DKK'000)	30/9 2022	30/9 2021
6	Investments in subsidiaries	4,042,028	3,675,760
	Investments	**4,042,028**	**3,675,760**
	Non-current assets	**4,042,028**	**3,675,760**
	Amounts owed by subsidiaries	1,727,692	770,981
	Income tax receivable	32,609	191,523
	Other receivables	2,106	464
	Receivables	**1,762,407**	**962,968**
	Cash and cash equivalents	**98**	**28,736**
	Current assets	**1,762,505**	**991,704**
	Assets	**5,804,533**	**4,667,464**

Equity and liabilities

Note	(DKK'000)	30/9 2022	30/9 2021
	Share capital	40,770	40,770
	Reserve for net revaluation according to the equity method	692,299	725,101
	Retained earnings	2,764,136	2,571,100
	Proposed dividend	163,081	163,081
7	**Equity**	**3,660,286**	**3,500,052**
	Credit institutions	1,099,193	30,336
	Trade payables	1,100	1,093
	Amounts owed to subsidiaries	936,499	1,007,962
	Other payables	107,455	128,021
8	**Liabilities**	**2,144,247**	**1,167,412**
	Equity and liabilities	**5,804,533**	**4,667,464**

Statement of changes in equity

(DKK'000)	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend	Total
Equity at 30/9 2021	**40,770**	**725,101**	**2,571,100**	**163,081**	**3,500,052**
Changes in equity in 2021/22					
Foreign exchange adjustment of foreign entities		-24,791			-24,791
Reversal of fair value adjustments of derivative financial instruments, transferred to the income statement (net financials)			533		533
Market value adjustment re. derivative financial instruments			40,567		40,567
Other changes in equity			9,104		9,104
Tax on derivative financial instruments			-6,981		-6,981
Net gains/losses recognised directly in equity	0	-24,791	43,223	0	18,432
Dividend paid				-163.081	-163,081
Dividend, treasury shares			4,871		4,871
Employee shares			27,458		27,458
Purchase of treasury shares			-157,267		-157,267
Profit for the year		-8,011	274,751	163,081	429,821
Total changes in equity in 2021/22	**0**	**-32,802**	**193,036**	**0**	**160,234**
Equity at 30/9 2022	**40,770**	**692,299**	**2,764,136**	**163,081**	**3,660,286**

Statement of changes in equity

(DKK'000)	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend	Total
Equity at 30/9 2020	**40,770**	**611,826**	**2,378,543**	**132,503**	**3,163,642**
Changes in equity in 2020/21					
Foreign exchange adjustment of foreign entities		28,035			28,035
Reversal of fair value adjustments of derivative financial instruments, transferred to the income statement (net financials)			192		192
Market value adjustment re. derivative financial instruments			8,528		8,528
Tax on derivative financial instruments			-2,344		-2,344
Net gains/losses recognised directly in equity	0	28,035	6,376	0	34,411
Dividend paid				-132,503	-132,503
Dividend, treasury shares			2,315		2,315
Employee shares			20,525		20,525
Purchase of treasury shares			-44,557		-44,557
Profit for the year		85,240	207,898	163,081	456,219
Total changes in equity in 2020/21	**0**	**113,275**	**192,557**	**30,578**	**336,410**
Equity at 30/9 2021	**40,770**	**725,101**	**2,571,100**	**163,081**	**3,500,052**

Notes to the financial statements

1 Accounting policies

Basis of accounting
The financial statements of the parent company, Per Aarsleff Holding A/S, have been prepared in accordance with the provisions of the Danish Financial Statements Act (DK GAAP) applying to enterprises of reporting class D and additional Danish disclosure requirements for listed companies.

For accounting policies, see note 1 to the consolidated financial statements. The denomination of the items in the parent company's financial statements complies with the requirements of DK GAAP, but in content they conform to accounting policies under IFRS. See the section Terminology for a description of the main differences between the denomination of the items under DK GAAP and IFRS.

The accounting policies are consistent with those applied last year.

Supplementary accounting policies for the parent company

Intangible assets
On initial recognition, goodwill is recognised at cost in the item Goodwill or in the item Investments in subsidiaries. Subsequently, goodwill is measured at cost less accumulated amortisation and impairment losses. Goodwill is amortised over the estimated useful life not exceeding 20 years. If there is an indication that goodwill may be impaired, an impairment test is performed.

Investments
Investments in subsidiaries and associates are recognised and measured according to the equity method, which is the consolidation method used.

In the income statement, the proportionate share of profit for the year after tax less goodwill amortisation is included in the items Share of profit in subsidiaries and Share of profit in associates.

In the balance sheet, the items Investments in subsidiaries and Investments in associates include the proportionate ownership share of the equity value of the enterprises calculated under the accounting policies of the parent company with deduction or addition of unrealised intercompany profits or losses and with addition of any goodwill.

Subsidiaries and associates with negative equity values are measured at DKK 0. Any legal or constructive obligation by the parent company to cover the negative balance of the enterprise is recognised in provisions.

The total net revaluation of investments in subsidiaries and associates is transferred upon distribution of profit to Reserve for net revaluation according to the equity method under equity. The reserve is reduced on distribution of dividends to the parent company and is adjusted for other changes in equity in subsidiaries and associates.

Contingent consideration (earn-out) is measured at fair value through profit or loss, and adjustments are recognised in net financials.

Tax
The parent company is subject to the Danish rules on compulsory joint taxation of the Group's Danish companies. Subsidiaries are included in the joint taxation from the date at which they are included in the consolidated financial statements and until the date when they cease to be consolidated.

The parent company is the designated management company for the tax pool and handles the settlement of all corporation tax payments with the tax authorities.

The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises with profits or losses in proportion to their taxable incomes (full absorption with refunds for tax losses). The jointly taxed companies are taxed under the Danish tax prepayment scheme.

In its capacity of management company, the parent company assumes liability for the Danish subsidiaries' payment of income tax as the subsidiaries pay joint taxation contributions.

Statement of cash flows
No separate statement of cash flows has been prepared for the parent company in accordance with the exemption clause of section 86(4) of the Danish Financial Statements Act.

Terminology
- Revenue (DK GAAP): Revenue (IFRS)
- Non-current assets (DK GAAP): Non-current assets (IFRS)
- Investments (DK GAAP): Other non-current assets (IFRS)
- Current assets (DK GAAP): Current assets (IFRS)
- Provisions (DK GAAP): Non-current and current liabilities (IFRS)
- Long-term liabilities other than provisions (DK GAAP): Non-current liabilities (IFRS)
- Short-term liabilities other than provisions (DK GAAP): Current liabilities (IFRS)

Notes to the financial statements

2 Staff costs

(DKK'000)	2021/22	2020/21
Wages, salaries and remuneration	15,838	15,040
Share-based payment	1,322	755
Other costs, social security costs, etc.	22	31
Total	**17,182**	**15,826**
Of which		
Remuneration, Board of Directors[1]	2,920	2,698
Fixed remuneration, Executive Management	12,915	11,249
Share-based payments, Executive Management	1,322	755
Total	**17,157**	**14,702**
Average number of full-time employees	3	3

[1] The Board of Directors was expanded from five to six members effective 28 January 2021 and reduced from six to five members effective 1 February 2022.

3 Fees to auditors appointed by the annual general meeting

(DKK'000)	2021/22	2020/21
The fees to Deloitte may be specified as follows		
Statutory audit	405	313
Other assurance engagements	47	0
Tax consulting services	0	0
Other services	37	345
Total	**489**	**658**

4 Financial income and expenses

(DKK'000)	2021/22	2020/21
Value adjustment of option to acquire minority shareholding	8,464	0
Other interest income	8,395	6,922
Financial income	**16,859**	**6,922**
Value adjustment of option to acquire minority shareholding	0	14,590
Foreign exchange loss, net	3,798	1,533
Other interest expenses	1,854	1,780
Financial expenses	**5,652**	**17,903**
Net financials	**11,207**	**-10,981**

5 Income tax

(DKK'000)	2021/22	2020/21
Tax on profit for the year may be specified as follows		
Current tax	-5,108	673
Total	**-5,108**	**673**
Total tax for the year may be specified as follows		
Tax on profit for the year	-5,108	673
Tax on changes in equity	6,981	2,344
Total	**1,873**	**3,017**

Notes to the financial statements

6 Investments in subsidiaries

(DKK'000)	Investments in subsidiaries
Cost at 1/10 2021	2,950,659
Additions during the year	399,070
Cost at 30/9 2022	**3,349,729**
Value adjustment at 1/10 2021	725,101
Profit after tax	478,019
Goodwill amortisation	-17,734
Amortisation of other intangible assets	-23,954
Deferred tax	5,221
Dividend received	-460,172
Market value adjustment re. derivative financial instruments	33,537
Other changes in equity	-19,569
Foreign exchange adjustments	-28,150
Value adjustment at 30/9 2022	**692,299**
Carrying amount at 30/9 2022	**4,042,028**
Of which goodwill amounts to	**255,042**

For a list of legal entities in the Aarsleff Group, see the Overview of group companies.

7 Equity

Share capital

See note 20 to the consolidated financial statements, Equity, for details on the composition of the share capital and treasury shares.

8 Maturity structure, liabilities

(DKK'000)	Carrying amount	Within 1 year
30/9 2022		
Credit institutions	1,099,193	1,099,193
Trade payables	1,100	1,100
Amounts owed to subsidiaries	936,499	936,499
Other payables	107,455	24,165
Total liabilities	**2,144,247**	**2,060,957**

The parent company's cash outflows are fully covered by its profit from operations and the availability of credit facilities and refinancing options.

Notes to the financial statements

9 Contingent liabilities and other financial obligations

(DKK'000)	30/9 2022	30/9 2021
Contingent assets and liabilities		
Guarantee provided for subsidiaries' liabilities	76,619	113,201
As security for the completion of construction contracts, the usual security has been provided in the form of bank guarantees and suretyship insurance	6,401,200	5,240,457
Guarantee/security provided for subsidiaries	2,500,000	2,400,000

The Group's Danish companies are jointly and severally liable for tax on the Group's jointly taxed income, etc.

10 Related party transactions

See note 25 to the consolidated financial statements, Related party transactions, for information on related party transactions.

11 Currency and interest rate risk and use of derivative financial instruments

See note 23 to the consolidated financial statements, Credit, interest rate and currency risk and use of financial instruments, for information on the use of derivative financial instruments and risk and capital management.

Key figures, definitions

Gross margin	=	$\frac{\text{Gross profit}}{\text{Revenue}}$
Operating margin (EBIT margin)	=	$\frac{\text{Operating profit}}{\text{Revenue}}$
Profit margin (pre-tax margin)	=	$\frac{\text{Profit before tax}}{\text{Revenue}}$
Invested capital (IC)	=	The sum of equity, including minority interests, and net interest-bearing debt less investments in associates and joint ventures
Working capital	=	Inventory value plus work in progress and receivables and less trade payables and other (non-interest-bearing) debt
Return on invested capital (ROIC)	=	$\frac{\text{Operating profit}}{\text{Average invested capital}}$
Return on invested capital after tax	=	$\frac{\text{Operating profit after tax}}{\text{Average invested capital}}$
Return on equity (ROE)	=	$\frac{\text{Profit for the year excluding minority shareholders}}{\text{Average equity excluding minority share}}$
Equity ratio	=	$\frac{\text{Equity at year-end}}{\text{Total equity and liabilities at year-end}}$
Earnings per share (EPS)	=	$\frac{\text{Profit for the year excluding minority shareholders}}{\text{Average number of shares}}$
Price/net asset value	=	$\frac{\text{Market price per share at year-end}}{\text{Net asset value per share at year-end}}$

Earnings per share and diluted earnings per share are calculated in accordance with IAS 33.

Key figures, definitions

Vehicles and equipment acquired during the year	=	CO2 emission of new passenger cars acquired during the year must not exceed 160 g/km (up until 2017/18, the requirement was that passenger cars had to have energy mark A+++ to A). The vans acquired during the year must, as a minimum, comply with Euronorm 6 (up until 2018/19, requirements were set on the basis of CO2 emissions per kilometre). The construction machines acquired during the year must, as far as possible, comply with the EU Stage V Non-road emission standard.
Share of biofuel of total fuel consumption	=	Calculated as litre biofuel of total fuel consumption. The numerator includes total fuel consumption such as petrol, diesel, HVO100 and heating oil.
CO2 emission, scope 1	=	Total CO2 emission from fuel consumption.
CO2 emission, scope 2	=	Total CO2 emission from electricity and district heating.
Emission intensity	=	Total CO2 emission (scope 1+2) in proportion to revenue.
Total energy consumption (scope 1+2)	=	Total energy consumption (scope 1+2) in proportion to revenue. The numerator includes heating, fuel and electricity including in-house production from solar cells.
Accidents	=	Number of accidents per 1 million working hours. An accident (numerator) is defined as follows: Accident suddenly occurred during working hours, which results in absence on the day of the accident and at least the day after. Number of working hours (denominator) is defined as follows: Number of working hours performed in the year with deduction of accident absence.
Absence due to accidents	=	Average number of days of absence per work accident until the employee starts working full-time or part-time again.
Sickness absence	=	Number of sickness absence hours in proportion to the total number of working hours. The numerator includes own sickness absence, absence due to child's first day of sickness as well as short-term and long-term sickness. Absence due to chronic disease, maternity leave and other types of absence are not included. The denominator includes the total number of working hours incl. sickness absence with deduction of holidays, extra holidays, special holidays, care days, absence due to accident and salaried employees' overtime hours.
Concerns reported to the whistleblower scheme	=	Total number of concerns reported through the scheme and other channels regardless of type and outcome. The whistleblower scheme was established in 2015/16 and extended in 2019 to include all our Group companies. Previously, the scheme only included our Danish companies.
Apprentices	=	Employees employed on an apprentice contract are included regardless of field of work and type of training. Proportions are reported as the number of headcounts (i.e. not converted to full time equivalents) in relation to the total annual average number of hourly workers.
Trainees	=	Employees undergoing training or attached to the staff as a trainee are included regardless of field of work and type of training. Proportions are reported as the number of headcounts (i.e. not converted to full time equivalents) in relation to the total annual average number of salaried employees.
Proportion of the underrepresented gender on boards of directors	=	Statements are made in line with the regulations of the Danish Financial Statements Act. In this case, the underrepresented gender is women.
Proportion of the underrepresented gender on other management levels	=	Statements are made in line with the regulations of the Danish Financial Statements Act. In this case, the underrepresented gender is women. Other management levels: In Per Aarsleff Holding A/S and Per Aarsleff A/S, managing roles are included from the level of staff managers. In Wicotec Kirkebjerg A/S, Aarsleff Rail A/S, Petri & Haugsted AS, Centrum Pæle Holding A/S and Hansson & Knudsen A/S, the upper management group is included. Proportions are reported as headcounts (i.e. not converted to full time equivalents) at year-end.
Proportion of the underrepresented gender in proportion to all employees	=	Statements are made in line with the regulations of the Danish Financial Statements Act. In this case, the underrepresented gender is women. Proportions are reported as headcounts (i.e. not converted to full time equivalents) at year-end.

Management's statement

The Board of Directors and Executive Management have today considered and adopted the Annual Report of Per Aarsleff Holding A/S for the period 1 October 2021-30 September 2022.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act, and the Parent Company Financial Statements have been prepared in accordance with the Danish Financial Statements Act. Management's Review has been prepared in accordance with Danish Financial Statements Act

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 30 September 2022 of the Group and the Parent Company and of the results of the Group and Parent Company operations and consolidated cash flows for the financial year 1 October 2021- 30 September 2022.

In our opinion, Management's review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

In our opinion, the Annual Report for Per Aarsleff Holding A/S with the file name Aarsleff-2022-09-30-da.zip for the financial year 1 October 2021-30 September 2022 for the Group and the Parent is prepared in compliance with the ESEF regulation.

The annual report is submitted for adoption by the Annual General Meeting.

Aarhus, 16 December 2022

Executive Management

Jesper Kristian Jacobsen
CEO

Nicolai Schultz
Deputy CEO

Mogens Vedel Hestbæk
CFO

Board of Directors

Ebbe Malte Iversen
Chairman of the Board

Jørgen Wisborg
Deputy Chairman

Jens Bjerg Sørensen

Charlotte Strand

Henrik Højen Andersen

Independent auditor's report

To the shareholders of Per Aarsleff Holding A/S

Report on the consolidated financial statements and the parent financial statements

Opinion

We have audited the consolidated financial statements and the parent financial statements of Per Aarsleff Holding A/S for the financial year 01.10.2021 – 30.09.2022 which comprise the balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the income statement of the Parent and the statement of comprehensive income and cash flow statement of the Group. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 30.09.2022 and of the results of its operations and cash flows for the financial year 01.10.2021 – 30.09.2022 - in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements under the Danish Financial Statements Act.

Furthermore, in our opinion, the parent financial statements give a true and fair view of the Parent's financial position at 30.09.2022 and of the results of its operations for the financial year 01.10.2021 – 30.09.2022 in accordance with the Danish Financial Statements Act.

Our opinion is consistent with our audit book comments issued to the Audit Committee and the Board of Directors.

Basis for opinion

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

To the best of our knowledge and belief, we have not provided any prohibited non-audit services as referred to in Article 5(1) of Regulation (EU) No 537/2014.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements and the parent financial statements for the financial year 01.10.2021 – 30.09.2022. These matters were addressed in the context of our audit of the consolidated financial statements and the parent financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition and measurement of projects and related recognition of revenue

In accordance with IFRS 15, income from and profits on projects are recognised over time based on the progress towards full satisfaction of the individual performance obligations of the projects. The stage of completion is determined and evaluated as the share of production costs at the balance sheet date relative to the total production costs estimated to complete the project.

Recognition and measurement of projects comprise considerable estimates and judgements made by Management in connection with the assessment of claims against the developer, costs for project completion, including guarantee commitments and disputes, as well as the time of completion. Changes in these accounting estimates under the performance of the projects may have significant impact on revenue, production costs and the result thereof.

Thus, we regarded recognition of projects as a key matter in the audit of the consolidated financial statements and the parent financial statements.

The Aarsleff Group has significant projects in the segments of Construction, Technical Solutions, Rail, Ground Engineering and Pipe Technologies. We refer to note 2 to the annual report on accounting estimates and judgements, note 18 on work in progress and note 21 on provisions.

How the identified key audit matter was addressed in our audit

As part of our audit, based on our risk assessment, we assessed the Group's business processes and tested relevant selected internal controls for recognition of revenue related to projects.

We assessed the accounting policies and the Group's use and interpretation of relevant accounting standards.

We focused on material and risky contracts for which the final forecasts contained significant estimates and judgements. We analysed the forecasts prepared by Management, and for selected projects we assessed and compared the recognised revenue and production costs to the precalculations at the tender submission, the current stage of completion as well as the most recent final forecast. We examined selected contracts with relevant members of Management, the finance function or project management, and we tested by random sampling key data in Management's assumptions against underlying documentation and paid site visits to selected material and risky projects and evaluated Management's estimates and judgements.

Moreover, we examined important clauses in selected signed contracts to assess whether they were accounted for correctly and reflected the correct amounts in the applied forecasts.

Based on historical experience from comparable projects and knowledge of the construction industry, we challenged significant accounting estimates used in Management's forecasts, including in particular the assumptions on which the assessment of the calculated variations and additional costs is based as well as claims from the developer which are included in the project forecast. We also assessed the result of accounting estimates made in previous periods.

For purposes of assessing projects with disputes and/or lawsuits, we obtained representations from Group Management and from the Group's external and internal attorneys.

We assessed the disclosures in the notes and tested by random sampling selected disclosures in the notes against underlying documentation.

In our audit, we focused on whether policies and processes for making management estimates had been used consistently on uniform projects and as in previous periods.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the

Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent'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 consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and, where applicable, safeguards put in place and measures taken to eliminate threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on compliance with the ESEF Regulation

As part of our audit of the consolidated financial statements and the parent financial statements of Per Aarsleff Holding A/S we performed procedures to express an opinion on whether the annual report for the financial year 01.10.2021 – 30.09.2022, with the file name Aarsleff-2022-09-30-da.zip prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation), which includes requirements related to the preparation of the annual report in XHTML format.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the consolidated financial statements presented in human readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the consolidated financial statements;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited consolidated financial statements.

In our opinion, the annual report of Per Aarsleff Holding A/S for the financial year 01.10.2021 – 30.09.2022, with the file name Aarsleff-2022-09-30-da.zip, is prepared, in all material respects, in compliance with the ESEF Regulation.

Aarhus, 16 December 2022

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Jacob Nørmark
State-Authorised
Public Accountant
mne30176

Lars Siggaard Hansen
State-Authorised
Public Accountant
mne32208

Companies in the Aarsleff Group

Construction

Company name	Registered office			Ownership share %
Per Aarsleff A/S[1]	Aarhus	Denmark	Contractor	100
Dan Jord A/S	Aarhus	Denmark	Contractor	100
Petri & Haugsted AS	Rødovre	Denmark	Contractor	100
PAA Project Finance A/S	Hvidovre	Denmark	Contractor	100
Aarsleff Anläggning AB	Limhamn	Sweden	Contractor	100
VG Entreprenør A/S	Lemvig	Denmark	Contractor	100
Per Aarsleff Grønland ApS	Nuuk	Greenland	Contractor	100
Per Aarsleff East Africa A/S	Aarhus	Denmark	Contractor	100
Per Aarsleff West Africa A/S	Aarhus	Denmark	Contractor	100
New Horizons In Infrastructure Of Denmark Nhid I/S	Aarhus	Denmark	Contractor	28
Per Aarsleff Mediterranean A/S	Aarhus	Denmark	Contractor	100
Ístak hf.	Mosfellsbær	Iceland	Contractor	100
Hansson & Knudsen A/S	Odense	Denmark	Contractor	100
Håndværkergården A/S	Odense	Denmark	Contractor	100
Aarsleff Biz Sp. z o.o.	Swinoujscie	Poland	Contractor	100
Rock Armour Trading AB	Kungshamn	Sweden	Production company	91
HP Tennisanlæg A/S	Ugerløse	Denmark	Contractor	100
Permagreen Grønland A/S	Nuuk	Greenland	Contractor	70
Inuksuk A/S	Nuussuaq	Greenland	Contractor	51
Kingo Grønland ApS[2]	Nuussuaq	Greenland	Contractor	50

1 Per Aarsleff A/S is represented in the segments Construction, Ground Engineering and Pipe Technologies.
2 Associate.

Companies in the Aarsleff Group

Technical Solutions

Company name	Registered office			Ownership share %
Wicotec Kirkebjerg A/S	Taastrup	Denmark	Contractor	100
E. Klink A/S	Skovlunde	Denmark	Contractor	100
Holmskov Rustfri A/S	Slangerup	Denmark	Contractor	100
S&H Klimateknik A/S	Glostrup	Denmark	Contractor	100
Jysk CTS A/S	Kolding	Denmark	Contractor	70

Rail

Company name	Registered office			Ownership share %
Aarsleff Rail A/S	Aarhus	Denmark	Contractor	100
Anker AB[1]	Varberg	Sweden	Contractor	100
Banedrift AS[2]	Fredrikstad	Norway	Contractor	100
Aarsleff Rail GmbH	Wedemark	Germany	Contractor	100
Trym Anlegg AS	Trondheim	Norway	Contractor	67

[1] On 1 October 2022, Anker AB will change its company name to Aarsleff Rail AB.
[2] On 1 October 2022, Banedrift AS will change its company name to Aarsleff Rail AS.

Companies in the Aarsleff Group

Ground Engineering

Company name	Registered office			Ownership share %
Per Aarsleff A/S[1]	Aarhus	Denmark	Contractor	100
Centrum Pæle Holding A/S	Vejle	Denmark	Holding company	100
Centrum Pæle A/S	Vejle	Denmark	Pile factory	100
CP Test A/S	Vejle	Denmark	Engineering company	100
Entreprenørfirmaet Østergaard A/S	Vejle	Denmark	Contractor	100
Aarsleff Spezialtiefbau GmbH	Hamburg	Germany	Holding company	100
Ponel Bau GmbH Spezialtiefbau	Oldenburg	Germany	Contractor	100
Neidhardt Grundbau GmbH	Hamburg	Germany	Contractor	100
S T B - Wöltjen GmbH	Wedemark	Germany	Contractor	100
Aarsleff Grundbau GmbH	Hamburg	Germany	Contractor	100
Centrum Pfähle GmbH	Germaringen	Germany	Pile factory	100
DMT Gründungstechnik GmbH	Büdelsdorf	Germany	Engineering company	100
Aarsleff Ground Engineering Limited	Newark	England	Contractor	100
Centrum Pile Limited	Newark	England	Pile factory	100
Cannon Piling Ltd.	Essex	England	Contractor	100
Avoncross Limited	Essex	England	Contractor	100
Aarsleff Sp. z o.o.[2]	Warsaw	Poland	Contractor	100
Centrum Pali Sp. z o.o.	Kutno	Poland	Pile factory	100
Metris Sp. z o.o. Instytut Badań dla Budownictwa	Kutno	Poland	Engineering company	100
Aarsleff CZ s.r.o.	Brno	The Czech Republic	Contractor	100
Aarsleff Ground Engineering AB	Gunnilse	Sweden	Contractor	100
Centrum Pile AB	Älvängen	Sweden	Pile factory	100
Aarsleff Norge AS[3]	Råde	Norway	Contractor	100
Steg Entreprenør AS	Geithus	Norway	Contractor	51
Sør Norsk Boring AS[3]	Ulefoss	Norway	Contractor	100
Vandfax A/S	Hejnsvig	Denmark	Contractor	100
BL Grundvandssænkning A/S	Haderslev	Denmark	Contractor	100

1 Per Aarsleff A/S is represented in the segments Construction, Ground Engineering and Pipe Technologies.
2 Aarsleff Sp. z o.o. is represented in the segments Ground Engineering and Pipe Technologies.
3 On 1 October 2022, Aarsleff Norge AS and Sør-Norsk Boring AS will merge under the company name Aarsleff Fundamentering & Boring AS.

Companies in the Aarsleff Group

Pipe Technologies

Company name	Registered office			Ownership share %
Per Aarsleff A/S[1]	Aarhus	Denmark	Contractor	100
Danpipe A/S	Aarhus	Denmark	Contractor	100
Aarsleff Pipe Technologies AB	Stockholm	Sweden	Contractor	100
Aarsleff OY	Helsinki	Finland	Contractor	100
Kiinteistö Oy Kuikan Huolto	Helsinki	Finland	Real estate company	100
Per Aarsleff AO[2]	St. Petersburg	Russia	Contractor	100
Bertos OOO[2]	Moscow	Russia	Contractor	100
Arpipe OOO[2, 3]	Moscow	Russia	Contractor	50
Aarsleff Sp. z o.o.[4]	Warsaw	Poland	Contractor	100
Aarsleff Baltic SIA	Riga	Latvia	Contractor	100
UAB Aarsleff	Kaunas	Lithuania	Contractor	100
Aarsleff Rohrsanierung GmbH	Nuremburg	Germany	Contractor	100
Bluelight GmbH	Nuremburg	Germany	Contractor	100
Aarsleff Hulín s.r.o.	Hlohovec	Slovakia	Contractor	51
Aarsleff Leidingrenovatie bv	Amsterdam	The Netherlands	Contractor	100
FRP Prolining GmbH	Neubrandenburg	Germany	Contractor	100
Olimb Rørfornying Holding AS	Råde	Norway	Contractor	100
Olimb Rørfornying AS	Råde	Norway	Contractor	100
Olimb Offshore AS	Råde	Norway	Contractor	100
Olimb Rørinspeksjon Bergen AS	Bergen	Norway	Contractor	60

1 Per Aarsleff A/S is represented in the segments Construction, Ground Engineering and Pipe Technologies.
2 Sales process in progress, cf. company announcement of 31 March 2022.
3 Associate.
4 Aarsleff Sp. z o.o. is represented in the segments Ground Engineering and Pipe Technologies.

Companies in the Aarsleff Group

Joint operations

Company name	Construction	Technical Solutions	Rail	Ground Engineering	Pipe Technologies	Lead partner
	Group, ownership share in %					
Arbeitsgemeinschaft EUGAL Los 3+4	20					Yes
Ballast Nedam - Per Aarsleff Joint Venture V.O.F.	38					Yes
Baltic Pipe ASB JV I/S	38					Yes
Electrification Programme Aarsleff I/S		12	63	25		Yes
Fiber og Anlæg I/S	37					
FLC Marine Works Group I/S	11					
FLC Tunnel Group North I/S	11					
FLC Tunnel Group South I/S	11					
FLC Portals Group I/S	31					
JV Aarsleff-Streicher-Bunte I/S	30					Yes
JV Värtahamnen HB I/S (Sweden)	75			25		Yes
Malmö Citytunnel Group HB (Sweden)	25					
Siemens Aarsleff Konsortium I/S			37			
Strukton-Aarsleff JV I/S		10	45			Yes
Wicotec Kirkebjerg-Dan Jord I/S	50	50				Yes
Aarsleff-BAM International Joint Venture V.O.F. (Tanzania)	50					
Aarsleff BAUER Foundation Contractors (ABFC) HB (Sweden)				50		Yes
Aarsleff-Interbeton J.V. I/S (Tanzania)	50					Yes
Aarsleff Rail Nørreport I/S	35	25	40			Yes
Aarsleff-Seth J.V. I/S (Mozambique)	50					Yes
Aarsleff-Spitzke 2019 I/S			50			Yes
Aarsleff-Spitzke 2021 I/S			51			Yes
Aarsleff-Spitzke Konsortium I/S			50			Yes
Aarsleff-Wicotec Kirkebjerg J.V. I/S	38	62				Yes

Companies in the Aarsleff Group

Partners

- A. Hak Leidingbouw B.V.
- Ballast Nedam N.V.
- BAM Infra B.V.
- BAM International B.V.
- Bilfinger Berger AG
- Bunte International Contractors GmbH
- CFE SA
- Dredging International N.V.
- Dominion Instalaciones y Montajes, S.A.U.
- Eltel Networks A/S
- Energy Saving Engineering SL
- Global Dominion Access S.A.
- Interbeton bv
- Johann Bunte Bauunternehmung GmbH & Co. KG
- Max Bögl Stiftung & Co. KG
- MAX STREICHER GmbH & Co Kommanditgesellschaft auf Aktien
- Munck Forsyningsledninger A/S
- Seth SA
- Siemens Mobility A/S
- Siemens Aktiengesellschaft
- Solétanche-Bachy International S.A.S.
- Spietzke SE
- Spietzke SE Danmark
- Strukton Rail S-bane A/S Sverige BAUER GL AB
- Vinci Construction Grands Projets GP
- Wayss & Freytag Ingenieurbau AG

Foreign branch offices

- Ankara, Türkiye
- Gothenburg, Sweden
- Kaunas, Lithuania
- Kyiv, Ukraine
- Oslo, Norway
- Porto, Portugal
- Riga, Latvia

Per Aarsleff Holding A/S
Hasselager Allé 5
8260 Viby J
Denmark

CVR no. 24 25 77 97

This Annual Report has been prepared in Danish and English.
In case of discrepancy, the Danish version shall prevail.