INFRASTRUCTURE AND BUILDINGS FOR MODERN SOCIETIES

ANNUAL REPORT 2022/23

The annual report for the financial year 2022/23 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.

AARSLEFF

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Front page photo: Danske Bank's new headquarters in Copenhagen

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The year at a glance
Aarsleff is expanding Sweden's largest port for shipping of timber. The new quay deck will be prefabricated at our concrete element factory in Poland.

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Sustainable business opportunities
The green transition goes hand in hand with Aarsleff's skills, and we see opportunities in contributing to responsible and more sustainable solutions.

HIGHLIGHTS FOR THE YEAR

ARoS Aarhus Art Museum

The year in brief

Financial highlights

Number of employees

8,764

EBIT margin

5.3%

ROIC (after tax)

15.0%

Revenue growth

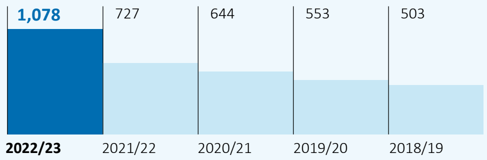
11.7%

See Financial performance of the year

For an elaboration of quarterly and annual results

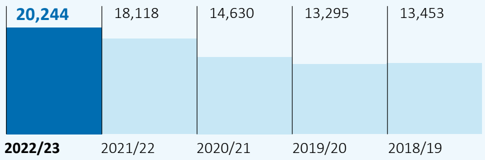
EBIT

DKKm 1,078



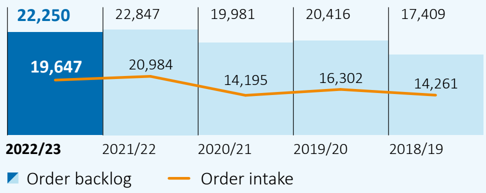
Revenue

DKKm 20,244



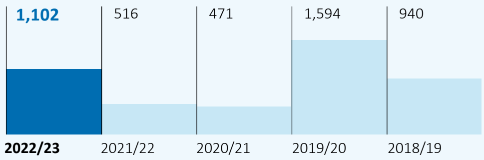
Order backlog

DKKm 22,250



Cash flows from operating activities

DKKm 1,102



The year in brief

ESG key figures

Apprentices (Target: 10%)

6.5%

Proportion of hourly paid staff in total.

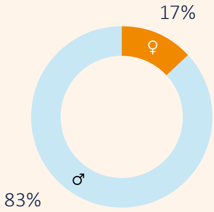
Trainees (Target: 5%)

3.4%

Proportion of salaried staff in total.

Proportion of the underrepresented gender on other management levels

(Target: 40%)



Emission intensity

3.8

Tons of CO2 per revenue in DKK million.

CO2 reduction targets for scope 1+2

80%

In 2030, measured as tons of CO2 per revenue in DKK million with 2020/21 as the baseline year.

EU taxonomy

75%

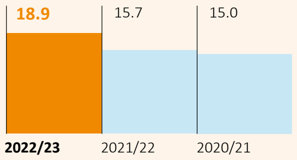
Eligible revenue.

4%

Aligned revenue.

Accidents (Target: Max 5)

18.9



Number of accidents per 1 million working hours.

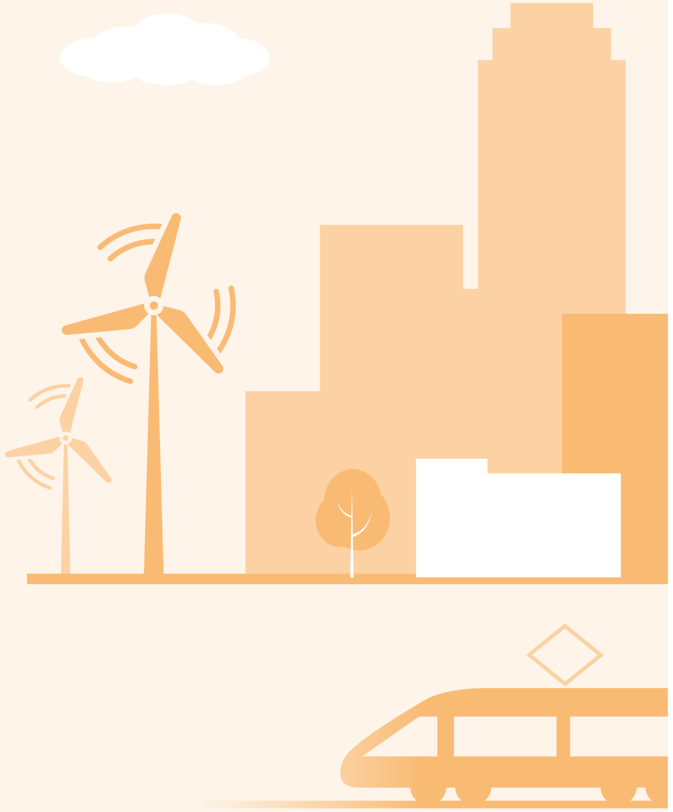
Sickness absence (Target: Max 2.5%)

4.6%

Absence in % of total working hours.

Read more

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



The green transition as a market driver

In recent years, the market for building and construction activities has taken a shift which goes hand in hand with the Aarsleff Group's expertise, and once again we deliver impressive annual results while reaching two important milestones.

Jesper Kristian Jacobsen
CEO

Although recent years' market uncertainties have contributed towards a slowdown of the building activities, the demand has increased within other areas. Especially the green transition is driving development, and the demand for sustainable solutions is increasing. This is also the case in the Aarsleff Group where the activity level remains high. As a result, the past financial year was very strong, and we reached two important milestones: Revenue exceeded DKK 20 billion, and more importantly, our EBIT margin exceeded 5%. In this context, I would like to thank our many skilled employees for a strong team effort.

Measured on more than finances

But good results are more than just financial results. As Denmark's largest contracting group, we are measured on far more parameters than just financial ratios. Areas such as health and safety, both physically and mentally, as well as diversity and sustainability are becoming increasingly important – to ourselves, our customers and investors/shareholders and the world around us in general. Unfortunately, our accident rate is still too high, and therefore we have launched a number of initiatives. Because although we have a high level of activity, we must remember to take care of each other as colleagues, accept each other's differences and be aware of our footprint on society.

Along with the increasing demand for sustainable solutions, we must also develop. As employees, as companies, as a Group and as an industry. Through initiatives such as the Danish government's climate partnership and the Construction Sector's Sustainability Action Tank, Aarsleff is one of the front runners and sets a direction for the industry – because we must pull together. From customers to consulting engineers, contractors and suppliers.

Good energy

Most of our large building projects have been handed over, e.g. Danske Bank's new headquarters and the expansion of the main office for the bioscience company Chr. Hansen. There are few tenders, and they are primarily related to the pharmaceutical area. This means that the market shift towards construction work has become more distinct, quite as we expected, and hand in hand with our expertise.

Large construction projects such as the Fehmarnbelt Link and Lynetteholm, for which we recently signed a DKK two billion contract for the next three phases, as well as harbour extensions are filling the order book. The same goes for cables and district heating projects derived from the green transition, and we recently signed a DKK two billion district heating contract with Vestforbrænding I/S. Offshore wind farms and energy islands are other areas with a great potential in relation to the green transition, and there are also business opportunities within Power-to-X plants and CO2 capture plants.

Green future

During the past financial year, we said goodbye to our Russian Pipe Technologies activities which we managed to divest in an orderly manner. In return, we made an entry into Greenland, where Permagreen Greeland A/S as a partner in Inussuk A/S was awarded the major contract for maintenance and operation of the American military base Pituffik Space Base.

With the expected market opportunities derived from the green transition, in both the short and long term, we will have good opportunities to bring all our skills into play. The challenge is to remain good at selecting or rejecting and finding the work that is right for us. If we succeed, our aim will be to repeat the success and once again achieve the ambitious target of a 5% EBIT margin.

"The Aarsleff Group had a very impressive year and thanks to a strong team effort we reached two important milestones. Our revenue exceeded DKK 20 billion, but more importantly we have reached our ambitious target of a 5% EBIT. Especially the green transition is driving development, and the demand for sustainable solutions is increasing. In both the short and long term, we therefore expect good market opportunities to bring all of Aarsleff's skills into play."

Jesper Kristian Jacobsen
CEO

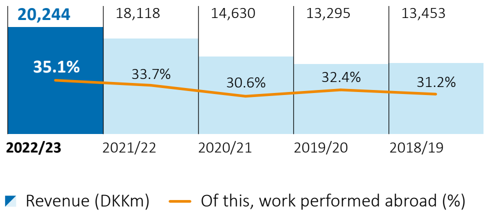
Key figures

(DKK´000)	2022/23	2021/22	2020/21	2019/20	2018/19
Income statement					
Revenue	20,244	18,118	14,630	13,295	13,453
Of this, work performed abroad	7,105	6,098	4,475	4,301	4,197
Operating profit (EBIT)	1,078	727	644	553	503
Profit before interest, tax, depreciation and amortisation (EBITDA)	1,862	1,407	1,227	1,237	939
Net financials	-36	-44	-31	-23	-30
Profit before tax	1,042	683	613	530	473
Profit for the year (continuing operations)	798	517	470	379	361
Profit for the year (discontinued operations)	-6	-66	3		
Balance sheet					
Non-current assets	4,753	4,364	3,418	2,988	2,709
Current assets	8,629	7,379	5,500	5,607	5,462
Total assets	13,382	11,743	8,918	8,595	8,171
Equity	4,404	3,855	3,664	3,311	3,115
Non-current liabilities	3,003	1,142	813	1,096	750
Current liabilities	5,975	6,746	4,441	4,188	4,306
Total equity and liabilities	13,382	11,743	8,918	8,595	8,171
Invested capital (IC)	5,921	5,066	3,378	2,730	2,706
Working capital	2,072	1,219	581	-20	699
Net interest-bearing deposits/debt (+/-)	-1,517	-1,211	284	580	399
Statement of cash flows					
Cash flow from operating activities	1,102	516	471	1,594	940
Cash flow from investing activities	-824	-1,158	-676	-669	-665
Of which investment in property, plant and equipment net	-792	-814	-638	-406	-378
Cash flow from financing activities	-7	525	-432	-503	-58
Change in cash and cash equivalents for the year	271	-117	-637	422	217

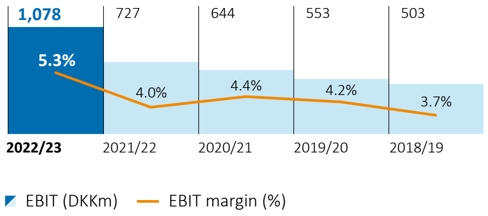
	2022/23	2021/22	2020/21	2019/20	2018/19
Financial ratios[1]					
Gross margin, %	12.5	10.7	11.4	12.1	10.7
Operating margin (EBIT margin), %	5.3	4.0	4.4	4.2	3.7
Profit margin (pre-tax margin), %	5.1	3.8	4.2	4.0	3.5
ROIC (after tax), %	15.0	13.1	16.3	14.5	13.8
Net interest-bearing debt/EBITDA	0.8	0.9	-0.2	-0.5	-0.4
Return on equity (ROE), %	19.3	12.1	13.6	11.8	12.1
Equity ratio, %	32.9	32.8	41.1	38.5	38.1
Earnings per share (EPS), DKK	41.01	22.68	23.53	18.79	17.76
Earnings per share (EPS) (continuing operations), DKK	41.33	26.05	23.38		
Share price at 30 September, DKK	324.00	186.60	262.50	267.50	222.00
Price/net asset value	1.40	0.94	1.43	1.62	1.44
Dividend per share, DKK	10.00	8.00	8.00	6.50	5.50
Number of employees	8,764	8,383	7,658	7,215	6,838

[1] For a definition of key figures, see page 149.

Revenue



EBIT and EBIT margin



Milestones

OCTOBER

We achieved our goal for apprentices at the Greater Copenhagen Light Rail – 1.5 years ahead of schedule

NOVEMBER

Handing-over of Denmark's tallest residential tower Lighthouse in Aarhus

DECEMBER

Inussuk was awarded a contract for operation and maintenance of Pituffik Space Base

JANUARY

FEBRUARY

Employee shares are offered for the sixth year in a row

Wicotec Kirkebjerg was awarded the technical contract for New North Zealand Hospital

MARCH

The sale of Aarsleff's Russian business was completed

APRIL

Inauguration of the new house for the Icelandic sagas in Reykjavik

Handing over the expansion of Chr. Hansen's main office in Hørsholm

MAY

Handing over the first phase of Lynetteholm, Copenhagen's new peninsula and flood protection

JUNE

Handing over Danske Bank's new headquarters in Copenhagen

Wicotec Kirkebjerg, E. Klink and Petri & Haugsted moved in together in Taastrup

JULY

Casting of tunnel elements for the Fehmarnbelt Fixed Link began

AUGUST

SEPTEMBER

Award of major district heating contract in Furesø, Egedal and Frederikssund

Completion of the two large track renewals on Eastern Funen and between Korsør and Slagelse

Outlook for 2023/24

OPERATIONS

- Revenue in the range of DKK 19.5 to 20.5 billion, corresponding to a growth of -4 to 1%.
- EBIT in the range of DKK 900 to 1,000 million.
- Approx. 60% of the expected full-year revenue is covered by the existing order backlog.
- Working capital is expected to decrease significantly.

INVESTMENTS

- Investments in property, plant and equipment exclusive of leased assets are expected to amount to DKK 700 to 750 million.
- These include planned project investments at Femern Link Contractors and investment in tower crane for Aarsleff Biz in Poland.

THE MARKET

- Good One Company opportunities within infrastructure and energy projects due to the green transition.
- Declining activity within building projects due to increased interest rates and continued high prices on materials.
- High level of activity and good opportunities within technical solutions and buildings for the pharma industry.

EMPLOYEES

- Focus on gender diversity and development of our employees at all levels.
- Continue the safety culture programme in order to reduce the number or accidents.
- Continued focus on ensuring that the Group has expertise within digitalisation and sustainability.

CONSTRUCTION

Growth -11 to -6%.
EBIT DKK 370 to 430 million.

Continued good level of activity especially within harbour projects and projects driven by the green transition.

Decreasing activity within building activities, and several large One Company projects have been handed over.

Continued strong growth potential in the North Atlantic, and the operational contract for Pituffik Space Base was effective from 1 October 2023.

TECHNICAL SOLUTIONS

Growth 10 to 15%.
EBIT DKK 95 to 105 million.

Many tender opportunities especially within the pharma industry and within district heating and other work resulting from the green transition.

High level of activity in connection with the building of the New North Zealand Hospital and Mary Elizabeth's Hospital.

Limited revenue from the One Company building projects as most of them have been handed over.

RAIL

Growth -10 to -5%.
EBIT DKK 70 to 80 million.

Lower level of activity in Denmark due to a more selective order selection.

Focus on increasing earnings in Norway and Sweden by selecting the right projects and securing the right organisation.

Still many tender opportunities.

GROUND ENGINEERING

Growth 10 to 15%.
EBIT DKK 205 to 215 million.

Strong construction market, increasingly driven by infrastructure and energy projects resulting from the green transition.

There is a slowdown in residential building activities in all markets.

High level of activity in Sweden on the large harbour projects.

Increasing level of activity within ground engineering work related to the railway electrification primarily in Sweden, Norway and Germany.

PIPE TECHNOLOGIES

Growth 0 to 5%.
EBIT DKK 160 to 170 million.

Good level of activity in all significant markets, but uncertainty as to allocation of funds for especially pipe renewal in the public sector.

The activities within housing and industry are expected to continue to be affected by recent years' price increases.

Continued low activity in Eastern Europe.

Construction (DKKm)	2023/24	2022/23	2021/22	2020/21
Revenue	-	9,741	8,462	6,416
Growth compared to the year before, %	-11 to -6	15.1	31.9	5.1
EBIT	370 to 430	555	250	217
EBIT margin, %	-	5.7	3.0	3.4
Order backlog, beginning of the year	12,113	13,670	10,896	11,774
- of this, work for execution in the current year	6,325	6,825	5,275	4,550

Technical Solutions (DKKm)	2023/24	2022/23	2021/22	2020/21
Revenue	-	2,464	2,248	1,920
Growth compared to the year before, %	10 to 15	9.6	17.1	24.5
EBIT	95 to 105	86	82	31
EBIT margin, %	-	3.5	3.6	1.6
Order backlog, beginning of the year	3,439	2,432	2,493	2,493
- of this, work for execution in the current year	1,250	950	1,225	1,250

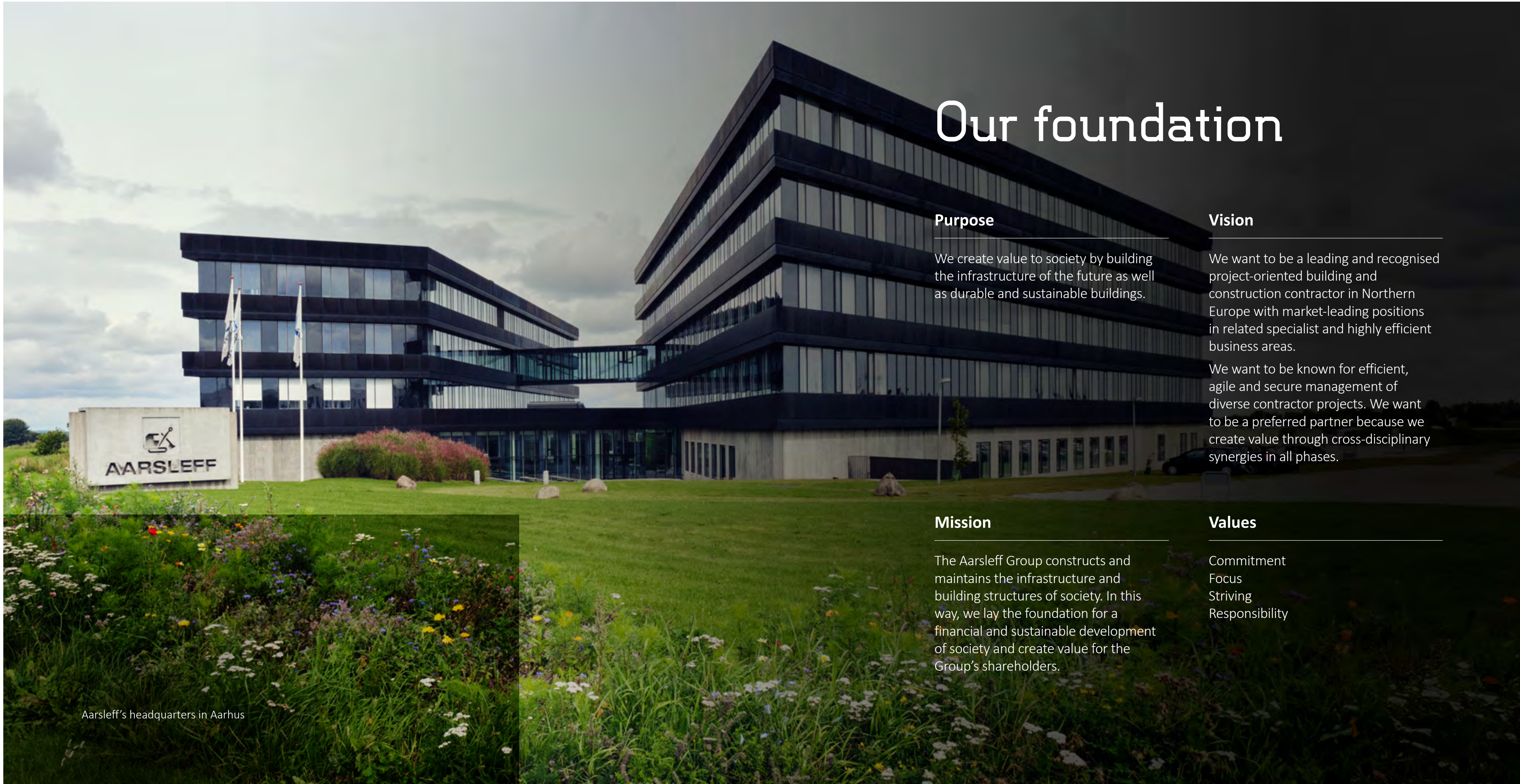
Rail (DKKm)	2023/24	2022/23	2021/22	2020/21
Revenue	-	2,288	1,876	1,329
Growth compared to the year before, %	-10 to -5	21.9	41.2	20.4
EBIT	70 to 80	46	73	60
EBIT margin, %	-	2.0	3.9	4.5
Order backlog, beginning of the year	3,101	3,090	3,108	2,943
- of this, work for execution in the current year	1,625	1,625	1,100	850

Ground Engineering (DKKm)	2023/24	2022/23	2021/22	2020/21
Revenue	-	3,409	3,332	2,811
Growth compared to the year before, %	10 to 15	2.3	18.5	17.2
EBIT	205 to 215	204	173	164
EBIT margin, %	-	6.0	5.2	5.9
Order backlog, beginning of the year	2,189	2,156	1,958	1,501
- of this, work for execution in the current year	1,750	1,525	1,375	1,100

Pipe Technologies (DKKm)	2023/24	2022/23	2021/22	2020/21
Revenue	-	2,342	2,200	2,154
Growth compared to the year before, %	0 to 5	6.4	2.2	0.2
EBIT	160 to 170	187	149	172
EBIT margin, %	-	8.0	6.8	8.0
Order backlog, beginning of the year	1,408	1,499	1,526	1,705
- of this, work for execution in the current year	1,000	1,125	1,075	1,075

Aarsleff Group (DKKm)	2023/24	2022/23	2021/22	2020/21
Revenue	-	20,244	18,118	14,630
Growth compared to the year before, %	-4 to 1	11.7	23.8	10.0
EBIT	900 to 1,000	1,078	727	644
EBIT margin, %	-	5.3	4.0	4.4
Order backlog, beginning of the year	22,250	22,847	19,981	20,416
- of this, work for execution in the current year	11,950	12,050	10,050	8,825

OUR BUSINESS



Aarsleff's headquarters in Aarhus

Our foundation

Purpose

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

Vision

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.

Mission

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.

Values

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.

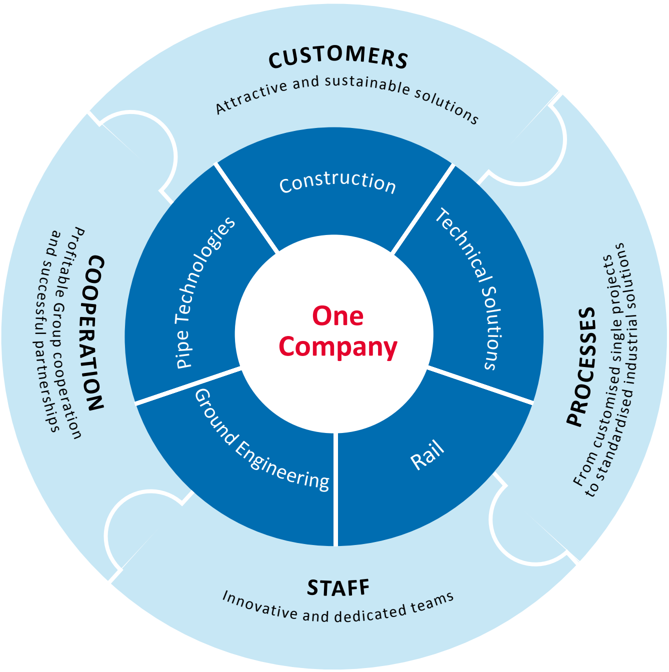
Building on experience, know-how and skills

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 ground engineering. 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 a general to an 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

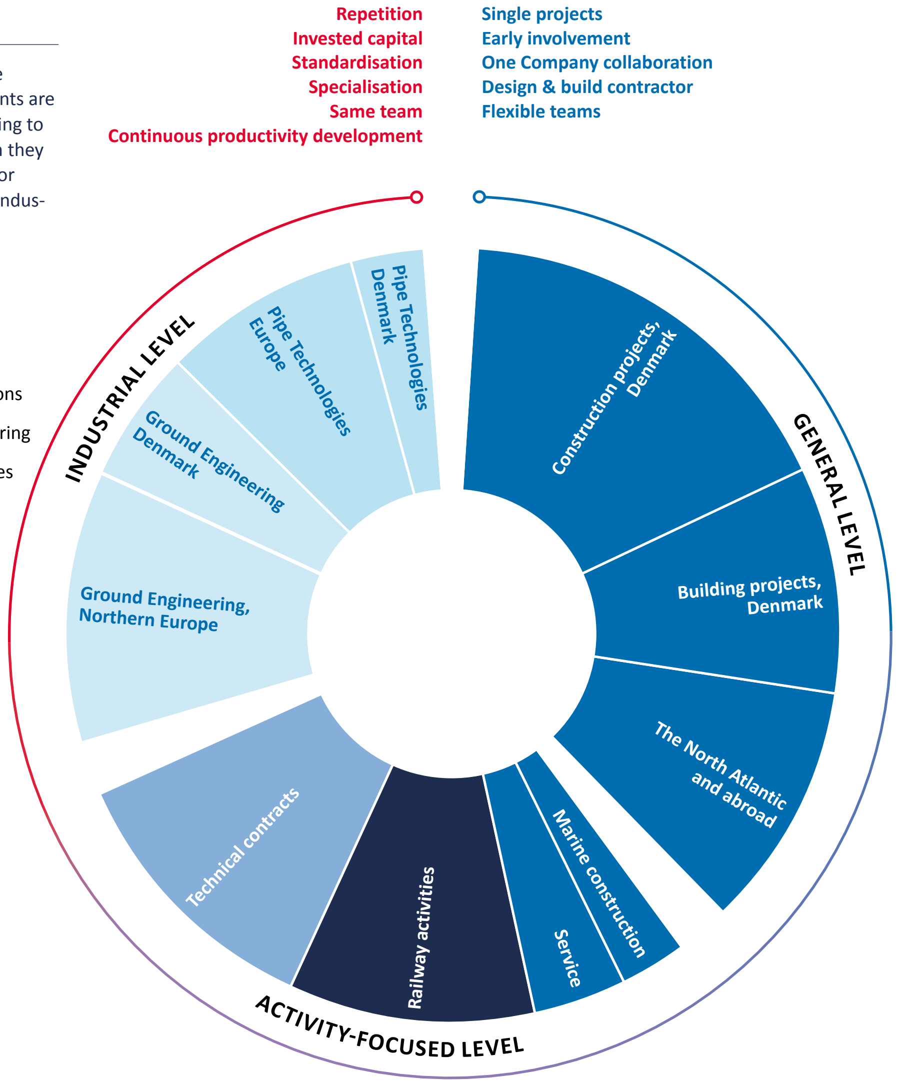
The Aarsleff Group is organised in independent, competitive divisions and companies, each with their own specialist expertise. We refer to teamwork and collaboration across divisions as One Company, meaning that we look for and exploit synergies. The synergies emerge when specialist contractors combine 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 & build contracts with a high degree of in-house production. This provides security for the client – financially as well as professionally.

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.

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.

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.

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.

Targets	Status	Description of target
RETURN **EBIT margin** at least **5%** **ROIC (after tax)** at least **12%**	The current EBIT margin of the year is 5.3%. Average return on invested capital after tax (ROIC) of 13.6% during the past five years.	Efficiency and productivity in all phases must contribute to continuous improvements of competitiveness and earnings. Combinations of skills into turnkey solutions must increase margins and earnings with the focus on synergy and collaboration. We make 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	Average dividend of 31.5% of profit for the year has been paid during the past five years. In the past three years, share buyback programmes at a total amount of DKK 325 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 RATIO at least **35%** **Net interest-bearing debt/ EBITDA** less than **1.5x**	The solvency ratio at 30 September 2023 is 32.9%. Average solvency ratio during the past five years is 36.2%. Net interest-bearing debt/EBITDA of 0.8.	We undertake large-scale civil engineering projects for which only consolidated companies with sound financial resources are able to tender. Sound financial resources and thus a high credit ranking allow us to strategically position ourselves for long-term and continuous development in connection with acquisition of companies as well as internal business development.

EBIT targets for the segments

Construction	Technical Solutions	Rail	Ground Engineering	Pipe Technologies
4.5%	4.0%	5.0%	6.5%	7.0%

Each of the five reporting segments has specific earnings target because invested capital and market opportunities differ. Pipe Technologies' target has increased from 6% to 7% while the targets for the other segments are unchanged.

Growth and development

The growth and development of the Aarsleff Group will continue to take place through a combination of organic growth and acquisitions of specialist expertise 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 and expand 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% and 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 take priority over growth. Continued efficiency improvements with consequent increased competitiveness must make growth a consequence more than a target.

Why invest in Aarsleff?

Top and bottom line growth

Aarsleff is a steadily growing Danish Group with significant activities in all of Northern Europe. The strategic breadth of our business units and types of work reduces risks, ensures the Group's development and operation and contributes to achieving earnings which are among the best in the industry.

Building on experience, know-how and skills

Aarsleff has a strong position within infrastructure and building construction. We have a significant focus on achieving efficiency and synergies by using our expertise across the Group.

Sharing one purpose and one strategy

At Aarsleff, we work together sharing one strategy and one purpose. We collaborate according to our One Company model. This provides us with an agile and efficient management of our diverse projects.

Business-focused corporate social responsibility

Aarsleff has a strong focus on contributing solutions of benefit to the environment, the climate and society. We are a responsible workplace which leads the way and contributes to the green transition of the building and construction industry.

Value creation through innovation and digitalisation

For many years, Aarsleff has developed new technologies, processes and solutions. We have a special focus on innovation and digitalisation which create more flexible ways of collaborating, increase the efficiency in the building processes and reduce costs.

Sustainable focus

Aarsleff is deeply involved in the largest and most important building and construction projects in Denmark. We participate in the work on the Fehmarnbelt Fixed Link and in projects with focus on climate solutions and the green transition. Investing in Aarsleff is, therefore, also a long-term and sustainable investment.

FINANCIAL PERFORMANCE OF THE YEAR

Light rail construction in Glostrup

Financial review

REVENUE

DKKm 20,244

Growth: DKKm 2,126 /11.7%. Of this: Denmark 9.3%/foreign operations 16.5%/organic 8.6%

2021/22: DKKm 18,118
Growth: DKKm 3,488/23.8%

High level of activity in the construction market and completion of several of the large One Company building projects.

High level of activity within the technical area and a high demand for technical solutions in general.

Rail is growing significantly due to, among other things, the acquisition of Trym Anlegg AS as well as a high level of activity in the Danish market.

Good level of activity increasingly driven by energy and infrastructure projects in all countries in Ground Engineering.

Satisfactory level of activity in all the main markets in Pipe Technologies.

EBIT

DKKm 1,078/5.3%

Growth: DKKm 351/48.3%

2021/22: DKKm 727/4.0%

High capacity utilisation had a positive effect on gross profit and EBIT.

Also, the increasing level of activity resulted in an increase in capacity costs, now amounting to 7.4% of revenue compared to 7.0% last financial year. This is due to, among other things, impairment losses on goodwill in Aarsleff Rail AS.

EBIT in Construction was positively affected by construction projects being completed above expectations, but still negatively affected by a few building projects which are not progressing as expected. The building projects also affected Technical Solutions.

EBIT in Rail was negatively affected by projects in Norway and Sweden which are not progressing as planned as well as by the close down of activities in Aarsleff Rail AS in Norway.

EBIT in Pipe Technologies was positively affected by an increasing level of activity in Norway and by more stable prices of raw materials.

TAX

Effective tax rate

23.4%

2021/22: 24.3%

A higher tax rate in subsidiaries, which contributed positively to the profit for the year, increased the total tax rate.

Non-deductible costs, including the employee share programme, also increased the tax rate.

Impacts from mark-to-market taxation of financial instruments were close to zero, as opposed to last financial year where it contributed to an increase of the tax rate. This means that the tax rate is slightly lower this year.

FINANCIAL INCOME AND EXPENSES

Income	Expenses
DKKm 35	**DKKm 71**
2021/22: DKKm 23	2021/22 DKKm 67

Income was affected by an adjustment of earn outs of DKK 11 million as well as by fair value adjustment of securities of DKK 6 million and interest income of DKK 18 million.

Expenses consist primarily of interest expenses of a total of DKK 61 million, strongly affected by the increasing level of interest rates and the increasing working capital.

BALANCE SHEET

Balance sheet total
DKKm 13,382
30/9 2022: DKKm 11,743

Net interest-bearing debt
DKKm -1,517
30/9 2022: DKKm -1,211

Equity
DKKm 4,404
30/9 2022: DKKm 3,855

Solvency ratio
32.9%
30/9 2022 32.8%

Working capital
DKKm 2,072
30/9 2022: DKKm 1,219

The balance sheet total has increased by 14% primarily due to the growth of the business.

The balance sheet total was affected to a rising degree after investments in e.g. vessels for the Fehmarn project, production facilities in Poland, office facilities for Wicotec Kirkebjerg and Petri & Haugsted as well as Pipe Technologies' acquisition of Bettina Hänsch GmbH.

Working capital increased by 70% and remained at a relatively high level. This was mainly due to an increase in work in progress after the change in the project portfolio to more construction projects which typically have a higher amount of capital tied up. Working capital was also impacted by the high level of activity as well as agreed payment terms for a few projects in Construction.

Non-current liabilities are increased due to the conclusion of a three-year committed credit facility.

Interest-bearing debt was still relatively high driven by the increased amount tied up in working capital. Net interest-bearing debt was 0.8x EBITDA and within the target of maximum 1.5x EBITDA.

Invested capital rose due to the increase in working capital and the effect on interest-bearing debt. Return on invested capital after tax (ROIC) was 15.0% compared to 13.1% the year before.

CASH FLOWS

Cash flow from operating activities
DKKm 1,102
2021/22: DKKm 516

Cash flow from financing activities
DKKm -7
2021/22: DKKm 525

Cash flows from investing activities
-824 mio.
2021/22: -1,158 mio.

Change in cash and cash equivalents for the period
DKKm 271
2021/22: DKKm -117

The increased operating profit improved cash flows from operating activities by DKK 586 million in spite of the increased working capital.

Cash flows from investing activities improved by DKK 334 million, primarily due to fewer acquisitions.

The financing activities impacted the cash flows by DKK -7 million and were affected by increased withdrawal on the Group's credit facilities which was, however, offset by repayment of lease debt, dividend and purchase of treasury shares. In July, the Group entered into a new three-year committed credit facility with the company's two main banks.

Quarterly follow-up

Quarterly results

Operating profit (EBIT) of the fourth quarter amounted to DKK 346 million (EBIT margin: 7.0%) compared to DKK 256 million (EBIT margin: 4.9%) in the same period last financial year.

Construction

Construction generated very satisfactory fourth quarter results in line with expectations. The EBIT margin was positively affected by the completion above expectations of several construction projects but continued to be negatively affected by a few building projects which are not progressing as expected. As expected, the level of activity was lower than the same period of last year due to the handing over of many of the large One Company building projects during the financial year.

Technical Solutions

Technical Solutions delivered fourth quarter results in line with expectations. In the quarter, there was a high level of activity, and the production on several new projects has begun, e.g. at Mary Elizabeth's Hospital.

Rail

Rail delivered fourth quarter results considerably below expectations. The results were negatively affected by several projects in Norway and Sweden which are not progressing as planned. At the same time, it was decided to close down the activities in Aarsleff Rail AS in Frederiksstad in Norway, and the results were impacted by restructuring costs.

Ground Engineering

Ground Engineering delivered fourth quarter results in line with expectations. The level of activity was lower than the same period of last financial year due to, among other things, the decline within building activities in Sweden.

Pipe Technologies

Pipe Technologies' fourth quarter results were above expectations, and the level of activity in all main markets was satisfactory.

	2022/23				2021/22			
(DKKm)	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Income statement								
Revenue	4,962	5,310	4,681	5,291	5,202	4,666	4,113	4,137
Gross profit	732	697	537	564	585	484	420	454
Depreciation, amortisation and impairment	201	211	185	187	198	166	158	153
Operating profit (EBIT)	346	323	193	216	256	175	132	164
Profit before interest, tax, depreciation and amortisation (EBITDA)	547	534	378	403	455	341	290	317
Net financials	-3	-24	3	-12	-17	-9	-14	-4
Profit before tax	343	299	196	204	239	166	118	160
Tax on profit for the period	-86	-66	-50	-42	-71	-30	-29	-36
Profit for the period (continuing operations)	257	233	146	162	168	136	89	124
Profit for the period (discontinued operations)	0	-1	-5	0	-2	-22	-43	1
Cash flow								
Cash flow from operating activities	491	-75	651	35	565	-229	213	-33
Cash flow from investing activities	-247	-204	-197	-176	-486	-266	-205	-201
Cash flow from financing activities	-67	260	-465	265	-221	-200	529	417
Total cash flow	**177**	**-19**	**-11**	**124**	**-142**	**-695**	**537**	**183**
Balance sheet								
Non-current assets	4,753	4,634	4,531	4,431	4,364	3,888	3,748	3,644
Current assets	8,629	7,718	7,021	7,568	7,379	7,242	6,791	6,123
Total assets	**13,382**	**12,352**	**11,552**	**11,999**	**11,743**	**11,130**	**10,539**	**9,767**
Equity	4,404	4,119	3,873	3,968	3,855	3,695	3,642	3,786
Non-current liabilities	3,003	1,183	1,162	1,153	1,142	980	957	967
Current liabilities	5,975	7,050	6,517	6,878	6,746	6,455	5,940	5,014
Total equity and liabilities	**13,382**	**12,352**	**11,552**	**11,999**	**11,743**	**11,130**	**10,539**	**9,767**
Number of employees	8,764	9,043	8,957	8,660	8,383	8,365	8,081	7,607
Financial ratios								
Gross margin, %	14.8	13.1	11.5	10.4	11.2	10.4	10.2	11.0
Operating margin (EBIT margin), %	7.0	6.1	4.1	3.3	4.9	3.8	3.2	4.0
Invested capital (IC)	5,921	5,805	5,195	5,440	5,066	4,626	3,979	3,949
ROIC (after tax), % (annualised)	15.0	14.3	14.0	12.7	12.5	10.8	12.8	14.2
Working capital	2,072	1,941	1,388	1,524	1,219	1,381	860	887
Net interest-bearing debt/EBITDA	0.8	1.0	0.8	1.0	0.9	0.7	0.3	0.1
Net interest-bearing deposits/debt (+/-)	-1,517	-1,687	-1,323	-1,473	-1,211	-931	-338	-167

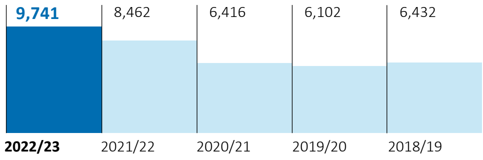
Construction

The Fehmarn project in Rødbyhavn

Revenue

DKKm 9,741

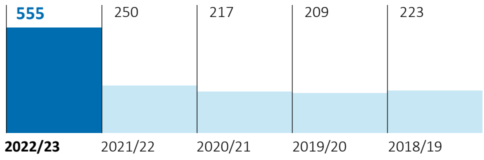
Increased by 15.1% due to a good level of activity in the construction market as well as completion of some of the large building projects.



Segment results (EBIT)

DKKm 555

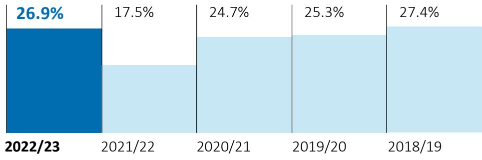
Profit for the year is very satisfactory.



ROIC (after tax)

26.9%

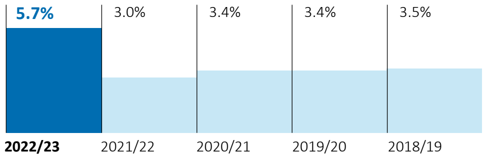
Positively affected by the high EBIT and significantly above the 12% target.



EBIT margin

5.7%

Positively affected by several construction projects being completed above expectations, although it was negatively affected by a few building projects which are not progressing as expected. The segment target is 4.5%.



Construction

The year in brief

- Good level of activity in the construction market, especially within harbour projects and projects driven by the green transition, and at the same time we are working on the completion of a number of large building projects.
- EBIT was very satisfactory. The EBIT margin was positively affected by several construction projects being completed above expectations, although it was negatively affected by a few building projects which are not progressing as expected.

Strategic initiatives

- Continued focus on early contractor involvement, for example in the collaboration with the utility company Aarhus Vand about the future resource and wastewater treatment plant Aarhus ReWater.
- Increase coordination of shared market efforts targeted at projects within the green transition.
- Focus on sustainability and innovative projects such as Future Green Construction Sites and (P)RECAST (reuse of precast concrete elements).

Acquisitions and investments

- Large investments in especially vessels for the Fehmarn project.
- Continued investments in production facilities in Poland.

Order intake and order backlog

DKKm **8,184**

Order intake.

DKKm **12,113**

Order backlog at 30 September 2023.

Approx.

DKKm **6,325**

are expected to be carried out in the financial year 2023/24.

Construction

High level of activity, for example with the construction of the Greater Copenhagen Light Rail along Ring 3 and the establishment of the Fehmarnbelt Link.

–

There are still many tender opportunities in the construction market, including large infrastructure projects such as harbour projects. In October, Aarsleff entered into a DKK 2.15 billion contract for the establishment of the next phase of Lynetteholm which is Copenhagen's new peninsula and flood protection.

–

High level of activity within projects driven by the green transition, for example conversion from natural gas to district heating. In October, Aarsleff entered into a DKK 2 billion contract for the establishment of district heating in the municipalities Furesø, Egedal and Frederikssund in a One Company collaboration with Wicotec Kirkebjerg A/S.

–

In July, Aarsleff was awarded a contract with HOFOR for the design, production and installation of the foundations for Aflandshage Offshore Wind Farm in the Øresund Strait. On 3 November, HOFOR announced that the project was put on hold, and that Aarsleff will not receive a notice to proceed. Accordingly, the contract is not included in the order intake for the fourth quarter.

Building construction

In November 2022, Aarsleff handed over Denmark's highest residential tower, the 142-metre-high Lighthouse in Aarhus, and in April, the expansion of the company Chr. Hansen's headquarters in Hørsholm was handed over to PensionDanmark.

–

In June 2023, Aarsleff handed over Danske Bank's new headquarters to Danica Ejendomme. With a floor area of 70,000 square metres and a basement of approx. 40,000 square metres, it is one of Denmark's largest office buildings.

–

As expected, there are signs of a slowdown within building construction due to rising material and raw material prices as well as increasing interest rates.

–

However, there are still many tender opportunities, particularly within buildings for the pharma industry, and we are working on several projects – both in the execution phase and the tender phase.

–

Based on lessons learnt during the past years, the development of more building projects in early contractor involvement continues, for example two building plots at Aarhus Ø.

The North Atlantic and other international operations

At Pituffik Space Base, the former Thule Air Base, we have entered into an operations and maintenance contract. With a 51% ownership share, Permagreen Grønland A/S will carry out the contract in collaboration with Vectrus Services Greenland ApS. The contract was effective from 1 October 2023 and will currently be included in the order backlog.

–

There is a very high level of activity in Iceland and a satisfactory order backlog.

–

The market opportunities in Greenland are still good, particularly within residential building in Nuuk and expansion projects at Pituffik Space Base.

–

The two large Swedish One Company harbour projects, Masthuggskajen and Port of Varberg, are progressing as expected.

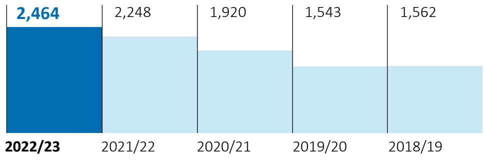
Technical Solutions

Waterworks near Søndersø in Værløse

Revenue

DKKm 2,464

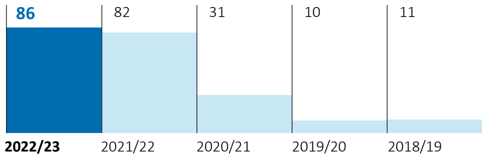
Increased by 9.6% due to great demand for the Group's technical services and acquisition of Jysk CTS.



Segment results (EBIT)

DKKm 86

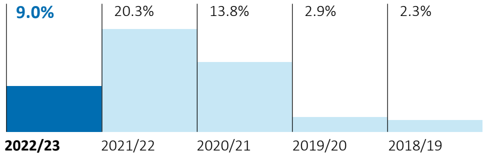
The positive development is maintained, and EBIT is satisfactory.



ROIC (after tax)

9.0%

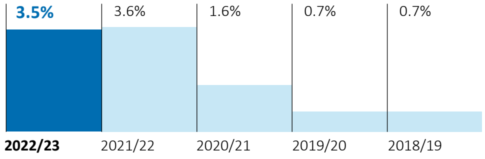
Below the 12% target and negatively affected by the development in working capital.



EBIT margin

3.5%

Negatively affected by a few One Company building projects which are not progressing as expected. The segment target is 4.0%.



Technical Solutions

The year in brief

- High growth due to great demand for the Group's technical services and the acquisition of Jysk CTS A/S.
- The positive development is maintained with a satisfactory EBIT. The EBIT margin was negatively affected by a few One Company projects which are not progressing as expected.

Strategic initiatives

- Focus on industry and infrastructure and high demand for the Group's technical expertise especially within areas such as the food and pharma industry and stainless steel pipe installations for primarily waterworks, wastewater treatment plants and hospitals.
- Focus on opportunities arising in connection with the green transition, for example installation and operation of intelligent control systems which may optimise and reduce the energy consumption.

Acquisitions and investments

- In October 2023, acquisition of MD Rustfri A/S which carries out stainless pipe installations for the pharma industry. The company generates revenue of approx. DKK 150 million and has 60 employees.
- Investment in new office building in Taastrup.

Order intake and order backlog

DKKm **3,471**

Order intake.

DKKm **3,439**

Order backlog at 30 September 2023.

Approx.

DKKm **1,250**

are expected to be carried out in the financial year 2023/24.

Projects

High level of activity in the financial year due to participation in the large building projects carried out in One Company collaboration. In addition, the technical installation work at Mary Elizabeth's Hospital has commenced.

–

Continued good tender opportunities within large technical contracts, primarily in Greater Copenhagen.

–

DKK 1.15 billion contract for the execution of the technical installations at New North Zealand Hospital.

Industry and infrastructure

Increasing level of activity and many tender opportunities especially within the pharma industry.

–

High demand for expertise within stainless steel pipe installations.

–

High level of activity within conversion from natural gas to district heating. Recently, Wicotec Kirkebjerg, in a One Company collaboration with Per Aarsleff A/S, was awarded a DKK 2 billion district heating contract in the municipalities Furesø, Egedal and Frederikssund.

Service and installation

Recent years' focus on increasing revenue within service and facility management contributed positively to growth and earnings.

–

There was a high demand for the Group's facility management expertise, and there are current dialogues with potential customers.

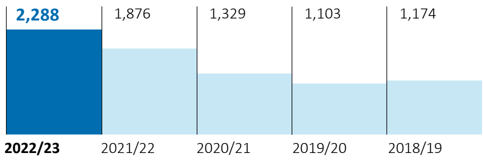
Rail

Ny Ellebjerg Station in Copenhagen

Revenue

DKKm 2,288

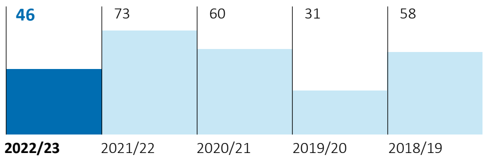
Increased by 22% due to a good level of activity primarily in Denmark and the acquisition of Trym Anlegg AS in Norway.



Segment results (EBIT)

DKKm 46

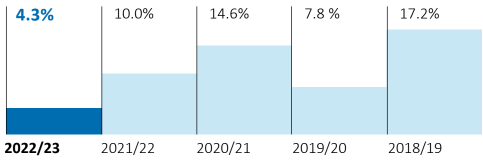
Profit for the year is significantly below expectations.



ROIC (after tax)

4.3%

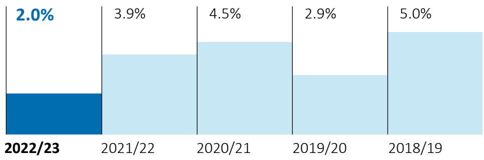
Below the 12% target. Large investments in rail-bound equipment for railway renovation were made.



EBIT margin

2.0%

Negatively affected by several projects in Norway and Sweden which are not progressing as expected. The segment target is 5.0%.



Rail

The year in brief

- High growth driven by a good level of activity especially in Denmark and by the acquisition of Trym Anlegg AS in Norway.
- In connection with an impairment test of Norwegian Aarsleff Rail AS (previously Banedrift AS) there was a DKK 10 million goodwill impairment in the third quarter.
- EBIT was somewhat lower than expected and was not satisfactory. Results were negatively affected by several projects in Norway and Sweden not progressing as planned. It was also decided to close down the activities in Aarsleff Rail AS in Frederiksstad in Norway, and results were impacted by restructuring costs.

Strategic initiatives

- Focus on realising the potential for profitable 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 this area in Norway and Sweden in the long term.
- Focus on digitalisation and sustainability, including preparation of specific action plans.

Acquisitions and investments

- Investments for the year consist primarily of the usual replacements of rail-bound equipment.

Order intake and order backlog

DKKm **2,299**

Order intake.

DKKm **3,101**

Order backlog at 30 September 2023.

Approx.

DKKm **1,625**

are expected to be carried out in the financial year 2023/24.

Denmark

Continued high level of activity on a number of large projects, such as the Greater Copenhagen Light Rail along Ring 3, the electrification of the railway section Fredericia-Aarhus and the establishment of the new station Copenhagen South in Copenhagen.

–

High level of activity on the two major track renewal projects on Eastern Funen and the section between Korsør and Slagelse. Both projects were completed satisfactorily.

–

Focus on increasing the activities within service and maintenance.

Norway

Aarsleff Rail AS (previously Banedrift AS) generated somewhat lower revenue compared to last year and very unsatisfactory results as several projects are not progressing as expected. We have decided to close the office in Frederiksstad.

–

High level of activity in Trym Anlegg AS and a satisfactory order intake. Going forward, all the activities in Norway will be undertaken by Trym Anlegg, and the focus will be on selecting the right projects and on ensuring the right project and management skills.

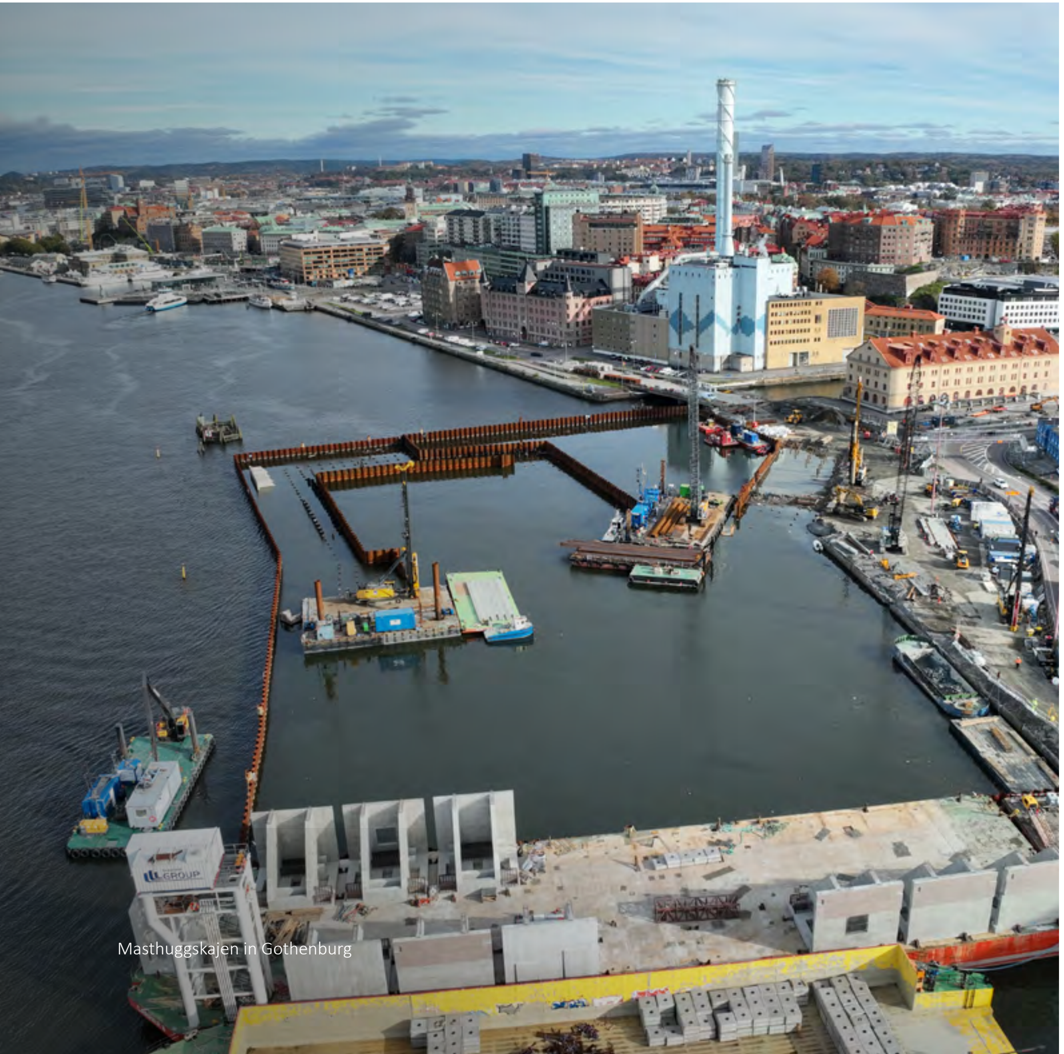
Sweden

The level of activity was lower than last year, and several projects are not progressing as expected. There is focus on the future organisation, including strengthening of the project execution.

–

The new managing director of the company took over in mid-September.

Ground Engineering

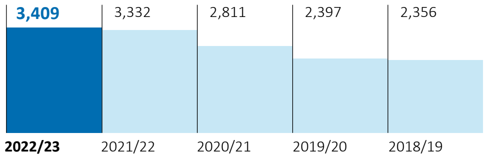


Masthuggskajen in Gothenburg

Revenue

DKKm 3,409

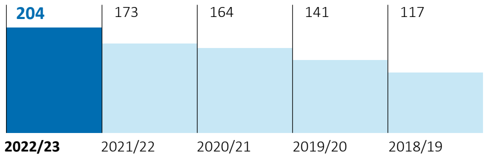
Increased by 2.3% due to a generally satisfactory level of activity in all markets.



Segment results (EBIT)

DKKm 204

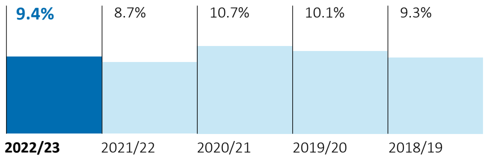
As expected.



ROIC (after tax)

9.4%

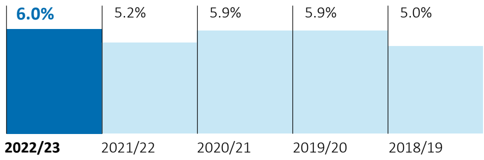
Still below the 12% target. Ground Engineering is characterised by large investments in production plant for manufacture of precast reinforced concrete piles and piling rigs for installation of piles.



EBIT margin

6.0%

Positively affected by the high level of activity contributing to a good capacity utilisation of the equipment and on the pile factories. The segment target is 6.5%.



Ground Engineering

The year in brief

- Growth is driven by an overall satisfactory level of activity in all markets, increasingly dominated by infrastructure and energy projects related to the green transition.
- EBIT was as expected, and the high level of activity contributed to a good capacity utilisation of the equipment and on the pile factories.
- There is a slowdown in residential building activities in all markets.

Strategic initiatives

- Development of screw pile system and continued expansion of our electrification piles in Sweden and Germany.
- Increased focus on sustainability and digitalisation in all units.

Acquisitions and investments

- Continued investments in production facilities for the screw pile production.

Order intake and order backlog

DKKm **3,442**

Order intake.

DKKm **2,189**

Order backlog at 30 September 2023.

Approx.

DKKm **1,750**

are expected to be carried out in the financial year 2023/24.

Denmark

Continued high level of activity within infrastructure projects.

–

Fewer construction pits due to the slowdown within residential building.

–

The company Entreprenørfirmaet Østergaard A/S has experienced a recovery in the market for No-Dig activities, primarily due to the green transition.

Sweden

Strong decline in projects within residential building construction, partly offset by more infrastructure projects.

–

The two large One Company harbour projects Masthuggskajen and Port of Varberg as well as the sheet pile work for Södertälje lock and canal are progressing as expected.

Germany

The level of activity was satisfactory with a good capacity utilisation.

–

Good market opportunities due to among other things the green transition and the installation of wind turbines as well as construction of energy-related plants and infrastructure.

The UK

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

–

Continued good market opportunities, especially within ground engineering for logistics centres and establishment of large industrial plants.

Poland and the Czech Republic

Continued high level of activity in Poland with many pile foundation projects and sheet pile work.

–

Increasing activity in the Czech Republic where the subsidiary in Brno covers the Czech market in collaboration with the Polish company.

–

The slowdown in residential building activities is expected to be offset by the opportunities in the construction market, comprising for example harbours and other infrastructure.

Norway

Good activity within No-Dig, while the level of activity within ground engineering is lower than expected.

–

Continued good market opportunities and expansion of the collaboration between the Aarsleff companies. Recently, Aarsleff Fundamentering og Boring assisted Permagreen Grønland A/S with a project in Sisimiut.

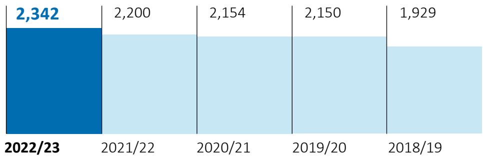
Pipe Technologies

Manhole renovation in Gråsten

Revenue

DKKm 2,342

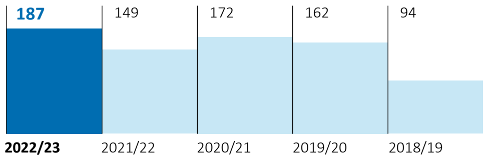
Increased by 6.5%. Satisfactory level of activity in all main markets.



Segment results (EBIT)

DKKm 187

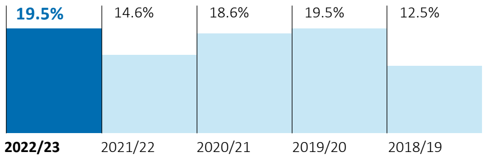
Above expectations due to the increasing level of activity in Norway and positively affected by more stable prices of raw materials.



ROIC (after tax)

19.5%

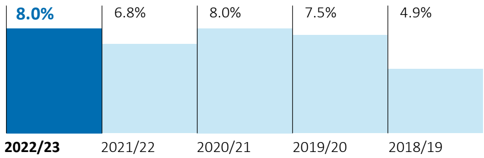
Above the Group target of 12%. Pipe Technologies is characterised by large investments in manufacturing and installation plants.



EBIT margin

8.0%

The realised EBIT margin is above the long-term segment target which is adjusted upwards from 6% to 7%.



Pipe Technologies

The year in brief

- Satisfactory level of activity in all main markets.
- EBIT was higher than expected due to the increasing level of activity in Norway and positively affected by more stable prices of raw materials which improved earnings in the factory in Denmark.

Strategic initiatives

- Continue the development of the 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 map our products and processes to be the first to offer sustainable solutions.
- Focus on attracting, developing and maintaining skilled employees who manage industrial as well as project-based work.

Acquisitions and investments

- In January, acquisition of the German company Bettina Hänsch GmbH which undertakes pipe rehabilitation in the southern part of Germany. The company generated revenue of approx. EUR 8 million in 2022 and has about 70 employees.
- Investment in new production facility with a view to increasing the capacity for glass liners.

Order intake and order backlog

DKKm **2,251**

Order intake.

DKKm **1,408**

Order backlog at 30 September 2023.

Approx.

DKKm **1,000**

are expected to be carried out in the financial year 2023/24.

The Nordic region

In Denmark, the level of activity within the utility area was back to normal, whereas the level of activity within housing and industry remained lower due to the price increases of materials.

–

The prices of raw materials are stabilising, thereby contributing to improved earnings in the factory in Denmark.

–

The level of activity in Norway is still increasing both in the public market and the private market.

–

In Sweden, the level of activity was satisfactory, but earnings were too low due to the low exchange rate on Swedish kroner, among other things.

Western Europe

Continued satisfactory level of activity in Germany, 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 continued.

–

The sale of the Bluelight technology progressed in line with expectations, and there is continued focus on new markets.

Eastern Europe

In the Baltic States, the market is improving, and the level of activity is increasing.

–

The Polish market is still difficult, and there are current capacity adjustments.

–

After almost a year-long process, Aarsleff obtained all the required approvals in both Denmark and Russia in March, and thus the sale of Aarsleff's Russian business was completed.

THE YEAR AT A GLANCE

The new Natural History Museum of Copenhagen

Taking ARoS to the next level

In Aarhus, Per Aarsleff A/S is working on a large extension of the art museum, ARoS. The extension is called The Next Level because the popular art museum will get a new spectacular landmark in the form of The Dome, a work of art by the world-famous artist James Turell.

Engineering at a high level

In September, our work reached a huge milestone when we installed the 30 fibreglass shells which constitute the inside of The Dome. Each element weighs 1.1 tons, is 22 metres long and has a surface area of 70 square metres. And even though the work sounds quite cumbersome, it went smooth and very fast. In two weeks, the shells were positioned and bolted to the ring wall – the 2.7-metre-high concrete foundation below the dome. The structure will be rounded off with a reinforced concrete shell.

Subterranean gallery

The Dome, however, is not the only new element in the The Next Level extension. Because in a ten-metre-deep construction pit, we are building a new subterranean gallery located between The Dome and the existing museum.

So, although we have reached a big milestone, there is still a lot of work to do on the entire structure, which is art in more than one sense. The project will be handed over in the summer of 2025.

Large Swedish port is expanding

Port of Varberg, which is located about 75 kilometres south of Gothenburg, is Sweden's largest port for shipping of timber. Since the autumn of 2021, Aarsleff has been expanding and updating the port. The project comprises a 360-metre-long new quay and a 140-metre-long new pier, both of which will be constructed as pile decks.

One continuous quay deck

We have dredged the shallow harbour basin in front of the future quay from a depth of 2 metres to 11 metres, installed the piles for quay and pier and carried out erosion protection of the slopes. Now, we are installing 253 prefabricated pile caps and 213 prefabricated deck elements which are carried out in in-house production and delivered by barge from Aarsleff's concrete element factory in Poland. The pile caps will be installed on the piles before casting it all together to one continuous pile deck.

New, gigantic harbour area

Behind the quay, we have established a 90,000-square-metre harbour area, primarily for storage of timber. Here, we have previously reinforced the existing hinterland with surcharge loading to prevent settlement problems and stabilised the area right behind the quay with lime-cement piles. Our work also comprises a new drainage system as well as piping, electricity and paving work in the entire area.

Besides the new quay and pier and the new hinterland, we will construct a new access road, and then Aarsleff Rail A/S will lay 700 metres of railway tracks in the area so that the timber can be transported to the storage and shipment area. The project will be handed over in June 2024.

Full steam ahead on the district heating projects

There is a great demand for more sustainable energy solutions – and the district heating projects are taking up much space in our order book. In September 2023, we won a large district heating contract on Zealand. And we are also working on district heating projects elsewhere across the country.

More sustainable energy

It was the company I/S Vestforbrænding that awarded the contract to Per Aarsleff A/S for the extension of the district heating network in Furesø, Egedal and Frederikssund. Here, the house owners can phase out and replace their oil and gas furnaces with a more sustainable energy source, and the Aarsleff Group is glad to contribute to this. In addition, the execution of district heating pipelines is one of our core skills.

75 kilometres of pipelines

The contract is a design & build contract, and Aarsleff's work comprises design and installation of almost 75 kilometres of main pipelines and distribution pipelines. These will be buried in the industrial district in Frederikssund and in the streets of Furesø and Frederikssund, allowing almost 3,400 house owners to convert to district heating. In addition, we will install two new main pipelines.

The design work has already begun, and the execution work will take place from April 2024 to December 2028. Besides Per Aarsleff A/S, Wicotec Kirkebjerg A/S will be involved in the contract, as they will carry out the welding work and the installations at the customers.

Handing-over Danske Bank's new headquarters

A 70,000-square-metre office building and approx. 40,000-square-metre basement – and thus one of Denmark's biggest design & build contracts – was handed over to the client at the end of June after about five years' work and a long initial process. On the top of the plinth between the buildings, an urban space open to the public has been established.

High activity until handing-over

There was a high level of activity all the way through to the handing-over, and approx. 500 staff worked on finishing the offices, conference rooms and outdoor spaces as well as the many complex installations hidden in shafts and behind suspended ceilings in the entire building. The project was carried out in a One Company collaboration between Per Aarsleff A/S and Wicotec Kirkebjerg A/S involving a great number of the Group's skills.

From early involvement to handing-over

Prior to the design & built contract, there was a long early involvement process with the client and the partners, during which we collaborated on ensuring that the project was carefully pre-pared and well-planned with as few risks as possible. The 30,000-square-metre construction pit was carried out in a separate contract. So, everything from excavation and sheet pile installation to shell structure production, element installation and in-situ casting as well as facade work was in play.

Aarsleff's own VDC experts were actively involved and helped ensure a buildable project basis and reduce mistakes and unforeseen challenges on the construction site. Truly a One Company project.

Impressive road project in Iceland

In south-eastern Iceland, Ístak hf. is working on a large road project. The project comprises establishment of 19 kilometres of main road with four bridges and nine kilometres of side roads. The new road and the bridges will shorten the trip around Iceland by 12 kilometres.

Large amounts of road aggregates

The project began in October 2022, and during the first year the project consisted mainly of transportation and placing of road aggregates – a total of approx. 550,000 cubic metres corresponding to 60% of the project's total amount of road aggregates. Ístak is also working on the installation of concrete piles for the bridges. The piles come from Centrum Pile AB in Sweden.

Mixing concrete close to the construction site

Mid-October, the concrete work for the bridges was in the start-up phase, and the mixing plant was placed close to the construction site which is centrally located in the execution area. The longest bridge will span 250 metres across the glacial river Hornafjarðarfljót. It will be cast and installed in two stages. The second longest bridge will be 114-metres-long, and the two other bridges will have a length of 52 metres each. The project is scheduled for completion by the autumn of 2025.

RESPONSIBILITY AND SUSTAINABILITY

Introduction to ESG

Aarsleff works actively on supporting a responsible and sustainable development. This is ensured by systematic efforts with focus on our impact on the environment and climate, our employees and society around us.

We use the guidelines for ESG – Environmental, Social and Governance – as classification in our reporting with the purpose of creating a transparent and comparable type of reporting.

Environment and climate, employees and social matters as well as governance are important aspects of our overall business and value creation. These are also the elements forming the structure of the EU's CSRD (Corporate Sustainability Reporting Directive). The ten subjects comprised by the directive's European Sustainability Reporting Standards (ESRS) have been used this year in our double materiality analysis which is a guideline for the development of our ESG reporting.

The UN global goals are also important guidelines 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.

Aarsleff's report is based on the EU Taxonomy Regulation. This reporting allows us to quantify how many of our activities can be classified as sustainable according to the EU, as well as to which extent our activities comply with the criteria.

How we organise ESG

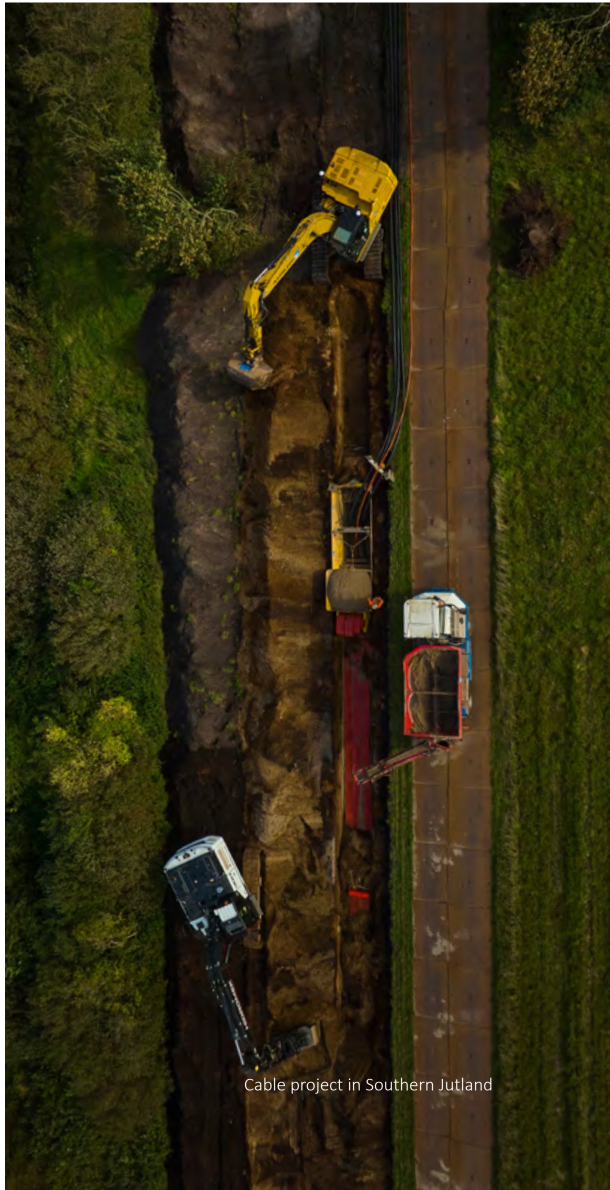
ESG is an important and strategically prioritised area within Aarsleff. The Executive Management is responsible for the ESG area, and they determine and adjust our targets and ensure follow-up on the current progress of the adopted initiatives. The Executive Management assesses the risks and opportunities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

Aarsleff Sustainability will, together with the rest of the organisation in Aarsleff, help leading the way in the green transition. Aarsleff Sustainability has defined goals and specific development plans, thereby setting out the direction for our future sustainable development.

We carry out specific measurements of a number of climate and environmental parameters allowing us to have a solid basis for making improvements and allowing 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 comprise: offensive behaviour and violence, anti-corruption, competition law, whistleblower system, environment, climate, human rights, occupational health and safety, diversity, parental leave, data ethics, apprentices and trainees.



Cable project in Southern Jutland

Role and scope

The ESG reporting is an integrated part of our management's review, and our policies, efforts and results in the ESG area are important aspects of our business and value creation.

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. Unless otherwise stated, data are based on all companies of the Aarsleff Group.

Wherever possible, we have stated comparative figures for the past two years. For some data such as emissions and energy consumption, this is the third time we report results. Our first figures reported covered the financial year 2020/21, so this is our baseline year.

Figures are reported based on data from our IT systems, invoices, meter readings, continuous registrations etc. and are subject to standard control procedures for quality assurance. 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.

This year, we have also conducted a preliminary double materiality analysis based on the standards defined under CSRD (Corporate Sustainability Reporting Directive), thereby taking our first steps to progress towards compliance with this reporting paradigm.

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 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 diversity cf. section 107 d of the Danish Financial Statements Act. In addition, the description of Aarsleff's policy on data ethics covers part of section 99 d of the Danish Financial Statements Act.

On page 64, 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 matching One Sustainability

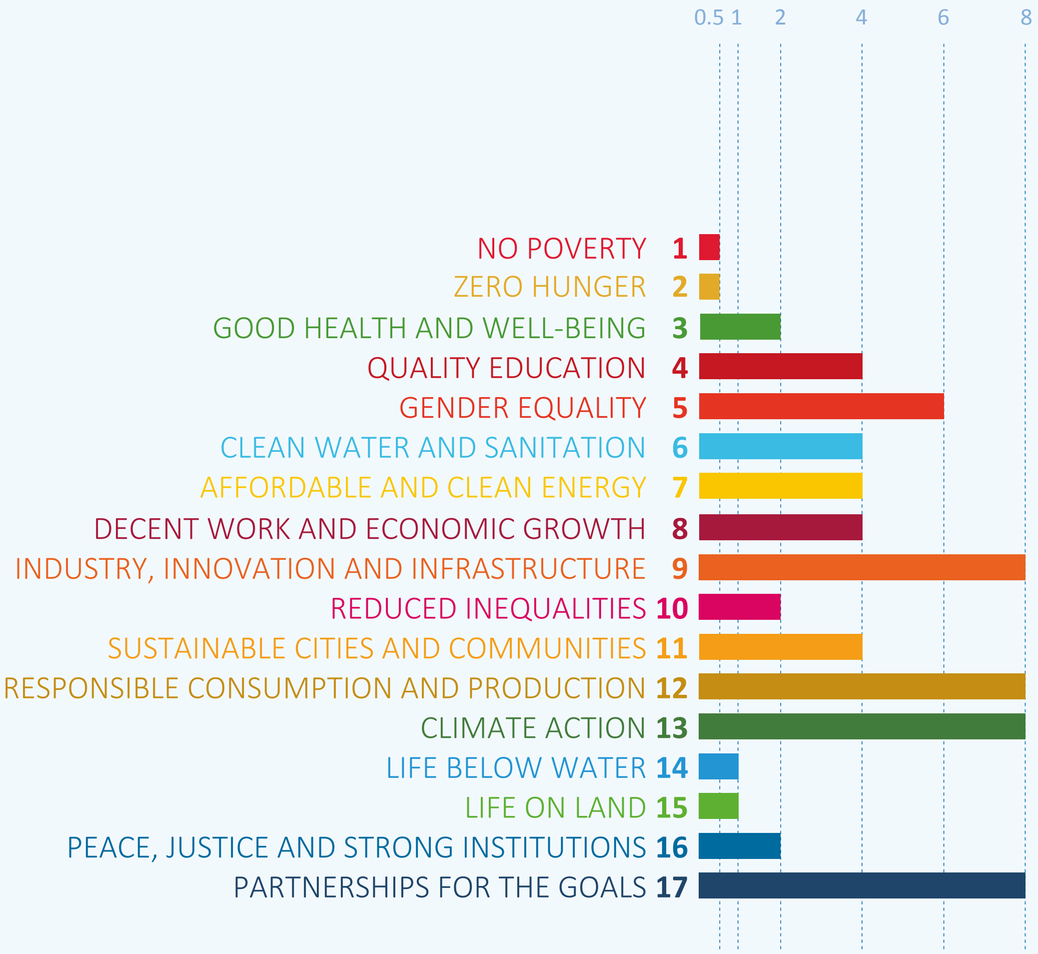
The business community is an important contributor into our efforts to comply with the UN global goals. At Aarsleff, we focus on how we can affect the goal fulfilment in a positive way through our own projects and in collaboration with clients, customers, partners and suppliers.

Selected global

Several of the 17 global goals are of concern to us, and through a systematic analysis focusing on our strategic focus points, we have assigned a score to each of the goals reflecting our expected impact.

Four of the goals have an extraordinarily high score. We assess that these goals are closely connected to our business model and strategy and reflected in the sustainability initiatives that we have carried out or are working on or are planning to carry out.

Global goals and weighting of these



The goals that Aarsleff has the best opportunity of affecting are:

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

We create innovative solutions within urban development, and we extend and maintain infrastructure to make optimum connection between people and businesses. We focus on future-proofing our procedures and solutions as well as rethinking 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

We deliver solutions of high quality; solutions that are sustainable and future-proof. We take account of the environment, climate and fuel consumption when purchasing, operating and maintaining our machinery. We integrate circular economy by contributing to more reuse and recycling of materials and resources. We focus on avoiding wasted materials 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

In several areas, we work on finding solutions to reduce greenhouse gas emissions – in our own companies as well as in the total value chain. With our targeted policies and initiatives, we introduce more energy-saving and environmentally friendly machines, trucks and cars. We have defined ambitious reduction targets for our CO2 emissions, and as part of the EU taxonomy, we report the proportion of our sustainable activities.

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, just as we liaise with the research world, authorities, organisations and associations to find innovative solutions to the challenges within the areas of ESG.

Subsidiary goals 17.16 and 17.17 are particularly relevant to us.

OTHER GOALS

Aarsleff also affects several other 17 global goals. The goals that we affect most significantly are
SDG 4 (quality education)
SDG 5 (gender equality)
SDG 6 (clean water and sanitation)
SDG 7 (affordable and clean energy)
SDG 8 (decent work and economic growth)
SDG 11 (sustainable cities and communities).

The selected subsidiary goals match the sustainability initiatives that we have carried out, are working on or are planning to carry out.

Sustainability in the entire value chain

In order to contribute to the circular economy, Aarsleff focuses on sustainability in all parts of the value chain. However, in this process, we depend on clients, customers, suppliers and partner, when defining and executing sustainable solutions.

Aarsleff's business focus is our core business. This is where we operate and solve the day-to-day tasks at our offices, projects and construction sites, where we affect society around us and our stakeholders while our own business is financially affected by the way we include sustainability in our solutions.

We also have a big effect on all activities, upstream as well as downstream.

Upstream includes extraction of the raw materials that we use in the production of the products and components that form part of our structures. It includes our purchasing and collaboration with suppliers as well as transport to and from offices, production sites and construction sites. Here, Aarsleff also has the opportunity of affecting the degree of sustainability by influencing our suppliers and collaboration partners to live up to special sustainability standards.

Downstream includes the use of buildings and infrastructure, energy and water consumption, need for maintenance and transport. In addition, it includes demolition and destruction, waste handling, reuse and recycling. Aarsleff plays an important part in this area by including sustainable downstream solutions in our projects – for example by reusing materials and by advising clients and customers on sustainable methods for maintenance, repair or improvement of infrastructure and buildings.

Pipe Technologies' factory in Hasselager

	Upstream				Operations	Downstream	
	Product				Building process	Usage	After life
	Resource extractions	Pre-processing / product manufacturing	Purchase	Transport	Infrastructure and building construction	Usage	Demolition/excavation and waste treatment
Building and construction projects	Resource extraction (e.g. gravel, steel, wood)	Production of building materials and consumables	**Direct:** Pipes and tools Reinforcing steel Precast concrete **Indirect:** Equipment Insurance Fuel **Subcontractors** **Consultants** **Rent and Service:** Equipment Cars and vans	Freight and transport	Construction pits Building construction Geotechnical investigations Infrastructure projects	Usage and operation of buildings and infrastructure Transport	Demolition/ excavation and waste treatment of buildings and infra-structure Re-use
Services					Railway work Renewal of sewers and pipes Facility management		
Manufacturing					Production of liners Production of concrete piles and concrete elements		Excavation and waste treatment

Double materiality analysis

Aarsleff has made an analysis of the subjects that are important to us and the world around us. Our double materiality analysis helps us to have a clear picture of how we affect people and the environment as well as which financial risks and opportunities we are to handle.

Priorities identified

The double materiality analysis was carried out in the spring of 2023 based on a number of workshops and interviews with the management and key Aarsleff staff. It is based on the ten subjects comprised by the European Sustainability Reporting Standards (ESRS), which form the basis for reporting in the EU's CSRD (Corporate Sustainability Reporting Directive).

The purpose of the analysis is to identify how we affect the world around us within ESG, what kinds of risks we are going to handle, and what kinds of business opportunities Aarsleff is facing now and in future. The analysis serves as a script for the future development of our ESG reporting and our business. But as legislation and guidance are not yet complete, and industry standards still remain, there may be changes to the preliminary double materiality analysis.

As it appears from our matrix, all ten subjects of the CSRD are assessed equally important to Aarsleff. However, for one subject, Affected communities S3, we assess that impacts from people and the environment do not significantly affect our ability to create financial value. Our total assessment shows that we have to report on all ten subjects in the annual report of 2024/25 at the latest. However, not all underlying data points are considered important to be prioritised and reported on.

The ten subjects of our matrix are ranked based on a preliminary assessment of the biggest impacts, risks and opportunities and not as a weighted average.

Environment

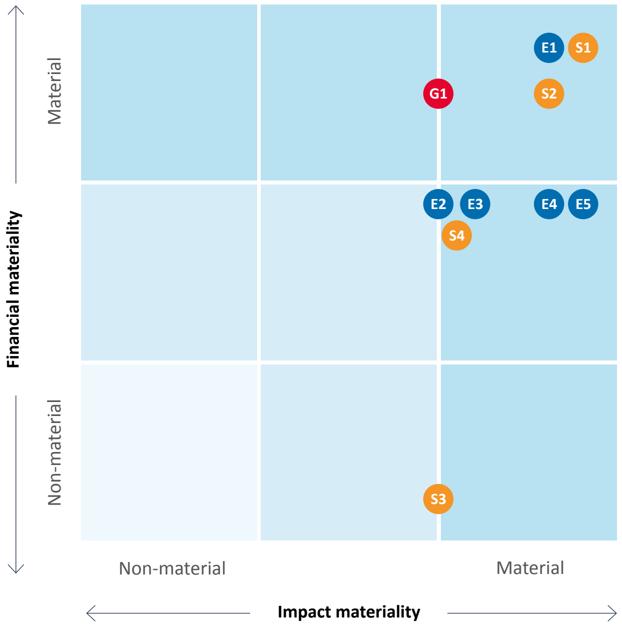
- E1 Climate change
- E2 Pollution
- E3 Water and marine resources
- E4 Biodiversity and ecosystems
- E5 Resource use and circular economy

People & society

- S1 Own workforce
- S2 Workers in the value chain
- S3 Affected communities
- S4 Consumers and end-users

Governance

- G1 Business conduct



The sustainable transition

One Sustainability reflects the Aarsleff Group's sustainable transition efforts. Based on shared values, methods and frameworks, we pursue, create and win synergy gains when implementing the Group's sustainability goals.

One Sustainability

One Sustainability is rooted in the principles behind Aarsleff's One Company model. Both approaches demonstrate that we base our efforts on shared values and that we pursue, create and win commercial synergy gains, thereby increasingly embedding cohesion in everything we do.

With One Sustainability, we aim at improving the overall effect and value creation of our sustainability efforts, thereby benefitting our customers, employees, projects and society.

Overall, the Group's sustainability strategy is embedded in ESG and organised in three programmes within Environment and climate (E), Social (S) and Governance (G).

The three programmes provide the platforms for the Group's sustainability initiatives and are available to all employees. Focusing on collaboration and communication, we inform all employees across our organisation about the way we work with sustainable transition in the Group. This includes information about local and cross-functional sustainability initiatives used throughout our business. In this way, we implement the Group's sustainability goals while sharing knowledge and upgrading skills across our organisation.

Data, goals, action plans, policies and reporting are organised under each of the three ESG programmes in line with EU Taxonomy and CSRD/ESRS.

Under the programme Environment and climate, we focus on factors such as processes, resource consumption, circular actions, biodiversity and ecosystems, machines and equipment, pollution and climate change.

Under the programme Social, we in particular focus on employees, external workforce, society around us, users and consumers.

Finally, the programme Governance focuses on corporate management, corporate behaviour, controls and standards as well as risk management.

Sustainable business opportunities

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

We have defined four focus areas which contribute to current business opportunities:

Infrastructure

To implement the green transition, it is often necessary to extend the existing infrastructure. This could, for example, be expansion of harbours to support offshore windfarm projects, expansion of public transport such as metros and light rails or extension and electrification of the existing railway network. Although building of new infrastructure will often be an environmental burden, it is absolutely necessary in order to ensure the green transition.

Sustainable building construction

We focus on construction, building and renovation with low carbon footprint, the health of the users, reuse of materials and circularity as well as the buildings' energy consumption. We also contribute know-how and skills to new technological solutions that optimise processes, material consumption and energy consumption during the building process, for example in the project "Green construction site of the future".

Energy solutions

The political and societal focus on efficient and sustainable solutions for energy supply and transition requires development of infrastructure, transport and mobility from the production site to the individual user and from city to city, region to region. We have the experience, expertise and capacity to contribute to and enter into innovative collaborations for e.g. more wind energy, installation of district heating, electrification of society, construction of energy islands and carbon capture plants. All of which are important for the green transition of our society.

Climate change adaptation

Climate changes require new thinking and national system changes to adapt our harbours, buildings, supply network as well as urban and natural areas to these changes. To Aarsleff, this offers projects with focus on flood protection, coastal protection and new thinking of supply structures. Projects that are related to our core business and expected to offer increased business opportunities to us.

Environment and climate

Ambitions

- Only use green power.
- Reduce consumption of fossil fuel.
- Reduce consumption of rare raw materials and non-renewable materials.
- Choose more sustainable materials, structures and components.
- Avoid pollution of land, air, water and seawater.
- Develop new processes, methods and skills.
- Incorporate circular actions and reduce refuse and waste.
- Minimise impact on ecosystems and biodiversity.

Primary targets

- Reduce our CO2 emissions for GHG scope 1+2 by 80% in 2030 in relation to the baseline year 2020/21.
- In 2023/24, map data and subsequently set targets for Scope 3 emissions for important purchases of materials and services.
- Purchase new cars and vans of the highest energy class. Increase the share of electrical machines when possible.
- Increase the share of CO2-reduced steel, cement and composites in the production through purchasing and innovation.
- Requirements for and agreements with all major suppliers about sustainable production, delivery, handling and “take-back”.
- Make risk analyses and provide our value chain with opportunities and alternatives.
- Increase the recycling percentage in the waste handling.

Initiatives

- We now use green power from e.g. wind turbines and solcar cells at almost all of our fixed locations in Denmark.
- 1.3 million litres of diesel have been replaced by HVO diesel this year.
- We buy surplus stock of quarry stones and use these for breakwaters and coastal protection.
- We are increasingly involved in the early phases of building and construction projects. This gives us the best conditions for innovation and sustainable solutions.
- We test particle filters and catalytic converters at the development project Green construction site of the future, where sensors measure emissions and CO2.
- We prioritise innovation projects to give the industry evidence of the green initiatives with the most climate and environmental effect. Examples of these initiatives are the development projects Green construction site of the future and (P)RECAST.
- We are working on providing a better data basis for the different waste fractions, so we can reduce refuse and waste and optimise the opportunities for reuse and recycling. In addition, we participate in the development project Minimising resource consumption at the construction site.
- We have increased focus on ecosystems and biodiversity in our tender work and when we screen suppliers.

Results

- We have implemented a number of initiatives to reduce our CO2 emission, e.g. reduction of idle time.
- We have identified our processes and defined the most important suppliers in the value chain.
- We have reached our target for cars and vans of the highest energy class, but we continue to increase the proportion of electric cars and vans. For new purchases of small construction machines, we are also close to the target.
- We are changing the cement composition for our standard piles, and we participate in cement-free pile trials.
- We increasingly involve our suppliers through committed collaboration.
- Through our analyses and innovation projects, we have gained knowledge about how to optimise our use of energy and materials as well as optimise processes.
- We participate in the project (P)RECAST with focus on reusing precast concrete elements in new building construction. The project also gives us new knowledge about processes and conditions for reuse in general.

ACTIVITIES

Environmental improvements on right track
Our total energy consumption (scope 1 and 2) for 2022/23 is measured at 16.3 MWh/DKKm. This is a decrease of 5% compared to our baseline for 2020/21, and it is a step in the right direction in our efforts to reduce our CO2 emission by using less energy and more environmentally friendly fuels. Our emission intensity this year was 3.8 tons CO2/DKKm. This is a decrease of 12%.

There is still some way to go before we achieve our target for reducing our CO2 emission for scope 1+2 by 80% in 2030, but we work ambitiously, and we are making plans of how to target our efforts into achieving the target. Finally, we focus on necessary adjustments, so we are able to follow the development continuously.

The proportion of biofuel used constitutes 4% of the total fuel consumption on our construction sites. This is less than last year.

Our efforts to reduce and transform our energy consumption as well as to minimise waste and limit our material consumption have a great impact on climate and the environment. That is why it is crucial to have a strategy for sustainable development, and we will continue to collect and report more data on CO2 emissions and energy consumption, so we can validate our climate and environmental impact.

The future is non-fossil
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.

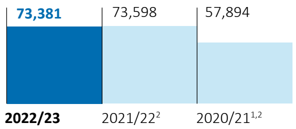
Our strategy is that all cars, vans and machines must use non-fossil energy and fuel when possible. In Denmark alone in 2022/23, we have purchased more than 230 electric and hybrid cars, and we invest in machines that are greener than previous generations of machines. In addition, we communicate and enter into innovation collaborations with suppliers and manufacturers of machines and generators to examine the new possibilities of using fuel cells and green fuels as replacement for diesel.

Increasing focus on biodiversity
Focus on biodiversity and ecosystems is of increasing importance in Aarsleff's projects. This is embodied in the way we design and plan construction and building projects in harmony with nature, how we use and reuse nature's resources and materials and how we establish and restore ecosystems to develop and protect the biodiversity in nature, in cities and in the sea.

Green construction sites of the future
Aarsleff is part of the project Green construction site of the future together with partners, consultants, researchers and technology developers. The project runs until June 2024 and will examine the effect of

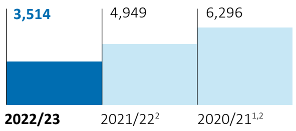
CO2 emission, scope 1
(Target: 80% reduction in 2030, scope 1+2)

73,381
tons CO2



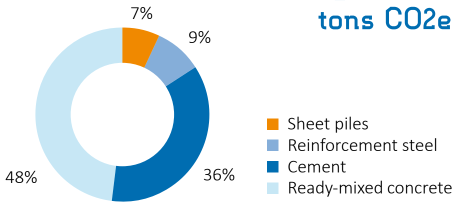
CO2 emission, scope 2
(Target: 80% reduction in 2030, scope 1+2)

3,514
tons CO2



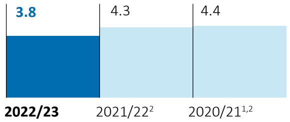
CO2 emission, scope 1[3]

129,080
tons CO2e



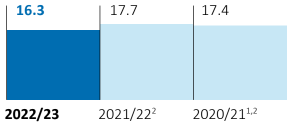
Emission intensity

3.8
tons CO2/DKKm



Total energy consumption, scope 1+2

16.3
MWh/DKKm



[1] This year is used as baseline.
[2] The key figures are based on the entire Group. A few minor companies are not included.
[3] In 2022/23, we have outlined scope 3 for four of our largest CO2 emission items related to purchase of goods. The four items are cement, ready-mixed concrete, steel reinforcement and sheet piles. Moving forward, we will set reduction targets.

various environmental initiatives at a construction site at Port of Aarhus.

The project gives a data-driven full-scale demonstration of e.g. construction machines that are converted to electricity and other alternative fuels, such as HVO and GTL, and specialised machines that have particle filters and SCR catalysts installed. And CO2-reducing energy systems are established.

The project also uses new technologies and sensors on the site and on the individual vehicles in order to measure the effect of the initiatives down to the last detail. The purpose is to document the current driving and illustrate how improved logistics can reduce driving and thereby emissions and CO2.

Another initiative is a smart energy infrastructure with solar cells and heat pumps on the site huts supplemented with energy storage for equalisation of the load. Here, the electricity consumption will be assessed to identify possible energy savings and increased flexibility.

The vision is that the project will contribute to having more sustainable solutions to the benefit of the entire industry when faced by the new climate requirements for the construction sites, likely from 2025.

Focus on material consumption

During the past years, we have implemented a number of initiatives to limit and reduce material consumption on our 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.

Another example is Aarsleff Pipe Technologies' focus on recycled plastic for renewal of sewer pipes. 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 addition, we look into the possibilities of making take-back arrangements with our suppliers, who will take back used materials and reuse e.g. working clothes, aerated concrete and wood from temporary covering.

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 reusing products. We want to live up to the Danish Climate plan for a green waste sector and circular economy and Action plan for circular economy – national plan for prevention and management of waste 2020-2032.

PLANS

Our plans for climate and the environment in the future are described in the section "The sustainable transition." Here, we describe how we work with ESG under three programmes forming the basis for our sustainable transitions towards 2025. We focus on improving the initiatives and efforts we have already introduced as well as on developing a number of innovative measures and methods together with our partners and clients.

Environment and climate

Sustainability is embedded in projects and departments

Aarsleff is working on having sustainability embedded in the individual projects and departments. For this purpose, we are hiring sustainability coordinators to ensure that data is registered, policies complied with and that we strive to achieve our ESG goals in our day-to-day work – similarly to our work with quality, environment and occupational health and safety. On the projects, a sustainability coordinator will ensure that sustainability has a central and integrated role in everything we do – from design and planning to execution and reporting.

Change of cement

This year, Centrum Pæle A/S has started to change the production of cement for standard piles from CEM I to CEM II A/LL. The change results in a CO2 emission reduction of 8%. There will be an additional reduction of 2%, as less cement is used. The use of cement involves major CO2 emission, so this new initiative is expected to have a significant positive impact on the environment.

Strict sustainability requirements at Angola project

With a guarantee from IFU (Investment fund for developing countries), PAA Project Finance is involved in a project in Angola for the construction of 240 kilometres of high-tension transmission line. The project must comply with the World Bank's IFC Performance Standards comprising eight sets of requirements for environmental and social sustainability of international development projects. In addition to the many requirements for working conditions, resource consumption, reduced pollution, rehousing and compensation to residents and companies, the project is also subject to a number of requirements regarding conservation and reinstatement of biodiversity.

First hydrogen-based construction site

Aarsleff's Norwegian company Steg Entreprenør AS works as a contractor on Europe's first hydrogen-based construction site in Ljan in the southern part of Oslo. The goal is to create an emission-free value chain. This is possible when hydrogen is produced by water power. The solution is mobile, so it can be transported to building and construction projects that are remotely located. The energy company Hafslund is in charge of the project financing, and the hydrogen company Nap-op has developed the mobile energy solution.

Employees

Ambitions

- Create safe and secure workplaces and prevent accidents.
- Develop an engaging and inspiring working environment for managers and employees.
- Create a diverse company with flexible and inclusive working conditions.
- Create workplaces with diversity, equal pay and equal career opportunities.
- Develop and support knowledge on sustainability and green transition.

Primary targets

- We will reduce the accident rate to below 5.
- We will reduce sickness absence to below 2.5%.
- The proportion of the underrepresented gender on management levels must be at least 40% on the board of directors of Per Aarsleff Holding A/S and 40% on other Group management levels.
- We look to ensure our employees' opportunities of receiving supplementary training, skills development and career planning through education, job training, clear descriptions of roles/responsibilities as well as opportunities in terms of internal reshuffles and promotions.
- We look to create a reputation and a culture that attract labour, talents and management resources, and we look to ensure retention, well-being and commitment while also ensuring an employee satisfaction of more than 95%.

Initiatives

- As part of Per Aarsleff A/S's safety culture programme, we have developed workshops for our foremen, team leaders and hourly workers to raise awareness of behaviour, role models and how we take care of ourselves and each other. Workshops will be launched across our organisation in the beginning of 2024.
- We have launched a safety culture programme in Per Aarsleff A/S which includes the implementation of our new occupational health and safety policy "We take care of each other". This policy underpins the kind of behaviour we want to promote. As part of this, we use videos and other communication tools to address offensive behaviour. What is more, we are implementing a health pilot project, focusing on exercise, diet, sleep and stress.
- We acknowledge our social responsibility, we continuously work to ensure diversity and we have launched the Group's new diversity policy this year. This policy explains our principles and efforts such as taking into account special needs or individual circumstances.
- We have joined the Confederation of Danish Industry's Diversity Pledge and have launched the Group's new diversity policy this year. This policy explains our principles and efforts with respect to the underrepresented gender, including our efforts of defining and following up targets.
- We are currently launching "One Sustainability" as part of the Group's sustainability strategy. We have both shared and local initiatives, we share knowledge and we upgrade skills across our organisations.

Results

- Our accident rate remains unsatisfactory and is 18.9. The effects of our safety culture programme cannot yet be measured.
- The sickness absence is 4.6% and is higher than our target. However, the employees participating in our health-promoting pilot project are reporting positive results such as physical capacity improvements, pain reductions and improved well-being. Moreover, we give focus to sickness absence by training our managers in how to deal with this matter.
- Although we have achieved our target of having an equal gender distribution on the board of directors, we have not yet succeeded on the remaining management levels.
- We continuously adjust our Aarsleff Academy, offering a broad range of training and education activities to both managers and employees as a way of upgrading skills and retaining employees.
- The employee satisfaction surveys conducted in three of the Group's biggest companies revealed an average employee satisfaction of 95%. The surveys also revealed that employees are motivated to go to work, happy to make an extra effort, perform meaningful work and are proud to be working for Aarsleff.

ACTIVITIES

Safe and secure workplaces
Preventing accidents is key to Aarsleff, and we are engaged in various efforts to create safe and secure workplaces. Our accident rate is 18.9 for the year. This is not satisfactory and is still quite a way from our target of 5 (number of accidents per 1 million working hours). The accident rate and absence reported this year include the entire Aarsleff Group and can therefore not be compared with previous years.

Throughout the year, we have launched a series of initiatives: Most importantly, we have launched a safety culture programme in Per Aarsleff A/S to systemise our work. The project aims at creating a culture where safety is first priority in everything we do. This will help us to ensure consensus on the way we approach safety and that our safety approach is backed by managers and employees. In this way, we make sure that everyone knows how safety should be incorporated in all aspects of our projects and work activities. As part of this project, we have developed workshops for all salaried employees on roles and responsibilities in relation to our new occupational health and safety policy ”We take care of each other”, initiated cross-functional efforts across our organisation for all foremen, team leaders and hourly workers as well as implemented a health-promoting pilot project.

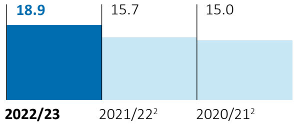
Developing a safe working environment in our companies and at our construction sites is, of course, key to us. All of the initiatives mentioned above are additions to our systematic efforts of promoting safety and health. We continuously analyse why accidents and near-miss incidents occur, allowing us to learn from these and so reduce our risk of accidents.

As part of our efforts in this area, we look to ensure that safety is clearly incorporated in the design, planning and start-up phase of a project, 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 remains standard practice that our managers regularly review sickness absence statements allowing them to spot and support employees with special needs.

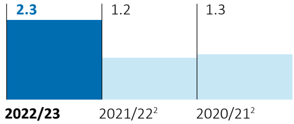
Accident rate[1]
(Target: Max 5)

18.9



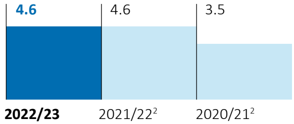
Absence rate due to accidents

2.3



Sickness absence
(Target: Max 2.5)

4.6%



[1] The accident rate comprises accidents resulting in more than one day of absence. Reference is made to page 150 for a definition of accident rate.
[2] The key figures are based on 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.

The sickness absence was 4.6% in 2022/23 and is significantly higher than our target of maximum 2.5%. As a result of this, we are focusing on ways of reducing the sickness absence rate and ways of dealing with sickness absence in general.

Diversity

We are increasing our efforts to ensure diversity and inclusion at Aarsleff. Such efforts are made in relation to gender diversity on our boards of directors and in our top managements, in relation to recruitment and employee retention processes as well as in relation to promoting a culture that offers equal opportunities and creates a diverse and inclusive culture.

What is more, the distribution of men and women in our operations and in our shared functions is also a focus area we continuously evaluate. Traditionally, Aarsleff and the entire construction industry have been characterised by a strong predominance of men, among employees as well as managers. A reality that has proved difficult to change. However, it is key that we are able to attract skilled employees among both men and women to maintain our competitiveness and ensure a robust and future-proof organisation.

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.

In addition to using Aarsleff Academy as a way of providing skills and expertise, our target is also to ensure employee retention, commitment and inclusion.

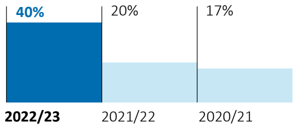
PLANS

We are working on spreading all our successful initiatives, lessons learned and results across the Aarsleff Group to systematise and embed these into our overall employee programme and culture.

As part of this work, we are also updating our policies and principles to ensure they match national and international requirements and standards as well as match our own increased ambitions in this area. In addition to this, our policies will apply to the entire Group, aiming at building common understanding and guidelines for decision-making and behaviour in all our Group companies.

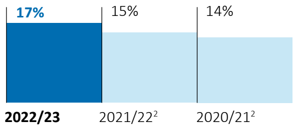
Proportion of underrepresented gender on the board of directors of Per Aarsleff Holding A/S[1] **40%**

(Target: 40%)

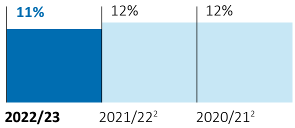


Proportion of underrepresented gender on other Group management levels **17%**

(Target: 40%)



Proportion of underrepresented gender in proportion to all employees **11%**



[1] Cf. the Danish Business Authority's guidelines on targets and policies concerning gender composition of the management and reporting of this, we have reached the target.

[2] The key figures are based on 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.

Employees

Coalition to increase diversity in industry

Back in 2020, four companies from our industry took the first and necessary step to place diversity on the agenda in the building and construction sector. These four founders of the Danish Construction Diversity Day Association were later on joined by the Danish association Divérs and a range of companies, including Aarsleff. We all wish to help make the opportunities in our industry visible to more women and just as importantly, inspire each other and share experience gained and lessons learned, thereby creating workplaces with room for diversity. What is more, we have also joined the Confederation of Danish Industry's Gender Diversity Pledge and the 16 principles.

Promoting good and acceptable behaviour

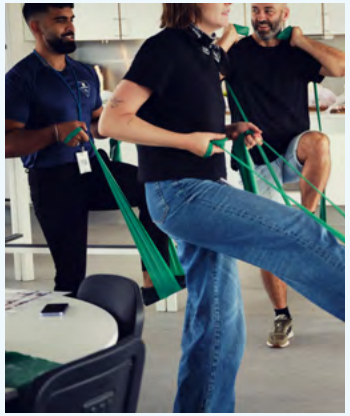
At Aarsleff, we do not accept any kind of offensive behaviour. That is why, we have launched a series of initiatives to prevent and promote good and acceptable behaviour on our construction sites. One of the initiatives is a video distributed across Per Aarsleff A/S, communicating the kind of behaviour we expect from our employees. This video is also sent to new employees of Per Aarsleff A/S when they are employed to make sure that they know and understand Aarsleff's policy and principles.

New diversity policy

Aarsleff has formulated a new diversity policy to explain the Group's position on diversity as well as to define our goals and the commitment we expect from our managers and employees, thereby ensuring that we offer equal opportunities while creating a diverse and inclusive culture. This will help us sustain a responsible workplace that recruits, promotes and allows our employees to develop their skills in a way that underpins diversity. The policy also explains specific initiatives and methods launched to embed the policy and efforts across our companies.

Extended pilot project to improve health

A large group of employees of Per Aarsleff A/S, employed in Pipe Technologies or working on a light rail project in Copenhagen, participate in an extended pilot project aimed at finding ways of improving the health of our employees. We have already completed two minor pilot projects and overall, our results have been positive. Employees have reported physical capacity improvements, pain reductions and improved well-being. We will eventually decide whether this health initiative should be extended to include more employees.



Focus on dealing with sickness absence

Recently, we have completed sickness absence training courses for managers of Per Aarsleff A/S. The training focused on the ways our managers deal with sickness absence and what obligations they have when an employee is absence due to sickness.

Society around us

Ambitions

- Implement a green transition through committed collaboration with customers, clients and other stakeholders of our value chain.
- Contribute positively to the environment and local communities of our companies and projects.
- Ensure that our entire value chain is in line with our principles and policies.
- Offer apprentices and trainees a favourable entry into the labour market.
- Ensure that we collect and use data in an ethically responsible way.

Primary targets

- We will contribute to more sustainable solutions through early involvement and increased collaboration with our customers, clients and business partners.
- We will participate in innovation projects looking to develop ourselves, our projects, our industry and society around us.
- We will be more transparent in our approach and enhance the way we communicate about our projects' environmental impacts with project neighbours, authorities and other stakeholders.
- We want to take on 10% apprentices and 5% trainees across the Aarsleff Group.
- We will continue to focus on involving our value chain to succeed with our climate and sustainability goals through agreements, contracts, shared goals and incentives.

Initiatives

- We help to create and implement shared policies, standards, initiatives and solutions that drive the industry's sustainability efforts, for instance through the Danish Construction Sector's Sustainability Action Tank.
- Owing to our many projects and local companies, we interact with many local communities. That is why, we play an important role as employer for local staff and as contributor to solve the needs of various communities. And this year, we came 45th among the biggest Danish corporate taxpayers.
- We are preparing the due diligence process and have formulated policies explaining our business ethics and what principles for decisions and actions we expect our stakeholders to follow if they want to collaborate with us.
- We employ apprentice coordinators who play an important role in enhancing the personal and professional empowerment of apprentices. Moreover, we prioritise to take on trainees, offering educational internships and collaborating on thesis work, and we also employ student workers.
- Our five targeted privacy policies explain what information we receive and register from our stakeholders and the purpose for which the information is used, where data comes from and what rights the stakeholders have to change, see or delete data.

Results

- We increasingly enter into collaborations where all project partners must fulfil shared responsibility and sustainability requirements. A client or a consortium may require that a ESG policy with minimum requirements is formulated.
- Many of the building and construction projects Aarsleff are involved in rethink materials, processes and sustainability. What is more, we collaborate with researchers and universities to innovate and improve processes.
- We continue to gain more experience, data and key figures that we can use when liaising with our stakeholders about new and more sustainable solutions. Also, we are employing additional sustainability coordinators who record, document and provide instructions with respect to sustainability.
- This year, the number of apprentices accounts for 6.5%, and the number of trainees accounts for 3.4%.
- We are well underway. And we take a systematic approach using agreements, shared goals, and incentives to aim at involving our entire value chain to succeed with our climate and sustainability targets.

ACTIVITIES

ESG requirements in the entire value chain

Our sustainability strategy focuses on collaborating with our partners, suppliers and customers. In this process, we look to find better and more green options, to develop and be innovative while also setting 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.

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 provisions for the intake of apprentices. As an example, we are employing apprentice coordinators in our companies to help optimise our apprentice programmes, and we expect this to positively affect the intake and retention of apprentices.

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, for instance our policies on anti-corruption and competition law compliance.

Using our five targeted privacy policies allows us to show transparency in the way we process and protect data at Aarsleff.

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. Six concerns have been reported to our whistleblower system this year, and we encourage everyone to use the system to report concerns about potential illegal conduct or unacceptable business ethics. 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 when we execute or help to develop infrastructure and building projects. But we also play an important role as employer for local staff and as contributor to solve the needs of various communities.

A good example of this exists among our foremen and apprentice managers who take wide social responsibilities by employing apprentices who may struggle to fit into a training programme.

What is more, our company Permagreen Grønland A/S demonstrates a unique involvement in the local community by undertaking unconventional civil engineering tasks requested locally.

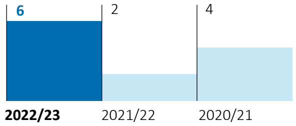
PLANS

In future, focus will be on creating a green and sustainable transition of our entire value and supply chain. We have launched a number of initiatives, involving both the management, employees as well as our partners, clients, customers, suppliers and industry in general. One of our targets aims at developing industry-specific solutions to be used as tender and project standards.

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. New European directives and Danish laws and standards help to strengthen openness and transparency in the way we and all major companies report responsibility and sustainability initiatives. And we will collaborate with our stakeholders on finding ways of how best to contribute to the green transition through shared standards and methods.

Concerns reported to the whistleblower system

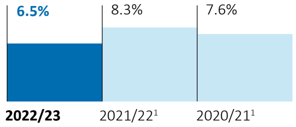
6



Apprentices

(Target: 10%)

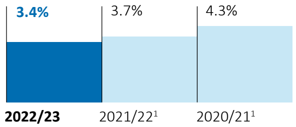
6.5%



Trainees

(Target: 5%)

3.4%



[1] The key figures are based on 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.

Society around us

Excellent apprentice efforts on Copenhagen Light Rail

On the Greater Copenhagen Light Rail project, the client has requested that Per Aarsleff A/S takes on 28 apprentices (calculated as full-time equivalent) for the project's two light rail contracts. We have long since reached this target, because 45 apprentices have been employed at the end of the first half of 2023. A large part of the apprentices are construction operatives while others are office trainees or have other administrative functions.

Progress in Construction Sector's Sustainability Action Tank

Working closely together with other industry leaders, Aarsleff has launched new initiatives under the Construction Sector's Sustainability Action Tank which is chaired by Aarsleff's CEO Jesper Kristian Jacobsen. The action tank aims at creating a shared vision and identifying concrete initiatives and instruments that will help to promote a sustainable and strong building and construction sector. This work is closely associated with the Climate Partnership, relaunched by the new Danish government at the beginning of 2023 in the form of a Green Business Forum which consists of the government and the 14 chairmen of the climate partnerships.

Stronger local attachment to military base in Greenland

Inussuk A/S has, this year, taken over the operations and maintenance of Pituffik Space Base, the former Thule Air Base. Permagreen Grønland A/S owns a share of 51% of Inussuk, and the American company Vectrus Services owns the remaining share. Through the CSR initiative "Greenland First", Inussuk focuses on ensuring that the presence of the United States Space Force in Greenland benefits the Greenlandic community, for instance by training and recruiting local workforce.

Listed among Denmark's biggest taxpayers

As one of Denmark's biggest companies, we are naturally aware of how we contribute to society. Aarsleff is one of Denmark's biggest employers, and our employees reside across the country. The latest list of taxpayers among Danish-based companies revealed that we came 45th among the biggest corporate taxpayers. So, our tax payments demonstrate how we implement our tax policy in practise and contribute to society.

Apprentice management to attract and optimise

Last summer, Wicotec Kirkebjerg A/S employed an apprentice manager to recruit, onboard and sustain apprentices, and in Per Aarsleff A/S we employed an apprentice coordinator this summer. In addition to attracting more apprentices, tasks include optimising our apprenticeship programmes to ensure personal and professional empowerment of those enrolled in the programmes and to match the needs of the construction sites, while also helping both apprentices and managers with practical and legal questions. As a direct result of this effort, Wicotec Kirkebjerg has succeeded in attracting far more female apprentices.

EU Taxonomy

Aarsleff reports on which of our economic activities contribute to the green transition according to the EU Taxonomy Regulation and reports on the extent to which we comply with the criteria. By doing so, 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.

As a listed company, Aarsleff is required to report on a number of screening criteria for when construction and civil works activities can be classified as sustainable according to the EU. We report according to the Regulation (EU) 2020/852 of the European Parliament of the Counsil of 18 June 2020. We disclose which activities qualify for screening (taxonomy-eligible), and we disclose the proportion of our revenue, capital expenditure and operational expenditure that qualifies for screening. This year, we also report on the extent to which our activities are taxonomy-aligned.

We report on the following two objectives defined in the EU Taxonomy: 1) Climate change mitigation and 2) Climate change adaptation. The remaining four environmental objectives were adopted in July 2023 and will become effective throughout the next two financial years.

Selected activities

Aarsleff has selected four significant activities qualified for screening and alignment: 7.1. Construction of new buildings, 6.14. Infrastructure for rail transport, 5.4. Renewal of wastewater collection and treatment. 4.15. District heating/cooling distribution.

The four activities selected comprise 61% of the total eligible revenue of the Aarsleff Group. The activity 7.1. Construction of new buildings is the most used activity across the Aarsleff Group. This activity accounts for around 40% of the eligible revenue.

For these four activities, we have developed an overview of the screening criteria and defined how we interpret them. In that context, we also consider how these match EU legislation and documentation requirements. And we have completed a technical screening of selected projects in terms of these four activities. We have selected and analysed the biggest and most significant projects representing the total project portfolio.

Significant contribution

The alignment screening is based on the EU Taxonomy requirements. The first step is to determine whether a specific project contributes significantly to the activities associated with the environmental objectives Climate change mitigation or Climate change adaptation, according to Articles 10(3) and 11(3). None of the screened projects have activities associated with the environmental objective Climate change adaptation. However, projects relating to 6.14. Infrastructure for rail transport and 4.15. District heating/cooling distribution significantly contribute to the environmental objective Climate change mitigation.

Do no significant harm (DNSH)

The DNSH criteria is validated in the technical screening for the five remaining environmental objectives in accordance with the technical screening criteria for activity 6.14 Infrastructure for rail transport and activity 4.15 District heating/cooling distribution, stated in the existing Regulation (EU) 2020/852.

Social minimum guarantees

According to the Taxonomy Regulation, projects can only be classified as sustainable, if the Group has set out procedures to ensure that activities comply with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

In Aarsleff, we have reviewed our existing policies, principles and processes in terms of human rights, bribery, corruption, tax and fair competition. Based on this review, we assess that we comply and work in line with the social minimum guarantees of the EU Taxonomy.

The implementation of the selected activities has started and is based on the documentation requirements as well as experience gained from the technical screening.

Results in 2022/23

In Aarsleff, 75% of consolidated revenue from the Group's total activities are eligible for screening. Consolidated revenue is allocated across 26 different activities as defined by the EU. The percentage of taxonomy-aligned consolidated revenue amounts to 4%. The segments Rail, Construction and Technical Solutions contribute the most to this alignment percentage.

Our taxonomy-aligned projects relate to infrastructure for rail transport and district heating, and we expect to increase our alignment in the next few years. The potential in respect to construction of new buildings is tied to the clients' interest in taxonomy alignment, as several factors would have to be considered early on in the design phase.

We rely on the ambitions and design of our customers' and clients' projects and engage in active and ongoing dialogue with all parties, allowing us to define how our joint efforts can ensure that new projects align with all taxonomy requirements. What is more, we are developing our organisation as well as the tools and processes that will help us document alignment and optimise the screening process.

Overall, 71 % of consolidated revenue are taxonomy-eligible but not taxonomy-aligned. Only two out of 26 Group activities are aligned with the taxonomy requirements. This is primarily owing to the fact that we have focused on our biggest activities for which alignment is assessed to be likely.

25% of the Group's economic activities do not fall under an EU-defined activity category, which is why these are reported as non-taxonomy-eligible. The Group's production facilities are a good example of activities not currently falling under the scope of taxonomy-defined activities that would qualify as being environmentally sustainable.

EU Taxonomy accounting principles

Revenue

The denominator covers the actual, recognised revenue of each company for the financial year 2022/23. The revenue figures have been specified at project level, meaning that aggregated revenues of the individual projects equal the total revenue of the segment as well as the taxonomy-eligible and taxonomy-aligned proportion. Reference is made to note 5 Revenue.

Double counting

We allocate key figures for the numerator and denominator of the KPI for revenue, OPEX and CAPEX using activity-specific key figures.

These are either 100%, 0% or a value in between. For instance when a financial value relates entirely to a specific taxonomy-eligible activity, a ratio of 100% applies, whereas a ratio of 50% applies when only half of it relates to a specific taxonomy-eligible activity. Applied key figures cannot total more than 100%. This eliminates the risk of double counting in the financial results.

CAPEX

The denominator of the CAPEX 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 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 qualified for screening or aligned to the taxonomy screening criteria 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 OPEX covers operating costs relating to maintenance and repair of assets (including plant and equipment). The numerator covers the proportion of operating expenditure qualified for screening or aligned to the taxonomy screening criteria 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.

Economic activities 2022/23

	Eligible		Aligned		
	Revenue	CAPEX OPEX	Revenue	CAPEX OPEX	
Aarsleff Group	75%	49% 67%	4%	2% 2%	Most of the Aarsleff Group's economic activities are taxonomy-eligible. The activity generating the largest eligible revenue and performed by most segments is 7.1 Construction of new buildings. The taxonomy-aligned activity relates to railway and district heating projects.
Divided by segment					
Construction	71%	51% 68%	5%	1% 1%	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 taxonomy-aligned activities related to, among other things, railway activities and district heating projects. Revenue is generated from activities in Denmark and abroad.
Technical Solutions	70%	23% 28%	7%	1% 1%	This segment primarily undertakes minor service tasks that are not taxonomy-eligible, as such tasks do not necessarily meet the energy renovation requirements. For this type of tasks, it would be difficult to document an activity as taxonomy-eligible. The taxonomy-aligned activities relate to district heating projects.
Rail	96%	93% 94%	6%	1% 1%	Virtually all revenue is assessed to be taxonomy-eligible in terms of the activity 6.14 Infrastructure for rail transport. This is because the proportion of revenue related to tasks such as facility management and train station services is also, indirectly, associated with rail transport. Only a minor proportion of the Rail segment's revenue is related to traditional construction work, and part of this revenue is not assessed to be taxonomy-eligible.
Ground Engineering	63%	38% 49%	0%	0% 0%	Ground Engineering activities related to construction work 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 the electrification of the railway network. This activity is considered infrastructure for rail transport. The pile factories are assessed to be non-taxonomy-eligible. Ground Engineering activities involving groundwater lowering and ground engineering for e.g. road and harbour work are also non-taxonomy-eligible.
Pipe Technologies	95%	76% 90%	0%	0% 0%	The main activity of Pipe Technologies is sewer renovation, categorised under the activity 5.4 Renewal of wastewater collection and treatment. However, we cannot comply with the screening criteria, as these relate to the entire supply network for which we primarily renovate a minor part. In future, when the four new environmental objectives become effective, we plan to report Pipe Technologies' activities under the environmental objective 3, activity 2.2 Urban wastewater treatment for which we expect alignment in relation to our Danish activities. The production of the CIPP Linings used for renovation activities is assessed to be non-taxonomy-eligible.

EU Taxonomy reporting - per activity[1]

	Eligible		Aligned	
	Revenue		Revenue	
Economic activities	DKKm	%	DKKm	%
Taxonomy-eligible activities	15,197	75%	764	3.8%
7.1. Construction of new buildings	5,996	30%		
6.14. Infrastructure for rail transport	3,073	15%	370	1.8%
5.4. Renewal of waste water collection and treatment	2,472	12%		
4.15. District heating/cooling distribution	863	4%	394	1.9%
Other activities	2,793	14%		
Non-taxonomy-eligible activities	5,047	25%		
Total, eligible and non-eligible activities	20,244	100%		

[1] Set-up in accordance with the taxonomy regulation appears from pages 146-148.

Key assumptions
Due to lack of sector-specific guidance, the Aarsleff Group has decided to interpret the Group's economic activities according to the EU Taxonomy based on specific key assumptions.

Our consolidated revenue, CAPEX and OPEX 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.

OPEX/CAPEX are allocated directly to projects first. Then, adjustments are made for OPEX/CAPEX attributable to administrative activities. Finally, the allocation of revenue is used to allocate the remaining expenditure.

A few very large projects have been divided into sub-projects 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 the construction of 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 our EU Taxonomy work evolves.

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.

Environment and climate

See page 49.

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 on how we deal with issues related to quality, the environment and occupational health & safety.

Climate impact

This **policy** explains what we can do to reduce the emissions we cause or contribute to. Our aim is to reduce 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 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 53.

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.

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 conditions, 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.

[1] Link 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] Link to policies applying to Per Aarsleff A/S, as these are representative of similar policies in our other Group companies.

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.

Diversity

Our **policy** on diversity describes how we look to ensure a diverse and inclusive culture across the Aarsleff Group. We want to be a responsible workplace that recruits, promotes and allows our employees to develop their skills in a way that underpins diversity. This means that our decisions on recruitment and appointment procedures, promotions and dismissals are never influenced by the applicant's gender, sexual orientation, age, education, nationality, physical abilities or disabilities, political orientation, ethnicity, family status, religion or ideology.

Society around us

See page 57.

Anti-corruption

This **policy** explains our zero-tolerance approach to all aspects of corruption and facilitation 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.

Tax

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 younger 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 reporting concerns anonymously 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

Residential construction in Nuuk

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/corporategovernance20222023

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 and the Deputy Chairman of the Board of Directors.

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 a total of six ordinary board meetings attended by the Executive Management as well as two extraordinary meetings held through video conferencing.

The Board of Directors has set up an audit committee consisting of three board members. During the year, the committee held five meetings. Also, a nomination and remuneration committee was established consisting of two members. During the year, the committee held four meetings.

Meeting attendance – Board of Directors

Board member	Board meetings		Audit committee meetings	Nomination and remuneration committee meetings
	Ordinary	Extraordinary		
Ebbe Malte Iversen	6/6	2/2		4/4
Jørgen Dencker Wisborg	6/6	2/2	1/1	3/3
Charlotte Strand	5/6	1/2	5/5	
Henrik Højen Andersen	6/6	2/2	5/5	
Klaus Kaae[1]	3/3	2/2	4/4	
Pernille Lind Olsen[1]	3/3	2/2		
Jens Bjerg Sørensen[2]	3/3			1/1

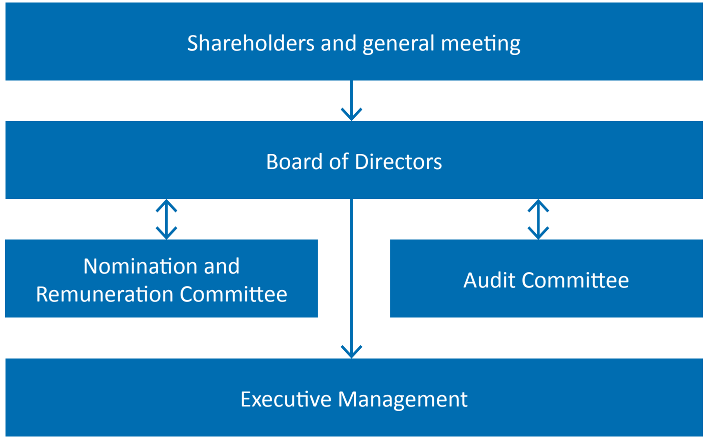
[1] Elected to the Board of Directors at 26 January 2023.
[2] Resigned from the Board of Directors at 26 January 2023.

Composition of the Board of Directors

The Board of Directors is composed by six 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 all important 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 the underrepresented gender on the Board of Directors, and the 40% target has been achieved, see the section on Employees.

Governance structure



The Board of Directors' focus areas

Strategy

- Secure project execution of large and complex contracts
- Evaluation and adjustment of the strategy for the Group's building activities
- Ongoing improvements and efficiency improvements
- Focus on value-creating One Company collaboration between the Group's units
- Review and evaluation of railway activities, including the expansion to Norway and Sweden
- Sale of the activities in Russia.

Organisational development

- Management structure and succession planning
- Development and retention of key employees
- Update of diversity policy, including goals for gender diversity.

Risk management

- 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
- Ensuring financial preparedness in the form of a committed loan facility.

Sustainability and green transition

- Follow-up on taxonomy reporting and preparation for CSRD implementation
- 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 was responsible for the evaluation, and the result was discussed among 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.

Stakeholders

Our stakeholder relations reflect our business, our industry and our position as a listed company. The stakeholders expect that our activities are a sound 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, such as the current macroeconomic and macropolitical turmoil in Denmark and in the world around us. 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 Sustainability, 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 represented in Grønt Erhvervsforum (Green Business Forum) which consists of representatives from the Danish government as well as the 14 chairmen of the climate partnerships. In addition, our CEO is chairman of the Construction Sector's Sustainability Action Tank.
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 well-being Career and development Diversity Sustainable workday	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 the large companies of the Group, 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 focus on gender diversity initiatives to create equal opportunities for genders, including improved career opportunities for women. We wish to motivate and provide opportunities so that our older employees can continue their employment in Aarsleff. We facilitate courses, workshops and networks for employees who increasingly work with and are engaged in sustainability in our production and on our projects.
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 to establish and support 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. by 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.
Collaborative 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 collaborations which develop new digital and sustainable solutions innovatively within the industry.
Educational institutions	Training and corporate social responsibility Spread awareness Gender diversity	We participate in job fairs, career days and visit students who study to become 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 diversity initiatives to create equal opportunities for genders and to make our industry more attractive to women.

Internal control 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 control 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.

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.

Along with the roll-out of the Group's ERP solution, a roll-out of a control setup is planned, based on automatic controls built into the ERP system as well as required key controls in relation hereto.

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.

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.

Below is an illustration of 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. Planning and project execution
3. Revenue recognition of projects
4. Raw material prices and material shortage
5. Cyberattacks

Environment and climate

	Emissions	Noise, dust, odour and vibrations	Construction waste and environmental emission
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.
Current status	This year, we have systematised our work concerning collection, registration and reporting of environmental data for scope 1, 2 and selected parts of scope 3. 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.	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 project design process.
Risk mitigating actions	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. With a view to mapping and reducing the most significant emissions, we have commenced the preparation of sustainability plans in the individual business areas.	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 train our employees in correct waste handling and create easy access to waste separation at source of the construction waste from our projects. Aarsleff has implemented an ISO-certified quality system which is audited by an external party each year.

Employees

	Accidents and dissatisfaction	Lack of sufficient, qualified and skilled employees
Risk	In the 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.
Current status	It is our top priority to offer safe and secure working conditions, so therefore we must reduce our unsatisfactory accident rate. The last employee satisfaction survey in the Group's three largest companies was carried out in February 2023, and the overall result showed that 95% of the employees, who responded, said that they 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.	Many of our apprentices and trainees have also this year received training through their affiliation with the Aarsleff Group, but we have not yet reached our target.
Risk mitigating actions	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. The brief and precise information is given right after the incident in order to have the best effect and learning experience. In addition, we, in Per Aarsleff A/S, are now also working on our safety culture project with the purpose of creating a culture where safety is first priority in everything we do. Also this year, we conducted a major employee satisfaction survey among our employees in the Group's three largest companies, measuring the general satisfaction and a number of other subjects connected with the physical and mental health and safety, including offensive behaviour, relationship with teams and managers, commitment etc. 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 on prevention and handling of stress and offensive behaviour in some parts of the Group.	Aarsleff undertakes several efforts to provide training, education and supplementary training for 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 the 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	Planning and project execution	Revenue recognition of projects	Raw material prices and material shortage	Cyberattacks
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, business partners are carefully selected as the Aarsleff Group is exposed to significant risks if the business 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 error, 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.
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.	As some of the Group's large building projects have been completed, the risk of insufficient planning and project execution is assessed to be reduced compared to last year.	The risk of inaccurate revenue recognition of projects is assessed to be reduced compared to last year, as the raw materials prices have stabilised and are incorporated in the expected project results.	The risk of increasing raw material prices and lack of certain materials is reduced compared to last year because the uncertainty to some extent has been incorporated in the Group's processes.	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 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, a 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 partnership contracts, and in other cases to design and construct contracts. An example of this is the collaboration with Aarhus Vand on the new wastewater and resource treatment plant Aarhus ReWater.	Each month, a number of 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 the experience gained from the project and other similar projects into account. 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 try 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.

Executive Management and Board of Directors

From left Jørgen Dencker Wisborg, Pernille Lind Olsen, Jesper Kristian Jacobsen, Ebbe Malte Iversen, Nicolai Schultz, Charlotte Strand, Henrik Højen Andersen, Klaus Kaae and Mogens Vedel Hestbæk

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	Inussuk A/S	Permagreen Grønland A/S Trym Anlegg AS

Executive Management's total number of shares in the company held at 19 December 2023: 40,374 (at 16 December 2022: 29,465).


From left Mogens Vedel Hestbæk, Jesper Kristian Jacobsen and Nicolai Schultz

Board of Directors

	Ebbe Malte Iversen Chairman of the Board	**Jørgen Dencker Wisborg** Deputy Chairman	**Charlotte Strand**	**Henrik Højen Andersen**	**Klaus Kaae**	**Pernille Lind Olsen**
Education	BSc (Engineering)	MSc (Economics and Business Administration) INSEAD (LEAP)	MSc (Economics)	MSc (Engineering) MSc (Engineering Management) Stanford University	MSc (Engineering)	MSc (Political science)
Chairman of the board	STIBO Fonden (plus two subsidiaries) Ejendomsfonden AIS	Blue Water Holding A/S (plus three subsidiaries) Danoil ll ApS Danoil Exploration A/S Schouw & Co (plus board member of six subsidiaries)	Evida Holding A/S (plus five subsidiaries)	Arla Foods Ingredients Energy A/S Niels Andersens Legats Handelsaktieselskab		
Board member	Ege Carpets A/S (deputy chairman) Per og Lise Aarsleffs Fond		Aibel ASA (member of audit committee) Faerch A/S (chairman of audit committee) Lakrids by Johan Bülow A/S (deputy chairman and chairman of audit committee) Reventus Power Limited	ArNoCo GmbH & Co. KG K/S Solenergi Bayern	Alfa Development A/S Alfa Development AB	
Other managerial positions		CEO of Rotensia ApS		General manager of Solenergi Bayern Komplementar ApS General manager of AFI Partner ApS	Kaae Management Consultancy Member of board of representatives Realdania Member of Advisory board in CCL Scandinavia A/S	
Position		Professional board member		CEO of Arla Foods Ingredients Group P/S		Corporate Senior VP, Head of Packaging & Consumer Goods Division and Henkel North America, in Henkel

Board of Directors

Board member	Gender	Year of birth	Independence	Board expertise[1] General management	Industry expertise	Development	Finance and administration	Initially elected	Term of office	Chairman or deputy chairman	Committee seat	Board remuneration	Number of shares[2]	Change[3]
Ebbe Malte Iversen	♂	1951	Not independent[4]	x	x	x	x	2020	1 year	Chairman	Nomination and remuneration committee, chairman	1,000,000	129,943	0
Jørgen Dencker Wisborg	♂	1962	Independent	x		x	x	2022	1 year	Deputy chairman	Nomination and remuneration com-mittee	681,000	5,000	0
Charlotte Strand	♀	1961	Independent	x		x	x	2017	1 year		Audit committee, chairman	450,000	0	0
Henrik Højen Andersen	♂	1960	Independent	x		x		2020	1 year		Audit committee	400,000	489	0
Klaus Kaae	♂	1959	Independent	x	x	x	x	2023	1 year		Audit committee	267,000	0	0
Pernille Lind Olsen	♀	1973	Independent	x		x		2023	1 year			200,000	0	0

[1] For elaboration of the board expertise, see www.aarsleff.com/investor
[2] Number of shares in the company held at 19 December 2023.
[3] Change from 16 December 2022.
[4] Has been employed in the Executive Management within the past five years.

For more information about remuneration and shareholding, see Aarsleff's remuneration report.

Shareholder information

Capital and share structure

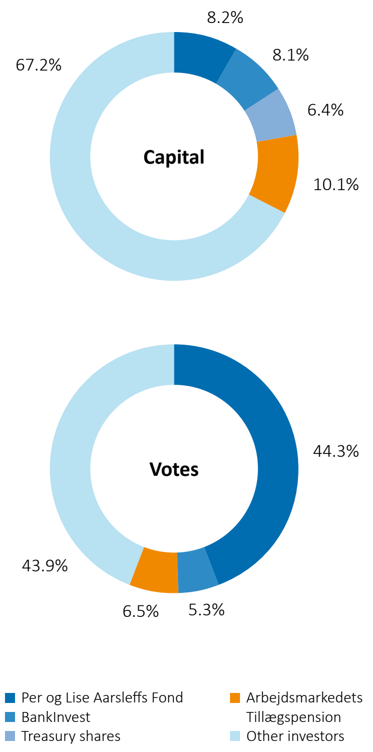
The Aarsleff share is listed in the Mid Cap segment on Nasdaq Copenhagen under the short name PAAL/B and the ISIN code DK0060700516.

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 8 December 2023 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, 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]



Dividend policy

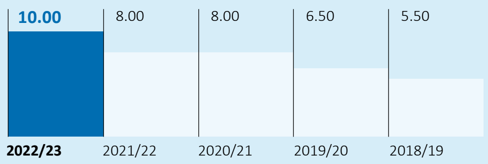
The Group's activities require significant capital resources and a strong solvency to mitigate risks. It is also important that the shareholders receive an attractive, long-term, direct return through allocation of surplus capital as dividend payments or in the form of share buyback programmes.

Aarsleff aims to pay stable or growing dividends ranging from 20-40% of the annual profit but with consideration to capital structure.

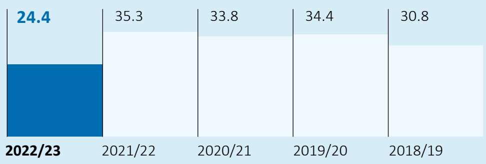
The decision as to the annual distribution of dividend is made on the basis of the actual financial situation, comprising net interest-bearing debt, solvency ratio and outlook for the future financial year.

For the financial year 2022/23, the proposed dividend per share of a nominal value of DKK 2 is DKK 10, corresponding to a dividend distribution of DKK 190.7 million adjusted for the holding of treasury shares.

Dividend (DKK per share)



Dividend %



[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.

Share buyback and treasury shares

In February 2022, the current share buy-back programme was extended covering a period until 1 March 2023 during which the company could 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 23 February 2023, a total of 1,278,487 treasury shares were purchased at a total value of DKK 325 million. This means that the company's total number of treasury shares amounts to 1,310,374 shares, corresponding to 6.43% of the share capital. Of these, 369,874 shares are used for meeting the company's obligations related to the Aarsleff Group's employee share programme.

At 30 September 2023, the market value of the treasury shares was DKK 424.6 million. Treasury shares are stated at DKK 0 in the balance sheet.

More information

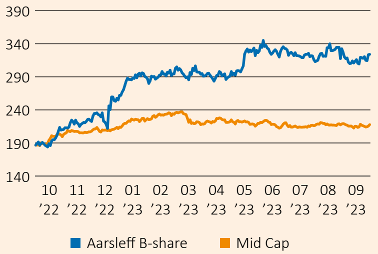
For more information about analyst coverage and access to the shareholder portal, see **www.aarsleff.com/investor**

Share price performance

At the closing of the financial year, the Aarsleff share closed at a price of DKK 324 per share (official year-end price) compared with DKK 187 per share at the beginning of the financial year. This corresponds to an increase of 73% 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 6,167 million at the close of the financial year, against DKK 3,552 million the year before. Adjusted for the holding of treasury shares, the market capitalisation was DKK 5,743 million at 30 September 2023.

Share price development compared to Mid Cap



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 four-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	20,385,000[1]
Number of treasury shares owned by Per og Lise Aarsleffs Fond	27,000	328,086	1,678,086
Number of treasury shares owned by Per Aarsleff Holding A/S		1,310,374	
Nominal value, DKK	100	2	
Votes per share[2]	500	1	
Average daily trading volume in the financial year		22,816	
Exchange		Nasdaq OMX Copenhagen	
Ticker		PAAL/B	
Year high, closing price		345	
Year low, closing price		184	
Registered shares, %	100	91	

[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 2024

29 January
Annual General Meeting at 15:00

1 February
Payment of dividend for the financial year 2022/23

27 February
Interim financial report for the period 1 October-31 December 2023

28 May
Interim financial report for the period 1 October 2023-31 March 2024

28 August
Interim financial report 1 October 2023-30 June 2024

19 December
Annual report for the financial year 2023/24

CONSOLIDATED AND PARENT COMPANY FINANCIAL STATEMENTS

Natural gas pipeline on Western Funen

Consolidated financial statements

Main financial statements

Notes to the financial statements

Income statement

1/10-30/9

Note	(DKKm)	2022/23	2021/22
5	**Revenue**	**20,244**	**18,118**
6, 7	Production costs	-17,714	-16,175
	Gross profit	**2,530**	**1,943**
6, 7, 8, 9	Administrative expenses and selling costs	-1,510	-1,260
10	Other operating income and expenses	49	29
16	Share of profit in associates and joint ventures	9	15
	Operating profit (EBIT)	**1,078**	**727**
11	Financial income	35	23
11	Financial expenses	-71	-67
	Profit before tax	**1,042**	**683**
12	Tax on profit for the year	-244	-166
	Profit for the year (continuing operations)	**798**	**517**
32	Profit/loss for the year (discontinued operations)	-6	-66
	Profit for the year	**792**	**451**
	Profit for the year is attributable to:		
	Shareholders of Per Aarsleff Holding A/S	786	447
	Minority shareholders	6	4
	Total	**792**	**451**
13	**Earnings per share (DKK)**		
	Earnings per share	41.01	22.68
	Earnings per share (continuing operations)	41.33	26.05
	Diluted earnings per share	40.18	22.68

Statement of comprehensive income

1/10-30/9

Note	(DKKm)	2022/23	2021/22
	Profit for the year	**792**	**451**
	Items that may be reclassified to the income statement		
	Foreign exchange adjustment on translation of foreign entities	-1	-25
	Fair value adjustments of derivative financial instruments, net	28	40
	Fair value adjustments of derivative financial instruments, transferred to the income statement	-20	1
12	Tax on other comprehensive income	-2	-7
	Other comprehensive income	**5**	**9**
	Total comprehensive income	**797**	**460**
	Comprehensive income is attributable to:		
	Shareholders of Per Aarsleff Holding A/S	791	456
	Minority shareholders	6	4
	Total	**797**	**460**

Balance sheet

Assets

Note	(DKKm)	30/9 2023	30/9 2022
	Goodwill	405	421
	Patents and other intangible assets	202	235
	Intangible assets in progress	62	42
14	**Intangible assets**	**669**	**698**
	Land and buildings	1,243	1,009
	Plant and machinery	1,699	1,650
	Other fixtures and fittings, tools and equipment	158	153
	Property, plant and equipment in progress	303	241
15	Lease assets	636	573
14	**Property, plant and equipment**	**4,039**	**3,626**
16	Investments in associates and joint ventures	1	1
19	Construction contract debtors	32	32
12	Deferred tax	12	7
	Other non-current assets	**45**	**40**
	Non-current assets	**4,753**	**4,364**
17	**Inventories**	**517**	**483**
19	Construction contract debtors	4,406	3,426
18	Work in progress	2,191	2,189
	Receivables from associates and joint ventures	0	5
	Other receivables	255	285
	Income tax receivable	45	37
	Prepayments	151	65
	Receivables	**7,048**	**6,007**
	Securities	**485**	**499**
	Cash and cash equivalents	**579**	**316**
32	**Assets held for sale**	**0**	**74**
	Current assets	**8,629**	**7,379**
	Total assets	**13,382**	**11,743**

Equity and liabilities

Note	(DKKm)	30/9 2023	30/9 2022
	Share capital	41	41
	Translation reserve	-149	-148
	Hedging reserve	35	29
	Retained earnings	4,241	3,740
	Proposed dividend	204	163
	Equity, shareholders of Per Aarsleff Holding A/S	4,372	3,825
	Minority interests' share of equity	32	30
20	**Equity**	**4,404**	**3,855**
	Mortgage debt	85	114
	Credit institutions	1,645	0
15	Lease liabilities	449	397
21	Provisions	207	152
12	Deferred tax	541	395
22	Other payables	76	84
	Non-current liabilities	**3,003**	**1,142**
	Mortgage debt	6	13
	Credit institutions	138	1,244
15	Lease liabilities	183	173
18	Work in progress	1,580	1,433
21	Provisions	119	99
	Trade payables	2,718	2,466
	Income tax payable	48	86
22	Other payables	1,183	1,158
32	Liabilities relating to assets held for sale	0	74
	Current liabilities	**5,975**	**6,746**
	Total liabilities	**8,978**	**7,888**
	Total equity and liabilities	**13,382**	**11,743**

Statement of cash flows

1/10-30/9

Note	(DKKm)	2022/23	2021/22
	Cash flow generated from operations		
	Operating profit (EBIT)	1,078	727
	Profit/loss from discontinued operations	-6	-66
	Depreciation, amortisation and impairment	783	680
26	Other adjustments	33	-45
27	Change in working capital	-602	-641
	Cash flow from operating activities before net financials and tax	**1,286**	**655**
	Interest received	33	30
	Interest paid	-63	-68
	Cash flow from ordinary activities	**1,256**	**617**
	Income tax paid	-154	-101
	Cash flow from operating activities	**1,102**	**516**
	Cash flow generated from investments		
30	Acquisitions	-17	-378
	Investments in property, plant and equipment	-892	-870
	Investments in intangible assets	-30	-26
	Sale of property, plant and equipment	100	56
	Investments in associates	0	-9
	Purchase of securities	-39	-342
	Sale of securities	54	411
	Cash flow from investing activities	**-824**	**-1,158**
	Cash flow generated from financing		
29	Repayment and servicing of non-current liabilities	-35	-40
	Credit institutions	538	1,101
29	Lease payments	-235	-221
	Dividend paid	-152	-158
	Treasury shares	-123	-157
	Cash flow from financing activities	**-7**	**525**
	Change in cash and cash equivalents for the year	**271**	**-117**
	Opening cash and cash equivalents	319	445
	Market value adjustment of opening cash and cash equivalents	-11	-9
	Change in cash and cash equivalents for the year	271	-117
28	**Closing cash and cash equivalents**	**579**	**319**

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 1/10 2022	**41**	**-148**	**29**	**3,740**	**163**	**3,825**	**30**	**3,855**
Comprehensive income								
Profit for the year				582	204	786	6	792
Other comprehensive income								
Foreign exchange adjustment of foreign entities		-1				-1		-1
Fair value adjustments of derivative financial instruments, transferred to the income statement			-20			-20		-20
Tax on derivative financial instruments			4			4		4
Fair value adjustments of derivative financial instruments			28			28		28
Tax on derivative financial instruments			-6			-6		-6
Total other comprehensive income	0	-1	6	0	0	5	0	5
Total comprehensive income	**0**	**-1**	**6**	**582**	**204**	**791**	**6**	**797**
Transactions with owners								
Dividend, minority shareholders							-4	-4
Employee share programme				31		31		31
Purchase of treasury shares				-123		-123		-123
Dividend paid					-163	-163		-163
Dividend, treasury shares				11		11		11
Total transactions with owners	**0**	**0**	**0**	**-81**	**-163**	**-244**	**-4**	**-248**
Equity at 30/9 2023	**41**	**-149**	**35**	**4,241**	**204**	**4,372**	**32**	**4,404**

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 1/10 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
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
Acquisition 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**

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 2022/23 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 IFRSs 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 on a going concern basis and 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 2022/23, including: Amendments to IFRS 3, IAS 16 and IAS 37 and annual improvements 2018-2020. These changes have 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.

Income 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 operates. 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.

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

Notes to the financial statements

1 Accounting policies, continued

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 payables, 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.

Financial liabilities
On initial recognition, mortgage debt and payables to credit institutions are recognised 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.

Notes to the financial statements

1 Accounting policies, continued

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 reports of issuers of financial instruments on the EU regulated markets.

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

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-2023-09-30-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.

Materiality
The consolidated financial statements are prepared on the basis of a number of transactions that are aggregated into classes according to their nature or function. The transactions are presented in the consolidated financial statements in classes of similar items. If a line item is not individually material, it is aggregated with other items either in the consolidated financial statements or in the notes.

Management provides specific information required under IFRS unless such information is not relevant or is considered immaterial to the decisions of the primary users of the 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.

Effect of climate change
In connection with the preparation of the consolidated annual report, Management has considered the effects of climate change, especially on the valuation of property, plant and equipment. As production machinery is replaced with energy-friendly alternatives in an ongoing process, no impairment loss is recognised. Management has also considered whether the Group's production entities are located in high-risk areas with due consideration to climate change. Management found that this was not the case. Consequently, Management identified no impairment loss. The section Significant risks on page 73 provides more details on the effect of climate change.

Macroeconomics
There are still macroeconomic risks attached to developments in prices of raw materials and interest rates and the derived impacts on the war in Ukraine. These risks have to the widest extent possible been included in current forecasts, budgets etc. and mitigated through the submission of tenders. See Significant risks on page 73. Management finds that there is no material impact on the accounting estimates and judgements.

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	■■■

See Significant risks on page 73.

Note		Significant accounting estimates and judgments	Estimate/ judgment	Impact of accounting estimates and judgments 2022/23	2021/22
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 that have not yet come into force and amendments to existing standards and new interpretations adopted by the EU

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 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.

Amendment to IAS 12 Pillar II
The amendment concerns a temporary option of omitting to recognise deferred tax arising from the implementation of the rules. See Pillar II. The amendment is effective for financial years beginning on or after 1 January 2023.

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
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 2024.

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)	**2022/23**	**2021/22**	**2022/23**	**2021/22**	**2022/23**	**2021/22**	**2022/23**	**2021/22**	**2022/23**	**2021/22**	**2022/23**	**2021/22**
Revenue	9,741	8,462	2,464	2,248	2,288	1,876	3,409	3,332	2,342	2,200	20,244	18,118
Of which work performed abroad	2,443	1,634	0	0	577	548	2,365	2,290	1,720	1,626	7,105	6,098
Share of profit in associates and joint ventures	9	15	0	0	0	0	0	0	0	0	9	15
Operating profit (EBIT)	555	250	86	82	46	73	204	173	187	149	1,078	727
EBIT margin, %	5.7	3.0	3.5	3.6	2.0	3.9	6.0	5.2	8.0	6.8	5.3	4.0
ROIC after tax, %	26.9	17.5	9.0	20.3	4.3	10.0	9.4	8.7	19.5	14.6	15.0	13.1
Segment assets	5,473	4,916	1,362	828	1,301	1,164	2,649	2,512	1,476	1,390	12,261	10,810
Capital expenditure	443	387	171	64	91	49	263	232	113	82	1,081	814
Depreciation, amortisation and impairment	287	253	52	36	115	84	225	203	104	104	783	680
Investments in associates and joint ventures	1	1	0	0	0	0	0	0	0	0	1	1
Goodwill	9	13	110	113	121	131	70	70	95	94	405	421
Segment liabilities	3,488	3,164	698	612	767	653	1,012	985	550	548	6,515	5,962
Invested capital (IC)	1,778	1,379	983	461	789	795	1,654	1,678	717	753	5,921	5,066
Number of employees												
Biweekly paid employees	2,376	2,308	839	840	532	464	908	933	669	664	5,324	5,209
Engineers, technicians and administrative staff	1,430	1,368	435	331	423	395	687	653	465	427	3,440	3,174
Total	**3,806**	**3,676**	**1,274**	**1,171**	**955**	**859**	**1,595**	**1,586**	**1,134**	**1,091**	**8,764**	**8,383**

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	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
Revenue	13,139	12,020	7,105	6,098	20,244	18,118
Segment assets, non-current	3,175	2,855	1,566	1,509	4,741	4,364

Segment assets and liabilities

(DKKm)	2022/23	2021/22
Assets		
Segment assets for reportable segments	12,261	10,810
Income tax receivable	45	37
Deferred tax	12	7
Assets held for sale	0	74
Securities	485	499
Cash and cash equivalents	579	316
Assets as per balance sheet	**13,382**	**11,743**
Payables		
Segment liabilities for reportable segments	6,515	5,962
Mortgage debt	91	127
Credit institutions	1,783	1,244
Liabilities relating to assets held for sale	0	74
Income tax payable	48	86
Deferred tax	541	395
Liabilities as per balance sheet	**8,978**	**7,888**

§ 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. Reference is made to the management's review for additional information on the Group’s segments.

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 performed on arm’s length basis.

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)	2022/23	2021/22
Domestic		
Sale of goods	152	148
Income from service contracts	825	725
Income from construction contracts	12,162	11,147
Total domestic	**13,139**	**12,020**
International		
Sale of goods	317	312
Income from service contracts	89	40
Income from construction contracts	6,699	5,746
Total international	**7,105**	**6,098**
Total		
Sale of goods	469	460
Income from service contracts	914	765
Income from construction contracts	18,861	16,893
Total	**20,244**	**18,118**

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

Revenue from service contracts derives predominantly from the Technical Solutions and Rail segments.

Order backlog – transaction price allocated to performance obligations not satisfied

(DKKm)	2022/23	2021/22
Order backlog – construction contracts	20,427	20,806
Order backlog – service contracts	1,598	1,660
Order backlog – sale of goods	225	381
Total	**22,250**	**22,847**

Of the total order backlog at 30 September 2023, DKK 11,950 million is expected to be executed in the coming financial year (DKK 12,250 million at 30 September 2022).

The order backlog is determined as the total contract sum of construction contracts, service and maintenance contracts and sale of goods less the percentage completed as at the latest financial reporting date. 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.

In addition to the above, revenue from service contracts expected to be executed more than five years after the balance sheet date amounted to DKK 630 million at 30 September 2023 (2022: DKK 605 million).

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.

Service contracts

Service contracts comprise various types of contracts, framework agreements, agreements on service and maintenance or operations.

The recognition of service contracts depends on the specific type of contract. Service and maintenance contracts for which a fixed consideration has been agreed for a predetermined standard are recognised in proportion to the rate of completion. Add-on assignments are dealt with separately. Some contracts may consist of a number of small assignments. These are recognised as the work is performed.

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.

Notes to the financial statements

5 Revenue – continued

§ Accounting policy – continued

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 material reversal of previously recognised 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.

6 Depreciation, amortisation and impairment

(DKKm)	**2022/23**	**2021/22**
Amortisation and impairment, intangible assets	78	34
Depreciation and impairment, property, plant and equipment	705	646
Total	**783**	**680**
Depreciation and impairment, property, plant and equipment is recognised in the income statement as follows:		
Production costs	596	547
Administrative expenses and selling costs	109	99
Total	**705**	**646**
Amortisation and impairment, intangible assets is recognised in the income statement as follows:		
Administrative expenses and selling costs	78	34
Total	**78**	**34**

Notes to the financial statements

7 Staff costs

(DKKm)	2022/23	2021/22
Wages, salaries and remuneration	5,014	4,428
Pensions	313	269
Share-based payment	31	27
Other costs, social security costs, etc.	328	285
Total	**5,686**	**5,009**
Of which:		
Remuneration of the Board of Directors[1]	3	3
Fixed remuneration of the Executive Management	16	13
Share-based payment, Executive Management	1	1
Total	**20**	**17**
Average number of full-time employees	**8,764**	**8,383**

[1] The Board of Directors was reduced from six to five members effective 31 January 2022 and expanded from five to six members effective 26 January 2023.

8 Share-based payment

In May 2021, February 2022 and February 2023, 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.

8 Share-based payment – continued

Maximum no. of conditional shares	Executive Management	Other employees	Total
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 1 March 2023	5,059	124,606	129,665
Cancelled, financial year 2022/23	0	-4,262	-4,262
Conditional shares granted at 30 September 2023	**13,665**	**356,209**	**369,874**

The fair value at the date of grant and assumptions for the calculation are shown in the table below.

Date of grant	Share price at date of grant	Expected term	Volatility[1]	Risk-free interest rate	Dividend of share value	Fair value at date of grant
31 May 2021	295.0	3 years	1.20	0.50%	2.50%	273.27
28 February 2022	261.0	3 years	1.20	0.50%	2.50%	241.88
27 February 2023	303.0	3 years	1.31	2.00%	2.50%	280.88

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

§ Accounting policy

The share programme is initially classified as an equity-based scheme.

The fair value of matching shares is measured at the grant date and recognised in the income statement in staff costs over the vesting period and in the balance sheet in equity over the vesting period.
The balancing item is recognised directly in equity.

Notes to the financial statements

9 Fees to auditors appointed by the annual general meeting

(DKKm)	2022/23	2021/22
Deloitte	11	8
Other auditors	2	3
Total	**13**	**11**
The fees to Deloitte may be specified as follows:		
Statutory audit	9	7
Other assurance engagements	0	0
Tax consulting services	0	0
Other services	2	1
Total	**11**	**8**

Fees for non-audit services provided to the Group by Deloitte amounted to DKK 2.2 million (2021/22: DKK 1.3 million), comprising review of statements for prequalifications and various other reports and other general accounting and tax consulting services.

10 Other operating income and expenses

(DKKm)	2022/23	2021/22
Other operating income	58	34
Other operating expenses	-9	-5
Total	**49**	**29**

Other operating income during the financial years 2022/23 and 2021/22 mainly consisted of gains from the sale of non-current assets. The figures comprised no single material items for either 2022/23 or 2021/22.

§ Accounting policy

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

11 Financial income and expenses

(DKKm)	2022/23	2021/22
Fair value adjustment of securities	6	0
Value adjustment of earn-out	11	10
Other interest income	18	13
Financial income	**35**	**23**
Foreign exchange loss, net	10	4
Fair value adjustment of securities	0	35
Borrowing costs recognised in the cost of assets	0	-1
Interest on mortgage loans	3	3
Interest, lease liabilities	7	7
Other interest expenses	51	19
Financial expenses	**71**	**67**
Net financials	**-36**	**-44**
Of which calculated using the effective interest method	**-14**	**-11**

Borrowing costs are recognised in the cost of constructed assets at an effective interest rate of 1% (2021/22: 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.

Notes to the financial statements

12 Income tax

(DKKm)	2022/23	2021/22
Total tax for the year may be specified as follows:		
Tax on profit for the year	244	166
Tax recognised in other comprehensive income	-2	-7
Total	**242**	**159**
Tax on profit for the year may be specified as follows:		
Current tax	101	58
Adjustment for the year of deferred tax and deferred tax asset	143	108
Total	**244**	**166**
Tax recognised in other comprehensive income may be specified as follows:		
Current tax	0	2
Adjustment for the year of deferred tax and deferred tax asset	-2	-9
Total	**-2**	**-7**
Tax on profit for the year may be specified as follows:		
Calculated 22% tax on profit before tax	229	150
Tax effect of:		
Differences in tax rates	2	6
Discrepancies relating to associates	-2	-3
Employee share programme	7	6
Other items	8	7
Total	**244**	**166**

The implementation of the Minimum Tax Act (Pillar II), as adopted by the Danish Parliament on 7 December 2023, will not, based on the current group structure, result in additional tax costs for the Aarsleff Group. It will result in a not insignificant compliance task for the Group when the safe harbour rules are no longer possible to apply.

(DKKm)	2022/23	2021/22
Deferred tax		
Deferred tax at 1/10	388	244
Transferred to current tax	-15	-8
Addition on company acquisitions	9	36
Changed tax rate	2	-1
Deferred tax for the year recognised in profit for the year	143	108
Deferred tax for the year recognised in other comprehensive income	2	9
Deferred tax at 30/9	**529**	**388**
Recognised as follows:		
Deferred tax (asset)	-12	-7
Deferred tax (liability)	541	395
Total	**529**	**388**

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.

(DKKm)	2022/23	2021/22
Deferred tax relates to:		
Intangible assets	38	38
Property, plant and equipment	116	103
Work in progress	398	276
Other current assets	6	4
Provisions	-16	-12
Other payables	4	0
Tax loss carryforwards	-17	-21
Deferred tax at 30/9	**529**	**388**
Deferred tax expected to be realised within 12 months	210	198
Tax base of unrecognised deferred tax assets	0	0

Notes to the financial statements

12 Income tax – continued

§ 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

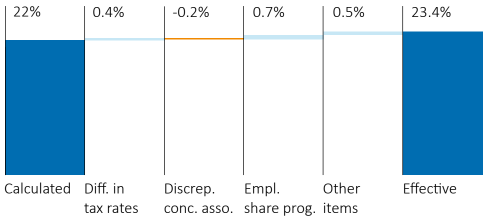
Deferred tax is measured in accordance with the balance sheet liability method on all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax on temporary differences relating to goodwill not amortisable for tax purposes and other items is not 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.

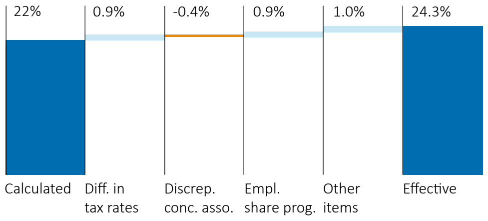
Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in other non-current assets at the amount at which they are expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities.

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

Effective tax rate, 2022/23



Effective tax rate, 2021/22



13 Earnings per share

(DKK)	2022/23	2021/22
Profit for the year, excluding minority shareholders (DKKm)	786	447
Average no. of shares (thousands)	20,385	20,385
Average no. of treasury shares (thousands)	1,222	652
Average no. of shares in circulation (thousands)	**19,163**	**19,733**
Average no. of shares, diluted (thousands)	398	0
Average no. of shares in circulation, diluted (thousands)	**19,561**	**19,733**
Earnings per share (current)	41.01	22.68
Earnings per share (continuing operations)	41.33	26.05
Earnings per share (diluted)	40.18	22.68

Notes to the financial statements

14 Intangible assets and property, plant and equipment

(DKKm)	Goodwill	Patents and other intangible assets	Intangible assets in progress	Land and buildings	Plant and machin-ery	Other fixtures and fittings, tools and equip-ment	Property, plant and equipment in progress	Lease assets
Cost at 1/10 2022	532	503	42	1,439	4,116	429	241	938
Foreign exchange adjustments	0	0	0	-2	-4	-2	-2	-2
Additions on acquisition of companies	2	10	0	0	5	0	0	0
Additions during the year	0	19	22	35	375	52	429	308
Disposals during the year	-4	-1	-2	-15	-169	-35	0	-111
Transfers	0	2	0	259	98	5	-365	0
Cost at 30/9 2023	**530**	**533**	**62**	**1,716**	**4,421**	**449**	**303**	**1,133**
Depreciation, amortisation and impairment at 1/10 2022	111	268		430	2,466	276		365
Foreign exchange adjustments	0	0		0	1	-2		0
Depreciation and amortisation for the year	0	64		49	387	44		225
Impairment for the year	14	0		0	0	0		0
Assets sold during the year	0	-1		-6	-132	-27		-93
Depreciation, amortisation and impairment at 30/9 2023	**125**	**331**	**0**	**473**	**2,722**	**291**	**0**	**497**
Carrying amount at 30/9 2023	**405**	**202**	**62**	**1,243**	**1,699**	**158**	**303**	**636**

(DKKm)	Goodwill	Patents and other intangible assets	Intangible assets in progress	Land and buildings	Plant and machin-ery	Other fixtures and fittings, tools and equip-ment	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

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 2023/24 - 2027/28, 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 1.4%-3.2% was applied for the terminal period (2021/22: 1.6%-3.2%), 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 2023/24-2027/28 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 2-8%, an EBIT margin of 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.

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 segments to which goodwill has been allocated.

	2022/23			2021/22		
	Discount factor (%)	**Terminal period growth** (%)	**Carrying amount of goodwill** (DKKm)	**Discount factor** (%)	**Terminal period growth** (%)	**Carrying amount of goodwill** (DKKm)
Cash-generating segment						
Construction	9.5-12.2	1.4-2.3	9	8.7-10.7	1.8-2.3	13
Technical Solutions	9.5-11.8	1.4	110	8.7-10.6	1.8	113
Rail	9.5-11.5	1.7	121	8.7-10.6	1.8	131
Ground Engineering	9.5-11.7	1.4-3.2	70	8.7-10.7	1.8-3.2	70
Pipe Technologies	9.5-13.1	1.4-1.7	95	8.7-11.8	1.6-1.8	94
Total			**405**			**421**

During the financial year, an impairment loss of DKK 10 million was recognised on goodwill in Aarsleff Rail AS (Rail segment), as the company recorded slightly lower revenue than expected and strongly unsatisfactory financial performance. Moreover, an impairment loss of DKK 4 million was recognised on intangible assets in HP Tennisanlæg A/S (Construction segment) due to weaker-than-expected results.

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.

Notes to the financial statements

14 Intangible assets and property, plant and equipment – continued

§ 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.

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

Production 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.

§ Accounting policy – continued

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.

Climate risks
Reference is made to Material risks on page 73 for a description of the climate risks to which the Group is exposed. Such risks are not assessed to cause impairment of the Group's intangible assets and property, plant and equipment.

! 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.

Notes to the financial statements

15 Leases

Lease assets

(DKKm)	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equip-ment	Total
Lease assets 1/10 2022	**248**	**146**	**179**	**573**
Additions during the year	32	94	182	308
Additions on acquisition of companies	0	0	0	0
Disposals during the year	-5	-6	-7	-18
Depreciation and amortisation for the year	-50	-73	-102	-225
Foreign exchange adjustments	2	-3	-1	-2
Recognised in balance sheet at 30/9 2023	**227**	**158**	**251**	**636**
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 liability

(DKKm)	30/9 2023	30/9 2022
Maturities, lease liabilities		
Due within 1 year	183	173
Due in between 1 and 5 years	440	385
Due after more than 5 years	29	38
Total undiscounted lease liability	**652**	**596**
Lease liability recognised in the balance sheet		
Current	183	173
Non-current	449	397
Amounts recognised in profit or loss		
Interest expenses related to lease liabilities	7	7
Variable lease payments not recognised as part of the lease liability	0	0
Expenses related to short-term leases (less than 12 months)	416	389
Expenses related to leases of low value	29	22

Leases

For the financial year 2022/23, the Group paid DKK 235 million in respect of finance leases (2021/22: DKK 221 million), of which interest payments related to recognised lease liabilities amounted to DKK 7 million (2021/22: DKK 7 million) and repayment of recognised lease debt amounted to DKK 228 million (2021/22: DKK 214 million).

Notes to the financial statements

15 Leases – continued

§ Accounting policy

Leases

A 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 lease 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 lease 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 lease 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.

16 Investments in associates and joint arrangements

(DKKm)	30/9 2023	30/9 2022
Associates The Group has investments in three 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	1
Total share of profit after tax	9	15
Total comprehensive income	**9**	**15**

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 133.

Notes to the financial statements

16 Investments in associates and joint arrangements – continued

§ 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 negative equity value are measured at zero value. If the Group has a legal or constructive obligation to cover the associate's negative balance, such obligation is recognised under 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 estimates

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.

17 Inventories

(DKKm)	30/9 2023	30/9 2022
Raw materials and consumables	364	356
Finished goods	153	127
Total	**517**	**483**

§ 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.

Notes to the financial statements

18 Work in progress

(DKKm)	30/9 2023	30/9 2022
Selling price of construction contracts	28,807	21,054
Progress billings	-28,196	-20,298
Total	**611**	**756**
Recognised as follows:		
Receivables	2,191	2,189
Current liabilities	-1,580	-1,433
Total	**611**	**756**
Advance payments from customers relating to construction contracts not commenced	0	2
Contract assets relating to costs for performance of construction contracts	15	11
Amortisation for the year, recognised in production costs	1	1

Contract assets and liabilities consist of work in progress.

The selling price of work in progress at 30 September 2023 increased relative to 30 September 2022, among other things because more large construction projects had not been completed at 30 September 2023.

Progress billings were also higher at 30 September 2023 than at 30 September 2022 due primarily to the afore-mentioned increase in selling prices.

§ 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.

Notes to the financial statements

19 Construction contract debtors

(DKKm)	30/9 2023	30/9 2022
The fair value of receivables is considered to correspond to the carrying amount.		
Impairment allowance, construction contract debtors at 1/10	33	47
Additions during the year	12	5
Disposals during the year		
– Used	-2	-4
– Reversed	-4	-15
Impairment allowance, construction contract debtors at 30/9	**39**	**33**
Impairment allowances included in receivables, recognised in the income statement	1	-10
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.		
The balance of construction contract debtors falls due as follows:		
Balances not due	2,705	2,791
Balances past due:		
Less than 30 days past due	1,252	416
30 to 90 days past due	179	114
More than 90 days past due	302	137
Total	**4,438**	**3,458**
Receivables falling due more than one year after the balance sheet date	32	32

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 2023 and 30 September 2022, 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 2023				
Balances not due	0.2	4,873	10	4,863
Less than 30 days past due	0.8	1,263	11	1,252
30 to 90 days past due	2.8	184	5	179
More than 90 days past due	4.4	317	14	303
Total	0.6	6,637	**40**	**6,597**
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**

Notes to the financial statements

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.

A dividend of DKK 10 (2021/22: DKK 8) per share each of nominally DKK 2 is proposed in respect of the 2022/23 financial year for a dividend amount of DKK 190.7 million (2021/22: DKK 152.5 million).

	Number of shares		Nominal value (DKK'000)		% of share capital	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
Treasury shares (B shares)						
Holding at 1/10	942,727	418,539	1,885	837	4.63	2.05
Additions during the year	497,988	621,633	996	1,243	2.44	3.05
Disposals during the year	-130,341	-97,445	-261	-195	-0.64	-0.47
Holding at 30/9	**1,310,374**	**942,727**	**2,620**	**1,885**	**6.43**	**4.63**

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 2020.

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.

§ 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.

Notes to the financial statements

21 Provisions

(DKKm)	**30/9 2023**	**30/9 2022**
Provisions at 1/10	251	250
Used during the year	-42	-39
Additions on acquisition of companies	0	7
Reversal of unused provisions	-35	-52
Provided for the year	153	85
Foreign exchange adjustments	-1	0
Provisions at 30/9	**326**	**251**
Recognised as follows:		
Non-current liabilities	207	152
Current liabilities	119	99
Total	**326**	**251**

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.

22 Other payables

(DKKm)	**30/9 2023**	**30/9 2022**
VAT etc. payable	127	167
Other payroll-related items payable	784	572
Liability concerning earn-out	66	79
Additional other payables	282	424
Provisions at 30/9	**1,259**	**1,242**
Recognised as follows:		
Non-current liabilities	76	84
Current liabilities	1,183	1,158
Total	**1,259**	**1,242**

Notes to the financial statements

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

Financial instrument categories

	Carrying amount		Fair value	
(DKKm)	**30/9 2023**	**30/9 2022**	**30/9 2023**	**30/9 2022**
The Group's financial instrument categories:				
Construction contract debtors	4,438	3,458	4,438	3,458
Work in progress	2,191	2,189	2,191	2,189
Receivables from associates and joint ventures	0	5	0	5
Other receivables	255	285	255	285
Cash and cash equivalents	579	316	579	316
Receivables at amortised cost	**7,463**	**6,253**	**7,463**	**6,253**
Securities	485	499	485	499
Financial assets at fair value through profit or loss	**485**	**499**	**485**	**499**
Derivative financial instruments used for hedging	43	35	43	35
Derivative financial instruments to hedge future cash flows	**43**	**35**	**43**	**35**
Other payables (earn-out)	66	79	66	79
Financial liabilities at fair value through profit or loss	**66**	**79**	**66**	**79**
Mortgage debt	91	127	91	127
Credit institutions	1,783	1,244	1,783	1,244
Lease debt	632	570	632	570
Work in progress	1,580	1,433	1,580	1,433
Trade payables	2,718	2,466	2,718	2,466
Financial liabilities at amortised cost	**6,804**	**5,840**	**6,804**	**5,840**

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 in a three-level fair value hierarchy, 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.

Notes to the financial statements

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

Contingent consideration

The fair value of contingent consideration (earn-out) related to the acquisitions of Steg Entreprenør AS, Trym Anlegg AS and Jysk CTS A/S is 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 Steg Entreprenør AS amounts to DKK 20 million as a minimum. For Trym Anlegg AS, the total payment amounts to a minimum of 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 0.3 million. The change in the fair value of earn-out agreements has been recognised at DKK 11 million under financial income and non-current other payables, respectively.

(DKKm)	2022/23	2021/22
Carrying amount at 1/10	79	115
Additions	0	49
Adjustment in income statement	-11	-10
Dividend/partial repayment	-2	-5
Repayment	0	-70
Carrying amount at 30/9	**66**	**79**

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.

The Group's financing is primarily composed of a revolving credit facility totalling DKK 1.75 billion with a bank consortium consisting of Nordea and SEB Bank for a three-year period with an option for up to another two years and other uncommitted credit facilities with Nordea. The revolving credit facility is subject to covenants with respect to the Group's gearing, calculated as adjusted EBITDA relative to net interest-bearing debt. At 30 September 2023, the Group had unutilised drawing rights of DKK 274 million.

All covenants were observed at 30 September 2023.

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 2023						
Non-derivative financial instruments:						
Mortgage debt	91	118	9	10	31	68
Credit institutions	1,783	1,783	138	0	1,645	0
Trade payables	2,718	2,718	2,718	0	0	0
Other payables	66	66	0	0	66	0
Derivative financial instruments						
Derivative financial instruments to hedge future cash flows	-43	-43	-29	-8	-2	-4
Total liabilities	**4,615**	**4,642**	**2,836**	**2**	**1,740**	**64**
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**

[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.

Notes to the financial statements

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

Currency risk
The Group's currency risk exposure is mainly related to SEK insofar as the Group's Danish companies are involved in the execution of projects in Sweden.

The Group's exposures to SEK are as follows:

(DKKm)	30/9 2023 SEK	30/9 2022 SEK
Assets		
Trade receivables	108	82
Cash and cash equivalents	1	0
Total assets	**109**	**82**
Equity and liabilities		
Trade payables	32	23
Interest-bearing debt	41	120
Amounts owed to group entities	-120	-140
Total equity and liabilities	**-47**	**3**
Net position	**156**	**79**
Financial instruments		
Fair value hedges	-16	0
Cash flow hedges	-398	-652
Exposure	**-258**	**-573**

At 30 September 2023, the Group's SEK exposure amounted to DKK 258 million (DKK 573 million at 30 September 2022) 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 cash flow hedging in SEK was executed at a weighted average exchange rate of 0.6970, against 0.7047 in 2021/22, and the fair value hedging in SEK was executed at a weighted average exchange rate of 0.6274.

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 and are not included in the sensitivity analysis below. 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 2023 SEK	30/9 2022 SEK
Year-end exchange rate	0.6466	0.6823
+5%	0.6789	0.7164
-5%	0.6143	0.6482

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%	
30/9 2023	**SEK exposure**	**Earnings effect**	**Equity effect**	**Earnings effect**	**Equity effect**
Assets					
Trade receivables	108	5	0	-5	0
Cash and cash equivalents	1	0	0	0	0
Equity and liabilities					
Trade payables	32	-1	0	1	0
Interest-bearing debt	41	-2	0	2	0
Amounts owed to group entities	-120	6	0	-6	0
Financial instruments					
Fair value hedges	-16	-1	0	1	0
Cash flow hedges	-398	0	20	0	-20
Net effect		**7**	**20**	**-7**	**-20**

As appears from the above, a change of +/- 5% in the exchange rate of SEK would affect the Group's earnings by -/+ DKK 7 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.

(DKKm)		DKK/SEK +5%		DKK/SEK -5%	
30/9 2022	**SEK exposure**	**Earnings effect**	**Equity effect**	**Earnings effect**	**Equity effect**
Assets					
Trade receivables	82	4	0	-4	0
Cash and cash equivalents	0	0	0	0	0
Equity and liabilities					
Trade payables	23	-1	0	1	0
Interest-bearing debt	120	-6	0	6	0
Amounts owed to group entities	-140	7	0	-7	0
Financial instruments					
Fair value hedges	0	0	0	0	0
Cash flow hedges	-652	0	33	0	-33
Net effect		**4**	**33**	**-4**	**-33**

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 2023/24	2024/25	2025/26	2026/27	After 2026/27
30/9 2023							
Interest rate swap	10	10	3	1	1	1	4
Forward contracts	33	33	26	7	0	0	0
Total	**43**	**43**	**29**	**8**	**1**	**1**	**4**

(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**

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 rate of SEK, as this currency is considered to be of significant importance to the Group.

Fair value hedging
The Group has also entered into forward exchange transactions in SEK with a view to hedging receivables from dividends in the Group's Swedish companies. Their total value was DKK 16 million against DKK 0 million in 2021/22. At 30 September 2023, these financial instruments had a negative fair value of DKK 0.5 million, against a fair value of DKK 0 million in 2021/2021. The contracts expire in February 2024 at the latest.

See the section on Commercial risk assessment in the Management's review for further information.

Capital management
The Group regularly assesses the need for adjusting its capital structure as well as that 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% and a ratio of net interest-bearing debt to EBITDA of less than 1.5.

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 2023 %	30/9 2022 %	30/9 2023 (DKKm)	30/9 2022 (DKKm)	30/9 2023 (DKKm)	30/9 2022 (DKKm)
Interest-bearing assets	**Fixed**	**-1 to 4**	**0 to 1**	**129**	**166**	**129**	**166**
Interest-bearing assets	**Floating**	**-1 to 5**	**0 to 2**	**935**	**648**	**935**	**648**
Interest-bearing liabilities	**Fixed**	**1 to 9**	**1 to 8**	**2,260**	**577**	**2,260**	**577**
Interest-bearing liabilities	**Floating**	**1 to 9**	**1 to 8**	**321**	**1,448**	**321**	**1,448**
Net interest-bearing deposit				**-1,517**	**-1,211**		
Payment/maturity profile is specified as follows:							
Less than 1 year				661	-699		
1-5 years				-2,124	-449		
More than 5 years				-54	-63		
				-1,517	**-1,211**		

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 2 million on the Group's profit before tax and equity (2021/22: a negative effect of DKK 18 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, work in progress 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 work in progress and 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 work in progress and 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 2022, the Group's impairment allowances at 30 September 2023 related solely to financial assets classified as receivables. See note 19 Construction contract debtors.

Notes to the financial statements

24 Contingent liabilities and other financial obligations

(DKKm)	30/9 2023	30/9 2022
Investment and purchase obligations		
Investments in property, plant and equipment	78	89
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	123	165
As security for the completion of construction contracts, the usual security has been provided in the form of bank guarantees and suretyship insurance	8,179	6,401

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 2023 was DKK 2,139 million, against DKK 2,766 million at 30 September 2022, of which amounts DKK 386 million and DKK 533 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)	2022/23	2021/22	2022/23	2021/22
Group				
Income[2]	4	7	0	0
Expenses[2]	0	0	0	0
Receivables[3]	0	7	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 2022/23 or 2021/22.

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)	2022/23	2021/22
Profit/loss in associates	0	-5
Provisions	76	-19
Profit/loss from sale of property, plant and equipment	-43	-21
Total	**33**	**-45**

27 Change in working capital – statement of cash flows

(DKKm)	2022/23	2021/22
Inventories	-32	-54
Work in progress, net	149	-626
Receivables	-1,020	-796
Trade payables, other payables, etc.	301	835
Total	**-602**	**-641**

28 Liquidity

(DKKm)	2022/23	2021/22
Cash and cash equivalents	579	319
Total	**579**	**319**
Cash and cash equivalents are specified as follows:		
Share of cash and cash equivalents in joint operations	192	133
Other cash and cash equivalents	387	186
Total	**579**	**319**

29 Liabilities from financing activity

			Non-cash changes		
(DKKm)	Opening	Cash flows	Change in payables	Foreign exchange adjustments	Closing
2022/23					
Non-current debt	114	-35	1,645	6	1,730
Lease debt	570	-235	297		632
Total liabilities from financing activity	**684**	**-270**	**1,942**	**6**	**2,362**
2021/22					
Non-current debt	94	-40		60	114
Lease debt	401	-221	390		570
Total liabilities from financing activity	**495**	**-261**	**390**	**60**	**684**

30 Acquisitions

2022/23

During the financial year 2022/23, Per Aarsleff Holding A/S made the following acquisitions:

At 1 October 2022, Wicotec Kirkebjerg A/S acquired 100% of the shares in Kurt Jensen Maskinfabrik A/S.

The total consideration for 100% of the shares in the company on a debt-free basis was calculated at DKK 1.8 million, and DKK 3.3 million was paid in cash.

Kurt Jensen Maskinfabrik A/S specialises in the production of non-rusting 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.

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 2 million.

The company was subsequently merged into Holmskov Rustfri A/S.

Notes to the financial statements

30 Acquisitions – continued

At 1 January 2023, Aarsleff Rohrsanierung GmbH acquired 100% of the shares in BE-KA-TEC GmbH and Bettina Hänsch GmbH.

The total consideration for 100% of the shares in the companies on a debt-free basis was calculated at DKK 28.3 million, and DKK 13.6 million was paid in cash.

The companies carry out pipe renovation work in the southern part of Germany, recording revenue of EUR 8 million in 2022.
Combined, the companies have 70 employees and are based in Beratzhausen, Bavaria.

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.

(DKKm)	**Total**
Fair value at acquisition date	
Intangible assets	10
Property, plant and equipment	5
Associates	0
Inventories	2
Receivables	18
Cash and cash equivalents	12
Non-current liabilities	-3
Other current liabilities	-17
Net assets acquired	27
Minority interests	0
Goodwill	2
Acquisition cost	29
Of which cash and cash equivalents/bank debt	-9
Deferred contingent consideration regarding minority shareholding	-3
Cash acquisition cost	**17**
The nominal value of the above receivables is	18

The acquired company's revenue and profit, included in the consolidated financial statements from the acquisition date, amount to DKK 41.7 million and DKK 4.6 million, respectively. Pro forma consolidated revenue and profit for 2022/23, calculated as if the companies were acquired at 1 October 2022, were DKK 54.9 million and DKK 6.3 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 2022.

Transaction costs amounted to DKK 1 million.

Business combinations after the balance sheet date
On 4 September 2023, Wicotec Kirkebjerg A/S announced that it had entered into an agreement to acquire 100% of the shares in MD Rustfri A/S in Køge effective 1 October 2023.

MD Rustfri A/S performs non-rusting pipework for the pharmaceutical industry and other sectors.

The company has 60 employees.

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 Wicotec Kirkebjerg 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.

Notes to the financial statements

30 Acquisitions – continued

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 at 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 annual revenue of GBP 13 million and 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.

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 DKK 31 million.

The acquisition of BL Grundvandssænkning A/S will strengthen the Group's overall competencies and capacity in groundwater drawdown 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.

Identifiable assets and liabilities, etc. are stated at fair value, and intangible assets comprise the value of the company's name, customers and order book. 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.

Notes to the financial statements

30 Acquisitions – continued

(DKKm)	Trym Anlegg AS	Jysk CTS A/S	Cannon Piling Ltd.	Perma-green Grønland A/S	BL Grund-vands-sænkning A/S	Olimb Rørforny-ing Hold-ing 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.

§ 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.

Notes to the financial statements

31 Events after the balance sheet date

Contractual relations after the balance sheet date
In July, Aarsleff was awarded a contract with HOFOR on design, production and installation of the foundations for Aflandshage Offshore Wind Farm in the Øresund Strait. On 3 November, HOFOR announced that the project is put on hold and that Aarsleff will therefore not receive a notice to proceed. The contract is therefore not included in the order intake for the fourth quarter.

Business combinations after the balance sheet date
On 4 September 2023, Wicotec Kirkebjerg A/S announced that it had entered into an agreement to acquire 100% of the shares in MD Rustfri A/S in Køge effective 1 October 2023. MD Rustfri A/S performs non-rusting pipework for the pharmaceutical industry and other sectors. The company has 60 employees.

32 Discontinued operations and assets held for sale

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 in 2021/22, as the fair value less costs to sell was lower than the carrying amount. The impairment loss was recognised in the consolidated financial statements under discontinued operations.

The selling price less costs to sell amounted to DKK 0.7 million, corresponding to the carrying amount at 30 September 2022 after recognition of the impairment loss.

In March 2023, all necessary approvals had been obtained, and the Russian activities have been sold to the local management.

(DKKm)	**2022/23**	**2021/22**
Discontinued operations		
Revenue	0	26
Costs	-6	-28
Profit/loss before tax	-6	-2
Tax on profit/loss	0	-3
Profit after tax	-6	-5
Write-down to fair value less costs to sell	0	-61
Tax effect of impairment losses	0	0
Value adjustments after tax	0	-61
Profit/loss for the year from discontinued operations	-6	-66
Profit/loss from discontinued operations per share, DKK	-0.32	-3.37
Diluted profit/loss from discontinued operations per share, DKK	-0.31	-3.37
Cash flows from operating activities	0	-4
Cash flows from investing activities	0	38
Cash flow from financing activities	-6	-36
Total cash flows from discontinued operations	**-6**	**-2**

Notes to the financial statements

32 Discontinued operations and assets held for sale – continued

The full amount of the DKK 6 million loss from discontinued operations (2021/22: loss of DKK 66 million) is attributable to the shareholders of Per Aarsleff Holding A/S. Of the DKK 792 million profit (2021/22: DKK 451 million), DKK 786 million (2021/22: DKK 447 million) is attributable to the shareholders of Per Aarsleff Holding A/S.

(DKKm)	30/9 2023	30/9 2022
Property, plant and equipment	0	6
Other non-current assets	0	16
Deferred tax asset	0	2
Inventories	0	6
Receivables	0	41
Cash and cash equivalents	0	3
Total assets held for sale	**0**	**74**
Credit institutions	0	0
Other liabilities	0	74
Total liabilities relating to assets held for sale	**0**	**74**

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

Notes to the financial statements

Income statement

1/10-30/9

Note	(DKK'000)	2022/23	2021/22
	Revenue	**13,213**	**12,819**
	Production costs	132	210
	Gross profit	**13,345**	**13,029**
2, 3	Administrative expenses and selling costs	-68,776	-41,075
	Operating profit	**-55,431**	**-28,046**
6	Share of profit in subsidiaries	812,502	441,552
	Profit before interest	**757,071**	**413,506**
4	Financial income	14,831	16,859
4	Financial expenses	-17,229	-5,652
	Profit before tax	**754,673**	**424,713**
5	Tax on profit for the year	6,233	5,108
	Profit for the year	**760,906**	**429,821**
	Proposed appropriation of profit		
	Reserve for net revaluation according to the equity method	499,258	-8,011
	Retained earnings	57,797	274,751
	Dividend to shareholders	203,851	163,081
	Total	**760,906**	**429,821**

Balance sheet

Assets

Note	(DKK'000)	30/9 2023	30/9 2022
6	Investments in subsidiaries	4,556,214	4,042,028
	Investments	**4,556,214**	**4,042,028**
	Non-current assets	**4,556,214**	**4,042,028**
	Amounts owed by subsidiaries	1,712,833	1,727,692
	Income tax receivable	87,040	32,609
	Other receivables	15,129	2,106
	Receivables	**1,815,002**	**1,762,407**
	Securities	**484,665**	**0**
	Cash and cash equivalents	**168,848**	**98**
	Current assets	**2,468,515**	**1,762,505**
	Assets	**7,024,729**	**5,804,533**

Equity and liabilities

Note	(DKK'000)	30/9 2023	30/9 2022
	Share capital	40,770	40,770
	Reserve for net revaluation according to the equity method	1,190,973	692,299
	Retained earnings	2,746,379	2,764,136
	Proposed dividend	203,851	163,081
7	**Equity**	**4,181,973**	**3,660,286**
	Credit institutions	1,646,864	1,099,193
	Trade payables	698	1,100
	Amounts owed to subsidiaries	1,118,743	936,499
	Other payables	76,451	107,455
8	**Liabilities**	**2,842,756**	**2,144,247**
	Equity and liabilities	**7,024,729**	**5,804,533**

Statement of changes in equity

(DKK'000)	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend	Total
Equity at 1/10 2022	**40,770**	**692,299**	**2,764,136**	**163,081**	**3,660,286**
Changes in equity in 2022/23					
Foreign exchange adjustment of foreign entities		-584			-584
Reversal of fair value adjustments of derivative financial instruments, transferred to the income statement (net financials)			-16,294		-16,294
Market value adjustment re. derivative financial instruments			24,254		24,254
Other changes in equity					0
Tax on derivative financial instruments			-1,837		-1,837
Net gains/losses recognised directly in equity	0	-584	6,123	0	5,539
Dividend paid				-163,081	-163,081
Dividend, treasury shares			10,612		10,612
Employee shares			31,188		31,188
Purchase of treasury shares			-123,477		-123,477
Profit for the year		499,258	57,797	203,851	760,906
Total changes in equity in 2022/23	**0**	**498,674**	**-17,757**	**40,770**	**521,687**
Equity at 30/9 2023	**40,770**	**1,190,973**	**2,746,379**	**203,851**	**4,181,973**

(DKK'000)	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend	Total
Equity at 1/10 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**

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 (Danish 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)	2022/23	2021/22
Wages, salaries and remuneration	18,708	15,835
Share-based payment	1,150	1,322
Other costs, social security costs, etc.	19	22
Total	**19,877**	**17,179**
Of which:		
Remuneration of the Board of Directors[1]	3,117	2,920
Fixed remuneration of the Executive Management	15,591	12,915
Share-based payment, Executive Management	1,150	1,322
Total	**19,858**	**17,157**
Average number of full-time employees	3	3

[1] The Board of Directors was reduced from six to five members effective 31 January 2022 and expanded from five to six members effective 26 January 2023.

3 Fees to auditors appointed by the annual general meeting

(DKK'000)	2022/23	2021/22
The fees to Deloitte may be specified as follows:		
Statutory audit	810	405
Other assurance engagements	97	47
Tax consulting services	18	0
Other services	252	37
Total	**1,177**	**489**

4 Financial income and expenses

(DKK'000)	2022/23	2021/22
Value adjustment of option to acquire minority shareholding	11,035	8,464
Foreign exchange loss, net	3,796	0
Other interest income	0	8,395
Financial income	**14,831**	**16,859**
Foreign exchange loss, net	0	3,798
Other interest expenses	17,229	1,854
Financial expenses	**17,229**	**5,652**
Net financials	**-2,398**	**11,207**

5 Income tax

(DKK'000)	2022/23	2021/22
Tax on profit for the year may be specified as follows:		
Current tax	-6,233	-5,108
Total	**-6,233**	**-5,108**
Total tax for the year may be specified as follows:		
Tax on profit for the year	-6,233	-5,108
Tax on changes in equity	1,837	6,981
Total	**-4,396**	**1,873**

Notes to the financial statements

6 Investments in subsidiaries

(DKK'000)	Investments in subsidiaries
Cost at 1/10 2022	3,349,729
Additions during the year	15,512
Cost at 30/9 2023	**3,365,241**
Value adjustment at 1/10 2022	692,299
Profit after tax	882,628
Goodwill amortisation	-39,094
Amortisation of other intangible assets	-39,785
Deferred tax	8,753
Dividend received	-269,781
Market value adjustment re. derivative financial instruments	6,123
Other changes in equity	-49,586
Foreign exchange adjustments	-584
Value adjustment at 30/9 2023	**1,190,973**
Carrying amount at 30/9 2023	**4,556,214**
Of which goodwill amounts to	**213,871**

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 2023		
Credit institutions	1,646,864	0
Trade payables	698	698
Amounts owed to subsidiaries	1,118,743	1,118,743
Other payables	76,451	4,372
Total liabilities	**2,842,756**	**1,123,813**

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 2023**	**30/9 2022**
Contingent assets and liabilities		
Guarantee provided for subsidiaries' liabilities	124,935	76,619
As security for the completion of construction contracts, the usual security has been provided in the form of bank guarantees and suretyship insurance	7,402,504	6,401,200
Guarantee/security provided for subsidiaries	2,025,000	2,500,000

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.

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	Taastrup	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[2]	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
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
Inussuk A/S	Nuussuaq	Greenland	Contractor	51
Kingo Grønland ApS[2]	Nuussuaq	Greenland	Contractor	50
Inissat 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	Taastrup	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
Aarsleff Rail AB	Varberg	Sweden	Contractor	100
Aarsleff Rail AS	Fredrikstad	Norway	Contractor	100
Aarsleff Rail GmbH	Wedemark	Germany	Contractor	100
Trym Anlegg AS	Trondheim	Norway	Contractor	67

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
Steg Entreprenør AS	Geithus	Norway	Contractor	51
Aarsleff Fundamentering & Boring AS	Ulefoss	Norway	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.

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
Aarsleff Sp. z o.o.[2]	Warsaw	Poland	Contractor	100
Aarsleff Baltic SIA	Riga	Latvia	Contractor	100
UAB Aarsleff	Kaunas	Lithuania	Contractor	100
Aarsleff Rohrsanierung GmbH	Nuremberg	Germany	Contractor	100
Bluelight GmbH	Nuremberg	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
BE-KA-TEC GmbH	Beratzhausen	Germany	Contractor	100
Bettina Hänsch GmbH	Beratzhausen	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
Olimb Rørfornying Øst AS	Tønsberg	Norway	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.

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					
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					Yes
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 (Sverige)	75			25		Yes
Malmö Citytunnel Group HB (Sverige)	25					
Siemens Aarsleff Konsortium I/S			37			
Siemens Mobility Aarsleff Konsortium I/S			42			
Aarsleff Rail Spitzke Østfyn I/S			50			
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-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-Wicotec Kirkebjerg J.V. I/S	38	62				Yes

According to section 5 (1) of the Danish Financial Statements Act, partnerships in which Per Aarsleff A/S is lead partner have not prepared the financial statements, as these partnerships are included in the consolidated financial statements of Per Aarsleff Holding A/S.

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

- Gothenburg, Sweden
- Kaunas, Lithuania
- Kyiv, Ukraine
- Oslo, Norway
- Porto, Portugal
- Riga, Latvia

MANAGEMENT'S STATEMENT AND AUDITOR'S REPORT

First phase of Lynetteholm, Copenhagen

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 2022-30 September 2023.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statement 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 2023 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 2022-30 September 2023.

In our opinion, Management's review, page 3-81 and 145-150, 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_2023_09_30.zip for the financial year 1 October 2022-30 September 2023 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, 19 December 2023

Executive Management

Jesper Kristian Jacobsen
CEO

Nicolai Schultz
Deputy CEO

Mogens Vedel Hestbæk
Group CFO

Board of Directors

Ebbe Malte Iversen
Chairman of the Board

Jørgen Dencker Wisborg
Deputy Chairman

Charlotte Strand

Henrik Højen Andersen

Klaus Kaae

Pernille Lind Olsen

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 01.10.2022-30.09.2023, which comprise the income statement, 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 statement of comprehensive income and the 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 30.09.2023, and of the results of its operations and cash flows for the financial year 01.10.2022-30.09.2023 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 30.09.2023, and of the results of its operations for the financial year 01.10.2022-30.09.2023 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.

We were appointed auditors of Per Aarsleff Holding A/S for the first time on 27.01.2021 for the financial year 2020/21. We have been reappointed annually by decision of the general meeting for a total contiguous engagement period of 3 years up to and including the financial year 2022/23.

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 01.10.2022-30.09.2023. 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, revenue from and results on work in progress are recognised over time based on the progress towards full satisfaction of the individual performance obligations of the work in progress. The stage of work in progress (stage of completion) is determined on the basis of the share of production costs at the balance sheet date relative to the total estimated production costs to complete the work in progress.

Recognition and measurement of work in progress comprise considerable estimates and judgements made by Management in connection with the assessment of claims against the developer, costs for completion, including guarantee commitments and disputes, as well as the time of completion in the forecasts of work in progress. Changes in these accounting estimates under the performance of the work in progress may have significant impact on revenue, production costs and the result thereof.

Thus, we regarded recognition of work in progress as a key matter in the audit of the consolidated and parent financial statements for the financial year 2022/23. The Aarsleff Group has significant work in progress in the segments of Construction, Technical Solutions, Rail, Ground Engineering and Pipe Technologies. We refer to the disclosures in note 2 to the annual report on accounting estimates and judgements, note 18 on work in progress and note 22 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 work in progress.

We assessed the accounting policies and the Group's use and interpretation of relevant accounting standards. We focused on material and risky work in progress for which the final forecasts contained significant estimates and judgements. We analysed the forecasts prepared by Management, and for selected work in progress 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 evaluated Management's estimates and judgements. Moreover, we examined important clauses in selected contracts to assess whether they were accounted for correctly and reflected the correct amounts in the applied forecasts.

Based on historical experience from comparable work in progress 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 additional work and additional costs is based as well as claims from the developer which are included in the Work in progress forecast. We also assessed the result of accounting estimates made in previous periods. For purposes of assessing 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 Work in progress 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 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 as well as the preparation of parent financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of 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 01.10.2022-30.09.2023, with the file name Aarsleff-2023-09-30-da.zip, is 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 and iXBRL tagging of the consolidated financial statements including notes.

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 including notes;
- 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 01.10.2022-30.09.2023, with the file name Aarsleff-2023-09-30-da.zip, is prepared, in all material respects, in compliance with the ESEF Regulation.

Aarhus, 19 December 2023

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33 96 35 56

Jacob Nørmark	**Lars Siggaard Hansen**
State Authorised	State Authorised
Public Accountant	Public Accountant
mne30176	mne32208

MISCELLANEOUS

(PART OF MANAGEMENT'S REVIEW)


Electrification between Fredericia and Aarhus

EU Taxonomy reporting

			Substantial contribution criteria		DNSH criteria							
Economic activities	**Total DKKm**	**Proportion %**	**Climate change mitigation %**	**Climate change adaptation %**	**Climate change mitigation Y/N**	**Climate change adaptation Y/N**	**Water and marine resources Y/N**	**Circular economy Y/N**	**Pollution Y/N**	**Biodiversity and ecosystems Y/N**	**Minimum safe-guards Y/N**	**Taxonomy-aligned proportion %**
A1 - Environmentally sustainable activities (taxonomy-aligned)												
6.14 Infrastructure for rail transport	370	1.8	100	0	Y	Y	Y	Y	Y	Y	Y	1.8
4.15 District heating/cooling distribution	394	2.0	100	0	Y	Y	Y	Y	Y	Y	Y	2.0
Revenue of environmentally sustainable activities (A1)	764	3.8										
A2 - Taxonomy-eligible activities but not environmentally sustainable (non-taxonomy-aligned activities)												
7.1. Construction of new buildings	5,996	29.6										
6.14. Infrastructure for rail transport	2,704	13.4										
5.4. Renewal of waste water collection and treatment	2,473	12.2										
4.15. District heating/cooling distribution	469	2.3										
7.2. Renovation of existing buildings	685	3.4										
5.1. Construction, extension and operation of water collection, treatment and supply systems	362	1.8										
7.3. Installation, maintenance and repair of energy efficiency equipment	306	1.5										
4.3. Electricity generation from wind power	303	1.5										
6.8. Flood risk prevention and protection infrastructure for inland river, coastal and urban floods	250	1.3										
4.9. Transmission and distribution of electricity	193	1.0										
7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	121	0.6										
5.12. Underground permanent geological storage of CO2	118	0.6										
5.2. Renewal of water collection, treatment and supply systems	118	0.6										
5.3. Construction, extension and operation of waste water collection and treatment	110	0.5										
6.13. Infrastructure for personal mobility, cycle logistics	69	0.3										
4.6. Electricity generation from geothermal energy	57	0.3										
4.25. Production of heat/cool using waste heat	30	0.2										
4.1. Civil Engineering	22	0.1										
14.2. Flood risk prevention and protection infrastructure	19	0.1										
7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	10	0.0										
9.1. Engineering activities and related technical consultancy dedicated to adaptation to climate change	9	0.0										
6.15. Infrastructure enabling low-carbon road transport and public transport	5	0.0										
4.5. Electricity generation from hydropower	2	0.0										
6.16. Infrastructure enabling low carbon water transport	2	0.0										
8.3. Restoration of ecosystems	1	0.0										
3.20. Manufacture, installation, and servicing of electrical equipment	0	0.0										
Revenue of taxonomy-eligible activities but not environmentally sustainable (A2)	14,434	71.3										
Total (A1 + A2)	**15,198**	**75.1**										
B. Revenue of non-taxonomy-eligible activities												
Revenue of non-taxonomy-eligible activities	5,046	24.9										
Total (A+B)	**20,244**	**100.0**										

			Substantial contribution criteria		DNSH criteria							
Economic activities	**Total DKKm**	**Proportion %**	**Climate change mitigation %**	**Climate change adaptation %**	**Climate change mitigation Y/N**	**Climate change adaptation Y/N**	**Water and marine resources Y/N**	**Circular economy Y/N**	**Pollution Y/N**	**Biodiversity and ecosystems Y/N**	**Minimum safe-guards Y/N**	**Taxonomy-aligned proportion %**
A1 - Environmentally sustainable activities (taxonomy-aligned)												
6.14 Infrastructure for rail transport	5	1.5	100	0	Y	Y	Y	Y	Y	Y	Y	9
4.15 District heating/cooling distribution	3	0.9	100	0	Y	Y	Y	Y	Y	Y	Y	60
OPEX of environmentally sustainable activities (A1)	8	2.4										
A2 - Taxonomy-eligible activities but not environmentally sustainable (non-taxonomy-aligned activities)												
7.1. Construction of new buildings	80	24.5										
6.14. Infrastructure for rail transport	35	10.8										
5.4. Renewal of waste water collection and treatment	55	16.8										
4.15. District heating/cooling distribution	4	1.1										
7.2. Renovation of existing buildings	7	2.1										
5.1. Construction, extension and operation of water collection, treatment and supply systems	3	0.9										
7.3. Installation, maintenance and repair of energy efficiency equipment	0	0.1										
4.3. Electricity generation from wind power	4	1.4										
6.8. Flood risk prevention and protection infrastructure for inland river, coastal and urban floods	3	0.8										
4.9. Transmission and distribution of electricity	6	1.7										
7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	0	0.1										
5.12. Underground permanent geological storage of CO2	1	0.3										
5.2. Renewal of water collection, treatment and supply systems	2	0.7										
5.3. Construction, extension and operation of waste water collection and treatment	1	0.4										
6.13. Infrastructure for personal mobility, cycle logistics	2	0.5										
4.6. Electricity generation from geothermal energy	1	0.2										
4.25. Production of heat/cool using waste heat	0	0.1										
4.1. Civil Engineering	1	0.2										
14.2. Flood risk prevention and protection infrastructure	3	0.8										
7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	0	0.1										
9.1. Engineering activities and related technical consultancy dedicated to adaptation to climate change	0	0.0										
6.15. Infrastructure enabling low-carbon road transport and public transport	0	0.0										
4.5. Electricity generation from hydropower	0	0.0										
6.16. Infrastructure enabling low carbon water transport	0	0.0										
8.3. Restoration of ecosystems	0	0.0										
3.20. Manufacture, installation, and servicing of electrical equipment	0	0.0										
OPEX of taxonomy-eligible activities but not environmentally sustainable (A2)	208	63.6										
Total (A1 + A2)	**216**	**66.0**										
B. OPEX of non-taxonomy-eligible activities												
OPEX of non-taxonomy-eligible activities	112	34.0										
Total (A+B)	**328**	**100.0**										

			Substantial contribution criteria		DNSH criteria							
Economic activities	**Total DKKm**	**Proportion %**	**Climate change mitigation %**	**Climate change adaptation %**	**Climate change mitigation Y/N**	**Climate change adaptation Y/N**	**Water and marine resources Y/N**	**Circular economy Y/N**	**Pollution Y/N**	**Biodiversity and ecosystems Y/N**	**Minimum safe-guards Y/N**	**Taxonomy-aligned proportion %**
A1 - Environmentally sustainable activities (taxonomy-aligned)												
6.14 Infrastructure for rail transport	16	1.3	100	0	Y	Y	Y	Y	Y	Y	Y	9
4.15 District heating/cooling distribution	15	1.1	100	0	Y	Y	Y	Y	Y	Y	Y	60
CAPEX of environmentally sustainable activities (A1)	31	2.4										
A2 - Taxonomy-eligible activities but not environmentally sustainable (non-taxonomy-aligned activities)												
7.1. Construction of new buildings	237	18.7										
6.14. Infrastructure for rail transport	119	9.4										
5.4. Renewal of waste water collection and treatment	113	8.9										
4.15. District heating/cooling distribution	17	1.4										
7.2. Renovation of existing buildings	19	1.5										
5.1. Construction, extension and operation of water collection, treatment and supply systems	12	1.0										
7.3. Installation, maintenance and repair of energy efficiency equipment	9	0.7										
4.3. Electricity generation from wind power	14	1.1										
6.8. Flood risk prevention and protection infrastructure for inland river, coastal and urban floods	10	0.8										
4.9. Transmission and distribution of electricity	10	0.8										
7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	4	0.3										
5.12. Underground permanent geological storage of CO2	3	0.2										
5.2. Renewal of water collection, treatment and supply systems	5	0.4										
5.3. Construction, extension and operation of waste water collection and treatment	4	0.4										
6.13. Infrastructure for personal mobility, cycle logistics	3	0.3										
4.6. Electricity generation from geothermal energy	2	0.1										
4.25. Production of heat/cool using waste heat	3	0.2										
4.1. Civil Engineering	1	0.1										
14.2. Flood risk prevention and protection infrastructure	3	0.2										
7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	0	0.0										
9.1. Engineering activities and related technical consultancy dedicated to adaptation to climate change	0	0.0										
6.15. Infrastructure enabling low-carbon road transport and public transport	0	0.0										
4.5. Electricity generation from hydropower	0	0.0										
6.16. Infrastructure enabling low carbon water transport	0	0.0										
8.3. Restoration of ecosystems	0	0.0										
3.20. Manufacture, installation, and servicing of electrical equipment	0	0.0										
CAPEX of taxonomy-eligible activities but not environmentally sustainable (A2)	588	46.5										
Total (A1 + A2)	**619**	**48.9**										
B. CAPEX of non-taxonomy-eligible activities												
CAPEX of non-taxonomy-eligible activities	647	51.1										
Total (A+B)	**1,266**	**100.0**										

Key figures, definitions

Gross margin	=	$\dfrac{\text{Gross profit}}{\text{Revenue}}$
Operating margin (EBIT margin)	=	$\dfrac{\text{Operating profit}}{\text{Revenue}}$
Profit margin (pre-tax margin)	=	$\dfrac{\text{Profit before tax}}{\text{Revenue}}$
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
ROIC (after tax)	=	$\dfrac{\text{Operating profit after tax}}{\text{Average invested capital}}$
Return on equity (ROE)	=	$\dfrac{\text{Profit for the year excluding minority shareholders}}{\text{Average equity excluding minority share}}$
Equity ratio	=	$\dfrac{\text{Equity at year-end}}{\text{Total equity and liabilities at year-end}}$
Earnings per share (EPS)	=	$\dfrac{\text{Profit for the year excluding minority shareholders}}{\text{Average number of shares}}$
Price/net asset value	=	$\dfrac{\text{Market price per share at year-end}}{\text{Net asset value per share at year-end}}$

Earnings per share and diluted earnings per share are calculated in accordance with IAS 33.

The order backlog is determined as the total contract sum of construction contracts, service and maintenance contracts and sale of goods less the percentage completed as at the latest financial reporting date. 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.

Order intake is determined as the total contract sum of new construction contracts, service and maintenance contracts and sale of goods , where a commercial and identifiable agreement has been entered into with the customer on delivery and payment that has been approved by both parties and which both parties have committed to performing, and where it is probable that the consideration will be received from the customer.

Key figures, definitions

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	=	Toal CO2 emission from fuel consumption.
CO2 emission, scope 2	=	Total CO2 emission from electricity and heating consumption.
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.
CO2 emission, scope 3	=	Indirect emissions from goods and services consumed.
Accident rate	=	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 rate	=	Number of lost working hours per 1,000 performed working hours due to accidents.
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.
Proportion of 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 consist of the first and second management level. Proportions are reported as headcounts (i.e. not converted to full time equivalents) at year-end.
Proportion of 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.
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.

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This Annual Report has been prepared in Danish and English.
In case of discrepancy, the Danish version shall prevail.