ANNUAL REPORT 2020/21

INFRASTRUCTURE AND BUILDINGS FOR MODERN SOCIETIES

AARSLEFF

The annual report for the financial year 2020/21 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.

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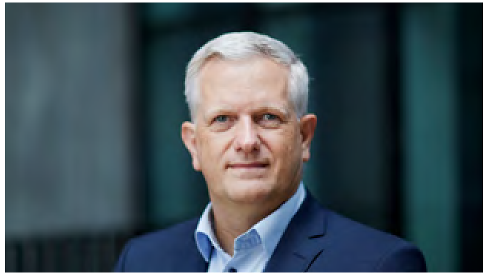


All-time high results for the third year running
Our many dedicated employees have made an extraordinary effort.

Business model
Strong focus on solutions of benefit to the environment, the climate and society.

The year at a glance
At 142 metres, Lighthouse in Aarhus will become Denmark's tallest residential building.

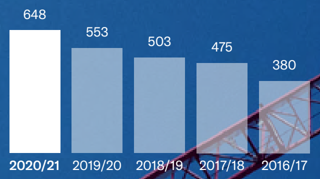
MANAGEMENT'S REVIEW

THE YEAR IN BRIEF FINANCIAL HIGHLIGHTS

See The year in outline
for an elaboration of quarterly and annual results.

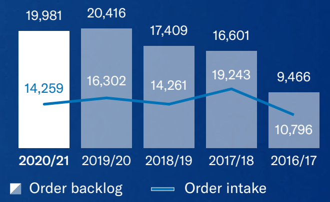
EBIT

DKKm 648



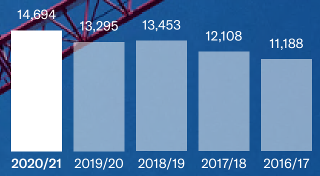
Order backlog

DKKm 19,981



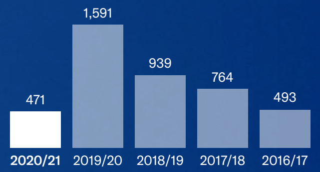
Revenue

DKKm 14,694



Cash flow from operating activities

DKKm 471



Revenue growth

10.5%

of this 9.7% organic growth

ROIC (after tax)

16.3%

Number of employees

7,658

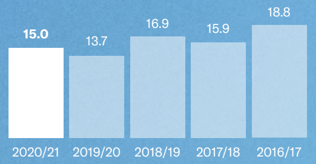
Markets

Denmark
The UK
Finland
Greenland
The Netherlands
Iceland
Latvia
Lithuania
Norway
Poland
Russia
Slovakia
Sweden
Czech Republic
Germany

THE YEAR IN BRIEF
CORPORATE SOCIAL RESPONSIBILITY

Read more in our CSR report.

Accidents (Target: Max 5)



Number of accidents per 1 million working hours.

Apprentices (Target: 10%)

7.6%

Proportion of hourly paid staff in total.

Sickness absence (Target: Max 2.5%)

3.5%

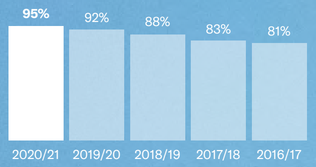
Absence in % of total working hours.

Trainees (Target: 5%)

4.3%

Proportion of salaried staff in total.

Construction machines
(Target: Increase the proportion)



Proportion of vehicles acquired of high energy classes.

Passenger cars (Target: 100%)

100%

Proportion of vehicles acquired of high energy classes.

Vans (Target: 100%)

96%

Proportion of vehicles acquired of high energy classes.

BUSINESS MODEL

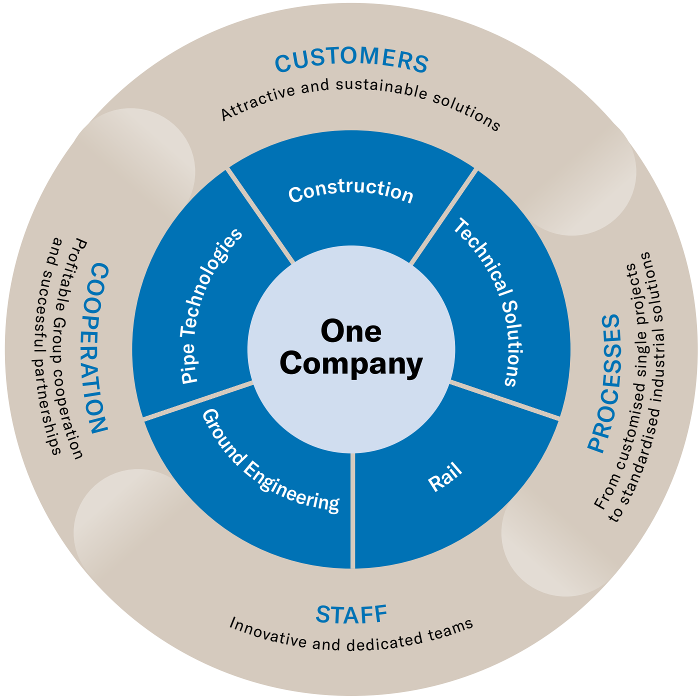
The Aarsleff Group constructs and maintains the infrastructure and building structures of society. We lay the foundations for a financial and sustainable development and create value for society and our shareholders. We take responsibility, lead the way and contribute to the green transition which will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

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

Resources

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

Business activities



Value creation

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

AN EXTRAORDINARY EFFORT

For the third year running, the Aarsleff Group delivers all-time high results in an unusual year with coronavirus restrictions taking their toll on our dedicated employees.

The past year has been another unusual year characterised by a very high level of activity in the Aarsleff Group. Like the other companies in the building and construction industry, we have managed to maintain normal operations during the coronavirus pandemic while being challenged by local restrictions imposed in our European markets. Therefore, we are delighted to present all-time high results for the Aarsleff Group – on the top line as well as on the bottom line. These results were only achieved because our many dedicated employees have made an extraordinary effort – thank you to all of you.

Being agile comes naturally to us

During most of the past financial year, coronavirus restrictions were imposed on Denmark and the rest of Europe. In general, our industry has been relatively spared, and we have managed to maintain almost normal operations in most Aarsleff companies. We did, however, run into different challenges, but since agility is embedded in Aarsleff's culture and DNA, we managed to find solutions to the challenges we met.

Jesper Kristian Jacobsen
CEO

"These results were only achieved because our many dedicated employees have made an extraordinary effort – thank you to all of you."

Jesper Kristian Jacobsen
CEO

A strong position

Over the past years, harbour expansion projects have filled the order books, but now our focus is on large building projects: In Aarhus, we are building Lighthouse, and in Copenhagen, we are building Danske Bank's new headquarters, the new Natural History Museum and the residential building Pasteur's Tower. The four projects are making good progress and will be handed over in the coming years.

In November, we signed a design and build contract with Copenhagen Airport for the Terminal 3 expansion. The project has a value of about DKK two billion and will be executed towards the year 2028. Also, we have entered into an agreement with the utility company Aarhus Vand concerning planning and designing a new large-scale wastewater treatment plant in Aarhus in early contractor involvement. In September, Ørsted and ATP presented their consortium partners for the construction of the world's first energy island. In addition to Aarsleff, the contractors are Bouygues Construction from France and Van Oord from the Netherlands. The project is expected to be put out to tender in 2022, but we are already working on the preliminary analyses, planning and design of technical solutions. All three projects are very interesting and technically complicated with long execution periods – and the two last projects have a particular focus on sustainability and innovation.

In order for us to continue our development, it is of vital importance that we have the correct structure. Therefore, we will split the Construction segment into three reporting entities: Construction, Technical Solutions and Rail. There will be no changes to the Pipe Technologies and Ground Engineering segments. The new structure will also allow us to create greater transparency in the many business areas which over time have made the Construction segment our largest segment. There will be no organisational changes.

This means that we are in a strong position in the future years. Our present order backlog is good, and our order intake is stable. Also, several interesting, large-scale projects are in the pipeline in Denmark, some of them resulting from the Danish government's infrastructure plan.

We are developing

After waiting for several years, the Fehmarnbelt Link was officially kicked off in January. The project will become the biggest construction project ever in Danish history, and as a partner of the consortium Femern Link Contractors, we are pleased to be a part of the project which will also contribute to a high level of activity during the entire construction period.

Our involvement in such large international projects not only develops and strengthens the employees who are part of the projects, it also attracts new, skilled employees, thereby lifting the expertise of the entire Aarsleff Group. In addition, it puts us in a strong position for future projects and so contributes to the continued development of the Aarsleff Group.

We are constantly developing and improving our expertise.

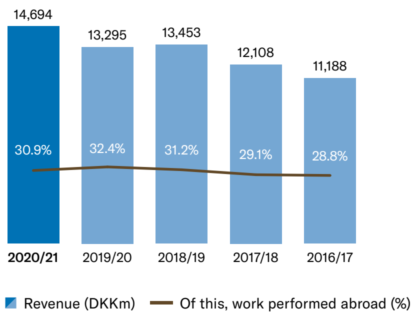
FINANCIAL HIGHLIGHTS

(DKK'000)	2020/21	2019/20	2018/19	2017/18	2016/17
Income statement					
Revenue	14,693,801	13,295,309	13,453,011	12,108,257	11,188,255
Of this, work performed abroad	4,539,277	4,301,441	4,196,739	3,519,902	3,221,833
Operating profit (EBIT)	648,258	553,413	502,620	475,286	380,478
Net financials	-32,332	-23,483	-29,887	-29,847	-16,557
Profit before tax	615,926	529,930	472,733	445,439	363,921
Profit for the year	472,635	378,533	360,661	340,961	268,936
Balance sheet					
Non-current assets	3,417,649	2,987,437	2,708,999	2,683,396	2,654,972
Current assets	5,500,042	5,607,405	5,461,687	5,169,477	4,370,146
Total assets	8,917,691	8,594,842	8,170,686	7,852,873	7,025,118
Equity	3,663,452	3,310,819	3,114,466	2,899,042	2,695,173
Non-current liabilities	812,859	1,096,312	749,827	743,808	711,354
Current liabilities	4,441,380	4,187,711	4,306,393	4,210,023	3,618,591
Total equity and liabilities	8,917,691	8,594,842	8,170,686	7,852,873	7,025,118
Invested capital (IC)	3,377,926	2,730,180	2,706,432	2,857,238	2,880,712
Working capital	581,104	-20,473	698,556	848,000	984,775
Net interest-bearing deposits/debt (+/-)	283,696	579,548	399,260	31,055	-206,640
Statement of cash flows					
Cash flow from operating activities	471,045	1,594,184	940,200	764,941	492,509
Cash flow from investing activities	-675,651	-668,906	-665,475	-392,894	-489,646
Of which investment in property, plant and equipment net	-638,389	-406,115	-378,102	-387,640	-442,176
Cash flow from financing activities	-301,702	-317,062	-234,293	-120,051	-96,279
Change in cash and cash equivalents for the year	-506,308	608,216	40,432	251,996	-93,416

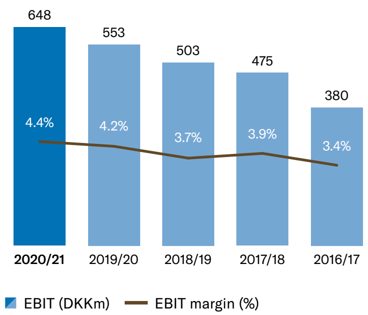
	2020/21	2019/20	2018/19	2017/18	2016/17
Financial ratios[1]					
Gross margin, %	11.4	12.1	10.7	11.7	11.3
Operating margin (EBIT margin), %	4.4	4.2	3.7	3.9	3.4
Profit margin (pre-tax margin), %	4.2	4.0	3.5	3.7	3.3
Return on invested capital (ROIC), %	21.2	20.4	18.1	16.6	14.0
Return on invested capital (ROIC) after tax, %	16.3	14.5	13.8	12.7	10.3
Return on equity (ROE), %	13.6	11.8	12.1	12.2	10.3
Equity ratio, %	41.1	38.5	38.1	36.9	38.4
Earnings per share (EPS), DKK	23.53	18.79	17.76	16.68	13.16
Share price at 30 September, DKK	262.50	267.50	222.00	243.00	185.00
Price/net asset value	1.43	1.62	1.44	1.70	1.40
Dividend per share, DKK	8.00	6.50	5.50	5.00	4.00
Number of employees	7,658	7,215	6,838	6,499	6,203

[1] For a definition of financial ratios, see page 107.

Revenue



EBIT



THE YEAR IN BRIEF

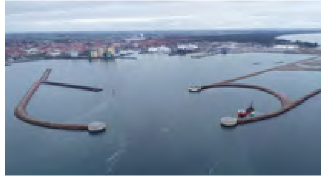
Oct

Aarsleff ECO Center is launched

Reaching the top. Casting core walls at the 37th storey of Pasteur's Tower in the Carlsberg City

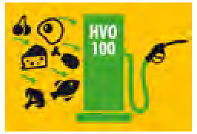
Nov

Dec



The expansion of Port of Ystad is completed

Jan



The HVO diesel tests begin

The Danish Minister for Transport turns the first sod for the Fehmarnbelt Link

Feb

Mar

The winners of Aarsleff Digital Challenge are found

The first foundation for the new catenary masts between Borås and Varberg is installed

Apr

Design and build contract for the expansion of the bioscience company Chr. Hansen's main office in Hørsholm

Extensive renovation of Monsrud Station north of Oslo begins

May

Conditional agreement on acquisition of shares in Permagreen Greenland

Jun

Aarsleff and Rambøll are launching a graduate programme

Turning the first sod for a new, shared main office for Wicotec Kirkebjerg and Petri & Haugsted

Jul

E. Klink inaugurates new factory for ventilation ducts

Acquisition of 51% of the shares in the Norwegian No-Dig company Steg Entreprenør

Aug

Sep

Cooperation agreement with Ørsted on the world's first energy island

Aarsleff chosen as partner for the utility company Aarhus Vand's new resource and wastewater treatment plant

THE FUTURE FINANCIAL YEAR

To improve the insight into the development of the Construction segment, we have split the segment into three reporting entities which are Construction, Technical Solutions and Rail. There will be no changes to the Ground Engineering and the Pipe Technologies segments. See the financial ratios of the past three years split into the five reporting entities as well as the outlook for the future financial year on page 12.

Outlook

- Approx. 8.5% revenue growth. The growth includes Permagreen Grønland A/S.
- EBIT in the range of DKK 700 million.
- High share of the order backlog for execution in the financial year.
- Continued great uncertainty about the development in the prices of raw materials as well as the availability of critical materials and components supporting the production.

Investments

- Investments in property, plant and equipment exclusive of leased assets are expected to amount to approx. DKK 750 million.
- New shared office in Taastrup for Wicotec Kirkebjerg A/S and Petri & Haugsted AS.
- New pile factory in Skåne, Sweden resulting in an expansion of the pile production capacity.
- Investment in Ground Engineering's new product, a threaded pile.

Market

- Good opportunities within infrastructure projects in Denmark due to large investments, including investments in data centres.
- The green transition results in large investments in the development of the transmission and distribution networks and new opportunities such as the world's first energy island.
- Continued high level of activity within building construction, especially within construction of large buildings in Aarhus and in Copenhagen.

Employees

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

Construction

- Growth 12%. EBIT margin 3.8%.
- High level of activity within building construction, especially concerning four large building projects.
- Increasing level of activity on the Fehmarnbelt contracts.
- Good opportunities for growth in the North Atlantic with a high level of activity in Iceland and Greenland.
- A market with large, single tender opportunities, especially within building construction in the big cities and within large construction projects.

Technical Solutions

- Growth 5%. EBIT margin 2.5%.
- Increasing revenue due to a great demand for the company's technical solutions as well as the participation in the large building projects carried out in One Company collaboration.
- Continued good tender opportunities within large technical contracts, primarily in Greater Copenhagen.

Rail

- Growth 13%. EBIT margin 4.4%.
- Growth in Norway and Sweden which are markets with many tender opportunities. Focus on controlled growth by building up local resources with support from Denmark.
- In Denmark, a stable level of activity is expected but with increasing activity within service and maintenance.

Ground Engineering

- Growth 5%. EBIT margin 5.5%.
- Increasing revenue primarily due to the acquisition of Steg Entreprenør AS in Norway.
- New pile factory in Skåne resulting in increased focus on piling projects in the area.
- Continued progress in the UK and a very high capacity utilisation.
- Increasing competition in Germany influences earnings.

Pipe Technologies

- Growth 3%. EBIT margin 6.5%.
- Continued great uncertainty about the development in the prices of raw materials as well as the availability of critical materials and components supporting the production.
- High level of activity in the Nordic markets.
- Increasing competition in Germany causing pressure on prices.

THE FUTURE YEAR

Construction (DKKm)	**2021/22**	**2020/21**	**2019/20**	**2018/19**
Revenue	–	6,416	6,102	6,432
Growth compared to the year before, %	12.0	5.1	-5.1	8.0
EBIT	–	217	209	223
EBIT margin, %	3.8	3.4	3.4	3.5
Order backlog, beginning of the year [1]	10,896	11,774	9,583	9,380
– of this, work for execution in the current year [1]	5,275	4,550	4,425	4,350

Ground Engineering (DKKm)	**2021/22**	**2020/21**	**2019/20**	**2018/19**
Revenue	–	2,811	2,397	2,356
Growth compared to the year before, %	5.0	17.2	1.7	13.9
EBIT	–	164	141	117
EBIT margin, %	5.5	5.9	5.9	5.0
Order backlog, beginning of the year	1,958	1,501	1,810	1,680
– of this, work for execution in the current year	1,375	1,100	1,200	1,100

Technical Solutions (DKKm)	**2021/22**	**2020/21**	**2019/20**	**2018/19**
Revenue	–	1,920	1,543	1,562
Growth compared to the year before, %	5.0	24.5	-1.2	17.4
EBIT	–	31	10	11
EBIT margin, %	2.5	1.6	0.7	0.7
Order backlog, beginning of the year	2,493	2,493	2,588	1,934
– of this, work for execution in the current year	1,225	1,250	1,075	850

Pipe Technologies (DKKm)	**2021/22**	**2020/21**	**2019/20**	**2018/19**
Revenue	–	2,218	2,150	1,929
Growth compared to the year before, %	3.0	3.1	11.5	6.3
EBIT	–	176	162	94
EBIT margin, %	6.5	7.9	7.5	4.9
Order backlog, beginning of the year	1,526	1,705	1,340	1,309
– of this, work for execution in the current year	1,075	1,075	925	950

Rail (DKKm)	**2021/22**	**2020/21**	**2019/20**	**2018/19**
Revenue	–	1,329	1,103	1,174
Growth compared to the year before, %	13.0	20.4	-6.0	24.8
EBIT	–	60	31	58
EBIT margin, %	4.4	4.5	2.9	5.0
Order backlog, beginning of the year	3,108	2,943	2,088	2,298
– of this, work for execution in the current year	1,100	850	450	525

[1] Order backlog is exclusive of Permagreen Grønland A/S.

Aarsleff Group (DKKm)	**2021/22**	**2020/21**	**2019/20**	**2018/19**
Revenue	16,000	14,694	13,295	13,453
Growth compared to the year before, %	8.5	10.5	-1.2	11.1
EBIT	700	648	553	503
EBIT margin, %	4.4	4.4	4.2	3.7
Order backlog, beginning of the year [1]	19,981	20,416	17,409	16,601
– of this, work for execution in the current year [1]	10,050	8,825	8,075	7,775

OUR BUSINESS

STRATEGIC FOCUS AREAS

The Aarsleff Group wants to be a preferred and significant contracting group based in Denmark and with an international scope.

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

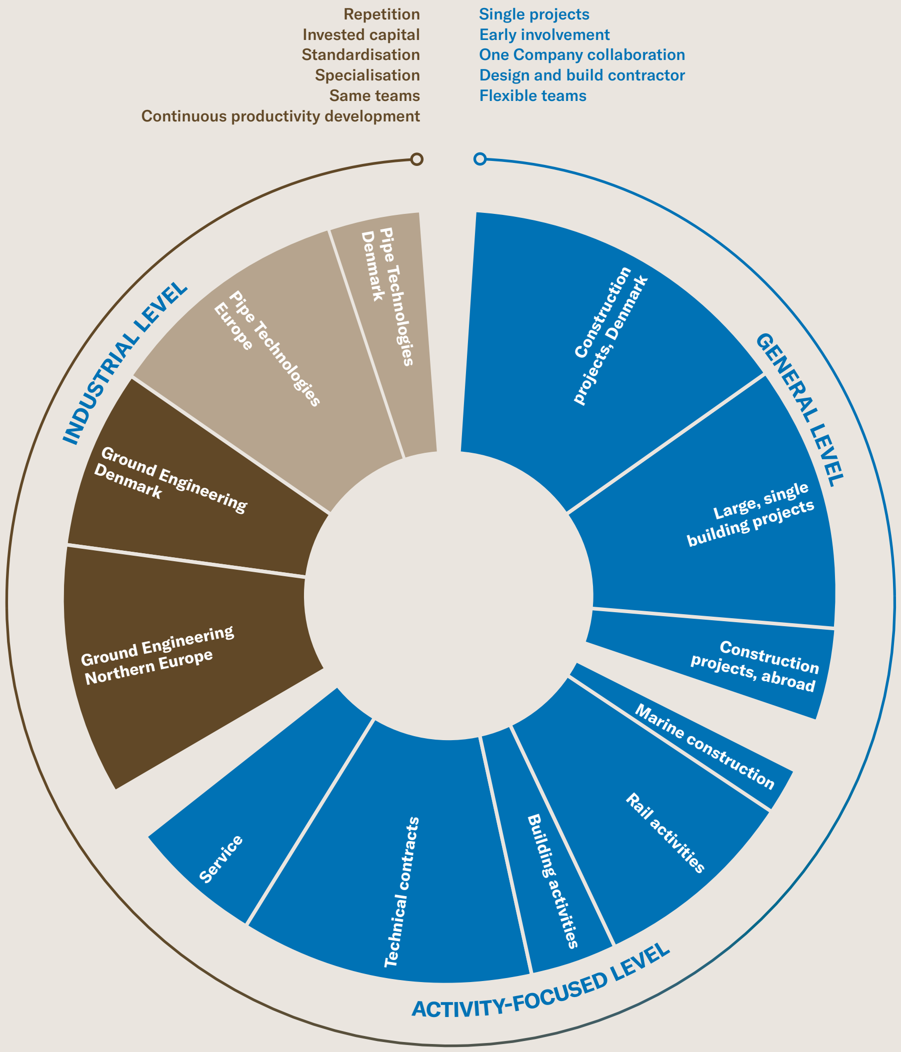
We manage our portfolio of activities and projects by establishing working relationships that create synergy between the individual business units of the Group. We have a common approach to management, culture, specialisation and improved efficiency with a view to realising synergies.

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

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

Segments:

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



> **"Whether fuel, sewers or holes in the ground, we have always specialised in something that was sufficiently difficult so that others could not be bothered, and which at the same time was not too sensitive to market fluctuations in our national economy."**

Quote by Per Aarsleff who founded the company in 1947
About specialising in difficult work

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 develop when specialist contractors contribute expertise to reach the best solution.

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

The Aarsleff Group is currently expanding its operations 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 entities sharp and strong, creating the best foundation for mutual development.

One point of entry

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

AARSLEFF'S GROUP THEMES

Sustainability

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

Customer focus

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

Profitability

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

One Company

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

Job satisfaction

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

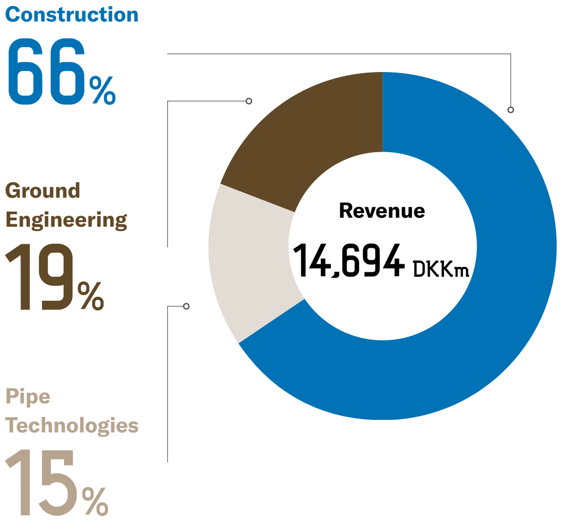
Skills development

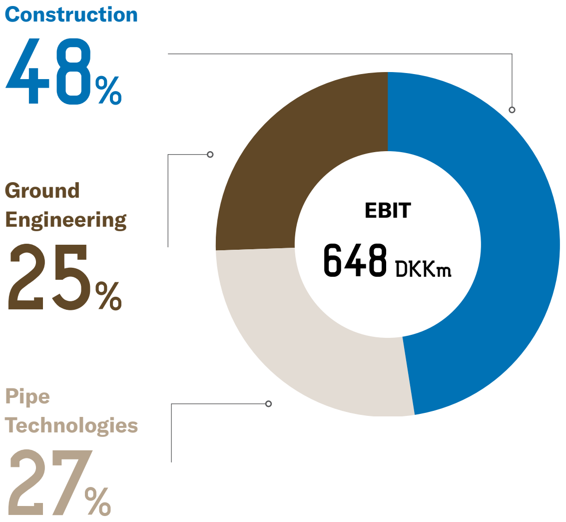
We want a strong, professional and operations-driven culture for our employees through lifelong learning and a high level of expertise within project management, methods, tools, product development and collaboration.

FOCUS AREAS FOR THE SEGMENTS

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. The activities are divided into the segments Construction including Technical Solutions and Rail, Ground Engineering and Pipe Technologies.

Revenue and EBIT, by segment





Construction, including Technical Solutions and Rail

With a leading position in Denmark, we want to be the customer's preferred choice on the market for building and construction – if possible, by means of early contractor involvement. We want to be known for efficient planning and secure management of different contracting projects, and we create value through synergies in all phases. Our One Company collaboration is positioned as an attractive brand. We are front-runners in terms of technology and expertise, and we are capable of developing and bringing new tools into play.

Ground Engineering

We want to be a market leader in Denmark and have a leading position in our other markets. We are a strong and coherent international specialised segment meeting our high requirements to quality, environment and health and safety. Our product and skills development takes place across units, allowing us to increase productivity, profitability and competitiveness.

Pipe Technologies

We want to be a market leader on the markets where we operate, and the customers' safe choice. In a close dialogue with our customers, we will regularly define their expectations for the best balance between price, quality, service and sustainability so that we always meet their expectations.

FOCUS AREAS FOR THE SEGMENTS

Construction, including Technical Solutions and Rail

One Company
Strengthen our competitiveness continuously through One Company collaboration by developing improved solutions, improved collaboration and increased efficiency in the execution phase.

Project management skills
Focus on project management skills in large, complex design and build contracts to ensure successful delivery while focusing on commercial management and risk management.

Employees
Recruit, develop and retain employees in a market with an increasing demand for the right skills.

Occupational health and safety
Maintain the high job satisfaction among our employees while continuing our focus on occupational health and safety as a first priority.

Project development
Continue building up skills within project development and early contractor involvement.

Industrialisation
Achieve efficiency improvements by means of repetition effects and efforts to integrate industrialisation into the projects.

Digitalisation
Achieve improved efficiency by means of digitalisation, including continued development of the Group's VDC skills.

Sustainability
Contribute to the green transition of the building and construction industry.

Embedding large-scale projects
Embed large-scale projects in the top management.

Ground Engineering

Focus on expertise
Maintain our focus on precast piles while supplementing with complementary skills in order to offer complete and efficient foundation solutions.

Project culture and One Company
Develop the project culture through One Company collaboration internally on the projects, across borders as well as between the pile factories.

Occupational health and safety
Maintain the high job satisfaction among our employees while maintaining our focus on occupational health and safety as a first priority.

Efficient production
Continue the high utilisation of resources and cost-effective production through innovation, automation, high volume, in-house production and synergy gains.

Innovative product range
Expand the product range through value-driven innovation focusing on the customers' requirements and the consideration for the environment, adjusted to our expertise and sales channels.

Geographical diversification
Expand new areas of expertise locally in all markets and increase the geographical diversification and the knowledge of our foundation solutions.

Pipe Technologies

Employees
Be the best workplace in the industry.

Efficiency improvements
Continue to industrialise and improve the efficiency of our production and installation processes.

Cost reductions
Reduce costs in all parts of the value chain by increased digitalisation of our calculation and site management processes. Also, increase economies of scale arising from joint purchasing and utilisation of resources across companies.

Sales growth
Increase growth in existing markets and increase growth internationally via third party sales and strategic acquisitions.

Technological foundation
Focus on future-proofing the business area through current development of installation methods and products with the purpose of fulfilling customer expectations to price, quality and sustainability.

LED system selling
Increase the sale of our unique, internally developed and patented LED concept which consists of equipment and materials for rehabilitation of laterals and which we sell to third parties or via license agreements.

Occupational health and safety
Maintain the high job satisfaction among our employees while maintaining our focus on occupational health and safety as a first priority.

CORPORATE SOCIAL RESPONSIBILITY

The Aarsleff Group's CSR report is not only an overview of our sustainable initiatives or a status of how far we have come in achieving our goals. The report is also our way of showing how we deal with the environment, employees, customers, suppliers and other stakeholders.

All companies are responsible for carrying out targeted measures within the field of CSR and sustainability, and we find it important to provide holistic, honest and timely reporting about the progress that Aarsleff creates and contributes to.

At Aarsleff, we want to actively establish and support the sustainable development – locally as well as globally.

We take responsibility for our business activities, and with our CSR efforts we want to ensure a positive and clear coherence between the activities of the Group and a sustainable society.

"I have never been convinced that I am the cleverest man in the world, but I have all the time improved my skills by talking to the people who are saddled with the problems. Capable people have always been the backbone of the system, many of them may have been a bit weird, or let's put it like this: they have had strong individual characteristics."

Quote by Per Aarsleff who founded the company in 1947
About listening to those who are saddled with the problems

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

Environment and climate

In 2020/21 we have...

- reduced our energy consumption after focus on reducing amounts used
- reduced our CO2 emissions after conversion to more climate-friendly energy types
- reduced our impact on the resources of the earth by optimised waste handling, reduced transportation with construction materials and by focusing on reduced material consumption.

Read more on page 13 of the CSR report.

4 QUALITY EDUCATION

8 DECENT WORK AND ECONOMIC GROWTH

17 PARTNERSHIPS FOR THE GOALS

Employees

In 2020/21 we have...

- unfortunately seen an increase in the accident rate. This is not satisfactory, and in future there will be an increased focus on this area.
- contributed to a positive development by offering our employees training programmes and further training, our focus on creating employee job satisfaction, our new policy on offensive behaviour, and our collaboration with municipalities to find employment for vulnerable people.

Read more on page 17 of the CSR report.

4 QUALITY EDUCATION

8 DECENT WORK AND ECONOMIC GROWTH

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

Society around us

In 2020/21 we have...

- increased responsibility and sustainability of our purchasing in order to ensure that our suppliers fulfill relevant minimum requirements
- as in previous years, ensured that apprentices and trainees have received training through their employment with the Aarsleff Group.

Read more on page 20 of the CSR report.

4 QUALITY EDUCATION

Equality and diversity

In 2020/21 we have...

- as in previous years employed, dismissed and promoted people completely based on their personal and professional qualifications. People's race, ethnic or social background, gender, religion, sexual orientation or similar must never influence our decisions.

Read more on page 23 of the CSR report.

Selected goals and results

	2020/21	2019/20	2018/19	2017/18	2014/15 (baseline)
Acquisitions of the year, share of vehicles and equipment of the most energy-efficient classes:					
Passenger cars (target: 100%)	100%	100%	100%	100%	47%
Vans (target: 100%)	96%	90%	93%	98%	29%
Construction machines (target: increase the share)	95%	92%	88%	83%	[1]
Accidents (target: max 5)	15.0	13.7	16.9	15.9	[1]
Days of absence due to accidents	11.1	11.9	12.1	12.6	[1]
Sickness absence (target: max 2.5%)	3.5%	3.5%	3.0%	3.2%	2.3%
Women in management roles (target: 20%)	13.6%	14.3%	10.7%	12.9%	13.0%
Share of women among employees as a whole	11.8%	11.0%	11.9%	10.3%	12.0%

[1] Owing to changes of the corporate structure of the Aarsleff Group, there is no comparable data available for 2014/15.

See our CSR report for 2020/21 for an elaboration of targets, accounting principles and implemented activities.

Accidents
(target: max 5)

15

A safe working environment is always our first priority, and our goal is to be the best in the business within occupational health and safety.

Our accident rate has increased to 15. This is unsatisfactory, and all managers and employees of the Aarsleff Group focus strongly on making improvements in this area. As described in our CSR report, we have taken the first step towards the planning of a safety culture project in the Group which will comprise training programmes, communication and influence on behaviour and attitude of the employees.

The 17 UN global goals

In the Aarsleff Group, we are committed to supporting the UN Global Goals, and we have chosen 7 goals on which to focus our efforts. We have organised our CSR goals and activities in a way that allows us to contribute to this important global agenda. When possible and appropriate, we incorporate the goals in our business activities.

The three statements

Statement of corporate social responsibility cf. section 99 a of the Danish Financial Statements Act, a statement of the gender composition of the management cf. section 99 b of the Danish Financial Statements Act and a statement of the policy on equality and diversity cf. section 107 d of the Danish Financial Statement Act can be read in our separate CSR report www.aarsleff.com/csr20202021

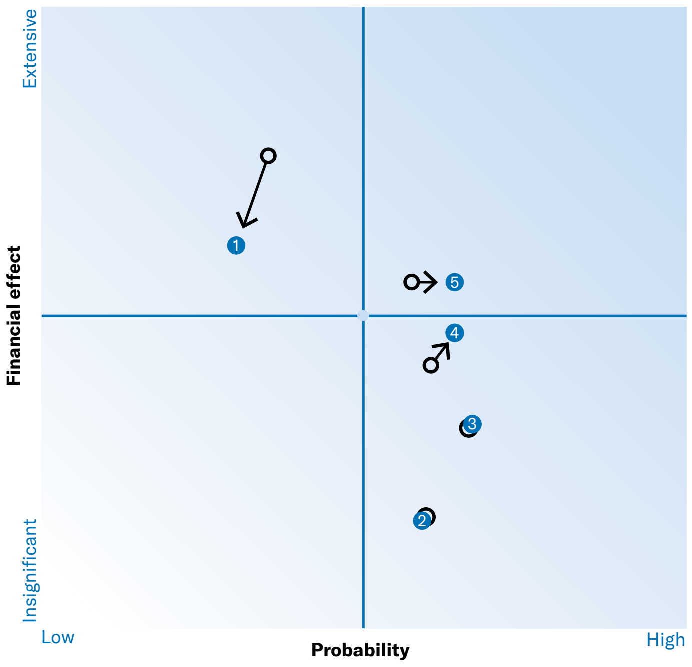
COMMERCIAL RISK ASSESSMENT

An integrated part of the Aarsleff Group's activities is risk management. We have identified the most significant risks, which primarily are connected to the execution of our projects and categorised them in relation to probability and financial effect.

The Aarsleff Group's activities involve numerous risks that may affect the operation and financial position of the Group. 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 financial effect.

Below is an illustration of the most significant risks as defined for the Aarsleff Group and how probability and financial effect are assessed, compared to the previous financial year.



2020/21
2019/20

Commercial risk assessment
The diagram shows the probability that a risk is materialised as well as the assessed financial effect if this takes place.

1. The joint venture risk is reduced as the Fehmarnbelt Link project and the cooperation with the partners are well underway.
2. Risk of insufficient planning and project execution is assessed to be unchanged.
3. Risk that inaccurate revenue recognition of projects is assessed to be unchanged, as the Group is involved in several large projects where estimation errors may have a significant financial effect. The risk is included during the tender process.
4. The risk of changes in raw material prices, exchange rates etc. is increasing, and especially the Pipe Technologies segment has been affected by increasing raw material prices since mid-financial year. This does not only increase costs but also the risk of production stop, if the development leads to raw material shortage.
5. The risk of cyberattacks is increasing because of increased digitalisation and automation of processes in the Group, and an increasing number of companies are hit by serious cyberattacks.

	Joint venture risk	Risk of insufficient planning and project execution	Risk of inaccurate revenue recognition of projects	Risk of changes in raw material prices, exchange rates etc.	Risk of cyberattacks
Risk	The Aarsleff Group often enters into large-scale contracts together with selected business partners with a view to sharing the risk and adding expertise in connection with the 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 return 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.	After signing a contract with a customer, there is a risk that exchange rates, raw material prices etc. will change, and that this will change the Aarsleff Group's earnings from the contract in question.	The Aarsleff Group is often exposed to cyberattacks of different types and strengths. The risk is increasing because of increased digitalisation and automation.
Risk mitigating actions	The joint venture risk is reduced by thoroughly assessing the history, financial strength and professional expertise of our business partners before entering into a working relationship. On the Fehmarnbelt Link 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 construction of Lighthouse at Aarhus Ø; here the Aarsleff Group has been involved from an early stage and has entered into a contract for construction pit, foundation work and building construction.	Each month, a number of procedures and controls are carried out in connection with measuring of progress towards completion 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.	To reduce the financial effect of exchange rate fluctuations, the individual projects are assessed with a view to a potential currency hedging. The development in raw material prices, e.g. steel prices, may have a significant financial effect. The effect hereof is mitigated by introducing price regulation mechanisms in the contract with the customer, compensating for fluctuations in the raw material price, or by making fixed price contracts with the suppliers at an early stage.	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.
Key risk	Risk that the joint venture cannot complete the project, imposing significant financial losses on the Aarsleff Group.	Risk that planning and execution are insufficient, preventing the project from generating the expected earnings.	The measuring of the project progress comprises a significant element of estimate which may result in uncertainty relating to the financial reporting of the project.	Changes in exchange rates, raw material prices etc. may reduce the Aarsleff Group's earnings.	Risk of lack of access to systems and data, and/or that data are damaged or leaked.

FINANCIAL TARGETS, CAPITAL STRUCTURE AND DIVIDEND POLICY

The overall financial targets of the Group are an EBIT margin of 5% with significant financial resources and a high solvency ratio to mitigate risks. This will help provide the shareholders with an attractive, long-term, direct return through allocation of surplus capital as dividend payments or in the form of share buyback programmes.

Growth and development
The growth and development of the Group will continue to take place through a combination of organic growth and acquisitions of specialist expertise and with the focus on profitability.

Each individual business area must develop and improve or alternatively rethink its activity. This will lead to organic growth.

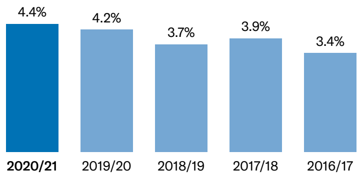
Acquisitions must provide synergy – either by value-adding complementarity or by creating economies of scale by expanding the existing business areas.

In Construction, including 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.

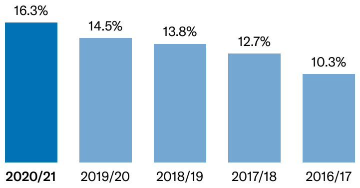
EBIT margin

Approx. 5%



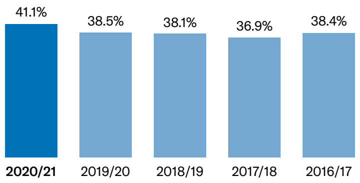
ROIC (after tax)

At least 12%



Equity ratio

At least 35%



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.

Earnings

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 efficiency in all phases.

Sound financial resources

Aarsleff undertakes large-scale civil engineering projects for which only consolidated companies with sound financial resources can tender. Sound financial resources and thus a high credit ranking allow Aarsleff to strategically position ourselves for long-term and continuous development of the Group in connection with acquisition of companies as well as internal business development.

Aarsleff's ambition to have sound financial resources entails an overall target to keep the equity ratio above 35%.

Return on investment

It is a target to provide return on invested capital of at least 12% per year after tax. However, realisation of the stated EBIT targets will imply a somewhat higher return on invested capital.

Dividend

Achievement of the targeted rate of return involves financing of the expected growth by future earnings and generating liquidity for distribution of dividend assessed at 20-40% of the annual profit dependent on growth.

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

EBIT margin targets

Construction

4.5%

Technical Solutions

4.0%

Rail

5.0%

Ground Engineering

6.5%

Pipe Technologies

6.0%

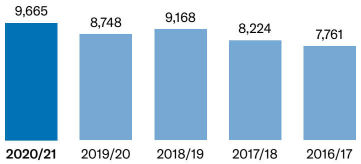
BUSINESS AREAS

CONSTRUCTION

Revenue

DKKm 9,665

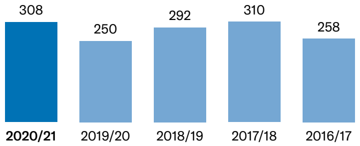
Revenue increased by 10.5% driven by a high level of activity within building construction.



Segment results (EBIT)

DKKm 308

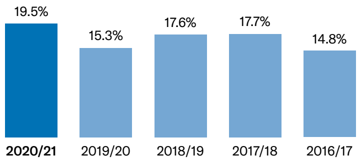
In Construction, profit for the year was slightly below expectations. Especially within the market for building construction, the price of materials and raw materials is still increasing, impacting earnings to a minor extent.



ROIC (after tax)

19.5%

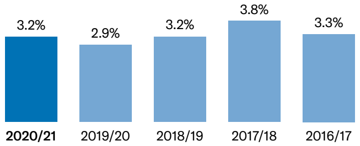
ROIC was above the 12% target.



EBIT margin

3.2%

The EBIT margin was affected by revenue recognition of the large, complex, ongoing projects. The EBIT margin target for the segment is 4.5%.



THE PAST YEAR IN CONSTRUCTION

Segment results (EBIT) were DKK 308 million, corresponding to 3.2% of revenue. Revenue increased to DKK 9,665 million, corresponding to 10.5%. Revenue of the Danish operations increased by 13.4% to DKK 8,507 million, and revenue of the foreign operations decreased by 7% to DKK 1,158 million.

In Construction, profit for the year was slightly below expectations. Especially within the market for building construction, the price of materials and raw materials is still increasing, impacting earnings to a minor extent. The Group's policy that large, complex, ongoing projects are recognised as income taking unsettled risks into consideration results in a lower EBIT margin for a significant share of revenue.

Per Aarsleff A/S reported results slightly below expectations. There was a decreasing level of activity within harbour expansions, and the last major project in Skagen was handed over in March. The building activities are still increasing, and the execution of a number of large projects in Copenhagen and Aarhus continues. Activities related to PAA Project Finance A/S continue to contribute significant results. The Fehmarnbelt project progresses according to plan, and the preliminary work in connection with the construction of the tunnel element factory in Rødby has begun.

Wicotec Kirkebjerg A/S performed in line with expectations and continued to develop in a positive direction, although results were affected by the revenue recognition of the large, complex, ongoing building projects. During the financial year, there was a high level of activity driven in part by a high demand for technical services from new or existing customers, in part by the execution of the technical contracts for the large One Company projects. In addition, the contract with DSB for maintenance and service of buildings, technical installations and system monitoring carried out in cooperation with Aarsleff Rail A/S has resulted in an increased level of activity.

The Group's railway activities, which are consolidated in the Aarsleff Rail Group, performed in line with expectations. Revenue is increasing due to the conclusion of several large contracts in Norway and Sweden as well as increasing activity from service and maintenance work in Denmark. Results of the Danish operations were in line with expectations. Although there was a positive development in the past financial year, the results of the Norwegian company Banedrift AS and the Swedish company Anker AB were still not satisfactory. One of the reasons is investments in the building up of local organisations, which will help us carry out a larger share of the projects by using local resources.

Hansson & Knudsen A/S reported results in line with expectations but still not satisfactory. Revenue increased compared to the same period last financial year, and the order backlog is satisfactory. The focus is still on operation and execution to improve earnings.

Results in Ístak hf. in Iceland were in line with expectations, and there was a high level of activity in the last part of the financial year, in part due to the construction of the new school in Nuuk, Greenland. The market potential in Iceland is satisfactory, and the company has a high order backlog.

Dan Jord A/S performed in line with expectations, and there was a good level of activity during the financial year, comprising e.g. the establishment of a new recycling station built by means of recycled materials in Lisbjerg near Aarhus.

Petri & Haugsted AS achieved very satisfactory results. The level of activity was high due to a great demand for cable work.

VG Entreprenør A/S achieved results in line with expectations. The level of activity has decreased due to the completion of the large harbour expansions carried out in One Company collaboration with Per Aarsleff A/S.

Per Aarsleff A/S is involved in the development of several large projects according to the principles of early contractor involvement. As an example, during the year, our work on the Terminal 3 expansion in Copenhagen Airport was carried out in early contractor involvement. In November 2021, this cooperation led to the conclusion of a DKK 2.1 billion design and build contract due for completion in 2028. Another example of early contractor involvement is the cooperation

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with Aarhus Vand on the future resource and wastewater treatment plant Aarhus Rewater. Aarsleff is chosen as a project partner and will assist with the design and planning with a view to entering into a subsequent design and build contract for the execution.

In September, Ørsted and ATP announced that they had entered into an agreement with Aarsleff and two other business partners, expecting to bid for the construction of the world's first energy island.

In May, Aarsleff signed an agreement on acquisition of 70% of the shares in Permagreen Grønland A/S. The purchase price for 70% of the company was DKK 38.7 million. Permagreen is the largest, local contracting company in Greenland with 350 employees and annual revenue of approx. DKK 400 million. The company, which has its main office in Nuuk and branches in Sisimiut, Maniitsoq, Narsaq and Qaqortoq, builds houses, institutions, hospitals, factories as well as commercial buildings and carries out related construction work. The acquisition was approved by the Greenlandic competition authorities on 1 November 2021.

In April, Aarsleff and PensionDanmark signed a design and build contract for the expansion of the bioscience company Chr. Hansen's main office in Hørsholm. The expansion comprises a 15,400-square-metre new building including 4,000 square metres of laboratories. The building is scheduled for completion at the end of January 2023.

In the financial year, Construction's order intake amounted to DKK 8,952 million, and the order backlog amounted to DKK 16,497 million at 30 September 2021 (30 September 2020: DKK 17,210 million) of which approx. DKK 7,600 million is expected to be carried out in the financial year 2021/22.

In the new financial year, the current Construction segment will be split into three reporting entities called Construction, Technical Solutions and Rail.

For Construction inclusive of Permagreen Grønland A/S, an approximate 12% revenue growth is expected and an EBIT margin of 3.8%. The long-term expectation to revenue development will follow economic trends and market potentials. The EBIT margin target for Construction is 4.5%.

For Technical Solutions, an approximate 5% revenue growth is expected and an EBIT margin of 2.5%. The long-term expectation to revenue development will follow economic trends and market potentials. The EBIT margin target for Technical Solutions is 4.0%.

For Rail, an approximate 13% revenue growth is expected and an EBIT margin of 5%. The long-term expectation to revenue development will follow economic trends and market potentials. The EBIT margin target for Rail is 5.0%.

Companies in Construction

(DKKm)	Revenue	EBIT	EBIT margin, %
Per Aarsleff A/S [1]	4,419	147	3.3
Hansson & Knudsen group [2]	638	8	1.3
Isták hf.	576	18	3.1
Petri & Haugsted AS	412	21	5.1
Dan Jord group [2]	280	8	2.8
VG Entreprenør A/S	91	15	16.6
Wicotec Kirkebjerg group [2]	1,920	31	1.6
Aarsleff Rail group [3]	1,329	60	4.5
Total	**9,665**	**308**	**3.2**

[1] The figures for Per Aarsleff A/S also comprise the remaning, smaller companies of the Construction segment, cf. the overview of companies in the Aarsleff Group on page 114.

[2] The group includes the companies which are owned by Wicotec Kirkebjerg A/S, Hansson & Knudsen A/S and Dan Jord A/S, respectively, cf. the overview of companies in the Aarsleff Group on page 114.

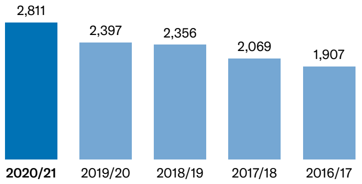
[3] The Aarsleff Rail group includes Aarsleff Rail A/S, Anker AB, Banedrift AS and Aarsleff Rail GmbH.

GROUND ENGINEERING

Revenue

DKKm 2,811

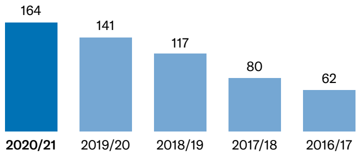
Revenue increased by 17,2%, primarily owing to increased activity in the UK and Poland as well as the acquisition of Sør-Norsk Boring AS and Steg Entreprenør AS.



Segment results (EBIT)

DKKm 164

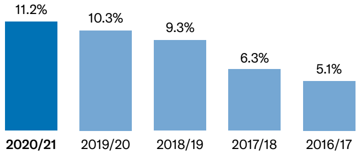
Profit for the year was in line with expectations. Results were positively affected by a good level of activity in most markets, and in general there was a high degree of capacity utilisation in the pile factories.



ROIC (after tax)

11.2%

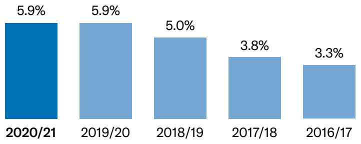
ROIC is close to the 12% target. Ground Engineering is characterised by making large investments in plant for manufacture of precast reinforced concrete piles and piling rigs for installation of piles.



EBIT margin

5.9%

EBIT margin of the year was at the same level as last financial year. The EBIT margin target for the segment is downgraded from 7.0% to 6.5%.



THE PAST YEAR IN GROUND ENGINEERING

Segment results (EBIT) were DKK 164 million or 5.9% of revenue. Revenue increased to DKK 2,811 million, corresponding to 17.2%. Organic growth was 12.9%. Revenue of the Danish operations increased by 9.9% to DKK 1,017 million, and revenue of the foreign operations increased by 21.9% to DKK 1,794 million.

In Ground Engineering, profit for the year was in line with expectations. The year was positively influenced by a good level of activity in most markets, and in general there was a good capacity utilisation in the individual pile factories. The EBIT margin target for the segment was downgraded from 7.0% to 6.5%. A large part of revenue has historically been related to the pile factories. In recent years, this has changed, among other things, due to a number of acquisitions, meaning that the ground engineering business composes a larger share. For this part of revenue, it is not possible to obtain the same EBIT margins.

Results of the Danish activities were as expected. In Denmark, the level of activity within production and installation of precast concrete piles remained high. In Entreprenørfirmaet Østergaard A/S, the No-Dig activities generated revenue and earnings above expectations. There is a satisfactory level of activity, and the projects are progressing according to plan or better than expected.

In Sweden, results were in line with expectations. There is still a good level of activity within infrastructure projects, and the pile market has stabilised at a satisfactory level.

In Germany, the level of activity continued to increase, and results were slightly higher than expected. The market for pile installation and drilled piles continues the positive development. More onshore wind turbine projects are under construction, and there is also a continued high level of activity within construction of logistics centres. The activities related to construction pits, including execution of ground anchors, contributed satisfactory results. During the year, however, there was keen competition, especially within execution of ground anchors.

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In the UK, there was a continued positive development of results. Revenue is sharply increasing, and there was a high degree of capacity utilisation in the factory. Also, market opportunities remain good, especially within construction of logistics centres due to Brexit.

In Poland, results were better than expected. The level of activity was very high, and several projects with reinforced concrete piles were carried out.

Sør-Norsk Boring AS performed below expectations, primarily due to the company being particularly exposed to the increasing prices of steel. The market opportunities in Norway remain good, and the focus is to utilise and offer the Ground Engineering segment's entire range of expertise.

On 1 July 2021, Ground Engineering acquired 51% of the shares in the company Steg Entreprenør AS which specialises in No-Dig solutions in Norway. The customer portfolio consists of small and large Norwegian companies as well as public-sector customers, and Steg Entreprenør, which was founded in 2011, is today market-leading within No-Dig solutions in Norway. Through the Aarsleff Group's No-Dig activities in Entreprenørfirmaet Østergaard A/S, we already had a long-time working relationship with Steg Entreprenør about horizontal drilling, pilot pipe drilling and tunneling in Norway. Our intention is to strengthen and develop this working relationship across country borders. In 2020, Steg Entreprenør generated revenue of NOK 125 million. The company has 40 employees and is based in Geithus, about 50 kilometres west of Oslo. The acquisition will strengthen Aarsleff's market position within construction and ground engineering activities on the Norwegian market where Steg Entreprenør will become a part of the Ground Engineering segment's No-Dig activities.

In the financial year, Ground Engineering's order intake amounted to DKK 3,268 million, and the order backlog amounted to DKK 1,958 million at 30 September 2021 (30 September 2020: DKK 1,501 million) of which approx. DKK 1,375 million is expected to be carried out in the financial year 2021/22.

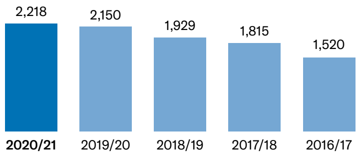
In the new financial year, a 5% revenue growth is expected and an EBIT margin of 5.5%. The long-term expectation to revenue development is a 5% to 10% growth per year, and the EBIT margin target for the segment is changed to 6.5% against previously 7%.

PIPE TECHNOLOGIES

Revenue

DKKm 2,218

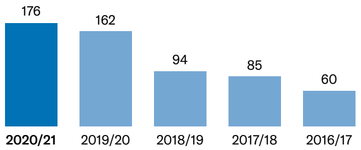
Revenue increased by 3.1% primarily driven by a higher level of activity in Denmark and in Norway.



Segment results (EBIT)

DKKm 176

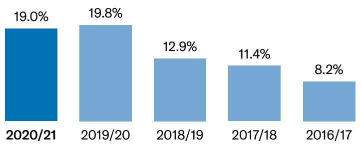
In Pipe Technologies, profit for the year was very satisfactory, although increasing prices of raw materials had a negative impact on earnings as expected. This was, however, offset by the favourable market conditions in the Nordic countries.



ROIC (after tax)

19.0%

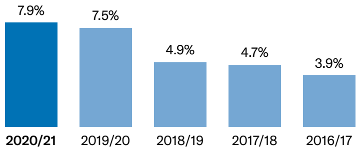
ROIC was significantly higher than the 12% Group target. Pipe Technologies is characterised by large investments in production plant and installation units.



EBIT margin

7.9%

The realised EBIT margin was higher than the long-term target for the segment which was adjusted upwards from 5.5% to 6.0%.



THE PAST YEAR IN PIPE TECHNOLOGIES

Segment results (EBIT) were DKK 176 million or 7.9% of revenue. Revenue increased by 3.1% to DKK 2,218 million and was entirely organic growth. Revenue of the Danish operations increased by 11.8% to DKK 633 million, and revenue of the foreign operations increased by 0.1% to DKK 1,585 million.

In Pipe Technologies, profit for the year was very satisfactory, and the realised EBIT margin was higher than the long-term target for the segment. Increasing prices of raw materials had a negative impact on earnings; this was, however, offset by favourable market conditions especially in the Nordic countries. Also, we managed to improve the seasonal adjustment of revenue, thereby improving the capacity utilisation of the factory and the installation units. Historically, a very large share of revenue was carried out in the first quarter of the financial year; this is no longer the case to the same extent.

In Germany, results were in line with expectations. The level of activity is still satisfactory, but as expected, revenue is lower than last financial year when a number of large projects were completed. The increasing pressure on prices continues due to more competition in the utilities market. In the Netherlands, there was a continued positive development in both revenue and earnings.

In Denmark, there was a high level of activity, and as a result of strong project execution, the profit for the year was above expectations. Increasing revenue in the segment has led to a high degree of capacity utilisation in Pipe Technologies' factory in Hasselager which manufactures and supplies CIPP Linings for all the companies of Pipe Technologies. However, the results of the factory were negatively affected by increasing prices of raw materials which to some extent have stabilised, but at a relatively high level. Also, the Danish market is characterised by numerous long-term framework agreements, primarily with utility companies, and the indexing of the contracts does not sufficiently offset the increasing raw material costs.

In Sweden, the level of activity was high both within the utility market and housing and industry. Results were above expectations due to high revenue and strong project execution.

In Norway, there was a strong growth within rehabilitation of public utility lines as well as lines for private housing associations. Profit for the year was above expectations due to strong project execution and a high level of activity.

In Russia, the level of activity has improved, and results were positive, although they were affected by the coronavirus lockdown in the country as well as the low exchange rate on rubles.

In Poland, the level of activity was low, and results were also affected by challenges in connection with a single project.

In the financial year, Pipe Technologies' order intake amounted to DKK 2,039 million, and the order backlog amounted to DKK 1,526 million at 30 September 2021 (30 September 2020: DKK 1,705 million) of which approx. DKK 1,075 million is expected to be carried out in the financial year 2021/22.

In the new financial year, a 3% revenue growth is expected and an EBIT margin of 6.5%. The long-term expectation to revenue development is a 5% to 10% growth per year, and the EBIT margin target for the segment is increased to 6.0% against previously 5.5%.

See how we renew sewers at www.vimeo.com/album/4677228

THE YEAR IN OUTLINE

FINANCIAL REVIEW

Income statement

In the financial year, consolidated revenue amounted to DKK 14,694 million which is an increase of DKK 1,399 million or 10.5% compared to last year's revenue of DKK 13,295 million. Organic revenue increased by 9.7%. Revenue of the Danish operations increased by 12.9%, and revenue of the foreign operations increased by 5.5%.

The increase in revenue related mainly to the Construction segment caused by a high level of activity within building construction. In Ground Engineering, revenue was also higher than the previous year, caused primarily by increased activity in the UK and Poland and by the acquisitions in Norway. In Pipe Technologies, the increase in revenue was due to a higher level of activity in Denmark and Norway.

Production costs, which comprise direct production costs and other production costs as well as depreciation of plant increased from DKK 11,683 million to DKK 13,025 million or by DKK 1,342 million, corresponding to 11.5%.

Gross profit increased by DKK 55 million compared to last financial year. The positive development in gross profit was mainly attributable to a high degree of capacity utilisation in both Ground Engineering and Pipe Technologies. Gross profit in Construction was significantly impacted by revenue recognition of large, complex building projects taking unsettled risks into consideration, which resulted in a lower margin for this share of revenue.

Administrative expenses and selling costs increased from DKK 1,028 million to DKK 1,056 million or by DKK 28 million, corresponding to an increase of 2.7% compared to last financial year. Administrative expenses and selling costs now amount to 7.2% of revenue, which is 0.5 percentage points below last year. The nominal increase was in large part due to the recently acquired companies and costs relating to the employee share programme. For the fourth year running, the employees were offered to participate in an employee share programme, and a record 1,470 employees participated in this year's programme. The programme has a three-year vesting period, and the costs for the financial year amounted to DKK 21 million against DKK 20 million last financial year. For further information on the employee share programme, see note 8 Share-based payment.

Other operating income and expenses, primarily comprising profit from the sale of non-current assets, amounted to income of DKK 23 million, against DKK 31 million in 2019/20.

Operating profit (EBIT) was DKK 648 million against DKK 553 million last financial year or an increase of DKK 95 million.

In Construction, EBIT was up by DKK 58.1 million compared with last financial year. Results of last financial year were affected by a goodwill impairment of DKK 71.7 million regarding Hansson & Knudsen A/S, and after adjusting for the impairment, EBIT has decreased by DKK 13.6 million compared to last financial year. The activities in Per Aarsleff A/S delivered EBIT which was down on last year. This was mainly due to the Group's policy to recognise large, complex, ongoing projects as income taking unsettled risks into consideration. This resulted in a lower EBIT margin for a significant share of revenue. Wicotec Kirkebjerg A/S delivered results which were higher than last financial year. This was mainly due to the great demand for technical services from new or existing customers. The Group's railway activities which are consolidated in the Aarsleff Rail Group delivered higher EBIT results, mainly due to a positive development of results in the companies in Norway and Sweden. As expected, VG Entreprenør A/S delivered significantly lower results because the large harbour projects were completed in the first half of the financial year.

Compared with last financial year, EBIT for 2020/21 was positively impacted by a DKK 22.7 million increase in Ground Engineering's EBIT, in part driven by the activities in Poland and in the UK as well as the acquisitions in Norway. In general, there was a good level of activity in most markets and a high degree of capacity utilisation in the pile factories.

Pipe Technologies' EBIT also deviated positively from last year with an increase of DKK 14 million. Generally, the segment saw a good level of activity in most markets and high degree of capacity utilisation. Increasing prices of raw materials had a negative impact on earnings as expected; this was, however, offset by favourable market conditions, especially in the Nordic countries.

Tax on profit for the year amounted to DKK 143 million, corresponding to a tax rate of 23.3%. The tax rate reflected a higher tax rate in subsidiaries that contributed positively to the profit for the year as well as non-deductible expenses, the most significant of which are costs for the employee share programme. Tax for the year consisted of current tax of DKK 241 million and an adjustment of deferred tax and tax assets of DKK 98 million. The Group's deferred tax assets were conservatively assessed based on expected realisation by set-off against future earnings.

Consolidated profit after tax was DKK 473 million against DKK 379 million last financial year.

Impact from the coronavirus pandemic

The overall picture is that the Aarsleff Group maintains almost normal operations.

Order backlog

The company's order backlog amounted to DKK 19,981 million compared to DKK 20,416 million at the beginning of the financial year. The order intake of the financial year amounted to DKK 14,259 million.

Balance sheet

Cash and cash equivalents decreased by DKK 632 million, primarily due to the development in working capital. The development in working capital was mainly driven by an increase in receivables, including work in progress, due to increased revenue and the settlement of the holiday pay obligation of DKK 300 million.

Consolidated interest-bearing debt less interest-bearing assets amounted to a net deposit of DKK 284 million, against a net deposit of DKK 580 million at 30 September 2020. The change was mainly due to the effect of working capital.

Invested capital increased from DKK 2,730 million to DKK 3,378 million, primarily due to the increase in working capital. Return on invested capital after tax (ROIC) was 16.3%.

Equity amounted to DKK 3,663 million at 30 September 2021 compared to DKK 3,311 million at the end of last financial year. The development in equity can be specified as follows:

Equity (DKKm)	**2020/21**	**2019/20**
Equity, beginning of the year	3,311	3,114
Dividend paid	-131	-111
Foreign exchange adjustment of foreign entities	28	-45
Fair value adjustments of derivative financial instruments	8	-15
Profit for the year	473	379
Tax on derivative financial instruments	-2	4
Employee shares	21	20
Purchase of treasury shares	-45	-35
Equity at year end	**3,663**	**3,311**

Statement of cash flows

Cash flow from operating activities amounted to an inflow of DKK 471 million compared to DKK 1,594 million last financial year or a decrease of DKK 1,123 million that was mainly attributable to the before-mentioned negative effect from working capital. In the financial year, there was an on-account tax payment of DKK 191 million, and a settlement of the holiday pay obligation of DKK 300 million. This has taken place as part of the ongoing optimisation of the Group's liquidity.

Cash flow from investing activities amounted to an outflow of DKK 676 million against an outflow of DKK 669 million last financial year. Investments in property, plant and equipment were significantly higher than last financial year, mainly attributable to major investments in buildings, such as a new factory for ventilation ducts for E. Klink A/S and the start-up of the construction work for new shared office facilities for Wicotec Kirkebjerg A/S and Petri & Haugsted AS. In addition, Aarsleff Rail A/S invested in a new track maintenance machine.

Cash flow from financing activities was an outflow of DKK 302 million against an outflow of DKK 317 million last financial year, which was mainly due to a dividend payment and an increase in lease payments.

This resulted in a decrease in liquidity of DKK 502 million in the period.

Also, the Board of Directors of Per Aarsleff Holding A/S has decided to use its authority to let the company buy own B shares. The purpose of the share buyback is to reduce Per Aarsleff Holding A/S's share capital and to cover obligations arising from a share-based incentive programme for the employees of the Aarsleff Group (employee share programme with matching shares). The share buyback programme will run from 28 June 2021 to 1 April 2022, both days inclusive. During this period, Per Aarsleff Holding A/S will buy back B shares up to a maximum value of DKK 125 million according to the "Safe Harbour" rules. The purchase of treasury shares during the financial year amounted to DKK 44.5 million, of which DKK 35.5 million is for covering obligations under the share programme.

QUARTERLY FOLLOW-UP

Quarterly results

Operating profit (EBIT) of the fourth quarter amounted to DKK 158 million (EBIT margin: 3.9%) compared to DKK 138 million (EBIT margin: 4.0%) in the same period last financial year.

Construction

The Construction segment delivered fourth quarter results slightly below expectations. The market, especially within building construction, continued to see increasing prices of materials and raw materials, impacting earnings to a minor extent. Results were affected by a high level of activity within building construction, and the large, complex projects were subject to revenue recognition taking unsettled risks into consideration, resulting in a lower EBIT margin for this part of revenue.

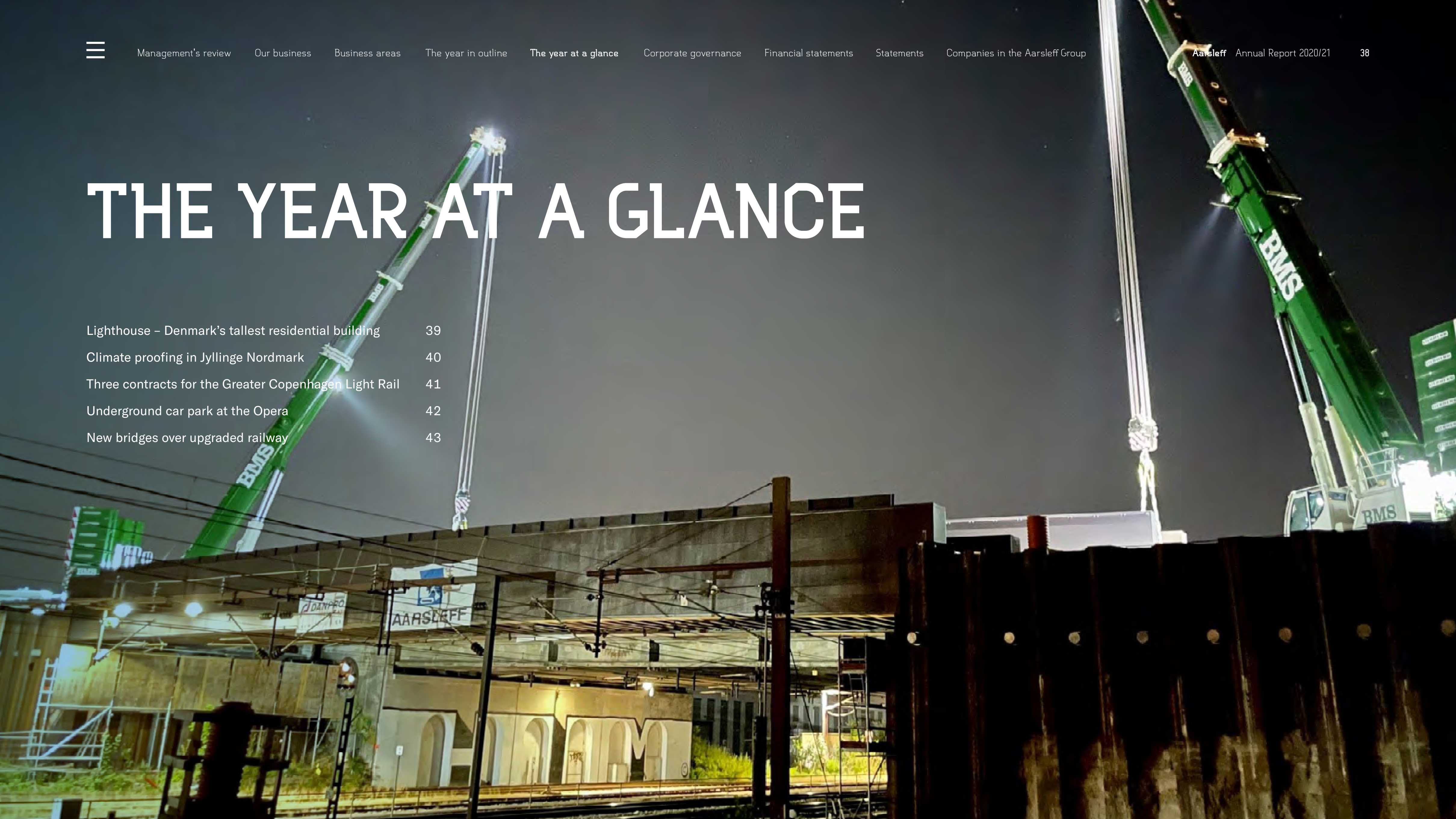
Ground Engineering

The Ground Engineering segment delivered fourth quarter results in line with expectations. In the quarter, there was a very high level of activity within production and installation of precast concrete piles, resulting in good capacity utilisation in the pile factories.

Pipe Technologies

The Pipe Technologies segment delivered fourth quarter results above expectations, and the market conditions were favourable, especially in the Nordic countries. Also, we managed to improve the seasonal adjustment of revenue, thereby improving the capacity utilisation of the factory and the installation units.

	2020/21				2019/20			
(DKKm)	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Income statement								
Revenue	4,024	3,721	3,285	3,664	3,450	3,309	3,026	3,510
Gross profit	435	453	365	415	415	424	345	429
Depreciation, amortisation and impairment	163	143	139	139	178	144	217	145
Operating profit (EBIT)	157	181	136	174	137	189	52	175
Net financials	-11	-4	-12	-5	-13	4	-6	-8
Profit before tax	146	177	124	169	124	193	46	167
Tax on profit for the period	-30	-39	-36	-38	-33	-55	-26	-37
Profit for the period	116	138	88	131	91	138	20	130
Cash flow								
Cash flow from operating activities	60	173	161	77	107	316	791	380
Cash flow from investing activities	102	-427	-259	-91	-213	-69	-97	-290
Cash flow from financing activities	226	-261	-219	-48	-29	-71	-171	-46
Total cash flow	**388**	**-515**	**-317**	**-62**	**-135**	**176**	**523**	**44**
Balance sheet								
Non-current assets	3,418	3,192	3,116	3,012	2,988	2,935	2,967	3,117
Current assets	5,500	6,050	5,288	5,799	5,607	5,629	5,200	5,293
Total assets	**8,918**	**9,242**	**8,404**	**8,811**	**8,595**	**8,564**	**8,167**	**8,410**
Equity	3,663	3,591	3,442	3,469	3,311	3,242	3,113	3,257
Non-current liabilities	813	782	775	1,075	1,096	955	973	1,022
Current liabilities	4,442	4,869	4,187	4,267	4,188	4,367	4,081	4,131
Total equity and liabilities	**8,918**	**9,242**	**8,404**	**8,811**	**8,595**	**8,564**	**8,167**	**8,410**
Average number of employees	7,658	7,581	7,358	7,388	7,215	7,117	6,984	6,867
Financial ratios								
Gross margin, %	10.8	12.2	11.1	11.3	12.0	12.8	11.4	12.2
EBIT margin, %	3.9	4.8	4.2	4.7	4.0	5.7	1.7	5.0
Invested capital, DKK	3,378	3,229	2,871	2,948	2,730	2,226	2,284	3,008
Return on invested capital (ROIC), %, annualised	21.2	23.1	24.7	18.5	20.4	22.1	21.6	21.1
Return on invested capital after tax (ROIC), %, annualised	16.3	17.2	18.1	12.9	14.5	15.5	15.5	16.2
Working capital, DKK	581	455	160	197	-20	35	47	597
Net interest-bearing deposits/debt (+/-)	284	361	571	519	580	1,009	822	239



THE YEAR AT A GLANCE

LIGHTHOUSE – DENMARK'S TALLEST RESIDENTIAL BUILDING

At the tip of Aarhus Ø, Per Aarsleff A/S is working on the design and build contract for the construction of the 142-metre-tall Lighthouse and the 10-storey low-rise buildings. The building will have more than 380 apartments, and most of them will have unobstructed view of the Aarhus Bay.

Aarsleff skills in One Company collaboration

Lighthouse is a One Company project which allows us to use our specialist knowledge of foundation, construction, shell structure, technical installations and landscaping in close collaboration with our sister companies Wicotec Kirkebjerg A/S and Dan Jord A/S.

Project optimisation with early contractor involvement

The project is carried out according to the principles of early contractor involvement with the focus on optimising the building construction. For example, based on stability analyses of the building, we were able to add an extra storey by reducing the thickness of each concrete slab by ten centimetres.

High degree of in-house production

The in-house production for the construction pit comprises sheet piles, ground anchors, excavation and soil handling, sewer work and foundation work. In addition, Aarsleff carries out all concrete work – from the 750-square-metre-large and 2-metre-thick base slab all the way to the top of the tower. The shell structure is carried out as a combination of in situ concrete work and element installation. Also, all the technical installations are carried out by the Aarsleff Group.

CLIMATE PROOFING AT JYLLINGE NORDMARK

At Jyllinge Nordmark – an area severely affected by flooding – Aarsleff has established three embankments, a double sluice gate and a large pumping station to protect the residential area against flooding from Roskilde Fjord.

Complex and challenging soil conditions

The project was very complex, and due to the soft soil conditions in the area, we had to carry out cement stabilisation to ensure the bearing capacity and stability of the sluice structures.

Embankments and pumping stations

Aarsleff has carried out the three embankments which are now protecting the residential area. The fjord embankment facing Roskilde Fjord measures no less than 700 metres in length and 2.4 metres in height. In addition, we have carried out 3-metre-high wing embankments of lengths of 50 metres and 100 metres, respectively, south and north of the stream Værebro Å. The fjord embankment also has three pumping stations.

Sheet pile embankment and sluice

Across the stream Værebro Å near the estuary in Roskilde Fjord, we have established a 65-metre-long sheet pile embankment near the sluice. The sluice, which is made of precast elements, is a double sluice system with two chambers and side-hinged gates. Pumping station and sedimentation basin are placed behind the sheet pile embankment.

THREE CONTRACTS FOR THE GREATER COPENHAGEN LIGHT RAIL

Along Ring 3 in Copenhagen, the Greater Copenhagen Light Rail is taking shape. Per Aarsleff A/S carries out design and construction work on 18 kilometres of the 28-kilometre-long section, while Aarsleff Rail A/S is contracted to carry out the subsequent work, such as design, execution and supply of track systems and trains.

Construction work, track system and trains

Per Aarsleff A/S carries out two of the five large construction contracts, comprising several complex crossings of both motorway and railway as well as adjustment of numerous bridges and tunnels along the section. Subsequently, in collaboration with Siemens, Aarsleff Rail A/S will carry out the entire track system with stations, catenary system and trains.

Light rail bridges in steel lifted into place

During the spring and the summer, six large steel bridges were lifted into place and installed on the section in Glostrup. The two largest bridges, each of them with a weight of 180 tons and a length of 40 metres, were installed across seven railway tracks near Glostrup Station.

Concrete elements produced in Poland

The tracks will be installed into so-called slab track elements produced in our concrete element factory in Poland. We cast and supply a total of 4,000 elements, which are 3 metres long and 2.5 metres wide.

UNDERGROUND CAR PARK AT THE OPERA

In the centre of Port of Copenhagen on the island right south of the Opera, Hansson & Knudsen A/S and Per Aarsleff A/S participate in the construction of a new two-storey underground car park. Above the underground car park, the Opera Park will be established as a recreational space, e.g. with a greenhouse. The Opera Park is donated by the A.P. Møller Foundation.

Contract for six trade contracts

Hansson & Knudsen is working on six out of 25 trade contracts for the Opera Park, consisting of operation and maintenance of the construction site, preliminary work as well as concrete and masonry work for the parking facilities. Excavation and dewatering of the construction pit as well as the island extension take place in One Company collaboration with Per Aarsleff A/S.

Two-storey underground car park

In October 2020, we commenced the excavation work, the installation of uplift anchors and the island extension. The concrete work really started to progress in the spring of 2021 with in-situ casting of the first foundations and the reinforcement for the base slab as well as casting of the walls at the lower level of the basement.

A new green park above and under the ground

When the park is completed in 2023, the underground car park can be accessed through a greenhouse in the Opera Park. In the middle of the greenhouse, a glass atrium which will be reaching from the café at the ground floor to the underground car park, providing both levels of the car park with daylight.

NEW BRIDGES OVER UPGRADED RAILWAY

As the speed on the railway section between Aarhus and Langå is to be upgraded, Per Aarsleff A/S and Aarsleff Rail A/S, in One Company collaboration, are building three new bridges with embankments and road links to ensure safe passage and crossing of the railway.

Three large bridges

In May, we started working on the first two bridges in Hårvad and Lerbjerg, and in August, Banedanmark used an option on the establishment of a third bridge in Laurbjerg. The total value of the contract is DKK 125 million.

Three different solutions

A special feature of the bridge in Lerbjerg is that it is installed on piles. We have installed a total of 2,600 piles in the dimension 30x30 centimetres for the bridge foundations and the pile deck under the future road embankment. A total of almost 46,000 linear metres of piles.

Precast pile caps

The piles protrude 10 centimetres above the ground and are cast together with self-compacting concrete with 2,400 pile caps of the dimension 90x90x50 centimetres. The pile caps are cast in our element factory in Swinoujscie, Poland, and the solution is an upgrade of a previous design used in connection with the harbour expansion in Frederikshavn.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

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

The exception is:

- The variable remuneration which is paid to the Executive Management cannot be reclaimed, as recommended, if the remuneration was paid on the basis of information which subsequently was found to be incorrect.

The below statement concerns the recommendations updated most recently in November 2017.

An outline of the company's approach to the individual recommendations is available at **www.aarsleff.com/corporategovernance20202021**.

Tasks and responsibilities of the Board of Directors

The Board of Directors defines the business concept as well as 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. 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 and the current assessment of the work of the Board of Directors.

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

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

Meeting attendance – Board of Directors

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

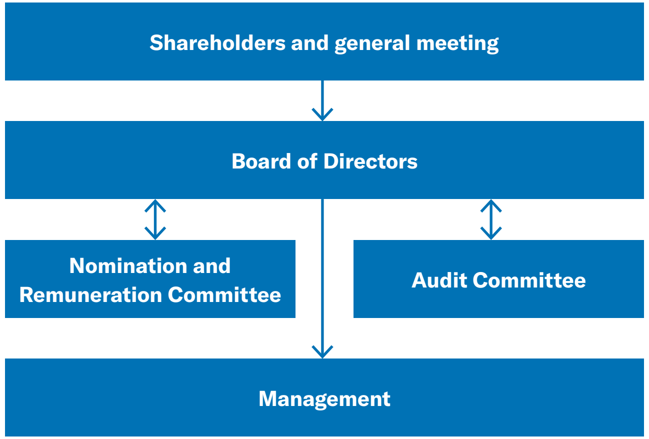
[1] Member of the Board of Directors since 1 February 2021.

Composition of the board of directors

The Board of Directors consists of 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 women in the Board of Directors, cf. www.aarsleff.com/csr.

Governance structure



THE BOARD OF DIRECTORS' FOCUS AREAS IN 2020/21

Strategy

- Strengthening and expanding One Company collaboration in the Group
- Definition and communication of the Group themes and the interaction with the Group strategy
- Initiatives to improve the results of the units
- Secure project execution and continued efficiency improvements.

Organisational development

- Top management structure and succession planning
- Development and retention of key employees.

Risk management

- Handling of the coronavirus crisis during the return to more normal operations with fewer restrictions.
- Reduction of the risk of cyberattacks as well as improvement and alignment of the Group's IT infrastructure
- Handling of risks in international projects and in large projects in general.

Sustainability and green transition

- Roll-out of Aarsleff ECO Center with the focus on green transition, initiatives and improvements in the Aarsleff Group and the building and construction industry.

Evaluation of the board of directors

The work, results and composition of the Board of Directors were evaluated during the year. The evaluation was conducted by the Chairman of the Board with external assistance. The result was discussed in the entire Board of Directors. The evaluation did not result in significant changes to the Board of Directors' annual cycle of work or working methods.

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 purpose is to assist the Board of Directors in monitoring financial reporting and the adequacy of Aarsleff's internal control and risk management systems.

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

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

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

Risk assessment

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

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

Control activities

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

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

Information and communication

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

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

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

Monitoring

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

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

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

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

EXECUTIVE MANAGEMENT AND BOARD OF DIRECTORS

From the left: Henrik Højen Andersen, Mogens Vedel Hestbæk, Jesper Kristian Jacobsen, Nicolai Schultz, Bjarne Moltke Hansen, Jens Bjerg Sørensen, Charlotte Strand, Kent Arentoft and Ebbe Malte Iversen.

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	DI Dansk Byggeri Molio Erhvervsdrivende Fond		Olimb Rørfornying Holding AS Permagreen Grønland A/S

Executive Management's total number of shares in the company held at 21 December 2021: 20,216 (at 21 December 2020: 13,730).

BOARD OF DIRECTORS

	Ebbe Malte Iversen Chairman of the Board Chairman of the Nomination and Remuneration Committee	**Kent Arentoft** Deputy Chairman Member of the Nomination and Remuneration Committee	**Jens Bjerg Sørensen** Board member Chairman of the Audit Committee
Education	BSc (Engineering)	Graduate Diploma in Accounting, London Business School (ADP19), England INSEAD (CEDEP), France	Business graduate, Diploma in Business Administration (marketing economics) INSEAD IEP
Special competences	Management of large, international companies, including listed companies. Professional and industry-related knowledge	Financial insight and general management of large, international companies, including listed companies	Financial insight and general management of large, international companies, including listed companies
Independence	Not considered independent due to employment in the executive management within the past five years	Considered independent	Considered independent
Chairman of the board	STIBO Fonden (plus 2 subsidiaries) Ejendomsfonden AIS	DSVM Invest A/S (plus 5 subsidiaries) H+H International A/S Cembrit Group A/S	A. Kirk A/S Alba Ejendomme A/S BioMar Group A/S Borg Automotive A/S GPV International A/S HydraSpecma A/S Købmand Herman Sallings Fond (plus 2 subsidiaries)
Board member	Ege Carpets A/S (deputy chairman) Per og Lise Aarsleffs Fond	Solix Group AB Nymølle Stenindustrier A/S	Bitten & Mads Clausens Fond (plus 1 subsidiary) F.M.J. A/S (plus 2 subsidiaries) Fibertex Nonwovens A/S (deputy chairman) Fibertex Personal Care A/S (deputy chairman) Købmand Ferdinand Sallings Mindefond Salling Group A/S (deputy chairman)
Other managerial positions		General manager of Kata Group A/S	General manager of Jens Bjerg Sørensen Datterholding 1 ApS General manager of Jens Bjerg Sørensen Holding ApS
Position			President of Aktieselskabet Schouw & Co.

BOARD OF DIRECTORS

	Charlotte Strand Board member Member of the Audit Committee	**Henrik Højen Andersen** Board member Member of the Audit Committee	**Bjarne Moltke Hansen** Board member
Education	MSc (Economics)	MSc (Engineering) MSc (Engineering Management), Stanford University	BSc (Engineering) (B) Insead, Young Managers Programme
Special competences	Financial insight and general management of large, international companies, including listed companies	Management of large, international companies	Management of large, international companies, including listed companies
Independence	Considered independent	Considered independent	Considered independent
Chairman of the Board	Evida Holding A/S (plus 5 subsidiaries)	Arla Foods Ingredients Energy A/S Niels Andersens Legats Handelsaktieselskab	Bladt Holding A/S (plus 2 subsidiaries) Pindstrup Mosebrug A/S (plus 1 subsidiary) Rich. Müller-Fonden (plus 1 subsidiary) Aalborg Portland Holding A/S (plus 4 subsidiaries) Højslev Teglværk A/S Randers Tegl A/S
Board member	Aibel AS (member of audit committee) PostNord AB (chairman of audit committee) Reventus Power Limited	ArNoCo GmbH & Co. KG K/S Solenergi Bayern	Danish SDG Investment Fund, Investment Committee LKAB Odico A/S
Other managerial positions		General manager of Solenergi Bayern Komplementar ApS General manager of AFI Partner ApS	General manager of BMH Advice ApS
Position		CEO of Arla Foods Ingredients Group P/S	

Name	Gender	Year of birth	Initially elected	Term of office	Position	Board remuneration	Number of shares [1]	Change [2]
Ebbe Malte Iversen	♂	1951	2020	1 year	Chairman	825,000	122,437	2,650
Kent Arentoft	♂	1962	2021	1 year	Deputy chairman	366,666	0	0
Jens Bjerg Sørensen	♂	1957	2014	1 year	Board member	365,000	0	0
Charlotte Strand	♀	1961	2017	1 year	Board member	365,000	0	0
Henrik Højen Andersen	♂	1960	2020	1 year	Board member	365,000	489	0
Bjarne Moltke Hansen	♂	1961	2019	1 year	Board member	411,250	0	0

[1] Number of shares in the company held at 21 December 2021.
[2] Change from 21 December 2020.

For further information, see Aarsleff's remuneration report.

SHAREHOLDER INFORMATION

Share price and market capitalisation

At 30 September 2021, the price of the Aarsleff share was DKK 262.50, corresponding to a decrease of 2% compared to the share price at the beginning of the financial year. At the end of the financial year, the market capitalisation of the company's B shares was DKK 4,887 million (exclusive of treasury shares) compared to a market capitalisation of DKK 4,997 million at the beginning of the financial year.

Shareholders

Per Aarsleff Holding A/S has no majority shareholders. All A shares are owned by the foundation Per og Lise Aarsleffs Fond, and the foundation possesses 43.1%[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 10 December 2021 are stated in the pie chart.

Share buyback and treasury shares

On 28 June 2021, Per Aarsleff Holding A/S launched a share buyback programme, cf. company announcement no. 9 of 28 May 2021. In the period from 28 June to 30 September 2021, a total of 158,866 treasury shares were purchased at a total value of DKK 44,523,687. This means that the company's total number of treasury shares amounts to 418,539 shares. Of these, 359,369 shares are used for meeting the company's obligations related to the Group's employee share programme.

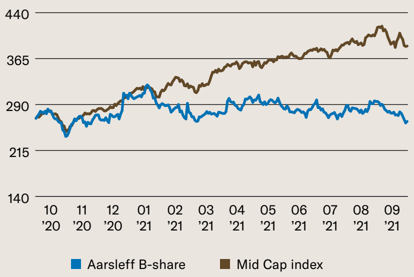
Dividend

For the financial year 2020/21, the proposed dividend per share of a nominal value of DKK 2 is DKK 8, corresponding to a dividend distribution of DKK 159.7 million.

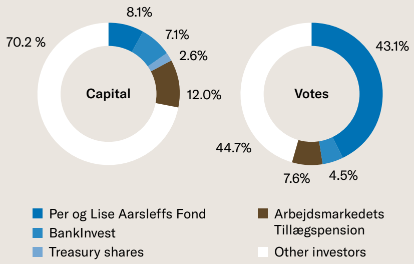
Communication with the shareholders

The Aarsleff Group strives to provide the shareholders and the market with the best possible insight into factors considered relevant to ensure a market efficient and fair pricing of the company's shares. Also, Aarsleff uses the investor portal from Computershare A/S to communicate with registered shareholders.

Share price development compared to Mid Cap index



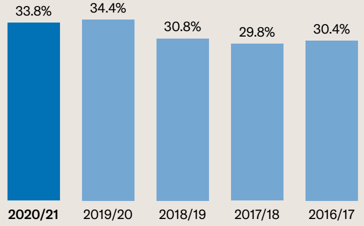
Share holding, capital and votes [1]



[1] Number of votes is corrected for the company's holding of treasury shares.

Dividend (DKK per share)

Dividend payout ratio



Our top management engage in regular dialogues with current as well as potential investors in the form of personal meetings and conferences. However, we do not participate in meetings with investors or analysts later than two weeks before planned release of interim financial reports or annual results.

Currently, the Aarsleff share is covered by four analysts. For more information about analyst coverage and the Shareholder portal, see **www.aarsleff.com/investor**.

Share information

	Share class A	Share class B	Total
ISIN code		DK0060700516	
No. of shares	27,000	19,035,000	20,385,000 [1]
Number of treasury shares owned by the foundation Per og Lise Aarsleffs Fond at 30 September 2021	27,000	293,336	1,643,336
Number of treasury shares owned by Per Aarsleff Holding A/S at 30 September 2021		418,539	
Nominal value, DKK	100	2	
Votes per share [2]	500	1	
Average daily trading volume in the financial year		28,214	
Exchange		Nasdax OMX Copenhagen	
Ticker symbol		PAAL/B	
Year high		322	
Year low		238	
Registered shares, %	100	90	

[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

31 January 2022
Annual general meeting at 15:00

3 February 2022
Dividend paid to shareholders for the financial year 2020/21

25 February 2022
Interim financial report for the period 1 October-31 December 2021

31 May 2022
Interim financial report for the period 1 October 2021-31 March 2022

29 August 2022
Interim financial report for the period 1 October 2021-30 June 2022

16 December 2022
Annual report for the financial year 2021/22

WHY INVEST IN AARSLEFF?

Sustainable development

Corporate social responsibility

Aarsleff has a strong focus on contributing solutions which benefit the environment, the climate and society. This is done by limiting and eliminating the negative impacts in our value chain, and by actively preparing our staff and partners for being a part of the sustainability agenda. We see opportunities for saving energy and reducing costs as well as enhancing efficiency when we are working with the green transition. Our ECO Center contributes significantly to the development, just as Aarsleff's participation in the Danish government's climate partnership for building and construction is setting new standards for the industry.

Growth and profitability

Top line and bottom line growth

An investment in Aarsleff is an investment in a steadily growing Danish group with historically increasing revenue and earnings. We focus on profitability and investments in development and new business opportunities. Our business model includes large, single projects solved across the Group as well as highly specialised and industrialised processes in Pipe Technologies and Ground Engineering. The strategic breadth of our business units and types of work reduces risks and ensures the Group's development and operation.

Strategy and organisation

Sharing one purpose and one strategy

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

Digitalisation and innovation

Value creation through innovation and digitalisation

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

Strong position

A long-term investment in a growing market

For decades, Aarsleff has been deeply involved in the largest building and construction projects in Denmark. From the large harbour, motorway and natural gas projects in the 1970s and 1980s to the Great Belt Link, the Oresund Link and the offshore wind projects of the past three decades. Since 2015, we have constructed large complex buildings; among them some of Denmark's tallest residential buildings. In future years, we are looking ahead towards a number of significant infrastructure projects such as the Fehmarnbelt Link project but also projects which are focused on climate solutions and sustainability in the form of more offshore wind farms and the new energy island. Therefore, investing in Aarsleff is also a long-term and sustainable investment in a Group which is strongly positioned for future, large-scale building and construction projects.

FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

Main financial statements

Notes to the financial statements

INCOME STATEMENT

1/10-30/9

Note	(DKK'000)	2020/21	2019/20
5	**Revenue**	**14,693,801**	**13,295,309**
6, 7	Production costs	-13,025,480	-11,682,540
	Gross profit	**1,668,321**	**1,612,769**
6, 7, 8, 9	Administrative expenses and selling costs	-1,055,888	-1,028,402
14	Goodwill impairment	0	-71,696
10	Other operating income and expenses	23,429	30,738
16	Share of profit in associates and joint ventures	12,396	10,004
	Operating profit (EBIT)	**648,258**	**553,413**
11	Financial income	13,360	11,093
11	Financial expenses	-45,692	-34,576
	Profit before tax	**615,926**	**529,930**
12	Tax on profit for the year	-143,291	-151,397
	Profit for the year	**472,635**	**378,533**
	Profit for the year is attributable to:		
	Per Aarsleff Holding A/S shareholders	472,059	378,335
	Minority shareholders	576	198
	Total	**472,635**	**378,533**
13	**Earnings per share (DKK)**		
	Earnings per share	23.53	18.79
	Diluted earnings per share	23.36	18.63

STATEMENT OF COMPREHENSIVE INCOME

1/10-30/9

Note	(DKK'000)	2020/21	2019/20
	Profit for the year	**472,635**	**378,533**
	Items that may be reclassified to the income statement		
	Foreign exchange adjustment on translation of foreign entities	28,026	-44,056
	Fair value adjustments of derivative financial instruments, net	8,528	-14,214
	Reversal of fair value adjustments of derivative financial instruments, transferred to the income statement	192	-530
12	Tax on other comprehensive income	-2,344	3,873
	Other comprehensive income	**34,402**	**-54,927**
	Total comprehensive income	**507,037**	**323,606**
	Comprehensive income is attributable to:		
	Per Aarsleff Holding A/S shareholders	506,470	323,425
	Minority shareholders	567	181
	Total	**507,037**	**323,606**

BALANCE SHEET

Assets

Note	(DKK'000)	30/9 2021	30/9 2020
	Goodwill	225,463	202,314
	Patents and other intangible assets	122,696	87,075
14	**Intangible assets**	**348,159**	**289,389**
	Land and buildings	847,797	811,602
	Plant and machinery	1,437,705	1,246,126
	Other fixtures and fittings, tools and equipment	156,371	162,053
	Property, plant and equipment under construction	170,134	102,398
15	Lease assets	406,976	363,932
14	**Property, plant and equipment**	**3,018,983**	**2,686,111**
16	Investments in associates and joint ventures	1,831	1,095
	Other receivables	31,800	0
12	Deferred tax	16,876	10,842
	Other non-current assets	**50,507**	**11,937**
	Non-current assets	**3,417,649**	**2,987,437**
17	**Inventories**	**410,621**	**325,085**
19	Construction contract debtors	2,542,351	2,415,404
18	Work in progress	1,298,740	981,287
	Receivables from associates and joint ventures	22,509	16,538
	Other receivables	130,780	76,203
	Income tax receivable	3,650	70,534
	Prepayments	43,813	32,957
	Receivables	**4,041,843**	**3,592,923**
	Securities	**602,918**	**612,281**
28	**Cash and cash equivalents**	**444,660**	**1,077,116**
	Current assets	**5,500,042**	**5,607,405**
	Total assets	**8,917,691**	**8,594,842**

Equity and liabilities

Note	(DKK'000)	30/9 2021	30/9 2020
	Share capital	40,770	40,770
	Translation reserve	-123,392	-151,427
	Hedging reserve	-4,573	-10,949
	Retained earnings	3,580,802	3,293,541
	Proposed dividend	163,081	132,503
	Equity, shareholders of Per Aarsleff Holding A/S	3,656,688	3,304,438
	Minority interests' share of equity	6,764	6,381
20	**Equity**	**3,663,452**	**3,310,819**
	Mortgage debt	90,712	97,381
	Credit institutions	3,416	4,249
15	Lease liabilities	262,995	234,316
21	Provisions	151,148	94,936
12	Deferred tax	260,960	365,818
22	Other payables	43,628	299,612
	Non-current liabilities	**812,859**	**1,096,312**
	Mortgage debt	8,800	9,571
28	Credit institutions	142,433	272,394
15	Lease liabilities	137,981	128,285
18	Work in progress	1,160,405	1,156,895
21	Provisions	98,953	71,087
	Trade payables	1,832,816	1,607,029
	Income tax payable	95,524	91,312
22	Other payables	964,468	851,138
	Current liabilities	**4,441,380**	**4,187,711**
	Total liabilities	**5,254,239**	**5,284,023**
	Total equity and liabilities	**8,917,691**	**8,594,842**

STATEMENT OF CASH FLOWS

1/10-30/9

Note	(DKK'000)	2020/21	2019/20
	Cash flow generated from operations		
	Operating profit (EBIT)	648,258	553,413
	Depreciation, amortisation and impairment	583,543	684,494
26	Other adjustments	48,253	-22,743
27	Change in working capital	-601,577	719,029
	Cash flow from operating activities before net financials and tax	**678,477**	**1,934,193**
	Interest received	13,360	11,093
	Interest paid	-29,530	-31,607
	Cash flow from ordinary operating activities	**662,307**	**1,913,679**
	Income tax paid	-191,262	-319,495
	Cash flow from operating activities	**471,045**	**1,594,184**
	Cash flow generated from investments		
30	Acquisitions	-31,330	-62,734
	Investments in property, plant and equipment	-738,263	-530,525
	Investments in intangible assets	-4,819	-2,088
	Sale of property, plant and equipment	99,874	124,410
	Investments in associates	-90	0
	Dividends from associates and joint ventures	274	2,764
	Purchase of securities	-339,523	-372,951
	Sale of securities	338,226	172,218
	Cash flow from investing activities	**-675,651**	**-668,906**
	Cash flow generated from financing		
29	Repayment and servicing of non-current liabilities	-9,695	-31,610
	Lease payments	-117,262	-139,870
	Dividend paid	-130,188	-110,959
	Treasury shares	-44,557	-34,623
	Cash flow from financing activities	**-301,702**	**-317,062**
	Change in cash flows for the year	**-506,308**	**608,216**
	Cash and cash equivalents at the beginning of the year	804,722	199,968
	Market value adjustment of opening cash and cash equivalents	3,813	-3,462
	Change in cash and cash equivalents for the year	-506,308	608,216
28	**Closing cash and cash equivalents**	**302,227**	**804,722**

§ **Accounting policy**

The consolidated statement of cash flows format 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 less amounts owed to credit institutions which are an integral part of Aarsleff's liquidity management.

STATEMENT OF CHANGES IN EQUITY

(DKK'000)	Share capital	Translation reserve	Hedging reserve	Retained earnings	Proposed dividend	Total, Per Aarsleff Holding A/S shareholders	Minority shareholders	Total
Equity at 30/9 2020	**40,770**	**-151,427**	**-10,949**	**3,293,541**	**132,503**	**3,304,438**	**6,381**	**3,310,819**
Comprehensive income								
Profit for the year				308,978	163,081	472,059	576	472,635
Other comprehensive income								
Foreign exchange adjustment of foreign entities		28,035				28,035	-9	-28,026
Reversal of fair value adjustments of derivative financial instruments, transferred to the income statement			192			192		192
Tax on derivative financial instruments			-42			-42		-42
Fair value adjustments of derivative financial instruments			8,528			8,528		8,528
Tax on derivative financial instruments			-2,302			-2,302		-2,302
Total other comprehensive income	0	28,035	6,376	0	0	34,411	-9	34,402
Total comprehensive income	**0**	**28,035**	**6,376**	**308,978**	**163,081**	**506,470**	**567**	**507,037**
Transactions with owners								
Dividend, minority shareholders							-274	-274
Employee share programme				20,525		20,525		20,525
Purchase of treasury shares				-44,557		-44,557		-44,557
Dividend paid					-132,503	-132,503		-132,503
Dividend, treasury shares				2,315		2,315		2,315
Capital increase							90	90
Total transactions with owners	**0**	**0**	**0**	**-21,717**	**-132,503**	**-154,220**	**-184**	**-154,404**
Equity at 30/9 2021	**40,770**	**-123,392**	**-4,573**	**3,580,802**	**163,081**	**3,656,688**	**6,764**	**3,663,452**

STATEMENT OF CHANGES IN EQUITY

(DKK'000)	Share capital	Translation reserve	Hedging reserve	Retained earnings	Proposed dividend	Total, Per Aarsleff Holding A/S shareholders	Minority shareholders	Total
Equity at 30/9 2019	**45,300**	**-107,388**	**-78**	**3,044,577**	**124,575**	**3,106,986**	**7,480**	**3,114,466**
Comprehensive income								
Profit for the year				245,832	132,503	378,335	198	378,533
Other comprehensive income								
Foreign exchange adjustment of foreign entities		-44,039				-44,039	-17	-44,056
Reversal of fair value adjustments of derivative financial instruments, transferred to the income statement			-530			-530		-530
Tax on derivative financial instruments			117			117		117
Fair value adjustments of derivative financial instruments			-14,214			-14,214		-14,214
Tax on derivative financial instruments			3,756			3,756		3,756
Total other comprehensive income	0	-44,039	-10,871	0	0	-54,910	-17	-54,927
Total comprehensive income	**0**	**-44,039**	**-10,871**	**245,832**	**132,503**	**323,425**	**181**	**323,606**
Transactions with owners								
Dividend, minority shareholders							-1,280	-1,280
Employee share programme				19,609		19,609		19,609
Purchase of treasury shares				-34,623		-34,623		-34,623
Dividend paid					-124,575	-124,575		-124,575
Dividend, treasury shares				13,616		13,616		13,616
Capital reduction	-4,530			4,530		0		
Total transactions with owners	**-4,530**	**0**	**0**	**3,132**	**-124,575**	**-125,973**	**-1,280**	**-127,253**
Equity at 30/9 2020	**40,770**	**-151,427**	**-10,949**	**3,293,541**	**132,503**	**3,304,438**	**6,381**	**3,310,819**

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 financial statements of the Aarsleff Group for 2020/21 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 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 2020/21, including: Amendment to IFRS 3 Business Combinations, amendment to IFRS 9 Financial Instruments, amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. None of these changes have had any significant impact on recognition or measurement in the consolidated financial statements.

Description of significant accounting policies

Consolidated financial statements

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

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

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

The consolidated financial statements have been prepared on the basis of the financial statements of the parent company and the individual subsidiaries, prepared under the Group's accounting policies, by combining items of a uniform nature.

On consolidation, intragroup income and expenses, unrealised intragroup gains and losses and accounts are eliminated and intragroup shareholdings are offset. Unrealised gains on transactions with associates are eliminated in proportion to the Group's ownership interest in the enterprise. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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

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

Joint arrangements

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

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

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

Foreign currency translation

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies – continued

recognised in other comprehensive income and classified as a separate translation reserve under equity.

Derivative financial instruments

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

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

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

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

Income statement

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

Production costs

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

Administrative expenses and selling costs

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

Balance sheet

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

Impairment of non-current assets

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

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

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

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

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

Construction contract debtors

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

Prepayments

Prepayments comprise incurred expenses relating to subsequent financial years.

Securities

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

Financial liabilities

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

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

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

Deferred income

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

Reporting in accordance with the ESEF Regulation

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

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies – continued

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

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

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

The annual report submitted to the Danish Financial Supervisory Authority (the Officially Appointed Mechanism) consists of the XHTML document together with the technical files, all of which are included in the ZIP file Aarsleff_2021_09_30.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.

2 Accounting estimates and judgments

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

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

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

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

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

Special risks are described in the section Commercial risk assessment.

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

NOTES TO THE FINANCIAL STATEMENTS

3 New financial reporting standards and interpretations

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

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

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
Phase 2 of the IBOR reform. A number of amendments to assist companies with financial reporting issues with respect to changes to contractual cash flows or hedges arising in connection with the implementation of the IBOR reform. The amendments relate to modifications, hedge accounting and disclosure requirements. The amendment is effective for financial years beginning on or after 1 January 2021.

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

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

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

Amendment to IFRS 16 Leases
The amendment specifies that Covid-19-related rent reductions should not be treated as a modification for accounting purposes. The amendment is effective for financial years beginning on or after 1 April 2021.

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

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

Amendment to IAS 1 Presentation of Financial Statements
Clarification of the definition of current liabilities, so that the definition is based on rights existing at the balance sheet date. The demand 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 2022. In view of Covid-19, the effective date has subsequently been postponed to 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.

NOTES TO THE FINANCIAL STATEMENTS

4 Segment information

	Construction		Ground Engineering		Pipe Technologies		Total	
(DKK'000)	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
Segment revenue	9,733,763	8,814,174	2,917,008	2,448,841	2,221,274	2,157,104	14,872,045	13,420,119
Internal revenue	-68,227	-66,068	-106,401	-51,599	-3,616	-7,143	-178,244	-124,810
Revenue	9,665,536	8,748,106	2,810,607	2,397,242	2,217,658	2,149,961	14,693,801	13,295,309
Of this, work performed abroad	1,158,559	1,245,811	1,796,058	1,471,663	1,584,660	1,583,967	4,539,277	4,301,441
Share of profit in associates and joint ventures	11,775	13,262	0	0	621	-3,258	12,396	10,004
Operating profit (EBIT)	308,206	250,110	164,499	141,781	175,553	161,522	648,258	553,413
EBIT margin, %	3.2	2.9	5.9	5.9	7.9	7.5	4.4	4.2
ROIC, %	25.4	21.5	14.5	14.5	24.8	27.8	21.2	20.4
ROIC after tax, %	19.5	15.3	11.2	10.3	19.0	19.8	16.3	14.5
Segment assets	4,188,521	4,011,786	2,110,689	1,568,681	1,550,377	1,243,602	7,849,587	6,824,069
Capital expenditure	315,292	189,558	207,629	131,641	115,466	84,916	638,387	406,115
Depreciation, amortisation and impairment	308,912	434,044	173,239	152,777	101,392	97,673	583,543	684,494
Investments in associates and joint ventures	0	0	0	0	0	1,095	0	1,095
Goodwill	98,738	98,738	32,396	9,247	94,329	94,329	225,463	202,314
Segment liabilities	2,969,614	3,137,147	900,531	641,840	782,249	664,311	4,652,394	4,443,298
Invested capital (IC)	1,299,909	1,129,125	1,274,518	987,805	803,498	613,250	3,377,925	2,730,180
Number of employees								
Biweekly paid employees	3,167	3,014	850	832	674	634	4,691	4,480
Engineers, technicians and admin. staff	1,936	1,749	623	577	408	409	2,967	2,735
Total	**5,103**	**4,763**	**1,473**	**1,409**	**1,082**	**1,043**	**7,658**	**7,215**

The EBIT margin expresses EBIT as a percentage of revenue. Calculated as the ratio of EBIT to segment revenue including internal revenue, the EBIT margin is as follows: Construction 3.2%, Ground Engineering 5.6% and Pipe Technologies 7.9%.

EBIT before goodwill impairment for 2019/20 was DKK 625 million. 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

(DKK'000)	Denmark		International		Total	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
Revenue	10,154,524	8,993,868	4,539,277	4,301,441	14,693,801	13,295,309
Segment assets, non-current	2,221,709	2,058,331	1,179,065	918,264	3,400,774	2,976,595

Segment assets and liabilities

(DKK'000)	2020/21	2019/20
Assets		
Segment assets for reportable segments	7,849,587	6,824,069
Income tax receivable	3,650	70,534
Deferred tax	16,876	10,842
Securities	602,918	612,281
Cash and cash equivalents	444,660	1,077,116
Assets as per balance sheet	**8,917,691**	**8,594,842**
Liabilities		
Segment liabilities for reportable segments	4,652,394	4,443,298
Mortgage debt	99,512	106,952
Credit institutions	145,849	276,643
Income tax payable	95,524	91,312
Deferred tax	260,960	365,818
Liabilities as per balance sheet	**5,254,239**	**5,284,023**

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§ **Accounting policy**

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

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

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

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

Transactions between segments are priced at estimated market value.

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

NOTES TO THE FINANCIAL STATEMENTS

5 Revenue

(DKK'000)	2020/21	2019/20
Domestic		
Sale of goods	170,541	150,050
Income from construction contracts[1]	9,983,983	8,843,818
Total domestic	**10,154,524**	**8,993,868**
International		
Sale of goods	298,207	156,024
Income from construction contracts[1]	4,241,070	4,145,417
Total international	**4,539,277**	**4,301,441**
Total		
Sale of goods	468,748	306,074
Income from construction contracts[1]	14,225,053	12,989,235
Total	**14,693,801**	**13,295,309**

[1] Construction contracts are recognised over time

Revenue from the sale of goods derives predominantly from the Ground Engineering segment.

Order backlog – transaction price allocated to performance obligations not satisfied

(DKK'000)	2020/21	2019/20
Order backlog – construction contracts	19,876,011	20,323,510
Order backlog – sale of goods	104,685	93,165
Total	**19,980,696**	**20,416,675**

Of the total order backlog at 30 September 2021, DKK 10,050 million is expected to be executed in the coming financial year (DKK 8,825 million at 30 September 2020). For long-term service contracts, framework agreements and similar, the maximum amount of revenue included in the order backlog is the expected revenue for the next five years. The average contract duration is one to two years. As the order backlog is in part based on expectations, it is subject to uncertainty and risks, and actual developments may differ from those expected.

§ **Accounting policy**

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

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

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

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

If the selling price cannot be measured reliably, revenue is measured at the lower of contract costs incurred and net realisable value.

! **Significant accounting estimates**

An essential prerequisite for applying the percentage of completion method is that the revenue and costs of the individual construction contracts can be reliably measured.

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

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

NOTES TO THE FINANCIAL STATEMENTS

6 Depreciation, amortisation and impairment

(DKK'000)	2020/21	2019/20
Amortisation and impairment, intangible assets	21,540	122,262
Depreciation and impairment, property, plant and equipment	562,003	562,232
Total	**583,543**	**684,494**
Depreciation and impairment, property, plant and equipment is recognised in the income statement as follows		
Production costs	467,589	461,997
Administrative expenses and selling costs	94,414	100,235
Total	**562,003**	**562,232**
Amortisation and impairment, intangible assets is recognised in the income statement as follows		
Administrative expenses and selling costs	21,540	122,262
Total	**21,540**	**122,262**

7 Staff costs

(DKK'000)	2020/21	2019/20
Wages, salaries and remuneration	3,855,435	3,519,152
Pensions	237,484	212,863
Share-based payment	20,512	19,608
Other costs, social security costs, etc.	242,347	224,511
Total	**4,355,778**	**3,976,134**
Of this amount		
Board members' fees[1]	2,698	2,448
Remuneration, Executive Management[2]	11,249	22,145
Share-based payment, Executive Management	755	1,198
Total	**14,702**	**25,791**
Average number of full-time employees	**7,658**	**7,215**

[1] The Board of Directors was expanded from five to six members effective 1 February 2021.

[2] Remuneration of the Executive Management for 2019/20 includes termination benefits, provision for salary during the notice period and stay-on bonus, a total of DKK 11.8 million, of which DKK 3.6 million has been expensed in previous years.

NOTES TO THE FINANCIAL STATEMENTS

8 Share-based payment

In February 2019, 2020 and May 2021, 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, the employee must have acquired investment shares and remain employed at the vesting date or be a "good leaver".

Maximum no. of conditional shares	Executive Management	Other employees	Total
Conditional shares granted at 1 March 2019	4,950	101,447	106,397
Cancelled, financial year 2018/19	0	-4,611	-4,611
Conditional shares granted at 1 March 2020	5,674	139,876	145,550
Cancelled, financial year 2019/20	0	-4,948	-4,948
Conditional shares granted at 1 June 2021	3,880	122,730	126,610
Cancelled, financial year 2020/21	0	-9,629	-9,629
Conditional shares granted at 30 September 2021	**14,504**	**344,865**	**359,369**

Fair value per share at the grant date, 26 February 2019, was computed at DKK 210.96.
Fair value per share at the grant date, 26 February 2020, was computed at DKK 192.12.
Fair value per share at the grant date, 31 May 2021, was computed at DKK 273.27.

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

Share price at grant date, 26 February 2019	215.50
Share price at grant date, 26 February 2020	204.00
Share price at grant date, 31 May 2021	295.00
Expected term	3 years
Volatility	0.67-1.2
Risk-free interest rate	0.5%
Dividend of share value	2%-2.5%

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

9 Fees to auditors appointed by the annual general meeting

(DKK'000)	2020/21	2019/20
Deloitte	7,346	7,774
Other auditors	4,840	1,256
Total	**12,186**	**9,030**
The fees to Deloitte are specified as follows		
Statutory audit	5,176	5,417
Other assurance engagements	54	145
Tax consulting	298	924
Other services	1,818	1,288
Total	**7,346**	**7,774**

Deloitte is appointed by the annual general meeting as auditor for the financial year 2020/21. For the financial year 2019/20, PricewaterhouseCoopers was appointed by the annual general meeting. Fees for non-audit services provided to the Group by Deloitte amounted to DKK 2.2 million (PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab 2019/20: DKK 2.4 million), comprising review of tax statements, review of statements for prequalifications and various other reports and other general accounting and tax consulting services.

10 Other operating income and expenses

(DKK'000)	2020/21	2019/20
Other operating income	45,502	44,783
Other operating expenses	-22,073	-14,045
Total	**23,429**	**30,738**

Other operating income during the financial years 2020/21 and 2019/20 mainly consisted of gains from the sale of non-current assets. The figures comprised no single material items for either 2020/21 or 2019/20.

§ **Accounting policy**

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

NOTES TO THE FINANCIAL STATEMENTS

11 Financial income and expenses

(DKK'000)	2020/21	2019/20
Foreign exchange gain, net	3,173	0
Other interest income	10,187	11,093
Financial income	**13,360**	**11,093**
Foreign exchange loss, net	0	11,014
Fair value adjustment of securities	10,163	1,284
Interest relating to associates	0	24
Value adjustment of earn-out	14,590	-493
Borrowing costs recognised in the cost of assets	-864	-127
Mortgage interest	1,451	1,992
Interest, lease liabilities	5,385	4,872
Other interest expenses	14,967	16,010
Financial expenses	**45,692**	**34,576**
Net financials	**-32,332**	**-23,483**
Of which calculated using the effective interest method	**-7,611**	**-8,154**

Borrowing costs are recognised in the cost of constructed assets at an effective interest rate of 1% (2019/20: 1%), corresponding to the Group's average borrowing costs.

§ **Accounting policy**

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

12 Income tax

(DKK'000)	2020/21	2019/20
Total tax for the year is specified as follows		
Tax on profit for the year	143,291	151,397
Tax recognised in other comprehensive income	2,344	-3,873
Total	**145,635**	**147,524**
Tax on profit for the year is specified as follows		
Current tax	240,850	283,590
Adjustment for the year of deferred tax and deferred tax asset	-97,559	-132,193
Total	**143,291**	**151,397**
Tax recognised in other comprehensive income is specified as follows		
Current tax	42	204
Adjustment for the year of deferred tax and deferred tax asset	2,302	-4,077
Total	**2,344**	**-3,873**
Tax on profit for the year is specified as follows		
Calculated 22% tax of profit before tax	135,504	116,585
Tax effect of		
Income earned abroad	5,952	7,705
Discrepancies relating to associates	-2,727	717
Impairment losses for the year	0	18,545
Employee share programme	4,516	4,314
Other items	46	3,531
Total	**143,291**	**151,397**

NOTES TO THE FINANCIAL STATEMENTS

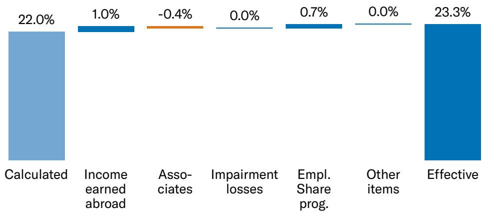
12 Income tax – continued

(DKK'000)	**2020/21**	**2019/20**
Deferred tax		
Deferred tax at 1/10	354,976	512,186
Transferred to current tax	-26,155	-22,407
Addition on investments in subsidiaries	10,520	1,263
Deferred tax for the year recognised in profit for the year	-97,559	-132,193
Deferred tax for the year recognised in other comprehensive income	2,302	-3,873
Deferred tax at 30/9	**244,084**	**354,976**
Recognised as follows:		
Deferred tax (asset)	-16,876	-10,842
Deferred tax (liability)	260,960	365,818
Total	**244,084**	**354,976**

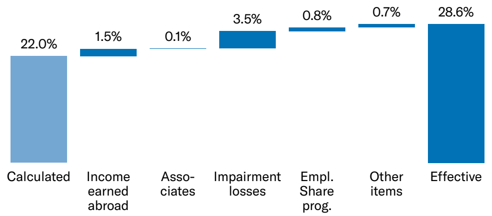
Deferred tax assets relate to tax loss carryforwards that are expected to be utilised against future taxable income and can generally be carried forward indefinitely.

Deferred tax relates to:		
Intangible assets	24,443	8,283
Property, plant and equipment	77,671	76,658
Work in progress	183,099	295,568
Other current assets	-9,693	-1,550
Provisions	-9,151	-5,294
Other payables	-14,498	-11,689
Tax loss carryforwards	-7,787	-7,000
Deferred tax at 30/9	**244,084**	**354,976**
Deferred tax expected to be realised within 12 months	156,638	163,238
Tax base of unrecognised deferred tax assets	9,097	7,511

Effective tax rate, 2020/21



Effective tax rate, 2019/20



§ **Accounting policy**

Tax on profit for the year

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

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

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

Income tax and deferred tax

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

13 Earnings per share

	2020/21	2019/20
Profit for the year, excluding minority shareholders (DKK'000)	472,059	378,335
Average no. of shares (thousands)	20,385	21,705
Average no. of treasury shares (thousands)	-327	-1,574
Average no. of shares in circulation (thousands)	**20,058**	**20,131**
Average no. of shares, diluted (thousands)	148	180
Average no. of shares in circulation, diluted (thousands)	**20,206**	**20,311**
Earnings per share (current)	23.53	18.79
Earnings per share (diluted)	23.36	18.63

14 Intangible assets and property, plant and equipment

(DKK'000)	Goodwill	Patents & other intangible assets	Land & buildings	Plant & machinery	Other fixtures, fittings, tools & equipment	Property, plant & equipm. under construction	Lease assets
Cost at 1/10 2020	314,462	296,926	1,202,874	3,296,008	392,022	102,398	499,762
Foreign exchange adjustments	289	305	8,377	26,239	5,071	802	5,318
Additions on acquisition of companies	23,149	52,340	0	0	5,208	0	27,067
Additions during the year	0	3,405	48,620	344,195	48,018	298,266	179,669
Disposals during the year	0	1,131	-37,168	-174,950	-41,062	-39,444	-45,612
Transfers	0	48	22,196	162,948	6,696	-191,888	0
Cost at 1/10 2021	**337,900**	**354,155**	**1,244,899**	**3,654,440**	**415,953**	**170,134**	**666,204**
Depreciation, amortisation and impairment at 1/10 2020	112,148	209,851	391,272	2,049,882	229,969		135,830
Foreign exchange adjustments	289	288	2,999	14,693	2,364		841
Depreciation and amortisation for the year	0	21,540	32,893	313,805	51,705		163,600
Assets sold during the year	0	-220	-30,062	-161,645	-24,456		-41,043
Depreciation, amortisation and impairment at 30/9 2021	**112,437**	**231,459**	**397,102**	**2,216,735**	**259,582**		**259,228**
Carrying amount at 30/9 2021	**225,463**	**122,696**	**847,797**	**1,437,705**	**156,371**	**170,134**	**406,976**

NOTES TO THE FINANCIAL STATEMENTS

14 Intangible assets and property, plant and equipment – continued

(DKK'000)	Goodwill	Patents & other intangible assets	Land & buildings	Plant & machinery	Other fixtures, fittings, tools & equipment	Property, plant & equipm. under construction	Lease assets
Cost at 1/10 2019	308,006	253,932	1,196,198	3,238,889	348,541	37,336	428,419
Foreign exchange adjustments	68	-250	-13,371	-40,999	-6,770	-868	0
Additions on acquisition of companies	6,388	42,061	1,573	15,976	574	0	32,336
Additions during the year	0	2,088	20,441	298,231	64,339	144,772	77,341
Disposals during the year	0	-995	-6,533	-261,623	-29,397	-13,917	-38,334
Transfers	0	90	4,566	45,534	14,735	-64,925	0
Cost at 30/9 2020	**314,462**	**296,926**	**1,202,874**	**3,296,008**	**392,022**	**102,398**	**499,762**
Depreciation, amortisation and impairment at 1/10 2019	40,383	160,457	349,878	1,951,552	204,776		0
Foreign exchange adjustments	69	-154	-2,841	-25,585	-4,059		-1,638
Depreciation and amortisation for the year	0	50,566	35,498	303,039	55,007		156,037
Impairment losses for the year	71,696	0	12,651	0	0		0
Assets sold during the year	0	-1,018	-3,914	-179,124	-25,755		-18,569
Depreciation, amortisation and impairment at 30/9 2020	**112,148**	**209,851**	**391,272**	**2,049,882**	**229,969**		**135,830**
Carrying amount at 30/9 2019	**202,314**	**87,075**	**811,602**	**1,246,126**	**162,053**	**102,398**	**363,932**

Goodwill

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

At 31 July 2021, goodwill was 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 2021/22-2025/26, 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.

In the tests, an expected growth rate in the range of 1.7%-3.4% was applied for the terminal period (2019/20: 0.6%-2.4%). 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 2021/22-2025/26 were based on past experience, including budgeted returns on the order book, expected orders and planned capacity. The announced long-term expectations of annual revenue growth of 0-10%, an EBIT margin of 4.0-6.5% and strong liquidity were also taken into account. Uncertainty relating to the execution of budgets and possible changes in the amount or allocation of projected cash flows was reflected in the discount factors.

NOTES TO THE FINANCIAL STATEMENTS

14 Intangible assets and property, plant and equipment – continued

The impairment tests comprised the cash-generating units Per Aarsleff A/S, Wicotec Kirkebjerg A/S, Entreprenørfirmaet Østergaard A/S, Aarsleff Rohrsanierung GmbH, Ístak hf., Olimb Rørfornying Holding AS, Centrum Pile Limited, Per Aarsleff AO, Aarsleff Sp. z o.o., Banedrift AS, HP Tennisanlæg A/S, Vandfax A/S, Steg Entreprenør AS and Sør-Norsk Boring AS.

The table below specifies the key assumptions for the most significant cash-generating units:

	2020/21			2019/20		
	Discount factor (%)	Terminal period growth (%)	Carrying amount of goodwill (DKK'000)	Discount factor (%)	Terminal period growth (%)	Carrying amount of goodwill (DKK'000)
Cash-generating unit						
Aarsleff Rohrsanierung GmbH	10.0	1.7	56,200	10.3	0.9	56,200
Olimb Rørfornying Holding AS	8.9	2.5	37,013	9.4	1.6	37,013
Entreprenørfirmaet Østergaard A/S	9.1	2.0	26,554	9.1	1.1	26,554
Others	8.6-10.0	1.7-3.4	105,696	7.6-9.8	0.6-2.4	82,547
Total			**225,463**			**202,314**

No indication of impairment was identified by the impairment tests.

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

§ **Accounting policy**

Intangible assets

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

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

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

Property, plant and equipment

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

NOTES TO THE FINANCIAL STATEMENTS

14 Intangible assets and property, plant and equipment – continued

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

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.

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

Significant accounting estimates

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

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

15 Leases

Lease assets

(DKK'000)	Land & buildings	Plant & machinery	Other fixtures, fittings, tools & equipment	Total
Lease assets 1/10 2020	**90,342**	**95,496**	**178,094**	**363,932**
Additions during the year	68,887	45,425	65,357	179,669
Additions on acquisition of companies	12,375	10,077	4,615	27,067
Disposals during the year	-1,716	-2,382	-469	-4,567
Depreciation and amortisation for the year	-31,274	-53,236	-79,090	-163,600
Foreign exchange adjustments	1,570	2,137	768	4,475
Recognised in balance sheet at 30/9 2021	**140,184**	**97,517**	**169,275**	**406,976**
Lease assets 1/10 2019	**97,853**	**108,207**	**222,359**	**428,419**
Additions during the year	16,177	21,918	39,246	77,341
Additions on acquisition of companies	0	31,308	1,028	32,336
Disposals during the year	-489	-22,977	-14,868	-38,334
Depreciation and amortisation for the year	-23,796	-43,720	-69,952	-137,468
Foreign exchange adjustments	597	760	281	1,638
Recognised in balance sheet at 30/9 2020	**90,342**	**95,496**	**178,094**	**363,932**

NOTES TO THE FINANCIAL STATEMENTS

15 Leases – continued

Lease liability

(DKK'000)	30/9 2021	30/9 2020
Maturities, lease liabilities		
Due within 1 year	137,981	128,285
Due in between 1 and 5 years	246,785	211,346
Due in more than 5 years	26,678	31,948
Total undiscounted lease liability	**411,444**	**371,579**
Lease liability recognised in the balance sheet		
Current	137,981	128,285
Non-current	262,995	234,316
Amounts recognised in profit or loss		
Interest expenses related to lease liabilities	5,385	4,872
Variable lease payments not recognised as part of the lease liability	0	0
Expenses related to short-term leases (less than 12 months)	288,355	246,114
Expenses related to leases of low value	30,982	30,749

Leases

For the financial year 2020/21, the Group paid DKK 117,262 thousand in respect of leases (2019/20: DKK 139,870 thousand), of which interest payments related to recognised lease liabilities amounted to DKK 5,385 thousand (2019/20: DKK 4,872 thousand) and repayment of recognised lease debt amounted to DKK 111,877 thousand (2019/20: DKK 134,998 thousand).

§ Accounting policy

Leases

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

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

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

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

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

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

The underlying asset is depreciated on a straight-line basis over the expected lease term, which is as follows:

Buildings for sale and administrative buildings	10-50 years
Plant and machinery	8-10 years
Other fixtures and fittings, tools and equipment	5-10 years

NOTES TO THE FINANCIAL STATEMENTS

16 Investments in associates and joint ventures

(DKK'000)	30/9 2021	30/9 2020
Associates		
The Group has investments in two associates in the Pipe Technologies segment and in one associate in the Construction segment. They are each individually insignificant, and they are measured according to the equity method.		
Total carrying amount	1,831	1,095
Total share of profit after tax	12,396	10,197
Total comprehensive income	**12,396**	**10,197**
Joint ventures		
In addition to the above investments in associates, the Group has also had investments in a joint venture which was individually immaterial and was also measured under the equity method. The joint venture was liquidated at 1 November 2020.		
Total carrying amount	0	0
Total share of profit after tax		-193
Total comprehensive income	**0**	**-193**

The Aarsleff Group held 50% of the voting rights in Nelis Infra-Aarsleff JV. The activities of the joint venture were discontinued.

§ **Accounting policy**

Share of profit in associates and joint ventures

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

Investments in associates and joint ventures

Investments in associates and joint ventures 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 and joint ventures with negative equity values are measured at DKK 0. Any legal or constructive obligation by the Group to cover the associate's or joint venture's negative balance is recognised in liabilities.

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

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

! **Significant accounting judgments**

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

17 Inventories

(DKK'000)	30/9 2021	30/9 2020
Raw materials and consumables	292,372	224,430
Finished goods	118,249	100,655
Total	**410,621**	**325,085**

§ **Accounting policy**

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

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

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

18 Work in progress

(DKK'000)	30/9 2021	30/9 2020
Selling price of construction contracts	16,499,206	14,180,929
Progress billings	-16,360,871	-14,356,537
Total	**138,335**	**-175,608**
Recognised as follows:		
Receivables	1,298,740	981,287
Current liabilities	-1,160,405	-1,156,895
Total	**138,335**	**-175,608**
Advance payments from customers relating to construction contracts not commenced	3,937	91,152
Contract assets relating to costs for completion of construction contracts	11,525	12,050
Amortisation for the year, recognised in production costs	525	525

Contract assets and liabilities consist in work in progress.

The selling price of work in progress at 30 September 2021 increased relative to 30 September 2020, driven partly by a number of large projects for which the percentage of completion increased during the year. In addition, the level of activity is generally high.

Progress billings were also higher at 30 September 2021 than at 30 September 2020 due primarily to the generally high level of activity.

NOTES TO THE FINANCIAL STATEMENTS

18 Work in progress – continued

§ **Accounting policy**

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.

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.

If it is probable that total contract costs will exceed total contract revenue, provision is made for the total expected loss on the contract.

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.

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

19 Construction contract debtors

(DKK'000)	30/9 2021	30/9 2020
The fair value of receivables is considered to correspond to the carrying amount.		
Impairment allowance, construction contract debtors at 1/10	46,162	48,963
Additions during the year	12,644	6,281
Disposals during the year		
– Used	-57	-5,731
– Reversed	-11,918	-3,351
Impairment allowance, construction contract debtors at 30 September	**46,831**	**46,162**
Impairment allowances included in receivables, recognised in the income statement	726	2,930

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	30/9 2021	30/9 2020
Balances not due	1,970,666	1,969,029
Balances past due		
By less than 30 days	402,237	234,593
By 30 to 90 days	61,523	56,532
By more than 90 days	107,925	155,250
Total	**2,542,351**	**2,415,404**
Receivables falling due more than one year after the balance sheet date	0	0

NOTES TO THE FINANCIAL STATEMENTS

19 Construction contract debtors – continued

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

For the measurement of expected credit losses, Aarsleff applies the simplified approach under IFRS 9, which is based on expected losses on all construction contract debtors. To measure the expected credit loss, construction contract debtors are grouped according to their characteristics and number of past due days. Expected loss rates are based on the payment profiles for sales over a 60-month period before 30 September 2021 and 30 September 2020, 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:

(DKK'000)	Loss rate	Amount receivable	Expected loss	Total
30/9 2021				
Balances not due	0.4	3,283,067	13,661	3,269,406
Less than 30 days past due	2.7	413,530	11,293	402,237
30 to 90 days past due	8.7	67,350	5,827	61,523
More than 90 days past due	12.9	123,975	16,050	107,925
Total	**1.2**	**3,887,922**	**46,831**	**3,841,091**
30/9 2020				
Balances not due	0.5	2,965,384	15,067	2,950,317
Less than 30 days past due	3.7	243,709	9,117	234,592
30 to 90 days past due	7.6	61,163	4,631	56,532
More than 90 days past due	10.1	172,597	17,347	155,250
Total	**1.3**	**3,442,853**	**46,162**	**3,396,691**

20 Equity

Share capital

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

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

See the section Information to shareholders for additional information.

	Number of shares		Nominal value (DKK'000)		% of share capital	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
Treasury shares (B shares)						
Holding at 1/10	356,174	210,624	713	422	1.75	1.04[1]
Additions during the year	158,866	145,550	317	291	0.77	0.71
Disposals during the year	-96,501	0	-193	0	-0.47	0
Holding at 30/9	**418,539**	**356,174**	**837**	**713**	**2.05**	**1.75**

[1] After the share capital reduction, the holding of treasury shares of 0.93% can be recomputed to 1.04% of the total share capital.

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 2018.

During the financial year 2019/20, the company's share capital was reduced by a nominal amount of DKK 4,530 thousand from DKK 45,300 thousand nominal value to DKK 40,770 nominal value. The capital reduction was effected by cancelling part of the company's treasury share holding of class B shares in the nominal amount of DKK 4,530 thousand, consisting of 2,265,000 class B shares with a nominal value of DKK 2 each.

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

NOTES TO THE FINANCIAL STATEMENTS

20 Equity – continued

§ **Accounting policy**

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

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

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

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

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

21 Provisions

(DKK'000)	30/9 2021	30/9 2020
Provisions at 1/10	166,023	148,023
Used during the year	-34,721	-20,657
Additions on acquisition of companies	2,194	0
Reversal of unused provisions	-25,709	-27,047
Provided for the year	141,531	66,232
Foreign exchange adjustments	783	-528
Provisions at 30/9	**250,101**	**166,023**
Recognised as follows		
Non-current liabilities	151,148	94,936
Current liabilities	98,953	71,087
Total	**250,101**	**166,023**

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

§ **Accounting policy**

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

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

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

! **Significant accounting estimates**

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

NOTES TO THE FINANCIAL STATEMENTS

22 Other payables

(DKK'000)	30/9 2021	30/9 2020
VAT etc. payable	155,324	169,994
Fund holiday pay payable	0	299,612
Other payroll-related items payable	508,959	399,590
Provision for earn-out	115,043	64,040
Additional other payables	228,770	217,514
Provisions at 30/9	**1,008,096**	**1,150,750**
Recognised as follows		
Non-current liabilities	43,628	299,612
Current liabilities	964,468	851,138
Total	**1,008,096**	**1,150,750**

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

Financial instrument categories

	Carrying amount		Fair value	
(DKK'000)	30/9 2021	30/9 2020	30/9 2021	30/9 2020
The Group's financial instrument categories				
Construction contract debtors	2,542,351	2,415,404	2,542,351	2,415,404
Work in progress	1,298,740	981,287	1,298,740	981,287
Receivables from associates and joint ventures	22,509	16,538	22,509	16,538
Other receivables	162,580	76,203	162,580	76,203
Cash and cash equivalents	444,660	1,077,116	444,660	1,077,116
Receivables at amortised cost	**4,470,840**	**4,566,548**	**4,470,840**	**4,566,548**
Securities	602,918	612,281	602,918	612,281
Financial assets at fair value through profit or loss	**602,918**	**612,281**	**602,918**	**612,281**
Derivative financial instruments used for hedging	-7,230	-16,443	-7,230	-16,443
Derivative financial instruments to hedge future cash flows	**-7,230**	**-16,443**	**-7,230**	**-16,443**
Other payables (earn-out)	115,043	64,040	115,043	64,040
Financial liabilities at fair value through profit or loss	**115,043**	**64,040**	**115,043**	**64,040**
Mortgage debt	99,512	106,952	99,724	107,203
Credit institutions	145,849	276,643	145,849	276,643
Lease liability	400,976	362,601	400,976	362,601
Other payables, non-current (fund holiday pay)	0	299,612	0	299,612
Work in progress	1,160,405	1,156,895	1,160,405	1,156,895
Trade payables	1,832,816	1,607,029	1,832,816	1,607,029
Financial liabilities at amortised cost	**3,639,558**	**3,809,732**	**3,639,770**	**3,809,983**

NOTES TO THE FINANCIAL STATEMENTS

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

Fair value measurement

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

Current receivables at amortised cost and current financial liabilities

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

Securities

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

Mortgage debt

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

Derivative financial instruments

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

Contingent consideration

The fair value of contingent consideration (earn-out) related to the acquisitions of Olimb Rørfornying Holding AS at 31 August 2017 and Steg Entreprenør AS was 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 2%. The total payments for Olimb Rørfornying Holding AS and Steg Entreprenør AS amount to at least DKK 23 million and at least DKK 20 million, respectively, and are contingent 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 for Olimb Rørfornying Holding AS by DKK 39 thousand, while the corresponding figure for Steg Entreprenør AS is DKK 239 thousand. The change in the fair value of the earn-out agreement for Olimb Rørfornying Holding AS is recognised in financial expenses in the income statement at DKK 14,590 thousand (2019/20: financial income of DKK 493 thousand) and in investments at a negative DKK 4,713 thousand (2019/20: a negative DKK 3,677 thousand), corresponding to the minority shareholder's share of dividend paid. The earn-out amount concerning Steg Entreprenør AS has been recognised as an addition under non-current other payables.

(DKK'000)	**2020/21**	**2019/20**
Carrying amount at 1/10	64,040	68,210
Additions	41,126	0
Adjustment in income statement	14,590	-493
Dividend/partial repayment	-4,713	-3,677
Carrying amount at 30/9	**115,043**	**64,040**

Liquidity risk

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

The Group's liabilities fall due as follows:

(DKK'000)	Carrying amount	Contractual cash flows[1]	Within 1 year	1-2 years	2-5 years	After 5 years
30/9 2021						
Non-derivative financial instruments						
Mortgage debt	99,512	101,191	9,049	8,744	29,686	53,712
Credit institutions	145,849	146,653	143,237	3,416	0	0
Trade payables	1,832,816	1,832,816	1,832,816	0	0	0
Other payables	115,043	115,043	73,917	0	41,126	0
Derivative financial instruments						
Derivative financial instruments to hedge future cash flows	7,230	7,230	-10	2,544	775	3,921
Total liabilities	**2,200,450**	**2,202,933**	**2,059,009**	**14,704**	**71,587**	**57,633**
30/9 2020						
Non-derivative financial instruments						
Mortgage debt	106,952	109,333	9,902	14,770	27,303	57,358
Credit institutions	276,643	277,942	273,492	4,450	0	0
Trade payables	1,607,029	1,607,029	1,607,029	0	0	0
Other payables	363,652	363,652	299,612	64,040	0	0
Derivative financial instruments						
Derivative financial instruments to hedge future cash flows	16,443	16,443	-678	1,854	7,799	7,468
Total liabilities	**2,370,719**	**2,374,399**	**2,189,357**	**85,114**	**35,102**	**64,826**

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

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

Currency risk

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

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

(DKK'000)	30/9 2021 SEK	30/9 2021 NOK	30/9 2020 SEK	30/9 2020 NOK
Assets				
Trade receivables	20,119	55,925	50,150	21,925
Cash and cash equivalents	2,893	5,348	64,059	12,696
Receivables from associates	4	0	4	0
Other receivables	25	198	4	234
Total assets	**23,041**	**61,471**	**114,217**	**34,855**
Equity and liabilities				
Trade payables	9,258	8,178	16,203	694
Interest-bearing debt	836	119,006	1,221	87,914
Amounts owed to group entities	-48,042	-20,287	45,112	-12,134
Amounts owed to associates	11	0	11	0
Total equity and liabilities	**-37,937**	**106,897**	**62,549**	**76,474**
Net position	**60,978**	**-45,426**	**51,668**	**-41,619**
Financial instruments				
Fair value hedges	-35,990	5,646	0	20,422
Cash flow hedges	0	-4,974	0	-3,622
Exposure	**24,988**	**-44,754**	**51,668**	**-24,820**

NOTES TO THE FINANCIAL STATEMENTS

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

At 30 September 2021, the Group's SEK exposure amounted to DKK 24,988 thousand and related primarily to receivables in SEK resulting from activities performed in Sweden by the Group's Danish entities. In pursuance of the Group's current policies, this exposure is not hedged as it is set off by positive future cash flows.

At 30 September 2021, the Group's NOK exposure amounted to DKK -44,754 thousand and related partially to an earn-out liability incurred in connection with the acquisition of Olimb Rørfornying Holding AS in 2017, which has been partially hedged by means of forward contracts. In addition, future cash flows from the execution of projects in Norway adding to the Group's NOK exposure at the balance sheet date have been hedged.

The fair value hedging in NOK was executed at a weighted average exchange rate of 0.7564, and the hedging of future cash flows in NOK was executed at a weighted average exchange rate of 0.7290.

Managing currency risk

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

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

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

Sensitivity to changes in the exchange rates of the currencies to which the Group is exposed

The effects of reasonably probable changes in the exchange rates of the currencies in which the Group has its main currency exposures are shown below.

The analysis is based on the assumption of all other variables, interest rates in particular, remaining constant relative to 30 September. Forecasts are based on currently available market data.

	30/9 2021 SEK	30/9 2021 NOK	30/9 2020 SEK	30/9 2020 NOK
Year-end exchange rate	0.7313	0.7315	0.7044	0.6708
+5%	0.7679	0.7681	0.7396	0.7043
-5%	0.6947	0.6949	0.6692	0.6373

NOTES TO THE FINANCIAL STATEMENTS

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

(DKK'000)		DKK/SEK +5 %		DKK/SEK -5 %			DKK/NOK +5 %		DKK/NOK -5 %	
30/9 2021	SEK exposure	Earnings effect	Equity effect	Earnings effect	Equity effect	NOK exposure	Earnings effect	Equity effect	Earnings effect	Equity effect
Assets										
Trade receivables	20,119	1,006	0	-1,006	0	55,925	2,796	0	-2,796	0
Work in progress	0	0	0	0	0	0	0	0	0	0
Cash	2,893	145	0	-145	0	5,348	267	0	-267	0
Receivables from associates	4	0	0	0	0	0	0	0	0	0
Other receivables	25	1	0	-1	0	198	10	0	-10	0
Equity and liabilities										
Trade payables	9,257	-463	0	463	0	8.178	-409	0	409	0
Work in progress	0	0	0	0	0	0	0	0	0	0
Interest-bearing debt	836	-42	0	42	0	119,006	-5,950	0	5,950	0
Amounts owed to group entities	-48,042	2,402	0	-2,402	0	-20,287	1,014	0	-1,014	0
Amounts owed to associates	11	-1	0	1	0	0	0	0	0	0
Financial instruments										
Fair value hedges	-35,990	-1,800	0	1,800	0	5,646	282	0	-282	0
Cash flow hedges	0	0	0	0	0	-4,974	0	-249	0	249
Net effect		**1,248**	**0**	**-1,248**	**0**		**-1,990**	**-249**	**-1,990**	**249**

As appears from the above, a change of +/- 5% in the exchange rate of SEK would affect the Group's earnings by -/+ DKK 1,248 thousand. Given that its SEK exposure is primarily due to cash inflows, the Group believes that the effects of a change in the exchange rate would be offset by currency inflows and outflows over time. Consequently, the net effect shown above merely reflects the effect at the balance sheet date seen in isolation.

The above analysis also shows that a change of +/- 5% in the exchange rate of NOK would affect the Group's earnings by -/+ DKK 1,990 thousand. This has to do with the fact that the earn-out liability is only partially hedged.

NOTES TO THE FINANCIAL STATEMENTS

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

(DKK'000)		DKK/SEK +5 %		DKK/SEK -5 %			DKK/NOK +5 %		DKK/NOK -5 %	
30/9 2020	SEK exposure	Earnings effect	Equity effect	Earnings effect	Equity effect	NOK exposure	Earnings effect	Equity effect	Earnings effect	Equity effect
Assets										
Cash and cash and cash equivalents	50,150	2,507	0	-2,507	0	21,925	1,096	0	-1,096	0
Trade receivables	0	0	0	0	0	0	0	0	0	0
Work in progress	64,059	3,203	0	-3,203	0	12,696	635	0	-635	0
Receivables from associates	4	0	0	0	0	0	0	0	0	0
Other receivables	4	0	0	0	0	234	12	0	-12	0
Equity and liabilities										
Trade payables	16,203	-810	0	810	0	694	-35	0	35	0
Interest-bearing debt	0	0	0	0	0	0	0	0	0	0
Work in progress	1,221	-61	0	61	0	87,914	-4,396	0	4,396	0
Amounts owed to group entities	45,112	-2,256	0	2,256	0	-12,134	607	0	-607	0
Amounts owed to associates	11	-1	0	1	0	0	0	0	0	0
Financial instruments										
Fair value hedges	0	0	0	0	0	20,422	1,021	0	-1,021	0
Cash flow hedges	0	0	0	0	0	-3,622	0	-181	0	181
Net effect		**2,583**	**0**	**-2,583**	**0**		**-1,060**	**-181**	**1,060**	**181**

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 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.

(DKK'000)	Carrying amount	Fair value recognised in other comprehensive income	Expected earnings effect 2021/22	2022/23	2023/24	2024/25	After 2024/25
30/9 2021							
Interest rate swap	-3,921	-3,921	-1,679	-693	-526	-396	-627
Forward contracts	-2,544	-2,544	-533	-2.011	0	0	0
Total	**-6,465**	**-6,465**	**-2,212**	**-2,704**	**-526**	**-396**	**-627**

(DKK'000)	Carrying amount	Fair value recognised in other comprehensive income	Expected earnings effect 2020/21	2021/22	2022/23	2023/24	After 2023/24
30/9 2020							
Interest rate swap	-7,468	-7,468	-1,018	-1,891	-871	-756	-2,932
Forward contracts	-6,737	-6,737	148	914	-7,799	0	0
Total	**-14,205**	**-14,205**	**-870**	**-977**	**-8,670**	**-756**	**-2,932**

The Group's interest rate swaps carry an average interest rate of 1.07% and expire in September 2036 at the latest.

The table above shows the value of all the Group's hedging instruments at the balance sheet date. The sensitivity analysis only shows the Group's sensitivity to changes in the exchange rates of SEK and NOK, as these currencies are considered to be of significant importance to the Group.

Fair value hedging

The Group has furthermore entered into forward exchange transactions in NOK with a view to paying an earn-out agreement. Their total value was DKK 20,422 thousand, against DKK 22,970 thousand in 2019/20. At 30 September 2021, these financial instruments had a negative fair value of DKK 2,768 thousand, against a negative fair value of DKK 1,384 thousand in 2019/20. The contracts expire in January 2022 at the latest.

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

Capital management

The Company regularly assesses the need for adjusting the capital structure of the Group as well as of the individual subsidiaries so that it complies with the applicable rules and matches the business foundation and volume of activity.

The Group assesses capital on the basis of the equity ratio. The Group aims to have an equity ratio of at least 35%.

Interest rate risk

Interest rate risk mainly relates to interest-bearing debt, securities and cash. To minimise both interest and related risks, the Group has entered into cash pooling and interest netting agreements in DKK, SEK, EUR and GBP with its Danish bankers.

The Group's interest rate risk is related to the items in the table, which states the earliest maturity date.

NOTES TO THE FINANCIAL STATEMENTS

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

		Effective interest rate		Carrying amount		Fair value	
	Fixed/ Floating	30/9 2021 %	30/9 2020 %	30/9 2021 (DKK'000)	30/9 2020 (DKK'000)	30/9 2021 (DKK'000)	30/9 2020 (DKK'000)
Interest-bearing assets	**Fixed**	**0 to 1**	**-1 to 2**	**423,086**	**250,946**	**423,086**	**250,946**
Interest-bearing assets	**Floating**	**-1 to 1**	**-1 to 1**	**624,492**	**1,438,451**	**624,492**	**1,438,451**
Interest-bearing liabilities	**Fixed**	**1 to 9**	**1 to 9**	**466,692**	**605,504**	**466,904**	**605,755**
Interest-bearing liabilities	**Floating**	**1 to 9**	**1 to 9**	**297,190**	**504,345**	**297,190**	**504,345**
Net interest-bearing deposit				**283,696**	**579,548**		
Payment/maturity profile is specified as follows							
Less than 1 year				640,818	912,441		
1-5 years				-304,143	-276,643		
More than 5 years				-52,979	-56,250		
				283,696	**579,548**		

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 11,106 thousand on the Group's profit before tax and equity (2019/20 a negative effect of DKK 1,193 thousand). A decrease in the interest rate level would have had a similar positive effect on profit and equity.

Credit risk

The Group is exposed to credit risk with respect to receivables and bank deposits. The Group is not deemed to be exposed to significant credit risk with respect to its cash and cash equivalents, securities portfolio or derivative financial instruments, as the Group's bankers, bond issuers and derivative financial instrument counterparties all have credit ratings corresponding to at least A-/A3 (S&P/Moody's). The maximum credit risk corresponds to the carrying amount.

A large proportion of the Group's customers are public or semi-public institutions, on which the exposure to financial losses is minimal. The Group's trade receivables from other customers are exposed to the usual credit risk. Customers are therefore credit rated before work on a contract commences. To the extent that it is expedient and possible, credit risk on trade receivables is covered by way of bank and insurance guarantees and letters of credit.

The Group does not have significant risk exposure to any individual customer or business partner.

As was the case at 30 September 2020, the Group's impairment allowances at 30 September 2021 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

(DKK'000)	30/9 2021	30/9 2020
Investment and purchase obligations		
Investments in property, plant and equipment	37,194	51,026
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 posted as security for debt to mortgage credit institutions is	166,328	168,361
As security for the completion of construction contracts, the usual security has been posted in the form of bank guarantees and suretyship insurance	5,240,457	5,099,348

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 2021 was DKK 1,011 million, against DKK 645 million at 30 September 2020, of which amounts DKK 272 million and DKK 183 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]	
(DKK'000)	2020/21	2019/20	2020/21	2019/20
Group				
Income[2]	7,759	19,106	0	0
Expenses[2]	152	3,418	0	0
Receivables[3]	23,941	15,979	0	0
Payables[3]	0	0	0	0

[1] Includes members of the Board of Directors and 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 2020/21 or 2019/20.

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

(DKK'000)	2020/21	2019/20
Profit/loss in associates	-12,396	-10,004
Provisions	84,078	17,999
Profit from sale of property, plant and equipment	-23,429	-30,738
Total	**48,253**	**-22,743**

27 Change in working capital – statement of cash flows

(DKK'000)	2020/21	2019/20
Inventories	-85,536	4,827
Work in progress, net	-313,944	-83,803
Receivables	-196,973	478,874
Trade payables, other payables, etc.	-5,124	319,131
Total	**-601,577**	**719,029**

28 Liquidity

(DKK'000)	2020/21	2019/20
Cash and cash equivalents	444,660	1,077,116
Overdraft facility	-142,433	-272,394
Total	**302,227**	**804,722**
Cash is specified as follows		
Share of cash in joint operations	359,638	219,102
Other cash	85,022	858,014
Total	**444,660**	**1,077,116**

29 Liabilities from financing activity

(DKK'000)	Opening	Changes in accounting policies	Cash flows	Non-cash changes	Closing
2020/21					
Non-current debt	101,630	0	-9,695	2,193	94,128
Lease debt	362,601	0	-117,262	155,638	400,977
Total liabilities from financing activity	**464,231**	**0**	**-126,957**	**157,831**	**495,105**
2019/20					
Non-current debt	131,287	0	-31,610	1,953	101,630
Lease debt	0	428,419	-139,870	74,052	362,601
Total liabilities from financing activity	**131,287**	**428,419**	**-171,480**	**76,005**	**464,231**

NOTES TO THE FINANCIAL STATEMENTS

30 Acquisitions

2020/21

During the financial year 2020/21, Per Aarsleff Holding A/S made the following acquisitions:

At 1 July 2021, Per Aarsleff Holding A/S acquired 51% of the shares in Norwegian-based Steg Entreprenør AS.

Established in 2011, Steg Entreprenør AS, whose customer portfolio consists of both small and large Norwegian companies and public-sector customers, is today a leading provider of No-Dig solutions in Norway. Through its No-Dig activities in Entreprenørfirmaet Østergaard A/S, the Aarsleff Group has long-standing working relations with Steg Entreprenør in horizontal drilling, pilot pipe drilling and tunnelling in Norway. Employing some 40 people, the company operates out of Geithus approximately 50 kilometres west of Oslo.

The transaction was structured so that Aarsleff acquired 51% of the shares in the company. Also, it was agreed that Aarsleff will have an option to buy the remaining shares. The final consideration is contingent on the company's earnings until 2026, with a minimum payment of DKK 20 million for the remaining 49% of the share capital.

The total consideration for 100% of the shares in the company on a debt-free basis was calculated at DKK 108.5 million, and DKK 31.3 million was paid in cash.

Identifiable assets and liabilities, etc. 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 23.1 million.

The acquired company's revenue and profit/loss, included in the consolidated financial statements from the acquisition date, amount to DKK 16 million and a loss of DKK 4.2 million, respectively. Pro forma consolidated revenue and profit/loss for 2020/21 calculated as if the companies were acquired at 1 October 2020 were DKK 86.1 million and a loss of DKK 3.5 million, respectively. The pro forma figures were calculated on the basis of the actual consideration paid and the purchase price allocation at the acquisition date, but with depreciation and amortisation, etc. being calculated from 1 October 2020.

Transaction costs amounted to DKK 337 thousand.

(DKK'000)	**Steg Entreprenør AS**
Intangible assets	52,340
Property, plant and equipment	32,253
Inventories	0
Receivables	20,344
Cash and cash equivalents	36,080
Non-current liabilities	-24,475
Other current liabilities	-31,155
Net assets acquired	85,387
Goodwill	23,149
Acquisition price	108,536
Of this amount cash/bank debt	-36,080
Deferred contingent consideration regarding minority shareholding	-41,126
Cash acquisition price	**31,330**
The nominal value of the above receivables is	20,344

Business combinations after the balance sheet date

On 6 May 2021, Per Aarsleff Holding A/S announced that it had entered into an agreement for the acquisition of 70% of the shares in construction company Permagreen Grønland A/S. The purchase price for 70% of the company was DKK 38.7 million.

The acquisition was subject to the approval of the Greenland competition authorities, which we received on 1 November 2021.

The acquisition was formally completed on 17 November 2021.

Permagreen 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.

NOTES TO THE FINANCIAL STATEMENTS

30 Acquisitions – continued

Through a number of years, the Aarsleff Group has carried out single building and construction projects in Greenland in collaboration with, among others, Permagreen and with the participation also of Aarsleff's Iceland company Ístak hf.

The remaining ownership interest of 30% will be held in equal parts between Permagreen's current CEO Jeppe B. Steffensen and the current COO Jesper J. Petersen, who will both continue as members of the management team. The former majority shareholder, Preben Kold Larsen, will continue in his current role with Permagreen until June 2022, after which he will assume the role of consultant.

2019/20

During the financial year 2019/20, Per Aarsleff Holding A/S made the following acquisitions:

At 1 October 2019, Per Aarsleff Holding A/S acquired 100% of the shares in the companies Vandfax A/S and Vandfax Maskinservice ApS. Vandfax is a small enterprise based in Hejnsvig near Billund, Denmark, specialising in groundwater drawdown and water works well drilling and is a reputable subcontractor in this specialist field.

The total consideration for 100% of the shares in the company on a debt-free basis was calculated at DKK 12.4 million. The consideration was paid in cash.

Identifiable assets and liabilities, etc. are stated at fair value, and intangible assets comprise 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 2.4 million. Goodwill represents the value of synergies in connection with the integration in the Group's One Company strategy as well as staff and know-how. The recognised goodwill is not amortisable for tax purposes.

Furthermore, at 1 October 2019, Per Aarsleff Holding A/S acquired 100% of the shares in the company HP Tennisanlæg A/S through the subsidiary Dan Jord A/S. HP Tennisanlæg is a small, well-run enterprise that builds tennis courts, paddle tennis courts, multi courts, artificial turf courts and playgrounds for local authorities, athletics associations and housing associations.

The total consideration for 100% of the shares in the company on a debt-free basis was calculated at DKK 17.8 million. The consideration was paid in cash.

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 4 million. Goodwill represents the value of synergies in connection with the integration in the Group's One Company strategy as well as staff and know-how. The recognised goodwill is not amortisable for tax purposes.

At 1 July 2020, Per Aarsleff Holding A/S acquired 100% of the shares in the companies Sør-Norsk Boring AS and Sør Norsk Brønnboring AS, drilled foundation solution providers through some 20 years. Based in Ulefoss, some 150 kilometres south-west of Oslo, Sør-Norsk is today the leading specialist company within its field in Southern Norway, undertaking work for large groups, small and medium-sized Norwegian companies and public-sector customers.

The total consideration for 100% of the shares in the company on a debt-free basis was calculated at DKK 32.5 million. The consideration was paid in cash.

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 0.

(DKK'000)	Vandfax A/S	HP Tennisanlæg A/S	Sør-Norsk Boring AS
Fair value at acquisition date			
Intangible assets	7,471	10,700	23,890
Property, plant and equipment	6,597	2,467	29,849
Inventories	648	2,659	2,987
Receivables	2,170	4,497	22,405
Cash and cash equivalents	2,039	2,771	14,851
Non-current liabilities	-1,953	0	-20,738
Other current liabilities	-4,920	-6,504	-25,880
Net assets acquired	12,052	16,590	47,364
Goodwill	2,399	3,989	0
Acquisition price	14,451	20,579	47,364
Of this amount cash/bank debt	-2,039	-2,771	-14,850
Cash acquisition price	**12,412**	**17,808**	**32,514**
The nominal value of the above receivables is	2,170	4,497	22,405

The acquired companies' revenue and profits, included in the consolidated financial statements from the acquisition date, amounted to DKK 65.1 million and DKK 4.3 million, respectively. Pro forma consolidated revenue and profits for 2019/20, calculated as if the companies were acquired at 1 October 2019, were DKK 148.1 million and DKK 4.6 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 2019.

NOTES TO THE FINANCIAL STATEMENTS

30 Acquisitions – continued

§ **Accounting policy**
Business combinations
The purchase method is applied to acquisitions of subsidiaries and associates. The identifiable assets, liabilities and contingent liabilities of acquired companies are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual or legal right. Deferred tax is recognised on the basis of the revaluations made.

The cost of an enterprise is generally the fair value of the consideration paid. If part of the consideration is contingent on future events occurring or on agreed conditions being met, that part of the consideration is recognised at fair value at the acquisition date. Costs attributable to business combinations are recognised directly in the income statement as incurred.

Any positive difference between cost and fair value (goodwill) on acquisition of subsidiaries is recognised in intangible assets and tested for impairment annually. On acquisition, goodwill is allocated to the cash-generating units subsequently providing a basis for impairment testing. Any positive difference (goodwill) on acquisition of associates is recognised in the balance sheet under investments in associates. Any negative difference (negative goodwill) is recognised as income in the income statement at the date of acquisition.

Acquired companies are recognised from the acquisition date, and companies sold are recognised until the selling date. The acquisition date is the date at which the parent company actually obtains control of the acquired company.

If the fair values of acquired assets and liabilities subsequently turn out to deviate from the preliminary values calculated at the date of acquisition, goodwill is adjusted for this until 12 months after the acquisition date.

In connection with an acquisition, goodwill and any non-controlling (minority) interest are recognised according to one of the following methods:

(1) Goodwill related to the acquired company consists of any positive difference between the total fair value of the acquired company and the fair value of total net assets recognised. The non-controlling interest is recognised at its share of the total fair value of the acquired company (full goodwill).

(2) Goodwill related to the acquired company consists of any positive difference between the acquisition cost and the fair value of the Group's share of the acquired company's net assets recognised at the acquisition date. The non-controlling interest is recognised at its proportion of the acquired net assets (proportionate goodwill).

Gains or losses on disposal of subsidiaries and associates are stated as the difference between the disposal consideration and the carrying amount of net assets, including goodwill, at the date of disposal plus disposal costs.

NOTES TO THE FINANCIAL STATEMENTS

31 Financial highlights for the Group, EUR

(EUR'000)	2021/21	2019/20	2018/19	2017/18	2016/17
Income statement					
Revenue	1,976,036	1,785,516	1,801,855	1,623,874	1,503,333
Of this, work performed abroad	610,446	577,669	562,098	472,065	432,908
Operating profit (EBIT)	87,178	74,322	67,319	63,742	51,124
Net financials	-4,348	-3,154	-4,003	-4,003	-2,225
Profit before tax	82,726	71,168	63,316	59,739	48,899
Profit for the year	63,456	50,836	48,306	45,727	36,136
Balance sheet					
Non-current assets	459,609	401,203	362,835	359,878	356,741
Current assets	739,650	753,056	731,522	693,294	587,204
Total assets	**1,199,259**	**1,154,259**	**1,094,357**	**1,053,172**	**943,945**
Equity	492,664	444,632	417,142	388,799	362,142
Non-current liabilities	109,314	147,231	100,430	99,754	95,583
Current liabilities	597,281	562,396	576,785	564,619	486,220
Total equity and liabilities	**1,199,259**	**1,154,259**	**1,094,357**	**1,053,172**	**943,945**
Invested capital (IC)	454,267	366,654	362,491	383,193	387,073
Working capital	78,147	-2,749	93,562	113,728	132,321
Net interest-bearing deposits/debt (+/-)	38,152	77,831	53,476	4,165	-27,766
Statement of cash flows					
Cash flow from operating activities	63,347	214,094	125,927	102,589	66,177
Cash flow from investing activities	-90,862	-89,832	-89,132	-52,692	-65,792
Of which investment in property, plant and equipment, net	-85,851	-54,540	-50,642	-51,988	-59,414
Cash flow from financing activities	-40,573	-42,580	-31,380	-16,100	-12,937
Change in cash and cash equivalents for the year	-68,089	81,682	5,415	33,796	-12,552

	2021/21	2019/20	2018/19	2017/18	2016/17
Financial ratios[1]					
Gross margin, %	11.4	12.1	10.7	11.7	11.3
Operating margin (EBIT margin), %	4.4	4.2	3.7	3.9	3.4
Profit margin (pre-tax margin), %	4.2	4.0	3.5	3.7	3.3
Return on invested capital (ROIC), %	21.2	20.4	18.1	16.6	14.0
Return on invested capital (ROIC) after tax, %	16.3	14.5	13.8	12.7	10.3
Return on equity (ROE), %	13.6	11.8	12.1	12.2	10.3
Equity ratio, %	41.1	38.5	38.1	36.9	38.4
Earnings per share (EPS), EUR	3.16	2.52	2.38	2.24	1.77
Share price at 30 September, EUR	35.30	35.92	29.73	32.59	24.86
Price/net asset value	1.43	1.62	1.44	1.70	1.40
Dividend per share, EUR	1.08	0.87	0.74	0.67	0.54
Number of employees	7,658	7,215	6,838	6,499	6,203
Exchange rate applied	7.4360	7.4462	7.4662	7.4564	7.4423

[1] For a definition of financial ratios, see page 107.

PARENT COMPANY FINANCIAL STATEMENTS

Main financial statements

Notes to the financial statements

INCOME STATEMENT

1/10-30/9

Note	(DKK'000)	2020/21	2019/20
	Revenue	**10,361**	**14,505**
	Production costs	210	210
	Gross profit	**10,571**	**14,715**
2, 3	Administrative expenses and selling costs	-30,721	-32,215
	Operating profit	**-20,150**	**-17,500**
6	Share of profit in subsidiaries	488,022	402,214
	Share of profit in associates	0	783
	Profit before interest	**467,872**	**385,497**
4	Financial income	6,922	4,128
4	Financial expenses	-17,903	-4,982
	Profit before tax	**456,891**	**384,643**
5	Tax on profit for the year	-673	4,618
	Profit for the year	**456,218**	**389,261**
	Proposed appropriation of profit		
	Reserve for net revaluation according to the equity method	85,240	-202,743
	Profit for the year carried forward	207,897	459,501
	Dividend to shareholders	163,081	132,503
	Total	**456,218**	**389,261**

BALANCE SHEET

Assets

Note	(DKK'000)	30/9 2021	30/9 2020
6	Investments in subsidiaries	3,675,760	3,409,867
	Investments	**3,675,760**	**3,409,867**
	Non-current assets	**3,675,760**	**3,409,867**
	Amounts owed by subsidiaries	770,981	554,066
	Income tax receivable	191,523	300,114
	Other receivables	464	744
	Receivables	**962,968**	**854,924**
	Cash and cash equivalents	**28,736**	**697,264**
	Current assets	**991,704**	**1,552,188**
	Assets	**4,667,464**	**4,962,055**

Equity and liabilities

Note	(DKK'000)	30/9 2021	30/9 2020
	Share capital	40,770	40,770
	Reserve for net revaluation according to the equity method	725,101	611,826
	Retained earnings	2,571,100	2,378,543
	Proposed dividend	163,081	132,503
7	**Equity**	**3,500,052**	**3,163,642**
	Credit institutions	30,336	167,505
	Trade payables	1,093	549
	Amounts owed to subsidiaries	1,007,962	1,548,435
	Other payables	128,021	81,924
8	**Liabilities**	**1,167,412**	**1,798,413**
	Equity and liabilities	**4,667,464**	**4,962,055**

STATEMENT OF CHANGES IN EQUITY

(DKK'000)	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend	Total
Equity at 30/9 2020	**40,770**	**611,826**	**2,378,543**	**132,503**	**3,163,642**
Changes in equity in 2020/21					
Foreign exchange adjustment of foreign entities		28,035			28,035
Reversal of fair value adjustments of derivative financial instruments, transferred to the income statement (net financials)			192		192
Market value adjustment re. derivative financial instruments			8,528		8,528
Tax on derivative financial instruments			-2,344		-2,344
Net gains/losses recognised directly in equity	0	28,035	6,376	0	34,411
Dividend paid				-132,503	-132,503
Dividend, treasury shares			2,315		2,315
Employee shares			20,525		20,525
Purchase of treasury shares			-44,557		-44,557
Profit for the year		85,240	207,898	163,081	456,219
Total changes in equity in 2020/21	**0**	**113,275**	**192,557**	**30,578**	**336,410**
Equity at 30/9 2021	**40,770**	**725,101**	**2,571,100**	**163,081**	**3,500,052**

STATEMENT OF CHANGES IN EQUITY

(DKK'000)	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend	Total
Equity at 30/9 2019	**45,300**	**858,607**	**1,934,198**	**124,575**	**2,962,680**
Changes in equity in 2019/20					
Foreign exchange adjustment of foreign entities		-44,038			-44,038
Reversal of fair value adjustments of derivative financial instruments, transferred to the income statement (net financials)			-530		-530
Market value adjustment re. derivative financial instruments			-14,214		-14,214
Other changes in equity			-7,417		-7,417
Tax on derivative financial instruments			3,873		3,873
Net gains/losses recognised directly in equity	0	-44,038	-18,288	0	-62,326
Dividend paid				-124,575	-124,575
Dividend, treasury shares			13,616		13,616
Employee shares			19,609		19,609
Purchase of treasury shares			-34,623		-34,623
Capital reduction	-4,530		4,530		0
Profit for the year		-202,743	459,501	132,503	389,261
Total changes in equity in 2019/20	**-4,530**	**-246,781**	**444,345**	**7,928**	**200,962**
Equity at 30/9 2020	**40,770**	**611,826**	**2,378,543**	**132,503**	**3,163,642**

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)	2020/21	2019/20
Wages, salaries and remuneration	15,040	25,572
Share-based payment	755	1,198
Other costs, social security costs, etc.	31	23
Total	**15,826**	**26,793**
Of this amount		
Board members' fees[1]	2,698	2,448
Remuneration, Executive Management[2]	11,249	22,145
Share-based payment, Executive Management	755	1,198
Total	**14,702**	**25,791**
Average number of full-time employees	3	4

[1] The Board of Directors was expanded from five to six members effective 1 February 2021.

[2] Remuneration of the Executive Management for 2019/20 includes termination benefits, provision for salary during the notice period and stay-on bonus, a total of DKK 11.8 million, of which DKK 3.6 million has been expensed in previous years.

3 Fees to auditors appointed by the annual general meeting

(DKK'000)	2020/21	2019/20
The fees to Deloitte are specified as follows		
Statutory audit	313	386
Other assurance engagements	0	3
Tax consulting	0	253
Other services	345	98
Total	**658**	**740**

Deloitte is appointed by the annual general meeting as auditor for the financial year 2020/21. For the financial year 2019/20, PricewaterhouseCoopers was appointed as auditor by the annual general meeting

4 Financial income and expenses

(DKK'000)	2020/21	2019/20
Other interest income	6,922	4,128
Financial income	**6,922**	**4,128**
Value adjustment of option to acquire minority shareholding	14,590	-493
Foreign exchange loss, net	1,533	2,221
Other interest expenses	1,780	3,254
Financial expenses	**17,903**	**4,982**
Net financials	**-10,981**	**-854**

5 Income tax

(DKK'000)	2020/21	2019/20
Tax on profit for the year is specified as follows		
Current tax	673	-4,618
Total	**673**	**-4,618**
Total tax for the year is specified as follows		
Tax on profit for the year	673	-4,618
Tax on changes in equity	2,344	-3,875
Total	**3,017**	**-8,493**

NOTES TO THE FINANCIAL STATEMENTS

6 Investments in subsidiaries

(DKK'000)	Investments in subsidiaries
Cost at 1/10 2020	2,798,041
Additions during the year	152,618
Cost at 30/9 2021	**2,950,659**
Value adjustment at 1/10 2020	611,826
Profit after tax	514,492
Goodwill amortisation	-15,841
Amortisation of other intangible assets	-13,627
Deferred tax	2,998
Dividend received	-396,202
Market value adjustment re. derivative financial instruments	6,612
Other changes in equity	-13,192
Foreign exchange adjustments	28,035
Value adjustment at 30/9 2021	**725,101**
Carrying amount at 30/9 2021	**3,675,760**
Of this amount, goodwill amounts to	**77,611**

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 2021		
Credit institutions	30,336	27,422
Trade payables	1,093	1,093
Amounts owed to subsidiaries	1,007,962	1,007,962
Other payables	128,021	86,641
Total liabilities	**1,167,412**	**1,123,118**

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 2021	30/9 2020
Contingent assets and liabilities		
Guarantee provided for subsidiaries' liabilities	113,201	105,737
As security for the completion of construction contracts, the usual security has been provided in the form of bank guarantees and suretyship insurance	5,240,457	5,099,348
Guarantee/security provided for subsidiaries	2,400,000	2,400,000

The Group's Danish companies are jointly and severally liable for tax on the Group's jointly taxed income, etc.

10 Related party transactions

See note 25 to the consolidated financial statements, Related party transactions, for information on related party transactions.

11 Currency and interest rate risk and use of derivative financial instruments

See note 23 to the consolidated financial statements, Credit, interest rate and currency risk and use of financial instruments, for information on the use of derivative financial instruments and risk and capital management.

DEFINITION OF FINANCIAL RATIOS

Gross margin	=	$\frac{\text{Gross profit}}{\text{Revenue}}$
Operating margin (EBIT margin)	=	$\frac{\text{Operating profit}}{\text{Revenue}}$
Profit margin (pre-tax margin)	=	$\frac{\text{Profit before tax}}{\text{Revenue}}$
Invested capital (IC)	=	The sum of equity, including minority interests, and net interest-bearing debt less investments in associates and joint ventures
Working capital	=	Inventory value plus work in progress and receivables and less trade payables and other (non-interest-bearing) debt
Return on invested capital (ROIC)	=	$\frac{\text{Operating profit}}{\text{Average invested capital}}$
Return on invested capital after tax	=	$\frac{\text{Operating profit after tax}}{\text{Average invested capital}}$
Return on equity (ROE)	=	$\frac{\text{Profit for the year excluding minority shareholders}}{\text{Average equity excluding minority share}}$
Equity ratio	=	$\frac{\text{Equity at year end}}{\text{Total equity and liabilities at year end}}$
Earnings per share (EPS)	=	$\frac{\text{Profit for the year excluding minority shareholders}}{\text{Average number of shares}}$
Price/net asset value	=	$\frac{\text{Quoted price per share at year end}}{\text{Net asset value per share at year end}}$

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

MANAGEMENT'S STATEMENT AND AUDITOR'S REPORT

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 2020-30 September 2021.

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 2021 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 2020-30 September 2021.

In our opinion, Management's review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

In our opinion, the Annual Report 2020/21 for Per Aarsleff Holding A/S with the file name Aarsleff_2021_09_30.zip for the financial year 1 October 2020-30 September 2021 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, 21 December 2021

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

Kent Arentoft
Deputy Chairman

Jens Bjerg Sørensen

Charlotte Strand

Henrik Højen Andersen

Bjarne Moltke Hansen

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Per Aarsleff Holding A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Per Aarsleff Holding A/S for the financial year 01.10.2020 - 30.09.2021, 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 30.09.2021 and of the results of its operations and cash flows for the financial year 01.10.2020 – 30.09.2021 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements under the Danish Financial Statements Act.

Further, in our opinion, the parent financial statements give a true and fair view of the Parent's financial position at 30.09.2021 and of the results of its operations for the financial year 01.10.2020 - 30.09.2021 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 of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

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 2020/21. These matters were addressed in the context of our audit of the consolidated financial statements and the parent financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition and measurement of projects and related recognition of revenue

In accordance with IFRS 15, income from and profits on projects are recognised over time based on the progress towards full satisfaction of the individual performance obligations of the projects. The stage of completion is determined and evaluated as the share of production costs at the balance sheet date relative to the total production costs estimated to complete the project.

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

Thus, we regarded recognition of projects as a key matter in the audit of the consolidated financial statements and the parent financial statements.

The Aarsleff Group has significant projects in the segments of Construction, Ground Engineering and Pipe Technologies. We refer to note 2 to the annual report on accounting estimates and judgements, note 5 Revenue and note 21 Provisions.

How the identified key audit matter was addressed in our audit

As part of our audit, based on our risk assessment, we assessed the Group's business processes and tested relevant selected internal controls for recognition of revenue related to projects.

We assessed the accounting policies and the Group's use and interpretation of relevant accounting standards.

We focused on material and risky contracts for which the final forecasts contained significant estimates and judgements. We analysed the forecasts prepared by Management, and for selected projects we assessed and compared the recognised revenue and production costs to the precalculations at the tender submission, the current stage of completion as well as the most recent final forecast. We examined selected contracts with relevant members of Management, the finance function or project management, and we tested by random sampling key data in Management's assumptions against underlying documentation and paid site visits to selected material and risky projects and evaluated Management's estimates and judgements.

Moreover, we examined important clauses in selected signed contracts to assess whether they were accounted for correctly and reflected the correct amounts in the applied forecasts. Based on historical experience from comparable projects and knowledge of the construction industry, we challenged significant accounting estimates used in Management's forecasts, including in particular the assumptions on which the assessment of the calculated variations and additional costs is based as well as claims from the developer which are included in the project forecast. We also assessed the result of accounting estimates made in previous periods.

For purposes of assessing projects with disputes and/or lawsuits, we obtained representations from Group Management and from the Group's external and internal attorneys.

We assessed the disclosures in the notes and tested by random sampling selected disclosures in the notes against underlying documentation.

In our audit, we focused on whether policies and processes for making management estimates had been used consistently on uniform projects and as in previous periods.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 have performed procedures with a view to expressing an opinion about whether the annual report of Per Aarsleff Holding A/S for the financial year 01.10.2020-30.09.2021 with the file name Aarsleff_2021_09_30.zip, in all material respects, is prepared in compliance with the EU Commission's Delegated Regulation 2020/815 on the single electronic reporting format (ESEF Regulation), which includes requirements for preparing an annual report in XHTML format.

Management is responsible for preparing an annual report that complies with the ESEF Regulation, including:

- Preparation 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 about 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, extent and timing of procedures selected depend on the auditor's professional judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the Company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the consolidated financial statements;
- Evaluating the appropriateness of the Company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension to the taxonomy where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the anchoring of extensions 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 01.10.2020-30.09.2021 with the file name Aarsleff_2021_09_30.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Aarhus, 21 December 2021

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Jacob Nørmark
State-Authorised
Public Accountant
mne30176

Lars Siggaard Hansen
State-Authorised
Public Accountant
mne32208

COMPANIES IN THE AARSLEFF GROUP

COMPANIES IN THE AARSLEFF GROUP

CONSTRUCTION

Company name	Registered office			Ownership share %
Per Aarsleff A/S	Aarhus	Denmark	Contractor	100 [1]
Dan Jord A/S	Aarhus	Denmark	Contractor	100
HP Tennisanlæg A/S	Ugerløse	Denmark	Contractor	100
Petri & Haugsted AS	Rødovre	Denmark	Contractor	100
Wicotec Kirkebjerg A/S	Taastrup	Denmark	Contractor	100
E. Klink A/S	Skovlunde	Denmark	Contractor	100
Holmskov Rustfri Stainless Steel Company A/S	Slangerup	Denmark	Contractor	100
PAA Project Finance A/S	Hvidovre	Denmark	Contractor	100
Aarsleff Rail A/S	Aarhus	Denmark	Contractor	100
Anker AB	Varberg	Sweden	Contractor	100
Banedrift AS	Fredrikstad	Norway	Contractor	100
Aarsleff Rail GmbH	Wedemark	Germany	Contractor	100
Aarsleff Anläggning AB	Limhamn	Sweden	Contractor	100
VG Entreprenør A/S	Lemvig	Denmark	Contractor	100
Entreprenørfirmaet Østergaard A/S	Vejle	Denmark	Contractor	100
Per Aarsleff Grønland ApS	Nuuk	Greenland	Contractor	100
Per Aarsleff East Africa A/S	Aarhus	Denmark	Contractor	100
Per Aarsleff West Africa A/S	Aarhus	Denmark	Contractor	100
New Horizons In Infrastructure Of Denmark Nhid I/S	Aarhus	Denmark	Contractor	28
Per Aarsleff Mediterranean A/S	Aarhus	Denmark	Contractor	100
Ístak hf.	Mosfellsbær	Iceland	Contractor	100
Hansson & Knudsen A/S	Odense	Denmark	Contractor	100
Håndværkergården A/S	Odense	Denmark	Contractor	100
PH Byg Faaborg A/S	Faaborg	Denmark	Contractor	100
Aarsleff Biz Sp. z o.o.	Swinoujscie	Poland	Contractor	100
Rock Armour Trading AB	Kungshamn	Sweden	Production company	91

[1] Per Aarsleff A/S is represented in all segments

COMPANIES IN THE AARSLEFF GROUP

GROUND ENGINEERING

Company name	Registered office			Ownership share %
Per Aarsleff A/S	Aarhus	Deanmark	Contractor	100 [1]
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
Per Aarsleff 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	United Kingdom	Contractor	100
Centrum Pile Limited	Newark	United Kingdom	Pile factory	100
Aarsleff Sp. z o.o.	Warsaw	Poland	Contractor	100 [3]
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	Czech Republic	Contractor	
Aarsleff Ground Engineering AB	Gunnilse	Sweden	Contractor	100
Centrum Pile AB	Älvängen	Sweden	Pile factory	100
Aarsleff Norge AS	Råde	Norway	Contractor	100
Steg Entreprenør AS	Geithus	Norway	Contractor	51
Sør-Norsk Boring AS	Ulefoss	Norway	Contractor	100
Vandfax A/S	Hejnsvig	Denmark	Contractor	100

[1] Per Aarsleff A/S is represented in all segments
[3] 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	Aarhus	Denmark	Contractor	100 [1]
Danpipe A/S	Aarhus	Denmark	Contractor	100
Aarsleff Rörteknik AB	Stockholm	Sweden	Contractor	100
Aarsleff OY	Helsinki	Finland	Contractor	100
Per Aarsleff AO	St. Petersborg	Russia	Contractor	100
Bertos OOO	Moscow	Russia	Contractor	49 [2]
Arpipe OOO	Moscow	Russia	Contractor	50 [2]
Aarsleff Sp. z o.o.	Warsaw	Poland	Contractor	100 [3]
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
Olimb Rørfornying Holding AS	Råde	Norway	Contractor	51
Olimb Rørfornying AS	Råde	Norway	Contractor	100
Olimb Offshore AS	Råde	Norway	Contractor	100
Olimb Rørinspeksjon Bergen AS	Bergen	Norway	Contractor	51

[1] Per Aarsleff A/S is represented in all segments
[2] Associate
[3] Aarsleff Sp. z o.o. is represented in the segments Ground Engineering and Pipe Technologies

COMPANIES IN THE AARSLEFF GROUP

JOINT OPERATIONS

Company name	Group, ownership share % Construction	Ground Engineering	Pipe Technologies	Lead partner
Arbeitsgemeinschaft EUGAL Los 3+4	20			
Baltic Pipe ASB JV I/S	38			Yes
BW Rock Group Swinoujscie – Spolka Cywilna (Poland)	40			Yes
Electrification Programme Aarsleff I/S	75	25		Yes
Fiber og Anlæg I/S	37			Yes
FLC Tunnel Group North I/S	11			
FLC Tunnel Group South I/S	11			
FLC Portals Group I/S	31			
Geo Aarsleff JV I/S	9	41		
JV Aarsleff-Streicher-Bunte I/S	30			Yes
JV Värtahamnen HB I/S (Sweden)	75	25		Yes
LNG – Breakwater, Civil Group JV – Spolka Cywilna (Poland)	50			
Malmö Citytunnel Group HB (Sweden)	25			
NCC-Aarsleff Norvikudden (Sweden)	50			
Siemens Aarsleff Konsortium I/S	37			
Strukton-Aarsleff JV I/S	50			Yes
Wicotec Kirkebjerg-Dan Jord I/S	100			Yes
Aarsleff-BAM International Joint Venture V.O.F. (Tanzania)	50			
Aarsleff BAUER Foundation Contractors (ABFC) HB (Sweden)		50		Yes
Aarsleff Bilfinger Berger JV London Array	50			Yes
Aarsleff-Interbeton J.V. I/S (Tanzania)	50			Yes
Aarsleff-Ístak I/S	100			Yes
Aarsleff Rail Nørreport I/S	100			Yes
Aarsleff-Seth J.V. I/S (Mozambique)	50			Yes
Aarsleff-Spitzke 2019 I/S	50			Yes
Aarsleff-Spitzke 2021 I/S	51			Yes
Aarsleff-Spitzke Konsortium I/S	50			Yes
Aarsleff-Wicotec Kirkebjerg J.V. I/S	100			Yes

COMPANIES IN THE AARSLEFF GROUP

PARTNERS

- A. Hak Leidingbouw B.V.
- BAM Infra B.V.
- BAM International B.V.
- Bilfinger Berger AG
- Boskalis International bv
- Bunte International Contractors GmbH
- CFE SA
- Damacon A/S
- Dredging International N.V.
- Dominion Instalaciones y Montajes, S.A.U.
- Doraco Sp. z o.o.
- Eltel Networks A/S
- Energy Saving Engineering SL
- Geo
- Global Dominion Access S.A.
- Hochtief Construction AG
- Interbeton bv
- Johann Bunte Bauunternehmung GmbH & Co. KG
- Max Bögl Stiftung & Co. KG
- Max Streicher GmbH & Co. Kommanditgesellschaft auf Aktien
- Munck Forsyningsledninger A/S
- NCC Construction Sverige AB
- Seth SA
- Siemens Mobility A/S
- Siemens Aktiengesellschaft
- Solétanche-Bachy International S.A.S.
- Spietzke SE Danmark
- Strukton Rail A/S
- Sverige BAUER GL AB
- Vinci Construction Grands Projets GP
- Wayss & Freytag Ingenieurbau AG

FOREIGN BRANCH OFFICES

- Ankara, Turkey
- Gothenburg, Sweden
- Kaunas, Lithuania
- Kiev, Ukraine
- Oslo, Norway
- Porto, Portugal
- Riga, Latvia
- Szczecin, Poland

Per Aarsleff Holding A/S
Hasselager Allé 5
8260 Viby J
Denmark

CVR no. 24 25 77 97

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