AalborgPortlandHolding

P.O. Box 165, Rørdalsvej 44, 9220 Aalborg Øst
CVR No 14 24 44 41

Annual Report 2020

The present Annual Report is presented and approved
at the Annual General Meeting

Date: 16 / 4 - 2021

(Chairman of the meeting)

Contents

Nordic & Baltic

A leading cement producer in the Nordic region

Aalborg Portland produces grey and white cement at its plant in Aalborg.

The products are sold in Denmark, USA and neighbouring countries.

1,678,000
tonnes of grey cement

813,000
tonnes of white cement

Leading supplier of ready-mixed concrete in the Nordic region

Unicon is market leader within ready-mixed concrete in the Nordic region. Production takes place at 66 plants in Denmark, Norway and Sweden.

Quarrying and sale of aggregates (mainly granite and gravel) from 9 sites in Denmark and Sweden.

2,158,000
m^3 of ready-mixed concrete

4,307,000
tonnes of aggregates

Belgium

One of the largest producers of cement, ready-mixed concrete and aggregates in Belgium

CCB is a leader in the manufacture of cement that can meet specific implementation criteria: conventional construction and masonry work, work of high aesthetic quality, structures in harsh environments and oil well drilling. CCB has nine ready-mixed concrete plants in Belgium and five in France.

2,024,000
tonnes of grey cement

807,000
m^3 of ready-mixed concrete

5,224,000
tonnes of aggregates

Overseas

World-leading producer of white cement

Production at plants in USA, Egypt, Malaysia and China.

The white cement is sold to a number of markets worldwide.

2,167,000
tonnes of white cement

Turkey

Extensive activities in Turkey

Cimentas is among the largest cement groups in Turkey with production at several sites in the country.

Cimentas also has 16 ready-mixed concrete plants.

Recydia AS processes and recycles waste in Turkey and UK.

4,300,000
tonnes of grey cement

1,470,000
m^3 of ready-mixed concrete

259,000
tonnes of waste

Grey cement is the most important construction material for strengthening infrastructure, building homes and bridges, creating harbours and expanding airports.

White cement is for solutions ranging from aesthetics to safety - from terrazzo or bathroom tile grouts to highway safety barriers whose whiteness ensures high visibility night and day in all weathers.

Ready-mixed concrete is delivered to site ready for casting and is the efficient solution when high-reliability, quality concrete is needed in large volumes.

Aggregates - a wide range of building aggregates such as sand, gravel and granite for the construction industry. The products are mainly used for construction, asphalt and concrete purposes.

Waste management - supply and usage of alternative fuels in order to diversify and optimise the energy resources of the Group.

Part of the Cementir Group

Aalborg Portland Holding, Denmark, has its head office in Aalborg and is the parent company in the Aalborg Portland Holding Group, which is part of the Cementir Group.

Aalborg Portland Holding A/S and the Group are included in the Group financial statements for Cementir Holding N.V., Netherlands, and Caltagirone S.p.A., Italy.

Cementir Holding N.V. has its registered head office in Amsterdam and its secondary office in Rome, is listed on the Italian Stock Exchange in Milan (code CEM) and is part of the listed Caltagirone Group.

www.cementirholding.com.

Financial highlights

	EURm					DKKm	
	2016	2017	2018	2019	2020	2019	2020
CONSOLIDATED INCOME STATEMENT							
Revenue	925.8	1,140.2	1,193.4	1,214.2	1,225.2	9,066	9,133
Earnings before depreciation/amortisation, impairment losses, provisions, interest and tax (EBITDA)	**210.0**	**224.0**	**235.9**	**255.2**	**278.3**	1,906	2,075
EBITDA ratio	*22.7%*	*19.6%*	*19.8%*	*21.0%*	*22.7%*	*21.0%*	*22.7%*
Earnings before interest and tax (EBIT)	**138.2**	**143.5**	**152.8**	**146.9**	**174.5**	1,097	1,301
EBIT ratio	*14.9%*	*12.6%*	*12.8%*	*12.1%*	*14.2%*	*12.1%*	*14.2%*
Earnings before tax (EBT)	**171.8**	**135.0**	**175.2**	**132.4**	**162.1**	988	1,208
Profit for the year	**128.8**	**119.2**	**142.8**	**95.1**	**124.9**	710	931
CASH FLOWS							
Cash flows from operating activities (CFFO)	171.1	168.3	140.9	209.1	250.9	1,561	1,870
Cash flows from investing activities (CFFI) *	-334.7	-89.6	-172.9	-28.8	-77.3	-215	-576
Free cash flow (FCF)	**-163.6**	**78.7**	**-31.9**	**180.3**	**173.6**	**1,346**	**1,294**
* Hereof investments in intangible assest and property, plant and equipment (excl. assets acquired at acquisition of enterprises)	-58.6	-79.9	-66.2	-61.5	**-57.1**	-459	-426
BALANCE SHEET							
Total assets	1,722.6	1,639.3	1,828.8	1,909.9	1,841.2	14,270	13,700
Consolidated shareholders' equity	769.3	783.8	927.6	1,020.9	1,040.3	7,627	7,741
Net interest-bearing debt (NIBD)	**242.0**	**185.4**	**195.3**	**138.8**	**0.8**	**1,037**	**6**
Working capital (WC)	**83.2**	**73.4**	**103.4**	**93.9**	**76.2**	**702**	**567**
FINANCIAL RATIOS							
Including non-controlling interests' share							
Return on equity	17%	15%	17%	10%	12%	10%	12%
Equity ratio	45%	48%	51%	53%	56%	53%	56%
Return on capital employed (ROCE)	10%	11%	10%	8%	10%	8%	10%
NIBD/EBITDA factor	1.2	0.8	0.8	0.5	0.0	0.5	0.0
Number of employees at 31 December	**2,918**	**2,939**	**3,012**	**2,969**	**2,951**	**2,969**	**2,951**
Number of employees in Denmark	722	735	720	727	702	727	702

Compagnie des Ciments Belges S.A. (CCB), Belgium is consolidated from 25 October 2016.
Lehigh White Cement Company, USA (LWCC) is consolidated from 1 April 2018.

The financial ratios have been computed in accordance with the latest version of Guidelines issued by the Danish Finance Society.
IFRS 16, Leases, was adopted 1 January 2019. No figures prior to 1 January 2019, throughout the report, have been restated.

Financial ratios

EBITDA ratio	Earnings before depreciation/amortisation, impairment losses, provisions, interest and tax (EBITDA) / Revenue
EBIT ratio	Earnings before interest and tax (EBIT) / Revenue
ROCE	NOPAT / Average capital employed
NOPAT	Net Operating Profit After Tax Earnings before interest and tax (EBIT) x (1 – effective tax rate)
Capital employed	Intangible assets + tangible assets + working capital
Equity ratio	Shareholders' equity / Total assets
Return on equity	Profit / Average shareholders' equity
Net interest-bearing debt (NIBD)	Interest-bearing liabilities less interest-bearing assets
Working capital	Inventories, trade receivables and trade payables.

Continued development of sustainable business

The Aalborg Portland Holding Group continues to implement and plan climate and environmental improvements, reflecting the high priority given to sustainability by society. At the same time, weaker economic conditions and keen competition mean that renewal and development are essential to maintain sales and competitiveness.

Challenging market conditions in some of the Group's markets - not least influenced by the Covid-19 pandemic - resulted in large differences in growth and sales opportunities among our business entities around the world. Accordingly, there was progress in the Nordic countries, Turkey, Egypt and China, and slowdown in Belgium, the USA and Malaysia.

Overall, the Aalborg Portland Holding Group realised earnings in 2020 which, taking the Covid-19 situation into consideration, lived up to expectations.

- In the *Nordic & Baltic region*, the Group experienced unchanged activity and the revenue was EUR 562m, which was on a par with the previous year. Sales of cement increased, while sales of ready-mixed concrete showed a moderate decrease, but with a larger fall in Norway. Exports of white cement from Aalborg to neighbouring countries and to the USA increased slightly, while some markets, including France, had a decrease due to Covid-19. Regional earnings before depreciation and amortisation (EBITDA) were EUR 151m, against EUR 136m in 2019, an increase of 11%.

- The *Belgian* cement group Compagnie des Ciments Belges S.A. (CCB) contributed revenue of EUR 253m in 2020, against EUR 262m the previous year, a decrease of 3%. EBITDA was EUR 61m, against EUR 68m in 2019, a decrease of 10%. The Belgian and French markets experienced a significant decline in April and May as a result of Covid-19.

- The *Turkish* cement group Cimentas continued to experience difficult market conditions due to political uncertainty, the devaluation of the Turkish lira, and tough price competition. However, the second half of the year saw significantly improved sales and earnings. Revenue was EUR 142m in 2020, against EUR 128m the previous year, an improvement of 11%. EBITDA was EUR 7m, against EUR -2m the previous year.

- In the *USA*, the Group maintained its position as global market leader in white cement through its ownership interest in Lehigh White Cement Company (LWCC). Revenue in 2020 was EUR 153m, against EUR 151m the previous year, and EBITDA was EUR 21m, compared with EUR 24m in 2019.

- In *Egypt*, revenue increased by 21% in 2020 to EUR 43m, and EBITDA was EUR 10m, against EUR 6m in 2019.

- Finally, in *China* and *Malaysia,* revenue from white cement totalled EUR 95m, against EUR 98m the previous year, despite a six-week shutdown of both plants in the spring. EBITDA was EUR 24m, on a par with 2019 (EUR 24m).

Total Group revenue for 2020 amounted to EUR 1,225m, against EUR 1,214m the previous year, an increase of EUR 11m or 1%. Compared with 2019, revenue measured in EUR was reduced by approx. EUR 51m due to lower average exchange rates on a number of currencies, primarily TRY, NOK and USD.

Group earnings before depreciation and amortisation (EBITDA) were EUR 278m, 9% higher than in 2019 when EBITDA was EUR 255m. The consolidated EBITDA ratio was 22.7%, against 21.0% the previous year.

Earnings before interest and tax (EBIT) were EUR 175m, 19% higher than in 2019 when EBIT was EUR 147m.

Net financial items in 2020 amounted to an expense of EUR 12m, against EUR 15m the previous year.

Hereafter, earnings before tax were EUR 162m, compared with EUR 132m in 2019, an increase of 22%.

Solid balance sheet and strong cash flow from operations

A healthy economy and strong financial base provide opportunities for long-term value-adding and sustainable investments. In 2020, constant focus on high operating efficiency and management of working capital led to a positive operational cash flow (CFFO) of EUR 251m, against EUR 209m the previous year.

The cash flow was able to fund the year's investments of EUR 75m, which were predominantly used for improving operating efficiency, various energy-economy and environmental projects, and also acquisition of the trading company Spartan Hive S.p.A. The Group had a free cash flow of EUR 174m.

The net interest-bearing debt was reduced in 2020 by EUR 138m, and at 31 December therefore stood at EUR 1m, against 139m the previous year.

At year-end 2020, shareholders' equity amounted to EUR 1,040, and the equity ratio was therefore 56%, against 53% the previous year. The return on equity was 12% in 2020, while the return on capital employed (RoCE) was 10%, against 8% the previous year.

Sustainable production of sustainable products

The Aalborg Portland Holding Group has a long-standing tradition of social and environmental responsibility in the countries where it operates. There is ongoing focus on a number of projects that support society's sustainability targets. The Group is committed to contributing significantly to realising society's climate goals and therefore invests substantial resources in continued environmental improvements.

Society's heightened sustainability awareness is reflected in growing interest in and demand for products manufactured with sustainability in mind. The Group's long-standing focus on this area means that our products have a prominent place in customer deliberations.

The Group has an effective development management structure aimed at delivering a stream of sustainable processes, fuels and products.

With 1990 as baseline, the Group targets a 30% cut in CO_2 emission by 2030, the goal being to reduce CO_2 emission per tonne of grey cement to less than 500 kg in line with the EU's taxonomy for sustainable investments. The Group's vision for the longer term – i.e. the period to 2050 - is a 70% reduction in CO_2 emission, and in the further longer term there is potential for a reduction as high as 100% by collecting, storing or converting CO_2 into fuel. As a result of the Group's global reach, the effects will have worldwide significance.

For the next three years (2021-2023), EUR 107m has been allocated for investments designed to strengthen sustainability. Focal areas in the years ahead will include the following:

- Market launch of the Group's Futurecem™ product line took place in 2020 after the granting of a global patent for a totally new technology, the granting of CE marking approval, and inclusion in the Danish cement standard. Starting at the Aalborg cement factory, production will be accelerated in the years ahead. CO_2 emission with Futurecem™ is 30% lower than for present products.

- Further development of Futurecem™ is under way. The ambition now is to achieve up to 50% reduction in CO_2 emission.

- Development of new, advanced and more sustainable products based on white cement - using the Group's patented Futurecem™ technology.

- New investments to increase the use of alternative fuels and biomass by up to 80% in grey cement production at Group factories. This will lead to lower CO_2 emission and reduce the use of fossil fuels.

- Use of fossil fuels in the production of white cement will be reduced by connection of a natural gas pipeline to the Aalborg factory in 2022. The use of natural gas can reduce CO_2 emission by up to approx. 40% compared with coal and later pave the way for use of CO_2-neutral biogas.

- Investment in a wind farm with a capacity of 8.4 MW at the Aalborg cement plant, enabling 80% of electricity consumption to be supplied by renewable energy sources.

- The goal of supplying CO_2-neutral district heating to the city of Aalborg, meeting the heating needs of 30,000 households, was achieved in 2020. This corresponds to a CO_2 reduction of 150,000 tonnes. New investments in recovering heat from production will more than double the supply of district heating and thereby contribute to realising the city's climate ambition, including the goal of phasing out the use of fossil fuel at the municipal power station by 2028. Potentially, at least 75,000 households can receive surplus heat from the Aalborg cement factory.

- Focus on CO_2 reduction across the value chain: including recycling of crushed concrete, distribution of concrete by Denmark's first hybrid road carriers, and launch of concrete products with up to 25% smaller CO_2 footprint under the name of UNI-Green.

Possibilities are also being examined and evaluated both for using a broader range of energy sources and for collecting and storing CO_2 from the manufacturing processes. In close collaboration with Aalborg University and several companies, a study has begun into potential capture, storage and conversion of CO_2 to fuel at Aalborg Portland. The GreenCem project is intended to clarify the necessary technical solutions and the financial requirements. The project is supported by the Energy Technology Development and Demonstration Programme (EUDP).

The Aalborg Portland Holding Group is part of Cementir Holding N.V., which publishes an annual Sustainability Report. This report is available at www.cementirholding.com.

In 2020, the Cementir Group was awarded a "B" rating from Carbon Disclosure Project (CDP) in recognition of the quality of reporting performed by the Group.

Nordic & Baltic

In market and income terms, the Nordic & Baltic region expanded its strong, vertically integrated position within cement, ready-mixed concrete and aggregates. Aalborg Portland is Europe's largest cement plant with seven kiln lines, its own unique dock facility, raw material resources (chalk) in close proximity, and a product distribution network consisting of 9 terminals in Denmark and Northern Europe. The region also commands 66 ready-mixed concrete facilities in the Nordic countries and nine raw material quarries (aggregates) in Denmark and Sweden.

The Nordic & Baltic region accounts for 46% of Group revenue. In 2020, revenue was maintained at the same level as the previous year, and EBITDA increased by 11% compared with 2019. Both revenue and earnings were impacted by lower activity in Norway.

Denmark and Sweden made progress, while Norway experienced slowdown in housing and commercial construction. Despite negative impact due to Covid-19, particularly in France, overall sales of Aalborg-manufactured white cement at the Group's sales subsidiaries in France, Belgium and Poland were maintained. In 2020, a further terminal facility was established, which will strengthen access to the market in Southern France.

In the ready-mixed concrete segment, the Group is investing to consolidate its market position in the Nordic region, and more planned facility upgrades will become operational this year.

Denmark

Backed by a broad parliamentary majority, the Danish government has targeted a 70% reduction in CO_2 emission from 1990 levels by 2030. Achieving this ambitious goal will require significant public and private investment, restructuring on all fronts, as well as constructive and close cooperation between authorities and companies.

The climate challenge is global, and society's regulation of energy-intensive industries should take into account that a very significant part of Denmark's cement production is exported to countries outside Europe, and that Danish cement production is a global leader, also in terms of sustainability.

At the Aalborg cement plant, constant focus is given to projects which promote sustainability in both manufacture and use of products, and which contribute to society's circular economy. The Aalborg Portland Holding Group's research centre, which coordinates these worldwide research and development projects, is located in Aalborg close to the cement plant.

In the light of the company's declared stance, long-standing efforts, results achieved and future plans, the Managing Director of Aalborg Portland was in 2019 appointed to head the Danish Climate Partnership for Energy Heavy Industry. The partnership was tasked with identifying obstacles to increased sustainability and reduced global climate load and proposing solutions. In spring 2020, the Partnership identified and reported on a number of barriers and pointed to solutions that can contribute to achieving the climate goals. The recommendations were included in several areas of the Danish climate plan. In autumn 2020, Aalborg Portland signed a CO_2 agreement with the Danish government. The goal is a reduction in CO_2 emission of at least 600,000 tonnes by 2030, and the agreement contains a declaration of intent for both parties on achieving further reductions. Denmark's energy-intensive companies are collectively considered capable of reducing CO_2 emissions by 1.6m tonnes in the period to 2030.

Danish cement and concrete technology lead the world due to productive cooperation between research and manufacture, as well as collaboration across the value chain. To maintain this position it is imperative that cement continues to be manufactured in Denmark, so that cement technology can be developed alongside active production and in dialogue with customers.

As stated, cement production in Aalborg takes place in symbiosis with both the city and society. Heat from production is utilised for district heating, and ever increasing use is made of wastes that would otherwise have to be landfilled. These include non-recyclable plastics, by-products from reprocessing aluminium cans, meat and bone waste from slaughterhouses, sand dredged from navigation channels, dried sewage sludge and flue gas desulphurisation gypsum. A total of 459,000 tonnes of waste were recycled as alternative raw materials in 2020.

In addition, more than 225,000 tonnes of alternative fuels were supplied from resource-efficient partnerships with industry and society and used in cement production.

When North Jutland's new university hospital is completed in 2021, cold water will be pumped from the deepwater lake in Aalborg Portland's chalk pit to supply the building with comfort cooling and process cooling.

2019 saw the launch of a major, broad-spectrum renewal project, based partly on digitisation, to streamline and optimise the company's business procedures. The project covers maintenance, production and logistics, is phased over three years and delivered significant improvements and savings as early as 2020. The project is run in collaboration with the Group's cement plant in Belgium, CCB.

Three efficient new cement tankers, each weighing 5,500 GT, were acquired in 2019. These tankers will annually convey 1.3m tonnes of grey and white cement to the company's terminal facilities in Denmark and Northern Europe. This renewal will deliver an annual fuel saving of 50% and replace 18,000 journeys by road. The CO_2 saving from sea transport relative to road transport is as high as 60%.

Rail transport is increasingly used for distribution of cement to Germany. This avoids around 1,000 journeys by road.

Benelux and France

Compagnie des Ciments Belges S.A. (CCB) in South-Western Belgium became part of the Aalborg Portland Holding Group in 2016. CCB's cement factory in Gaurain is the largest in France and Benelux and has raw material reserves for 80 years' production. The company has a significant market share in Belgium and substantial exports to both France and Netherlands. CCB also has extensive production of aggregates, mainly gravel and stone, located at two sites with substantial raw material reserves. Furthermore, CCB is one of the leading suppliers of ready-mixed concrete in Belgium with nine plants, and with the acquisition last year of another factory near Lille also has five plants in Northern France.

Revenue for this region accounts for 21% of the Group's total revenue. 2020 saw a 3% decrease in revenue compared to the previous year, and EBITDA fell by 10%. Operations during the spring months were strongly impacted by Covid-19, and the Gaurain factory was closed for three weeks. Despite this, the company managed to maintain a strong market position, based on high product quality, constant focus on customer needs and product development.

In collaboration with the Group, CCB has formulated a plan to strengthen sustainability. As part of this, it has been decided to invest significantly in an improved kiln to enable the volume of alternative fuels to be doubled from 40% to 80%, thereby substantially reducing CO_2 footprint. The ambition is therefore to strongly reduce fossil fuel consumption through improved kiln efficiency and focus on the cement mixes to ensure that CCB achieves the CO_2 emission goals for 2030.

As stated, in collaboration with Aalborg Portland in Denmark, a comprehensive renewal project was initiated in 2019 aimed at streamlining and optimising the company's business processes. This project has a three-year term and delivered its first results as early as 2020.

Turkey

Cimentas is among the largest cement groups in Western Turkey with production at two plants strategically located in Izmir and Edirne, and at a further two plants in Kars and Elazig in the east of the country. Combined capacity is 5.4m tonnes. Revenue in this region accounts for 12% of the total revenue for the Aalborg Portland Holding Group.

In 2020, sales of grey cement and clinker were 4.3m tonnes, an increase of 39% on the previous year. The year was characterised by rising building activity after several years with difficult market conditions.

Despite a marked increase in sales, revenue increased by only 11% measured in EUR, as the Turkish lira (TRY) was devalued by an average of 21% compared with 2019.

Besides cement manufacture, Cimentas has 18 plants for producing concrete, and volume sales of ready-mixed concrete amounted to 1.5m m^3 in 2020 compared with 1.0m m^3 in 2019. Cimentas will this year commence operations with aggregates and thereby strengthen its vertically integrated position, embracing cement, ready-mixed concrete and aggregates.

The company also has municipal and industrial waste management activities and renewable energy operations in the UK and Turkey. These operations must be seen in context with the steadily increasing use of alternative fuels in cement production.

Global leader in white cement

The Aalborg Portland Holding Group is the global leading supplier of white cement with a market share of approx. 15%. With its production facilities in Denmark, the USA, Malaysia, China and Egypt, the Group has a combined capacity of 3.3m tonnes.

The Group’s leadership position has been achieved through consistently high product quality and focused product development that is aligned with demanding customer expectations and covers a wide range of applications. There is growing demand for products that meet high specifications and expectations in terms of sustainability.

Revenue from sales of white cement (excluding supplies from Denmark) accounts for 24% of total Group revenue. 2020 revenue showed moderate growth of 2% and was negatively impacted by Covid-19, resulting in a six-week shutdown in spring for two of the Group’s cement plants in Malaysia and China. EBITDA increased by 2% in relation to 2019.

In *North America*, the Group’s position was strengthened through the acquisition of the controlling interest in LWCC in 2018. With its own production in Pennsylvania and Texas, imports from the Group’s other entities, and distribution across North America, the company is the market leader in white cement with annual sales of 650,000 tonnes. White cement sales increased by 3% compared to 2019. After a negative impact due to Covid-19 in the spring causing delayed start of some significant projects, a strong rebound was seen in the second half year.

The Group’s factory in *Egypt* is the world’s largest production facility for white cement. The company improved both sales and earnings in 2020.

In 2020, as in 2019, the Group’s factory in *China*, which is the largest white cement production plant in Asia, reported improvement in both sales and earnings, despite the six-week factory shutdown. Production efficiencies also contributed to higher earnings.

The company in *Malaysia* maintained its position as the leading supplier of white cement in South-East Asia and Australia. Due to Covid-19 and a six-week factory shutdown imposed by the government, cement sales declined, and consequently revenue and earnings decreased compared to 2019.

Reporting in accordance with Danish financial legislation

For the mandatory statement on corporate social responsibility, cf. section 99(a) of the Danish Financial Statements Act, reference should be made to “Sustainability Report 2020” issued by Cementir Holding N.V., Netherlands, owner of the Aalborg Portland Holding Group. The statement is available at www.cementirholding.com.

In relation to the Danish provisions on the gender composition of management in large companies, cf. section 139(a) of the Danish Companies Act and section 99(b) of the Danish Financial Statements Act, the Group's policy on gender equality extends to recruitment and promotions. It remains the decisive consideration to find the best qualified persons for all positions in the organisation.

In order to achieve a balanced composition of management the Group wishes to increase the proportion of female managers, and work will continue in 2021 to attract female candidates for senior positions. As the number of employees in the parent company (Aalborg Portland Holding A/S) is less than 50, no goals and policies have been formulated for the proportion of women at management level.

The Board of Directors of the Group's parent company has one female and six male members elected by the general meeting, and therefore goal is not met. No change of board members has been relevant during 2020. The goal is to have at least two women members elected by the general meeting by the end of 2023.

In accordance with the Danish rules for large companies with activities in areas that include extraction of minerals, cf. section 99(c) of the Danish Financial Statements Act, the Group explains its payments to authorities in a note to the consolidated financial statements. The payments relate in particular to direct and indirect taxes.

Expectations to 2021

After a marked decline in the global economy in 2020 estimated at 4% caused by the Covid-19 pandemic, 2021 is expected to see growth of almost 5%, but with large variances between the regions. In the US and Northern European markets, moderate growth in construction activity of 1-4% is expected. Initial improvement in Turkey in 2020 is expected to continue this year, but with continued uncertainty regarding both sales and exchange rate volatility. In the Asian markets, growth of 4-12% is anticipated. Energy prices and freight rates are expected to be higher than in recent years, but also subject to high volatility and dependence on developments in and between the world's largest countries.

As stated, the Group has stepped up its efforts in recent years and sharpened its focus on stronger sustainability. The Group has also targeted a 30% reduction in CO_2 emission by 2030. Around EUR 100m has thus been dedicated to environmental investment projects this year and the next two years.

Several sustainability projects have already contributed positively to both the environment and earnings, and these will be intensified in the coming years. They include:

- Sales of the Group's new product line, based on the innovative and patented Futurecem™ technology, will be accelerated in the years ahead.
- Increased use of alternative fuels and thereby reduced CO_2 footprint in the factories in Denmark and Belgium.
- Increased supply of district heating to the city of Aalborg based on production at Aalborg Portland.
- Additional energy efficiencies based on projects launched in Denmark and Belgium focused on logistics and production processes.

Parallel with their ongoing efforts in developing the Group's products, the business entities will continue to focus on customer demand, expectations and satisfaction. Customer satisfaction is measured yearly in a number of markets, and in 2020 the results were again very good.

The streamlining and renewal of the Group will be strengthened further through the wholly-owned subsidiary Aalborg Portland Digital S.R.L., which combines a number of general and shared IT activities, digitisation projects and management of operational and investment projects.

It is further planned to expand the Group's trading activities in the wholly-owned subsidiary Spartan Hive S.p.A acquired from Cementir Holding in 2020. The company's activities will increasingly embrace procurement and logistics globally across the Group with regard to raw materials, fuels, consumables, spare parts and finished products.

The Group's revenue is expected to be in the order of EUR 1.316bn in 2021 (2020: EUR 1.225bn).

In terms of earnings, positive impact is expected from a moderate rise in grey cement sales of just under 4%. Similarly, a moderate increase of almost 4% is expected in sales of white cement through a stronger penetration in Western European markets and rising exports from the factories in Malaysia and Egypt. Growth is also expected in sales of ready-mixed concrete and aggregates, partly from the new Turkish operations involving aggregates.

Against this background, the Aalborg Portland Holding Group expects consolidated earnings before depreciation and amortisation (EBITDA) to be higher than in 2020.

These expectations are based on known and generally anticipated economic global growth conditions and do not take account of any tightened trade restrictions, possible increase in the prevalence or strength of the Covid-19 pandemic or any new or intensified political tensions.

As the expectations described here are based on several assumptions that are beyond management's control, the actual earnings may deviate materially from the expectations.

Profit and loss

The Group's volume sales of *cement* amounted to 10.7m tonnes in 2020, which was 13% above the previous year. This included 2.8m tonnes of white cement, a rise of 4%, embracing moderate growth in Denmark, the USA and Egypt and a slight decrease in China and Malaysia. Sales of grey cement amounted to 7.9m tonnes, 16% more than in the previous year. Sales increased significantly in Turkey and moderately in Denmark, and showed a moderate decrease in Benelux and France (CCB).

Volume sales of *ready-mixed concrete* were 4.4m m^3, 8% above the previous year. Sales increased in Turkey (46%), Sweden (8%) and Denmark (1%), while sales decreased in Norway (11%) and in Benelux and France (9%).

Sales of *aggregates* (mainly granite and gravel) amounted to 9.5m tonnes, against 9.7 tonnes the previous year, a decrease of 2%. Sales increased in the Nordic region (6%) and decreased in Benelux and France (8%).

Group revenue in 2020 amounted to EUR 1,225.2m, against EUR 1,214.2m the previous year, a rise of 1%. The rise primarily related to operations in Turkey (11%), Egypt (21%) China (3%) and USA (1%), while revenue decreased in Benelux and France (3%) and in Malaysia (10%). Compared with 2019, revenue measured in EUR was reduced by approx. EUR 51m due to lower average exchange rates on a number of currencies, primarily TRY, NOK and USD.

Earnings before depreciation and amortisation (EBITDA) increased by EUR 23.1m or 9% to EUR 278.3m (EUR 255.2m). The following regions achieved higher earnings than in 2019: Nordic & Baltic EUR +15.3m, Turkey EUR +9.2m, Egypt EUR +3.5m and China EUR +1.5m. However, earnings were down on the previous year in the following regions: Benelux and France EUR -6.9m, USA EUR -2.8m and Malaysia EUR -1.1m. Covid-19 negatively impacted EBITDA in the amount of approx. EUR 20m.

Compared with 2019, EBITDA measured in EUR was negatively impacted in the amount of approx. EUR 3m by the lower average exchange rates on a number of currencies, mainly TRY, NOK and USD.

Operating ratio (EBITDA ratio) increased by 1.7 percentage points from 21.0% in 2019 to 22.7% in 2020.

Earnings before interest and tax (EBIT) increased by EUR 27.6m or 19% to EUR 174.5m (EUR 146.9m). The following regions achieved higher earnings than in 2019: Nordic & Baltic EUR +14.1m, Turkey EUR +14.0m, Egypt EUR +3.2m and China EUR +1.5m. However, earnings were down in Benelux and France, namely EUR -5.5m, in Malaysia EUR -1.4m and in USA EUR -0.8m.

Net financial items amounted to an expense of EUR 12.4m in 2020 against EUR 14.5m the previous year.

Earnings before tax were EUR 162.1m compared with EUR 132.4m in 2019. Tax on profit for the year amounted to EUR 37.2m against EUR 37.3m the previous year. Net profit for the year amounted to EUR 124.9m against EUR 95.1m in 2019.

Cash flows

The Group is continuously focused on optimising both cash flows and working capital.

Cash flow from operations (CFFO) amounted to EUR 250.9m for 2020, an improvement of EUR 41.8m or 20% from 2019 (EUR 209.1m).

The Group's capital expenditure on property, plant and equipment amounted to EUR 80.7m, which predominantly related to improvements to operating efficiency, various energy-saving and environmental projects, and acquisition of the trading company Spartan Hive S.p.A. Capital expenditure in 2019 amounted to EUR 61.5m.

The free cash flow after investments (FCF) amounted to EUR 173.6m in 2020, against 180.3m the previous year.

Debt and financial resources

Net interest-bearing debt (NIBD) amounted to EUR 0.8m at year-end 2020, against EUR 138.8m the previous year.

Long-term financing at end-2020 encompassed loans of EUR 103.1m from the Group's owners, Cementir Holding and Alfacem, and long-term mortgage loans of EUR 110.6m.

The Group's liquidity reserve consists of non-tied-up cash and undrawn credit facilities signed by Cementir Holding. In addition, the Aalborg Portland Holding Group has a separate uncommitted credit facility.

Balance sheet

Non-current assets amounted to EUR 1,209.6m at 31 December 2020. This was 7% lower than at end-2019 (EUR 1,298.5m).

Current assets amounted to EUR 631.6m, 3% higher than at the same time in 2019 (EUR 611.5m). The increase is principally attributable to amount owed by related enterprises, while cash funds decreased by EUR 20.4m and inventories and receivables decreased by EUR 15.8m.

The Group's working capital (capital tied up in debtors and inventories less creditors) amounted to EUR 76.2m at end-2020, against EUR 93.9m the previous year, a decrease of EUR 17.7m or 19%.

Shareholders' equity

Total shareholders' equity amounted to EUR 1,040.3m at 31 December 2020, against EUR 1.020.9m the previous year. The shareholders' equity was negatively influenced by exchange rate adjustments of approx. EUR 81m in foreign entities. These adjustments primarily related to the weakening of the Turkish lira (TRY), and amounted to EUR 55m.

The equity ratio was 56% at 31 December 2020 (53% at end-2019). Return on equity increased in 2020 to 12% from 10% the previous year.

Return on capital employed

In 2020, as in previous years, intensive efforts were made to increase capital efficiency across the Group.

Return on capital employed (RoCE), which expresses the Group's ability to generate a satisfactory profit, was 10% in 2020, against 8% in 2019. RoCE was positively influenced both by the increased earnings and the reduction in capital employed.

Like any other company, the Aalborg Portland Holding Group is affected by risks and uncertainties relating to its business activities and continuously focuses on strengthening risk management. The Group employs a holistic risk management process in which the most critical risks are:

- Market conditions
- Framework conditions
- Environmental impacts
- The organisation
- Financial risks

The Group continuously monitors and addresses both risks and opportunities in its market areas with a view to achieving strategic objectives.

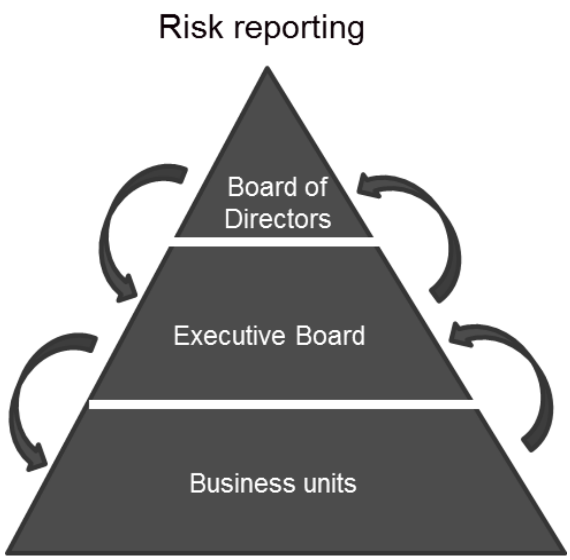
Monitoring and control

The Group's risk management is based on a standardised risk process. The assessment of the individual risk factors is based on the likelihood of the risks occurring and their potential impact on earnings, operations and reputation in this event.

The risk management process is anchored in the leadership of each of the business units. The business units together with the corporate and service functions are responsible for identifying, analysing and dealing with risks and for reporting on progress and initiating control measures. Risk owners are appointed specifically for the most significant risks. The leadership teams in the individual units are responsible for including risk assessments in all major decisions.

The individual risk reports received from the business units are consolidated at Group level. The consolidated risk report is included in the Group management's monitoring and control processes. The Group management is responsible for ensuring that the collective risk to the Group as a whole is of an acceptable level and that risk management procedures are implemented.

The Group management reports periodically or as needed to the Board of Directors, which determines the overall policies and framework for the day-to-day control process.



Market conditions

Competition

Loss of major customers and projects may pose a material risk in relation to the achievement of the Group's objectives. The Group continuously monitors its markets and takes ongoing actions to adapt and respond to the competitive conditions and market changes.

Raw materials and energy prices

The Group utilises large quantities of energy in manufacture of cement and other products, and is therefore sensitive to price changes, particularly of long duration. In order to mitigate this risk the procurement of energy is partly hedged by establishing contracts for terms up to 24 months.

Access to essential raw materials is ensured through ownership of deposits, extraction licences, long-term contracts and diversity in terms of suppliers. Furthermore, the markets for production-critical raw materials are carefully monitored. A small number of raw materials are subject to particular uncertainty as regards long-term security of supply, and the Group works proactively to find appropriate solutions to this issue.

Framework conditions

Legislation and other regulations

The Group is continuously exposed to regulatory changes by authorities and organisations in a variety of areas. Non-compliance with recommendations and regulations is often subject to substantial fines, and thus constitutes a potential risk to overall Group earnings. The Group works continuously and purposefully to conform with all aspects of legislation and other regulations relating to competition, environment and fraud. The Group trains relevant personnel on an ongoing basis in compliance with current requirements.

Political risks

The Group operates globally, including in emerging and growth markets with special political risks. This may have material consequences both for production conditions and sales. The Group actively pursues dialogue at all levels with politicians, authorities and interest groups to create a good basis for continued working and to enable the Group's operations to be adjusted when appropriate.

Taxes and levies

The Group’s production is substantially subject to direct and indirect taxation, particularly in Denmark. Taxes and levies represent a material area of risk for the Group, especially compared to neighbouring countries with a lower level of taxes and levies than Denmark, as they impact directly on competitiveness and therefore on sales potential.

CO_2 quotas

The allocation of CO_2 quotas to the Group’s production units can have substantial financial impact. Ongoing focus is therefore placed by the Group on compliance with all requirements relating to the allocation. The Group also closely monitors EU and national political issues concerning CO_2 quotas, particularly with regard to the Group's expected development in the EU area.

Environmental impacts

The Group's business units and leadership are conscious of the company’s environmental role and they recognise, manage and counter relevant risks in this regard. Raw materials and energy are consumed in the manufacture of Group products, but the environmental and climate properties of these products are extremely beneficial, and the Group has a declared aim of contributing constructively and significantly to achieving society's climate goals. Through its product development and production, the Group therefore constantly endeavours to ensure more environment-friendly and sustainable cement manufacture.

The organisation

Employees and management

The Group's continued success is dependent on being able to retain experienced employees and managers and to recruit new, talented employees and managers to the business units and support functions. Accordingly, the Group places importance on providing attractive workplaces with good opportunities for personal development.

IT systems

IT systems are used in all areas of the Group’s operations, including production, sales and finance. Operational disruptions and loss of data and communications would impact the Group negatively. Consequently, IT security and business continuity are accorded high priority, especially in connection with implementation of new systems.

Financial risks

Financial risks, including currency risks, which are of material significance for the Group, are described in the notes to the financial statements.

Consolidated income statement

EUR '000

Notes		2020	2019
1	Revenue	1,225,229	1,214,230
2+3+4	Cost of sales	733,869	738,991
	Gross profit	**491,360**	**475,239**
4+17	Sales and distribution costs	240,674	244,698
4+5	Administrative expenses	88,058	97,398
6	Other operating income	15,231	18,422
6	Other operating costs	3,375	4,645
	Earnings before interest and tax (EBIT)	**174,484**	**146,920**
14	Share of profit after tax, joint ventures	571	310
7	Financial income	12,745	10,315
7	Financial expenses	25,691	25,165
	Earnings before tax (EBT)	**162,109**	**132,380**
8	Tax on profit for the year	37,212	37,295
	Profit for the year	**124,897**	**95,085**
	Attributable to:		
	Non-controlling interests	6,190	4,509
	Shareholders in Aalborg Portland Holding A/S	118,707	90,576

Consolidated statement of comprehensive income

EUR '000

Notes		2020	2019
	Profit for the year	**124,897**	**95,085**
	Other comprehensive income		
	Items that cannot be reclassified to the income statement:		
18+19	Actuarial gains/losses on defined benefit pension schemes	575	-7,105
8	Tax	-192	1,851
		383	**-5,254**
	Items that can be reclassified to the income statement:		
	Exchange rate adjustments on translation of foreign entities	-81,110	-5,646
	Changes in fair value of financial instruments	4,964	2,057
8	Tax	-845	-31
		-76,991	**-3,620**
	Other comprehensive income after tax	**-76,608**	**-8,874**
	Total comprehensive income	**48,289**	**86,211**
	Attributable to:		
	Non-controlling interests	-13,545	4,964
	Shareholders in Aalborg Portland Holding A/S	61,834	81,247
		48,289	**86,211**

Consolidated Cash flow statement

EUR '000

Notes		2020	2019
	Profit for the period	**124,897**	**95,085**
	Reversal of amortisation and depreciation	102,292	102,993
	Reversal of revaluation / impairment losses	-6,148	-2,215
	Share of net profits of equity-accounted investees	-571	-310
	Net financial income / expense	12,945	14,852
	Gains/losses on disposals	1,302	-984
	Income taxes	37,212	37,296
	Change in employee benefits	213	-2,879
	Change in provisions (current and non-current)	279	-644
	Operating cash flows before changes in working capital	**272,421**	**243,194**
	Increase / decrease inventories	15,272	12,347
	Increase / decrease trade receivables	-11,521	8,588
	Increase / decrease trade payables	8,532	-14,971
	Change in non-current/current other assets/liabilities	14,506	3,241
	Change in current and deferred taxes	1,243	-2,346
	Operating cash flows	**300,453**	**250,053**
	Interests received	2,625	3,156
	Interests paid	-6,400	-6,955
	Other financial income collected/financial expenses paid	-7,726	-5,036
	Income taxes paid	-38,024	-32,105
	Cash flow from operating activities	**250,928**	**209,113**
	Investments in intangible assets	-5,815	-4,192
	Investments in property, plant and equipment and investment property	-51,321	-57,350
10	Acquisitions in businesses	-23,514	0
	Proceeds from sale of intangible assets	95	5
	Proceeds from sale of property, plant and equipment	3,174	2,725
	Change in non-current financial assets	100	0
	Change in current financial assets	0	30,000
	Cash from investing activities	**-77,281**	**-28,812**
21	Change in non-current financial liabilities	-94,184	-89,081
21	Change in current financial liabilities	-19,469	-11,540
	Change in current financial assets	-65,486	0
	Dividend distributed	-8,623	-4,961
	Transactions with non-controlling interests	2,396	11,986
13	Other variances of equity	3,158	-2,858
	Cash flow from financing activities	**-182,208**	**-96,454**
	Net change in cash and cash equivalent	-8,561	83,847
	Cash and cash equivalent exchange rate effect	-11,888	631
	Cash and cash equivalent opening balance	262,018	177,540
	Cash and cash equivalent closing	**241,569**	**262,018**

Consolidated balance sheet

EUR '000

Notes	ASSETS	2020	2019
	Goodwill	112,949	132,288
	Other intangible assets	191,355	208,169
	Intangible assets in development	3,412	456
9	**Intangible assets**	**307,716**	**340,913**
	Land and buildings	330,776	351,124
	Plant and machinery	362,904	384,203
	Property, plant and equipment in development	39,120	41,659
	Right-of-use assets	82,191	78,850
11	**Property, plant and equipment**	**814,991**	**855,836**
12	**Investment properties**	**50,261**	**61,377**
13+14	Investments in joint ventures	4,308	3,879
13	Other non-current assets	5,375	7,286
13+15	Deferred tax assets	26,952	29,175
	Other non-current assets	**36,635**	**40,340**
	Total non-current assets	**1,209,603**	**1,298,466**
16	**Inventories**	**150,260**	**170,845**
17	Trade receivables	151,909	148,381
	Amounts owed by Group enterprises	795	6
	Amounts owed by related enterprises	58,291	242
	Derivative financial instruments (positive fair value)	2,134	0
	Income tax receivable	2,956	2,506
	Joint taxation contribution receivable	86	0
17	Other receivables	17,980	21,985
17	Prepayments	5,653	5,481
	Receivables	**239,804**	**178,601**
	Cash and cash equivalents	**241,569**	**262,018**
	Total current assets	**631,633**	**611,464**
	TOTAL ASSETS	**1,841,236**	**1,909,930**

Consolidated balance sheet

EUR '000

Notes	EQUITY AND LIABILITIES	2020	2019
	Shareholder's equity		
	Share capital	40,333	40,333
	Foreign currency translation reserve	-389,088	-327,463
	Hedge reserve	2,097	-2,068
	Retained earnings	1,236,833	1,138,950
	Aalborg Portland Holding A/S' share of shareholders' equity	**890,175**	**849,752**
	Non-controlling interests' share of shareholders' equity	**150,100**	**171,124**
	Total shareholders' equity	**1,040,275**	**1,020,876**
	Liabilities		
18	Pensions and similar liabilities	33,174	33,541
15	Deferred tax liabilities	130,039	137,959
19	Provisions	25,321	26,971
20+21+24	Credit institutions, etc.	156,436	170,448
	Derivative financial instruments (negative fair value)	1,262	11,508
20+21	Amounts owed to Group enterprises	94,752	177,370
22	Deferred income	2,742	3,674
	Non-current liabilities	**443,726**	**561,471**
20+21+24	Credit institutions, etc.	37,186	41,439
	Trade payables	224,081	209,872
	Amounts owed to Group enterprises	17,638	17,244
	Derivative financial instruments (negative fair value)	322	111
	Income tax payable	13,107	10,482
19	Provisions	4,575	5,324
	Joint taxation contribution payables	3,136	0
23	Other payables	56,227	42,122
22	Deferred income	963	989
	Current liabilities	**357,235**	**327,583**
	Total liabilities	**800,961**	**889,054**
	TOTAL EQUITY AND LIABILITIES	**1,841,236**	**1,909,930**

Consolidated statement of shareholders' equity

EUR '000	Share capital	Foreign currency translation reserve	Hedge reserve	Retained earnings	Aalborg Portland Holding A/S' total share	Non-controlling interests' total share	Total equity
Shareholders' equity at 1 January	**40,333**	**-327,463**	**-2,068**	**1,138,950**	**849,752**	**171,124**	**1,020,876**
Comprehensive income in 2020							
Profit for the year			0	118,707	118,707	6,190	124,897
Other comprehensive income							
Exchange rate adjustments in translation of foreign entities		-61,625			-61,625	-19,485	-81,110
Changes in fair value of financial instruments			5,010		5,010	-46	4,964
Actuarial gains/losses on defined benefit pension schemes				847	847	-272	575
Tax on other comprehensive income			-845	-260	-1,105	68	-1,037
Total comprehensive income	**0**	**-61,625**	**4,165**	**119,294**	**61,834**	**-13,545**	**48,289**
Transactions with owners							
Dividend distributed					0	-8,637	-8,637
Transactions with non-controlling interests				1,238	1,238	1,158	2,396
Balance on intra-group acquisition of shares in Spartan Hive and Aalborg Portland Digital				-22,649	-22,649		-22,649
Total comprehensive income	**0**	**0**	**0**	**-21,411**	**-21,411**	**-7,479**	**-28,890**
Shareholders' equity at 31 December 2020	**40,333**	**-389,088**	**2,097**	**1,236,833**	**890,175**	**150,100**	**1,040,275**

	Share capital	Foreign currency translation reserve	Hedge reserve	Retained earnings	Aalborg Portland Holding A/S' total share	Non-controlling interests' total share	Total equity
Shareholders' equity at 1 January	**40,333**	**-320,764**	**-4,094**	**1,052,096**	**767,571**	**160,068**	**927,639**
Comprehensive income in 2019							
Profit for the year				90,576	90,576	4,509	95,085
Other comprehensive income							
Exchange rate adjustments in translation of foreign entities		-6,699			-6,699	1,053	-5,646
Changes in fair value of financial instruments			2,057		2,057		2,057
Actuarial gains/losses on defined benefit pension schemes				-6,350	-6,350	-755	-7,105
Tax on other comprehensive income			-31	1,694	1,663	157	1,820
Total comprehensive income	**0**	**-6,699**	**2,026**	**85,920**	**81,247**	**4,964**	**86,211**
Transactions with owners							
Dividend distributed					0	-4,961	-4,961
Transactions with non-controlling interests (capital increase)				934	934	11,053	11,987
Total comprehensive income	**0**	**0**	**0**	**934**	**934**	**6,092**	**7,026**
Shareholders' equity at 31 December 2019	**40,333**	**-327,463**	**-2,068**	**1,138,950**	**849,752**	**171,124**	**1,020,876**

The share capital in 2020 and 2019 consists of:
1 share at DKK 150m
1 share at DKK 60m
2 shares at DKK 30m each
1 share at DKK 15m
5 shares at DKK 3m each

Dividends distributed to shareholders in 2020 were EUR 0.0m (2019: EUR 0.0m).
All shares are fully issued and paid up. One share of DKK 1,000 holds one vote.

EUR '000

		2020	2019
1	**Revenue**		
	Split by product		
	Sale of cement	707,764	681,058
	Sale of ready-mixed concrete	382,908	398,397
	Other sales*	134,557	134,775
		1,225,229	**1,214,230**
	Split by geography		
	Europe	815,563	826,198
	China/Malaysia	62,753	62,888
	USA	155,818	154,711
	Turkey/Egypt	130,676	123,883
	Other	60,419	46,550
		1,225,229	**1,214,230**

All revenue derives from contracts.
* Other sales include concrete pipes, gravel, heat, waste processing, etc.

2 Cost of sales

Cost of sales amounts to EUR 733.9m (2019: EUR 741.9m). Hereof direct staff costs amount to EUR 99.2m (2019: EUR 98.8m) and use of raw materials amounts to EUR 217.4m (2019: EUR 153.5m).

3 Research and development costs

	2020	2019
Research and development costs paid	2,762	2,779
	2,762	**2,779**

4 Staff costs

	2020	2019
Wages and salaries and other remuneration	140,300	139,456
Pension costs, defined benefit scheme	2,792	790
Pension costs, defined contribution scheme	9,531	9,863
Social security costs	15,539	16,553
	168,162	**166,662**
Number of employees at 31 December	2,951	2,969
Average number of full-time employees	2,980	2,984

Hereof 119 employees at 31 December 2020 and 123 average full-time employees are included in the pro rata consolidated company.

Remuneration of the Board of Directors, the Management and other senior executives	2020	2019
Salaries and remunerations	6,148	6,144
Pension contributions	15	156
	6,163	**6,300**
Hereof Board of Directors and Management	594	611

Remuneration of the Board of Directors represents EUR 75k in 2020 (2019: EUR 87k).

5 Fees to the auditors appointed by the Annual General Meeting

Total fees to KPMG are specified as follows:	2020	2019
Statutory audit	1,149	1,016
Other assurance engagements	4	8
Tax and VAT advisory services	202	98
Other services	37	18
	1,392	**1,140**
Fees to other auditors	126	152

EUR '000

		2020	2019
6	**Other operating income and other operating costs**		
	Other operating income		
	Rent income	1,102	1,215
	Profit on sale of intangible assets	95	0
	Profit on sale of property, plant and equipment	714	1,275
	Value adjustment, investment property	6,713	6,372
	Sale of scrap, spare parts and consumables	114	465
	Other income	6,493	9,095
		15,231	**18,422**
	Other operating costs		
	Loss on sale of property, plant and equipment	2,014	291
	Impairment	0	2,952
	Other costs	1,361	1,402
		3,375	**4,645**

Other income include sale of energy projects and other income.

		2020	2019
7	**Financial income and expenses**		
	Financial income		
	Interest, cash funds, etc.	2,845	3,629
	Financial income on derivatives	128	142
	Exchange rate adjustments	9,772	6,544
		12,745	**10,315**
	Interest on financial assets measured at amortised cost	2,845	3,629
	Financial expenses		
	Interest, credit institutions, etc.	3,974	3,277
	Interest, Group enterprises	2,596	3,867
	Losses on derivatives	2,715	5,179
	Ineffective part of hedge	447	298
	Exchange rate adjustments	13,831	10,960
	Other financial expenses	2,128	1,584
		25,691	**25,165**
	Interest on financial obligations measured at amortised cost	6,570	7,144
8	**Income tax**		
	Income tax		
	Current tax on the profit for the year/joint taxation contribution	41,113	38,952
	Deferred tax adjustment	-4,056	130
	Other adjustments, including previous years	155	-1,787
		37,212	**37,295**
	Taxes paid	**38,024**	**32,105**

According to legislation, the Parent Company is the administrative company of the compulsory Danish joint taxation.

EUR '000

8	**Income tax (continued)**	2020	2019
	Reconciliation of tax rate		
	Tax according to Danish tax rate 22.0%	35,664	29,123
	Difference in the tax rates applied by non-Danish subsidiaries relative to 22.0%	1,898	3,544
	Non-taxable income and non-deductible expenses	1,769	3,609
	Non-taxable profit shares in joint ventures	-124	-67
	Expired tax loss regarding this and previous years	2,237	2,017
	Effect of investment properties and acquisition of land	-806	-765
	Other, including adjustments previous years	-3,230	-51
	Change of tax rates	-196	-115
		37,212	**37,295**
	Applicable tax rate for the year	**23%**	**28%**
	Income tax recognised directly as other comprehensive income	**1,037**	**-1,820**
	Total income tax	**38,249**	**35,475**

Payments to authorities

In accordance with Danish regulations governing payments to authorities in large companies, cf. Section 99(c) of the Danish Financial Statements Act, the Aalborg Portland Holding Group has made the following payments to authorities in 2020:

EURk	Quarry *	Taxes **	Royalty	Licenses	Total
Aalborg Portland A/S, Denmark	1,200	13,839			15,039
Unicon A/S, Denmark	66	1,840			1,906
Unicon AS, Norway		816			816
Kudsk & Dahl A/S, Denmark	239	114			353
AB Sydsten, Sweden	91	1,575			1,666
Cimentas AS, Turkey	522	731	620		1,873
Compagnie des Ciments Belges S.A., Belgium		12,426	1,334		13,760
Compagnie des Ciments France S.A., France		477			477
Aalborg Portland Malaysia Sdn. Bhd., Malaysia		349	164		513
Sinai White Cement Company Co. S.A.E, Egypt		2,352	187		2,539
Aalborg Portland (Anqing) Co. Ltd., China	599	4,411			5,010
	2,717	**38,930**	**2,305**	**0**	**43,952**

* Includes payments in relation to use of minerals in the production and other related fees.
** Taxes include direct and indirect taxes on the Company's income, manufacturing or profit apart from direct and indirect taxes on consumption.

All above payments are to central government in each country.

Taxes include payments during 2020, however, it included over/under payments from previous years.

The table above does not cover the full tax payment of the Aalborg Portland Holding Group, as this is purely provided in accordance with Section 99(c) of the Danish Financial Statements Act covering the cement production companies which are in scope in the specific reporting.

EUR '000

9 Intangible assets

	Goodwill	Other intangible assets	Intangible assets in development	Total
Cost at 1 January 2020	132,288	281,250	456	413,994
Exchange rate adjustments	-19,339	-11,591	1	-30,929
Additions from acquisition of interests in Spartan Hive and Aalborg Portland Digital	0	13,972	144	14,116
Additions	0	1,946	3,870	5,816
Disposals	0	-8,003	0	-8,003
Other adjustments/reclassifications	0	2,441	-1,059	1,382
Cost at 31 December 2020	**112,949**	**280,015**	**3,412**	**396,376**
Amortisation and impairment at 1 January 2020	0	73,081	0	73,081
Exchange rate adjustments	0	-2,798	0	-2,798
Additions from acquisition of interests in Spartan Hive and Aalborg Portland Digital	0	9,461	0	9,461
Reversed amortisation on disposals	0	-8,003	0	-8,003
Amortisation for the year	0	16,519	0	16,519
Other adjustments/reclassifications	0	400	0	400
Amortisation and impairment at 31 December 2020	**0**	**88,660**	**0**	**88,660**
Carrying amount at 31 December 2020	**112,949**	**191,355**	**3,412**	**307,716**

	Goodwill	Other intangible assets	Intangible assets in development	Total
Cost at 1 January 2019	136,765	275,144	485	412,394
Exchange rate adjustments	-4,477	1,838	8	-2,631
Additions	0	1,988	2,204	4,192
Disposals	0	-169	0	-169
Other adjustments/reclassifications	0	2,449	-2,241	208
Cost at 31 December 2019	**132,288**	**281,250**	**456**	**413,994**
Amortisation and impairment at 1 January 2019	0	56,876	0	56,876
Exchange rate adjustments	0	-275	0	-275
Reversed amortisation on disposals	0	-164	0	-164
Amortisation for the year	0	16,644	0	16,644
Amortisation and impairment at 31 December 2019	**0**	**73,081**	**0**	**73,081**
Carrying amount at 31 December 2019	**132,288**	**208,169**	**456**	**340,913**

	2020	2019
Amortisation during the year is included in the following items:		
Cost of sales	584	5,243
Sales and distribution costs	1,475	1,896
Administrative expenses	14,460	9,505
	16,519	**16,644**

Intangible assets

Other intangible assets include software licenses, quarry rights, CO_2 quotas, development projects incl. process optimisation and licenses for removal of waste, trademarks and customer lists. All items under other intangible assets have definite useful lives.

Goodwill is not amortised.

Internally generated intangible assets, mainly regarding SAP implementation, amount to EUR 0.7m (2019: EUR 0.9m). Intangible assets in development are mainly related to process optimisation projects. No impairment indications are identified.

Other intangible assets at 31 December 2019 include a waste management agreement signed in 2011 (for a term of 25 years) with the municipal company of Istanbul (Turkey), with an original consideration of TRY 12.1m (equal to EUR 5.2m at the acquisition date). These activities have been sold during 2020.

EUR '000

9 Intangible assets (continued)
Goodwill

At 31 December 2020, Nordic & Baltic, Turkey and Overseas account for EUR 38.6m (2019: EUR 40.1m), EUR 44.2m (2019: EUR 59.4m) and EUR 30.2m (2019: EUR 32.8m), respectively, of the consolidated goodwill.

The Aalborg Portland Holding Group performed impairment test on the carrying amount of goodwill at 31 December 2020 based on value in use as in previous years.

Impairment tests are performed in the 4th quarter each year, based on the budgets and business plans approved by the Board of Directors. The impairment test for cash-generating units compares the recoverable amount, equivalent to the present value of expected future free cash flow, with the carrying amount of the individual cash-generating units.

Expected future free cash flow is based on budgets and business plans for the period 2021-2023 and projections for subsequent years. Key parameters include production capacity (based on current capacity), trend in revenue, EBIT margin and growth expectations for the years after 2023. The productions capacity exceeds the growth expectations to production volumes.

Budgets and business plans for the period 2021-2023 are based on specific future business measures, assessing risks in the key parameters and incorporating these in expected future free cash flows. Projections after 2023 are based on general expectations. The value for the period after 2023 takes into account the general growth expectations for the cement and ready-mix industry.

Growth rates are not expected to exceed the average long-term growth rate for the Group's individual geographical segments.

The discount rates applied in calculating the recoverable amounts are after tax, and reflect the risk-free interest plus specific risks in the individual geographic segments. The discount rate of Egypt and Turkey is 15-18% due to the high risk-free interest caused by the political situation in the countries.

The key assumptions from the impairment tests of goodwill are as follows:

2020	Discount rates after tax	Terminal growth rates	Average increase of revenue 2021 to terminal period	Average EBITDA ratio 2021 to terminal period
Nordic & Baltic	4-5%	1%	2-6%	8-15%
China and Malaysia	7%	3%	4-6%	17-27%
USA	5%	1%	2%	16%
Egypt, Turkey and UK	5-18%	2-6%	3-21%	10-19%

2019	Discount rates after tax	Terminal growth rates	Average increase of revenue 2020 to terminal period	Average EBITDA ratio 2020 to terminal period
Nordic & Baltic	5-7%	1%	1-2%	6-14%
China and Malaysia	8-9%	3%	3-6%	16-28%
USA	6%	1%	3%	18%
Egypt, Turkey and UK	7-16%	2-4%	0-26%	9-15%

The impairment tests are in addition to this based on the prospects for the future mentioned in the Mangement's review, which includes comments on the development in 2020.

EUR '000

9 Intangible assets (continued)

Discount rates before tax are slightly higher than discount rates after tax.

Based on the impairment tests performed at 31 December 2020, Management has concluded that there is no impairment of goodwill. The impairment tests in general show headroom and except for Turkey and USA no reasonably possible changes in key assumptions will lead to impairment.

For Turkey the sensitivity computed for revenue shows a mimimum average increase of 13% until terminal period compared to expected average increase of 21%, and expected average EBITDA ratio can also be reduced with approx. 30%.
For USA the sensitivity computed for revenue shows a mimimum average decrease of 4.4% until terminal period compared to expected average increase of 2.1%, and expected average EBITDA ratio can also be reduced with approx. 10%.

10 Acquisiton of enterprises

Acquisition of Spartan Hive S.p.A.

On 1 February 2020, the parent company, Aalborg Portland Holding A/S, took over 100% of the shares of the trading company Spartan Hive S.p.A. The purchase price was agreed at EUR 30m in cash. According to the Group's accounting policies the transaction is booked according to the booked value. The amount of the purhase price which exceeds the net assets is recognised as a transaction with owners through equity.

Acquisition of Aalborg Portland Digital S.R.L.

On 1 June 2020, the parent company, Aalborg Portland Holding A/S, took over 100% of the shares of Aalborg Portland Digital S.R.L. The purchase price was agreed at EUR 3.5m in cash. According to the Group's accounting policies the transaction is booked according to the booked value. The amount of the purhase price which exceeds the net assets is recognised as a transaction with owners through equity.

11 Property, plant and equipment

	Land and buildings	Plant and machinery	Property, plant and equipment in development	Right-of-use assets	Total
Cost at 1 January 2020	568,204	1,128,381	41,778	96,775	1,835,138
Exchange rate adjustments	-22,656	-62,849	-615	-2,717	-88,837
Additions from acquisition of interests in Spartan Hive and Aalborg Portland Digital	0	1,374	0	1,305	2,679
Additions	4,212	16,899	28,055	29,915	79,081
Disposals	-1,620	-22,570	-360	-3,483	-28,033
Other adjustments/reclassifications	1,512	28,722	-29,650	1,247	1,831
Cost at 31 December 2020	**549,652**	**1,089,957**	**39,208**	**123,042**	**1,801,859**
Depreciation and impairment at 1 January 2020	217,080	744,178	119	17,925	979,302
Exchange rate adjustments	-10,687	-47,013	-31	-772	-58,503
Reversed depreciation on disposals	-1,197	-18,838	0	-2,456	-22,491
Depreciation for the year	12,495	48,140	0	25,137	85,772
Additions from acquisition of interests in Spartan Hive and Aalborg Portland Digital	0	1,272	0	84	1,356
Other adjustments/reclassifications	1,185	-686	0	933	1,432
Depreciation and impairment at 31 December 2020	**218,876**	**727,053**	**88**	**40,851**	**986,868**
Carrying amount at 31 December 2020	**330,776**	**362,904**	**39,120**	**82,191**	**814,991**

	2020	2019
Depreciation, land and buildings	2,335	2,036
Depreciation, plant and machinery	22,803	20,899
Interest on lease liabilities	1,848	1,458
Short-term leases	153	22
Lease of low value assets	3,246	3,601
Total amounts recognised in the income statement regarding leases	**30,385**	**28,016**

Variable lease payments may depend on an index, a rate or other elements. Variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index/rate at the lease commencement date. Variable lease payments not based on an index or a rate are recognised as in expense in the income statement as incurred.

EUR '000

11 Property, plant and equipment (continued)

The Group is not exposed to any significant future cash outflows that are not reflected in the measurement of lease liabilities. Residual value guarantees that are expected to be paid are included in the initial measurement of the lease liability.
Reference is made to note 20.

	Land and buildings	Plant and machinery	Property, plant and equipment in development	Right-of-use assets	Total
Cost at 1 January 2019	561,995	1,104,398	47,070	0	1,713,463
Exchange rate adjustments	-781	-9,504	434	-120	-9,971
Change in accounting policy, leases	0	0	0	78,619	78,619
Additions	4,242	20,533	32,020	24,281	81,076
Disposals	-1,071	-15,030	-817	-6,005	-22,923
Reclassifications	3,819	27,984	-36,929	0	-5,126
Cost at 31 December 2019	**568,204**	**1,128,381**	**41,778**	**96,775**	**1,835,138**
Depreciation and impairment at 1 January 2019	205,330	719,445	131	0	924,906
Exchange rate adjustments	-544	-9,941	-12	-27	-10,524
Reversed depreciation on disposals	-638	-14,627	0	-4,617	-19,882
Depreciation for the year	13,455	49,954	0	22,935	86,344
Impairment	161	2,952	0	0	3,113
Other adjustments/reclassifications	-684	-3,605	0	-366	-4,655
Depreciation and impairment at 31 December 2019	**217,080**	**744,178**	**119**	**17,925**	**979,302**
Carrying amount at 31 December 2019	**351,124**	**384,203**	**41,659**	**78,850**	**855,836**

	2020	2019
Depreciation during the year is included in the following items:		
Cost of sales	62,166	60,923
Sales and distribution costs	22,001	21,286
Administrative expenses	1,605	4,135
	85,772	**86,344**

The Aalborg Portland Holding Group has signed contracts regarding purchase of property, plant and equipment at a value of EUR 0.0m (2019: EUR 2.7m).
No changes are made in significant accounting estimates regarding property, plant and equipment.

At 31 December 2020 there is no indication of impairment on tangible assets. All activities regarding the CGU (Hereko) have been sold during the year for which impairment were recognised in previous years according to the sections below.

At 31 December 2019, the recoverable amount of the CGU (Hereko) was estimated on the basis of its value in use due to delays in capital expenditure which postponed full operation of the facilities and did not enable the achievement of the earnings targets.

Key assumptions were based on assessments by Management concerning future projections for the sector of reference and a historic analysis of internal and external factors of information. Future cash flows were considered until 2035, when the waste management agreement will expire.

Key assumptions used to estimate the recoverable amount of the CGU were:
- WACC of 15.0%
- Growth rate of 5.5%
- EBITDA margin between 13% and 15%, in line with company forecasts starting from 2020 and onwards.

Impairment testing at 31 December 2019 found a recorverable amount for the CGU of EUR 5.9m, compared to a carrying amount of EUR 8.8m. Accordingly, an impairment loss of the tangible assets of EUR 3.0m was recognised in other operating costs.

At 31 December 2019 the impairment is included in other operating costs. Regarding the impairment test performed, reference is made to note 9.

EUR '000

12 Investment properties

	2020	2019
Fair value at 1 January	61,377	61,027
Exchange rate adjustments	-17,047	-6,022
Disposals	-782	0
Unrealised fair value adjustment (other operating income)	6,713	6,372
Fair value at 31 December	**50,261**	**61,377**

Investment properties mainly comprise a number of commercial lands in Turkey that is not in the Group's use and owned for capital appreciation. No rental income is generated from lands.

The fair value of investment properties was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement for investment property has been categorised as a Level 2 fair value based on valuation techniques including unobservable inputs.

The fair value of investment property is market value approach in which representative samples are selected in the neighbourhoods of the specified property, which provide recent sales transactions.
Then the average price of the samples is compared with the relevant investment property. Finally, a measuring of the fair value of the investment property is performed, based on location and other factors.

13 Other non-current assets

	Investments in joint ventures	Other non-current assets	Deferred tax assets	Total
Cost at 1 January 2020	143	7,286	29,175	36,604
Exchange rate adjustments	1	-1,514	-4,073	-5,586
Additions	0	14	3,843	3,857
Additions from acquisition of interests in Spartan Hive and Aalborg Portland Digital	0	0	960	960
Disposals	0	-411	0	-411
Decrease	0	0	-2,744	-2,744
Fair value adjustment	0	0	-376	-376
Change offset in provision for deferred tax	0	0	167	167
Cost at 31 December 2020	**144**	**5,375**	**26,952**	**32,471**
Adjustments at 1 January 2020	3,736	0	0	3,736
Exchange rate adjustments	-143	0	0	-143
Profit shares	571	0	0	571
Adjustments at 31 December 2020	**4,164**	**0**	**0**	**4,164**
Carrying amount at 31 December 2020	**4,308**	**5,375**	**26,952**	**36,635**

Other non-current assets mainly relate to VAT receivable and deposits.

	Investments in joint ventures	Other non-current assets	Deferred tax assets	Total
Cost at 1 January 2019	248	7,521	27,782	35,551
Exchange rate adjustments	0	-343	-474	-817
Additions	0	4,215	5,309	9,524
Disposals	0	-4,166	0	-4,166
Decrease	0	0	-3,317	-3,317
Change offset in provision for deferred tax	0	0	-125	-125
Other	-105	59	0	-46
Cost at 31 December 2019	**143**	**7,286**	**29,175**	**36,604**
Adjustments at 1 January 2019	3,365	0	0	3,365
Exchange rate adjustments	15	0	0	15
Profit shares	356	0	0	356
Adjustments at 31 December 2019	**3,736**	**0**	**0**	**3,736**
Carrying amount at 31 December 2019	**3,879**	**7,286**	**29,175**	**40,340**

Other non-current assets mainly relate to VAT receivable and deposits.

EUR '000

13 Other non-current assets (continued)

Investments in subsidiaries with significant non-controlling interests

	Aalborg Portland Malaysia Group		Sydsten Group	
	2020	2019	2020	2019
Revenue	**39,958**	**44,377**	**68,939**	**64,966**
Profit for the period				
- attributable to owners of the parent	1,961	2,238	2,657	2,081
- attributable to non-controlling interests	841	959	2,976	2,608
	2,802	**3,197**	**5,633**	**4,689**
Other comprehensive income (expense)	-3,653	1,491	639	-1,191
Total comprehensive income (expense)	**-851**	**4,688**	**6,272**	**3,498**
Assets				
Non-current assets	24,859	28,357	26,207	25,020
Current assets	40,340	37,066	31,345	28,923
	65,199	**65,423**	**57,552**	**53,943**
Liabilities				
Non-current liabilities	2,265	1,911	15,385	14,757
Current liabilities	8,806	8,497	15,791	14,200
	11,071	**10,408**	**31,176**	**28,957**
Net assets				
- attributable to owners of the parents	37,890	38,510	12,355	11,756
- attributable to non-controlling interests	16,238	16,505	14,021	13,230
	54,128	**55,015**	**26,376**	**24,986**
Cash flow from operation	7,265	8,624	11,406	9,038
Dividends paid to non-controlling interests	0	0	2,550	1,657

	Sinai White Portland Cement Co S.A.E.		Lehigh White Cement Company	
	2020	2019	2020	2019
Revenue	**43,364**	**35,789**	**138,047**	**137,718**
Profit for the period				
- attributable to owners of the parent	3,384	455	5,453	6,681
- attributable to non-controlling interests	1,375	185	3,168	3,882
	4,759	**640**	**8,621**	**10,563**
Other comprehensive income (expense)	-6,256	10,990	-7,944	1,592
Total comprehensive income (expense)	**-1,497**	**11,630**	**677**	**12,155**
Assets				
Non-current assets	35,317	39,584	166,417	189,173
Current assets	69,129	64,328	69,662	78,631
	104,446	**103,912**	**236,079**	**267,804**
Liabilities				
Non-current liabilities	7,460	9,284	22,878	27,368
Current liabilities	12,240	8,582	21,018	22,856
	19,700	**17,866**	**43,896**	**50,224**
Net assets				
- attributable to owners of the parents	60,263	61,188	121,555	137,619
- attributable to non-controlling interests	24,483	24,858	70,628	79,961
	84,746	**86,046**	**192,183**	**217,580**
Cash flow from operation	10,522	8,961	32,385	20,622
Dividends paid to non-controlling interests	0	0	6,057	3,250

EUR '000

		2020	2019
14	**Investments in joint ventures**		
	Summary of financial information from joint ventures:		
	Revenue	43,993	38,620
	Profit for the year	1,804	432
	Total assets	21,478	18,409
	Total liabilities	11,554	10,109
	Share of profit for the year after tax	582	310

The joint ventures have no major contingent liabilities and the Group's maximum liabilities to the joint ventures do not exceed the equity value of the joint venture.

For a list of joint ventures, reference is made to page 75.

Significant joint ventures

The group no longer owns any significant joint ventures.

		2020	2019
15	**Deferred tax assets and deferred tax liabilities**		
	Change in deferred tax in the year		
	Deferred tax at 1 January	108,785	109,560
	Exchange rate adjustments	-1,780	917
	Changes of tax rate, via income statement	-195	-115
	Adjustments, previous years via income statement	-1,349	1,610
	Additions from acquisition of interests in Spartan Hive and Aalborg Portland Digital	-890	0
	Movements via income statement	-2,520	-1,367
	The year's movements in comprehensive income	1,036	-1,821
	Deferred tax liabilities at 31 December, net	**103,087**	**108,784**
	Deferred tax is presented in the balance sheet as follows:		
	Deferred tax liabilities	130,039	137,959
	Deferred tax assets	26,952	29,175
	Deferred tax liabilities at 31 December, net	**103,087**	**108,784**

	Deferred tax assets		Deferred tax liabilities	
	2020	2019	2020	2019
Intangible assets	13,348	14,584	30,122	33,306
Property, plant and equipment	1,981	2,250	91,813	93,977
Investment properties	0	0	4,829	5,864
Other non-current assets	-2,473	-719	1,462	1,829
Current assets	263	0	6,169	7,302
Provisions	2,096	2,500	-4,384	-3,785
Non-current and current liabilities	1,629	583	-140	-68
Tax loss carry-forwards	10,108	9,977	168	-466
Deferred tax at 31 December	**26,952**	**29,175**	**130,039**	**137,959**

Tax loss carry-forwards mainly relate to Cimentas Group, CCB Group and US Group. As a result of expected future earnings there is a reasonable probability that the losses will be realised in a foreseeable future.

The Group is involved in a transfer pricing case between the Danish and the Italian tax authorities to reach an agreement on royalty payments through Mutually Agreed Procedures ("MAP"). Outcome of the case can impact the tax payments for the period 2008-2020. Management remains convinced that the royalty payments are justifiable, and based thereon, Management has not recognised any potential tax adjustments related to the case. For the Danish entities total exposure amounts to approx. EUR 12.5m. At Italian group level net exposure is nil.

EUR '000

16 Inventories

Raw materials and consumables	82,649	85,299
Work in progress	33,170	40,292
Finished goods	33,831	44,848
Prepayments of goods	610	406
Inventories at 31 December	**150,260**	**170,845**

As was the case last year, there are no significant inventories of cement and aggregates carried at net realisable value.

Write-down of inventories of spare parts amounts to EUR 4.9m (2019: EUR 4.5m). Reversal of write-downs recognised in the income statement is EUR 0.0m (2019: EUR 0.0m).

17 Trade receivables, other receivables and prepayments

Development in provisions for impairment on trade receivables:

Provision for impairment losses at 1 January	3,002	3,365
Exchange rate adjustments	-545	-285
Provision for impairment in the year	185	843
Realised in the year	-110	-908
Reversed	-283	-13
Provision for impairment at 31 December	**2,249**	**3,002**

All trade receivables are due within one year.
The carrying amount essentially corresponds to fair value.
Collateral has been received regarding trade receivables, in total EUR 22.1m (2019: EUR 20.7m).
Other receivables include energy taxes and VAT, etc.
Prepayments comprise prepaid rent and insurance, etc.
Impairment and write-offs included in PL amount to EUR 1.1m.

EUR '000

18 Provisions for pensions and similar commitments

The pension liabilities incumbent on the Danish Group enterprises are funded through insurance plans. The pension liabilities of certain foreign subsidiaries are also funded through insurance plans. Foreign subsidiaries, primarily in Turkey, Sweden, Norway, Malaysia, Belgium and France, whose pension liabilities are not - or only partially - funded through insurance plans state the unfunded liabilities on an actuarial basis at the present value at the balance sheet date. These pension liabilities are partly covered by assets in pension funds. The Group’s defined benefit plans were EUR 33.2m underfunded at 31 December 2020 (2019: EUR 33.5m) for which a provision has been made as pension liabilities.

The actuarial result for the year at EUR -0.1m (2019: EUR 6.1m) is recognised in the statement of comprehensive income.

	2020	2019
Present value of defined benefit schemes	63,735	63,909
Market value of the assets comprised by the schemes	30,839	30,368
Long-term incentive plan obligations	278	0
Net liability recognised in the balance sheet	**33,174**	**33,541**
Present value of defined benefit schemes at 1 January	63,909	58,871
Exchange rate adjustment	-977	-431
Actuarial gains/losses recognised in other comprehensive income	761	6,598
Additions from acquisition of shares in Spartan Hive and Aalborg Portland Digital	134	0
Costs	2,647	777
Net interest	567	1,100
Payments	-3,306	-3,006
Present value of defined benefit schemes at 31 December	**63,735**	**63,909**
Market value of the assets comprised by the schemes at 1 January	30,368	28,397
Exchange rate adjustment	-244	32
Payments	-372	947
Net interest	208	506
Actuarial gains/losses recognised in other comprehensive income	879	486
Market value of the assets comprised by the schemes at 31 December	**30,839**	**30,368**
Stated as liabilities (provision for pension)	**32,896**	**33,541**
Amounts taken to the income statement		
Pension costs are included in:		
Cost of sales	5,797	6,115
Sales and distribution costs	2,423	2,540
Administrative expenses	4,102	1,998
	12,322	**10,653**

The actuarial change of the year is mainly due to changes in experience adjustments and other financial assumptions.
The main part of the provision for pension and similar commitments fall due after 5 years.
The assets of the pension scheme are attributable to Belgium and Norway. In Norway the assets are mainly invested in listed securities.

All assets comprised by the schemes are managed by pension providers in collective pool schemes.
In 2021, the Group expects payment of EUR 2.8m to the defined benefit schemes.

The most significant actuarial assumptions at the balance sheet date are as follows:		
Discounting rate applied	0-4%	0-4%
Expected return on tied-up assets	1-2%	2%

Compared to the consolidated financial statements a probable change of the actuarial assumptions is not deemed to cause significant effect on the liabilities, and therefore a sensitivity analysis has not been prepared.

In the statement of consolidated shareholders' equity the following accumulated actuarial gains/losses are recognised	-14,217	-14,600

EUR '000

19 Provisions

	2020	2019
Provisions at 1 January	32,295	32,630
Exchange rate adjustment	-1,696	-361
Additions in the year	1,421	1,793
Actuarial gains/losses recognised in other comprehensive income	-457	993
Used in the year	-1,444	-2,602
Reversal	-223	-158
Provisions at 31 December	**29,896**	**32,295**
Recognised in the balance sheet as follows:		
Stated as non-current liabilities	25,321	26,971
Stated as current liabilities	4,575	5,324
	29,896	**32,295**
Maturities for other provisions are expected to be:		
Falling due within one year	4,575	5,324
Falling due between one and five years	5,373	6,108
Falling due after more than five years	19,948	20,863
	29,896	**32,295**

Provisions mainly include re-establishment of chalk, gravel and clay pits at EUR 18.3m (2019: EUR 18.6m), demolition liabilities for buildings and terminal on rented land at EUR 4.0m (2019: EUR 4.6m), warranties and claims at EUR 0.7m (2019: EUR 0.7m) as well as other provisions at EUR 6.9m (2019: EUR 8.4m).
Additions in the year include liabilities regarding warranties and claims, re-establishment of chalk, gravel and clay pits, demolition liabilities, litigations and other provisions.
Use in the year mainly relates to re-establishment, warranties and claims and reorganistion liabilities.

Provisions for liabilities due after more than five years mainly include liabilities regarding re-establishment of chalk, gravel and clay pits and demolition liabilities for buildings and terminals with no decision made regarding closure.

Costs for re-establishment of chalk, gravel and clay pits are mainly paid when finishing an excavation or when moving out from leases. No considerable payments are expected in 2021.

20 Credit institutions and other borrowings

	Year of maturity	Fixed/ variable	Carrying amount 2020	Carrying amount 2019
Mortgage loan	2033	Variable	110,650	122,708
Bank borrowings and credits	2021	Variable	0	10,023
Lease liability	2021-2098	Variable	82,949	79,151
Financial payable Group enterprises	2021-2022	Fixed	103,052	177,370
			296,651	**389,252**

Fair value of mortgage loan amounts to EUR 111.7m (2019: EUR 123.5m). Other fair values do not significantly deviate from the carrying amount.
The Group's debt to credit institutions and lease obligations have been recognised and fall due as follows:

	Non-current borrowings (>1 year)	Current borrowings (0-1 year)	Total	Maturity > 5 years
31 December 2020:				
Mortgage loan	98,035	12,615	110,650	48,087
Lease liability	58,401	24,548	82,949	9,684
Financial payable Group enterprises	26,000	77,052	103,052	0
	182,436	**114,215**	**296,651**	**57,771**
Specification of contractual cash flows incl. interest:				
Mortgage loan	101,364	13,385	114,749	48,972
Lease liability	60,697	25,963	86,660	10,082
Financial payable Group enterprises	26,279	78,760	105,039	0
	188,340	**118,108**	**306,448**	**59,054**

EUR '000

20 Credit institutions and other borrowings (continued)

	Non-current borrowings (>1 year)	Current borrowings (0-1 year)	Total	Maturity > 5 years
31 December 2019:				
Mortgage loan	110,113	12,595	122,708	60,054
Bank borrowings and credits	0	10,023	10,023	0
Lease liability	60,334	18,817	79,151	9,236
Financial payable Group enterprises	177,370	0	177,370	0
	347,817	**41,435**	**389,252**	**69,290**
Specification of contractual cash flows incl. interest:				
Mortgage loan	112,801	13,374	126,175	60,448
Bank borrowings and credits	0	10,043	10,043	0
Lease liability	62,962	20,484	83,446	9,586
Financial payable Group enterprises	180,656	3,060	183,716	0
	356,419	**46,961**	**403,380**	**70,034**

The maturity analysis is based on all undiscounted cash flows including estimated payment of interest.
Payment of interest is estimated and based on the present market conditions.
Maturity of derivatives is disclosed in note 27.
According to the leases there are no contingent rentals.

The carrying amount of leases is presented in note 11.

21 Change in liabilities from financing

	Non-current credit institutions	Current credit institutions	Lease liability	Derivative financial instruments	Total
Liabilities from financing at 1 January 2020	287,483	22,622	79,151	11,620	400,876
Proceeds from loans and borrowings	0	8,654	0	0	8,654
Repayment of borrowings	-95,602	0	0	-184	-95,786
Payment of leases	0	0	-26,521	0	-26,521
Total changes from financing cash flows	**-95,602**	**8,654**	**-26,521**	**-184**	**-113,653**
Exchange rate effect	906	-7,098	-1,660	27	-7,825
Fair value adjustments	0	0	0	-9,879	-9,879
Non-cash movements	0	1,100	31,979	0	33,079
Liabilities from financing at 31 December 2020	**192,787**	**25,278**	**82,949**	**1,584**	**302,598**

	Non-current credit institutions	Current credit instiutions	Lease liability	Derivative financial instruments	Total
Liabilities from financing at 1 January 2019	376,511	13,673	2,105	10,624	402,913
Proceeds from loans and borrowings	0	10,970	0	0	10,970
Repayment of borrowings	-88,917	0	0	0	-88,917
Payment of leases	0	0	-22,674	0	-22,674
Total changes from financing cash flows	**-88,917**	**10,970**	**-22,674**	**0**	**-100,621**
Exchange rate effect	-111	-2,021	-80	-37	-2,249
Fair value adjustments	0	0	0	1,033	1,033
Non-cash movements	0	0	99,800	0	99,800
Liabilities from financing at 31 December 2019	**287,483**	**22,622**	**79,151**	**11,620**	**400,876**

22 Deferred income

Deferred income relates to income from business agreement, etc., which is expected to be recognised as follows:

Expected recognition of deferred income:	2020	2019
Within one year	963	989
Between one and five years	2,742	3,674
	3,705	**4,663**

EUR '000

23 Other payables

Other current payables include holiday pay liabilities, taxes and public indirect taxes, interest payable and dividends payable to non-controlling interests.

24 Charges and securities

	2020		2019	
	Carrying amount of mortgaged assets	Debt regarding mortgaged assets	Carrying amount of mortgaged assets	Debt regarding mortgaged assets
Property, plant and equipment	107,889	110,650	111,675	122,708
	107,889	**110,650**	**111,675**	**122,708**

25 Contingent liabilities, contractual obligations and contingent assets

Contingent liabilities
The Group is involved in a few disputes, lawsuits, etc. of various scopes, including a few tax disputes in some countries. No significant liabilities are considered to be incumbent on the Group in that respect, and the outcome of the disputes is not expected to have significant impact on the Group's financial position beyond what has been recognised in the balance sheet.

Contractual obligations
At 31 December 2020, the Group has contractual obligations, including aquisition of raw materials etc. of EUR 4.7m. In 2019 the Group had no significant contractual obligations.

Regarding contractual obligations related to acquisition of non-current assets reference is made to note 11.

	2020	2019
Guarantees		
Performance guarantees	2,031	2,357
Other guarantees, etc.	8,995	8,636
	11,026	**10,993**

Other guarantees relate to guarantees given to suppliers of goods and services, mainly in Turkey.

EUR '000

26 Related party transactions

Related parties with significant influence in the Aalborg Portland Holding Group:
- Cementir España S.L., Calle General Yagüe, Num. 13, 28020 Madrid, Spain
- Cementir Holding N.V., Zuidplein 36, 1077 XV Amsterdam, Netherlands
- Caltagirone S.p.A., Via Barberini, 28, 00187 Rome, Italy

Related parties with significant influence in the Aalborg Portland Holding Group comprise the enterprises' Board of Directors and Management together with family related to these persons. Furthermore, related parties comprise enterprises in which the above-mentioned persons have significant interests.

Furthermore, related parties include joint ventures, cf. page 75.

	2020	2019
Transactions with Cementir Holding N.V.:		
- Revenue	165	0
- Intra-group management and administration agreements and royalties	10,823	25,064
- Financial items, net	-1,554	-2,504
- Financial receivables	58,116	0
- Financial payables	65,092	105,070
- Trade payables	4,959	8,950
- Tax receivables	86	0
- Tax payables	3,136	0
- Other receivables	175	0
Transactions with joint ventures:		
Transactions with other related parties (companies in the parent Group)		
- Revenue	276	3,442
- Intra-group management and administration agreements and royalties	433	0
- Cost of sales	5,438	44,039
- Financial items, net	-1,006	-1,362
- Financial payables	42,300	72,300
- Trade receivables	0	205
- Trade payables	0	8,279

Remuneration of the Board of Directors and the Management is presented in note 4.
No losses on loans to or receivables from related parties were recognised, nor provisions made for such in 2020 or 2019.

27 Financial risks and financial instruments

Risk management policy

As a result of its international operations, investments and financing, the Group is exposed to a number of financial risks, including market risks, liquidity and credit risks.

Market risks	Liquidity risks	Credit risks
Risks that the fair value of or future cash flows from a financial instrument will fluctuate due to changes in market prices.	Risks that the Group will encounter difficulties in meeting obligations associated with financial liabilities.	Risks that a counterparty of a financial instrument is unable to fulfil its obligations and thereby inflict a loss to the Group.

The Group's Finance & Treasury is in charge of the overall risk management in accordance with the principles adopted by the Board of Directors.

The Group policy is not to engage in any active speculation in financial risks. The Group's financial management is thereby solely directed towards the management and reduction of financial risks arising directly from the Group's commercial operations, investments and financing.

Market risks

Currency risks	Interest rate risks	Raw material price risks
Arise due to purchase and sale transactions as well as financial assets and liabilities in currencies other than the functional currency of the individual Group business.	Refer to the influence of changes in market interest rates on future cash flow relating to the Group's interest-bearing assets and liabilities and the fair value of these.	Refer to the influence of changes in raw material prices, which are not related to currency risks or interest rate risks.

Currency risks

Hedging is assessed and taken out in close co-operation with the parent company.

For the hedging of currency risks, the Group analyses realised and expected cash flows broken down by currencies. The Group does not hedge the currency risk between EUR/DKK due to the Danish fixed-exchange-rate policy aimed at the EUR.

Risks relating to purchases and sales
The ready-mixed concrete activities of the Group are less exposed to changes in exchange rates, as the main part of both income and costs are settled in local currency. The Overseas cement activities of the Group enjoy a high degree of exports, and the settlement thereof is made in various sales currencies, and therefore, these units are affected by changes in exchange rates. The Turkish cement operations are mainly based on transactions in local currency. Revenue from the Group's Nordic & Baltic activities and the purchases by this segment are denominated in several currencies. Accordingly, these activities are also exposed to changes in exchange rates.

The Group's currency risks are primarily hedged by the settlement of income and costs in the same currency and by use of derivative financial instruments. Investments in Group enterprises are not hedged.

The Group's most predominant currency exposure regarding the operating results arises from sales and purchases in CNY, USD, SEK, PLN and NOK. A 10% drop in these exchange rates compared to EUR/DKK would, viewed separately, reduce EBITDA by EUR 10.7m (CNY amounts to EUR 1.7m, USD amounts to EUR 3.4m, SEK amounts to EUR 1.6m, PLN amounts to EUR 1.4m and NOK amounts to EUR 2.6m) (2019: EUR 7.9m (CNY amounted to EUR 1.6m, GBP amounted to EUR 1.4m, SEK amounted to EUR 1.1m, PLN amounted to EUR 1.3m and NOK amounts to EUR 2.5m)). The sensitivity surrounding Group equity is not materially different from the impact on the operating results for the year.

The Group entered into a swap agreement (hedge accounting) with a termination date in 2024, where both currency risk and interest risk have been hedged. Related to the interest risk the Group has agreed to pay a fixed rate of 0.43% + a spread of

3.63% and the Group will receive EURIBOR + a spread of 2.88% each 30 April and 31 October until maturity. The effective part of the hedge is equal to all future cash flow payments and nominal installments.

The fair value liability is included in a separate line item in the balance sheet "Derivative financial instruments”.
The ineffective part is recognised as financial income.

2020:

	Notional amount	Maturity < 1 year	Maturity 1-5 years	Maturity > 5 years	Strike	Fair value liability	Change in fair value recognised in hedge reserve	Ineffective part recognised in income statement
EURm								
Swap USD/EUR	99.8	11.4	88.4	0.0	1.00 EUR/ 1.235 USD	-1.3	1.5	-0.4

2019:

	Notional amount	Maturity < 1 year	Maturity 1-5 years	Maturity > 5 years	Strike	Fair value liability	Change in fair value recognised in hedge reserve	Ineffective part recognised in income statement
EURm								
Swap USD/EUR	114.3	10.1	104.3	0.0	1.00 EUR/ 1.235 USD	-11.5	1.9	-0.3

Risks relating to net financing
The Group's most important currency risks arising from receivables and payables in foreign currencies at 31 December 2020 relate to the following currencies: EUR, USD, GBP, TRY, NOK and SEK. If these currencies (apart from EUR) had been 10% down at 31 December, Group equity would be affected by a negative exchange rate adjustment of EUR 0.2m (2019: EUR 0.6m). An increase of currencies would have had a similar positive effect on equity.

Translation risks relating to net investments in subsidiaries
The Group income statement and equity are affected by changes in the exchange rates as the closing results of the foreign Group enterprises are translated into Danish kroner at the consolidation.

Hedging of currency risk is not performed for net assets (equity) in foreign subsidiaries. Gains and losses relating to net assets in foreign subsidiaries are accounted directly in equity.

With regard to investments in foreign enterprises, Group equity at 31 December 2020 would have been reduced by EUR 56.5m (2019: EUR 63.6m), if the NOK, SEK, USD, CNY, MYR, EGP, PLN, ISK and TRY exchange rates had been 10% down on the actual exchange rates. Other currency risks arising from investments in foreign entities are immaterial.

Assumptions of sensitivity analysis
The sensitivities are stated on the assumption of unchanged sales and price levels and interest levels, and on the assumption of recognised assets and liabilities at 31 December 2020.

Forward contracts regarding future transactions
Apart from the above the Group does not comply with the conditions for taking out hedge accounting of future cash flows from the sale of goods. In terms of the hedging of future investments, the Group assesses in each case whether these comply with the conditions for hedge accounting.

No Group forward contracts at 31 December 2020 or at 31 December 2019.

Interest rate risk
Owing to the Group's investment and financing activities the Group has exposure to interest rate changes in both Denmark and abroad. The primary interest-rate exposure is related to fluctuations in CIBOR, LIBOR and EURIBOR.

The Group has floating and fixed loans. The Group's loans at 31 December 2020 came in at EUR 213.7m, 52% thereof financed by floating rate loans. At 31 December 2019 loans were EUR 300.1m (accounting for 41% floating rate loans and 59% fixed rate loans).

With regard to the Group's floating rate loans and cash equivalents, an annual 1% increase in the interest level in proportion to the actual interest rates would, other things being equal, have had an adverse hypothetical negative impact on the profit before tax of EUR 1.2m (2019: EUR 1.3m) and on equity of EUR 0.9m (2019: EUR 1.0m). A declining interest level would have had a corresponding positive impact on result and equity.

The Group's cash is placed on demand or time deposits with a maturity of up to 3 months.

The sensitivities stated are based on average financial assets and liabilities for the year.

Raw material price risks
The Group uses a number of raw materials in the manufacture of the Group's products, which expose the Group to a price risk, i.a. especially different fuels and electricity. The Group enters into fixed price contracts for some raw materials.

Open swap contracts at 31 December:

2020

EURm	**Total**
Market value - swap contracts	**2.1**

2019

EURm	**Total**
Market value - swap contracts	**0.0**

Liquidity risks
According to the Group borrowing policy, the Group will ensure the highest possible flexibility by maintaining a capital structure with a strong equity financing. At Group level, there are on-going assessments and management of liquidity risk by maintaining adequate cash reserves/loan facilities based on follow-up on and forecast of cash flow compared with the maturity/repayment profiles related to the Group's financial instruments.

The Aalborg Portland Holding Group is included in the Cementir Group's overall management of financial risks.

The Group's liquidity reserve consists of non-tied-up cash and undrawn credit facilities signed by Cementir Holding. In addition to this, the Aalborg Portland Holding Group has a separate uncommitted credit facility. The Management is of the opinion that the Group has sufficient liquidity at its disposal to carry through planned investments and operating activities and to take the proper action in case of unforeseen liquidity shortfalls.

Neither in 2020 nor in 2019 the Group has defaulted or breached any loan agreements (covenants).

Regarding maturities of the Group debt, reference is made to note 20.

Based on the Group's expectations for the future operation and the Group's present cash funds, no other significant liquidity risks have been identified.

Credit risks
The Group's credit risks arise primarily from receivables related to customers, other receivables and cash.

As a consequence of the Group’s credit risk policy, credit rating of all major customers and other trading partners is performed before contract formation and hereafter continuously. An efficient credit control is important to the Group in the present market. Management of the credit risks is based on internal credit limits, which are based on the customer's and the counterparties' creditworthiness, based on both internal and external credit ratings as well as the Group’s experience with the counterparty. If no satisfactory guarantee is obtained when credit rating the customer/counterparty, payment in advance or separate guarantee for the sale, e.g. a bank guarantee, will be required.

Due to the market situation, the Nordic companies of the Group have in recent years increased the resources used on follow-up on customers, which contributes to early warnings of possible risks. As part of the Group’s risk management, the credit exposure of customers and counterparties is monitored daily, weekly or monthly based on individual assessments. Historically the Group has had relatively small losses due to customers’ or counterparties’ inability to pay.

The credit risk limit of financial assets corresponds to the values recognised on the balance sheet.

No individual customer or co-operator poses any material risk to the Group.

The credit rating of trade receivables is analysed on the basis of the business areas off the Group:

EURm	2020	2019
Aalborg Portland	15.1	18.5
Unicon	31.5	32.9
Overseas	26.5	27.9
Turkey	34.9	38.4
England	1.3	2.3
Belgium	41.6	28.4
Italy	1.0	0.0
	151.9	**148.4**

Receivables from Aalborg Portland activities are attributable to Danish customers and export customers characterised as medium-sized and major customers. The Group is familiar with the Danish customers, who have not been granted long credit lines. Experience shows that export customers pose a low credit risk.

Regarding the Unicon activities the Group's customers primarily consist of contractors, builders and others, customers posing a higher credit risk.

Overseas activities are attributable to minor local customers and medium-sized to major customers on a global scale. Credits are granted in accordance with usual, local trading terms. Credit rating is applied to some types of customers, but experience shows that customers in Overseas pose a low credit risk.

In Turkey, there are both dealers and end-users (contractors and other customers) within both the ready-mixed concrete, cement and waste business. All customers are generally required to provide security for deliveries unless the management has assessed that there are no significant risks associated with selling to that customer. The waste business sales are only to large customers. Received collaterals amount to EUR 22.1m at 31 December 2020 (2019: EUR 20.7m).

Trade receivables at 31 December 2020 include receivables of EUR 2.3m (2019: EUR 2.8m), which, based on an individual assessment, have been written down to EUR 0.0m (2019: EUR 0.0m). The write-downs were generally motivated by the customers' bankruptcy or anticipated bankruptcy. When calculating individual write-downs the collaterals received have been taken into account.

Provision for impairment on trade receivables and loss percentages are specified as follows:

EUR '000	Loss percentage	Trade receivable	Provision for impairment	Total
Neither past due	0.0%	132,646	0	132,646
Due 1-30 days	0.1%	14,608	10	14,598
Due 31-60 days	0.1%	3,069	4	3,065
Due 61-90 days	1.8%	665	12	653
Due above 90 days	70.1%	3,170	2,223	947
	1.5%	**154,158**	**2,249**	**151,909**

Provision for impairment and loss percentages are specified as follows:

	Europe		China/Malaysia		USA		Turkey/Egypt		Other		Total
	EUR '000	%	*EUR '000*	%	*EUR '000*	%	*EUR '000*	%	*EUR '000*	%	*EUR '000*
Neither past due	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0
Due 1-30 days	0	0.0%	0	0.0%	0	0.0%	10	0.4%	0	0.0%	10
Due 31-60 days	4	0.5%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	4
Due 61-90 days	12	6.6%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	12
Due above 90 days	619	65.6%	0	0.0%	61	17.3%	1,543	64.0%	0	0.0%	2,223
	635	**0.7%**	**0**	**0.0%**	**61**	**0.3%**	**1,553**	**3.9%**	**0**	**0.0%**	**2,249**

EUR'000

	Loss percentage in PL	Trade receivables	Expected loss based on historical loss per-centages
Europe	0.1%	89,882	69
China/Malaysia	0.0%	5,703	0
USA	0.1%	18,592	13
Turkey/Egypt	0.3%	39,981	125
Other	0.0%	0	0
		154,158	**207**

Provision for impairment is higher than expected loss as there has been made a separate assessment of the trade receivables due above 90 days.

The receivables written down are included at their net amounts in the above-mentioned tables.

Management of capital structure

Group capital management is assessed and adjusted in close co-operation with the parent company. The Aalborg Portland Holding Group is included in the Cementir Group's overall capital management.

It is the Group's policy that the capital structure and financial gearing of the Group shall at all times reflect the Group's activities and risk profile, afford sufficient financial latitude to ensure the Group's creditworthiness, and provide flexibility and room for investments or acquisitions based on the Group strategy.

The distribution of dividends takes place considering the appropriate level of equity and sufficient availability of loan capital to facilitate the Group's ongoing expansion.

The Group financial gearing between net interest-bearing debt and EBITDA is 0.0 at 31 December 2020 (31 December 2019: 0.5).

Fair value measurement

Financial instruments measured at fair value are measured on a recurring basis and categorised into the following levels of the fair value hierarchy:

- Level 1: Observable market prices for identical instruments
- Level 2: Valuation techniques primarily based on observable prices or traded prices for comparable instruments
- Level 3: Valuation techniques primarily based on unobservable prices

Securities and investments measured at fair value through profit/loss are either measured at quoted prices in an active market for the same type of instrument (level 1) or at fair value based on available data (level 3).

Hedging instruments are not traded on an active market based on quoted prices. Measured instead of using a valuation technique, where all significant inputs are based on observable market data; such as exchange rates, interest rates, credit risk and volatilities (level 2).

There have been no transfers between the levels in 2020 or 2019.

Specification of financial assets and obligations

EUR '000	Carrying value 2020	Fair value 2020	Carrying value 2019	Fair value 2019
Financial assets measured at fair value through the income statement	0	0	0	0
Derivatives used as hedging instruments, level 2	2,134	2,134	0	0
Loans and receivables	476,199	476,199	438,112	438,112
Financial obligations measured at fair value through the income statement	0	0	0	0
Derivatives used as hedging instruments, level 2	1,584	1,584	11,619	11,619
Financial obligations measured at amortised cost	582,500	583,116	654,687	654,811

Methods and assumptions on determination of fair values

In general, fair value corresponds to the carrying value, except for mortgage loans.

Financial instruments related to sale and procurement of goods, etc. with a short credit period are measured at fair value corresponding to the carrying value.

Derivative financial instruments are computed on generally accepted valuation methods based on relevant exchange rates.

The methods used are unchanged compared to 2019.

28 Post-balance sheet events

There have been no post-balance sheet events material to this Annual Report which have not been recognised or mentioned.

29 Estimation on uncertainties and judgements

Estimation on uncertainties

The accounting polices require that when calculating the carrying value of certain assets and liabilities estimates are made of how future events influence the value of recognised assets and liabilities at the balance sheet date. Estimates that have a material influence on the amounts recognised in the annual report.

The estimates applied are based on assumptions deemed reasonable by the Management, but given the nature of things, are uncertain. Thus, the Group is exposed to risks and uncertainties that may result in variances between actual and estimated results.

The development in the world economy and in the financial markets in 2019 and 2020 has resulted in considerable changes compared to previous years in respect of some uncertainty in a number of key assumptions within i.a. credit risk, interest level, sales volumes, volatility, etc.

The Management deems that the accounting policies do not include critical aspects.

The following items of the Aalborg Portland Holding Group are subject to major accounting estimates and judgements:

Goodwill

The annual impairment test of goodwill involves an estimate over how the part of the Group to which the goodwill is allocated (cash-generating units) may generate sufficient, positive, future net cash flows in order to support the value of goodwill and other net assets in the cash-generating unit. The Group's thorough budgeting and estimating support the assessments and minimise the risk. The degree of uncertainty is reflected in the chosen discount rate and is mainly related to Turkey. The impairment test has been further described in note 9.

Non-current assets

Non-current assets are measured at cost less accumulated depreciation and impairment. Depreciation is provided on a straight-line basis over the expected useful lives of the assets considering the residual value of the assets. The anticipated useful life and residual value are determined on the basis of past experience and the anticipated future use of the asset in question. The anticipated future use and scrap values may prove impossible to realise, prompting a need for write-down or a loss on the disposal of the assets. The depreciation periods are stated in the section "Accounting policies" in note 30, and non-current assets are stated in notes 9 and 11.

Investment properties
The fair value measurement of investment property is based on estimates. Reference is made to note 12 for a further description hereof.

Accounting judgements
Accounting judgements are made when applying accounting policies. Accounting judgements are the judgements made, that can have a significant impact on the amounts recognised in the financial statements.

AB Sydsten
Based on the absolute size of ownership and the distribution of shareholdings, including votes and relationships, the Group management considers the Group's ownership and rights to be sufficient to exercise control on the basis that the Group holds 50% of the shares and have casting vote.

Provisions and contingent liabilities
Assessment of provisions and contingent liabilities are largely based on estimates and judgements. Description of provisions and contingent liabilities is given in notes 19 and 25.

30 Accounting policies

The Annual Report 2020 of the Aalborg Portland Holding Group is prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements, according to large class C.

The Aalborg Portland Holding Group's official statutory annual report is presented in EUR.

The accounting policies set out below have been used consistently in respect of the financial year. For standards implemented prospectively, comparative information is not restated.

On 8 March 2021, the Board of Directors and the Management approved the annual report for 2020 for the Aalborg Portland Holding Group. The annual report is submitted to the shareholders of Aalborg Portland Holding A/S for approval at the Annual General Meeting on 16 April 2021.

Consolidated financial statements
The consolidated financial statements comprise the parent company, Aalborg Portland Holding A/S, and subsidiaries, in which Aalborg Portland Holding A/S exercises a controlling influence.

The Group exercises a controlling influence in an enterprise, if the Group is exposed to or has the right to variable returns from its involvement with the enterprise, and has the ability to affect those returns through its power over the enterprise.

Enterprises, in which the Group directly or indirectly holds more than 20% and less than 50% of the voting rights and another entity has controlling influence, are considered as associates. However, this is based on an assessment of the ability of exercising influence.

When assessing whether the Group exercises a controlling or significant influence, it is to be considered whether potential voting rights exercisable at the balance sheet date are real and have substance as well as de facto control.

If the enterprises meet the criteria for joint control, they are considered as investments in joint arrangements. Joint arrangements are activities or enterprises, in which the Group exercises joint control through cooperation agreements with one or more parties. Joint control implies that decisions about the relevant activities require unanimous consent of the parties with joint control.

Joint arrangements are classified as joint ventures or joint operations. Joints operations are activities where participants are entitled to a proportionate share of the individual assets and liabilities in the arrangement, while joint ventures are activities where participants alone have the right to a proportionate share of net assets in the arrangement.

In joint operations, assets, liabilities, income and expenses as well as cash flows are included pro rata line by line in the consolidated financial statements in accordance with the rights and obligations.

Business combinations
Enterprises acquired are recognised in the consolidated financial statements from the date of acquisition which is the date at which Aalborg Portland Holding actually gains control of the enterprise acquired. The comparative figures are not restated for acquisitions.

For business combinations any remaining positive balance (goodwill) is recognised as goodwill under intangible assets between on the one side the consideration, the value of the non-controlling interests of the enterprise acquired and the fair value of possible previously acquired equity investments and on the other side the fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is not amortised but impairment tested annually as a minimum. The first impairment test is performed before the end of the acquisition year. Upon acquisition, goodwill is allocated to the cash-generating units which subsequently form the basis for the impairment test. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a different functional currency from the presentation currency of the Aalborg Portland Holding Group's financial statements are treated as assets and liabilities belonging to the foreign entity and translated into the foreign entity's functional currency at the exchange rate ruling at the transaction date.

If any bargain purchase gain is recognised, the assets and liabilities undertake a review to ensure they are complete and the measurement appropriately reflects consideration of all available information. Bargain purchase gain is recognised as other operating income in income statement.

The consideration transferred by a business consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. Costs attributable to business combinations are recognised directly in profit or loss as administrative expenses when incurred.

The book value method is applied to transfers between Group companies (common controlled transactions), according to which assets and liabilities are transferred at their carrying amount at the date where control is obtained. The difference between the carrying value of net assets acquired and consideration is recognised directly in equity.

When enterprises are sold, the difference between the selling price and the net assets plus cumulative translation differences and unamortised goodwill is recognised in the income statement as a separate item in finance income and finance costs.

Non-controlling interests
On initial recognition, non-controlling interests are measured at fair value or at the proportionate share of the fair value of the acquired business's identifiable assets, liabilities and contingent liabilities. In the first scenario, goodwill in relation to the non-controlling interests' ownership share in the acquired enterprise is thus recognised, while, in the latter scenario, goodwill in relation to non-controlling interests is not recognised. Measurement of non-controlling interests is chosen transaction by transaction and stated in the notes in connection with the description of acquired enterprises.

The effect of transactions with non-controlling interests is taken directly to shareholders' equity. Therefore, no gains or losses are stated in the income statement, and there is no change of the carrying amount of net assets (including goodwill).

Foreign currency translation
For each of the reporting enterprises in the Group, a functional currency is determined. Transactions denominated in other currencies than the functional currency are considered transactions denominated in foreign currencies.

Transactions in foreign currencies are on initial recognition translated at the functional currency at the exchange rate of the date of transaction.

Financial assets and liabilities in foreign currencies are translated at the exchange rates at the balance sheet date. Any foreign exchange variances between the rates at the transaction date and the payment date or the balance sheet date, respectively, are stated in the income statement as financial items.

Non-financial assets and liabilities in foreign currencies are stated at the rate of exchange at the date of transaction.

On recognition in the consolidated financial statements of foreign enterprises and associates as well as foreign joint ventures with a functional currency different from the Group's presentation currency, the income statements are translated at the average exchange rates and the balance sheet items are translated at the exchange rates at the balance sheet date. The calculation differences arising from the translation of the income statements of companies abroad at average exchange rates and of their balance sheet items at the rate of exchange on the balance sheet date are taken directly to other comprehensive income.

On full or partial disposal of wholly-owned foreign operations resulting in a loss of control or on repayment of balances which constitute part of the net investment in the foreign operation, the share of the cumulative amount of the exchange differences that is recognised in other comprehensive income relating hereto is reclassified from other comprehensive income to profit for the year together with gain or loss on disposal.

On the disposal of partially owned foreign subsidiaries resulting in a loss of control, the share of the translation reserve in other comprehensive income attributable to non-controlling interests is not transferred to profit or loss.

An average exchange rate is used if it does not significantly deviate from the exchange rate ruling at the transaction date.

The assets and liabilities of a foreign company acquired are translated at the exchange rate at the date of transaction (acquisition date).

Derivative financial instruments
Derivatives are initially recognised in the balance sheet at fair value and subsequently measured at fair value. Fair value of derivatives is included in other receivables or other liabilities, respectively. Fair value changes of derivatives used for cash flow hedging are recognised in other comprehensive income. Any ineffective portions of the cash flow hedges are recognised as a financial item. Upon settlement of the cash flow hedges, the fair value is transferred from other comprehensive income into the line item of the hedged item.

Any changes in the fair value of derivatives not used for hedge accounting are recognised in the income statement as financial items.

Certain contracts contain conditions that correspond to derivatives. In case the embedded derivatives deviate significantly from the overall contract, they are recognised and measured as separate instruments at fair value. That is unless the contract concerned as a whole is recognised and measured at fair value.

Income statement

Revenue
Revenue is recognised in the income statement on delivery and passing of the risk to the buyer and when the income can be measured reliably and is expected to be received.

Revenue is measured at fair value of the consideration agreed excl. VAT charged on account of third party. All kinds of discounts are recognised in revenue.

Trade receivables recognised as services delivered are invoiced to the customer and are not adjusted for any financing components as credit terms are short – typically between 20 to 45 days – and the financing component therefore insignificant.

No special obligations in relation to warranties or return obligations compared to the industry.

Cost of sales
Cost of sales comprises costs incurred to generate revenue for the year and development costs which do not meet the criteria for capitalisation. This includes raw materials, consumables, CO_2 quotas, direct labour costs and indirect production costs such as maintenance and operation of production plant as well as production plant depreciation, administration and plant management.

Sales and distribution costs
Sales and distribution costs comprise direct distribution and marketing costs, salaries for the sales and marketing functions as well as other indirect costs, including depreciation and amortisation.

Administrative expenses
Administrative expenses comprise the costs of administrative staff and management and other indirect expenses, as well as depreciation and amortisation.

Other operating income and costs
Other operating income and costs comprise items of a secondary nature in relation to the activities of the Group, including certain grants, rentals, fees, fair value adjustments of investment property, bargain purchase gain, etc.

Gains and losses from the disposal of property, plant and equipment which cannot be considered part of the disposal of a complete activity are included in other operating income and costs.

Profit/loss from investments in joint ventures
The proportionate share of the profit/loss after tax in joint ventures is recognised in the consolidated income statement after elimination of the proportionate share of intra-group profits/losses.

Financial items
Interest income and expenses comprise interest, exchange rate gains and losses regarding transactions denominated in foreign currencies and write-down on securities, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc. realised and unrealised gains and losses on derivative financial instruments that are not qualified as hedge accounting are also included.

Tax
Tax for the year comprises current tax and changes in deferred tax.

Current tax comprises tax payable calculated on the basis of the expected taxable income for the year, using the applicable tax rates for the financial year and any adjustment of tax for previous years.

Tax related to other comprehensive income is recognised in other comprehensive income.

Deferred tax is recognised and measured according to the balance sheet liability method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes, except differences relating to goodwill not deductible for tax purposes.

Measurement of deferred tax is based on the tax rules and tax rates applicable in the respective countries at the balance sheet date, which is expected to be valid, when the deferred tax will be reversed as current tax. The effect of changes in the tax rates is stated in the income statement unless it relates to items previously entered directly in Shareholders' equity.

Deferred tax assets, including the value of tax loss carry-forwards, are recognised under financial assets at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Uncertain tax positions are measured at the amount estimated to be required to settle such potential future obligations. We measure these uncertain tax positions on a yearly basis through dialog with key stakeholders in the main Group entities. The measurement addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and IFRIC 23. We will determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty will be followed. Uncertain tax positions are measured at the most likely outcome method.

Aalborg Portland Holding A/S is covered by the Danish rules on compulsory joint taxation of the Group's Danish companies. Enterprises are included in the joint taxation from the date of consolidation into the consolidated financial statements and up to the date when they exit the consolidation.

Aalborg Portland Holding A/S is the administrative company for the joint taxation and consequently settles all income tax payments with the tax authorities.

The current Danish income tax is allocated by payment of joint taxation contributions between the jointly taxed companies in proportion to their taxable income. Companies with tax losses receive joint tax contributions from companies who have used this loss to reduce their own taxable income.

Balance sheet

Intangible assets

Goodwill
On initial recognition, goodwill is recognised in the balance sheet at cost as described under "Business combinations". Subsequently goodwill is measured at cost less accumulated impairment. Goodwill is not amortised.

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

Development projects
Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities in the Company is demonstrated, and where the Company intends to complete,

market or use the individual project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings or the net selling price can cover production costs, selling and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development projects are measured at cost less accumulated amortisation and impairment. Cost comprises wages and salaries, amortisation and other costs attributable to the Group's development activities.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life from the date when the asset is available for use. The amortisation period is up to 5 years.

Other intangible assets

Other intangible assets, including intangible assets acquired in business combinations, are measured at cost less accumulated amortisation and impairment losses.

Amortisation is made on a straight-line basis over the lower of the useful life and the contract period.

The expected useful lives are:

- Software applications, up to 10 years.
- Customer lists up to 25 years.
- Patents, licences and other intangible assets, up to 20 years.
- Leasehold improvements, up to 5 years.

CO_2 quotas

On initial recognition, granted and acquired CO_2 quotas are measured at cost.

The basis for amortisation of CO_2 quotas is stated as cost less scrap value. The scrap value depends on whether the company expects to utilise the quotas or sell them. Amortisation is based on a portfolio view on a straight-line basis.

If the actual emission exceeds the granted and acquired CO_2 quotas, a liability corresponding to the fair value of the CO_2 quotas, which the company has to settle, is recognised.

On disposal of CO_2 quotas the difference between carrying amount and the selling price of excess CO_2 quotas is recognised in the income statement at the date of disposal.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment.

The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, and wages and salaries as well as borrowing costs from specific or general lending directly relating to the construction of the individual asset.

Deemed costs for dismantling and disposal of the asset and re-establishment are added to cost if the deemed costs are recognised as a provision. The cost of total assets is split into separate components, which are depreciated separately if the useful lives of the individual components differ.

Subsequent costs, e.g. in connection with replacement of components of property, plant and equipment, are recognised in the carrying amount of the asset if it is probable that the costs will result in future economic benefits for the Group. The carrying amount of the replaced components are derecognised in the balance sheet and recognised as an expense in the income statement. All costs incurred for ordinary repairs and maintenance are recognised in the income statement as incurred.

Depreciation is charged on a straight-line basis during the estimated useful life of the asset concerned until it reaches the estimated scrap value.

Estimated useful lives are as follows:

- Buildings and improvements of land, 5-50 years
- Main machinery, 25 years
- Other plant and machinery, 3-20 years

Newly acquired assets and assets of own construction are depreciated from the time they come into use. Land is not depreciated, unless it is used for raw material extraction after individual assessment.

The basis of depreciation is calculated on the basis of the scrap value less impairment losses. The scrap value is determined at the acquisition date and reassessed annually. If the scrap value exceeds the carrying amount, depreciation is discontinued.

When changing the depreciation period or the scrap value, the effect on the depreciation is recognised prospectively as a change in accounting estimates.

Depreciation is recognised in the income statement as production costs, sales and distribution costs and administrative expenses to the extent that depreciation is not included in the cost of self-constructed assets.

Lease assets and lease liabilities
Aalborg Portland Holding Group mainly leases land, building, railcars, silos, trucks, vehicles and ships. When entering into a contract, it is assessed whether the contract is a lease or contains a lease component. A lease is defined as a contract or part of a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. When assessing whether a contract contains a lease component, it must be considered whether, during the period of use, the lessee has the right to essentially all economic benefits from the use of the identified asset and the right to direct the use of the identified asset.

A right-of-use asset and a lease liability is recognised at the commencement date.

Aalborg Portland Holding Group leases silos, trucks, vehicles and ships including a service component in the payments to the lessor. This service is separated from the lease payment when measuring the lease liability. If it is not possible to separate lease components and non-lease components, it is considered a single lease component.

Lease liabilities recognised as "Credit institutions and interest-bearing liabilities" are initially measured at the present value of the lease payments that are not paid at commencement date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, we have used the incremental borrowing rate.

The lease payments consist of fixed and variable lease payments that depend on an index or a rate, guaranteed residual values, purchase options and extension options, if the Group finds it reasonably certain to exercise the option and termination penalties, if the lease term reflects our exercising an option to terminate the lease. The lease liability is subsequently adjusted as follows, if:

- The value of the index or rate on which the lease payments are based is changed.
- The exercise of options is changed in order to extend or terminate the lease due to significant events or a significant change in circumstances within the Company's control.
- The lease term is changed if the option is exercised in order to extend or terminate the lease.
- Estimated residual value guarantee is changed.
- The contract is renegotiated or modified.

Any subsequent adjustment of the future lease liability is recognised as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is EUR 0, a negative adjustment to the right-of-use asset is, however, recognised in the income statement.

The right-of-use asset is initially measured at cost comprising amount of initial measurement of the lease liability plus any initial direct costs and any estimated costs of dismantling and removal of the asset at the end of the lease term which the Company is under an obligation to incur and any prepaid lease payments and less any lease incentives received.

The right-of-use asset is depreciated over the shorter of the lease term and the useful life of the right-of-use asset.

Short-term leases with a maximum lease term of 12 months and leases for low value assets are not recognised in the balance sheet.

Investment properties
Properties are classified as investment properties when they are held for the purpose of obtaining rental income and/or capital gains. On initial recognition, investment properties are measured at cost, comprising purchase price and costs directly attributable to the acquisition. Subsequently, investment properties are measured at fair value. Changes in the fair value are recog-

nised in profit or loss as value adjustment of investment properties under other operating income/costs in the financial year in which the change arises.

Realised gains and losses on the disposal of investment properties are determined as the difference between the carrying amount and the sales price and are also recognised under other operating income/costs.

If investment properties are reclassified to own property, fair value at this date is considered new cost price.

Investments in joint ventures

Investments in jointly managed enterprises (joint ventures) are measured according to the equity method, and the investments are recognised in the balance sheet as the proportionate share of the equity value of the entities stated in accordance with the Group's accounting policies, adding or deducting the proportionate share of unrealised intra-group profits and losses, and adding carrying amount of goodwill.

Joint ventures with negative equity value are measured at zero. If the Group has a legal or constructive obligation to cover a deficit in the joint ventures, the remaining amount is recognised under liabilities.

Other non-current assets

Other non-current assets mainly relate to deposits and loans which are measured at amortised cost. Amortisation for the year is stated in the income statement.

Impairment of non-current assets

Goodwill is subject to annual impairment tests, initially before the end of the acquisition year.

The carrying amount of goodwill is tested together with the other non-current assets of the cash-generating unit or group of cash-generating units to which goodwill is allocated. The assets of the cash-generating units are written down to the recoverable amount in profit or loss if the carrying amount is higher. The recoverable amount of a cash-generating unit is generally determined as the present value of the expected future net cash flows from the entity or activity (cash-generating unit) to which goodwill is allocated. However, impairment losses on goodwill are recognised as other operating costs in the income statement.

The carrying amount of other non-current assets, except for goodwill, investment properties and financial assets measured at fair value, is tested annually for indications of impairment. When there is an indication that assets may be impaired, the recoverable amount of the asset is determined. The recoverable amount is the higher of an asset's fair value less expected costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or the cash-generating unit to which the asset belongs.

An impairment loss is recognised if the carrying amount of an asset or a cash-generating unit, respectively, exceeds the recoverable amount of the asset or the cash-generating unit.

Amortisation and depreciation of intangible assets and property, plant and equipment are recognised in the same item as the related amortisation and depreciation. However, impairment losses on goodwill are recognised in a separate line item in the income statement.

Inventories

Raw materials and consumables are measured at cost. Cost is computed according to the weighted average cost method.

The cost of goods for resale and raw materials and consumables comprises purchase price plus delivery costs.

The cost of work in progress and finished goods comprise direct production costs with addition of indirect production costs. Indirect production costs include operating costs, maintenance and depreciation of production plant and plant management.

If the net realisable value is lower than cost, write-down is made to this lower value.

Receivables

Receivables are measured at amortised cost.

Write-downs are made to counter losses on the basis of expected losses using the simplified expected credit loss model.

Receivables are monitored on an ongoing basis in accordance with the company's risk policy. Impairment losses are calculated on the basis of the expected loss ratio broken down by geographic markets. Loss rates are determined on the basis of historical data for losses adjusted for estimates of the effect of expected changes in relevant parameters, such as general economic development, interest rate level, unemployment, etc. in the relevant markets. The total loss is recognised in the income statement on the basis of the expected losses during the entire period of the receivable.

Equity
Dividends are recognised as debt at the time of approval at the annual general meeting (time of declaration). Dividends which are proposed for distribution are therefore stated separately in the shareholders' equity.

Reserves relating to foreign exchange adjustments in the consolidated financial statements comprise currency translation differences arising from the translation of the financial statements of foreign entities from their functional currencies to the presentation currency of the Aalborg Portland Holding Group (EUR) and foreign exchange adjustments of assets and liabilities considered to be part of the Group's net investment in foreign operations.

On full or partial realisation of net investments, exchange differences are recognised in the income statement.

Pensions, defined contribution schemes
In contribution pension schemes the employer is obliged to pay a specific contribution (e.g. a fixed sum or a fixed percentage of the pay). In a contribution scheme the risk in respect of future developments in interest rate, inflation, mortality and invalidity is not borne by the Group.

Payments by the Group into defined contribution schemes are stated in the income statement for the period to which they apply and any outstanding payments are stated in the balance sheet as Other payables.

Pensions, defined benefit schemes
In benefit pension schemes the employer is obliged to pay a specific benefit (e.g. a retirement pension as a fixed sum or a fixed percentage of final pay). In a benefit scheme the Group bears the risk with regard to future development in interest rate, inflation, mortality and invalidity.

An annual actuarial valuation is carried out to determine the present value of the future benefits which the employees have obtained under defined benefit schemes. The present value is calculated on the basis of assumptions for future developments in wage/salary level, interest rates, inflation, pension age and mortality. The present value is calculated only for benefits to which the employees have already earned the right during their employment with the Group. The actuarial present value less the fair value of any plan assets is recognised in the balance sheet under retirement benefit obligations.

The pension costs of the year are recognised in income statement based on actuarial estimates at the beginning of the year. Differences between the calculated growth in pension assets and liabilities and the realised values stated at the end of the year are classified as actuarial gains or losses and are recognised in other comprehensive income.

If a pension plan constitutes a net asset, the asset is only recognised if it represents future refunds from the plan or will lead to reduced future payments to the plan.

Long-term employee benefits are recognised based on an actuarial calculation. All actuarial gains and losses are recognised in the income statement immediately. Other long-term employee benefits include i.a. anniversary bonuses.

Provisions
Provisions are recognised when, as a result of past events, the Group has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

When the Group has a legal obligation to dismantle or remove an asset or restore the site on which the asset is located, a provision is recognised corresponding to the present value of expected future costs. The present value of costs is recognised in the income statement for the tangible assets concerned and is amortised together with these assets over the useful lives or according to the production method.

Provisions are measured as the best estimate of the expenses required to settle the obligation at the balance sheet date.

Financial liabilities
Amounts owed to credit institutions are recognised when raising the loan at fair value less transaction costs. Subsequent measurement is made at amortised cost so that the difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

The capitalised remaining lease liability of finance leases is also recognised in financial liabilities, measured at amortised cost.

Other financial liabilities are measured at amortised cost.

Deferred income

Deferred income is measured at cost.

Cash flow statement

The cash flow statement is presented according to the indirect method and shows the composition of the cash flow divided into operating, investing and financing activities, respectively, and the cash funds at the beginning and end of the year.

In the statement of working capital/loans a distinction is made between interest-bearing and non-interest-bearing items plus cash funds.

Cash funds consist of cash in hand and bank deposits.

Loans represent total interest-bearing debt items less interest-bearing receivables.

All other non-interest-bearing receivables and debt items are regarded as working capital.

Cash flows from operating activities are stated as Profit for the year (EAT) adjusted for non-cash operating items, changes in working capital, financial items and paid tax.

Cash flows from investing activities comprise payments made in connection with the acquisition and disposal of enterprises and activities and the acquisition and disposal of non-current assets.

Cash flows from financing activities comprise payments to and contributions from owners as well as the raising and repayment of loans.

Segment reporting

The Aalborg Portland Holding Group is not a listed company and therefore no segment reporting is made according to IFRS 8.

Forthcoming requirements

IASB has issued several new or amended accounting standards, which are not effective for the financial year 2020. Generally, we expect to implement all new or amended accounting standards and interpretations when they become mandatory and have been endorsed by the EU.

Income statement

EUR '000

Notes		2020	2019
1	Revenue	33,116	39,090
	Gross profit	**33,116**	**39,090**
2	Sales and distribution costs	7,045	7,156
2+3	Administrative expenses	12,707	21,340
	Other operating income	28	3
	Earnings before interest and tax (EBIT)	**13,392**	**10,597**
4	Financial income	7,987	9,137
4	Financial expenses	6,653	75,572
	Earnings before tax (EBT)	**14,726**	**-55,838**
5	Tax on profit/loss for the year	484	386
	Profit/loss for the year	**14,242**	**-56,224**
	To be distributed as follows:		
	Retained earnings	14,242	-56,224

Statement of comprehensive income

EUR '000

Notes		2020	2019
	Profit/loss for the year	14,242	-56,224
	Total comprehensive income	**14,242**	**-56,224**

Cash flow statement

EUR '000

Notes		2020	2019
	Profit or loss for the period	**14,242**	**-56,224**
	Reversal of amortisation and depreciation	75	31
	Reversal of revaluation / impairment losses	0	66,291
	Net financial income / expense	-14,749	-10,572
	Income taxes	484	386
	Operating cash flows before changes in working capital	**52**	**-88**
	Increase / decrease trade receivables	301	5,455
	Increase / decrease trade payables	-1,961	-1,422
	Change in non-current/current other assets/liabilities	-1,608	-3,710
	Change in current and deferred taxes	291	-76
	Operating cash flows	**-2,925**	**159**
	Dividends received	13,415	10,715
	Interests received	6,867	8,893
	Interests paid	-1,874	-3,054
	Other income collected/expenses paid	-3,835	-5,077
	Income taxes paid	-2,436	683
	Cash flow from operating activities	**9,212**	**12,319**
	Investments in intangible assets	0	-17
	Investments in property, plant and equipment and investment property	-80	0
	Investments in equity investments and other non-current securities	-33,580	0
	Cash from investing activities	**-33,660**	**-17**
	Change in non-current financial liabilities	-44,288	-46,321
	Change in current financial assets/liabilities	70,408	82,224
	Other variances of equity	-709	98
	Cash flow from financing activities	**25,411**	**36,001**
	Net change in cash and cash equivalent	963	48,303
	Cash and cash equivalent exchange rate effect	200	-36
	Cash and cash equivalent opening balance	48,267	0
	Cash and cash equivalent closing	**49,430**	**48,267**

Balance sheet

EUR '000

Notes	ASSETS	2020	2019
	Other intangible assets	95	103
6	**Intangible assets**	**95**	**103**
	Land and buildings	79	0
	Right-of-use assets	460	58
7	**Property, plant and equipment**	**539**	**58**
8	Other non-current assets	705,722	669,721
8+9	Deferred tax assets	599	451
	Other non-current assets	**706,321**	**670,172**
	Total non-current assets	**706,955**	**670,333**
17	Trade receivables	1	0
	Amounts owed by Group enterprises	134,757	162,347
	Joint taxation contribution receivable	20,873	17,121
10	Other receivables	5,722	3,954
10	Prepayments	77	83
	Receivables	**161,430**	**183,505**
	Cash and cash equivalents	**49,430**	**48,267**
	Total current assets	**210,860**	**231,772**
	TOTAL ASSETS	**917,815**	**902,105**

Balance sheet

EUR '000

Notes	EQUITY AND LIABILITIES	2020	2019
	Shareholder's equity		
	Share capital	40,333	40,333
	Hedge reserve	-592	-2,059
	Retained earnings	531,930	515,769
	Total shareholders' equity	**571,671**	**554,043**
	Liabilities		
11	Credit institutions, etc.	350	39
	Derivative financial instruments (negative fair value)	1,262	11,508
	Amounts owed to Group enterprises	60,752	105,070
	Deferred income	288	415
	Non-current liabilities	**62,652**	**117,032**
11	Credit institutions, etc.	133	10,042
	Trade payables	178	190
	Amounts owed to Group enterprises	276,103	216,023
	Derivative financial instruments (negative fair value)	0	111
	Income tax payable	6,151	4,261
12	Other payables	799	275
	Deferred income	128	128
	Current liabilities	**283,492**	**231,030**
	Total liabilities	**346,144**	**348,062**
	TOTAL EQUITY AND LIABILITIES	**917,815**	**902,105**

Statement of shareholders' equity

EUR '000	Share capital	Hedge reserve	Retained earnings	Total equity
Shareholders' equity at 1 January 2020	**40,333**	**-2,059**	**515,769**	**554,043**
Effect of translation to presentation currency		-6	1,919	1,913
Changes in fair value of financial instruments		1,473	0	1,473
Profit for the year (total comprehensive income)			14,242	14,242
Shareholders' equity at 31 December 2020	**40,333**	**-592**	**531,930**	**571,671**

	Share capital	Hedge reserve	Retained earnings	Total equity
Shareholders' equity at 1 January 2019	**40,333**	**-3,976**	**571,933**	**608,290**
Effect of translation to presentation currency		1	60	61
Changes in fair value of financial instruments		1,916	0	1,916
Profit for the year (total comprehensive income)			-56,224	-56,224
Shareholders' equity at 31 December 2019	**40,333**	**-2,059**	**515,769**	**554,043**

The share capital in 2020 and 2019 consists of:
1 share at DKK 150m
1 share at DKK 60m
2 shares at DKK 30m each
1 share at DKK 15m
5 shares at DKK 3m each

Dividends distributed to shareholders in 2020 were EUR 0.0m (2019: EUR 0.0m).
All shares are fully issued and paid up. One share of DKK 1,000 holds one vote.

EUR '000

		2020	2019
1	**Revenue**		
	Dividend received	13,415	10,715
	Consultancy services provided to subsidiaries and royalties on the subsidiaries' use of the trademarks	19,701	28,375
		33,116	**39,090**
2	**Staff costs**		
	Wages and salaries and other remuneration	1,479	1,368
	Pension costs, defined contribution scheme	96	95
	Social security costs	2	7
		1,577	**1,470**
	Number of employees at 31 December	10	10
	Average number of full-time employees	10	10
	Remuneration of the Board of Directors, the Management and other senior executives		
	Salaries and remunerations	571	583
	Pension contributions	23	28
		594	**611**
	Hereof Board of Directors and Management	594	611

Remuneration of the Board of Directors represents EUR 75k in 2020 (2019: EUR 87k).

Pension schemes
Pension schemes in Aalborg Portland Holding A/S are defined contribution schemes, which do not entail any obligations beyond payment of contributions.

		2020	2019
3	**Fees to the auditors appointed by the Annual General Meeting**		
	Total fees to KPMG are specified as follows:		
	Statutory audit	58	70
	Tax and VAT advisory services	23	23
	Other services	19	2
		100	**95**
	Fees to other auditors	0	0
4	**Financial income and expenses**		
	Financial income		
	Interest, cash funds, etc.	12	75
	Interest, Group enterprises	6,856	8,817
	Financial income on derivatives	128	141
	Exchange rate adjustments	991	104
		7,987	**9,137**
	Interest on financial assets measured at amortised cost	6,868	8,892
	Financial expenses		
	Interest, credit institutions, etc.	294	390
	Interest, Group enterprises	1,580	2,664
	Losses on derivatives	2,240	5,180
	Ineffective part of hedge	447	298
	Exchange rate adjustments	1,355	210
	Other financial expenses	737	66,830
		6,653	**75,572**
	Interest on financial obligations measured at amortised cost	1,874	3,054

Other financial expenses of EUR 0.0m (2019: EUR 66.3m) include the impairment of the investment in Cimentas Group deriving from the difference between the expected future cash flow and the carrying amount of the investment, reference is made to note 7.

EUR '000

		2020	2019
5	**Income tax**		
	Income tax		
	Current tax on the profit for the year/joint taxation contribution	716	24
	Deferred tax adjustment	-146	391
	Other adjustments, including previous years	-86	-29
		484	**386**
	Taxes paid	**-2,436**	**683**

According to legislation, the Parent Company is the administrative company of the compulsory Danish joint taxation.

	2020	2019
Reconciliation of tax rate		
Tax according to Danish tax rate 22.0%	3,240	-12,284
Dividends received from subsidiaries and profits from sales	-2,954	-2,357
Other, including adjustments previous years	198	15,027
	484	**386**
Applicable tax rate for the year	**3%**	**-1%**
Total income tax	**484**	**386**

6 Intangible assets

	Other intangible assets	Total
Cost at 1 January 2020	243	243
Exchange rate adjustments	1	1
Cost at 31 December 2020	**244**	**244**
Amortisation and impairment at 1 January 2020	140	140
Exchange rate adjustments	1	1
Amortisation for the year	8	8
Amortisation and impairment at 31 December 2020	**149**	**149**
Carrying amount at 31 December 2020	**95**	**95**

	Other intangible assets	Total
Cost at 1 January 2019	226	226
Additions	17	17
Cost at 31 December 2019	**243**	**243**
Amortisation and impairment at 1 January 2019	129	129
Amortisation for the year	11	11
Amortisation and impairment at 31 December 2019	**140**	**140**
Carrying amount at 31 December 2019	**103**	**103**

	2020	2019
Amortisation during the year is included in the following items:		
Administrative expenses	8	11
	8	**11**

Other intangible assets include patents.

EUR '000

7 Property, plant and equipment

	Land and buildings	Right-of-use assets	Total
Cost at 1 January 2020	0	71	71
Exchange rate adjustments	0	1	1
Additions	80	467	547
Cost at 31 December 2020	**80**	**539**	**619**
Depreciation and impairment at 1 January 2020	0	13	13
Depreciation for the year	1	66	67
Depreciation and impairment at 31 December 2020	**1**	**79**	**80**
Carrying amount at 31 December 2020	**79**	**460**	**539**

	Land and buildings	Right-of-use assets	Total
Change in accounting policy, leases	0	20	20
Additions	0	57	57
Disposals	0	-6	-6
Cost at 31 December 2019	**0**	**71**	**71**
Reversed depreciation on disposals	0	-6	-6
Depreciation for the year	0	19	19
Depreciation and impairment at 31 December 2019	**0**	**13**	**13**
Carrying amount at 31 December 2019	**0**	**58**	**58**

	2020	2019
Depreciation during the year is included in the following items:		
Administrative expenses	67	19
	67	**19**

Variable lease payments may depend on an index, a rate or other elements. Variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index/rate at the lease commencement

The Company is not exposed to any significant future cash outflows that are not reflected in the measurement of lease liabilities. Residual value guarantees that are expected to be paid are included in the initial measurement of the lease liability. Reference is made to note 11.

EUR '000

8 Other non-current assets

	Investments in subsidiaries	Deferred tax assets	Total
Cost at 1 January 2020	771,236	451	771,687
Exchange rate adjustments	2,837	2	2,839
Additions	33,580	152	33,732
Disposals	0	-6	-6
Cost at 31 December 2020	**807,653**	**599**	**808,252**
Impairment at 1 January 2020	-101,515	0	-101,515
Exchange rate adjustments	-416	0	-416
Impairment at 31 December 2020	**-101,931**	**0**	**-101,931**
Carrying amount at 31 December 2020	**705,722**	**599**	**706,321**

	Investments in subsidiaries	Deferred tax assets	Total
Cost at 1 January 2019	771,307	843	772,150
Exchange rate adjustments	-71	0	-71
Additions	0	105	105
Disposals	0	-21	-21
Change offset in provision for deferred tax	0	-476	-476
Cost at 31 December 2019	**771,236**	**451**	**771,687**
Adjustments at 1 January 2019	-35,292	0	-35,292
Exchange rate adjustments	68	0	68
Impairment	-66,291	0	-66,291
Adjustments at 31 December 2019	**-101,515**	**0**	**-101,515**
Carrying amount at 31 December 2019	**669,721**	**451**	**670,172**

Impairment test has been performed in relation to goodwill, which supports the carrying amounts on the investments. The impairment test of Cimentas Group is further supported by the stock market price.

At 31 December 2019 the impairment test performed on the Cimentas Group investment outlined that the expected future cash flow is lower than the carrying amount of the investment with an amount of EUR 66.3m, which has been booked as an impairment loss.
The main reason to the impairment is due to the devaluation of the Turkish lira in 2019 and continued uncertainty about economic policy and development.
Reference is made to note 9 in the consolidated financial statement, where key assumptions and sensitivity in impairment test are disclosed.

9 Deferred tax assets and deferred tax liabilities

	2020	2019
Change in deferred tax in the year		
Deferred tax at 1 January	-451	-843
Exchange rate adjustments	-2	0
Adjustments, previous years via income statement	0	476
Movements via income statement	-146	-84
Deferred tax liabilities at 31 December, net	**-599**	**-451**
Deferred tax is presented in the balance sheet as follows:		
Deferred tax assets	599	451
Deferred tax liabilities at 31 December, net	**-599**	**-451**

	Deferred tax assets		Deferred tax liabilities	
	2020	2019	2020	2019
Intangible assets	-9	-3	0	0
Current assets	-17	-18	0	0
Non-current and current liabilities	625	472	0	0
Deferred tax at 31 December	**599**	**451**	**0**	**0**

EUR '000

10 Other receivables and prepayments

Other receivables include VAT and other receivables.
Prepayments comprise insurance.

11 Credit institutions and other borrowings

Bank borrowings and credits in the Parent Company at 31 December:

	Year of maturity	Fixed/ variable	Carrying amount 2020	Carrying amount 2019
Bank borrowings and credits	2021	Variable	22	10,023
Lease liability	2025	Variable	461	58
Financial payable Group enterprises	2022	Fixed	60,752	105,070
			61,235	**115,151**

Fair values do not significantly deviate from the carrying amount.

Fair values correspond to the nominal outstanding debt.

The Parent Company's debt to credit institutions has been recognised and falls due as follows:

	Non-current borrowings (>1 year)	Current borrowings (0-1 year)	Total	Maturity >5 years
31 December 2020:				
Bank borrowings and credits	0	22	22	0
Lease liability	350	111	461	0
Financial payable Group enterprises	60,752	0	60,752	0
	61,102	**133**	**61,235**	**0**
Specification of contractual cash flows incl. interest:				
Bank borrowings and credits	0	22	22	0
Lease liability	351	112	463	0
Financial payable Group enterprises	60,752	1,359	62,111	0
	61,103	**1,493**	**62,596**	**0**

	Non-current borrowings (>1 year)	Current borrowings (0-1 year)	Total	Maturity >5 years
31 December 2019:				
Bank borrowings and credits	0	10,023	10,023	0
Finance leases	39	19	58	0
Financial payable Group enterprises	105,070	0	105,070	0
	105,109	**10,042**	**115,151**	**0**
Specification of contractual cash flows incl. interest:				
Bank borrowings and credits	0	10,043	10,043	0
Finance leases	39	19	58	0
Financial payable Group enterprises	106,409	1,832	108,241	0
	106,448	**11,894**	**118,342**	**0**

The maturity analysis is based on all undiscounted cash flows including estimated payment of interest.
Payment of interest is estimated and based on the present market conditions.

Other financial liabilities are due within 1 year.

12 Other payables

Other current payables include holiday pay liabilities, taxes and public indirect taxes.

EUR '000

13 Contingent liabilities, contractual obligations and contingent assets

Contingent liabilities
The Parent Company is involved in a few disputes, lawsuits, etc., of various scopes, including a few tax disputes in some countries. No significant liabilities are considered to be incumbent on the Parent Company in that respect, and the outcome of the disputes is not expected to have significant impact on the Parent Company's financial position beyond what has been recognised in the balance sheet.

In 2020, contractual liabilities are EUR 0.0m (2019: EUR 0.0m).

The Parent Company is taxed jointly with other Danish companies in the Aalborg Portland Holding Group. As an administrative company, the Parent Company is jointly and unlimited liable with the other companies in the joint taxation of Danish taxes at source and income taxes within the joint taxation group. Payable income taxes in the joint taxation group amounted to EUR 6.2m at 31 December 2020 (2019: EUR 4.3m). Any subsequent corrections of the taxable income subject to joint taxation could cause a higher liability of the Parent Company.

14 Related party transactions

Related parties with significant influence in Aalborg Portland Holding A/S:
- Cementir España S.L., Calle General Yagüe, Num. 13, 28020 Madrid, Spain
- Cementir Holding N.V., Zuidplein, 36, 1077 XV Amsterdam, Netherlands
- Caltagirone S.p.A., Via Barberini, 28, 00187 Rome, Italy

Related parties within Aalborg Portland Holding A/S comprise the enterprises' Board of Directors and Management together with family related to these persons.
Furthermore, related parties comprise enterprises in which the above-mentioned persons have significant interests.

Additionally, related parties include subsidiaries, joint ventures and joint operation cf. page 75, where the Parent Company has significant influence or exercises control or joint control.

Transactions with Cementir Holding N.V.:	2020	2019
- Intra-group management and administration agreements and royalties	8,778	21,051
- Financial items, net	-1,549	-2,504
- Payables	1,909	5,457
- Non-current financing	60,752	105,070
Transactions with other related parties:		
- Intercompany management, administration agreements and shared service	10,982	23,201
- Financial items, net	6,825	8,657
- Trade and financial receivables	134,757	104,564
- Trade and financial payables	72,594	210,566

Remuneration of the Board of Directors and the Management is presented in note 2.
No losses on loans to or receivables from related parties were recognised, nor provisions made for such in 2020 or 2019.

15 Financial risks and financial instruments

The Parent Company's most predominant currency exposure regarding the operating results arises from NOK and USD. A 10% drop in these exchange rates compared to EUR/DKK would, viewed separately, increase EBITDA by EUR 0.3m. NOK amounts to EUR 0.1m and USD amounts to EUR 0.2m (2019: EUR 0.2m. NOK amounted to EUR 0.1m and USD amounted to EUR 0.1m).

Currency risks

Forward contracts regarding future transactions

The Group does not comply with the conditions for taking out hedge accounting of future cash flows from the sale of goods. In terms of the hedging of future investments, the Group assesses in each case whether these comply with the conditions for hedge accounting.

There have been no currency forward contracts at 31 December 2020 or at 31 December 2019.

The Parent Company entered into a swap agreement (hedge accounting) with a termination date in 2024, where both currency risk and interest risk have been hedged. Related to the interest risk the Group has agreed to pay a fixed rate of 0.43% + a spread of 3.63% and the Group will receive EURIBOR + a spread of 2.88% each 30 April and 31 October until maturity. The effective part of the hedge is equal to all future cash flow payments and nominal installments.

The fair value liability is included in a separate line item in the balance sheet "Derivative financial instruments”.
The ineffective part is recognised as financial income.

2020:

	Notional amount	Maturity < 1 year	Maturity 1-5 years	Maturity > 5 years	Strike	Fair value liability	Change in fair value recognised in hedge reserve	Ineffective part recognised in income statement
EURm								
Swap USD/EUR	99.8	11.4	88.4	0.0	1.00 EUR/ 1.235 USD	-1.3	1.5	-0.4

2019:

	Notional amount	Maturity < 1 year	Maturity 1-5 years	Maturity > 5 years	Strike	Fair value liability	Change in fair value recognised in hedge reserve	Ineffective part recognised in income statement
EURm								
Swap USD/EUR	114.3	10.1	104.3	0.0	1.00 EUR/ 1.235 USD	-11.5	1.9	-0.3

Interest rate risk

The Parent Company is included in the cash pool for the Group.

Liquidity risks

Aalborg Portland Holding A/S has access to funding through the Cementir Holding facility which includes certain covenants.

The Parent Company acts as account holder of the Group's cash pool scheme and as bank in proportion to other intra-group loans. The purpose of the cash pool scheme is to optimise cash management and the use of liquidity in the participating companies.

Credit risks

Receivables from the Parent Company’s activities are attributable to Danish and foreign Group companies. The Parent Company is familiar with customers, who have not been granted long credit lines.

The Parent Company's trade receivables at 31 December 2020 and 31 December 2019 include no write-downs. Historically there have not been any write-downs.

Regarding management of capital structure, reference is made to note 27 in the consolidated financial statements.

Fair value measurement

Financial instruments measured at fair value are measured on a recurring basis and categorised into the following levels of the fair value hierarchy:

- Level 1: Observable market prices for identical instruments

- Level 2: Valuation techniques primarily based on observable prices or traded prices for comparable instruments
- Level 3: Valuation techniques primarily based on unobservable prices

Securities and investments measured at fair value through profit/loss are either measured at quoted prices in an active market for the same type of instrument (level 1) or at fair value based on available data (level 3).

Hedging instruments are not traded on an active market based on quoted prices. Measured instead of using a valuation technique, where all significant inputs are based on observable market data; such as exchange rates, interest rates, credit risk and volatilities (level 2).

There have been no transfers between the levels in 2020 or 2019.

Specification of financial assets and obligations

EUR '000	Carrying value 2020	Fair value 2020	Carrying value 2019	Fair value 2019
Financial assets measured at fair value through the income statement	0	0	0	0
Derivatives used as hedging instruments, level 2	0	0	0	0
Loans and receivables	140,479	140,479	166,301	166,301
Financial obligations measured at fair value through the income statement	0	0	0	0
Derivatives used as hedging instruments, level 2	1,262	1,262	11,508	11,508
Financial obligations measured at amortised cost	337,832	337,832	321,558	321,558

Methods and assumptions on determination of fair values

In general, fair value corresponds to the carrying value, except for mortgage loans.

Financial instruments related to sale and procurement of goods, etc. with a short credit period are measured at fair value corresponding to the carrying value.

Derivative financial instruments are computed on generally accepted valuation methods based on relevant exchange rates.

The methods used are unchanged compared to 2019.

16 Post-balance sheet events

There have been no post-balance sheet events material to this Annual Report which have not been recognised or mentioned.

17 Estimation on uncertainties and judgements

Investments in subsidiaries are tested for impairment based on performed impairment tests of goodwill as described in note 9 in the consolidated financial statements. Uncertainty is mainly related to Turkey.

18 Accounting policies

Parent Company

The Parent Company's financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports, according to large class C.

Compared to the accounting policies applied in the consolidated financial statements (see Note 29 to the consolidated financial statements), the Parent Company's accounting policies only deviate in the following items:

Revenues

Dividends received from investments in subsidiaries and joint ventures are recognised as revenue in the Parent Company's income statement in the financial year in which the dividends are declared. To the extent that the distributed dividend exceeds the total comprehensive income of enterprises for the period when the decision to pay interim dividend is made, impairment test is carried out.

Investments in subsidiaries
Investments in subsidiaries are measured at cost. In case of indication of impairment, impairment test is carried out as described in the accounting policies of the Group. If the carrying value exceeds the recoverable amount, write-down is made to this lower value.

On disposal of investments in subsidiaries, the difference between the sales price and the carrying amount (cost of the shares based on a weighted average) is recognised in the income statement at the date of disposal.

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Aalborg Portland Holding A/S for the financial year 1 January – 31 December 2020.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's activities and financial matters, of the results for the year and of the Group's and the Parent Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 8 March 2021

Executive Board

Francesco Caltagirone Jr
CEO

Henning Bæk
Executive Vice President, CFO

Board of Directors

Bjarne Moltke Hansen
Chairman

Francesco Caltagirone Jr

Marco Maria Bianconi

Alessandro Caltagirone
Vice Chairman

Francesco Gaetano Caltagirone

Azzurra Caltagirone

Claudio Criscuolo

Independent auditor's report

To the shareholders of Aalborg Portland Holding A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Aalborg Portland Holding A/S for the financial year 1 January – 31 December 2020 comprising income statement, balance sheet, statement of changes in equity, cash flow statements and notes, including accounting policies, for the Group as well as for the Parent Company. The consolidated financial statements and parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2020 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements.

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 company financial statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for 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 rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements and for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group or the Company 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 company financial statements

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements and the parent company 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these consolidated financial statements and parent company 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 company 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 Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent company 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 Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and the parent company financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the consolidated financial statements and the parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 8 March 2021

KPMG
Statsautoriseret Revisionspartnerselskab
CVR No 25 57 81 98

Steffen S. Hansen
State Authorised Public Accountant
MNE-NO. 32737

Board of Directors

Bjarne Moltke Hansen, *Chairman*
Alessandro Caltagirone, *Vice Chairman*
Azzurra Caltagirone
Francesco Caltagirone Jr
Francesco Gaetano Caltagirone
Marco Maria Bianconi
Claudio Criscuoli

Executive Board

Francesco Caltagirone Jr, *CEO*
Henning Bæk, *Executive Vice President, CFO*

Nordic & Baltic

Søren Holm Christensen, *CEO*

Aalborg Portland
Søren Holm Christensen, *CEO*
Michael Lundgaard Thomsen, *CCO*
Henning Bæk, *Executive Vice President, CFO*

Unicon
Søren Holm Christensen, *CEO*
Henning Bæk, *Executive Vice President, CFO*

Belgium

Eddy Fostier, *General Manager*

Turkey

Cenker Mirzaoğlu, *CEO*

Overseas

Alberto Barbieri, *Managing Director, Egypt*
Alessandro Civera, *Managing Director, USA*
Fabrizio Piero Carraro, *Managing Director, Malaysia*
Yan Xing Wu, *Managing Director, China*

Companies in the Group

The Company
Aalborg Portland Holding A/S
P.O. Box 165, 9100 Aalborg
Rørdalsvej 44, 9220 Aalborg Øst
Denmark
Tel. +45 98 16 77 77
E-mail: cement@aalborgportland.com
Internet: www.aalborgportlandholding.com
CVR No 14 24 44 41

Owners
Aalborg Portland Holding A/S is 75% owned by Cementir España S.L., Spain and 25% owned by Globo Cem S.L., Spain.
Aalborg Portland Holding A/S is included in the Group financial statements for Cementir Holding N.V., the Netherlands and Caltagirone S.p.A., Italy.

Annual General Meeting
16 April 2021 at
Islands Brygge 43, Copenhagen.

			Nominal share capital (in 000)	Direct holding **	Minorities
Aalborg Portland Holding A/S	Denmark	DKK	300,000	-	
Spartan Hive S.p.A.	Italy	EUR	300,000	100.0%	
Aalborg Portland Digital S.R.L.	Italy	EUR	500,000	100.0%	
Aalborg Portland					
Aalborg Portland A/S	Denmark	DKK	100,000	100.0%	
Aalborg Portland Íslandi ehf.	Iceland	ISK	303,000	100.0%	
Aalborg Portland Polska Sp. z o.o.	Poland	PLN	100	100.0%	
Aalborg Portland OOO	Russia	RUB	14,700	100.0%	
Aalborg Portland France S.A.S.	France	EUR	10	100.0%	
Aalborg Portland Belgium S.A.	Belgium	EUR	500	100.0%	
Unicon					
Unicon A/S	Denmark	DKK	150,000	100.0%	
Unicon AS	Norway	NOK	13,289	100.0%	
AB Sydsten	Sweden	SEK	15,000	50.0%	50.0%
ÅGAB Syd AB *	Sweden	SEK	500	40.0%	
Skåne Grus AB	Sweden	SEK	1,000	60.0%	40.0%
Ecol-Unicon Sp. z o.o. *	Poland	PLN	1,000	49.0%	
Kudsk & Dahl A/S	Denmark	DKK	10,000	100.0%	
Belgium					
Compagnie des Ciments Belges S.A. (CCB)	Belgium	EUR	179,344	100.0%	
De Paepe Beton N.V.	Belgium	EUR	500	100.0%	
Société des Carrières du Tournaisis S.A. (S.C.T.) ***	Belgium	EUR	12,297	65.0%	
Recybel S.A.	Belgium	EUR	99	25.5%	
Mixers at your Service NV	Belgium	EUR	976	18.0%	
Compagnie des Ciments Belges France S.A. (CCBF)	France	EUR	34,363	100.0%	
Overseas					
Sinai White Portland Cement Co. S.A.E.	Egypt	EGP	350,000	71.1%	28.9%
Aalborg Portland Malaysia Sdn. Bhd.	Malaysia	MYR	95,400	70.0%	30.0%
Aalborg Resources Sdn. Bhd.	Malaysia	MYR	2,544	100.0%	
Aalborg Portland (Australia) Pty. Ltd.	Australia	AUD	1	100.0%	
Aalborg Portland (Anqing) Co. Ltd.	China	CNY	265,200	100.0%	
Aalborg Portland U.S. Inc.	USA	USD	1	100.0%	
Aalborg Cement Company Inc.	USA	USD	1	100.0%	
Gaetano Cacciatore, LLC	USA	USD	N/A	100.0%	
White Cement Company LLC	USA	USD	N/A	100.0%	
Lehigh White Cement Company, LLC	USA	USD	N/A	63.3%	36.7%
Vianini Pipe, Inc.	USA	USD	4,483	99.9%	0.1%
Turkey					
Aalborg Portland España S.L.U.	Spain	EUR	3	100.0%	
Cimentas AS	Turkey	TRY	87,112	97.1%	2.9%
Cimbeton AS	Turkey	TRY	1,770	50.3%	49.7%
Ilion Cimento Ltd	Turkey	TRY	300	100.0%	
Destek AS	Turkey	TRY	50	100.0%	
Kars Cimento AS	Turkey	TRY	437,178	41.5%	58.5%
Recydia AS	Turkey	TRY	759,544	100.0%	
Sureko AS	Turkey	TRY	43,444	100.0%	
NWM Holdings Ltd	England	GBP	5,000	100.0%	
Neales Waste Management Ltd	England	GBP	100	100.0%	
Quercia Ltd.	England	GBP	5,000	100.0%	
Recydia AS	Turkey	TRY	759,544	8.9%	

* Joint ventures. Others are Group enterprises.
** Ownershare is stated as direct holding of the superjacent enterprise.
*** Pro rata consolidated.

Aalborg Portland Holding Group

Aalborg Portland Holding A/S
P.O. Box 165, 9100 Aalborg
Rørdalsvej 44, 9220 Aalborg Øst
Denmark
Tel. +45 98 16 77 77

Bjarne Moltke Hansen,
Chairman of the Board of Directors

Executive Board:
Francesco Caltagirone Jr, *CEO*
Henning Bæk,
Executive Vice President, CFO

Spartan Hive S.p.A.
200, Corso di Francia
00191 Rome
Italy
Tel. +39 06 324931
Pasquale Vetrano, *CEO*

Aalborg Portland Digital SRL
200, Corso di Francia
00191 Rome
Italy
Tel. +39 06 324931
Paolo Zugaro, *CEO*

Aalborg Portland

Aalborg Portland A/S
P.O. Box 165, 9100 Aalborg
Rørdalsvej 44, 9220 Aalborg Øst
Denmark
Tel. +45 98 16 77 77
E-mail:
cement@aalborgportland.com
Internet: www.aalborgportland.dk

Bjarne Moltke Hansen,
Chairman of the Board of Directors

Executive Board:
Søren Holm Christensen,
CEO, Nordic & Baltic
Michael Lundgaard Thomsen, *CCO*
Henning Bæk,
Executive Vice President, CFO

Aalborg Portland Polska Sp. z o.o.
Ul. Targowa 24
03-733 Warsaw
Poland
Tel. +48 22 460 88 70+1
Tomasz Stasiak, *Managing Director*

Aalborg Portland Íslandi ehf.
Bæjarlind 4
201 Kópavogi
Iceland
Tel. +354 545 4800
Magnús Eyjólfsson, *Managing Director*

Aalborg Portland France S.A.S.
Avenue Bachelar Port de Commerce
17300 Rochefort
Postal address:
BP 10255
17305 Rochefort Cedex
France
Tel. +33 671 388 249
Jean-Fabien Criquioche, *Managing Director*

Aalborg Portland Belgium S.A.
Noorderlaan 147, Atlantic House
2030 Antwerp
Belgium
Tel. +32 472 86 47 29
Frank Brandt, General Manager

Aalborg Portland OOO
Street Vorovskogo, house 18A,
premise 317
Kingisepp district, town Kingisepp
188480, Leningrad region
Russia
Tel. +7 812 346 74 14
Alexey Tomashevskiy, *Managing Director*

Unicon

Unicon A/S (head office)
Islands Brygge 43
P.O. Box 1978
2300 Copenhagen S
Denmark
Tel. +45 70 10 05 90

Bjarne Moltke Hansen,
Chairman of the Board of Directors

Executive Board:
Søren Holm Christensen,
CEO, Nordic & Baltic
Henning Bæk,
Executive Vice President, CFO

Unicon (Denmark)
Islands Brygge 43
2300 Copenhagen S
Denmark
Tel. +45 70 10 05 90
Jan Søndergaard Hansen, *Managing Director*

Unicon AS (Norway)
Tevlingveien 23
1081 Oslo
Postal address:
P.O. Box 553 Sentrum
0105 Oslo
Norway
Eric Staurset, *Managing Director*

AB Sydsten
Stenyxegatan 7
213 76 Malmö
Sweden
Tel. +46 40 31 1900
Peter Camnert, *Managing Director*

Ecol-Unicon Sp. z o.o.
Registered office:
ul. Równa 2
80-067 Gdańsk
Headquaters:
ul. Marynarki Polskiej 163
80-868 Gdańsk
Poland
Tel. +48 58 306 5678
Wojciech Falkowski, *Managing Director*

Kudsk & Dahl A/S
Vojensvej 7
6500 Vojens
Denmark
Tel. +45 74 54 12 92
Jan Søndergaard Hansen, *Managing Director*

Belgium

Compagnie des Ciments Belges S.A. (CCB)
Grand'Route, 260
7530 Gaurain-Ramecroix
Belgium
Tel. +32 69 25 25 11
Eddy Fostier, *General Manager*

Turkey

Cimentas İzmir Çimento Fabrikası Türk A.Ş.
Egemenlik Mahallesi Eski Kemalpaşa
Caddesi No:4B Işıkkent Bornova
35070 Izmir
Turkey
Tel. +90 232 472 10 50
Cenker Mirzaoğlu, *CEO*

Overseas

Sinai White Portland Cement Co. S.A.E.
604 (A), El-Safa Street
New Maadi
Cairo
Egypt
Tel. +202 2754 2761-3
Alberto Barbieri, *Managing Director*

Aalborg Portland Malaysia Sdn. Bhd.
Lot 75244, Pinji Estate, Lahat
P.O. Box 428
30750 Ipoh
Perak
Malaysia
Tel. +60 5 382 0388
Fabrizio Piero Carraro, *Managing Director*

Aalborg Portland (Anqing) Co. Ltd.
Guanbing, Yangqiao Town of Anqing
246000 Anqing, Anhui
PR China
Tel. + 86 556 536 7733
Yan Xing Wu, *Managing Director*

Aalborg Portland U.S. Inc.
1601 Forum Place
Suite 1110
West Palm Beach, FL 33401
USA
Tel. +1 561 812 7450
Bjarne Moltke Hansen, *President*

Aalborg Cement Company Inc.
1601 Forum Place
Suite 1110
West Palm Beach, FL 33401
USA
Tel. +1 561 812 7450
Bjarne Moltke Hansen, *President*

Gaetano Cacciatore, LLC
1601 Forum Place
Suite 1110
West Palm Beach, FL 33401
USA
Tel. +1 561 812 7450
Alessandro Civera, *Manager*

White Cement Company LLC
1601 Forum Place
Suite 1110
West Palm Beach, FL 33401
USA
Tel. +1 561 812 7450
Vedat Ozer, *President*

Vianini Pipe, Inc.
P.O. Box 492
Whitehouse, NJ 08888
USA
Tel. +1 908 534 4021
Michael Grapsy, *Managing Director*

Lehigh White Cement Company, LLC
1601 Forum Place
Suite 1110
West Palm Beach, FL 33401
USA
Tel. +1 561 812 7450
Alessandro Civera, *Managing Director*