Islands brygge 43, 2300 Copenhagen S
CVR No 16 06 49 39

# Annual Report 2019

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

Date: 17 / 4 - 2020

__________________________________
(Chairman of the meeting)

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# COMPANY DETAILS

**Company**

| | |
|---|---|
| Name: | Unicon A/S<br>Islands Brygge 43<br>2300 Copenhagen S |
| CVR No: | 16 06 49 39 |
| Registered in: | Copenhagen, Denmark |
| **Board of Directors:** | Bjarne Moltke Hansen, *Chairman*<br>Marco Maria Bianconi, *Vice Chairman*<br>Søren Holm Christensen<br>Carsten Ottsen *<br>Niels Erik Olsen *<br><br>* Elected by the employees |
| **Executive Board**: | Søren Holm Christensen, *CEO, Nordic & Baltic*<br>Henning Bæk, *Executive Vice President, CFO* |
| **Management:** | Jan Søndergaard Hansen, *Managing Director, Unicon, Denmark*<br>Knut L. Tiseth, *Managing Director, Unicon, Norway*<br>Peter Camnert, *Managing Director, Sydsten, Sweden*<br>Jan Søndergaard Hansen, *Managing Director, Kudsk & Dahl, Denmark* |
| **Company auditors**: | KPMG<br>Statsautoriseret Revisionspartnerselskab |

The Annual General Meeting adopted the annual report on 17 April 2020.

## Part of the Aalborg Portland Holding Group

Unicon A/S, Denmark is part of the Aalborg Portland Holding Group, which is part of the Cementir Group, an international supplier of cement and concrete. Unicon A/S is included in the Group financial statements for Aalborg Portland Holding A/S, Denmark and Caltagirone S.p.A., Italy.

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

# MANAGEMENT’S REVIEW

## Main activity

*Unicon develops, produces and distributes ready-mixed concrete in Denmark, Norway and Sweden. Unicon is one of the Nordic region's leading suppliers of ready-mixed concrete.*

## Group financial highlights

| DKKm | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| **INCOME STATEMENT** | | | | | |
| Revenue | 2,297 | 2,377 | 2,605 | 2,509 | 2,469 |
| **Earnings before depreciation/amortisation, impairment, provisions, interest and tax (EBITDA)** | **236** | **240** | **257** | **262** | **295** |
| *EBITDA ratio* | *10%* | *10%* | *10%* | *10%* | *12%* |
| **Earnings before interest and tax (EBIT)** | **136** | **144** | **166** | **172** | **146** |
| *EBIT ratio* | *6%* | *6%* | *6%* | *7%* | *6%* |
| **Earnings before tax (EBT)** | **135** | **133** | **157** | **181** | **139** |
| **Profit for the year** | **103** | **101** | **119** | **146** | **108** |
| **CASH FLOW** | | | | | |
| Cash flow from operating activities (CFFO) | 164 | 223 | 300 | 159 | 229 |
| Cash flow from investing activities (CFFI) * | -40 | -69 | -95 | -40 | -58 |
| **Free cash flow (FCF)** | **124** | **154** | **205** | **118** | **171** |
| * Hereof investments in property, plant and equipment | -60 | -81 | -101 | -76 | -69 |
| **BALANCE SHEET** | | | | | |
| Total assets | 1,288 | 1,200 | 1,204 | 1,312 | 1,523 |
| Consolidated shareholders' equity | 733 | 529 | 560 | 585 | 588 |
| **Net interest-bearing debt (NIBD)** | **-164** | **-3** | **-123** | **-130** | **74** |
| **Working capital (WC)** | **54** | **26** | **-54** | **-21** | **1** |
| **FINANCIAL RATIOS** | | | | | |
| **Including minority interests' share** | | | | | |
| Return on equity | 14% | 16% | 22% | 26% | 18% |
| Equity ratio | 57% | 44% | 47% | 45% | 39% |
| Return on capital employed (ROCE) | 12% | 15% | 19% | 22% | 15% |
| NIBD/EBITDA factor | -0.7 | 0.0 | -0.5 | -0.5 | 0.2 |
| **Number of employees at 31 December** | **672** | **663** | **670** | **664** | **659** |

The financial ratios have been computed in accordance with the Guidelines issued by the Danish Finance Society in 2015. Cf. definitions in accounting policies.
IFRS 16 have been implemented in 2019 without restatement of comparable figures.

Overall, in 2019 the Unicon Group experienced a small decline in revenue within ready-mixed concrete of 2% compared to 2018, but with large differences between markets in Denmark, Norway and Sweden. Compared with 2018, revenue and EBITDA expressed in DKK were down by DKK 41m and DKK 4m, respectively, due to the weakening of the Norwegian and Swedish krone.

In 2019, the Unicon Group realised revenue of DKK 2,469m, 2% lower than in 2018. Operating profit (EBITDA) was DKK 295m against DKK 262m in 2018. EBITDA was positively influenced in the amount of DKK 59m by the implementation of IFRS 16 on leasing with effect from 2019. The operating profit was in line with expectations.

The profit before tax for 2019 was DKK 139m against DKK 181m in 2018, a decrease of 23%. In 2018 results from the joint venture in Poland and sale of a joint venture in Norway impacted results positively.

The return on capital employed (ROCE) decreased from 22% in 2018 to 15% in 2019. The shareholder's equity at 31 December 2019 was DKK 588m, corresponding to an equity ratio of 39%.

Similar to past years, the Unicon Group achieved a positive cash flow from operating activities at DKK 229m. After net investments of DKK 58m, the Group has a free cash flow of DKK 171m.

**Denmark**

*In Denmark, Unicon is the market leader with 35 plants producing and supplying ready-mixed concrete to the whole country. Ready-mixed concrete is sold to both residential and business customers.*

In 2019, the market for ready-mixed concrete stabilised compared to the previous year, mainly as a result of lower mass of infrastructure projects, and increase in building activity in the residential sector.

In 2019, the company has consolidated its position as market leader and supplied ready-mixed concrete for a variety of high-profile projects during the year, including Carlsberg City in Copenhagen, lighthouse in Aarhus, as well as a number of hospitals, data centres, and many more small and larger projects. Additionally, Unicon has been supplier to the Metro City Circle Line as well as the North extension, all being long-term construction projects in its final stages, which together comprised more than 600,000 $m^3$ of ready-mixed concrete.

Unicon is an active participant in the trade association Danish Concrete and contributes thereby to expose the knowledge of the many possibilities of using concrete. This effort strengthens the development of the industry into the future.

Unicon is also engaged in sustainable development of cement and concrete production in Denmark. Unicon ordered the first hybrid diesel/battery RMC trucks to be delivered in 2020, another steep in the sustainable strategy for Unicon Denmark.

Gravel activities, which are administered by the subsidiary Kudsk & Dahl A/S stabilised EBITDA compared to previous year.

**Norway**

*Unicon AS produces ready-mixed concrete at 24 plants and 4 mobile units and supplies the central and southern parts of Norway.*

The residential and non-residential market declined in 2019, while the infrastructure market continued to grow. Unicon supplied concrete to a number of very high-profile construction projects, e.g. the railway project Follobanen in Oslo, Power House in Trondheim and in Telemark and the spectacular underwater restaurant Under. In the mobile sector, Unicon has supplied to Nordøyvegen, FV17 Aldersundet and to a road project on E134 at Kongsberg.

In 2019, special focus was on environment and sustainability, customer service and improved competitiveness. Unicon has several improvement projects with environmental focus within areas like product development, greener transportation and waste management. Unicon received its environmental certification according to ISO 14001 in 2013.

The ready-mix plant in Drammen has been fully revamped during 2019.

Unicon is an active member of Fabeko, the Norwegian ready-mixed concrete association, and is also involved in Byggutengrenser. Fabeko and Byggutengrenser work to increase the market share of ready-mixed concrete as a building material through fact-based information to politicians, builders, architects and people in general about the advantages and possibilities with ready-mixed concrete.

**Sweden**

*AB Sydsten produces and sells ready-mixed concrete and aggregates (granite and gravel) to the southern part of Sweden. The company has 9 plants, 5 granite quarries, 2 gravel pits, trading business in precast concrete and a recycling business.*

In 2019, Sydsten maintains its market position in terms of volumes, revenue and earnings compared to 2018. Sales during 2019 were stable and high in all business streams, primarily due to some huge projects such as 4-track railway, New Hospital Malmö, ESS and furthermore a stable residential market. We also notice a higher activity in the infrastructure market where Sydsten during the year becomes the selected supplier of concrete and aggregates for two harbour projects in Ystad and Trelleborg.

Sydsten has been successful in both keeping and developing the business with existing customers and finding new customers in the market for both concrete and aggregates. Our environmental efforts and actions towards a fossil free production such as four ready-mix trucks with electrical hybrid engine, bio-fuels in all concrete plants and continuing electrifying the production in our quarries has been an important factor to win new contracts in the market.

Sydsten is also engaged in several social activities in the community such as Lund's University of Technology, "Smart Math" in elementary school and every year Sydsten participates at the exhibition "Industrinatten" for high school students.

## Group exposures

**Business risks**
The company is sensitive to the conditions usually affecting sale of ready-mixed concrete. This exposure can be split into four main areas:

- Private new construction
- Multi-storey houses and multi-family houses
- Non-residental construction
- Public-sector construction and infrastructure

The Unicon Group's focus of business is on the Scandinavian countries. Efforts are made to achieve a proper mix of variable and fixed costs to be able to counter temporary changes in demand.

**Currency exposure**
The Group's products are usually not sold to other countries, for which reason its currency exposure is limited mainly to balance sheet items which for individual subsidiaries are in local currency.

**Interest rate exposure**
It is Group policy to have a proper mix of short-term and medium-term interest exposure. Long-term interest agreements are concluded seldom.

**Cash flow risk**
It is Group policy always to be able to pay its debts, and periodic cash management and reporting therefore takes place on a systematic basis to ensure this.

**Credit risks**
The Group's credit risk primarily relates to trade receivables from sale to customers. The Group's receivables are assessed on a current and individual basis and provisions are made currently if there is any doubt about a customer's ability to pay. Basically, sale to customers with an estimated low ability to pay is made against prepayment or a bank guarantee.

The maximum credit risk on trade receivables corresponds to the value at which they are included in the balance sheet. No individual customer poses any material risk to the Group.

**Environment and energy**
Environmental respect and energy consumption are focal issues for the entire Nordic ready-mixed concrete business area. A number of environmental projects are therefore currently under way, including one relating to the recycling of large volumes of water used in company processes.

Concrete is an environment-friendly building material pre-dominantly produced from natural resources.

Environmental impacts from Unicon's concrete production are continuously being reduced, and Unicon has established an internal Environmental Management System based on ISO 14001 that has been implemented in the Group's production plants. The system ensures ongoing improvements to environmental conditions at company plants.

## Sustainability and social responsibility

Unicon is part of the annual report of the Aalborg Portland Holding Group, which is part of the annual report of the Cementir Group, in which social responsibility has been described.

Unicon's Statutory Report on Corporate Social Responsibility, cf. Section 99(a) of the Danish Financial Statements Act, can be found in "Sustainability Report 2019" from Cementir Holding, the owner of Aalborg Portland Holding. The report is available at www.cementirholding.it.

In accordance with Danish regulations governing the gender composition of management in large companies, cf. Section 139(a) of the Danish Companies Act and Section 99(b) of the Financial Statements Act, the Group's policy on gender equality is being extended to recruitment and promotion, the decisive consideration being to find the best qualified people for all company positions. Focus is placed on increasing the number of female managers to provide for a balanced gender composition.

Increasing the female representatives in the management level remains a priority for Unicon A/S and during 2020 we will continue working to attract female candidates and strengthen our recruitment strategies to ensure that we have female candidates, applying for management positions.

For 2019, the management level of Unicon A/S consists of 15 males and 0 female.

The Board of the Group's parent company has three male AGM-elected members. The aim of Unicon A/S is to have at least one female AGM-elected member before the end of 2021.

**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, reference is made to parent company Aalborg Portland Holding A/S annual report 2019.

## Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

## Other issues

In Aalborg Portland Holding A/S' consolidated financial statements for 2019, the Unicon group contributes with DKK 154m before tax and minority interests. Aalborg Portland Holding A/S' consolidated financial statements are presented according to IFRS. The variances to the Group accounts of Unicon A/S for 2019, which is presented according to the Danish Financial Statements' Act, are:

| | |
|---|---|
| Earnings before tax (EBT) in the Unicon consolidated financial statements | DKK 139m |
| Amortisation of goodwill, not deductible, cf. IFRS | DKK 15m |
| Contribution (EBT) to the Aalborg Portland Holding Group | DKK 154m |

The total variance between Unicon A/S's financial statements for 2019 and the contribution to Aalborg Portland Holding A/S' consolidated financial statements for 2019 amounts to DKK 15m before tax.

## Expectations to 2020

Sales in 2020 are generally expected to be in line with 2019.

In Denmark, sales are expected to increase slightly compared to 2019.

In Norway, sales are expected to increase compared to 2019, whereas sales in Sweden are expected to be slightly below 2019.

Efforts will still be focused on maintaining a strong market position and - based on the business units' close customer relations - constantly keep focus on customer needs and product development.

Overall, earnings for 2020 are expected to be in line with 2019.

## Financial ratios

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

## 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 Unicon A/S for the financial year 1 January – 31 December 2019.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion the consolidated financial statements and the parent company financial statements give a true and fair view of the 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 2019.

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 the annual report for adoption at the Annual General Meeting.

Copenhagen, 5 March 2020

**Executive Board:**

Søren Holm Christensen

Henning Bæk

**Board of Directors:**

Bjarne Moltke Hansen
*Chairman*

Marco Maria Bianconi
*Vice Chairman*

Søren Holm Christensen

Carsten Ottsen *

Niels Erik Olsen *

* Elected by the employees

# THE INDEPENDENT AUDITOR’S REPORT

### To the Shareholders of Unicon A/S

## Opinion

We have audited the consolidated financial statements and the parent company financial statements of Unicon A/S for the financial year 1 January – 31 December 2019 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group as well as for the Parent Company and a cash flow statement for the Group. The consolidated financial statements and parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the 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 2019 in accordance with the Danish Financial Statements Act.

## 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 the Danish Financial Statements Act 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.

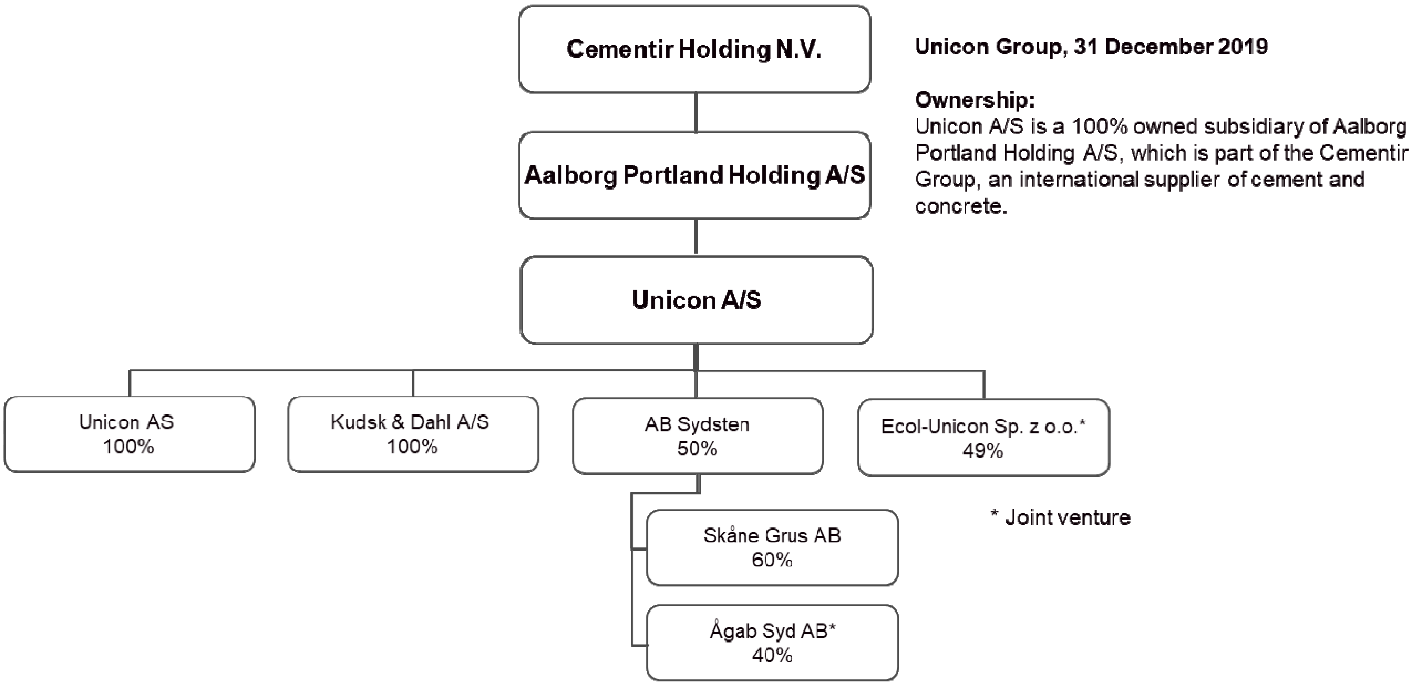
Copenhagen, 5 March 2020

**KPMG**
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Henrik O. Larsen
State Authorised Public Accountant
MNE-NO. 15839

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

## GROUP CHART


Cementir Holding N.V.
Aalborg Portland Holding A/S
Unicon A/S
Unicon AS
100%
Kudsk & Dahl A/S
100%
AB Sydsten
50%
Ecol-Unicon Sp. z o.o.*
49%
Skåne Grus AB
60%
Ågab Syd AB*
40%
* Joint venture
Unicon Group, 31 December 2019
Ownership:
Unicon A/S is a 100% owned subsidiary of Aalborg Portland Holding A/S, which is part of the Cementir Group, an international supplier of cement and concrete.

| Notes | | 2019<br>DKK '000 | 2018<br>DKK '000 |
|---|---|---|---|
| | Revenue | 2,469,131 | 2,508,992 |
| 1 | Cost of sales | 1,543,143 | 1,554,136 |
| | **Gross profit** | **925,988** | **954,856** |
| 1 | Sales and distribution costs | 610,040 | 618,300 |
| 1 | Administrative expenses and other costs | 177,973 | 178,587 |
| | **Profit from ordinary operating activities** | **137,975** | **157,969** |
| 2 | Other operating income | 7,743 | 15,193 |
| 2 | Other operating costs | 145 | 800 |
| | **Earnings before interest and tax (EBIT)** | **145,573** | **172,362** |
| 3 | Share of profit after tax, joint ventures | 2,317 | 18,527 |
| 4 | Financial income | 4,677 | 4,990 |
| 4 | Financial expenses | 13,129 | 14,865 |
| | **Earnings before tax (EBT)** | **139,438** | **181,014** |
| 5 | Tax on profit for the year | 31,891 | 34,778 |
| | **Profit for the year** | **107,547** | **146,236** |
| | Attributable to: | | |
| | Non-controlling interests | 19,469 | 19,671 |
| | Shareholders in Unicon A/S | 88,078 | 126,565 |

| | 2019<br>DKK '000 | 2018<br>DKK '000 |
|---|---|---|
| **Profit for the period** | **107,547** | **146,236** |
| Reversal of amortisation and depreciation | 146,237 | 86,939 |
| Reversal of revaluation / impairment losses | 373 | 504 |
| Share of net profits of equity-accounted investees | -20,349 | -18,527 |
| Net financial income / expense | 8,453 | 9,876 |
| Gains/losses on disposals | 13,990 | -9,978 |
| Income taxes | 31,891 | 34,778 |
| Change in employee benefits | -2,234 | -2,322 |
| Change in provisions (current and non-current) | 1,234 | -2,793 |
| **Operating cash flows before changes in working capital** | **287,142** | **244,713** |
| Increase / decrease Inventories | -5,714 | -2,171 |
| Increase / decrease Trade receivables | 23,200 | -32,642 |
| Increase / decrease Trade payables | -39,450 | 583 |
| Change in non-current/current other assets/liabilities | 5,600 | -1,716 |
| Change in current and deferred taxes | -768 | -572 |
| **Operating cash flows** | **270,010** | **208,195** |
| Dividends received | 0 | 798 |
| Interests received | 1,759 | 2,712 |
| Interests paid | -8,821 | -8,297 |
| Other income collected/expenses paid | -1,296 | -3,801 |
| Income taxes paid | -32,438 | -40,873 |
| **Cash flow from operating activities** | **229,214** | **158,734** |
| Investments in intangible assets | -645 | 0 |
| Investments in property, plant and equipment and inv. property | -68,971 | -75,934 |
| Proceeds from sale of property, plant and equipment | 11,569 | 16,266 |
| Proceeds from sale of equity investments and other non-current securities | 0 | 19,414 |
| **Cash from investing activities** | **-58,047** | **-40,254** |
| Change in non-current financial liabilities | 296 | 0 |
| Change in current financial liabilities | -83,354 | 26,344 |
| Dividend distributed | -93,152 | -113,781 |
| Other variances of equity | 1,327 | 5,686 |
| **Cash flow from financing activities** | **-174,883** | **-81,751** |
| Net change in cash and cash equivalent | -3,716 | 36,729 |
| Cash and cash equivalent exchange rate effect | -1,855 | -2,974 |
| Cash and cash equivalent opening balance | 132,337 | 98,582 |
| **Cash and cash equivalent closing** | **126,766** | **132,337** |

| Notes | ASSETS | 2019 DKK '000 | 2018 DKK '000 |
|---|---|---|---|
| | **Fixed assets** | | |
| | Goodwill | 38,560 | 53,231 |
| | Other intangible assets | 26,005 | 34,136 |
| 6 | **Intangible assets** | **64,565** | **87,367** |
| | Land and buildings | 190,330 | 190,560 |
| | Plant and machinery | 357,716 | 366,274 |
| | Other fixtures, tools and equipment | 4,876 | 3,312 |
| | Tangible assets in course of construction | 23,880 | 21,808 |
| | Right-of-use assets | 224,504 | 0 |
| 7 | **Property, plant and equipment** | **801,306** | **581,954** |
| 3 | Investments in joint ventures | 28,982 | 26,536 |
| | **Fixed asset investments** | **28,982** | **26,536** |
| | **Total fixed assets** | **894,853** | **695,857** |
| | **Current assets** | | |
| | Raw materials and consumables | 51,797 | 52,780 |
| | Finished goods and goods for resale | 31,697 | 24,999 |
| 8 | **Inventories** | **83,494** | **77,779** |
| | Trade receivables | 245,522 | 268,960 |
| | Receivables from group enterprises | 150,484 | 113,857 |
| | Joint taxation contribution | 0 | 4,336 |
| | Other receivables | 11,862 | 9,002 |
| 9 | Prepayments | 9,604 | 9,968 |
| 10 | **Receivables** | **417,472** | **406,123** |
| | **Cash funds** | **126,766** | **132,337** |
| | **Total current assets** | **627,732** | **616,239** |
| | **TOTAL ASSETS** | **1,522,585** | **1,312,096** |

| Notes | EQUITY AND LIABILITIES | 2019 DKK '000 | 2018 DKK '000 |
|---|---|---|---|
| | **Shareholders' equity** | | |
| | Share capital | 150,000 | 150,000 |
| | Reserve for net revaluation according to the equity method | 27,919 | 25,472 |
| | Retained earnings | 211,781 | 233,596 |
| | Proposed dividends | 100,000 | 80,000 |
| | **Unicon A/S' share of equity** | **489,700** | **489,068** |
| | **Non-controlling interests' share of equity** | **98,281** | **95,629** |
| | **Total consolidated shareholders' equity** | **587,981** | **584,697** |
| | **Provisions** | | |
| 11 | Deferred tax liabilities | 12,238 | 20,096 |
| 12 | Pensions and similar commitments | 67,142 | 56,284 |
| 13 | Other provisions | 40,002 | 38,767 |
| | **Total provisions** | **119,382** | **115,147** |
| | **Liabilities** | | |
| | Credit institutions, etc. | 175,619 | 0 |
| 14 | **Non-current liabilities** | **175,619** | **0** |
| | Credit institutions, etc. | 50,153 | 14,768 |
| | Trade payables | 313,124 | 325,123 |
| | Payables to group enterprises | 139,529 | 143,195 |
| | Joint taxation contribution payable | 16,507 | 16,842 |
| | Income tax payable | 11,846 | 11,254 |
| 15 | Other payables and deferred income | 108,444 | 101,070 |
| | **Current liabilities** | **639,603** | **612,252** |
| | **Total liabilities** | **815,222** | **612,252** |
| | **TOTAL EQUITY AND LIABILITIES** | **1,522,585** | **1,312,096** |

16 Charges
17 Contingent liabilities
18 Fee to auditors appointed at the Annual General Meeting
19 Related party transactions
20 Financial risks and instruments
21 Post-balance sheet events
22 Accounting policies

| DKK '000 | Share capital | Retained earnings | Reserve for net revaluation according to the equity method | Proposed dividends for the financial year | Unicon's total share | Non-controlling interests' total share | Total equity |
|---|---|---|---|---|---|---|---|
| **Shareholders' equity at 1 January 2018** | **150,000** | **199,018** | **19,172** | **100,000** | **468,190** | **92,079** | **560,269** |
| Exchange rate adjustments | | -2,854 | -713 | 0 | -3,567 | -2,704 | -6,271 |
| Other adjustments including actuarial gains/losses on defined benefit schemes | | -2,120 | | | -2,120 | -1,065 | -3,185 |
| Profit for the year | | 126,565 | | | 126,565 | 19,671 | 146,236 |
| Reserve according to equity method | | -7,013 | 7,013 | | 0 | | 0 |
| Proposed dividends for the financial year | | -80,000 | | 80,000 | 0 | | 0 |
| Paid dividends | | | | -100,000 | -100,000 | -12,352 | -112,352 |
| **Shareholders' equity at 31 December 2018** | **150,000** | **233,596** | **25,472** | **80,000** | **489,068** | **95,629** | **584,697** |
| Exchange rate adjustments | | -472 | 130 | 0 | -342 | -1,288 | -1,630 |
| Other adjustments including actuarial gains/losses on defined benefit schemes | | -7,104 | | | -7,104 | -3,178 | -10,282 |
| Profit for the year | | 88,078 | | | 88,078 | 19,469 | 107,547 |
| Reserve according to equity method | | -2,317 | 2,317 | | 0 | | 0 |
| Proposed dividends for the financial year | | -100,000 | | 100,000 | 0 | | 0 |
| Paid dividends | | | | -80,000 | -80,000 | -12,351 | -92,351 |
| **Shareholders' equity at 31 December 2019** | **150,000** | **211,781** | **27,919** | **100,000** | **489,700** | **98,281** | **587,981** |

The consolidated share capital consists of shares of nominal DKK 1,000 or multiples of these.

| | | 2019 | 2018 |
|---|---|---|---|
| 1 | **Staff costs** | DKK '000 | DKK '000 |
| | Wages and salaries | 334,356 | 331,756 |
| | Pension contributions | 38,902 | 37,942 |
| | Social security contributions | 23,400 | 24,820 |
| | | **396,658** | **394,518** |

The amounts comprise: cost of sales, sales and distribution costs as well as administrative expenses and other costs.

| | 2019 | 2018 |
|---|---|---|
| Average number of full-time employees | 659 | 669 |

Remuneration to the board of directors amounted to DKK 0.1m in 2019 and 2018. In 2019 and 2018, remuneration to the management is paid via management fee to Aalborg Portland Holding A/S. It is not possible to specify the remuneration to the management. Thus no salaries are paid to the management by Unicon A/S in 2019 and 2018.

**2 Other operating income and other operating costs**

| | 2019 | 2018 |
|---|---|---|
| **Other operating income** | | |
| Rental income | 1,057 | 913 |
| Profit from sale of fixed assets | 4,187 | 10,778 |
| Other income | 2,499 | 3,502 |
| | **7,743** | **15,193** |
| **Other operating costs** | | |
| Loss on sale of assets | 145 | 800 |
| | **145** | **800** |

| 3 | **Investments in joint ventures** | Investments in joint ventures | Investments in joint ventures |
|---|---|---|---|
| | Cost at 1 January | 1,064 | 10,352 |
| | Exchange rate and other adjustments | -1 | 244 |
| | Disposals | 0 | -9,532 |
| | **Cost at 31 December** | **1,063** | **1,064** |
| | Adjustments at 1 January | 25,472 | 19,172 |
| | Exchange rate adjustments | 130 | -713 |
| | Profit shares | 2,317 | 2,337 |
| | Dividend for the year | 0 | -798 |
| | Other adjustments | 0 | 5,474 |
| | **Adjustments at 31 December** | **27,919** | **25,472** |
| | **Carrying amount at 31 December** | **28,982** | **26,536** |

| | Shareholders' equity DKK '000 | Ownership interest % | Unicon's share of profit after tax DKK '000 | Unicon's share of shareholders' equity DKK '000 |
|---|---|---|---|---|
| - Ecol-Unicon Sp. z o.o., Poland | 43,270 | 49 | 1,064 | 21,203 |
| - ÅGAB Syd AB, Sweden | 19,425 | 40 | 1,253 | 7,779 |
| | | | **2,317** | **28,982** |

The proportion of voting rights does not differ from the ownership interest held.

**4 Financial income and expenses**

| | 2019 | 2018 |
|---|---|---|
| **Financial income** | | |
| Interest and other financial income | 1,119 | 2,480 |
| Interest income from group enterprises | 641 | 232 |
| Realised exchange rate gains | 2,744 | 2,153 |
| Unrealised exchange rate gains | 173 | 125 |
| | **4,677** | **4,990** |
| **Financial expenses** | | |
| Interest and other financial expenses | 5,027 | 3,746 |
| Interest expenses to group enterprises | 4,313 | 5,977 |
| Realised exchange losses | 3,521 | 4,528 |
| Unrealised exchange losses | 268 | 614 |
| | **13,129** | **14,865** |

| | | 2019<br>DKK '000 | 2018<br>DKK '000 |
|---|---|---|---|
| 5 | **Tax on profit for the year** | | |
| | Current tax on the profit for the year | 37,466 | 35,430 |
| | Adjustment deferred tax | -4,853 | 789 |
| | Other adjustments, including previous years | -722 | -1,441 |
| | | **31,891** | **34,778** |

| | | | |
|---|---|---|---|
| 6 | **Intangible assets** | Goodwill | Goodwill |
| | Cost at 1 January | 342,459 | 337,920 |
| | Exchange rate adjustments | 2,133 | -2,091 |
| | Other | 0 | 6,630 |
| | **Cost at 31 December** | **344,592** | **342,459** |
| | Amortisation at 1 January | 289,228 | 270,999 |
| | Exchange rate adjustments | 1,978 | -2,245 |
| | Amortisation for the year | 14,826 | 14,678 |
| | Reversed amortisations on disposals | 0 | 5,796 |
| | **Amortisation at 31 December** | **306,032** | **289,228** |
| | **Carrying amount at 31 December** | **38,560** | **53,231** |

Performed impairment tests have supported carrying values.

| | Other intangible assets | Other intangible assets |
|---|---|---|
| Cost at 1 January | 116,739 | 117,127 |
| Exchange rate and other adjustments | -34 | -388 |
| Additions | 645 | 0 |
| Disposals | -11,474 | 0 |
| **Cost at 31 December** | **105,876** | **116,739** |
| Depreciation at 1 January | 82,603 | 74,062 |
| Exchange rate and other adjustments | -23 | -362 |
| Disposals | -11,474 | 0 |
| Depreciation for the year | 8,765 | 8,903 |
| **Depreciation at 31 December** | **79,871** | **82,603** |
| **Carrying amount at 31 December** | **26,005** | **34,136** |

| | | 2019<br>DKK '000 | 2018<br>DKK '000 |
|---|---|---|---|
| **7** | **Property, plant and equipment** | Land and buildings | Land and buildings |
| | Cost at 1 January | 545,219 | 536,439 |
| | Exchange rate and other adjustments | -491 | -4,050 |
| | Additions | 7,679 | 6,818 |
| | Disposals | -909 | -9,739 |
| | Transfer | -842 | 15,751 |
| | **Cost at 31 December** | **550,656** | **545,219** |
| | Depreciation and impairment losses at 1 January | 354,659 | 349,580 |
| | Exchange rate and other adjustments | -468 | -2,255 |
| | Reversed depreciation on disposals | -879 | -4,773 |
| | Depreciation for the year | 11,323 | 12,107 |
| | Transfer | -4,309 | 0 |
| | **Depreciation and impairment losses at 31 December** | **360,326** | **354,659** |
| | **Carrying amount at 31 December** | **190,330** | **190,560** |

| | Plant and machinery | Plant and machinery |
|---|---|---|
| Cost at 1 January | 1,203,642 | 1,199,785 |
| Exchange rate and other adjustments | -2,795 | -15,699 |
| Additions | 41,540 | 46,298 |
| Disposals | -49,429 | -79,427 |
| Transfer | -23,225 | 52,685 |
| **Cost at 31 December** | **1,169,733** | **1,203,642** |
| Depreciation and impairment losses at 1 January | 837,368 | 875,007 |
| Exchange rate and other adjustments | -1,662 | -10,383 |
| Reversed depreciation on disposals | -47,577 | -78,105 |
| Depreciation for the year | 51,448 | 50,849 |
| Transfer | -27,560 | 0 |
| **Depreciation and impairment losses at 31 December** | **812,017** | **837,368** |
| **Carrying amount at 31 December** | **357,716** | **366,274** |
| **Hereof assets held under a finance lease** | | **14,597** |

## 7 Property, plant and equipment, continued

| | 2019 DKK '000 | 2018 DKK '000 |
|---|---|---|
| | Other fixtures, tools and equipment | Other fixtures, tools and equipment |
| Cost at 1 January | 97,857 | 101,595 |
| Exchange rate and other adjustments | 35 | -6 |
| Additions | 959 | 948 |
| Disposals | -2,058 | -4,680 |
| Transfer | 1,195 | 0 |
| **Cost at 31 December** | **97,988** | **97,857** |
| Depreciation at 1 January | 94,545 | 98,828 |
| Exchange rate and other adjustments | 33 | -5 |
| Reversed depreciation on disposals | -2,058 | -4,680 |
| Depreciation for the year | 592 | 402 |
| **Depreciation at 31 December** | **93,112** | **94,545** |
| **Carrying amount at 31 December** | **4,876** | **3,312** |

| | Tangible assets in course of construction | Tangible assets in course of construction |
|---|---|---|
| Cost at 1 January | 21,808 | 68,477 |
| Exchange rate and other adjustments | 153 | -103 |
| Additions | 18,791 | 21,870 |
| Disposals | -5,643 | 0 |
| Transfer | -11,229 | -68,436 |
| **Cost at 31 December** | **23,880** | **21,808** |
| **Carrying amount at 31 December** | **23,880** | **21,808** |

| | Right-of-use assets | Right-of-use assets |
|---|---|---|
| Change in accounting policy, leases | 245,686 | 0 |
| Exchange rate and other adjustments | 558 | 0 |
| Additions | 45,027 | 0 |
| Disposals | -18,104 | 0 |
| **Cost at 31 December** | **273,167** | **0** |
| Exchange rate and other adjustments | 134 | 0 |
| Reversed depreciation on disposals | -8,522 | 0 |
| Depreciation for the year | 59,282 | 0 |
| Transfer | -2,231 | 0 |
| **Depreciation and impairment losses at 31 December** | **48,663** | **0** |
| **Carrying amount at 31 December** | **224,504** | **0** |

| | 2019 DKK '000 |
|---|---|
| Depreciation, Land and buildings | 10,000 |
| Depreciation, plant and machinery | 49,282 |
| Interest on lease liabilities | 3,085 |
| Short-term leases | 11,620 |
| Lease of low value assets | 65 |
| **Total amounts recognised in the income statement** | **74,052** |

**8 Inventories**

No material impairment has been made during the year and no material inventories are measured at a net realisable value under the actual cost price.

**9 Prepayments**

Prepayments comprise prepaid expenses concerning rent and insurance premiums etc.

**10 Receivables**

Receivables with maturity after one year amount to DKK 0.0m (2018: DKK 0.0m).

**11 Deferred tax liabilities**

| | Deferred tax assets | | Deferred tax liabilities | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| | DKK '000 | DKK '000 | DKK '000 | DKK '000 |
| **Deferred tax liabilities** | | | | |
| Intangible assets | 0 | 0 | -41,545 | -38,311 |
| Property, plant and equipment | 0 | 0 | 41,935 | 38,923 |
| Other non-current assets | 0 | 0 | 396 | 318 |
| Current assets | 0 | 0 | 825 | 698 |
| Provisions | 0 | 0 | 10,728 | 18,468 |
| Non-current and current liabilities | 0 | 0 | -101 | 0 |
| **Deferred tax liabilities at 31 December** | **0** | **0** | **12,238** | **20,096** |

| | Deferred tax liabilities |
|---|---|
| | DKK '000 |
| **The year's changes in deferred tax assets/liabilities** | |
| Deferred tax assets/liabilities at 1 January 2019 | 20,096 |
| Movements through the income statement | -4,295 |
| Hereof effect of change in tax rates | -558 |
| Defined benefit plan | -2,809 |
| Exchange rate movements | -196 |
| **Net deferred tax assets/liabilities at 31 December 2019** | **12,238** |

The Group's basis for deferred tax reflects the differences between the carrying amount and the tax value of the group's assets and liabilities.

The Group's aggregate net deferred tax stated above is broken down by assets and liabilities. Where a legal entity or jurisdiction has both tax assets and liabilities, these have been set off.

The Group's valued tax assets are essentially not subject to time limits.

## 12 Pensions and similar commitments

The pension commitments incumbent on the Danish enterprises are funded through insurance schemes. The pension commitments of certain foreign enterprises are also funded through insurance schemes. Foreign enterprises whose pension commitments are not - or only partly - funded through insurance schemes (benefit-based) state the uncovered pension commitments at the actuarial present value at the balance sheet date. These pension schemes are backed by pension funds. Moreover, the Unicon Group has made provisions of DKK 67m (2018: DKK 56m) considering the assets related to the schemes.

| | 2019<br>DKK '000 | 2018<br>DKK '000 |
|---|---|---|
| Present value of benefit-based schemes | 98,827 | 84,589 |
| Market value of the assets comprised by the schemes | -31,685 | -28,305 |
| | **67,142** | **56,284** |
| | | |
| Present value of benefit-based schemes at 1 January | 84,589 | 80,586 |
| Exchange rate adjustment | -523 | -2,196 |
| Actuarial gains/losses | 12,524 | 4,032 |
| Costs | 3,221 | 3,020 |
| Interest on commitment | 1,819 | 1,835 |
| Payments | -2,803 | -2,688 |
| Present value of benefit-based schemes at 31 December | **98,827** | **84,589** |
| | | |
| Market value of the assets comprised by the schemes at 1 January | 28,305 | 26,152 |
| Exchange rate adjustment | 259 | -285 |
| Actuarial gains/losses | -568 | -141 |
| Payments | 2,966 | 1,986 |
| Interest on assets | 723 | 593 |
| Market value of the assets comprised by the schemes at 31 December | **31,685** | **28,305** |
| | | |
| **Stated as liability (Pension provisions)** | **67,142** | **56,284** |
| | | |
| **Taken to the income statement** | | |
| Costs (incl. actuarial adjustments) | 3,221 | 3,020 |
| Interest, net | 1,096 | 1,242 |
| **Total amount taken to the income statement** | **4,317** | **4,262** |

All assets comprised by the schemes are managed and controlled by pension providers in collective pool schemes.

The assumptions on which the actuarial computations are based at the balance sheet date are as follows, on average:

| | | |
|---|---|---|
| Average discounting rate applied | 1-2% | 2-3% |
| Future pay increase rate | 2-3% | 2-3% |
| Expected pension increase rate | 1-2% | 2-3% |

## 13 Other provisions

| | 2019<br>DKK '000 | 2018<br>DKK '000 |
|---|---|---|
| Other provisions at 1 January | 38,767 | 40,544 |
| Exchange rate adjustments and other adjustments | -91 | 453 |
| Additions for the year | 4,505 | 2,985 |
| Disposals for the year | -3,179 | -5,215 |
| **Other provisions at 31 December** | **40,002** | **38,767** |

The provisions are mainly attributable to re-establishment costs in connection with the Group's gravel and stone activities and demolition liabilities for buildings etc. Additions for the year are mainly attributable to reassessment hereof.

## 14 Non-current liabilities

| | 2019<br>DKK '000 | 2018<br>DKK '000 |
|---|---|---|
| Non-current liabilities falling due later than within 5 years after the end of the financial year: | | |
| Leases | 35,842 | 0 |
| | **35,842** | **0** |

**15 Other payables and deferred income**

Other payables and deferred income include due holiday pay, taxes, public duties and interest payable.

**16 Charges**

| | 2019 | | 2018 | |
|---|---|---|---|---|
| | Carrying amount of assets charged DKK '000 | Assets charged DKK '000 | Carrying amount of assets charged DKK '000 | Assets charged DKK '000 |
| Other fixtures, tools and equipments | 19,624 | 0 | 17,335 | 0 |
| Real estate | 0 | 1,430 | 618 | 1,456 |
| | **19,624** | **1,430** | **17,953** | **1,456** |

**17 Contingent liabilities**

| | 2019 DKK '000 | 2018 DKK '000 |
|---|---|---|
| Guarantees | **13,086** | **19,436** |
| Minimum lease commitments on operating leases: | | |
| Maturity within one year | | 51,736 |
| Maturity between one and five years | | 148,647 |
| Maturity after more than five years | | 53,603 |
| | | 253,986 |
| Other commitments | | 21,720 |
| | | **295,142** |

Lease expenses recognised in the income statement are in accordance with IFRS16, reference is made to note 9.

Unicon A/S and Kudsk & Dahl A/S are taxed jointly with other Danish companies in the Aalborg Portland Holding Group. As 100% owned subsidiaries, the companies are jointly and unlimited liable with the other companies in the joint taxation of Danish corporate taxes within the joint taxation group. Payable corporate taxes in the joint taxation group amounted to DKK 32.1m at 31 December 2019. Any subsequent corrections of the taxable income subject to joint taxation could cause a higher liability of the companies.

**18 Fee to auditors appointed at the Annual General Meeting**

| | 2019 DKK '000 | 2018 DKK '000 |
|---|---|---|
| Total fee to auditors appointed at the Annual General Meeting to be specified as follows: | | |
| Statutory audit | 1,180 | 1,042 |
| Tax and VAT advisory services | 33 | 34 |
| Other services | 81 | 97 |
| | **1,294** | **1,173** |

**19 Related party transactions**

**Related parties with significant influence:**
Aalborg Portland Holding A/S, Rørdalsvej 44, 9220 Aalborg Øst, owns 100% of the shares in Unicon 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 Unicon 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.

| | | |
|---|---|---|
| Transactions with Aalborg Portland Holding A/S: | | |
| - Intra-group management and administration agreements and royalties | 8,963 | 8,809 |
| - Financial items, net | -492 | -771 |
| - Financial receivables | 20,141 | 15,238 |
| - Financial payable | 16,766 | 13,557 |
| - Trade payables | 0 | 2,619 |
| Transactions with other related parties: | | |
| - Intra-Group management and administration agreements | 3,768 | 3,379 |
| - Cost of sales | 45,870 | 44,413 |
| - Trade receivables | 0 | 10 |
| - Trade payables | 1,909 | 1,909 |

**20 Financial risks and instruments**

The Company has no financial instruments at 31 December 2019.

**21 Post-balance sheet events**

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

## 22 Accounting policies

### General

The Annual Report 2019 of Unicon A/S is prepared in accordance with the Danish Financial Statements Act for large companies in reporting class C.

The annual report 2019 is presented in thousand Danish kroner.

The accounting policies used in the preparation of the consolidated financial statements and the parent company financial statements are consistent with those of last year.

**Changes in accounting policies**
We have implemented all now or amended accounting standards and interpretations as adopted by the EU and applicable for the 2019 financial year, including:

- IFRS 16, Leases
- IFRS 15, Revenue from Contracts and Customers

**Effect from implementation of IFRS 15, Revenue from Contracts and Customers**
With effect from 1 January 2019, Unicon Group has chosen to implement IFRS 15 Revenue from Contracts and Customers as the basis of interpretation for recognising revenue.

Contrary to the previous interpretation of IAS 11/18, IFRS 15 contains a single but comprehensive model for recognition of revenue. The basic principle of IFRS 15 is that the entity recognises revenue to reflect the transfer of goods or services to customers at an amount equivalent to what the entity expects to be eligible for the supply of those goods or services.

The effect of using IFRS 15 as an interpretative basis for the entity is that:

- the variable consideration in contracts, where the price to the customer can vary, if a number of conditions after delivery are fulfilled, must be recognised as revenue, if it is highly probable that changes to the estimated variable consideration are not subsequently leading to a significant part of the amount to be reversed and thereby reduce revenue. The Group must therefore recognise the most likely value of the variable consideration in revenue.
- a number of contracts comprise several perfomance obligations to which the sales consideration must be allocated. These are mainly contracts that include both the delivery and servicing of recycling paper handling facilities.

There is no amount of effect in using IFRS 15 as the basis of interpretation.

**Effect from implementation of IFRS 16, Leases**
With effect from 1 January 2019, Unicon Group has chosen to implement IFRS 16, Leases regarding recognition and measurement of leases to which the Group is the lessee.

Consequently, with effect from 1 January 2019, the Group recognises all finance and operating leases in the balance sheet as a right-of-use asset and a lease liability except from:

- Short-term leases with a maximum lease term of 12 months
- Leases for low-value assets.

For such leases, lease payments are recognised on a straight-line basis in the income statement over the lease term.

On adoption of IFRS 16, the Group has used the modified retroactive approach under IFRS 16 on 1 January 2019 without restatement of comparative figures. The effect of the change as of 1 January 2019 has been recognised directly in equity. The Group has applied the following practical expedients for right-of-use assets and lease liabilities previously accounted for as operating leases:

- Applied a single discount rate to a portfolio of lease assets with reasonably similar characteristics.
- Not recognised leases for which the lease term ends within 12 months from the date of transition.
- Excluded initial direct costs from the measurement of the right-use-assets at 1 January 2019.
- At 1 January 2019, the right-of-use asset is measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments.

- Not applied the new lease definition to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.
- On 1 January 2019, not separated non-lease components from lease components, but considered them a single lease component.

The adoption of IFRS 16 have increased EBITDA by EUR 58,787k while EBIT remains substantially unchanged. Further the balance sheet has been increased by right-of-use assets by DKK 246,630k and equivalent increase in lease liability 1 January 2019. The implementation has no effect on equity.

Profi for the year remains substantially unchanged. This is due to the depreciation of the right-of-use assets and interest costs from the lease liabilities being almost equal to the operating lease expense.

Below, the operating lease liability in accordance with IAS 17 disclosed in the financial statements for 2018 has been reconciled with the lease liability recognised in the balance sheet at 1 January 2019 (date of transition):

The weighted average discount rate applied is 1.32%.

| *DKK '000* | **Opening balance** |
|---|---|
| **Operating lease commitments as disclosed in the Group's 2018 consolidated financial statements** | 253,986 |
| Short-term and low value lease assets | -5,795 |
| Service commitments excluded | -5,966 |
| New contracts recognised during 2019 | 0 |
| Extension options expected to be utilised | 3,532 |
| Other | 12,388 |
| **Undiscounted value** | **258,145** |
| Discounted value | -11,515 |
| **Lease liability recognised on transition** | **246,630** |

Implementation of IFRS 16 has no effect on the underlying cash flows. However, due to the lease payments being split into interest costs and a repayment of the lease liability, the presentation of the cash flow statement has changed. The change has improved the cash flow from operating activities as well as free cash flow by DKK 55,599k whereas the cash outflow from financing activities has been negative impacted by DKK 55,999k.

**Recognition and measurement in general**
The financial statements have been prepared under the historical cost convention.

Income is recognised in the income statement as it is earned, including recognised value adjustments of financial assets and liabilities measured at fair value or amortised cost. Furthermore, costs incurred to achieve year earnings are recognised in the income statement, including depreciation, impairment losses and provisions as well as reversals due to changes in accounting estimates of amounts previously recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will accrue to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the liability value can be reliably measured.

On initial recognition assets and liabilities are measured at cost. Subsequent measurement of assets and liabilities are made as described below for each individual item.

Certain financial assets and liabilities are measured at amortised cost, which includes a constant effective interest rate over the term. Amortised cost is calculated as original cost less depreciation and allowance / deduction of accumulated depreciation of the difference between cost and the nominal amount. Hereby exchange rate gains and losses are allocated according to the life of the asset or liability.

Recognition and measurement take into account predictable losses and risks, which appear before the annual report is presented, and which confirm or deny the conditions that existed at the balance sheet date.

DKK is used as functional currency. All other currencies are considered foreign currency.

**Consolidated financial statements**
The consolidated financial statements comprise the Parent Company, Unicon A/S, and all enterprises in which the Parent Company exercises a controlling influence of their financial and operating policies. Control is obtained when the company directly or indirectly holds more than 50% of the voting rights in the enterprise or which it, in some other way, controls.

Enterprises, in which the Parent Company exercises significant influence, but not a controlling influence, are considered as joint ventures. Significant influence is generally achieved by direct or indirect ownership or control of more than 20% and less than 50% of the voting rights.

Joint arrangements are activities or enterprises, in which the Group through cooperation agreements with one or more parties have joint control, where major decisions require unanimity. Joint arrangements are classified as joint ventures or joint operations. Joint operations are where participants have direct rights of assets and direct liability for obligations, whereas, joint ventures are activities where participants alone have rights over the net assets.

The consolidated financial statements are based on the financial statements of the Parent Company and the individual enterprises which are prepared in accordance with the Unicon Group accounting policies. All items of a uniform nature are combined. Intra-group income, costs and intra-group financial statements, shareholdings and dividends are eliminated. Furthermore, unrealised gains and losses on transactions between the consolidated companies are eliminated. Unrealised gains on transactions with joint ventures are eliminated in relation to the Group's ownership in the enterprise.

**Non-controlling interests**
Subsidiaries' items are recognised in the consolidated financial statement by 100%. Non-controlling interests' share of equity is stated separately.

**Business combinations**
Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated income statement until the date of disposal. Comparative figures are not restated for acquisitions and disposals.

On acquisition of subsidiaries, the difference between cost and net asset value of the enterprise acquired is determined at the date of acquisition after the individual assets and liabilities having been adjusted to fair value (the purchase method). This includes allowing for any restructuring provisions determined in relation to the enterprise acquired. Any remaining positive differences are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement on a straight-line basis over its estimated useful life, but not exceeding 20 years. Any remaining negative differences are recognised in deferred income in the balance sheet as negative goodwill. Amounts attributable to expected losses or expenses are recognised as income in the income statement as the affairs and conditions to which the amounts relate materialise.

Any negative goodwill not related to expected losses or expenses is recognised at an amount equal to the fair value of non-monetary assets in the income statement over the average useful life of the non-monetary assets. Positive and negative differences from enterprises acquired may, due to changes to the recognition and measurement of net assets, be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in depreciation already made.

The booked value method is applied to transfers between Group companies (common controlled transactions), according to which assets and liabilities are transferred at their carrying amount plus Group goodwill and negative goodwill, which is restated 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.

**Foreign currency translation**
Transactions in foreign currencies are translated at the exchange rate of the date of transaction. Any foreign exchange variances between the rates at the transaction date and the payment date are stated in the income statement as financial items.

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

Income statements of foreign subsidiaries and joint ventures that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

On full or partial disposal of a foreign operation 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 recognised directly in equity relating to that foreign operation is recognised in the income statement when the gain or loss on disposal is recognised.

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).

## Income statement

The annual report is classified by function.

**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.

**Cost of sales**

Cost of sales comprises of raw materials, consumables, direct labour costs and indirect production costs such as maintenance, depreciation and operation of production plant as well as 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, depreciation as well as other indirect costs.

**Administrative expenses**

Administrative costs comprise the costs of the year for management and administration of the company, including costs for administrative staff and management, offices, office expenses and depreciation.

**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, etc.

Other operating income and costs also comprise profit on disposal of individual assets, land and buildings which are not related to a total disposal of an activity.

**Profit/loss from investments in subsidiaries**
The proportionate share of the profit/loss after tax of subsidiaries is recognised in the income statement and the financial statements of the Parent Company and after elimination of the proportionate share of intra-group unrealised profits/losses, and deduction of impairment and depreciation of group goodwill.

**Profit/loss from investments in joint ventures**
The proportionate share of the profit/loss after tax of joint ventures is recognised in the consolidated income statement and after elimination of the proportionate share of intra-group unrealised profits/losses, and deduction of impairment and depreciation of group goodwill. Profit/loss on disposal of joint ventures are presented in the income statement. Costs related to the disposal are recognised in the statement of profit/loss.

**Financial items**
Interest income and expenses comprise interest, exchange rate gains and losses on securities, debt and transactions in foreign currency and depreciation 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 changes in shareholders' equity is restated on equity.

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.

Deferred tax is calculated based on the applicable tax rates for the individual financial years. 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 other fixed 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.

Tax assets are presented under other fixed assets as a separate item.

Unicon A/S is jointly taxed with the parent company Aalborg Portland Holding A/S and all Danish enterprises. The current Danish corporation tax is allocated between the jointly taxed Danish companies in proportion to their 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 and depreciation.

Goodwill is amortised over its estimated useful life, which is determined on the basis of management experience in the individual business areas.

- Goodwill. The amortisation period is up to 20 years.

**Development projects, patents and other intangible assets**
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 and 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.

Intangible assets are measured at cost less accumulated amortisation and impairment.

Cost comprises wages and salaries, depreciation and other costs attributable to the Group's development activities.

Specifically developed software applications with a high degree of company-specific adjustments are considered to have an economic life of up to 15 years.

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 depreciation period is:

- Development costs, up to 5 years.
- Software applications, up to 15 years.
- Licences and other rights, up to 20 years.

**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

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.

Financing costs on loans to finance manufacture of property, plant and equipment are included in the cost price if related to the manufacturing period. All other financing costs are recognised in the income statement.

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, 20 - 40 years
- Plant and machinery, 5 - 25 years
- Other fixtures, tools and equipment, 3 - 10 years
- Leasehold improvements, up to 5 years.

Newly acquired assets and assets of own construction are depreciated from the time they are available for 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.

**Leases up to 2018**

Lease commitments are classified as finance or operating leases.

Leases where the company has all substantial risks and opportunities linked to the ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the asset and the present value of the lease payments, calculated by using the lease interest rate or an approximation hereof as the discount rate. Assets under finance leases are depreciated and written down according to the same policies as the company's other assets.

The capitalised residual lease commitment is recognised in the balance sheet as a liability, and the financial charge is charged to the income statement.

All other leases are classified as operating leases. Payments made under operating leases are recognised in the income statement over the lease period.

**Lease assets and lease liabilities from 2019**

Unicon Group mainly leases land, trucks, vehicles and office buildings. 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.

Unicon Group leases cars 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 that 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 it is 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 DKK 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.

**Impairment of assets**

Goodwill and intangible assets with an indefinite useful life are subject to an annual impairment test. The first test is carried out before the end of the acquisition year.

The carrying amount of goodwill is impairment tested at least once a year together with the other non-current assets in the cash-generating unit to which the goodwill is allocated, and an impairment to the recoverable amount is made in the income statement if the carrying amount is higher. The recoverable amount is calculated as the higher of selling price less expected disposal costs and the value in use. The value in use is computed as the present value of the expected future cash flows from the entity of activity (cash-generating unit) to which the goodwill is allocated.

The carrying amount of non-current assets, except for goodwill, intangible assets with an indefinite useful life, deferred tax assets and financial assets, is reviewed each year to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated. The recoverable amount is the higher value of the asset's selling price less expected disposal costs and its value in use.

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

Impairment of Intangible assets and Property, plant and equipment is charged to the same items as the related depreciation.

**Investments in joint ventures**
Investments in joint ventures are measured according to the equity method.

Investments in joint ventures 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.

The total net revaluation of investments in joint ventures is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in joint ventures.

Joint ventures with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

**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 the lower of amortised cost and net realisable value, which corresponds to nominal value less net of impairment losses after individual assessment.

**Prepaid expenses**
Prepaid expenses are measured at amortised cost.

**Equity**
*Dividends*

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.

Interim dividends are recognised as debt at the time of decision.

*Net revaluation reserve according to the equity method*
Net revaluation reserve according to the equity method comprises net revaluation of equity investments in associates in proportion to cost.

Dividends that are expected to be received before the balance sheet date are not tied to the reserve.

Reserves may be eliminated in connection with loss, realisation of equity investments or changes in accounting estimates.

Reserves cannot be recognised at a negative amount.

**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 to be paid under defined benefit schemes. The present value is calculated on the basis of assumptions for future developments in wage/salary level, interest rates, inflation 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.

Differences between the expected growth in pension assets and liabilities and the realised values are classified as actuarial gains or losses. Such gains and losses are recognised in the balance sheet with an offsetting entry on equity.

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.

Similarly, other long-term employee benefits are recognised based on an actuarial calculation. However, actuarial gains and losses are recognised in the income statement immediately. Other long-term employee benefits include jubilee benefits.

**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 measuring provisions, deemed costs are discounted. 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.

Provisions relating to obligations relate to guarantee work, severance costs, re-establishment of gravel pits, demolition liabilities for buildings and silos on rented land, etc.

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

On measurement of provisions, the costs required to settle the liability are discounted if the effect is material to the measurement of the liability. A pre-tax discount factor is used that reflects the current market interest rate level plus risks specific to the liability. Changes in present values during the year are recognised as financial expenses.

To the extent that at the end of the year further minor supplies etc. for completion of an order are outstanding, accounting provisions are made. Outstanding supplies, for which price and volumes have been agreed upon, are recognised as liabilities. The rest of the reserved amount is allocated to provisions. The provision covers the expected cost of its own completion, subsequent warranty supplies and unsettled claims from customers or sub-suppliers.

**Financial liabilities**
Amounts owed to credit institutions are recognised when raising the loan at the proceeds received 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.

Other payables consist of holiday pay obligations, supplementary holiday pay, taxes and levies and interest payable. Other payables are recognised at amortised cost prices, usually corresponding to the nominal value.

### Cash flow statement

The cash flow statement for the Group 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.

The cash flow statement is based on earnings before depreciation, impairment, provisions, interest and tax (EBITDA).

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 the year’s profit 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 property, plant and equipment.

To the extent that enterprises or joint ventures buy-back treasury shares, this is regarded as disposal of securities and is thus included as a reduction of cash flows from investing activities, and not as the dividends as cash flows from operating activities.

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

| Notes | | 2019<br>DKK '000 | 2018<br>DKK '000 |
|---|---|---|---|
| | Revenue | 1,036,813 | 1,015,574 |
| 1 | Cost of sales | 646,540 | 622,386 |
| | **Gross profit** | **390,273** | **393,188** |
| 1 | Sales and distribution costs | 250,670 | 252,140 |
| 1 | Administrative expenses and other costs | 78,148 | 77,151 |
| | **Profit from ordinary operating activities** | **61,455** | **63,897** |
| 2 | Other operating income | 4,854 | 7,244 |
| 2 | Other operating costs | 0 | 277 |
| | **Earnings before interest and tax (EBIT)** | **66,309** | **70,864** |
| 3 | Share of profit after tax, enterprises | 39,420 | 76,412 |
| 4 | Share of profit after tax, joint ventures | 1,064 | -123 |
| 5 | Financial income | 837 | 586 |
| 5 | Financial expenses | 3,917 | 4,476 |
| | **Earnings before tax (EBT)** | **103,713** | **143,263** |
| 6 | Tax on profit for the year | 15,635 | 16,698 |
| | **Profit for the year** | **88,078** | **126,565** |
| | **Proposed distribution of profit** | | |
| 7 | Transfer to next year | -12,986 | 46,688 |
| | Net revaluation according to the equity method | 1,064 | -123 |
| | Proposed dividends for the financial year | 100,000 | 80,000 |
| | | **88,078** | **126,565** |

| Notes | ASSETS | 2019<br>DKK '000 | 2018<br>DKK '000 |
|---|---|---|---|
| | **Fixed assets** | | |
| | Goodwill | 37,263 | 45,191 |
| | Other intangible assets | 24,870 | 33,278 |
| 8 | **Intangible assets** | **62,133** | **78,469** |
| | Land and buildings | 105,718 | 111,394 |
| | Plant and machinery | 132,688 | 135,956 |
| | Fixtures, tools and equipment | 4,198 | 3,184 |
| | Tangible assets in course of construction | 3,634 | 4,843 |
| | Right-of-use assets | 126,644 | 0 |
| 9 | **Property, plant and equipment** | **372,882** | **255,377** |
| 3 | Investments in subsidiaries | 200,221 | 214,717 |
| 4 | Investments in joint ventures | 21,203 | 19,909 |
| | **Fixed asset investments** | **221,424** | **234,626** |
| | **Total fixed assets** | **656,439** | **568,472** |
| | **Current assets** | | |
| | Raw materials and consumables | 16,754 | 20,155 |
| 10 | **Inventories** | **16,754** | **20,155** |
| | Trade receivables | 83,072 | 89,628 |
| | Receivables from group enterprises | 139,305 | 98,244 |
| | Other receivables | 1,504 | 211 |
| | Prepayments | 532 | 603 |
| 11 | **Receivables** | **224,413** | **188,686** |
| | **Cash funds** | **59** | **10,947** |
| | **Total current assets** | **241,226** | **219,788** |
| | **TOTAL ASSETS** | **897,665** | **788,260** |

| Notes | EQUITY AND LIABILITIES | 2019 DKK '000 | 2018 DKK '000 |
|---|---|---|---|
| | **Shareholders' equity** | | |
| | Share capital | 150,000 | 150,000 |
| | Reserve for net revaluation according to the equity method | 20,175 | 18,881 |
| | Retained earnings | 219,525 | 240,187 |
| | Proposed dividends for the financial year | 100,000 | 80,000 |
| | **Total shareholders' equity** | **489,700** | **489,068** |
| | **Provisions** | | |
| 12 | Deferred tax liabilities | 7,665 | 6,374 |
| 13 | Other provisions | 4,018 | 4,896 |
| | **Total provisions** | **11,683** | **11,270** |
| | **Liabilities** | | |
| | Credit institutions, etc. | 101,149 | 0 |
| 14 | **Non-current liabilities** | **101,149** | **0** |
| | Credit institutions, etc. | 25,930 | 14,767 |
| | Trade payables | 96,927 | 101,151 |
| | Payables to group enterprises | 104,287 | 115,156 |
| | Joint taxation contribution payable | 15,484 | 15,843 |
| 15 | Other payables and deferred income | 52,505 | 41,005 |
| | **Current liabilities** | **295,133** | **287,922** |
| | **Total liabilities** | **396,282** | **287,922** |
| | **TOTAL EQUITY AND LIABILITIES** | **897,665** | **788,260** |

16 Contingent liabilities
17 Fee to the auditors appointed by the Annual General Meeting
18 Related party transactions
19 Financial risks and instruments
20 Post-balance sheet events
21 Accounting policies

| DKK '000 | Share capital | Reserve for net revaluation according to the equity method | Retained earnings | Proposed dividends for the financial year | **Total** |
|---|---|---|---|---|---|
| **Shareholders' equity 1 January 2018** | **150,000** | **19,537** | **198,653** | **100,000** | **468,190** |
| Exchange rate adjustments | | -533 | -3,034 | | -3,567 |
| Reserve according to equity method | | -123 | 123 | | 0 |
| Equity movements in subsidiaries | | | -2,120 | | -2,120 |
| Profit for the year | | | 126,565 | | 126,565 |
| **Movement for the year at the equity** | **0** | **-656** | **121,534** | **0** | **120,878** |
| Dividend paid | | | | -100,000 | -100,000 |
| Proposed dividends for the financial year | | | -80,000 | 80,000 | 0 |
| **Shareholders' equity at 31 December 2018** | **150,000** | **18,881** | **240,187** | **80,000** | **489,068** |
| Exchange rate adjustments | | 230 | -572 | | -342 |
| Equity movements in subsidiaries | | | -7,104 | | -7,104 |
| Reserve according to equity method | | 1,064 | -1,064 | | 0 |
| Profit for the year | | | 88,078 | | 88,078 |
| **Movement for the year at the equity** | **0** | **1,294** | **79,338** | **0** | **80,632** |
| Dividend paid | | | | -80,000 | -80,000 |
| Proposed dividends for the financial year | | | -100,000 | 100,000 | 0 |
| **Shareholders' equity at 31 December 2019** | **150,000** | **20,175** | **219,525** | **100,000** | **489,700** |

The consolidated share capital consists of shares of nominal DKK 1,000 or multiples of these.

| | | 2019 DKK '000 | 2018 DKK '000 |
|---|---|---|---|
| 1 | **Staff costs** | | |
| | Wages and salaries | 198,478 | 195,901 |
| | Pension contributions | 18,079 | 17,513 |
| | Social security contributions | 3,662 | 4,474 |
| | | **220,219** | **217,888** |
| | Average number of full-time employees | 365 | 375 |

Remuneration to the board of directors amounted to DKK 0.1m in 2019 and 2018. In 2019 and 2018, remuneration to the management is paid via management fee to Aalborg Portland Holding A/S. It is not possible to specify the remuneration to the management. Thus no salaries are paid to the management by Unicon A/S in 2019 and 2018.

| | | 2019 DKK '000 | 2018 DKK '000 |
|---|---|---|---|
| 2 | **Other operating income and other operating costs** | | |
| | **Other operating income** | | |
| | Rental income | 780 | 641 |
| | Profit from sale of fixed assets | 3,329 | 5,089 |
| | Other income | 745 | 1,514 |
| | | **4,854** | **7,244** |
| | **Other operating costs** | | |
| | Loss from sale of fixed assets | 0 | 277 |
| | | **0** | **277** |

| | | Investments in subsidiaries | Investments in subsidiaries |
|---|---|---|---|
| 3 | **Investments in subsidiaries** | | |
| | Cost at 1 January | 228,432 | 232,938 |
| | Exchange rate and other adjustments | 197 | -4,506 |
| | **Cost at 31 December** | **228,629** | **228,432** |
| | Adjustments at 1 January | -13,715 | -25,437 |
| | Exchange rate adjustments | -848 | 1,434 |
| | Profit after tax | 39,420 | 76,412 |
| | Equity movements in subsidiaries | -7,104 | -2,120 |
| | Dividend received | -46,161 | -64,004 |
| | **Adjustments at 31 December** | **-28,408** | **-13,715** |
| | **Carrying amount at 31 December** | **200,221** | **214,717** |

**Investments in subsidiaries**

| | Shareholders' equity DKK '000 | Ownership interest % | Unicon's share of profit before tax DKK '000 | Unicon's share of profit after tax DKK '000 | Unicon's share of shareholders' equity DKK '000 |
|---|---|---|---|---|---|
| - Unicon AS, Norway | 96,511 | 100 | 35,322 | 26,371 | 96,513 |
| - AB Sydsten, Sweden | 173,720 | 50 | 19,098 | 15,538 | 86,860 |
| - Kudsk & Dahl A/S, Denmark | 16,848 | 100 | 3,618 | 2,831 | 16,848 |
| Amortisation, goodwill | | | -5,320 | -5,320 | |
| | | | **52,718** | **39,420** | **200,221** |

| | 2019 DKK '000 | 2018 DKK '000 |
|---|---|---|

**4 Investments in joint ventures**

| | Investments in joint ventures | Investments in joint ventures |
|---|---|---|
| Cost at 1 January | 1,028 | 1,028 |
| **Cost at 31 December** | **1,028** | **1,028** |
| Value adjustments at 1 January | 18,881 | 19,537 |
| Exchange rate adjustments | 230 | -533 |
| Profit shares | 1,064 | -123 |
| **Adjustments at 31 December** | **20,175** | **18,881** |
| **Carrying amount at 31 December** | **21,203** | **19,909** |

| | Shareholders' equity DKK '000 | Ownership interest % | Unicon's share of profit before tax DKK '000 | Unicon's share of profit after tax DKK '000 | Unicon's share of shareholders' equity DKK '000 |
|---|---|---|---|---|---|
| - Ecol-Unicon Sp. z o.o., Poland | 43,270 | 49 | 1,064 | 1,064 | 21,203 |
| | | | **1,064** | **1,064** | **21,203** |

The voting rights does not differ from the ownership interest held.

**5 Financial income and expenses**

| | 2019 DKK '000 | 2018 DKK '000 |
|---|---|---|
| **Financial income:** | | |
| Interest and other financial income | 311 | 272 |
| Interest income, Group enterprises | 502 | 184 |
| Realised exchange rate gains | 24 | 6 |
| Unrealised exchange rate gains | 0 | 124 |
| | **837** | **586** |
| **Financial expenses:** | | |
| Interest and other financial expenses | 1,095 | 539 |
| Interest expenses, Group enterprises | 2,378 | 3,419 |
| Realised exchange rate losses | 291 | 11 |
| Unrealised exchange rate losses | 153 | 507 |
| | **3,917** | **4,476** |

**6 Tax on profit for the year**

| | 2019 | 2018 |
|---|---|---|
| Current tax on the profit for the year | 15,484 | 15,843 |
| Adjustment of deferred tax | 1,291 | 2,296 |
| Adjustment previous years | -1,140 | -1,441 |
| | **15,635** | **16,698** |

| | | 2019<br>DKK '000 | 2018<br>DKK '000 |
|---|---|---|---|
| 7 | **Proposed distribution of profit** | | |
| | Transfer to next year | -12,986 | 46,688 |
| | Net revaluation according to the equity method | 1,064 | -123 |
| | Proposed dividends for the financial year | 100,000 | 80,000 |
| | | **88,078** | **126,565** |

| | | | |
|---|---|---|---|
| 8 | **Intangible assets** | Goodwill | Goodwill |
| | Cost at 1 January | 175,894 | 176,382 |
| | Exchange rate and other adjustments | 563 | -488 |
| | **Cost at 31 December** | **176,457** | **175,894** |
| | Amortisation at 1 January | 130,703 | 123,125 |
| | Exchange rate | 485 | -526 |
| | Amortisation for the year | 8,006 | 8,104 |
| | **Amortisation at 31 December** | **139,194** | **130,703** |
| | **Carrying amount at 31 December** | **37,263** | **45,191** |

Performed impairment tests have supported carrying values.

| | Other intangible assets | Other intangible assets |
|---|---|---|
| Cost at 1 January | 104,957 | 104,957 |
| **Cost at 31 December** | **104,957** | **104,957** |
| Depreciation at 1 January | 71,679 | 63,198 |
| Depreciation for the year | 8,408 | 8,481 |
| **Depreciation at 31 December** | **80,087** | **71,679** |
| **Carrying amount at 31 December** | **24,870** | **33,278** |

| | | | |
|---|---|---|---|
| 9 | **Property, plant and equipment** | Land and buildings | Land and buildings |
| | Cost at 1 January | 369,023 | 355,939 |
| | Additions | 0 | 446 |
| | Disposals | -879 | -3,113 |
| | Transfer | 0 | 15,751 |
| | **Cost at 31 December** | **368,144** | **369,023** |
| | Depreciation and impairment losses at 1 January | 257,629 | 254,218 |
| | Reversed depreciation on disposals | -879 | -2,937 |
| | Depreciation for the year | 5,676 | 6,348 |
| | **Depreciation and impairment losses at 31 December** | **262,426** | **257,629** |
| | **Carrying amount at 31 December** | **105,718** | **111,394** |

| | | 2019<br>DKK '000 | 2018<br>DKK '000 |
|---|---|---|---|
| **9** | **Property, plant and equipment, continued** | Plant and machinery | Plant and machinery |
| | Cost at 1 January | 408,817 | 407,460 |
| | Additions | 12,337 | 12,878 |
| | Disposals | -27,318 | -45,964 |
| | Transfer | 4,056 | 34,443 |
| | **Cost at 31 December** | **397,892** | **408,817** |
| | Depreciation and impairment losses at 1 January | 272,861 | 299,043 |
| | Reversed depreciation on disposals | -27,318 | -45,843 |
| | Depreciation for the year | 17,426 | 19,661 |
| | Transfer | 2,235 | 0 |
| | **Depreciation and impairment losses at 31 December** | **265,204** | **272,861** |
| | **Carrying amount at 31 December** | **132,688** | **135,956** |
| | **Hereof assets held under a finance lease** | | **14,597** |

| | 2019 | 2018 |
|---|---|---|
| | Other fixtures, tools and equipment | Other fixtures, tools and equipment |
| Cost at 1 January | 94,040 | 96,789 |
| Additions | 959 | 948 |
| Disposals | -2,058 | -3,697 |
| Transfer | 562 | 0 |
| **Cost at 31 December** | **93,503** | **94,040** |
| Depreciation at 1 January | 90,856 | 94,200 |
| Reversed depreciation on disposals | -2,058 | -3,697 |
| Depreciation for the year | 507 | 353 |
| **Depreciation at 31 December** | **89,305** | **90,856** |
| **Carrying amount at 31 December** | **4,198** | **3,184** |

| | 2019 | 2018 |
|---|---|---|
| | Tangible assets in course of construction | Tangible assets in course of construction |
| Cost at 1 January | 4,843 | 50,194 |
| Additions | 3,408 | 4,843 |
| Transfer | -4,617 | -50,194 |
| **Cost at 31 December** | **3,634** | **4,843** |
| **Carrying amount at 31 December** | **3,634** | **4,843** |

| | 2019 | 2018 |
|---|---|---|
| | Right-of-use assets | Right-of-use assets |
| Change in accounting policy, leases | 125,081 | 0 |
| Additions | 27,858 | 0 |
| Disposals | -1,922 | 0 |
| **Cost at 31 December** | **151,017** | **0** |
| Reversed depreciation on disposals | -1,727 | 0 |
| Depreciation for the year | 28,333 | 0 |
| Transfer | -2,233 | 0 |
| **Depreciation and impairment losses at 31 December** | **24,373** | **0** |
| **Carrying amount at 31 December** | **126,644** | **0** |

**9 Property, plant and equipment, continued**

| | 2019 DKK '000 |
|---|---|
| Depreciation, Land and buildings | 1,361 |
| Depreciation, plant and machinery | 26,972 |
| Interest on lease liabilities | 852 |
| Short-term leases | 1,989 |
| **Total amounts recognised in the income statement** | **31,174** |

**10 Inventories**

No material impairment has been made during the year and no material inventories are measured at a net realisable value under the actual cost price.

**11 Receivables**

Receivables with maturity after one year amount to DKK 0.0m (2018: DKK 0.0m).

**12 Deferred tax liabilities**

| | 2019 DKK '000 | 2018 DKK '000 |
|---|---|---|
| **Deferred tax liabilities** | | |
| Intangible assets | 765 | 2,485 |
| Property, plant and equipment | 7,556 | 4,776 |
| Current assets | 87 | 76 |
| Provisions | -743 | -963 |
| **Deferred tax liabilities at 31 December** | **7,665** | **6,374** |

| | Deferred tax liabilities DKK '000 |
|---|---|
| **The year's changes in deferred tax liabilities** | |
| Deferred tax liabilities at 1 January 2019 | 6,374 |
| Movements through the income statement | 1,291 |
| **Deferred tax liabilities at 31 December 2019** | **7,665** |

The Parent Company's basis for deferred tax reflects the differences between the carrying amount and the tax value of the Parent Company's assets and liabilities.

The Parent Company's valued tax assets are essentially not subject to time limits.

**13 Other provisions**

| | 2019 DKK '000 | 2018 DKK '000 |
|---|---|---|
| **Other provisions at 1 January** | 4,896 | 6,501 |
| Additions | 422 | 0 |
| Disposals in the year | -1,300 | -1,605 |
| **Other provisions at 31 December** | **4,018** | **4,896** |

The provisions are mainly related to guarantee work and demolition liabilities for buildings etc.

**14 Non-current liabilities**

Non-current liabilities falling due later than 5 years after the end of the financial year:

| | | |
|---|---|---|
| Leases | 21,422 | 0 |
| | **21,422** | **0** |

**15 Other payables and deferred income**

Other payables and deferred income include due holiday pay, taxes, public duties and interest payable.

**16 Contingent liabilities**

| | 2019<br>DKK '000 | 2018<br>DKK '000 |
|---|---|---|
| Guarantees | **531** | **531** |
| Minimum lease commitments on operating leases: | | |
| Maturity within one year | | 23,267 |
| Maturity between one and five years | | 71,519 |
| Maturity after more than five years | | 27,249 |
| | | **122,035** |
| | | **122,566** |

Lease expenses recognised in the income statement are in accordance with IFRS16, reference is made to note 9.

Unicon A/S is taxed jointly with other Danish companies in the Aalborg Portland Holding Group. As a 100% owned subsidiary, the company is jointly and unlimited liable with the other companies in the joint taxation of Danish corporate taxes within the joint taxation group. Payable corporate taxes in the joint taxation group amounted to DKK 32.1m at 31 December 2019. Any subsequent corrections of the taxable income subject to joint taxation could cause a higher liability of the company.

**17 Fee to the auditors appointed at the Annual General Meeting**

Total fee to auditors appointed at the Annual General Meeting to be specified as follows:

| | | |
|---|---|---|
| Statutory audit | 453 | 453 |
| Other services | 4 | 4 |
| | **457** | **457** |

**18 Related party transactions**

**Related parties with significant influence:**
Aalborg Portland Holding A/S, Rørdalsvej 44, 9220 Aalborg Øst, owns 100% of the shares in Unicon 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 Unicon 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.

| | | |
|---|---|---|
| Transactions with Aalborg Portland Holding A/S: | | |
| - Intra-group management and administration agreements and royalties | 4,613 | 4,507 |
| - Financial items, net | -251 | -434 |
| - Financial receivables | 18,593 | 13,102 |
| - Financial payable | 12,642 | 11,948 |
| - Trade payables | 0 | 1,450 |
| Transactions with other related parties: | | |
| - Intra-Group management and administration agreements | 2,277 | 2,000 |
| - Cost of sales | 37,137 | 33,005 |
| - Other operating income | 483 | 481 |
| - Trade receivables | 52 | 55 |
| - Trade payables | 1,316 | 2,023 |

**19 Financial risks and instruments**

The Company has no financial instruments at 31 December 2019.

**20 Post-balance sheet events**

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