Marius Pedersen Holding A/S

ANNUAL CONSOLIDATED REPORT 2018

MARIUS PEDERSEN HOLDING A/S

ØRBÆKVEJ 851

5863 FERRITSLEV, FYN

CENTRAL BUSINESS REGISTRATION NO. 35 84 67 35

The annual general meeting approved the annual report on 24-05-2019

Chairman

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Name:

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Company Details

Company

Marius Pedersen Holding A/S

Central Business Registration No. 35 84 67 35

Registered in: Faaborg-Midtfyn, Denmark

Telephone: +45 63 909 909

Homepage: www.mariuspedersen.dk

E-mail: ferritslev@mariuspedersen.dk

Financial year 1 January – 31 December 2018 (first financial year 8 May – 31 December 2014)

Board of Directors

Søren Klarskov Vilby, Chairman

Peter Schak Larsen, Deputy Chairman

Birgit Elin Munck-Kampmann

Jens Flesner Kristiansen

Ib Thrane

Executive Board

Simon Hovgaard Clausen

Company auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Tværkajen 5

Postboks 10

5100 Odense C

Statement by the Management on the Annual Report

The Board of Directors and the Executive Board have today considered and approved the annual report of Marius Pedersen A/S for the financial year 1 January to 31 December 2018.

The consolidated financial statements are presented in accordance with International Financial Reporting Standards as adopted by the EU. The parent financial statements are presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2018 as well as of the results of their operations and cash flows for the financial year 1 January to 31 December 2018.

In our opinion, the management commentary contains a fair review of the development of the Group's and the Parent's business and financial matters, the results for the year and of the Parent's financial position and the financial position as a whole of the entities included in the consolidated financial statements, together with a description of the principal risks and uncertainties that the Group and the Parent face.

We recommend the annual report for adoption at the Annual General Meeting.

Ferritslev, 24-05-2019

Executive Board

Simon Hovgaard Clausen

Board of directors

Søren Klarskov Vilby
Chairman

Peter Schak Larsen
Deputy Chairman

Jens Flesner Kristiansen

Birgit Elin Munck-Kampmann

Ib Thrane

Independent Auditor's Report

To the shareholders of Marius Pedersen Holding A/S

Opinion
We have audited the consolidated financial statements and the parent financial statements of Marius Pedersen Holding A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31-12-2018, and of the results of their operations and cash flows for the financial year 01.01.2018 - 31.12.2018 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Further, in our opinion, the parent financial statements give a true and fair view of the Parent's financial position at 31-12-2018, and of the results of their operations for the financial year 01.01.2018 - 31.12.2018 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 financial statements* section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the management commentary
Management is responsible for the management commentary.

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

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

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

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

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

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and the parent financial statements.

Independent Auditor's Report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s and the Parent’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Odense, 24-05-2019

Deloitte

Statsautoriseret Revisionspartnerselskab

Business Registration No 33 96 35 56

Gert Rasmussen

State-Authorised Public Accountant

Identification number (MNE) mne35430

Lars Leopold Larsen

State-Authorised Public Accountant

Identification number (MNE) mne33229

Management Commentary

Key figures

In thousands of DKK	2018	2017	2016	2015	2014
Revenue	2.946.990	2.951.001	2.744.264	2.625.555	1.321.887
Operating profit	399.740	382.705	324.202	308.090	169.991
Net financials	-14.801	-24.490	-15.616	-41.961	8.744
Profit for the year	309.874	278.032	248.820	214.479	142.097
Equity	2.270.262	2.005.198	1.737.150	1.523.800	1.323.623
Total Assets	4.127.975	4.045.363	3.773.099	3.621.485	3.538.675
Investments in tangible assets	431.314	377.220	327.084	227.306	106.798
Operating margin (%)	13,6	13,0	11,8	11,7	12,9
Return on investment (%)	11,0	10,9	9,6	9,7	5,4
Return on equity (%)	13,6	13,9	14,3	14,1	10,7
Equity ratio (%)	55,0	49,6	46,0	42,1	37,4

The key figues of 2014 consist of 7 months.

Primary activities

We consider waste as a new resource.

We collect all types of waste, solid as liquid waste, from waste producers, and work constantly to be in control of as much as possible of the value adding chain of waste – from collecting waste to selling secondary resources – with respect of adding value to our customers and our owners.

Group activities include:

- Sorting, treatment and handling a series of different types of recyclable waste at our own waste management facilities.
- Trading of recyclable waste in the context of circular economy.
- Services concerning handling of waste and recyclables from the client to final recycling, utilisation, or disposal – that is consulting, renting of equipment, transport service, sludge service, management reporting and other types of reporting for clients within trade, industrial production, service and retail, building and construction, institutions, households and municipal recycling stations.
- In addition the Group executes contractor business and furthermore owns companies in Denmark, the Czech Republic and Slovakia primarily handling environmental activities.

Development in activities

The waste and recycling market for Marius Pedersen Group is competitive. The markets are grounded on the waste management act from EU and national legislation. New business opportunities arise from changes in waste law and change in the focus or numbers of the market players.

In 2018 result in Marius Pedersen Group has been better than budget and better than 2017 mainly due to growth on the Czech and Slovakian markets. Among others we had focus on value adding sales activities in each business line, focus on productivity and efficiency.

In the markets in Czech Republic and Slovakia the activities and volumes in 2018 have increased and the development has been satisfactory. During 2018 we experienced big increase in wages and salaries in Czech Republic and Slovakia both driven by government desire to raise minimum wages and salaries and also driven by high employment as well as high demand for employees in the two countries. These influences have led to around 10% increase in wages and salaries in 2018 in Czech Republic and Slovakia.

Management Commentary

Development in finances
Profit after tax for the financial year covering the period 1 January to 31 December 2018 is 309,9 MDKK which is an increase of 31,8 MDKK compared to 2017.

Operating profit is 399,7 MDKK which is MDKK 17 higher than 2017. Revenue is 2.947 MDKK in 2018 which is 4,0 MDKK lower than 2017.

Profit for the year has been better than expected in budget for 2018.

Profit for the year is considered satisfactory.

Financial reporting
The Group has decided to prepare a consolidated financial statement according to International Financial Reporting Standards (IFRS).

The Group has decided to prepare the financial statements for the parent company and the Group in English.

Particular risks

Financial risks and interest risks
The Group has a financial policy which operates with a low risk profile. This means that currency, interest and credit risk only occur based on commercial conditions.

The Group's use of derivative financial instruments is regulated by a written policy approved by the board of directors and internal procedures which among other things set maximum amounts allowed and which derivative financial instrument that can be used.

Currency risks
The Group's result from group enterprises is dependent on changes in exchange rates (CZK, EUR), due to the fact that the foreign group enterprises' results and equity at the end of the year are being converted into Danish kroner based on the average rate and the rate of the balance sheet date.

Business risks
The Group's most significant risks are linked to the ability of being strongly positioned on the activity areas on which the Group's services are directed. The Group continuously invests in new equipment and facilities to secure optimum utilization and efficiency.

Research and development
The Group is continuously developing products and service concepts. These are charged to the profit and loss account.

Events after the balance sheet date
To this date no events have occurred after the balance sheet date which influences the evaluation of this annual report.

Outlook
The Group expects a positive development in the activities, revenue and result. We expect revenue to be in the range of MDKK 2.950 to 3.050 and operating profit just above MDKK 400 in 2019. In first quarter of 2019 result is above budget.

Investment in the Group in 2018 has been on a high level and amounts to MDKK 431,3. In 2019 expectations for our activities in the three countries are that re- and new investments without acquisitions will remain on a high level and be around MDKK 440.

In the past we have made several acquisitions in Slovakia, Czech Republic and Denmark and we still are interested in and aware of potential acquisition opportunities in the three countries.

Corporate Social Responsibility

Corporate Social Responsibility according to Danish Financial Statements Act § 99a

The Group's CSR report is published at: https://www.mariuspedersen.dk/om-os/kvalitets-miljoeledelse/csr

Gender composition in the Top Management Body according to Danish Financial Statements Act § 99b
At any time the Group aims to have a harmonious and competent management. The composition of management always takes into account the characteristics and capabilities of each member of the management and how they can positively contribute to the Group.

Policy and Action
The Group's employees should all feel that they have the same opportunities for career and management positions regardless of gender. The employees should feel that the Group has an open and unbiased culture in which the individual can exploit its skills in the best possible way regardless of gender.

At any time the Group aims to have a harmonious and competent management at all levels of the organization therefore occupation of management positions take into account the candidate's qualifications and competencies relevant to the responsibility. A management position in the organization will always be filled with the best candidate based on an overall assessment.

At appointment of management positions the Group will aim to invite at least one candidate of the underrepresented gender if the candidate has the desired and required qualifications.

Top Management Body (Board of Directors)
The Group has a professional board of directors; the board of directors in the two Danish companies Marius Pedersen A/S and Marius Pedersen Holding A/S consists of the same members. The aim is to have a gender distribution of 30/70 % in the Top Management Body by the end of 2022.

At the moment the gender distribution is 20/80%. The Board of directors has decreased by one member since 2017.

Top Management
The aim over the next years is to have a gender distribution not lower than 30/70% in the Top Management.

At the moment the gender distribution is 33,3/66,7%.

Other Management
The aim is to have a gender distribution of 25/75% in the Group's management team by the end of 2022.

In 2018 the gender distribution of the management team is 11,8/88,2%.

Management Commentary

Section Corporate Social Responsibility regards only Danish companies. Intention of the Group is, where possible, to include companies in Czech Republic and Slovakia in the future.

Consolidated Statement of Profit or Loss and other Comprehensive Income

1 January - 31 December *In thousands of DKK*	Note	2018	2017
Revenue	6	2.946.990	2.951.001
Direct production costs	7, 8	1.915.848	1.962.595
Contribution margin		**1.031.142**	**988.406**
Other production costs	7, 8	469.274	452.348
Gross profit		**561.868**	**536.058**
Distribution costs	7, 8	100.074	94.095
Administrative costs	7, 8	70.639	67.105
Other operating income and expenses	9	5.686	5.762
Investments in associates	10	2.899	2.085
Operating profit		**399.740**	**382.705**
Income from financial investments and securities	11	0	-12
Financial income	12	5.392	2.095
Financial expenses	13	20.193	26.573
Profit before tax		**384.939**	**358.215**
Taxation on profit for the financial year	14	75.065	80.183
Profit for the year		**309.874**	**278.032**
Items that can be reclassified to profit or loss:			
Foreign exchange adjustments of subsidiaries		-3.584	29.257
Total comprehensive income for the year		**306.290**	**307.289**
Profit for the year attributable to:		**309.874**	**278.032**
Attributable to: Non-controlling interest		32.389	30.688
Attributable to: Owner of the parent		**277.485**	**247.344**
Total comprehensive income for the year attributable to:		**306.290**	**307.289**
Attributable to: Non-controlling interest		31.682	38.979
Attributable to: Owner of the parent		**274.608**	**268.310**

Consolidated Statement of Financial Position

31 December *In thousands of DKK*	Note	2018	2017
Assets			
Property, plant and equipment	15	1.671.084	1.538.298
Goodwill and other intangible assets	16	1.448.736	1.450.408
Investments in associates	10	6.833	5.733
Other financial assets	17	222	222
Trade and other receivables	18	3.326	3.178
Cash on escrow accounts	19	308.363	293.316
Deferred tax assets	20	72.441	69.372
Total non-current assets		**3.511.005**	**3.360.527**
Inventories	21	37.917	36.387
Trade and other receivables	18	476.986	484.579
Current tax assets		20.122	15.141
Other assets		311	149
Cash and cash equivalents		81.634	148.580
Total current assets		**616.970**	**684.836**
Total assets		**4.127.975**	**4.045.363**
Equity			
Share capital	22	100.000	100.000
Other reserves		34.388	37.265
Retained earnings		1.958.875	1.691.390
Issued capital and reserves attributable to owners of the parent		**2.093.263**	**1.828.655**
Non-controlling interest		176.999	176.543
Total equity		**2.270.262**	**2.005.198**
Liabilities			
Provisions	24	446.622	471.475
Deferred tax liabilities	20	74.765	67.008
Interest-bearing loans and borrowings	23	329.936	0
Other non-current liabilities		6.864	6.050
Total non-current liabilities		**858.187**	**544.533**
Trade and other payables	25	385.227	404.342
Interest-bearing loans and borrowings	23	561.065	1.075.647
Provisions	24	49.377	13.239
Current tax liabilities		3.857	2.404
Total current liabilities		**999.526**	**1.495.632**
Total liabilities		**1.857.713**	**2.040.165**
Total equity and liabilities		**4.127.975**	**4.045.363**

Consolidated Statement of Changes in Equity

In thousands of DKK	Share capital	Other reserves	Retained earnings	Non-controlling interest	Total
Balance at 1 January 2017	**100.000**	**16.301**	**1.454.046**	**166.803**	**1.737.150**
Profit for the year	0	0	247.344	30.688	278.032
Other comprehensive income:					
Foreign exchange adjustments	0	20.964	0	8.293	29.257
Total comprehensive income	**0**	**20.964**	**247.344**	**38.981**	**307.289**
Dividend paid	0	0	-10.000	-29.241	-39.241
Changes in equity	**0**	**20.964**	**237.344**	**9.740**	**268.048**
Balance at 31 December 2017	**100.000**	**37.265**	**1.691.390**	**176.543**	**2.005.198**
Balance at 1 January 2018	**100.000**	**37.265**	**1.691.390**	**176.543**	**2.005.198**
Profit for the year	0	0	277.485	32.389	309.874
Other comprehensive income:					
Foreign exchange adjustments	0	-2.877	0	-707	-3.584
Total comprehensive income	**0**	**-2.877**	**277.485**	**31.682**	**306.290**
Dividend paid	0	0	-10.000	-31.226	-41.226
Changes in equity	**0**	**-2.877**	**267.485**	**456**	**265.064**
Balance at 31 December 2018	**100.000**	**34.388**	**1.958.875**	**176.999**	**2.270.262**

Consolidated Statement of Cash Flows

1 January - 31 December *In thousands of DKK*	Note	2018	2017
Operating profit/loss		**399.740**	**382.705**
Amortisation, depreciation and impairment losses	7	281.709	283.547
Other provisions		36.138	1.903
Working capital changes:			
Change in inventory	21	-1.530	-1.525
Change in trade receivables	18	7.283	-10.710
Change in trade payables	25	-19.115	-11.185
Profit/Loss on disposals of property, plant and equipment	9	-9.259	-6.136
Foreign exchange adjustments of subsidiaries		-21.301	22.330
Increase/decrease in escrow accounts	19	-15.047	-29.806
Cash flow from ordinary operating activities		**658.618**	**631.123**
Financial income received	12	5.392	2.095
Financial income paid	13	-20.193	-26.573
Income taxes refunded/(paid)		-78.054	-77.967
Cash flows from operating activities		**565.763**	**528.678**
Acquisition etc of intangible assets	16	-7.808	-6.683
Sale of intangible assets	16	0	1.559
Acquisition etc of property, plant and equipment	15	-431.314	-377.220
Sale of property, plant and equipment		32.285	25.131
Acquisition of enterprises		0	-6.642
Cash flows from investing activities		**-406.837**	**-363.855**
Repayments on loans etc		-111.254	-109.549
Dividend paid	22	-41.226	-39.241
Cash flows from financing activities		**-152.480**	**-148.790**
Increase/decrease in cash and cash equivalents		**6.446**	**16.033**
Cash and cash equivalents beginning of year		-375.898	-392.096
Cash acquired by acquisitions		0	165
Cash and cash equivalents end of year		**-369.452**	**-375.898**
Cash and cash equivalents at year-end are composed of:			
Cash		81.634	148.580
Short-term debt to banks		-451.086	-524.478
Cash and cash equivalents end of year		**-369.452**	**-375.898**

Notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements

1. General information

Marius Pedersen Holding A/S (former MPWM 2014 A/S) is founded as at 8 May 2014 and the activity has started 27 June 2014 by the acquisition of the shares in former Marius Pedersen Holding A/S. The ultimate parent is Entreprenør Marius Pedersens Fond.

Changes in accounting policies

We have implemented the International Financial Reporting Standards (IFRS) and amendments effective as of 1 January 2018 as adopted by the European Union Implementation of these standards and amendments has had immaterial impact on the Group's financial statements and are not expected to have any significant future impact. Of the new standards and amendments implemented in 2018 the most significant are as follows:

IFRS 9 Financial instruments

IFRS 9 introduces several changes to IAS 39 – including a new impairment framework, new rules for hedge accounting and new requirements and guidance on classifications, measurement and disclosure of financial assets and liabilities IFRS 9 has been adopted applying the standard retrospective approach, with the practical expedients permitted under the standard and with no restatement of comparatives. Implementation of the standard has resulted in only minor changes to existing accounting practices. The most significant change has been applied to impairment assessments of trade receivables as these are now considered based on the IFRS 9 expected credit loss model, where previously an incurred loss model was applied. The revised approach has had immaterial impact on the impairment assessment of trade receivables compared to prior practices, and no retrospective adjustment to equity has been made. Additionally, the new standard has not resulted in any material changes to classifications of financial assets or financial liabilities.

IFRS 15 Revenue from contracts with customers

IFRS 15 introduces a new framework for revenue recognition and measurement.

Implementation of the standard has resulted in only minor changes to existing accounting practices, mainly relating to extended external disclosure requirements. The implementation has not resulted in any changes to existing revenue recognition practices applied by the Group and accordingly no retrospective adjustment to equity has been made.

2. Basis of preparation

a) Statement of compliance

The consolidated financial statements for the year ended 31 December 2018 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and requirements of the Danish Financial Statements Act. The Annual Report of Marius Pedersen Holding A/S comprises the consolidated financial statements of Marius Pedersen Holding and its subsidiaries together with the ultimate owners other fully owned subsidiaries.

b) Basis of measurement

The financial statements have been prepared on the historical cost convention with exception of acquisitions opening balance, which are measured at fair value. The Accounting policies describe in the notes have been applied consistently for the financial year and for the comparaly figures.

c) Functional and presentation currency

The consolidated financial statements are presented in Danish kroner (DKK), which is the presentation currency for The Group's operations and the functional currency for the parent company. The currency is rounded to the nearest thousand (further described as "thousands DKK").

d) Use of estimates and judgment

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 15 – Property, plant and equipment
- Note 16 – Goodwill
- Note 18 – Trade and other receivables
- Note 24 – Provisions

Impairment of property, plant and equipment

Factors considered important, as part of an impairment review, include the following:

- Technological advancements
- Significant underperformance relative to expected historical or projected future operating results
- Significant changes in the manner of our use of the acquired assets or the strategy for our overall business

When The Group determines that the carrying value of non-current assets may not be recoverable based upon the existence of one or more of the above indicators of impairment, any impairment is measured based on our estimates of projected net discounted cash flows expected to result from that asset, including eventual disposition. Our estimated impairment could prove insufficient if our analysis overestimated the cash flows or conditions change in the future.

Recoverable amount of goodwill
Determining any need for impairment write-down of recognised goodwill requires a calculation of the values in use of the cash-generating units to which the goodwill amounts have been allocated. The calculation of value in use requires an estimate of the expected future cash flows of each cash-generating unit and the determination of a discount rate. For a detailed description of discount rates etc. see note 16.

Allowance for bad and doubtful debts
Loss allowance for impaired receivables are provided fir following an expected credit loss model. The model includes uninsured receivables.

Provisions for restoration and monitoring of landfills
Provisions for restoration and monitoring of landfills are based on Group's assessment of future cost and its timing. The individual amounts are increased by expected inflation and discounted to the financial statements date. The discount rates used are based on the yield of government bonds with maturities similar to the timing of the restoration and monitoring costs. For a detailed description of discount rates etc. see note 24.

3. Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements were prepared using the going concern assumption that the Group will continue its operations for the foreseeable future.

a) Basis for consolidation

The Group consolidates financial statements of all its subsidiaries and joint ventures and wholly owned subsidiaries of ultimate parent.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

The Group's interests in associates comprise interests in joint ventures.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets, rather than rights to its assets and obligations for its liabilities. Joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the subsidiary. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date.

Goodwill arises on the acquisition of subsidiaries. Goodwill represents the excess of the cost of the acquisition over The Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired. When the excess is negative, it is recognised immediately in profit or loss. Goodwill is subsequently measured at cost less accumulated impairment losses (see accounting policy g). For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the business combination. The impairment of goodwill is tested annually or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of the goodwill and then to other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a subsidiary the amount of goodwill, which is attributable is included in the profit or loss on disposal.

The profit or loss of consolidated subsidiaries is included in the consolidated statement of comprehensive income only for periods after the date of acquisition. Accordingly, the consolidated financial statements do not include any income, cash flows or other transactions of subsidiaries before the acquisition date.

All transactions, balances, and unrealised profits and losses on transactions within the Group have been eliminated upon consolidation.

Foreign currency translation of foreign entities.

A functional currency is designated for each of the reporting entities in the Group. The functional currency is the currency used in the primary economic environment in which the reporting entity operates.

Transactions denominated in currencies other than the functional currency are transactions in foreign currency. On initial recognition, transactions denominated in foreign currency are translated into the functional currency at the exchange rate at the transaction date. Gains and losses arising between the rate at the transaction date and the rate at the date of payment are recognised in the statement of comprehensive income under financial income and expenses, net. Receivables, payables and other monetary items denominated in foreign currency are translated into the functional currency at the exchange rate at the balance sheet date. Differences between the rate at the balance sheet date and the rate at the transaction date or the exchange rate stated in the latest annual report are recognised in the statement of comprehensive income under financial income and expenses, net. On recognition of foreign subsidiaries and associates with functional currencies other than DKK, comprehensive income statement items are translated at the rate at the transaction date, and balance sheet items including goodwill are translated at the rate at the balance sheet date. The rate at the transaction date is calculated as the average rate of the individual month to the extent that this does not significantly distort the presentation.

Foreign exchange differences arising on the translation of opening equity of these entities at the rate at the balance sheet date and on the translation of comprehensive income statement items from average rates to the rate at the balance sheet date are recognised in the consolidated financial statements in other comprehensive income in equity as a separate translation reserve. On full divestment of a foreign entity, the part of accumulated foreign exchange adjustment that is recognised in equity and that is attributable to that entity is recognised in profit/loss for the year together with any gains or losses from the divestment.

b) Foreign currency

Transactions in foreign currencies are translated to DKK at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting sheet date are translated to DKK at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the original transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to DKK at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in profit or loss.

c) Financial instruments

i. Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred

Financial assets that are created or retained by the Group are recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: loans and receivables, cash on escrow accounts and cash and cash equivalents.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment losses (see accounting policy g).

Loans and receivables comprise trade and other receivables.

Cash on escrow accounts comprise cash balances mostly with maturities of one year and longer. The use of these balances is limited by waste management legislation in Czech Republic and Slovakia mainly to payment for restoration and monitoring of waste sites.

Cash and cash equivalents comprise cash balances with original maturities of three months or less. Bank overdraft facilities that are repayable on demand and form an integral part of The Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

ii. Non-derivative financial liabilities
The Group initially recognises financial liabilities (including liabilities designated at fair value through profit or loss) on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, The Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: interest bearing loans and borrowings, bank overdraft facilities, and trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

d) Property, plant and equipment

i. Owned assets
Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and accumulated impairment losses (see accounting policy g). Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "Other operating income and expenses" in Consolidated Statement of Comprehensive Income.

ii. Subsequent costs
The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

iii. Depreciation
Depreciation of waste sites is recognised in profit or loss based on the capacity used. Depreciation of other assets is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land and assets under construction are not depreciated. The estimated useful lives are as follows:

- Buildings 20 - 50 years
- Machinery and equipment 3 - 10 years
- Other tangible assets 3 - 10 years

Depreciation methods and useful lives, as well as residual values, are reassessed at each financial year-end and adjusted if appropriate.

e) Other intangible assets

i. Measurement
Other intangible assets comprise mainly software acquired by the Group and are stated at cost less accumulated amortisation (see below) and accumulated impairment losses (see accounting policy g).

ii. Amortisation
Amortisation of other intangible assets is charged to the profit or loss on a straight-line basis over the estimated useful lives of the intangible assets from the date that they are available for use. The estimated useful life of software is 3 years.

f) Inventories
Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the weighted average cost formula and includes expenditure incurred in acquiring the inventories production or conversion costs and other cost incurred bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

g) Impairment

Financial assets
A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets
The carrying amounts of the Group's non-financial assets, other than inventories (see accounting policy f) and deferred tax assets (see accounting policy m), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount of the assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable asset group that generates cash inflows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses in respect of goodwill are not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

h) Dividends
Dividends are recognised as a liability in the period in which they are declared.

i) Provisions
A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

j) Revenue
Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised at a point in time when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Revenues from services rendered are recognised in profit or loss when performed in accordance with the overtime recognition principles following the satisfaction of various milestones as the performance obligations is fullfilled towards the customer.

k) Expenses

i. Operating lease payments
Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense.

ii. Finance costs and finance income
Finance costs and finance income comprise interest expense on borrowings calculated using the effective interest rate method, interest income on funds invested, foreign exchange gains and losses, and gains and losses on derivative instruments that are recognised in the profit or loss.

Interest income and expense are recognised in the profit or loss as they accrue, using the effective interest rate method.

l) Income tax
Income tax expense comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided using the balance sheet liability method, recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Temporary differences relating to the initial recognition of assets or liabilities in a transaction that is not a business combination and that affect neither accounting nor taxable profit are not provided for. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Joint taxation contributions payable and receivable are recognised as income tax in the balance sheet of the parent company.

m) New standards and interpretations not yet adopted

The IASB has issued a number of financial reporting standards, amendments and interpretations with which the Group and the parent company must comply for financial years beginning on or after 1 January 2019.

The financial reporting standards, amendments and interpretations that have not yet come into force are not considered to significantly affect the consolidated financial statements of the parent company in future financial years.

IFRS 16 “Leases”, replacing IAS 17, largely all leases must be recognised in the balance sheet of the lessee’s financial statements in the form of a lease obligation and an asset representing the lessee’s right to use the underlying asset. Operation leases and finance leases are no longer distinguished from one another.

The Group is going to implement IFRS 16 in the financial year 2019 by using the easier transitional conditions according to which it is not necessary to adjust the comparatives and the effect from the implementation is being booked in retained earnings as per 1 January 2019. It is also expected that the Group will take use of the other possible special conditions as far as possible. Including leased assets with a low value and lease contracts with remaining contract period of less than 12 months as per 1 January 2019.

As per 31 December 2018 the Group has made lease contracts that are categorised as operationally lease according to IAS 17. The total future minimum lease amount in connection with interminable lease contracts is MDKK 51 (see note 27), which is not booked in the Balance Sheet. A preliminary analysis also shows that these will fulfill the definition of lease contracts according to IFRS 16. The Group will therefore include an asset and related liability concerning these as per 1 January 2019 unless they meet the conditions regarding assets with a low value or remaining contract period of less than 12 months.

The management has assessed the analysis concerning the effect of IFRS 16 for the consolidated financial statement and expects an effect on balance sheet MDKK 149, EBITDA increase by MDKK 24 and no effect on net profit as well as related Key figures. The effect as per 1 January 2019 will not exactly match the mentioned future minimum lease.

IFRS 16 is effective from financial years beginning on or after 1 January 2019.

4. Fair values

A number of the Group’s accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods.

Trade and other receivables
The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Non-derivative financial liabilities
Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

The fair value of trade and other receivables, cash and cash equivalents and non-derivative financial liabilities does not significantly differ from their carrying amounts.

5. Risk management

Overview
The Group has exposure to the following risks from its use of financial instruments and from its operations:

- credit risk
- liquidity risk
- market risk
- currency risk
- interest rate risk
- operational risk

This note presents information about the Group’s exposure to each of the above risks, the Group’s objectives, policies and processes for measuring and managing risk, and the Group’s management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework
The Directors have overall responsibility for the establishment and oversight of the Group’s risk management framework. The Group’s risk management

policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Directors monitor compliance with the Group's risk management policies and procedures and review the adequacy of the risk management framework in relation to the risks faced by the Group.

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

The maximum exposure to credit risk is represented by the carrying amount of all financial assets in the statement of financial position.

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group. Transactions involving derivative financial instruments are with counterparties recommended by headquarter based on their sound credit ratings. Given their high credit ratings, management does not expect any counterparty to derivative transactions to fail to meet its obligations. For the time being the Group does not use derivative financial instruments.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main component of this allowance is a specific loss component that relates to individually significant exposures.

Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, to the extent possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Typically the Group ensures that it has sufficient cash on demand or undrawn overdraft facility to meet expected operational expenses for a period of at least 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk
The Group is not exposed to significant foreign currency risk on sales and purchases.

The Group is exposed to currency risk regarding investments in subsidiaries in Slovakia (EUR) and especially in Czech Republic (CZK).

Interest rate risk
The Group's operating revenues and operating cash flows are assessed not to be significantly affected by interest changes with the current market conditions. The Group has no significant interest bearing asset. The Group has overdraft facility portfolio with floating interest rates (see Note 23).

Operational risk
Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the operations of the Group.

The objective of the Group is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to Directors and senior management. This responsibility is supported by the development of overall Group standards for the management of operational risk.

Capital management
The Group defines capital as its Equity. The Group's policy is to maintain a strong capital base so as to sustain future development of the business. The Group's needs for the capital are satisfied through borrowings and not through changes in share capital. The Group does not provide any employees shares.

There were no changes in the Group's approach to capital management during the period.

The Group is not subject to externally imposed capital requirements.

Financial highlights

Operating margin (%) $= \dfrac{\text{Operating profit x 100}}{\text{Revenue}}$

Return on investment (%) $= \dfrac{\text{Operating profit x 100}}{\text{Operationally assets}}$

Return on equity (%) $= \dfrac{\text{Profit for the year x 100}}{\text{Equity}}$

Equity ratio (%) $= \dfrac{\text{Equity x 100}}{\text{Total assets}}$

Operationally assets are defined as balance sheet total minus cash funds, interest bearing assets (including shares) and investments in associate enterprises.

Notes to the Consolidated Financial Statements

6. Revenue

In thousands of DKK	2018	2017
Collection local authorities	971.524	948.573
Winter and road cleaning	469.691	418.778
Collection commercial	1.039.179	1.041.915
Sorting	332.082	392.355
Landfill	74.688	75.692
Other	59.827	73.688
	2.946.990	**2.951.001**

At a point in time

In thousands of DKK	2018	2017
Collection local authorities	94.674	122.334
Winter and road cleaning	38.267	39.009
Collection commercial	467.079	496.338
Sorting	223.548	294.900
Landfill	63.996	64.343
Other	261	260
	887.826	**1.019.185**

Over time

In thousands of DKK	2018	2017
Collection local authorities	876.849	826.239
Winter and road cleaning	431.425	379.769
Collection commercial	572.099	543.577
Sorting	108.533	97.455
Landfill	10.691	11.349
Other	59.566	73.428
	2.059.164	**1.931.816**

7. Amortisation, Depreciation and Impairment

In thousands of DKK	2018	2017
Amortisation, depreciation and impairment losses of non-current assets are specified as follows:		
Amortisation, intangible assets	8.706	7.335
Depreciation, property, plant and equipment	273.003	276.212
	281.709	**283.547**
Amortisation, depreciation and impairment losses of non-current assets have been expensed as follows:		
Direct and other production costs	277.258	279.475
Distribution costs	2.937	2.884
Administrative costs	1.514	1.188
	281.709	**283.547**

Notes to the Consolidated Financial Statements

8. Staff Costs

In thousands of DKK	2018	2017
Staff costs are specified as follows:		
Wages and salaries, etc.	749.376	710.319
Pension schemes	34.003	33.531
Other social security expenses	137.253	123.669
Grants/refunds (-)	-4.934	-4.321
	915.698	**863.198**
Attributable to:		
Executive board	8.644	6.965
Board of directors	2.201	2.025
Average number of employees	**4.719**	**4.708**

Staff costs have been expensed as follows:

In thousands of DKK	2018	2017
Direct and other production costs	796.823	753.200
Distribution costs	68.478	62.308
Administrative costs	50.397	47.690
	915.698	**863.198**

9. Other operating income and expenses

In thousands of DKK	2018	2017
Loss or gain on disposal of assets	9.259	6.136
Other operating income and expenses	-3.573	-374
	5.686	**5.762**

10. Investments in associates

The company owns shares in two companies that represent separate entities and the Group has a residual interest in their net assets. The interests are classified as joint ventures. The following table analyses the aggregated financial information of both investees as included in their own individual financial statements adjusted for differences in accounting policies.

In thousands of DKK	2018	2017
Non current assets	10.006	9.530
Current assets	10.902	11.873
Non-current liabilities	-6.392	-6.502
Current liabilities	-3.032	-5.230
Net assets (100%)	**11.485**	**9.671**
Group's share on assets	6.833	5.733
Carrying amount of interest in joint venture	**6.833**	**5.733**
Revenue	23.820	23.229
Depreciation	-797	-795
Income tax expense	-1.051	-975
Profit and total comprehensive income (100%)	**4.964**	**3.586**
Group's share of profit and total comp. income	2.899	2.085
Dividends received by the Group	**1.789**	**2.053**

Notes to the Consolidated Financial Statements

11. Income from financial investments and securities

In thousands of DKK	**2018**	**2017**
Adjustment from shares	0	-12
	0	**-12**

12. Financial income

In thousands of DKK	**2018**	**2017**
Interest income from receivables	0	909
Exchange rate adjustments	1.212	0
Other interest income	4.180	1.186
Total interest of financial assets not classified as at FVTPL	**5.392**	**2.095**

13. Financial expenses

In thousands of DKK	**2018**	**2017**
Unwinding of discount of long-term provisions	1.288	6.959
Bank debt	16.495	13.296
Exchange rate adjustments	0	3.258
Other interest expenses	2.410	3.060
Total expense of financial liabilities not classified as at FVTPL	**20.193**	**26.573**

14. Taxation on profit for the financial year

In thousands of DKK	**2018**	**2017**
Tax on profit for the year	75.065	80.183
	75.065	**80.183**
Tax on profit has been calculated as follows		
Current tax	68.898	75.478
Change in deferred tax	4.433	1.919
Adjustment concerning previous years	1.734	2.786
	75.065	**80.183**

Income tax reconciliation

In thousands of DKK	**2018**	**2017**
Profit before tax	384.939	358.215
Tax charged at 22 %	84.687	78.807
Adjustment of tax calculated for foreign subsidiaries in relation to 22%	-10.441	-5.446
Tax effect of:		
Non-taxable income and non-deductible expenses	719	4.062
Adjustment of previous years and withholding tax	100	2.760
	75.065	**80.183**
Effective tax rate	19,5%	22,4%
Total income tax recognised directly in equity	**343**	**6.866**

Notes to the Consolidated Financial Statements

15. Property, plant and equipment

In thousands of DKK	Land and buildings	Machinery and equipment	Other tangible assets	Under con-struction	Total
Cost					
Balance at 1 January 2017	**850.309**	**916.456**	**35.417**	**51.410**	**1.853.592**
Exchange rate adjustments	53.934	62.349	3.600	1.593	121.476
Acquisitions	31.576	304.803	12.520	28.321	377.220
Acquisitions as part of business combination	1.307	1.212	340	100	2.959
Transfer	7.735	8.566	2.530	-18.831	0
Disposals	-4.421	-129.614	-11.788	-11.819	-157.642
Balance at 31 December 2017	**940.440**	**1.163.772**	**42.619**	**50.774**	**2.197.605**
Depreciation and impairment losses					
Balance at 1 January 2017	172.245	252.938	13.402	0	438.585
Exchange rate adjustments	34.075	46.331	2.751	0	83.157
Depreciation charged for the period	64.956	203.167	8.089	0	276.212
Disposals	-3.427	-123.884	-11.336	0	-138.647
Balance at 31 December 2017	**267.849**	**378.552**	**12.906**	**0**	**659.307**
Carrying amounts					
At 1 January 2017	678.064	663.518	22.015	51.410	1.415.007
At 31 December 2017	672.591	785.220	29.713	50.774	1.538.298
Cost					
Balance at 1 January 2018	**940.440**	**1.163.772**	**42.619**	**50.774**	**2.197.605**
Exchange rate adjustments	-2.794	-4.136	-317	-150	-7.397
Acquisitions	64.122	283.969	12.349	70.874	431.314
Transfer	14.523	7.257	178	-20.388	1.570
Disposals	-6.444	-125.511	-8.768	-11.647	-152.370
Balance at 31 December 2018	**1.009.847**	**1.325.351**	**46.061**	**89.463**	**2.470.722**
Depreciation and impairment losses					
Balance at 1 January 2018	**267.849**	**378.552**	**12.906**	**0**	**659.307**
Exchange rate adjustments	-1.798	-2.899	-201	0	-4.898
Depreciation charged for the period	61.222	202.277	9.504	0	273.003
Transfer	0	1.570	0	0	1.570
Disposals	-1.576	-119.523	-8.245	0	-129.344
Balance at 31 December 2018	**325.697**	**459.977**	**13.964**	**0**	**799.638**
Carrying amounts					
At 1 January 2018	672.591	785.220	29.713	50.774	1.538.298
At 31 December 2018	684.150	865.374	32.097	89.463	1.671.084

Property, plant and equipment have been insured against natural risks, theft and vandalism. Mortgage and securities – see note 27.

Notes to the Consolidated Financial Statements

16. Goodwill and other intangible assets

In thousands of DKK	Software	Other intangible assets	Goodwill	Under con-struction	Total
Cost					
Balance at 1 January 2017	**21.386**	**12.680**	**1.421.073**	**0**	**1.455.139**
Exchange rate adjustments	771	281	12.326	0	13.378
Acquisitions	6.683	0	0	0	6.683
Acquisitions as part of business combination	1.124	313	2.578	0	4.015
Disposals	-92	0	-1.560	0	-1.652
Balance at 31 December 2017	**29.872**	**13.274**	**1.434.417**	**0**	**1.477.563**
Depreciation and impairment losses					
Balance at 1 January 2017	**11.612**	**6.355**	**0**	**0**	**17.967**
Exchange rate adjustments	1.361	585	0	0	1.946
Amortisation charged for the period	5.922	1.413	0	0	7.335
Disposals	-93	0	0	0	-93
Balance at 31 December 2017	**18.802**	**8.353**	**0**	**0**	**27.155**
Carrying amounts					
At 1 January 2017	9.774	6.325	1.421.073	0	1.437.172
At 31 December 2017	11.070	4.921	1.434.417	0	1.450.408
Cost					
Balance at 1 January 2018	**29.872**	**13.274**	**1.434.417**	**0**	**1.477.563**
Exchange rate adjustments	-176	-16	-742	0	-934
Acquisitions	7.062	0	0	746	7.808
Disposals	-732	0	0	0	-732
Balance at 31 December 2018	**36.026**	**13.258**	**1.433.675**	**746**	**1.483.705**
Depreciation and impairment losses					
Balance at 1 January 2018	**18.802**	**8.353**	**0**	**0**	**27.155**
Exchange rate adjustments	-132	-28	0	0	-160
Amortisation charged for the period	7.291	1.415	0	0	8.706
Disposals	-732	0	0	0	-732
Balance at 31 December 2018	**25.229**	**9.740**	**0**	**0**	**34.969**
Carrying amounts					
At 1 January 2018	11.070	4.921	1.434.417	0	1.450.408
At 31 December 2018	10.797	3.518	1.433.675	746	1.448.736

Goodwill

Goodwill has been allocated to the following segments, which represent the primary cash-generating units:

- Denmark 396 million
- Czech Republic 849 million
- Slovakia 189 million

Total **1.434 million**

Based on expected future net cash flows, management believes that the carrying amount of goodwill will not significantly exceed the recoverable amount. The estimate is based on the results achieved and the expected level of future earnings.

The recoverable amount is based on the value in use determined by means of expected net cash flows on the basis of approved budgets for 2019 and forecasts for the period 2020-2023 and by using a pre-tax discount rate of 8,2% which takes into account the specific risks characterising the actual markets.

Notes to the Consolidated Financial Statements

17. Other financial assets

In thousands of DKK	2018	2017
Securities are classified in the statement of financial position as follows		
Non-current assets	222	222
Total	**222**	**222**
Types of security:		
Unlisted shares	222	222
Total	**222**	**222**

18. Trade and other receivables

In thousands of DKK	2018	2017
Trade receivables	466.252	471.239
Loans	1.550	1.125
Other receivables	29.379	34.741
Less: Allowance for bad and doubtful debts	-16.868	-19.348
	480.312	**487.757**
thereof:		
Due after more than 1 year	3.326	3.178
Due within 1 year	476.986	484.579

The aging of trade and other receivables that are subject to credit risk is as follows:

	Expected credit loss rate		Trade receivables	
In thousands of DKK	2018	2017	2018	2017
Not yet due	0,14%	0,00%	403.347	402.943
Overdue by less than 1 month	0,85%	0,03%	62.056	80.608
Overdue by 1 to 3 months	12,48%	12,25%	15.975	12.254
Overdue by 3 to 6 months	56,45%	77,93%	3.348	1.507
Overdue by 6 to 12 months	74,01%	83,25%	1.576	1.689
Overdue by more than 12 months	99,99%	91,93%	10.878	8.103
			497.180	**507.104**

Notes to the Consolidated Financial Statements

Roll-forward of allowance for bad and doubtful debt

In thousands of DKK	2018	2017
Balance at beginning of the year	-19.348	-19.341
Opening value adjustments	37	0
Exchange rate adjustments	0	-266
Impairment losses	-412	-2.545
Addition from business combination	0	0
Use of allowance	194	946
Impairment reversals	2.661	1.858
Balance at 31 December	**-16.868**	**-19.348**

19. Cash on escrow accounts

Cash on escrow accounts comprise cash balances mostly with maturities of one year and longer. The use of these cash balances are limited by waste management legislation in Czech Republic and Slovakia mainly to payment for restoration and monitoring of landfills as shown in note 24.

20. Deferred tax assets and liabilities

In thousands of DKK	Property, plant and equipment	Goodwill and intangible assets	Receivables	Provisions	Tax losses	Total
Deferred tax at 1 January 2017	**42.504**	**6.440**	**-1.604**	**-43.551**	**-4.940**	**-1.151**
Opening balance adjustments	-16.362	25.988	0	-13.035	3.304	-105
Foreign exchange adjustments	-199	-13	156	-2.687	-241	-2.984
Adjustments due to changes in estimates	-41	0	0	0	0	-41
Recognised in profit for the year, net	-434	3.103	186	-1.944	1.008	1.919
Deferred tax at 31 December 2017	**25.468**	**35.518**	**-1.262**	**-61.217**	**-869**	**-2.364**
Deferred tax at 1 January 2018	**25.468**	**35.518**	**-1.262**	**-61.217**	**-869**	**-2.364**
Opening balance adjustments	0	0	0	0	0	0
Foreign exchange adjustments	39	0	-2	-35	-119	-117
Reclassification	0	0	0	0	0	0
Adjustments due to changes in estimates	37	2	5	327	1	372
Recognised in profit for the year, net	5.885	2.369	498	-4.507	188	4.433
Deferred tax at 31 December 2018	**31.429**	**37.889**	**-760**	**-65.433**	**-799**	**2.324**

Net deferred tax (liability) / asset is attributable to the following:

In thousands of DKK	2018	2017
Deferred tax assets	72.441	69.372
Deferred tax liabilities	74.765	67.008
	2.324	**-2.364**

All movements in temporary differences were recognised in the income statement during the relevant periods.

21. Inventories

In thousands of DKK	2018	2017
Raw materials and consumables	21.975	23.704
Finished goods	15.942	12.683
	37.917	**36.387**

No impairment losses have been identified during the financial year.

22. Capital and reserves

Share capital

The share capital of the Company consists of 100.000.000 fully paid shares at nominal value of DKK 1 per share. The shares have not been divided into classes.

Dividend

There has been made dividend payment by parent company to shareholders in 2018 of thousands DKK 10.000. Dividend payment made by subsidiaries to non-controlling interest amounted to thousands DKK 31.226.

For the year 2018 financial year, the Board of Directors recommends to the annual general meeting that dividend in the amount of thousands DKK 30.000 to be paid. As the dividend payment is conditional upon the approval of the general meeting, it is not recognised in the balance sheet as of 31.12.2018 as liability.

23. Interest-bearing loans and borrowings

In thousands of DKK	Interest rate risk	Effective interest rate	Year of maturity	2018	2017
Short-term bank loan (Euro)	*Floating rate*	*0-1%*	*Upon request*	114.555	24.876
Short-term bank loan (CZK)	*Floating rate*	*2-3%*	*Upon request*	129.067	347.435
Short-term bank loan (DKK)	*Floating rate*	*0-1%*	*Upon request*	200.240	148.633
Short-term loan (EUR)	*Fixed rate*	*1-2%*	*Upon request*	1.941	3.395
Short-term bank loan (CZK)	*Floating rate*	*2-3%*	*Upon request*	5.283	139
Current portion of the long-term bank loan (CZK)	*Floating rate*	*2-3%*	*30-06-19*	56.854	285.544
Current portion of the long-term bank loan (DKK)	*Floating rate*	*1-2%*	*30-06-19*	53.125	265.625
				561.065	**1.075.647**

In thousands of DKK	Interest rate risk	Effective interest rate	Year of maturity	2018	2017
Long-term bank loan (CZK)	*Floating rate*	*2-3%*	*2020-2022*	170.561	0
Long-term bank loan (DKK)	*Floating rate*	*1-2%*	*2020-2022*	159.375	0
				329.936	**0**

For more information about the Group’s exposure to liquidity, interest rate and foreign currency risk, see note 26.

In thousands of DKK	2018	2017
Balance at 01.01.	1.075.647	1.097.674
Financing cash flow	-184.646	-22.027
Balance at 31.12.	**891.001**	**1.075.647**

24. Provisions

In thousands of DKK	2018	2017
Non-current provisions		
Provisions for restoration and monitoring of landfills	495.999	484.714
Thereof: Due within one year	-49.377	-13.239
Total non-current provisions	**446.622**	**471.475**
Current provisions		
Current portion of the restoration and monitoring provisions	49.377	13.239
Total current provisions	**49.377**	**13.239**
	495.999	**484.714**

In thousands of DKK	2018	2017
Carrying amount at the beginning of the year	484.714	454.281
Exchange rate adjustments	-1.371	28.530
Additional provisions made in the period, including increase in the existing provisions	26.699	10.542
Amounts used during the period	-14.852	-9.385
Increase during the period in the discounted amount arising from the passage of time and effect of any change in the discount rate	809	746
	495.999	**484.714**

The expected maturities and expected cash flows from provisions as at 31 December 2018 are as follows:

In thousands of DKK	Expected cash flow (including inflation)	Less: discounting of future interest	Reported amount
Within 1 year	49.726	-499	49.227
Between 1 and 2 years	19.482	-51	19.431
Between 2 and 3 years	31.886	-225	31.661
Between 3 and 4 years	27.779	-308	27.470
Between 4 and 5 years	24.365	-317	24.048
Between 5 and 10 years	209.186	-4.214	204.972
Over 10 years	154.142	-14.953	139.189
	516.566	**-20.567**	**495.999**

The expected maturities and expected cash flows from provisions as at 31 December 2017 are as follows:

In thousands of DKK	Expected cash flow (including inflation)	Less: discounting of future interest	Reported amount
Within 1 year	13.302	-63	13.239
Between 1 and 2 years	49.893	-144	49.749
Between 2 and 3 years	32.379	44	32.423
Between 3 and 4 years	33.926	-3	33.923
Between 4 and 5 years	15.936	-101	15.835
Between 5 and 10 years	189.205	-1.429	187.776
Over 10 years	158.468	-6.699	151.769
	493.109	**-8.395**	**484.714**

Sensitivity analysis of the restoration provision

Change in the discount rate by 1% compared to the original estimates used as at 31 December 2018 would increase or decrease the provision for the restoration and monitoring of waste sites in the following amounts:

Increase in discount rate by 1%: MDKK −11,9
Decrease in discount rate by 1%: MDKK +16,0

25. Trade and other payables

In thousands of DKK	2018	2017
Trade payables	225.047	255.473
Labour related payables	108.434	96.650
VAT and other tax liabilities	22.741	21.410
Other payables	29.005	30.809
	385.227	**404.342**

The breakdown of trade and other payables is as follows:

In thousands of DKK	2018	2017
Payables within due date	355.354	345.187
Payables after due date	29.873	59.155
	385.227	**404.342**

26. Financial instruments

Exposure to credit, liquidity, interest rate and currency risks arise in the normal course of the Group's business.

Financial instrument categories

In thousands of DKK	2018 Carrying amount	2017 Carrying amount
Financial assets used as hedging instruments	**0**	**0**
Securities	222	222
Trade and other receivables	480.312	487.757
Cash and cash equivalents	81.634	148.580
Loans and other receivables	**562.168**	**636.559**
Credit institutions	891.001	1.075.647
Trade and other payables	385.227	404.342
Financial liabilities measured at amortised cost	**1.276.228**	**1.479.989**

The fair value is in all cases equal to the carrying amount

Impairment losses
Impairment losses are described in note 18.

Liquidity risk
The Group expects to prolong the credit facilities of the interest-bearing loans and borrowings into future periods.

The contractual maturities of substantially all current financial assets and liabilities are within 4 months.

Financial assets and liabilities

In thousands of DKK	2018	2017
Within 1 year	0	946
Between 1 and 2 years	783	945
Between 2 and 3 years	652	702
Between 3 and 4 years	300	604
Between 4 and 5 years	47	42
Between 5 and 10 years	1.545	21
Over 10 years	0	0
Less: discounting of interest	0	0
	3.326	**3.260**
Thereof presented under:		
Current receivables	0	82
Non-current receivables	**3.326**	**3.178**

The contractual cash flows from financial assets and financial liabilities do not significantly differ from their carrying values. It is not expected that the cash flows from these financial assets and liabilities could occur significantly earlier, or for significantly different amounts.

Notes to the Consolidated Financial Statements

27. Capital commitments and contingencies

Mortgage and securities

Shares in Marius Pedersen A/S, thousands DKK 68.880 have been pledged as security for bank debt amounting to a maximum thousands DKK 879.227.

Assets pledged as security

To provide security for the Group's drawing facilities in banks etc., including performance guarantees and other guarantees given by the bank, are placed on deposit on the following items.

In thousands of DKK	**2018**	**2017**
Mortgage deed, not pledged as security	16.250	16.250
Carrying amount of mortgage properties	36.273	37.634

Company holds properties on rented premises.

Contingent Liabilities

In thousands of DKK	**2018**	**2017**
Obligations according to rent and operating lease contracts	51.173	36.253
Recourse obligations concerning contract guarantees etc.	65.754	76.153
Group's shares of joint ventures contingent liabilities	0	0

The expected maturities of obligations according to rent and operating lease contracts

In thousands of DKK	**2018**	**2017**
Within 1 year	18.535	16.561
Between 1 and 5 years	20.616	18.997
Over 5 years	12.022	695
	51.173	**36.253**

Joint taxation

Marius Pedersen Holding A/S and its Danish subsidiaries are jointly taxed. The Company thus has secondary liability with respect to income taxes etc. and any obligation to withhold taxes on interest, royalties and dividends applying to the jointly taxed companies. Such secondary liability is, however, capped at an amount equal to the portion of the share capital in the Company held directly or indirectly by the ultimate parent.

28. Fee to shareholder, appointed auditor

In thousands of DKK	2018	2017
Fee to Deloitte		
Statutory audit	515	552
Tax and VAT-related services	40	40
Other services	75	75
	630	**668**

In thousands of DKK	2018	2017
Fee to KPMG		
Statutory audit	1.878	1.920
Other services	482	184
	2.361	**2.104**

29. Acquisition of subsidiary

2018

No acquisitions were made during the fiscal year 2018.

2017

On 30th March 2017 the Group acquired a 100% of the shares and voting rights in company DOV s.r.o., Czech Republic. Impact of the acquisition of DOV s.r.o. on financial results of the Group during 2017 is not material. In the period from the acquisition date to 31 December 2017 DOV s.r.o. contributed revenue of T.DKK 2.331 and loss after tax of T.DKK 298.

On 21st August 2017 the Group acquired a 100% of the shares and voting rights in company TS Abertamy s.r.o., Czech Republic. Impact of the acquisition of TS Abertamy s.r.o. on financial results of the Group during 2017 is not material. In the period from the acquisition date to 31 December 2017 TS Abertamy s.r.o. contributed revenue of T.DKK 214 and loss after tax of T.DKK 9.

DOV s.r.o. and TS Abertamy s.r.o.

In thousands of DKK	2017
Property, plant and equipment	2.959
Inventories	10
Trade and other receivables	856
Cash and cash equivalents	165
Trade and other payables	-316
Interest-bearing loans and borrowings	-1.148
Current tax payable	101
Net assets acquired	**2.627**
Goodwill	4.015
Purchase price	**6.642**
Of which cash and cash equivalents	-165
Purchase price in cash	**6.477**
Purchase price:	
Cash	6.642
	6.642

Notes to the Consolidated Financial Statements

30. Approval of financial statements

The financial statements were approved by the board of directors and authorised for issue on May 24 2019

31. Related party transactions

Related party with controlling interest

Ultimate parent: Entreprenør Marius Pedersens Fond, Faaborg Midtfyn.

Balanced and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are:

Dividend paid cf. note 22, thousands 10.000 DKK.

Related party transactions:

In thousands of DKK	**Parent 2018**	**Management 2018**
Dividend	10.000	0
Remuneration	0	10.845

32. Subsequent events

From 31 December 2018 up to the date of issue of these financial statements, there were no events that would have a significant impact on the Company´s assets and liabilities except for those resulting from the ordinary course of bussines operations

Consolidated Subsidiaries and Joint Ventures

Subsidiaries

Denmark Name		Effective ownership % 2018	Principal activity
Kildehøj ApS	Faaborg-Midtfyn	98,8	Property investment company 1)
Marius Pedersen A/S, Ferritslev Fyn	Faaborg-Midtfyn	100,0	Municipal services, waste collection, sorting
MP Ejendomsaktieselskab, Ferritslev Fyn	Faaborg-Midtfyn	100,0	Property investment company 1)
Odense Affaldssortering A/S	Odense	50,2	Sorting

1) Entreprenør Marius Pedersens Fond is owner

Czech Republic Name		Effective ownership % 2018	Principal activity
Marius Pedersen a.s. Hradec Kralove	Hradec Králové	100,0	Municipal services, waste collection, landfill
Bohemian Waste Management a.s.	Hradec Králové	60,0	Landfill
DESTRA Co., spol. s r.o.	Brno	70,0	Hazardous waste
DOV s.r.o.	Jablonec nad Nisou	100,0	Municipal waste collection
EKO - Chlebičov a.s.	Chlebičov	77,2	Hazardous waste landfill
EKO servis Varnsdorf a.s.	Varnsdorf	55,0	Municipal waste collection
EKOLA České Libchavy s.r.o.	České Libchavy	74,1	Municipal waste collection and landfill
ELIO Slezsko a.s.	Holasovice	55,0	Landfill
HRATES, a.s.	Uherské Hradište	66,0	Municipal services
Hradecké služby a.s.	Hradec Králové	60,0	Municipal waste collection
Ipodec Ciste Mesto a.s.	Praha	57,0	Municipal services and waste collection
Krušnohorské služby a.s.	Ústi n.Labem	51,0	Municipal services and waste collection
Moravska skladkova spolecnost a.s.	Otrokovice	60,0	Landfill
MPGA s.r.o.	Hradec Králové	100,0	Municipal services, waste collection, landfill
Nykos a.s.	Ždánice	85,7	Municipal waste collection
Odpady-Třídění-Recyklace a.s.	Uherské Hradište	60,0	Municipal waste collection
Papkov s.r.o.	Praha	80,0	Recycling
Podnik sluzeb Jirkov s.r.o	Ústi n.Labem	51,0	Municipal services and waste collection
Růžov a.s.	Borovany	52,0	Landfill
RWC s.r.o.	Chropyně	70,0	Hazardous waste
Severočeské komunální služby s.r.o.	Jablonec nad Nisou	65,0	Municipal services and waste collection
Skládka Tušimice a.s.	Teplice	98,0	Landfill
SOMA Markvartovice a.s.	Hlučin	58,0	Landfill
SOP a.s.	Přelouč	60,0	Municipal waste collection
Společnost Horní Labe a.s.	Trutnov	60,0	Landfill
Technické služby Abertamy s.r.o.	Abertamy	100,0	Municipal services, waste collection ,landfill
Technické služby Děčín a.s.	Děčín	96,9	Municipal services, waste collection ,landfill
TRANSPORT Trutnov s.r.o.	Trutnov	60,0	Municipal waste collection
TS Valašské Meziříčí s.r.o.	Valašské Meziříčí	74,9	Municipal services and waste collection
Západočeské komunální služby a.s.	Plzeň	98,0	Municipal services and waste collection

Consolidated Subsidiaries and Joint Ventures

Slovakia Name		Effective ownership % 2018	Principal activity
Marius Pedersen a.s.,Trencin	Trenčín	100,0	Municipal services, waste collection, landfill
BORINA EKOS s.r.o.	Livinské Opatovce	88,0	Landfill
Bzenex BMP, s.r.o.	Bzenica	70,0	Landfill
Kopaničiarska odpadová spoločnosť, s.r.o.	Kostolné	83,0	Landfill
PETMAS spol. S.r.o.	Pezinok	100,0	Waste collection
Spoločnosť Pohronie a.s.	Lieskovec	60,0	Landfill
Spoločnosť Šariš, a.s.	Sabinov	88,0	Landfill
Spoločnosť Stredné Považie a.s.	Trenčín	70,0	Landfill
Tatranská odpadovás poločnosť, a.s.	Žakovce	64,0	Landfill
Tekovská ekologická, s.r.o.	Nový Tekov	86,0	Landfill
Waste transport, a.s.	Bratislava	100,0	Collection and transport of waste

Joint ventures:

Slovakia Name		Effective ownership % 2018	Principal activity
ICEKO-ONYX, s.r.o.	Banská Bystrica	50,0	Collection and transport of waste
KOMPLEX-odpadová spoločnosť, s.r.o. 2)	Pusté Sady	60,0	Landfill

2) Voting rights 49%

Annual Report 2018

Central Business Registration No. 35 84 67 35

Marius Pedersen Holding A/S

Ørbækvej 851

5863 Ferritslev, Fyn

Management's commentary

Primary activities
The Company is holding company of Marius Pedersen A/S, Denmark.

Development in activities
Net income for the year after tax is 163,7 MDKK.

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

Outlook
The Company expects a continuing positive development in the activities and result.

Accounting Policies

The annual report for Marius Pedersen Holding A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act class C enterprises (medium).

The annual report was prepared according to the accounting policies applied the year before.

1. Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company, and the value of the assets can be measured reliably.

Liabilities are recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Group, and the value of the liabilities can be measured reliably.

On initial recognition assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year. Value adjustments of financial assets and liabilities are recorded in the income statement as financial income or financial expenses.

2. Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date, are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Fixed assets purchased in foreign currencies are translated using historical rates.

3. Statement of income

Revenue

Revenue from the sale of services, manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts.

Administrative costs

Administrative costs comprise costs incurred for management and administration of the Group, including costs for the administrative staff and the Management, stationary and office supplies as well as depreciation and amortisation.

Financial income and expenses

These items comprise interest income and interest expenses as well as tax surcharge and repayment under the Danish Tax Prepayment Scheme.

Taxation

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit/loss for the year, and recognised directly on equity by the portion attributable to entries directly on equity. The portion of the tax taken to the income statement, which relates to extraordinary profit/loss for the year, is allocated to this entry whereas the remaining portion is taken to the year's profit/loss from ordinary activities.

The current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Deferred tax is recognised and measured applying the liability method on all temporary differences between the carrying amount and tax-based value of assets and liabilities. The tax-based value of the assets is calculated based on the planned use of each asset.

Deferred tax is measured based on the tax regulations and tax rates that will be in effect, using the laws at the balance sheet date, when the deferred tax is estimated to be triggered as current tax. Changes in deferred tax resulting from changed tax rates are recognised in the income statement.

Deferred tax assets, including the tax base of tax loss carry forward, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

The Company is jointly taxed with enterprises within the Group. The current Danish income tax is allocated among the jointly taxed Danish companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

4. Balance sheet

Goodwill on consolidation

Goodwill on consolidation is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by the Management for each business area. The period of amortisation is usually 3 to 10 years, but 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer period of amortisation is considered to give a better reflection of the Group's benefit from the relevant resources.

The carrying amount of goodwill on consolidation is assessed recurrently and written down to recoverable amount, if the carrying amount exceeds the estimated future net income from the enterprise or activity to which the goodwill on consolidation is related.

Participating interest in group enterprises
Investments in group enterprises are recognised and measured under the equity method. This means that in the balance sheet investments are measured at the pro rata share of the enterprises' equity plus unamortised goodwill on consolidation and plus unrealised intragroup profits or losses.

The Company's share of the enterprises' profits or losses after tax and elimination of unrealised intragroup profits and losses and minus amortisation of goodwill on consolidation is recognised in the income statement.

Subsidiaries with negative equity are measured at zero value, and any receivables from these enterprises are written down by the Company's share of such negative equity, if it is deemed irrecoverable. If the negative equity exceeds the amount receivable, the remaining amount is recognised under provisions if the Company has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Net revaluation of investments in subsidiaries and associates is taken to reserve for net revaluation under the equity method if the carrying amount exceeds cost.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value, less provisions for bad debts.

Dividend
Dividends are recognised as a liability at the time of adoption at the general meeting. The proposed dividends for the financial year are disclosed as a separate item under equity.

Statement of Income 2018

In thousands of DKK	Note	2018	2017
Administrative costs	1	-80	-67
Operating profit		**-80**	**-67**
Profit on ordinary activities in group enterprises	2	170.035	159.631
Financial income	3	9	466
Financial expenses	4	-8.538	-8.843
Profit before taxation		**161.426**	**151.187**
Taxation on profit for the year	5	2.229	-6.123
Profit for the year	6	**163.655**	**145.064**

Balance Sheet at 31.12.2018

In thousands of DKK	Note	2018	2017
Assets			
Participating interest in group enterprises	7	2.054.356	2.027.309
Non-current assets		**2.054.356**	**2.027.309**
Total non-current assets		**2.054.356**	**2.027.309**
Deferred tax		1.841	0
Cash		2.614	37
Current assets		**4.455**	**37**
Total assets		**2.058.811**	**2.027.346**
Equity			
Share capital	8	100.000	100.000
Share premium		965.972	965.972
Retained earnings		513.969	381.926
Proposed dividend		30.000	10.000
Total equity		**1.609.941**	**1.457.898**
Liabilities			
Long-term liabilities		**329.936**	**0**
Short-term liabilities part of long-term liabilities		109.979	551.169
Accounts owed to group enterprises		5.175	17.947
Current tax payables		3.780	332
Current liabilities other than provisions		**118.934**	**569.448**
Total liabilities		**2.058.811**	**2.027.346**
Securities and contingent liabilities etc.	9		
Ownership	10		
Related party transactions	11		
Subsequent events	12		

Statement of Changes in Equity

In thousands of DKK	Share capital	Share premium	Retained earnings	Proposed dividend	Total
Balance at 1 January 2017	**100.000**	**965.972**	**244.823**	**0**	**1.310.795**
Net profit / loss for the year 2017	0	0	135.064	10.000	145.064
Extraordinary dividends paid	0	0	-10.000	0	-10.000
Exchange rate adjustments	0	0	12.039	0	12.039
Balance at 31 December 2017	**100.000**	**965.972**	**381.926**	**10.000**	**1.457.898**
Balance at 1 January 2018	**100.000**	**965.972**	**381.926**	**10.000**	**1.457.898**
Dividends paid	0	0	0	-10.000	-10.000
Net profit / loss for the year 2018	0	0	133.655	30.000	163.655
Exchange rate adjustments	0	0	-1.612	0	-1.612
Balance at 31 December 2018	**100.000**	**965.972**	**513.969**	**30.000**	**1.609.941**

During the financial year, extraordinary dividend of thousands DKK 10.000 was paid in May 2017. An ordinary dividend was paid in May 2018.

Notes

1. Staff Costs

In thousands of DKK	2018	2017
Total amount for management categories	2.288	848
Average number of employees	0	0

The remuneration are expensed in other Group companies.

2. Profit on ordinary activities in group enterprises

In thousands of DKK	2018	2017
Group enterprises operating profit	217.370	206.966
Depreciation, consolidated goodwill	-47.335	-47.335
	170.035	**159.631**

3. Financial income

In thousands of DKK	2018	2017
Interest income from group enterprises	9	0
Other interest income	0	466
	9	**466**

4. Financial expenses

In thousands of DKK	2018	2017
Interest expenses from group enterprises	0	568
Other interest expenses	8.538	8.275
	8.538	**8.843**

5. Tax on profit/loss for the year

In thousands of DKK	2018	2017
Current tax	388	-3.366
Change in deferred tax	1.841	0
Adjustment concerning prior year	0	-2.757
	2.229	**-6.123**

6. Proposed distribution of profit/loss

In thousands of DKK	2018	2017
Dividend for the year	30.000	10.000
Retained earnings	133.655	135.064
	163.655	**145.064**

Notes

7. Investments in group enterprises

In thousands of DKK	2018	2017
Cost at 1 January	2.758.783	2.758.783
Cost price at 31 December	**2.758.783**	**2.758.783**
Net revaluation at 1 January	-731.474	-696.673
Equity adjustments	-2.988	25.568
Amortisation, consolidated goodwill	-47.335	-47.335
Profit/loss for the year	217.370	206.966
Dividends received	-140.000	-220.000
Net revaluation at 31 December	**-704.427**	**-731.474**
Carrying amount at 31 December	**2.054.356**	**2.027.309**

Consolidated goodwill of TDKK 730.822 is included in book value.

Investments in group enterprises comprise:
Marius Pedersen A/S, Faaborg-Midtfyn, 100%.

For a detailed list of the investments in group entreprises, see page 36/37 in the annual report..

8. Share capital

The share capital consists of 100.000.000 shares at DKK 1. The shares have not been divided into classes.

There has been no changes in share capital the last five years.

9. Securities and contingent liabilities etc.

Shares in Marius Pedersen A/S, thousands DKK 2.054.356 have been pledged as security for bank debt amounting to thousands DKK 879.227.

Contingent liabilities

Joint taxation

Marius Pedersen Holding A/S and its Danish subsidiaries are jointly taxed in Marius Pedersen Holding A/S. The Company thus has secondary liability with respect to income taxes etc. and any obligation to withhold taxes on interest, royalties and dividends applying to the jointly taxed companies. Such secondary liability is, however, capped at an amount equal to the portion of the share capital in the Company held directly or indirectly by the ultimate parent.

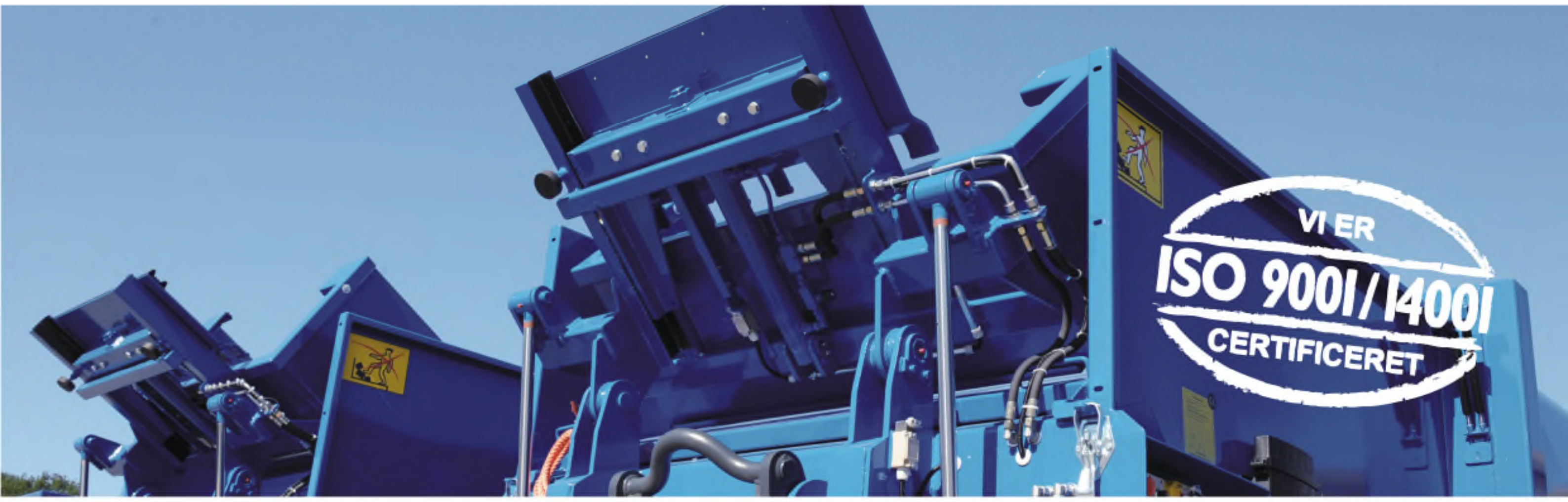
Notes

10. Ownership
The following shareholder holds more than 5% of the Company's share capital:
Entreprenør Marius Pedersens Fond, Faaborg-Midtfyn, CVR 11594174.

11. Related party transactions

In thousands of DKK	Parent 2018	Subsidiaries 2018	Management 2018
Dividend	10.000	140.000	0
Remuneration	0	0	2.288
Outstanding account	0	5.175	0

12. Subsequent events
From 31 December 2018 up to the date of issue of these financial statements, there were no events that would have a significant impact on the Company´s assets and liabilities.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