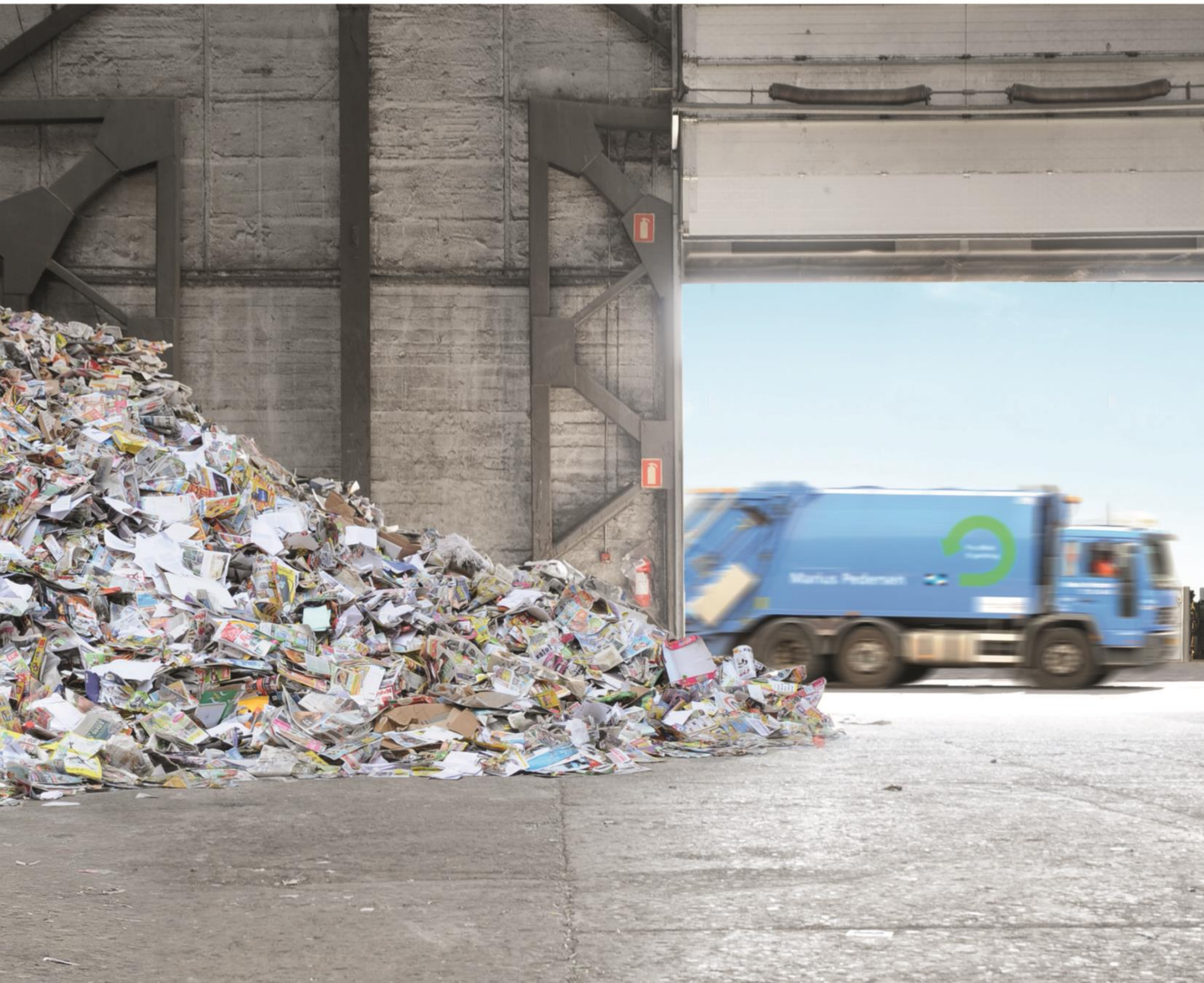
MARIUS PEDERSEN HOLDING A/S

Annual Consolidated Report 2019



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 26-06-2020

Marius Pedersen

Søren Borregaard

Contents

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 2019

Board of Directors

Peter Schak Larsen, Chairman

Jens Flesner Kristiansen, Deputy Chairman

Birgit Elin Munck-Kampmann

Lars Christian Lilleholt

Ib Thrane

Executive Board

Simon Hovgaard Clausen, CEO

Per Madsen, CFO

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 Holding A/S for the financial year 1 January to 31 December 2019.

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 2019 as well as of the results of their operations and cash flows for the financial year 1 January to 31 December 2019.

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, 26-06-2020

Executive Board

Simon Hovgaard Clausen CEO	Per Madsen CFO

Board of directors

Peter Schak Larsen Chairman	Jens Flesner Kristiansen Deputy Chairman	Birgit Elin Munck-Kampmann
Lars Christian Lilleholt	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 01.01.2019 - 31.12.2019, 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 31.12.2019, and of the results of their operations and cash flows for the financial year 01.01.2019 - 31.12.2019 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 31.12.2019, and of the results of their operations for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements and the parent 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, 26-06-2020

Deloitte

Statsautoriseret Revisionspartnerselskab

Business Registration No 33 96 35 56

Gert Rasmussen

State-Authorised Public Accountant

Identification number (MNE) mne35430

Management Commentary

Key figures

In thousands of DKK	2019	2018	2017	2016	2015
Revenue	3.077.232	2.946.990	2.951.001	2.744.264	2.625.555
Operating profit	421.798	396.841	382.705	324.202	308.090
Net financials	-20.700	-11.902	-24.490	-15.616	-41.961
Profit for the year	322.775	309.874	278.032	248.820	214.479
Equity	2.518.789	2.270.262	2.005.198	1.737.150	1.523.800
Total Assets	4.442.571	4.127.975	4.045.363	3.773.099	3.621.485
Investments in tangible assets	453.861	431.314	377.220	327.084	227.306
Operating margin (%)	13,7	13,5	13,0	11,8	11,7
Return on investment (%)	11,2	10,9	10,9	9,6	9,7
Return on equity (%)	13,5	13,6	13,9	14,3	14,1
Equity ratio (%)	56,7	55,0	49,6	46,0	42,1

Primary activities

As an important player in the Danish, Czech Republic and Slovakian waste sector, Marius Pedersen Group takes an active role in the circular economy.

In close co-operation with our customers and purchasers we work actively to ensure recycling and efficient use of the waste.

We consider waste as a resource and our main focus is to maximise the waste for recycling and minimise the waste for incineration or landfill – thus we are working actively with the UN Sustainable Development Goals, with specific focus on goal number 12: *Responsible Consumption and Production*.

We collect all types of waste, solid as liquid waste, from waste producers, and constantly work being 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 – being 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.

Revenue and earnings in 2019 have been the best ever. Growth has been seen in all 3 markets (Denmark, Czech Republic and Slovakia), coming from dedicated focus on value adding sales activities in each business line, focus on productivity and efficiency.

In Czech and Slovakia we also in 2019 experienced big increase in wages and salaries 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 9% increase in wages and salaries in 2019.

Management Commentary

Development in finances
Profit after tax for the financial year covering the period 1 January to 31 December 2019 is 322,8 MDKK which is an increase of 12,9 MDKK compared to 2018.

Operating profit is 421,8 MDKK which is 25,0 MDKK higher than 2018. Revenue is 3.077,2 MDKK in 2019 increasing by 130,2 MDKK.

Profit for the year – being the best year ever – 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 others controls the 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 costs are charged to the profit and loss accounts.

Events after the balance sheet date
Marius Pedersen Group is impacted by the corona virus (COVID-19) in all three countries, consequently the outlook and guidance for 2020 is subject to significant uncertainties.

Marius Pedersen A/S has the 20 May 2020 signed an agreement to acquire 100% of the shares in FKSSlamson A/S, Denmark. We are currently awaiting approval from the competition authorities.

Except from above no other events have occurred after the balance sheet date which influences the evaluation of this annual report.

Outlook
The outlook and guidance for 2020 is subject to significant uncertainties and impacted by the current outbreak of the Corona virus (COVID-19), which has significantly lowered visibility on what to expect in 2020.

The Group has seen a decline in revenue and earnings since Mid March 2020 due to COVID-19. We have recently started to see slightly improvements, as part the COVID-19 restrictions are being cancelled. We expect further improvements going forward, while the remaining restrictions are being cancelled, but it is yet too early to estimate how much and how fast the improvements will come. We however expect Profit for the year to be around 250-300 MDKK for 2020, consequently we have decided not to apply for the temporary wage compensation scheme issued by the Danish government, as we can manage without this compensation.

Investments in the Group for 2019 has been on a high level and amounts to 464,3 MDKK. In 2020 we expect that re- and new investments without acquisitions will remain on a high level and be around 450-500 MDKK in 2020.

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.

Management Commentary

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%.

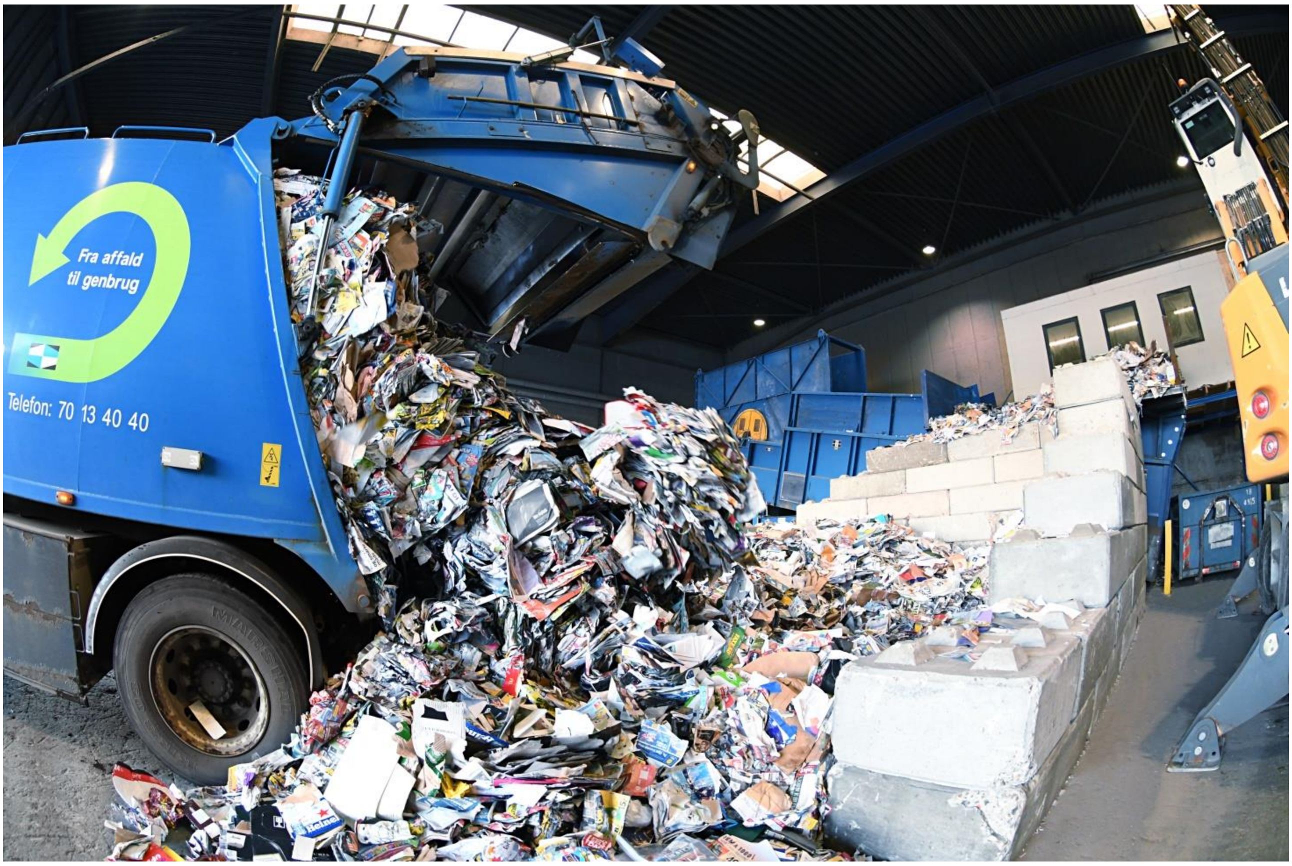
Top Management
The aim over the next years is to have a gender distribution not lower than 30/70% in the Top Management.

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.

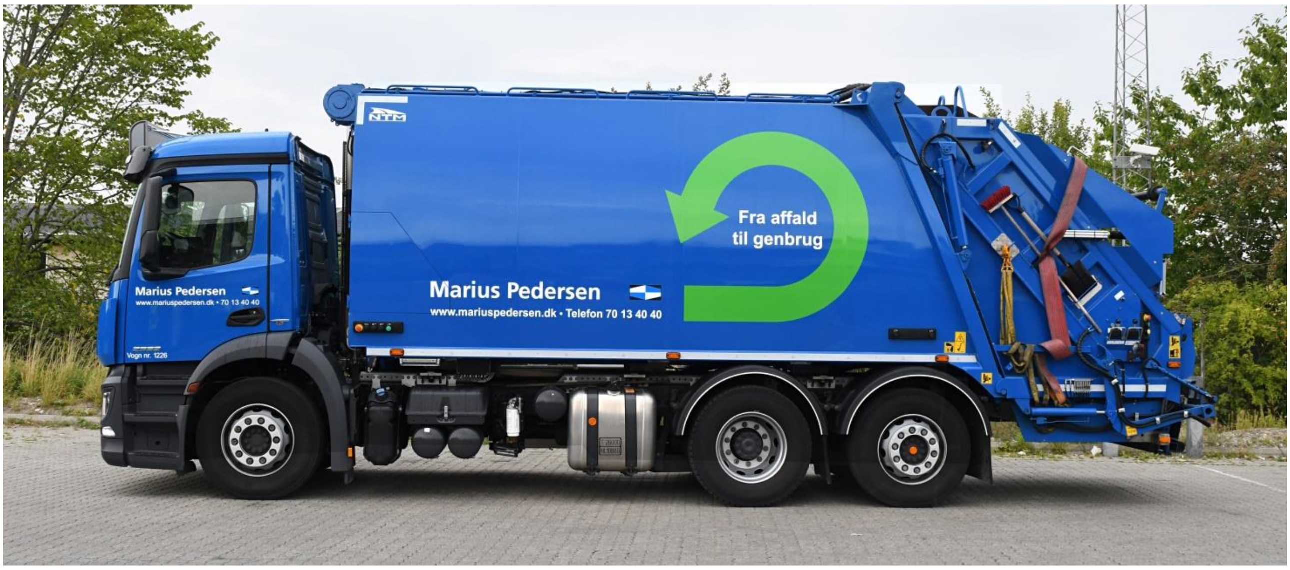
In 2019 the gender distribution of the management team is 11,8/88,2%.

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	2019	2018
Revenue	6	3.077.232	2.946.990
Direct production costs	7, 8	-1.974.894	-1.915.848
Contribution margin		**1.102.338**	**1.031.142**
Other production costs	7, 8	-502.606	-467.960
Gross profit		**599.732**	**563.182**
Distribution costs	7, 8	-113.664	-101.388
Administrative costs	7, 8	-69.808	-70.639
Other operating income and expenses	9	5.538	5.686
Operating profit		**421.798**	**396.841**
Investments in associates	10	3.136	2.899
Financial income	11	4.343	5.392
Financial expenses	12	-28.179	-20.193
Net financial income or costs		**-20.700**	**-11.902**
Profit before tax		**401.098**	**384.939**
Taxation on profit for the financial year	13	-78.323	-75.065
Profit for the year		**322.775**	**309.874**
Other comprehensive income:			
Items that can be reclassified to profit or loss:			
Foreign exchange adjustments of subsidiaries		9.503	-3.584
Total comprehensive income for the year		**332.278**	**306.290**
Profit for the year attributable to:		**322.775**	**309.874**
Attributable to: Non-controlling interest		-34.016	-32.389
Attributable to: Owner of the parent		**288.759**	**277.485**
Total comprehensive income for the year attributable to:		**332.278**	**306.290**
Attributable to: Non-controlling interest		-35.895	-31.682
Attributable to: Owner of the parent		**296.383**	**274.608**

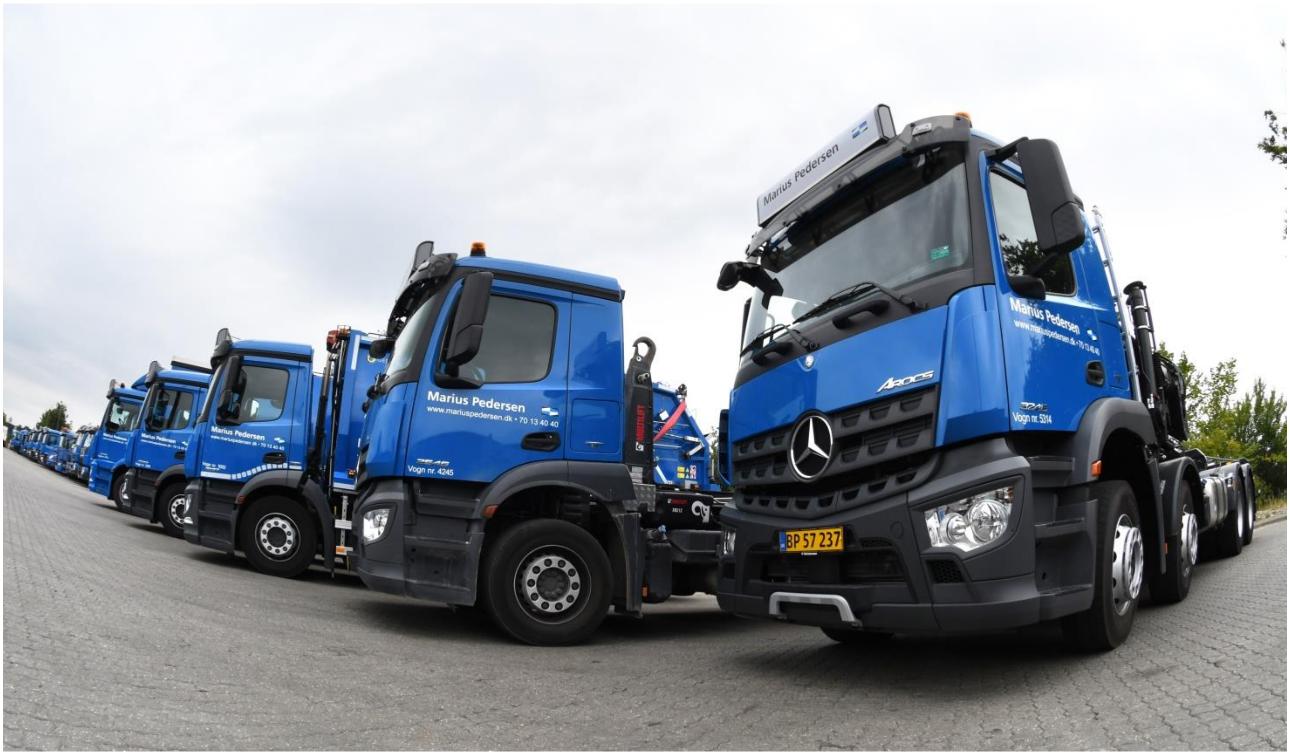


Consolidated Statement of Financial Position

31 December *In thousands of DKK*	Note	2019	2018
Assets			
Goodwill and other intangible assets	14	1.452.999	1.448.736
Property, plant and equipment	15	1.849.222	1.671.084
Right of use assets	16	119.318	0
Investments in associates	10	6.521	6.833
Other financial assets	28	11.226	222
Non-current trade and other receivables	17	50.140	3.326
Cash on escrow accounts	18	255.377	308.363
Deferred tax assets	19	85.552	72.441
Total non-current assets		**3.830.355**	**3.511.005**
Inventories	20	33.547	37.917
Current trade and other receivables	17	497.168	476.986
Current tax assets		0	20.122
Other assets		1.393	311
Cash and cash equivalents		80.108	81.634
Total current assets		**612.216**	**616.970**
Total assets		**4.442.571**	**4.127.975**
Equity			
Share capital	21	100.000	100.000
Other reserves		39.960	34.388
Retained earnings		2.204.180	1.958.875
Issued capital and reserves attributable to owners of the parent		**2.344.140**	**2.093.263**
Non-controlling interest		174.649	176.999
Total equity		**2.518.789**	**2.270.262**
Liabilities			
Non-current provisions	23	496.346	446.622
Deferred tax liabilities	19	85.734	74.765
Non-current interest-bearing loans and borrowings	22	221.370	329.936
Non-current lease liabilities	16	101.667	0
Other non-current liabilities		23.124	6.864
Total non-current liabilities		**928.241**	**858.187**
Trade and other payables	24	374.125	385.227
Current interest-bearing loans and borrowings	22	562.464	561.065
Current lease liabilities	16	18.020	0
Current provisions	23	34.749	49.377
Current tax liabilities		6.183	3.857
Total current liabilities		**995.540**	**999.526**
Total liabilities		**1.923.782**	**1.857.713**
Total equity and liabilities		**4.442.571**	**4.127.975**

Consolidated Statement of Changes in Equity

In thousands of DKK	Share capital	Other reserves	Retained earnings	Total for parent	Non-controlling interest	Total
Balance at 1 January 2018	**100.000**	**37.265**	**1.691.390**	**1.828.655**	**176.543**	**2.005.198**
Profit for the year	0	0	277.485	**277.485**	32.389	**309.874**
Other comprehensive income:						
Foreign exchange adjustments	0	-2.877	0	**-2.877**	-707	**-3.584**
Total comprehensive income	**0**	**-2.877**	**277.485**	**274.608**	**31.682**	**306.290**
Dividend paid	0	0	-10.000	**-10.000**	-31.226	**-41.226**
Changes in equity	**0**	**-2.877**	**267.485**	**264.608**	**456**	**265.064**
Balance at 31 December 2018	**100.000**	**34.388**	**1.958.875**	**2.093.263**	**176.999**	**2.270.262**
Balance at 1 January 2019	**100.000**	**34.388**	**1.958.875**	**2.093.263**	**176.999**	**2.270.262**
Profit for the year	0	0	288.759	**288.759**	34.016	**322.775**
Other comprehensive income:						
Foreign exchange adjustments	0	7.624	0	**7.624**	1.879	**9.503**
Total comprehensive income	**0**	**7.624**	**288.759**	**296.383**	**35.895**	**332.278**
Dividend paid	0	0	-30.000	**-30.000**	-33.654	**-63.654**
Other capital changes	0	-3.235	-16.610	**-19.845**	-5.668	**-25.513**
Tax on other changes	0	1.183	3.156	**4.339**	1.077	**5.416**
Changes in equity	**0**	**5.572**	**245.305**	**250.877**	**-2.350**	**248.527**
Balance at 31 December 2019	**100.000**	**39.960**	**2.204.180**	**2.344.140**	**174.649**	**2.518.789**



Consolidated Statement of Cash Flows

1 January - 31 December *In thousands of DKK*	Note	2019	2018
Cash flows from operating activities			
Total comprehensive income for the period		322.775	309.874
Adjustments for:			
Depreciation and amortization	7	327.400	281.709
Impairment losses (reversal) on receivables		856	0
Financial income	11	-4.343	-5.392
Financial expense	12	28.179	20.193
Tax expense	13	78.323	75.065
Profit on disposals of property, plant and equipment	9	-6.047	-9.259
Increase / decrease in provisions		-13.861	36.138
Forign exchange rate adjustments		-5.343	-21.301
Operating cash flow before changes in working capital		**727.939**	**687.027**
Decrease / increase in inventories		4.445	-1.530
Decrease / increase in receivables		-23.213	7.283
Decrease / increase in payables		-4.850	-19.115
Decrease / increase in escrow accounts		5.866	-15.047
Cash flow from operations		**710.187**	**658.618**
Interest paid		-20.115	-20.193
Income taxes paid		-52.777	-78.054
Net cash from operating activities		**637.295**	**560.371**
Cash flows from investing activities			
Interest received		3.824	5.392
Proceeds from sale of property, plant and equipment		14.149	32.285
Acquisition of intangible assets		-10.443	-7.808
Acquisition of subsidiary, net cash acquired		-1.225	0
Acquisition of property, plant and equipment		-453.861	-431.314
Financial investments		13	0
Net cash used in investing activities		**-447.543**	**-401.445**
Cash flows from financing activities			
Decrease lease liabilities		-20.456	0
Decrease of non-current loans and borrowings		-108.566	-111.254
Increase of current loans and borrowings		706	0
Dividends paid to parent		-30.000	-10.000
Dividends paid to non-controlling interests		-33.654	-31.226
Net cash used in financing activities		**-191.970**	**-152.480**
Net decrease / increase in cash and cash equivalents		**-2.218**	**6.446**
Cash on bank accounts 1 January		81.634	148.580
Bank overdrafts 1 January		-451.086	-524.478
Cash and cash equivalents at 31 December		**-371.670**	**-369.452**
Cash on bank accounts		80.108	81.634
Bank overdrafts		-451.778	-451.086
Cash and cash equivalents at 31 December		**-371.670**	**-369.452**

The Consolidated Statement of Cash Flow cannot be derived on the basis of the official Financial Statement alone.

Notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements

1. General information

Marius Pedersen Holding 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 2019 as adopted by the European Union.
Of the new standards and amendments implemented in 2019 the most significant are as follows:

IFRS 16 Leases

IFRS 16 Leases was implemented 1 January 2019. Implementation of IFRS 16 had a impact on Marius Pedersen Holding A/S financial statements, as contracts previously classified as off-balance operating leases under IAS 17 have now been capitalised, recognising right of use assets and lease liabilities similar to previous practices for finance leases.

Consequently, reported operating profits have increased, as previous operating lease expenses have been replaced by depreciation and interest expenses. However, the impact on profit for the period is neutral over time, but a timing effect does occur due to frontloading of interest expenses.

Reported cash flow from operating activities has increased, but is offset by an increased cash outflow from financing activities. Accordingly, total cash flow for the period is unchanged.

Application and practical expedients applied

IFRS 16 has been applied following the modified retrospective approach with the cumulative effect of applying the standard recognised in the opening balance of retained earnings.

At the date of initial application, the Company recognized a lease liability for leases initially classified as an operating lese in accordance with IAS 17 at the present value of future payments discounted using the rates of the individual contractual obligations. At the same time, the Right of use assets was measured at the amount equal to the amount of the lease obligation, adjusted for the amount of any prepayments or accruals of lease payments relating to the lease, recognized in the statement of financial position immediately before the date of initial application.

A single discount rate has been applied to appropriate groups of leases with similar characteristics. The weighted average incremental borrowing rate applied at 1 January 2019 was in between 1-3%.

The practical expedients allowing non-recognition of right of use assets and related lease liabilities for existing leases ending within 12 months of 1 January 2019 and leases with a low value, exclusion of initial direct costs from the right of use asset measurement and the use of hindsight have been applied.

The connection between Operating lease commitments 31 December 2018 and the Lease liability 1 January 2019 can be seen below:

In thousands of DKK	
Operating lease commitments 31 December 2018	51.173
Effect from extension options lease, etc.	130.033
Discounted using incremental borrowing rate at 1 January 2019	-19.433
Short-term and low-value leases recognised as an expense on a straight line basis	-24.184
Lease liabilities recognised 1 January 2019	137.589
Current/non-current classification:	
Non-current liabilities	119.820
Current liabilities	17.769

Notes to the Consolidated Financial Statements

2. Basis of preparation

a) Statement of compliance

The consolidated financial statements for the year ended 31 December 2019 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 14 – Goodwill
- Note 15 – Property, plant and equipment
- Note 16 – Lease
- Note 17 – Trade and other receivables
- Note 23 – 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 14.

Allowance for bad and doubtful debts

Loss allowance for impaired receivables are provided for 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 23.

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.

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 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.

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 (2018) 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
• Right of use assets	2 - 7 years

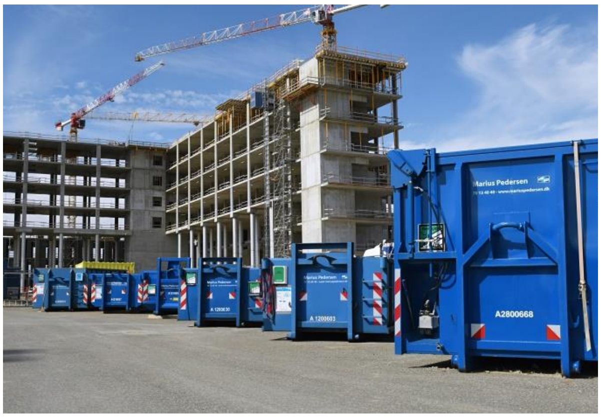
Depreciation methods and useful lives, as well as residual values, are reassessed at each financial year-end and adjusted if appropriate.

iiii. Leases
Whether a contract contains a lease is assessed at contract inception. For identified leases, a right of use asset and corresponding lease liability are recognised on the lease commencement date.

Upon initial recognition, the right of use asset is measured at cost corresponding to the lease liability recognised, adjusted for any lease prepayments or directly related costs, including dismantling and restoration costs. The lease liability is measured at the present value of lease payments of the leasing period discounted using the interest rate implicit in the lease contract. In cases where the implicit interest rate cannot be determined, an appropriate incremental Marius Pedersen borrowing rate is used. In determining the lease period extension, options are only included if it is reasonably certain they will be utilised.

At subsequent measurement, the right of use asset is measured less accumulated depreciations and impairment losses and adjusted for any remeasurements of the lease liability. Depreciations are done following the straight-line method over the lease term or the useful life of the right of use asset, whichever is shortest. The lease liability is measured at amortised cost using the effective interest method and adjusted for any remeasurements or modifications made to the contract.

Right of use assets and lease liabilities are not recognised for low value lease assets or leases with a lease term of 12 months or less. These are recognised as an expense on a straight-line basis over the term of the lease. Any service elements separable from the lease contract are also accounted for following same principle.



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
The Group measures loss allowances at an amount equal to lifetime expected credit losses (hereinafter referred to as “ECL”).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

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 and trade discounts. 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 and the associated costs can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

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 (2018)
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 new standards, amendments and interpretations with which the Group and the parent company must comply for financial years beginning on or after 1 January 2020.

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.

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 expected 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 25).

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 (%)	$\dfrac{\text{Operating profit x 100}}{\text{Average operationally assets}}$
Return on equity (%)	$\dfrac{\text{Profit for the year x 100}}{\text{Average equity}}$
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	2019	2018
Household collection	565.279	553.605
Commercial collection	1.427.777	1.288.407
Winter and Road cleaning	127.227	132.459
Sale of Secondary raw materials	405.261	470.070
Landfill	216.418	188.750
Rental	146.992	136.097
Services	96.125	90.553
Other	92.153	87.049
	3.077.232	**2.946.990**

At a point in time

In thousands of DKK	2019	2018
Household collection	7.530	7.835
Commercial collection	1.270	1.756
Winter and Road cleaning	0	0
Sale of Secondary raw materials	398.577	461.680
Landfill	6.095	4.511
Rental	0	0
Services	0	0
Other	674	808
	414.146	**476.590**

Over time

In thousands of DKK	2019	2018
Household collection	557.749	545.770
Commercial collection	1.426.507	1.286.653
Winter and Road cleaning	127.227	132.459
Sale of Secondary raw materials	6.684	8.389
Landfill	210.323	184.238
Rental	146.992	136.097
Services	96.125	90.553
Other	91.479	86.241
	2.663.086	**2.470.400**

7. Amortisation, Depreciation and Impairment

In thousands of DKK	2019	2018
Amortisation, depreciation and impairment losses of non-current assets are specified as follows:		
Amortisation, intangible assets	8.752	8.706
Depreciation, property, plant and equipment	299.303	273.003
Depreciation right of use assets	19.345	0
	327.400	**281.709**
Amortisation, depreciation and impairment losses of non-current assets have been expensed as follows:		
Direct and other production costs	322.789	277.258
Distribution costs	3.096	2.937
Administrative costs	1.515	1.514
	327.400	**281.709**

Notes to the Consolidated Financial Statements

8. Staff Costs

In thousands of DKK	2019	2018
Staff costs are specified as follows:		
Wages and salaries, etc.	788.866	749.376
Pension schemes	34.324	34.003
Other social security expenses	150.537	137.253
Grants/refunds (-)	-5.006	-4.934
	968.721	**915.698**
Attributable to:		
Executive board:		
Wages and salaries, etc.	7.467	7.887
Pension schemes	571	749
Other social security expenses	12	8
	8.050	**8.644**
Board of directors	2.075	2.201
Average number of employees	**4.767**	**4.719**

Staff costs have been expensed as follows:

In thousands of DKK	2019	2018
Direct and other production costs	844.757	796.823
Distribution costs	77.737	68.478
Administrative costs	46.227	50.397
	968.721	**915.698**

9. Other operating income and expenses

In thousands of DKK	2019	2018
Loss or gain on disposal of assets	6.047	9.259
Other operating income and expenses	-509	-3.573
	5.538	**5.686**

10. Investments in associates

The company owns shares in a company 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	2019	2018
Non current assets	8.164	10.006
Current assets	11.802	10.902
Non-current liabilities	-7.126	-6.392
Current liabilities	-1.972	-3.032
Net assets (100%)	**10.869**	**11.484**
Group's share on assets	6.521	6.833
Carrying amount of interest in joint venture	**6.521**	**6.833**
Revenue	25.131	23.820
Depreciation	-1.837	-797
Income tax expense	-1.538	-1.051
Profit and total comprehensive income (100%)	**5.249**	**4.964**
Group's share of profit and total comp. income	**3.136**	**2.899**
Dividends received by the Group	3.151	1.789

Notes to the Consolidated Financial Statements

11. Financial income

In thousands of DKK	2019	2018
Interest income from receivables	54	0
Exchange rate adjustments	568	1.212
Other interest income	3.721	4.180
Total interest of financial assets not classified as at FVTPL	**4.343**	**5.392**

12. Financial expenses

In thousands of DKK	2019	2018
Unwinding of discount of long-term provisions	8.053	1.288
Bank debt	14.682	16.495
Interest expense on lease liabilities	3.068	0
Exchange rate adjustments	928	0
Other interest expenses	1.449	2.410
Total expense of financial liabilities not classified as at FVTPL	**28.179**	**20.193**

13. Taxation on profit for the financial year

In thousands of DKK	2019	2018
Tax on profit for the year	78.323	75.065
	78.323	**75.065**
Tax on profit has been calculated as follows		
Current tax	77.611	68.898
Change in deferred tax	1.212	4.433
Adjustment concerning previous years	-500	1.734
	78.323	**75.065**

Income tax reconciliation

In thousands of DKK	2019	2018
Profit before tax	401.098	384.939
Tax charged at 22 %	88.241	84.687
Adjustment of tax calculated for foreign subsidiaries in relation to 22%	-6.804	-10.441
Tax effect of:		
Non-taxable income and non-deductible expenses	-2.614	719
Adjustment of previous years and withholding tax	-500	100
	78.323	**75.065**
Effective tax rate	19,5%	19,5%
Total income tax recognised directly in equity	**998**	**343**

14. Goodwill and other intangible assets

In thousands of DKK	Software	Other intangible assets	Goodwill	Under con-struction	Total
Cost					
Balance as 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 as at 31 December 2018	**36.026**	**13.258**	**1.433.675**	**746**	**1.483.705**
Depreciation and impairment losses					
Balance as 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 as 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**
Cost					
Balance as at 1 January 2019	**36.026**	**13.258**	**1.433.675**	**746**	**1.483.705**
Transfer begin of year	29.819	6.929	0	0	36.748
Exchange rate adjustments	579	55	2.452	0	3.086
Acquisitions	9.469	0	0	974	10.443
Transfer	746	0	0	-746	0
Disposals	-375	-8.569	0	0	-8.944
Balance as at 31 December 2019	**76.264**	**11.674**	**1.436.127**	**974**	**1.525.039**
Depreciation and impairment losses					
Balance as at 1 January 2019	**25.229**	**9.740**	**0**	**0**	**34.969**
Transfer begin of year	29.819	6.929	0	0	36.748
Exchange rate adjustments	459	55	0	0	514
Amortisation charged for the period	7.336	1.416	0	0	8.752
Disposals	-375	-8.569	0	0	-8.944
Balance as at 31 December 2019	**62.468**	**9.572**	**0**	**0**	**72.040**
Carrying amounts					
At 1 January 2019	**10.797**	**3.518**	**1.433.675**	**746**	**1.448.736**
At 31 December 2019	**13.796**	**2.102**	**1.436.127**	**974**	**1.452.999**

Goodwill

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

- Denmark 396 million
- Czech Republic 851 million
- Slovakia 189 million

Total 1.436 million

Based on expected future net cash flows, management believes that the recoverable amount of goodwill exceed the carrying 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 2020 and forecasts for the period 2021-2024 for each cash generating units (Denmark, Czech Republic and Slovakia). There have for each cash generating unit been used a growth rate of 1% and 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

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 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**
Cost					
Balance at 1 January 2019	**1.009.847**	**1.325.351**	**46.061**	**89.463**	**2.470.722**
Transfer begin of year	782.236	1.776.356	63.945	0	2.622.537
Exchange rate adjustments	12.506	16.002	976	583	30.068
Acquisitions	77.726	357.398	12.032	51.359	498.514
Transfer	40.618	26.118	884	-67.621	0
Disposals	-1.817	-123.231	-7.453	-816	-133.317
Balance at 31 December 2019	**1.921.116**	**3.377.994**	**116.445**	**72.968**	**5.488.524**
Depreciation and impairment losses					
Balance at 1 January 2019	**325.697**	**459.977**	**13.964**	**0**	**799.638**
Transfer begin of year	782.236	1.799.687	63.865	0	2.645.788
Exchange rate adjustments	8.005	11.218	615	0	19.839
Depreciation charged for the period	66.395	222.502	10.406	0	299.303
Disposals	-1.423	-118.271	-5.574	0	-125.267
Balance at 31 December 2019	**1.180.910**	**2.375.114**	**83.277**	**0**	**3.639.301**
Carrying amounts					
At 1 January 2019	**684.150**	**865.374**	**32.097**	**89.463**	**1.671.084**
At 31 December 2019	**740.206**	**1.002.880**	**33.168**	**72.968**	**1.849.222**

Property, plant and equipment have been insured against natural risks, theft and vandalism. Mortgage and securities – see note 26.

Investments put in order: thousands DKK 176.790

16. Lease

Right of use assets

In thousands of DKK	Land and buildings	Machinery and equipment	Other tangible assets	Under con-struction	Total
Balance at 1 January 2019	**0**	**0**	**0**	**0**	**0**
IFRS 16 adjustments	134.343	3.051	196	0	137.589
Exchange rate adjustments	997	38	2	0	1.037
Acquisitions	98	28	0	0	126
Balance at 31 December 2019	**135.438**	**3.117**	**198**	**0**	**138.753**
Depreciation and impairment losses					
Balance at 1 January 2019	**0**	**0**	**0**	**0**	**0**
Exchange rate adjustments	72	17	1	0	90
Depreciation charged for the period	17.170	2.110	65	0	19.345
Balance at 31 December 2019	**17.242**	**2.127**	**66**	**0**	**19.435**
Carrying amounts					
At 1 January 2019	**0**	**0**	**0**	**0**	**0**
At 31 December 2019	**118.196**	**990**	**132**	**0**	**119.318**

Lease effects recognised in Profit and Loss and Cash Flow

In thousands of DKK	2019
Profit & Loss	
Interests	3.068
Costs related to short-term lease	5.843
Costs related to low value lease	7.026
	15.937
Cash Flow	
Repayments	20.456
Total cash outflow for leases	**36.393**

Lease liabilities

In thousands of DKK	2019
Balance at 01.01.	137.589
Exchange rate adjustments etc.	2.554
Financing cash flow	-20.456
Balance at 31.12	**119.687**
Short-term lease liabilities	18.020
Long-term lease liabilities	101.667

17. Trade and other receivables

In thousands of DKK	2019	2018
Trade receivables	487.448	466.252
Loans	1.342	1.550
Other receivables 1)	76.977	29.378
Less: Allowance for bad and doubtful debts	-18.459	-16.868
	547.308	**480.312**
thereof:		
Due after more than 1 year	50.140	3.326
Due within 1 year	497.168	476.986

1) Other receivables comprise cash balances held by the Slovakian government (47,1 MDKK). Used to be part of Escrow accounts – see note 18.

The aging of trade and other receivables that are subject to credit risk is as follows: 2019

In thousands of DKK	Expected credit loss rate (%)	Estimated total gross carrying amount	Lifetime ECL
Not yet due	0,2%	450.911	1.074
Overdue by less than 1 month	1,4%	82.997	1.005
Overdue by 1 to 3 months	5,0%	12.980	764
Overdue by 3 to 6 months	25,5%	3.113	911
Overdue by 6 to 12 months	57,5%	3.260	2.358
Overdue by more than 12 months	98,3%	12.506	12.348
		565.767	**18.459**

The aging of trade and other receivables that are subject to credit risk is as follows: 2018

In thousands of DKK	Expected credit loss rate (%)	Estimated total gross carrying amount	Lifetime ECL
Not yet due	0,1%	403.347	414
Overdue by less than 1 month	0,9%	62.056	527
Overdue by 1 to 3 months	12,5%	15.975	1.994
Overdue by 3 to 6 months	56,5%	3.348	1.890
Overdue by 6 to 12 months	74,0%	1.576	1.166
Overdue by more than 12 months	100,0%	10.878	10.877
		497.180	**16.868**

Roll-forward of allowance for bad and doubtful debt

In thousands of DKK	2019	2018
Balance at beginning of the year	-16.868	-19.348
Opening value adjustments	0	37
Exchange rate adjustments	-122	0
Impairment losses	-5.993	-412
Use of allowance	1.060	194
Impairment reversals	3.464	2.661
Balance at 31 December	**-18.459**	**-16.868**

18. 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 (2018) mainly to payment for restoration and monitoring of landfills as shown in note 23.

Notes to the Consolidated Financial Statements

19. Deferred tax assets and liabilities

In thousands of DKK	Property, plant and equipment	Goodwill and intangible assets	Receivables	Provisions	Tax losses	Right of use assets	Total
Deferred tax at 1 January 2018	**25.468**	**35.518**	**-1.262**	**-61.217**	**-869**		**-2.362**
Foreign exchange adjustments	39	0	-1	-36	-121		-119
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**	**-801**		**2.324**
Deferred tax at 1 January 2019	**31.429**	**37.889**	**-760**	**-65.433**	**-801**		**2.324**
Opening balance adjustments	-4.418	0	0	0	1.841	0	-2.577
Foreign exchange adjustments	-53	-2	-10	-712	0	0	-777
Recognised in profit for the year, net	17.847	1.883	-438	-14.304	-3.731	-45	1.212
Deferred tax at 31 December 2019	**44.805**	**39.770**	**-1.208**	**-80.449**	**-2.691**	**-45**	**182**

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

In thousands of DKK	2019	2018
Deferred tax assets	85.552	72.441
Deferred tax liabilities	85.734	74.765
	182	**2.324**

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

20. Inventories

In thousands of DKK	2019	2018
Raw materials and consumables	23.498	21.975
Finished goods	10.049	15.942
	33.547	**37.917**

No impairment losses have been identified during the financial year.

21. 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 2019 of thousands DKK 30.000. Dividend payment made by subsidiaries to non-controlling interest amounted to thousands DKK 33.654.

For the financial year 2019, 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 31.12.2019 as a liability.

22. Interest-bearing loans and borrowings

In thousands of DKK	Interest rate risk	Effective interest rate	Year of maturity	2019	2018
Short-term bank loan (Euro)	Floating rate	0-1%	Upon request	28.337	114.555
Short-term bank loan (CZK)	Floating rate	2-3%	Upon request	139.837	129.067
Short-term bank loan (DKK)	Floating rate	0-1%	Upon request	258.100	200.240
Short-term loan (EUR)	fixed rate	1-2%	upon request	1.942	1.941
Short-term loan (DKK)	Floating rate	0-1%	30-06-2020	23.563	0
Short-term bank loan (CZK)				0	5.283
Current portion of the long-term bank loan (CZK)	Floating rate	3-4%	30-06-2020	57.560	56.854
Current portion of the long-term bank loan (DKK)	Floating rate	1-2%	30-06-2020	53.125	53.125
				562.464	**561.065**

In thousands of DKK	Interest rate risk	Effective interest rate	Year of maturity	2019	2018
Long-term bank loan (CZK)	Floating rate	3-4%	2021-2022	115.120	170.561
Long-term bank loan (DKK)	Floating rate	1-2%	2021-2022	106.250	159.375
				221.370	**329.936**

In thousands of DKK	2019	2018
Balance at 01.01.	891.001	1.075.647
Financing cash flow	-107.860	-184.646
Foreign exchange adjustments	693	0
Balance at 31.12.	**783.834**	**891.001**

For more information about the Group's exposure to liquidity, interest rate and foreign currency risk, see note 25.

23. Provisions

In thousands of DKK	2019	2018
Non-current provisions		
Provisions for restoration and monitoring of landfills	531.095	495.999
Thereof: Due within one year	-34.749	-49.377
Total non-current provisions	**496.346**	**446.622**
Current provisions		
Current portion of the restoration and monitoring provisions	34.749	49.377
Total current provisions	**34.749**	**49.377**
	531.095	**495.999**

In thousands of DKK	2019	2018
Carrying amount at the beginning of the year	495.999	484.714
Exchange rate adjustments	4.886	-1.371
Adjustment due to changes in estimate	-269	0
Additional provisions made in the period, including increase	30	0
Additional provisions made in the period, including increase in the existing provisions	35.922	26.699
Amounts used during the period	-13.526	-14.852
Increase during the period in disc. amount from the passage of time and effect of change in the disc. rate	8.053	809
	531.095	**495.999**

The expected maturities and expected cash flows from provisions as at 31 December 2019 are as follows:

In thousands of DKK	Expected cash flow (including inflation)	Less: discounting of future interest	Reported amount
Within 1 year	35.053	-304	34.749
Between 1 and 2 years	26.650	-110	26.541
Between 2 and 3 years	24.141	-167	23.974
Between 3 and 4 years	26.314	-312	26.002
Between 4 and 5 years	37.161	-461	36.701
Between 5 and 10 years	218.381	-3.404	214.976
Over 10 years	183.876	-15.725	168.152
	551.577	**-20.482**	**531.095**

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**

Sensitivity analysis of the restoration provision

Change in the discount rate by 1% compared to the original estimates used as at 31 December 2019 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 −21,5
Decrease in discount rate by 1%: MDKK +29,1

24. Trade and other payables

In thousands of DKK	2019	2018
Trade payables	197.500	225.047
Labour related payables	103.209	108.434
VAT and other tax liabilities	24.986	22.741
Other payables	48.430	29.005
	374.125	**385.227**

The breakdown of trade and other payables is as follows:

In thousands of DKK	2019	2018
Payables within due date	355.071	355.354
Payables after due date	19.054	29.873
	374.125	**385.227**

25. 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	2019 Carrying amount	2018 Carrying amount
Securities	223	222
Trade and other receivables	547.308	480.312
Cash and cash equivalents	80.108	81.634
Loans and other receivables	**627.639**	**562.168**
Credit institutions 1)	760.232	891.001
Lease liabilities	119.687	0
Trade and other payables	374.125	385.227
Financial liabilities measured at amortised cost	**1.254.044**	**1.276.228**

1) As per end of December 2019 the unused amount on the credit facility amounts to 362 MDKK

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

Impairment losses
Impairment losses are described in note 17.

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

In thousands of DKK	2019	2018
Within 1 year	0	0
Between 1 and 2 years	2.111	783
Between 2 and 3 years	4.878	652
Between 3 and 4 years	2.661	300
Between 4 and 5 years	1.006	47
Between 5 and 10 years	15.244	1.545
Over 10 years	24.240	0
	50.140	**3.326**
Thereof presented under:		
Non-current receivables	50.140	3.326

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

Currency risk in each currency

In thousands of CU	Assets	Liabilities
EUR	18.927	18.808
CZK	907.876	1.044.971

A change in the CZK forex of +5% (-5%) compared to the exchange rate 31 December 2019 will have a net currency impact of -2,0 MDKK (+2,0 MDKK)

Notes to the Consolidated Financial Statements

Interest rate risk
The Group is exposed to fluctuations in interest rates in Denmark and abroad. The primarily interest rate exposure is related to fluctuations in CIBOR, EURIBOR and PRIBOR.

The Groups interest-bearing debt primarily consists of floating-rate loans and overdraft facilities. The Group has decided not to undertake any interest rate hedging based on an assessment of the total loan portfolio held up against the cost for hedging.

A general increase in interest of one percentage point would negatively affect profit before tax for 2019 by approx. 7,0 MDKK. The total effect on equity excluding the tax effect would be negatively in the amount of approx. 7,0 MDKK. A drop in interest rates would have a corresponding positive effect on profit and equity.

26. 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 758.328.

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	2019	2018
Mortgage deed, not pledged as security	16.250	16.250
Carrying amount of mortgage properties	35.663	36.273

Company holds properties on rented premises.

Contingent liabilities

In thousands of DKK	2019	2018
Recourse obligations concerning contract guarantees etc.	92.108	65.754
Group's shares of joint ventures contingent liabilities	0	0

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.

Notes to the Consolidated Financial Statements

27. Fee to shareholder, appointed auditor

In thousands of DKK	2019	2018
Fee to Deloitte		
Statutory audit	440	515
Tax and VAT-related services	50	40
Other services	75	75
	565	**630**

In thousands of DKK	2019	2018
Fee to KPMG		
Statutory audit	1.869	1.878
Tax and VAT-related services	0	0
Other services	0	482
	1.869	**2.360**

28. Acquisition of subsidiary

2019

No significant acquisitions were made during the fiscal year 2019.

On 22 November 2019 Marius Pedersen a.s., Slovakia signed a contract on acquisition of 100% shares of:

- KANAL M.P.S s.r.o.
- KRTKO PROFIK s.r.o.
- Zumpar s.r.o
- LAPAC TUKOV s.r.o.

These entities are not part of the consolidation, as the control was obtained on 21 January 2020. The purchase price (11,0 MDKK) is presented as Other financial assets in the Consolidated Statement of Financial Position.

2018

No acquisitions were made during the fiscal year 2018.

29. Approval of financial statements

The financial statements were approved by the board of directors and authorised for issue on June 26 2020

30. Related party transactions

Related party with controlling interest

Ultimate parent: Entreprenør Marius Pedersens Fond, Faaborg Midtfyn, CVR 11594174 .

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 21, thousands 30.000 DKK.

Related party transactions:

In thousands of DKK	Parent	Management
Dividend	30.000	0
Remuneration	0	10.125

Notes to the Consolidated Financial Statements

31. Subsequent events

Marius Pedersen Group is impacted by the corona virus (COVID-19) in all three countries, consequently the outlook and guidance for 2020 is subject to significant uncertainties.

Marius Pedersen A/S has the 20 May 2020 signed an agreement to acquire 100% of the shares in FKSSlamson A/S, Denmark. We are currently awaiting approval from the competition authorities.

Except from above no other events have occurred after the balance sheet date which influences the evaluation of this annual report.

Consolidated Subsidiaries and Joint Ventures

Subsidiaries

Denmark Name		Effective ownership % 2019	Principal activity
Kildehøj A/S 1)	Faaborg-Midtfyn	98,8	Property investment company
Marius Pedersen A/S	Faaborg-Midtfyn	100,0	Waste collection and recycling
Odense Affaldssortering	Odense	50,2	Sorting

1) Entreprenør Marius Pedersens Fond is the owner

Czech Republic Name		Effective ownership % 2019	Principal activity
Bohemian Waste Management a.s.	Hradec Králové	60,0	Landfill
DESTRA Co., spol. s r.o.	Brno	70,0	Hazardous waste
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
Marius Pedersen a.s. Hradec Kralove	Hradec Králové	100,0	Municipal services, waste collection, landfill
Marius Pedersen Recycling a.s.	Hradec Králové	50,0	Municipal 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
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 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 % 2019	Principal activity
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
Marius Pedersen a.s.,Trencin	Trenčín	100,0	Municipal services, waste collection, 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
ICEKO-ONYX, s.r.o.	Banská Bystrica	100,0	Collection and transport of waste
Waste transport, a.s.	Bratislava	100,0	Collection and transport of waste

Joint ventures:

Slovakia Name		Effective ownership % 2019	Principal activity
KOMPLEX-odpadová spoločnosť, s.r.o. 2)	Pusté Sady	60,0	Landfill

2) Voting rights 49%


Fra affald
til genbrug
fon: 70 13 40 40

Annual Report 2019

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 195,2 MDKK, an increase of 31,5 MDKK compared to 2018.

Events after the balance sheet date
Marius Pedersen Group is impacted by the corona virus (COVID-19) in all three countries, consequently the outlook and guidance for 2020 is subject to significant uncertainties.

Marius Pedersen A/S has the 20 May 2020 signed an agreement to acquire 100% of the shares in FKSSlamson A/S, Denmark. We are currently awaiting approval from the competition authorities.

Except from above no other events have occurred after the balance sheet date which influences the evaluation of this annual report.

Outlook
The Company expects a continuing positive development in the activities, however impacted by the effect of COVID-19.

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).

Referring to section 86(4) of the Danish Financial Statements Act, no Cash flow statement has been prepared. Please refer the consolidated Cash Flow statement for the Group.

The annual report was prepared according to the same 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 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 2019

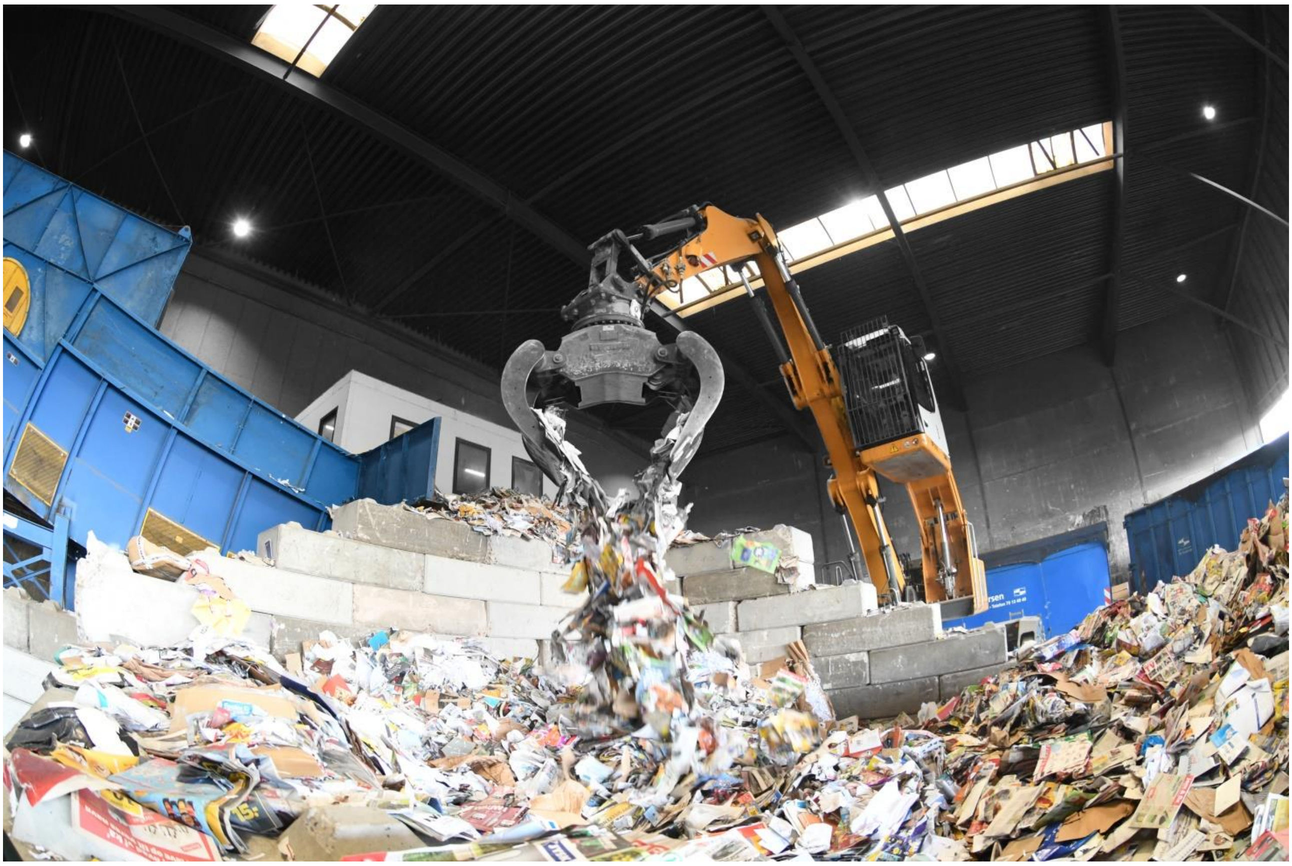
In thousands of DKK	Note	2019	2018
Administrative costs	1	-8.068	-80
Operating profit		**-8.068**	**-80**
Profit on ordinary activities in group enterprises	2	206.560	170.035
Financial income	3	243	9
Financial expenses	4	-8.625	-8.538
Profit before taxation		**190.110**	**161.426**
Taxation on profit for the year	5	5.083	2.229
Profit for the year	6	**195.193**	**163.655**

Balance Sheet at 31.12.2019

In thousands of DKK	Note	2019	2018
Assets			
Participating interest in group enterprises	7	2.113.752	2.054.356
Non-current assets		**2.113.752**	**2.054.356**
Total non-current assets		**2.113.752**	**2.054.356**
Deferred tax		3.974	1.841
Joint taxation contribution receivables		20.000	0
Recevables from group enterprises		406	0
Cash		5.686	2.614
Current assets		**30.066**	**4.455**
Total assets		**2.143.818**	**2.058.811**
Equity			
Share capital	8	100.000	100.000
Share premium		965.972	965.972
Retained earnings		685.420	513.969
Proposed dividend		30.000	30.000
Total equity		**1.781.392**	**1.609.941**
Liabilities			
Bank debt	9	221.370	329.936
Long-term liabilities		**221.370**	**329.936**
Short-term liabilities part of long-term liabilities	9	110.685	109.979
Accounts owed to group enterprises		28.239	5.175
Current tax payables		0	3.780
Other payables		2.132	0
Current liabilities other than provisions		**141.056**	**118.934**
Total liabilities		**2.143.818**	**2.058.811**
Securities and contingent liabilities etc.	10		
Ownership	11		
Related party transactions	12		
Subsequent events	13		

Statement of Changes in Equity

In thousands of DKK	Share capital	Share premium	Retained earnings	Proposed dividend	Total
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**
Balance at 1 January 2019	**100.000**	**965.972**	**513.969**	**30.000**	**1.609.941**
Dividends paid	0	0	0	-30.000	-30.000
Net profit / loss for the year 2019	0	0	165.193	30.000	195.193
Tax of entries on equity	0	0	446	0	446
Exchange rate adjustments	0	0	5.812	0	5.812
Balance at 31 December 2019	**100.000**	**965.972**	**685.420**	**30.000**	**1.781.392**



Notes

1. Staff Costs

In thousands of DKK	2019	2018
Total amount for management categories	1.637	2.288
Average number of employees	1	0

The remuneration are expensed in other Group companies.

2. Profit on ordinary activities in group enterprises

In thousands of DKK	2019	2018
Group enterprises operating profit	253.895	217.370
Depreciation, consolidated goodwill	-47.335	-47.335
	206.560	**170.035**

3. Financial income

In thousands of DKK	2019	2018
Interest income from group enterprises	162	9
Other interest income	81	0
	243	**9**

4. Financial expenses

In thousands of DKK	2019	2018
Interest expenses from group enterprises	113	0
Other interest expenses	8.512	8.538
	8.625	**8.538**

5. Tax on profit/loss for the year

In thousands of DKK	2019	2018
Current tax	3.528	388
Change in deferred tax	0	1.841
Adjustment concerning prior year	1.555	0
	5.083	**2.229**

6. Proposed distribution of profit/loss

In thousands of DKK	2019	2018
Dividend for the year	30.000	30.000
Retained earnings	165.193	133.655
	195.193	**163.655**

Notes

7. Investments in group enterprises

In thousands of DKK	**2019**	**2018**
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	-704.427	-731.474
Equity adjustments	7.844	-2.988
Amortisation, consolidated goodwill	-47.335	-47.335
Profit/loss for the year	253.887	217.370
Dividends received	-155.000	-140.000
Net revaluation at 31 December	**-645.031**	**-704.427**
Carrying amount at 31 December	**2.113.752**	**2.054.356**

Consolidated goodwill of TDKK 683.487 is included in book value.

Investments in group enterprises comprise:
Marius Pedersen A/S, Faaborg-Midtfyn, CVR 49979517, 100%.

For a detailed list of the investments in group enterprises, see page 37-38 in the annual consolidated 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. Bank debt

In thousands of DKK	**2019**	**2018**
Short-term bank debt	110.685	109.979
Long term bank debt	221.370	329.936
	332.055	**439.915**

In thousands of DKK	**2019**	**2018**
Due by less than 1 year	110.685	109.979
Due 1-5 years	221.370	329.936
Due by more than 5 years	0	0

Notes

10. Securities and contingent liabilities etc.
Shares in Marius Pedersen A/S, thousands DKK 2.113.752 have been pledged as security for bank debt amounting to thousands DKK 758.328.

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.

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

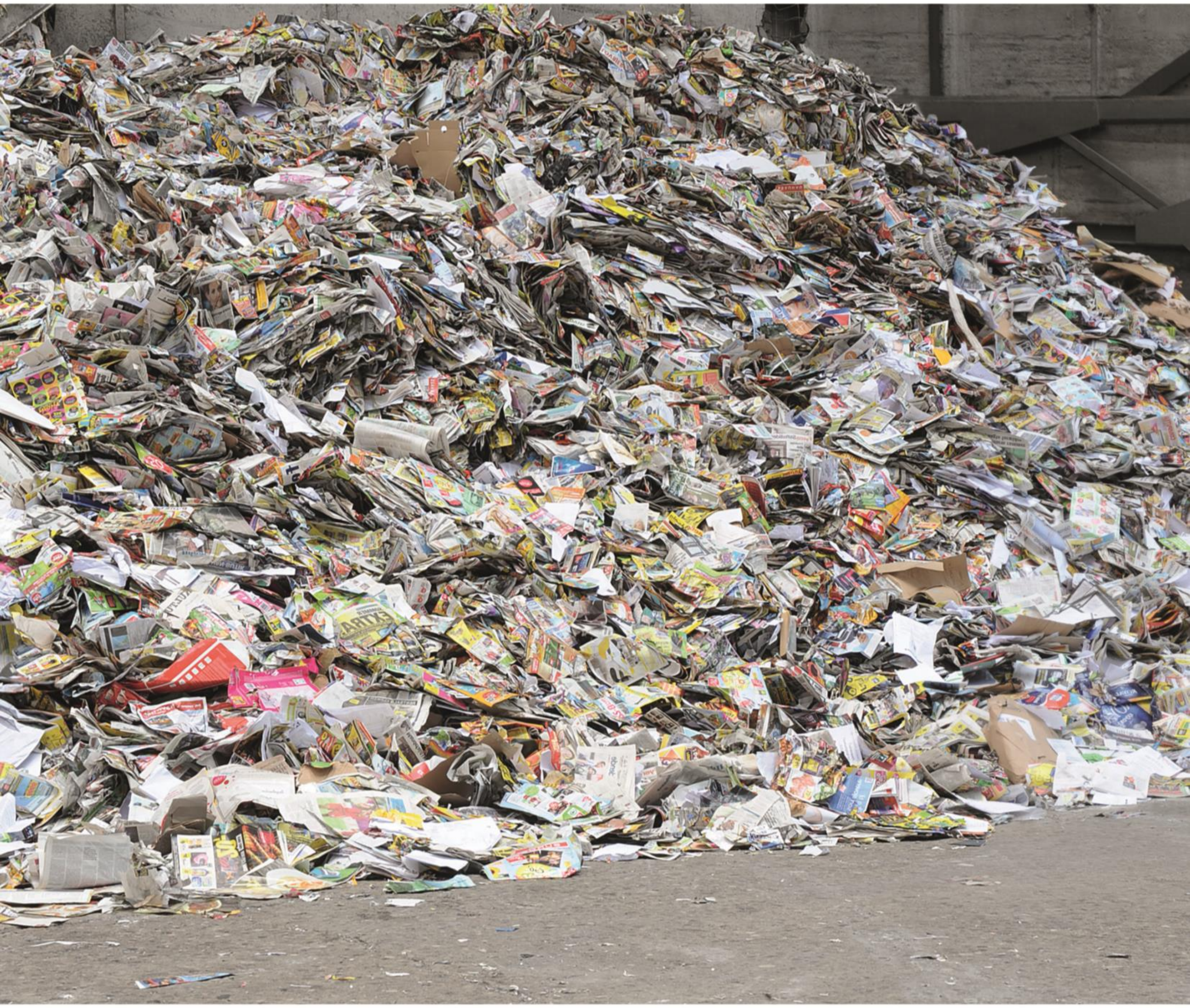
12. Related party transactions

In thousands of DKK	Parent	Subsidiary	Management
Services		3.218	
Dividend	30.000	155.000	
Remuneration			1.637
Outstanding amount		4.271	

13. Subsequent events
Marius Pedersen Holding A/S is impacted by the corona virus (COVID-19) in all three countries, consequently the outlook and guidance for 2020 is subject to significant uncertainties.

Marius Pedersen A/S has the 20 May 2020 signed an agreement to acquire 100% of the shares in FKSSlamson A/S, Denmark. We are currently awaiting approval from the competition authorities.

Except from above no other events have occurred after the balance sheet date which influences the evaluation of this annual report.



Marius Pedersen Holding A/S
Ørbækvej 851 • DK-5863 Ferritslev
CBR no. 35 84 67 35
www.mariuspedersen.dk

Marius Pedersen