

MARIUS PEDERSEN HOLDING A/S



The annual general meeting approved the annual report on 26-05-2021

Søren Borregaard
Chairman of the General Meeting

Marius Pedersen



Contents

01 Company details

02 Statement by Management

03 Independent Auditor's Report

07 Management commentary

13 Consolidated Income Statement

14 Consolidated Balance sheet at 31 December

16 Consolidated Statement of Changes in Equity

17 Consolidated Cash Flow Statement

18 Notes to the Consolidated Financial Statements

34 Consolidated Subsidiaries and Joint Ventures

35 Annual report 2020 for Parent Company

44 Accounting policies

Company details

Company

Marius Pedersen Holding A/S

Central Business Registration No. 35 84 67 35

Registered in: Faaborg-Midtfyn, Denmark

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Homepage: www.mariuspedersen.dk

E-mail: ferritslev@mariuspedersen.dk

Financial year 1 January – 31 December 2020

Board of Directors

Peter Schak Larsen, Chairman

Jens Flesner Kristiansen, Deputy Chairman

Birgit Elin Munck-Kampmann

Lars Christian Lilleholt

Ib Thrane

Jørn Tolstrup Rohde

Executive Board

Simon Hovgaard Clausen, CEO

Per Madsen, CFO

Company auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Tværkajen 5

Postboks 10

5100 Odense C

Statement by Management

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 2020 to 31 December 2020.

The consolidated 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 2020 as well as of the results of their operations and cash flows for the financial year 1 January 2020 to 31 December 2020. 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, 26-05-2021

Executive Board

Simon Hovgaard Clausen
CEO

Per Madsen
CFO

Board of directors

Peter Schak Larsen
Chairman

Jens Flesner Kristiansen
Deputy Chairman

Ib Thrane

Birgit Elin Munck-Kampmann

Lars Christian Lilleholt

Jørn Tolstrup Rohde

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 1 January 2020 to 31 December 2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared 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 2020 and of the results of their operations and the consolidated cash flows for the financial year 1 January 2020 to 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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.

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

Management is responsible for the preparation of consolidated financial statements and 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 Entity'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 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 parent financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Entity'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 Entity'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 and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on the management 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.

Odense, 26-05-2021

Deloitte,
Statsautoriseret Revisionspartnerselskab,
Business Registration No 33 96 35 56

Gert Rasmussen,
State Authorised Public Accountant
Identification number (MNE) mne35430

Management commentary

Financial highlights

DKK'000	2020	2019	2018	2017	2016
Key figures	Danish GAAP		IFRS		
Revenue	3.121.332	2.961.593	2.946.990	2.951.001	2.744.264
Gross profit	577.214	492.157	563.182	536.058	493.677
Operating profit	407.832	313.910	396.841	382.705	324.202
Net financials	-8.348	-9.812	-11.902	-24.490	-15.616
Profit for the year	303.825	225.294	309.874	278.032	248.820
Equity	2.160.426	1.931.110	2.270.262	2.005.198	1.737.150
Total assets	4.185.328	3.703.816	4.127.975	4.045.363	3.773.099
Investments in tangible assets	530.818	421.196	431.314	377.220	327.084
Average number of employees	4.893	4.767	4.719	4.708	4.678
Ratios					
Operating margin (%)	13,1	10,6	13,5	13,0	11,8
Return on investment (%)	11,6	9,6	10,9	10,9	9,6
Return on equity (%)	14,9	11,7	13,6	13,9	14,3
Equity ratio (%)	51,6	52,1	55,0	49,6	46,0

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Financial highlights are not comparable as 2019-2020 are prepared in accordance with the Danish Financial Statement Act whereas 2016-2018 are prepared in accordance with International Financial reporting (IFRS)

Operating margin (%):

$\frac{\text{Operating profit} * 100}{\text{Revenue}}$

Return on equity (%):

$\frac{\text{Profit for the year} * 100}{\text{Average equity}}$

Return on investment (%):

$\frac{\text{Operating profit} * 100}{\text{Average operationally assets} *}$

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$

*) Operationally assets are defined as Total assets minus Cash Funds, Interest-bearing assets (including shares) and Investments in associate enterprises.

Management commentary

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 maximize the waste for recycling and minimize 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. In August 2020 Marius Pedersen A/S acquired 100% of the shares in FKSSlamson A/S, Denmark.

Management commentary

Despite the financial impact from COVID-19 revenue and earnings in 2020 have been the best ever. We have seen growth 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.

The overall impact on earnings from COVID-19 has been limited for the Marius Pedersen Group. Some customers/industries have been impacted negatively, impacting our earnings, but this has been offset by higher activity with other customers/industries. The long term effect on financials is however difficult to predict. Some industries will recover fast, whereas others are expected to continue with a negative impact for a longer period of time.

Development in finances

Marius Pedersen Group has changed accounting principles. The annual report 2020 has been prepared in accordance with the Danish Financial Statements Act. The annual report from last year was prepared in accordance with the International Financial Reporting Standards (IFRS). The comparative figures are changed as of 1 January 2019. For further explanation of the change of accounting and the impact on the accounts please refer Accounting Policies page 44.

Profit after tax for the financial year covering the period 1 January 2020 to 31 December 2020 is 303,8 MDKK which is an increase of 78,5 MDKK compared to 2019. Operating profit is 407,8 MDKK which is 93,9 MDKK higher than 2019. Revenue is 3.121,3 MDKK in 2020 increasing by 159,7 MDKK. Profit for the year – being the best year ever – is considered satisfactory. See further comments to the results above under *Development in activities*.

In the annual report for 2019 we stated an expectation for the year to be lower than in 2019 due to the outbreak of COVID-19. As mentioned above the overall impact on earnings from COVID-19 has been limited for the Marius Pedersen Group, consequently we did not see the expected decline in our earnings.

Due to the limited financial impact from COVID-19 management decided not to apply for any of the temporary compensation schemes granted by the authorities.

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

Management commentary

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, service concepts and do research in future business opportunities. These costs are charged to the profit and loss accounts.

Events after the balance sheet date

Marius Pedersen A/S has the 19 May 2021 signed an agreement to acquire 100% of the shares in Simon Moos A/S, Denmark and the 4 May 2021 signed an agreement to acquire 100% of the shares in Preben Andersen Vognmands- og Renovationsforretning ApS samt Axel Hansen Transport A/S. 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 2021 is subject to uncertainties and impacted by the Corona virus (COVID-19), which has lowered visibility on what to expect in 2021. The Group has not been impacted so much so far, but it is yet too early to predict how the long-term impact will be with our customers. We however expect Revenue and Profit for the year to be around same level as for 2020, i.e. revenue of 3.100-3.200 MDKK and Profit for the year to be around 300-320 MDKK.

Management commentary

Investments in the Group for 2020 has been on a high level and amounts to 530,8 MDKK. In 2021 we expect that re- and new investments without acquisitions will remain on a high level and be around 625-675 MDKK in 2021.

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 CSR Report covers Marius Pedersen A/S. It is the intention of the Group, where possible, to include companies in the Czech Republic and Slovakia in the future.

The 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 when recruiting for management

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 general assembly elected members. The aim is to have a gender distribution of 30/70% (female/male) in the Top Management Body by the end of 2022.

At the end of 2020 the gender distribution is 17/83% (female/male), slightly below last year being 20/80% (female/male). There has been an election for the Board in 2020, with both female and male candidates. The candidate chosen was male consequently we have not yet met our goal.

Management group (Executive Board and Top management)

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

At the end of 2020 the gender distribution is 33/67% (female/male) in line with last year.

Other levels of Management

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

At the end of 2020 the gender distribution of the management team is 12/88% in line with last year.

We have not yet met our goal, but there has during 2020 been held a management education program for both female and male talents.

Consolidated Income Statement

DKK'000	Note	2020	2019
Revenue	1	3.121.332	2.961.593
Production costs	2,3	-1.901.067	-1.874.034
Other production costs	2,3	-643.051	-595.402
Gross profit		577.214	492.157
Distribution costs	2,3	-107.822	-113.664
Administrative expenses	2,3	-75.024	-69.808
Other operating income and expenses	4	13.464	5.225
Operating profit		407.832	313.910
Income from investments in participating interests		4.256	3.151
Other financial income	5	3.415	4.343
Other financial expenses	6	-16.019	-17.306
Net Financial Income or costs		-8.348	-9.812
Profit before tax		399.484	304.098
Taxation on profit for the financial year	7	-95.659	-78.804
Profit for the year	8	303.825	225.294

Consolidated Balance sheet at 31 December

Assets

DKK'000	Note	2020	2019
Goodwill and other intangible assets	9	960.898	922.581
Intangible assets		960.898	922.581
Property, plant and equipment	10	2.117.723	1.782.339
Property, plant and equipment		2.117.723	1.782.339
Investments in participating interests	11	9.002	6.521
Other financial assets	11	278	11.226
Financial assets		9.280	17.747
Non-current Trade and other receivables	12	50.215	50.147
Cash on escrow accounts	13	258.771	255.377
Deferred tax assets	14	59.193	64.452
Other non-current assets		368.179	369.976
Total non-current assets		3.456.080	3.092.643
Inventory	15	30.075	33.545
Trade and other receivables	12	557.413	497.255
Contract work in progress	16	181	264
Current tax assets		803	-
Receivables		558.397	497.519
Cash and cash equivalents		140.776	80.109
Total current assets		729.248	611.173
Total assets		4.185.328	3.703.816

Consolidated Balance sheet at 31 December

Liabilities

DKK'000	Note	2020	2019
Equity			
Share capital	17	100.000	100.000
Reserve for foreign exchange rate adjust.		23.176	37.522
Retained earnings		1.846.094	1.610.959
Proposed dividend		30.000	30.000
Issued capital and reserves attributable to shareholders		1.999.271	1.778.482
Non-controlling interest		161.155	152.628
Total equity		2.160.426	1.931.110
Deferred tax liabilities	14	61.461	54.494
Other provisions	18	503.224	487.865
Provisions		564.685	542.359
Bank loans and Lease liabilities	19	213.249	221.370
Other payables	20	36.839	22.601
Total non-current liabilities other than provisions		250.088	243.971
Bank loans and lease liabilities	19	600.000	538.901
Trade and other payables	20	492.225	368.898
Payables to parent company		41.313	23.563
Other provisions	18	54.746	48.793
Tax payables		21.845	6.221
Total current liabilities other than provisions		1.210.129	986.376
Total liabilities other than provisions		2.024.902	1.772.706
Total equity and liabilities		4.185.328	3.703.816
Capital commitments and contingencies	22		
Related party transactions	25		
Subsequent events	27		

Consolidated Statement of Changes in Equity

DKK'000	Share capital	Reserve for foreign exchange rate adjust.	Retained earnings	Proposed dividend	Total for parent	Non- controlling interest	Total
Balance as at 01.01.2019	100.000	34.388	1.928.875	30.000	2.093.263	176.999	2.270.262
Effect from changes in accounting policies	0	-785	-481.963	0	-482.747	-23.632	-506.379
Balance as at 01.01.2019, adjusted	100.000	33.603	1.446.912	30.000	1.610.516	153.367	1.763.883
Dividend paid	0	0		-30.000	-30.000	-33.647	-63.647
Exchange rate adjustments	0	5.184	0	0	5.184	1.661	6.845
Tax on entries on equity	0	998	0	0	998	0	998
Other capital changes	0	-2.263	0	0	-2.263	0	-2.263
Profit for the year	0	0	164.047	30.000	194.047	31.247	225.294
Balance as at 31.12.2019	100.000	37.522	1.610.959	30.000	1.778.482	152.628	1.931.110
					0		
Balance as at 01.01.2020	100.000	37.522	1.610.959	30.000	1.778.482	152.628	1.931.110
Dividend paid	0	0	0	-30.000	-30.000	-23.515	-53.515
Exchange rate adjustments	0	-13.980	0	0	-13.980	-4.356	-18.336
Tax on entries on equity	0	-2714	0	0	-2.714	0	-2.714
Other capital changes	0	2.348	-3.701	0	-1.353	1.409	56
Profit for the year	0	0	238.836	30.000	268.836	34.989	303.825
Balance as at 31.12.2020	100.000	23.176	1.846.094	30.000	1.999.271	161.155	2.160.426

Consolidated Cash Flow Statement

DKK'000	Note	2020	2019
Operating profit		407.832	313.910
Adjustments for:			
Depreciation and amortization	2	428.821	388.841
Impairment losses (reversal) on receivables		-1.189	-1.030
Income from investments in participating interests		4.256	3.151
Loss or gain on disposal of assets	4	-13.376	-6.047
Increase / decrease in provisions		17.085	-27.993
Operating cash flow before changes in Working capital		843.429	670.832
Changes in working capital	21	81.667	-12.506
Cash flow from operations		925.096	658.326
Interest paid		-14.267	-9.691
Income taxes paid		-74.458	-61.061
Net cash from operating activities		836.371	587.574
Cash flows from investing activities			
Interest received		1.675	4.343
Proceeds from sale of property, plant and equipment		28.648	8.109
Acquisition of subsidiary, net cash acquired	24	-152.364	-1.224
Acquisition of property, plant and equipment		-530.818	-421.196
Financial investments		-1	2.277
Net cash used in investing activities		-652.859	-407.692
Cash flows from financing activities			
Decrease / increase of current loans and borrowings		61.882	1.399
Decrease / increase of non-current loans and borrowings		-136.232	-108.566
Dividends paid to parent		-30.000	-30.000
Dividends paid to non-controlling interests		-22.971	-33.647
Net cash used in financing activities		-127.321	-170.814
Net decrease / increase in cash and cash equivalents		56.191	9.068
Cash and cash equivalents at 1 January		80.109	81.634
Foreign exchange rate adjustments		4.476	-10.593
Cash and cash equivalents at 31 December		140.776	80.109

The consolidated Statement of Cash Flows cannot be derived on the basis of the official Financial Statement alone.

Notes to the Consolidated Financial Statements

<u>Page</u>	<u>Note no.</u>
19	1. Revenue
19	2. Amortisation, Depreciation and Impairment
20	3. Staff costs
20	4. Other operating income and expenses
21	5. Other financial income
21	6. Other financial expenses
22	7. Taxation on profit for the financial year
22	8. Proposal for distribution of Profit for the year
23	9. Goodwill and other intangible assets
24	10. Property, plant and equipment
24	11. Financial assets
25	12. Trade and other receivables
25	13. Cash on escrow accounts
25	14. Deferred tax assets and liabilities
26	15. Inventory
26	16. Contract work in progress
26	17. Capital and reserves
27	18. Other provisions
28	19. Bank loans and Lease liabilities
29	20. Trade and other payables
29	21. Changes in working capital
30	22. Capital commitments and contingencies
31	23. Fee to shareholder, appointed auditor
32	24. Acquisition of subsidiary
33	25. Related party transactions
33	26. Group relations
33	27. Subsequent events
34	Consolidated Subsidiaries and Joint Ventures

1. Revenue

DKK'000	2020	2019
<i>By activity:</i>		
Household Collection	613.147	543.061
Commercial Collection	1.404.811	1.292.585
Winter and road cleaning	117.425	127.227
Sale of Secondary raw materials	381.222	447.032
Landfill	241.054	216.418
Rental	153.347	146.992
Services	104.036	96.125
Other	106.290	92.153
Total	3.121.332	2.961.593
<i>By region:</i>		
Denmark	1.222.419	1.092.580
Rest of EU	1.893.990	1.864.892
Rest of the world	4.923	4.121
Total	3.121.332	2.961.593

2. Amortisation, Depreciation and Impairment

DKK'000	2020	2019
Specified as follows:		
Amortisation, intangible assets	89.871	105.094
Depreciation, property, plant and equipment	338.950	283.747
Total	428.821	388.841
Expensed as follows:		
Production- and Other production costs	422.822	384.231
Distribution costs	4.617	3.096
Administrative expenses	1.382	1.514
Total	428.821	388.841

3. Staff costs

DKK'000	2020	2019
Specified as follows:		
Wages and salaries, etc.	865.015	788.866
Pension schemes	39.448	34.324
Other social security expenses	156.317	150.537
Grants/refunds (-)	-7.477	-5.006
Total	1.053.303	968.721
Expensed as follows:		
Production- and Other production costs	918.829	844.755
Distribution costs	80.374	77.738
Administrative expenses	54.100	46.228
Total	1.053.303	968.721
Attributable to:		
Executive board	8.106	8.050
Board of directors	2.200	2.075
Average number of employees:	4.893	4.767

4. Other operating income and expenses

DKK'000	2020	2019
Loss or gain on disposal of assets	13.376	6.047
Other operating income and expenses	88	-822
Total	13.464	5.225

5. Other financial income

DKK'000	2020	2019
Interest income from receivables	51	54
Exchange rate adjustments	1.800	568
Other interest income	1.564	3.721
Total	3.415	4.343

6. Other financial expenses

DKK'000	2020	2019
Bank debt	10.362	14.682
Interest expense on lease liabilities	833	255
Exchange rate adjustments	2.786	928
Intra-group interest	250	113
Other interest expenses	1.788	1.328
Total	16.019	17.306

7. Taxation on profit for the financial year

DKK'000	2020	2019
Tax on profit for the year	95.659	78.804
Tax on profit has been calculated as follows		
Current tax	89.890	77.775
Change in deferred tax	5.628	1.531
Adjustment concerning previous years	141	-502
	95.659	78.804
Total income tax recognised directly in equity	-2.714	998

8. Proposal for distribution of Profit for the year

DKK'000	2020	2019
Profit for the year	303.825	225.294
Transfer to Non-controlling interest	34.989	31.247
Transfer to Proposed dividend	30.000	30.000
Transfer to Retained earnings	238.836	164.047
Total	303.825	225.294

9. Goodwill and other intangible assets

DKK'000	Software	Other intangible assets	Goodwill	Under construction	Total
Cost					
Balance as at 01.01.2020	77.259	1.702	1.769.342	1.019	1.849.322
Exchange rate adjustments	-1.576	-54	-10.799	-	-12.429
Acquisitions	6.162	199	500	779	7.640
Acquisitions as part of business combination	261	-	131.235	-	131.496
Transfer	1.019	-	-	-1.019	-
Disposals	-2.958	-	-	-	-2.958
Balance as at 31.12.2020	80.167	1.847	1.890.278	779	1.973.071
Depreciation and impairment losses					
Balance as at 01.01.2020	63.523	1.690	861.528	-	926.741
Exchange rate adjustments	-1.263	-54	-8.136	-	-9.453
Amortisation charged for the period	7.166	38	82.667	-	89.871
Amortisation as part of business combination	119	-	5.697	-	5.816
Disposals	-802	-	-	-	-802
Balance as at 31.12.2020	68.743	1.674	941.756	-	1.012.173
Carrying amounts					
At 01.01.2020	13.736	12	907.814	1.019	922.581
At 31.12.2020	11.424	173	948.522	779	960.898

Goodwill

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 2021 and forecasts for 2022-2025 for each cash generating units (Denmark, Czech Republic and Slovakia). There have for each cash generating unit been used a growth rate 1% and a pre-tax discount rate of 8%, which takes into account the specific risks characterising the actual markets.

10. Property, plant and equipment

DKK'000	Land and buildings	Machinery & equipment	Other tangible assets	Under construction	Total
Cost					
Balance as at 01.01.2020	1.737.166	3.370.228	129.701	72.951	5.310.046
Exchange rate adjustments	-31.989	-44.614	-2.708	-1.531	-80.842
Acquisitions	47.940	422.309	11.027	55.005	536.281
Acquisitions as part of business combination	52.338	282.291	909	-	335.538
Transfer	21.709	16.076	818	-38.603	-
Disposals	-7.784	-198.215	-12.295	-13.577	-231.871
Balance as at 31.12.2020	1.819.380	3.848.075	127.452	74.245	5.869.152
Depreciation and impairment losses					
Balance as at 01.01.2020	1.065.446	2.371.014	91.247	-	3.527.707
Exchange rate adjustments	-19.925	-31.130	-1.706	4	-52.757
Depreciation charged for the period	55.477	269.943	12.826	704	338.950
Depreciation as part of business combination	13.200	134.101	708	-	148.009
Disposals	-9.732	-188.877	-11.871	-	-210.480
Balance as at 31.12.2020	1.104.466	2.555.051	91.204	708	3.751.429
Carrying amounts					
At 01.01.2020	671.720	999.214	38.454	72.951	1.782.339
At 31.12.2020	714.914	1.293.024	36.248	73.537	2.117.723

Machinery & Equipment include assets under financial lease to a net book value amount of thousands 139.186 DKK.

11. Financial assets

DKK'000	Investments participating interests	Other investments
Cost		
Balance as at 01.01.2020	934	11.004
Exchange rate adjustments	-4	-
Disposals	-	-10.948
Balance as at 31.12.2020	930	56
Revaluation		
Balance as at 01.01.2020	5.587	222
Exchange rate adjustments	-30	-
Share of profit/loss for the year	4.256	-
Dividends received	-1.741	-
Balance as at 31.12.2020	8.072	222
Carrying amounts		
At 01.01.2020	6.521	11.226
At 31.12.2020	9.002	278

12. Trade and other receivables

DKK'000	2020	2019
Trade receivables	519.364	468.778
Loans	4.855	1.342
Contract assets	47.701	47.134
Other receivables & Prepayments (insurance, rent, contracts etc.)	35.708	30.148
Total	607.628	547.402
thereof:		
Due after more than 1 year	50.215	50.147
Due within 1 year	557.413	497.255

13. 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 mainly to payment for restoration and monitoring of landfills.

14. Deferred tax assets and liabilities

DKK'000	2020	2019
Deferred tax 01.01	9.957	12.819
Adjustment as part of business combination	-2.877	-1.924
Foreign exchange adjustments	-1.549	589
Other adjustment	-2.172	-
Recognised in profit for the year, net	-5.627	-1.526
Deferred tax at 31.12	-2.268	9.958
Net deferred tax / asset is attributable to:		
Deferred tax assets	59.193	64.452
Deferred tax liabilities	-61.461	-54.494
Total	-2.268	9.958

15. Inventory

DKK'000	2020	2019
Raw materials and consumables	25.738	23.495
Finished goods	4.337	10.050
Total	30.075	33.545

16. Contract work in progress

DKK'000	2020	2019
Work in progress	50.317	56.789
On account payments	-54.398	-56.525
Transferred to liabilities, note 20	4.262	-
Total	181	264

17. 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 2020 of thousands DKK 30.000. Dividend payment made by subsidiaries to non-controlling interest amounted to thousands DKK 23.515.

For the financial year 2020, 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 31.12.2020 as a liability.

18. Other provisions

DKK'000	2020	2019
Non-current provisions		
Provisions for restoration and monitoring of landfills	557.970	536.658
Thereof: Due within one year	-54.746	-48.793
Total non-current provisions	503.224	487.865
Current provisions		
Current portion of the restoration and monitoring provisions	54.746	48.793
Total current provisions	54.746	48.793
Carrying amount at the beginning of the year	536.658	522.257
Exchange rate adjustments	-14.998	5.622
Additional provisions made in the period, including increase	50.057	20.255
Amounts used during the period	-13.747	4.427
Total	557.970	536.658

19. Bank loans and Lease liabilities

DKK'000	2020	2019
Bank loans		
Short-term bank overdraft facilities	473.662	428.216
Current portion of the long-term bank loan	109.371	110.685
Short-term lease liabilities	16.967	-
Total short-term bank overdraft and lease liabilities	600.000	538.901
Long-term bank loan	117.792	221.370
Long-term lease liabilities	95.457	-
Total long-term bank overdraft and lease facilities	213.249	221.370
Total Bank loans and lease liabilities	813.249	760.271
Due date Bank loans		
Within 1 year	583.033	538.901
Between 1 and 5 years	111.021	221.370
Over 5 years	6.771	-
Total	700.825	760.271
Due date Lease liabilities		
Within 1 year	16.967	-
Between 1 and 5 years	63.126	-
Over 5 years	32.331	-
Total	112.424	-

20. Trade and other payables

DKK'000	2020	2019
Trade payables	229.689	205.015
Labour related payables	177.140	112.008
VAT and other tax liabilities	32.018	25.935
Contract liabilities and work in progress	4.262	-
Other payables	85.955	48.541
Total	529.064	391.499
Trade and other non-current liabilities (all due within 5 years)	36.839	22.601
Current Trade and other liabilities	492.225	368.898

21. Change in working capital

DKK'000	2020	2019
Decrease / increase in inventories	8.762	4.450
Decrease / increase in receivables	-6.270	28.809
Decrease / increase in payables	83.038	-7.919
Decrease / increase in escrow accounts	-3.864	-37.846
Decrease / increase in working capital	81.667	-12.506

22. Capital commitments and contingencies

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:

DKK'000	2020	2019
Mortgage deed, not pledged as security	16.250	16.250
Carrying amount of mortgage properties	34.397	35.663

Company hold properties on rented premises.

Contingent liabilities

Obligation according to rent and operating lease contracts	44.762	40.510
Recourse obligations concerning contract guarantees etc.	129.780	92.108
Group's shares of joint ventures contingent liabilities	-	-

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

Within 1 year	15.075	13.224
Between 1 and 5 years	29.659	27.286
Over 5 years	28	-
Total	44.762	40.510

23. Fee to shareholder, appointed auditor

DKK'000	2020	2019
Fee to Deloitte		
Statutory audit	2.187	440
Tax and VAT-related services	40	50
Other services	75	75
Total	2.302	565
Fee to KPMG		
Statutory audit	-	1.869
Other services	-	1
Total	-	1.870
Fee to PWC		
Statutory audit	88	85
Total	88	85

24. Acquisition of subsidiaries

2020

On the 21 January 2020 Marius Pedersen a.s., Slovakia obtained control of KANAL Group (KANAL M.P.S s.r.o., KRTKO PROFIK s.r.o., Zumpar s.r.o. and LAPAC TUKOV s.r.o.

On the 20 August 2020 Marius Pedersen A/S, Denmark signed a contract on acquisition of 100% shares in FKSSlamson A/S.

DKK'000	2020
Property, plant and equipment	187.513
Inventories	5.292
Trade and other receivables	53.188
Cash and cash equivalents	617
Trade and other payables	-32.586
Tax liabilities	-6.823
Interest-bearing loans and borrowings	-150.666
Net assets acquired	56.535
Goodwill	125.664
Purchase price	182.199
Of which cash and cash equivalents	-617
Deferred payment, earnout	-29.218
Purchase price in cash	152.364

2019

No significant acquisitions were made during the fiscal year 2019.

25. Related party transactions

Related party with controlling interest:

Ultimate parent: Entreprenør Marius Pedersen Fond, Faaborg-Midtfyn, CVR 11 59 41 74.

Balances 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:

Related party transactions:

DKK'000	Parent	Management
Administrative assistance, income	240	
Interest cost	250	
Dividend paid	30.000	
Remuneration		10.306
Outstanding amount, payable	41.313	

26. Group relations

Name an registered office of the Parent preparing consolidated financial statements for the largest group:

Entreprenør Marius Pedersens Fond, Ørbækvej 851, 5863 Ferritslev Fyn, CVR 11 59 41 74

Name an registered office of the Parent preparing consolidated financial statements for the smallest group:

Marius Pedersen Holding A/S, Ørbækvej 851, 5863 Ferritslev Fyn, CVR 35 84 67 35

27. Subsequent events

Marius Pedersen A/S has the 19 May 2021 signed an agreement to acquire 100% of the shares in Simon Moos A/S, Denmark and the 4 May 2021 signed an agreement to acquire 100% of the shares in Preben Andersen Vognmands- og Renovationsforretning ApS samt Axel Hansen Transport A/S.

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

Denmark	Registered in	Corporate form	Equity interest, %
Name			
Kildehøj A/S *)	Faaborg-Midtfyn	A/S	98,8
Marius Pedersen A/S	Faaborg-Midtfyn	A/S	100,0
Odense Affaldssortering A/S	Odense	A/S	50,2
FKSSlamson A/S	Odense	A/S	100,0

*) Entreprenør Marius Pedersens Fond is the owner

Czech Republic	Registered in		Equity interest, %
Name			
Bohemian Waste Management a.s.	Hradec Králové	a.s	60,0
DESTRA Co., spol. s r.o.	Brno	s.r.o.	70,0
EKO - Chlebičov a.s.	Chlebičov	a.s	77,2
EKO servis Varnsdorf a.s.	Varnsdorf	a.s	55,0
EKOLA České Libchavy s.r.o.	České Libchavy	s.r.o.	74,1
ELIO Slezsko a.s.	Holasovice	a.s	55,0
HRATES, a.s.	Uherské Hradiště	a.s	66,0
Hradecké služby a.s.	Hradec Králové	a.s	60,0
Ipodec Ciste Mesto a.s.	Praha	a.s	57,0
Krušnohorské služby a.s.	Ústi n.Labem	a.s	51,0
Marius Pedersen a.s.	Hradec Králové	a.s	100,0
Marius Pedersen Recycling a.s.	Hradec Králové	a.s	50,0
Moravska skládka společnost a.s.	Otrokovice	a.s	60,0
MPGA s.r.o.	Hradec Králové	s.r.o.	100,0
Nykos a.s.	Ždánice	a.s	85,7
Odpady-Třídění-Recyklace a.s.	Uherské Hradiště	a.s	60,0
Papkov s.r.o.	Praha	s.r.o.	80,0
Růžov a.s.	Borovany	a.s	52,0
RWC s.r.o.	Chropyně	s.r.o.	70,0
Severočeské komunální služby s.r.o.	Jablonec nad Nisou	s.r.o.	65,0
Skládka Tušimice a.s.	Teplice	a.s	98,0
SOMA Markvartovice a.s.	Hlučín	a.s	58,0
SOP a.s.	Přelouč	a.s	60,0
Společnost Horní Labe a.s.	Trutnov	a.s	60,0
Technické služby Děčín a.s.	Děčín	a.s	96,9
TRANSPORT Trutnov s.r.o.	Trutnov	s.r.o.	60,0
TS Valašské Meziříčí s.r.o.	Valašské Meziříčí	s.r.o.	74,9
Západočeské komunální služby a.s.	Plzeň	a.s	98,0

Slovakia	Registered in		Equity interest, %
Name			
Spoločnosť Stredné Považie, a.s.	Trenčín	a.s	70,0
Spoločnosť Pohronie, a.s.	Zvolen	a.s	60,0
Spoločnosť Šariš, a.s.	Sabinov	a.s	88,0
Kopaničiarska odpadová spoločnosť, s.r.o.	Kostolné, Rakovice	s.r.o.	83,0
BORINA EKOS, s.r.o.	Livinské Opatovce	s.r.o.	88,0
Tatranská odpadová spoločnosť s.r.o., Žakovce	Žakovce	s.r.o.	64,0
Tekovská ekologická, s.r.o.	Nový Tekov	s.r.o.	86,0
Bzenex BMP, s.r.o.	Bzenica	s.r.o.	70,0
Waste transport, a.s.	Bratislava	a.s	100,0
PETMAS spol. s r.o.	Pezinok	s.r.o.	100,0
ICEKO-ONYX, s.r.o.	Banská Bystrica	s.r.o.	100,0
Marius Pedersen, a.s.	Trenčín	a.s	100,0
KANAL M.P.S. s.r.o.	Senec	s.r.o.	100,0
KRTKO PROFIK s.r.o.	Žirany	s.r.o.	100,0
Žumpár s.r.o.	Senec	s.r.o.	100,0
LAPAČ TUKOV s.r.o.	Senec	s.r.o.	100,0

Joint Ventures:

Slovakia		Effective ownership %
Name		
KOMPLEX-odpadová spoločnosť s.r.o. **)	Pusté Sady	60,0

**) Voting rights 49%

Annual report 2020 for Parent Company

Marius Pedersen Holding A/S

Annual Report

2020

Parent Income Statement

DKK'000	Note	2020	2019
Administrative costs	1	-10.274	-8.068
Operating profit		-10.274	-8.068
Profit on ordinary activities in Group enterprises	2	280.378	206.560
Other financial income	3	-	243
Other financial expenses	4	-4.530	-8.625
Profit before tax		265.574	190.110
Taxation on profit for the financial year	5	3.257	5.083
Profit for the year	6	268.831	195.193

Statement of Balance sheet at 31 December

Assets

DKK'000	Note	2020	2019
Investment in group enterprises	7	2.195.812	2.113.752
Non-current assets		2.195.812	2.113.752
Deferred tax		1.802	3.974
Joint taxation contribution receivables		24.278	20.000
Receivables from Group enterprises		40.536	406
Cash		385	5.686
Current assets		67.001	30.066
Total assets		2.262.813	2.143.818

Statement of Balance sheet at 31 December

Liabilities

DKK'000	Note	2020	2019
Equity			
Share capital	8	100.000	100.000
Share premium		-	965.972
Translation reseve		5.159	-
Retained earnings		1.861.899	685.420
Proposed dividend		30.000	30.000
Total equity		1.997.058	1.781.392
Liabilities			
Bank debt	9	108.821	221.370
Long-term liabilities		108.821	221.370
Short term liabilities part of long-term liabilities	9	108.821	110.685
Accounts owed to Group enterprises		41.313	28.239
Other payables		6.801	2.132
Current liabilities other than provisions		156.934	141.056
Total liabilities		2.262.813	2.143.818
Securities and contingent liabilities etc.	10		
Ownership	11		
Related party transactions	12		
Subsequent events	13		

Statement of Changes in Equity

DKK'000	Share capital	Share premium	Translation reserve	Retained earnings	Proposed dividend	Total
Balance as at 01.01.2020	100.000	965.972	-	685.420	30.000	1.781.392
Share premium release		-965.972		965.972		
Dividends paid	-		-	-	-30.000	-30.000
Net profit/loss for the year 2020	-		-	238.831	30.000	268.831
Exchange rate adjustments	-		6.614	-28.324	-	-21.710
Tax of entries on equity	-		-1.455		-	-1.455
Balance as at 31.12.2020	100.000	-	5.159	1.861.899	30.000	1.997.058

1. Staff costs

DKK'000	2020	2019
Executive board	1.945	287
Board of directors	1.900	1.350
Average number of employees	3	1

The remuneration is partly expensed in other Group companies.

2. Profit on ordinary activities in Group enterprises

DKK'000	2020	2019
Group enterprises operating profit	327.713	253.895
Depreciation, consolidated goodwill	-47.335	-47.335
Total	280.378	206.560

3. Other financial income

DKK'000	2020	2019
Interest income from Group enterprises	-	162
Other interest income	-	81
Total	-	243

4. Other financial expenses

DKK'000	2020	2019
Interest expenses from Group enterprises	250	113
Other interest expenses	4.280	8.512
Total	4.530	8.625

5. Taxation on profit for the financial year

DKK'000	2020	2019
Current tax	3.257	3.528
Adjustment concerning prior year	-	1.555
Total	3.257	5.083

6. Proposal for distribution of profit/loss

DKK'000	2020	2019
Dividend for the year	30.000	30.000
Retained earnings	238.831	165.193
Total	268.831	195.193

7. Investments in Group enterprises

DKK'000	2020	2019
Cost at January 1	2.758.783	2.758.783
Cost price at December 31	2.758.783	2.758.783
Net revaluation at January 1	-645.031	-704.427
Equity adjustments	-28.318	7.844
Amortisation, consolidated goodwill	-47.335	-47.335
Profit/loss for the year	327.713	253.887
Dividends received	-170.000	-155.000
Net revaluation at December 31	-562.971	-645.031
Carrying amount at December 31	2.195.812	2.113.752

Investment in Group enterprises comprise Marius Pedersen A/S, Faaborg-Midtfyn, CVR 49 97 95 17, 100%. For a detailed list of the investments in group enterprises, see page 34 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

DKK'000	2020	2019
Short-term bank debt	108.821	110.685
Long-term bank debt	108.821	221.370
Total	217.642	332.055
Due by less than 1 year	108.821	110.685
Due 1-5 years	108.821	221.370
Due by more than 5 year	0	0

10. Securities and contingent liabilities etc.

Shares in Marius Pedersen A/S, thousands DKK 2.195.812 have been pledged as security for bank debt amounting to thousands DKK 677.210.

Contingent liabilities

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 shares 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 11 59 41 74.

12. Related party transactions

DKK'000	Parent	Subsidiary	Management
Services		3.999	
Interest costs	250		
Dividend	30.000	170.000	
Remuneration			3.845
Outstanding amount, receivable		40.536	
Outstanding amount, payable	41.313		

13. Subsequent events

Marius Pedersen A/S has the 19 May 2021 signed an agreement to acquire 100% of the shares in Simon Moos A/S, Denmark and the 4 May 2021 signed an agreement to acquire 100% of the shares in Preben Andersen Vognmands- og Renovationsforretning ApS samt Axel Hansen Transport A/S.

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

Accounting policies

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.

Accounting policies

The annual report of Marius Pedersen Holding A/S for 2020 has been prepared and presented in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

Changes in accounting policies

The Group has decided to change accounting policy and prepare these consolidated financial statements and parent financial statements in accordance with the Danish Financial Statements Act. Previous has the consolidated financial statements been prepared in accordance with the International Financial Reporting Standards (IFRS). The comparative figures of 2019 are changed as of 1 January 2019.

The change in accounting policy has had an impact on the consolidated financial statements as stated in the key figures below:

- Goodwill is amortised over the expected life of the asset, measured by reference to Management's experience in the individual business segments. The amortisation period is fixed on the basis of the expected repayment horizon and is longest for strategically acquired entities with strong market positions and long-term earnings profiles.
- Right of use of assets is reported as an off-balance item under Contingent liabilities. Previous under IFRS it was capitalized as Property, Plant and equipment.

Accounting policies

The illustration of the impact in changing in the accounting policy is as below:

<i>In thousands of DKK</i>	2020	2019
Impact on Profit or Loss:		
<i>Group:</i>		
Revenue, reclassification to Direct production costs	-155.553	-157.411
Direct production costs, reclassifications and Prov. restorations	141.908	142.631
Depreciation on goodwill	-80.900	-92.795
Financial expenses	10.065	10.873
Other items	742	-778
	-83.738	-97.480
Impact on balance sheet:		
Goodwill and other intangible assets	-607.342	-530.417
Property, plant and equipment	-67.726	-66.881
Right of use assets	-109.030	-119.318
Deferred tax assets	-26.499	-21.100
Other items	-1.030	-1.038
Total assets impact	-811.627	-738.754
Equity 1 January	-587.679	-506.379
Equity 31 December	-664.472	-587.679
Deferred Tax liabilities	-36.220	-31.240
Current and Non-current Lease liability	-106.263	-119.687
Other items	-4.672	-148
Total liability impact	-811.627	-738.754

Basis of preparation

Statement of compliance

The consolidated financial statements for the year ended 31 December 2020 have been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entity. 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 subsidiary.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity 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 Entity, and the value of the liability 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 financial statement item.

Accounting policies

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.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possible or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries financial statement items are recognised in full in the consolidated financial statements.

Investment in subsidiaries is offset at the pro rata share of such subsidiaries net assets at the acquisition date, with net assets having been calculated at fair value.

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 rate 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. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are classified directly as equity.

Accounting policies

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Production costs

Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct costs for materials, wages, and operation of rolling fleet are included.

Other production costs comprise indirect costs including salaries and depreciation concerning the production of the year.

Production costs concerning contract work in progress are recognised as they incur.

Distribution costs

Cost of sales comprises costs for sales staff, marketing expenses and depreciation.

Administrative expenses

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

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Accounting policies

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

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 for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Goodwill

Goodwill is the positive difference between cost and value in use of assets and liabilities taken over as part of the acquisition. Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If it is not possible to estimate the useful life reliably, it is set at 10 years. Useful lives are reassessed on an annual basis. The amortisation periods used are 5 to 20 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs.

Accounting policies

Buildings	25-50 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	5-8 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually. The amortisation periods used are 5-10 years.

Financial assets

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

Accounting policies

costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment losses.

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 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.

Other investments

Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date and unlisted equity investments measured at cost. Unlisted equity investments are written down to any lower net realisable value.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write downs for bad and doubtful debts.

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

Accounting policies

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, 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.

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.

Other provisions

Other provisions comprise loss on contract work in progress, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

If goods are sold on approval, a provision is made for the mark-up on the goods estimated to be re-turned as well as any expenses related to the returns.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period of 1-5 years.

Accounting policies

On acquisition of enterprises and investments in group enterprises, provisions are made for costs relating to restructuring in the acquired enterprise that were decided and published at the acquisition date at the latest.

Financial lease

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Tax receivable or payable

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

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

Accounting policies

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

Credit risk

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

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

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

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

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

Liquidity risk

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

Market risk

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

Accounting policies

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.

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.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and

Accounting policies

sale, etc. of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.