



Marius Pedersen Holding A/S

Ørbækvej 851
5863 Ferritslev Fyn
CVR No. 35846735

Annual report 2021

The Annual General Meeting adopted the annual report on 30.05.2022

Søren Borregaard

Chairman of the General Meeting

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Entity details

Entity

Marius Pedersen Holding A/S

Ørbækvej 851

5863 Ferritslev Fyn

Business Registration No.: 35846735

Registered office: Faaborg-Midtfyn

Financial year: 01.01.2021 - 31.12.2021

Board of Directors

Peter Schak Larsen, Chairman

Jens Flesner Kristiansen, Vice chairman

Ib Thrane

Birgit Elin Munck-Kampmann

Lars Christian Lilleholt

Jørn Tolstrup Rohde

Executive Board

Simon Hovgaard Clausen, CEO

Per Madsen, CFO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Tværkajen 5

P. O. Box 10

5100 Odense

Statement by 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 01.01.2021 - 31.12.2021.

The annual report is 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 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

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

Ferritslev, 30.05.2022

Executive Board

Simon Hovgaard Clausen
CEO

Per Madsen
CFO

Board of Directors

Peter Schak Larsen
Chairman

Jens Flesner Kristiansen
Vice 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 01.01.2021 - 31.12.2021, 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 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021 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 for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 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, 30.05.2022

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Gert Rasmussen

State Authorised Public Accountant
Identification No (MNE) mne35430

Management commentary

Financial highlights

	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000
Key figures					
Revenue	3,954,049	3,121,332	2,961,593	2,946,990	2,951,001
Gross profit/loss	776,284	577,214	492,157	563,182	536,058
Operating profit/loss	573,226	407,832	313,910	396,841	382,705
Net financials	(12,961)	(12,604)	(12,963)	(14,801)	(24,478)
Profit/loss for the year	433,040	303,825	225,294	309,874	278,032
Balance sheet total	4,868,201	4,185,328	3,703,816	4,127,975	4,045,363
Equity	2,581,253	2,160,426	1,931,110	2,270,262	2,005,198
Equity excl. minority interests	2,396,048	1,999,270	2,344,140	2,093,263	1,828,655
Investments in tangible assets	682,139	530,818	421,196	431,314	377,220
Average number of employees	5,082	4,893	4,767	4,719	4,708
Ratios					
Operating margin (%)	14.50	13.07	10.60	13.50	13.00
Return on investment (%)	14.28	11.65	9.55	10.90	10.90
Return on equity (%)	18.27	14.85	11.67	13.60	13.90
Equity ratio (%)	53.02	51.62	52.14	55.00	49.60

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 2019-2021 are prepared in accordance with the Danish Financial Statement Act whereas 2017-2018 are prepared in accordance with International Financial reporting (IFRS)

Operating margin (%):

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

Revenue

Return on investment (%):

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

Average operationally assets *)

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

Return on equity (%):

Profit for the year* 100

Average equity

Equity ratio (%):

Equity* 100

Total assets

Primary activities

Innovation and an entrepreneurial spirit are part of our DNA, and have been since 1925. Marius Pedersen was already then highly focused on recycling and minimising waste of resources – so sustainability is deeply rooted in our company history. Waste recycling and the circular economy are essential tools to achieving results and supporting sustainability goals.

At Marius Pedersen, our clear ambition is to be our customers' preferred partner and expert – also when it comes to waste and recycling. Expert in everything from efficient everyday solutions to strategic guidance and development of new solutions, from instigating changes in behaviour to actual recycling, and from providing competent advice to reporting.

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 and finances

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 2021 Marius Pedersen Group has made the following acquisitions:

- Denmark:
Marius Pedersen A/S acquired 100% of the shares in Preben Andersen Vognmands- og Renovationsforretning ApS & Axel Hansen Transport A/S
FKSSlamson A/S acquired 100% of the shares in Simon Moos A/S
- Czech Republic:
Marius Pedersen a.s. acquired 100% of the shares in PERLIT PRAHA spol s.r.o.
- Slovakia:
Marius Pedersen a.s. acquired 100% of the shares in MEGAWASTE s.r.o.

Despite the financial impact from COVID-19 revenue and earnings in 2021 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, effecting our earnings negatively, but this has been offset by higher activity with other customers/industries.

Development in finances

Profit after tax for the financial year covering the period 1 January 2021 to 31 December 2021 is 433,0 MDKK which is an increase of 129,2 MDKK compared to 2020. Operating profit is 573,2 MDKK which is 165,4 MDKK higher than 2020. Revenue is 3.954,0 MDKK in 2021 increasing by 832,7 MDKK. Profit for the year – being the best year ever – is considered very satisfactory. See further comments to the results above under Development in activities.

Profit/loss for the year in relation to expected developments

In the annual report for 2020 we stated an expectation for the year to be in line with 2020, due to the low visibility and uncertainties coming from the Corona virus (COVID-19). As mentioned above the overall impact on earnings from COVID-19 has been limited for the Marius Pedersen Group, consequently the result came out higher than anticipated.

Outlook

The outlook and guidance for 2022 is subject to uncertainties and impacted by the current war in Ukraine, which has lowered visibility on what to expect in 2022. 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 lower than 2021, i.e. revenue of 3.700-3.800 MDKK and Profit for the year to be around 350-425 MDKK.

Investments in the Group for 2021 has been on a high level and amounts to 682,1 MDKK. In 2022 we expect that re- and new investments without acquisitions will remain on a high level and be around 625-675 MDKK.

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.

Use of financial instruments

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 activities

The Group is continuously developing products, service concepts and do research in future business opportunities. These costs has been charged to the profit and loss accounts.

Statutory report on corporate social responsibility

As a leading Danish company in the waste and resource management industry, we see waste as a valuable resource. We continually strive to maximise the amount of recycled waste and minimise the amount of waste incinerated or ending up in a landfill.

Marius Pedersen Group is highly focused on utilising the resources in waste in the context of the circular economy. We advise customers to choose solutions supporting the highest possible degree of waste sorting for recycling, reuse and utilisation and in accordance with applicable environmental regulation.

We have in our CSR report chosen to concentrate on the issues and aspects that are particularly relevant to our industry based on their impact. The issues are described in accordance with section 99a of the Danish Financial Statements Act and cover the activities of 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>

Statutory report on the underrepresented gender

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.

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 consist 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 2021 the gender distribution is 17/83% (female/male) in line with last year. There has not been any change in the Board in 2021.

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 2021 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 over the next years.

At the end of 2021 the gender distribution of the management team is 12/88% in line with last year.

We have not yet met our goal, but there have during 2021 been held a management education program for both female and male talents.

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.

Statutory report on data ethics policy

We have defined Marius Pedersen's approach to data ethics pursuant to section 99d of the Danish Financial Statements Act.

The Data Ethics Policy is published at:

<https://www.mariuspedersen.dk/om-os/kvalitets-miljoeledelse/csr>

Events after the balance sheet date

Marius Pedersen A/S has the 18 May 2022 signed an agreement to acquire 100% of the shares in RTR A/S and RTR Kloakservice ApS, Denmark.

On 24 February 2022, Russia started an invasion into Ukraine. As a consequence, the US, the EU and the UK amongst others have imposed sanctions targeting Russia's ability to access capital and financial markets, sanctioning banks as well as trading in general. The company has not been impacted by these events as it does not have business relations with Russia.

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

Consolidated income statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
Revenue	2	3,954,049	3,121,332
Production costs		(3,177,765)	(2,530,742)
Gross profit/loss		776,284	590,590
Distribution costs		(123,105)	(107,822)
Administrative expenses	3	(84,529)	(75,024)
Other operating income		4,576	88
Operating profit/loss		573,226	407,832
Income from investments in participating interests		6,641	4,256
Other financial income	6	3,535	3,415
Other financial expenses	7	(16,496)	(16,019)
Profit/loss before tax		566,906	399,484
Tax on profit/loss for the year	8	(133,866)	(95,659)
Profit/loss for the year	9	433,040	303,825

Consolidated balance sheet at 31.12.2021

Assets

	Notes	2021 DKK'000	2020 DKK'000
Acquired licences		22,394	11,597
Goodwill		975,236	948,522
Development projects in progress	11	3,012	779
Intangible assets	10	1,000,642	960,898
Land and buildings		906,292	714,914
Plant and machinery		1,501,652	1,293,024
Other fixtures and fittings, tools and equipment		37,370	36,248
Property, plant and equipment in progress		108,993	73,538
Property, plant and equipment	12	2,554,307	2,117,724
Investments in participating interests		12,962	9,002
Other investments		903	278
Deposits		288,513	258,770
Deferred tax	14	60,146	59,193
Financial assets	13	362,524	327,243
Fixed assets		3,917,473	3,405,865
Raw materials and consumables		27,164	25,738
Manufactured goods and goods for resale		9,839	4,337
Inventories		37,003	30,075
Trade receivables	15	633,093	519,364
Contract work in progress	16	4,845	181
Other receivables	17	79,196	83,409
Tax receivable		7,172	803
Prepayments	18	4,838	4,855
Receivables		729,144	608,612
Cash		184,581	140,776

Current assets	950,728	779,463
<hr/>		
Assets	4,868,201	4,185,328
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Equity and liabilities

	Notes	2021 DKK'000	2020 DKK'000
Contributed capital	19	100,000	100,000
Translation reserve		57,313	23,176
Retained earnings		2,198,735	1,846,094
Proposed dividend for the financial year		40,000	30,000
Equity belonging to Parent's shareholders		2,396,048	1,999,270
Equity belonging to minority interests		185,205	161,155
Equity		2,581,253	2,160,425
Deferred tax	14	78,379	61,461
Other provisions	20	563,673	503,224
Provisions		642,052	564,685
Bank loans		10,668	117,792
Lease liabilities		80,813	95,457
Trade payables		5,207	5,778
Other payables		31,350	31,061
Non-current liabilities other than provisions	21	128,038	250,088
Current portion of non-current liabilities other than provisions	21	136,195	126,338
Other provisions	22	37,503	54,746
Bank loans		739,939	473,662
Contract work in progress	16	1,443	4,262
Trade payables		282,491	223,913
Payables to group enterprises		19,887	41,313
Tax payable		29,324	21,846
Other payables	23	270,076	264,050
Current liabilities other than provisions		1,516,858	1,210,130
Liabilities other than provisions		1,644,896	1,460,218
Equity and liabilities		4,868,201	4,185,328
Events after the balance sheet date	1		
Staff costs	4		
Amortisation, depreciation and impairment losses	5		
Unrecognised rental and lease commitments	25		

Contingent liabilities	26
Assets charged and collateral	27
Transactions with related parties	28
Group relations	29
Subsidiaries	30

Consolidated statement of changes in equity for 2021

	Contributed capital DKK'000	Translation reserve DKK'000	Retained earnings DKK'000	Proposed dividend for the financial year DKK'000	Equity belonging to Parent's shareholders DKK'000
Equity beginning of year	100,000	23,176	1,846,094	30,000	1,999,270
Ordinary dividend paid	0	0	0	(30,000)	(30,000)
Exchange rate adjustments	0	31,781	0	0	31,781
Other entries on equity	0	0	2,608	0	2,608
Tax of entries on equity	0	2,356	0	0	2,356
Profit/loss for the year	0	0	350,033	40,000	390,033
Equity end of year	100,000	57,313	2,198,735	40,000	2,396,048

	Equity belonging to minority interests DKK'000	Total DKK'000
Equity beginning of year	161,155	2,160,425
Ordinary dividend paid	(26,506)	(56,506)
Exchange rate adjustments	7,599	39,380
Other entries on equity	(50)	2,558
Tax of entries on equity	0	2,356
Profit/loss for the year	43,007	433,040
Equity end of year	185,205	2,581,253

Consolidated cash flow statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
Operating profit/loss		573,226	407,832
Amortisation, depreciation and impairment losses		485,140	428,821
Adjustments of investment property		6,641	4,256
Working capital changes	24	(107,521)	81,666
Loss or gain on disposal of assets		(19,650)	(13,376)
Increase/decrease in provisions		66,625	17,085
Impairment losses (reversal) on receivables		1,160	(1,189)
Cash flow from ordinary operating activities		1,005,621	925,095
Financial income received		1,730	1,675
Financial expenses paid		(12,213)	(14,267)
Taxes refunded/(paid)		(129,577)	(74,458)
Cash flows from operating activities		865,561	838,045
Acquisition etc. of property, plant and equipment		(682,139)	(530,818)
Sale of property, plant and equipment		40,794	28,648
Acquisition of fixed asset investments		(211,999)	(152,362)
Financial investments		(3,974)	(1)
Cash flows from investing activities		(857,318)	(654,533)
Free cash flows generated from operations and investments before financing		8,243	183,512
Loans raised		238,824	61,882
Repayments of loans etc.		(131,589)	(136,232)
Dividend paid		(30,000)	(30,000)
Dividends paid to non-controlling interests		(26,506)	(22,971)
Decrease / increase in liabilities from financing activities		(10,850)	0
Cash flows from financing activities		39,879	(127,321)
Increase/decrease in cash and cash equivalents		48,122	56,191
Cash and cash equivalents beginning of year		140,776	80,109

Currency translation adjustments of cash and cash equivalents	(4,317)	4,476
Cash and cash equivalents end of year	184,581	140,776

Cash and cash equivalents at year-end are composed of:

Cash	184,581	140,776
Cash and cash equivalents end of year	184,581	140,776

Notes to consolidated financial statements

1 Events after the balance sheet date

Marius Pedersen A/S has the 18 May 2022 signed an agreement to acquire 100% of the shares in RTR A/S and RTR Kloakservice ApS, Denmark.

On 24 February 2022, Russia started an invasion into Ukraine. As a consequence, the US, the EU and the UK amongst others have imposed sanctions targeting Russia's ability to access capital and financial markets, sanctioning banks as well as trading in general. The company has not been impacted by these events as it does not have business relations with Russia.

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

2 Revenue

	2021 DKK'000	2020 DKK'000
Denmark	1,594,566	1,222,419
Rest of EU	2,358,666	1,893,990
Rest of the world	817	4,923
Total revenue by geographical market	3,954,049	3,121,332
Household collection	746,703	613,147
Commercial collection	1,723,481	1,404,811
Winther and road cleaning	134,051	117,425
Sale of secondary raw materials	731,477	381,222
Landfill	215,993	241,054
Rental	167,844	153,347
Services	111,003	104,036
Other	123,497	106,290
Total revenue by activity	3,954,049	3,121,332

3 Fees to the auditor appointed by the Annual General Meeting

	2021 DKK'000	2020 DKK'000
Statutory audit services	2,286	2,187
Tax services	125	40
Other services	173	75
	2,584	2,302

4 Staff costs

	2021	2020
	DKK'000	DKK'000
Wages and salaries	999,807	857,538
Pension costs	48,195	39,448
Other social security costs	171,848	156,317
	1,219,850	1,053,303
Average number of full-time employees	5,082	4,893

	Remuneration of Manage- ment 2021	Remuneration of Manage- ment 2020
	DKK'000	DKK'000
Executive Board	6,540	5,946
Board of Directors	2,400	2,200
	8,940	8,146

5 Depreciation, amortisation and impairment losses

	2021	2020
	DKK'000	DKK'000
Amortisation of intangible assets	94,622	89,871
Depreciation on property, plant and equipment	390,518	338,950
Profit/loss from sale of intangible assets and property, plant and equipment	(19,650)	(13,376)
	465,490	415,445

6 Other financial income

	2021	2020
	DKK'000	DKK'000
Exchange rate adjustments	1,522	1,800
Other financial income	2,013	1,615
	3,535	3,415

7 Other financial expenses

	2021	2020
	DKK'000	DKK'000
Financial expenses from participating interests	210	250
Other interest expenses	10,968	12,983
Exchange rate adjustments	5,318	2,786
	16,496	16,019

8 Tax on profit/loss for the year

	2021 DKK'000	2020 DKK'000
Current tax	124,079	89,890
Change in deferred tax	8,971	5,628
Adjustment concerning previous years	816	141
	133,866	95,659

9 Proposed distribution of profit/loss

	2021 DKK'000	2020 DKK'000
Ordinary dividend for the financial year	40,000	30,000
Retained earnings	350,033	238,836
Minority interests' share of profit/loss	43,007	34,989
	433,040	303,825

10 Intangible assets

	Acquired licences DKK'000	Goodwill DKK'000	Development projects in progress DKK'000
Cost beginning of year	82,014	1,890,278	779
Addition through business combinations etc	9,483	108,331	15
Exchange rate adjustments	2,842	16,134	(1)
Transfers	548	(3,595)	(548)
Additions	9,143	3,800	2,767
Disposals	(5,275)	(187,206)	0
Cost end of year	98,755	1,827,742	3,012
Amortisation and impairment losses beginning of year	(70,417)	(941,756)	0
Addition through business combinations etc	(1,182)	0	0
Exchange rate adjustments	(2,363)	(13,045)	0
Transfers	0	2,042	0
Amortisation for the year	(7,669)	(86,953)	0
Reversal regarding disposals	5,270	187,206	0
Amortisation and impairment losses end of year	(76,361)	(852,506)	0
Carrying amount end of year	22,394	975,236	3,012

Goodwill

Based on expected future net cash flow, 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 flow on the basis of approved budgets for 2022 and forecasts for 2023-2026 for each 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.

11 Development projects

Developments projects consist of IT cost to new systems.

12 Property, plant and equipment

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Property, plant and equipment in progress DKK'000
Cost beginning of year	1,819,380	3,848,075	127,452	74,246
Addition through business combinations etc	107,235	65,025	2,288	3,622
Exchange rate adjustments	50,420	72,392	4,078	1,599
Transfers	22,768	30,968	794	(50,936)
Additions	126,343	442,059	10,975	87,148
Disposals	(13,126)	(192,628)	(8,307)	(5,941)
Cost end of year	2,113,020	4,265,891	137,280	109,738
Depreciation and impairment losses beginning of year	(1,104,466)	(2,555,051)	(91,204)	(708)
Addition through business combinations etc	(14,495)	(21,240)	(1,408)	0
Exchange rate adjustments	(30,973)	(51,386)	(2,635)	(37)
Transfers	0	(2,042)	0	0
Depreciation for the year	(61,778)	(316,264)	(12,476)	0
Reversal regarding disposals	4,984	181,744	7,813	0
Depreciation and impairment losses end of year	(1,206,728)	(2,764,239)	(99,910)	(745)
Carrying amount end of year	906,292	1,501,652	37,370	108,993
Recognised assets not owned by Entity		103,376		

13 Financial assets

	Investments in participating interests DKK'000	Other investments DKK'000	Deposits DKK'000
Cost beginning of year	930	56	258,770
Addition through business combinations etc	0	15	0
Exchange rate adjustments	(8)	0	13,404
Additions	0	610	16,339
Cost end of year	922	681	288,513
Revaluations beginning of year	8,072	222	0
Exchange rate adjustments	4	0	0
Share of profit/loss for the year	6,641	0	0
Dividend	(2,677)	0	0
Revaluations end of year	12,040	222	0
Carrying amount end of year	12,962	903	288,513

Deposits comprise cash on escrow accounts 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.

Investments in participating interests	Registered in	Ownership %
KOMPLEX-odpadová společnost s.r.o	Pusté Sady	60.00

14 Deferred tax

Changes during the year	2021 DKK'000	2020 DKK'000
Beginning of year	(2,268)	9,957
Recognised in the income statement	(8,972)	(5,627)
Recognised directly in equity	976	(2,172)
Fx adjust	2,385	(1,549)
Business combination	(9,413)	(2,877)
Opening balance adjustments	(941)	0
End of year	(18,233)	(2,268)

Deferred tax has been recognised in the balance sheet as follows	2021 DKK'000	2020 DKK'000
Deferred tax assets	60,146	59,193
Deferred tax liabilities	(78,379)	(61,461)
	(18,233)	(2,268)

Deferred tax relates to intangible assets, property, plant and equipment, inventories and other provisions.

Deferred tax assets

Deferred tax assets is a result of differences between carrying values and tax values.

15 Trade receivables

No receivables due more than 1 year.

16 Contract work in progress

	2021	2020
	DKK'000	DKK'000
Contract work in progress	56,360	50,317
Progress billings	(52,958)	(54,398)
Transferred to liabilities other than provisions	1,443	4,262
	4,845	181

17 Other receivables

Other receivables consists of 50,533 DKK'000 due more than 1 year (50,215 DKK'000 in 2020)

18 Prepayments

Consists of prepayment insurance, rent etc.

19 Contributed capital

	Number	Nominal value
		DKK'000
A-shares	100,000,000	100,000
	100,000,000	100,000

20 Other provisions

Provisions for restoration and monitoring of landfills

21 Non-current liabilities other than provisions

	Due within 12	Due within 12	Due after	Outstanding
	months	months	more than 12	after 5 years
	2021	2020	months	2021
	DKK'000	DKK'000	DKK'000	DKK'000
Bank loans	113,277	109,371	10,668	6,649
Lease liabilities	22,918	16,967	80,813	14,685
Trade payables	0	0	5,207	2,407
Other payables	0	0	31,350	0
	136,195	126,338	128,038	23,741

22 Other provisions

Provisions for restoration and monitoring of landfills.

23 Other payables

	2021	2020
	DKK'000	DKK'000
VAT and duties	68,062	32,017
Wages and salaries, personal income taxes, social security costs, etc. payable	133,539	175,317
Other costs payable	68,475	56,716
	270,076	264,050

24 Changes in working capital

	2021	2020
	DKK'000	DKK'000
Increase/decrease in inventories	(5,878)	8,762
Increase/decrease in receivables	(73,154)	(6,270)
Increase/decrease in trade payables etc.	1,254	83,038
Other changes	(29,743)	(3,864)
	(107,521)	81,666

25 Unrecognised rental and lease commitments

	2021	2020
	DKK'000	DKK'000
Total liabilities under rental or lease agreements until maturity	54,434	44,762

26 Contingent liabilities

	2021	2020
DKK'000		
Recourse obligations concerning contract guarantees etc.	91,083	129,780

27 Assets charged and collateral

The carrying amount of mortgaged properties is DKK'000 32,479 and the carrying amount of mortgaged plant is DKK'000 16,250

28 Transactions with related parties

	Parent
	DKK'000
Management fee	240
Interest cost	210
Dividend paid	30,000
Liabilities other than provisions	19,887

29 Group relations

Name and 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 and 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

30 Subsidiaries

	Registered in	Corporate form	Ownership %
Denmark			
Kildehøj A/S (owner: Entreprenør Marius Pedersens Fond)	Faaborg-Midtfyn	A/S	98.80
Marius Pedersen A/S	Faaborg-Midtfyn	A/S	100.00
Odense Affaldssortering A/S	Odense	A/S	50.20
FKSSlamson A/S	Odense	A/S	100.00

	Registered in	Corporate form	Ownership %
Czech Republic			
Bohemian Waste Management a.s.	Hradec Králové	a.s.	60.00
DESTRA Co., spol. s r.o.	Brno	s.r.o.	70.00
EKO - Chlebičov a.s.	Chlebičov	a.s.	77.20
EKO servis Varnsdorf a.s.	Varnsdorf	a.s.	55.00
EKOLA České Libchavy s.r.o.	České Libchavy	s.r.o.	74.10
ELIO Slezsko a.s.	Holasovice	a.s.	55.00
HRATES, a.s.	Uherské Hradiště	a.s.	66.00
Hradecké služby a.s.	Hradec Králové	a.s.	60.00
Ipodec Ciste Mesto a.s.	Praha	a.s.	57.00
Krušnohorské služby a.s.	Ústi n.Labem	a.s.	51.00
Marius Pedersen a.s.	Hradec Králové	a.s.	100.00
Marius Pedersen Recycling a.s.	Hradec Králové	a.s.	50.00
Moravska skladkova spolecnost a.s.	Otrokovice	a.s.	60.00
MPGA s.r.o.	Hradec Králové	s.r.o.	100.00
Nykos a.s.	Ždánice	a.s.	85.70
Odpady-Třídění-Recyklace a.s.	Uherské Hradiště	a.s.	60.00
Papkov s.r.o.	Praha	s.r.o.	80.00
Růžov a.s.	Borovany	a.s.	52.00
RWC s.r.o.	Chropyně	s.r.o.	70.00
Severočeské komunální služby s.r.o.	Jablonec nad Nisou	s.r.o.	65.00
Skládka Tušimice a.s.	Teplice	a.s.	98.00
SOMA Markvartovice a.s.	Hlučín	a.s.	58.00
SOP a.s.	Přelouč	a.s.	60.00
Společnost Horní Labe a.s.	Trutnov	a.s.	60.00
Technické služby Děčín a.s.	Děčín	a.s.	96.90
TRANSPORT Trutnov s.r.o.	Trutnov	s.r.o.	60.00
TS Valašské Meziříčí s.r.o.	Valašské Meziříčí	s.r.o.	74.90
Západočeské komunální služby a.s.	Plzeň	a.s.	98.00
PERLIT PRAHA, spol. s.r.o.	Praha	s.r.o.	100.00

	Registered in	Corporate form	Ownership %
Slovakia			
Spoločnosť Stredné Považie, a.s	Trenčín	a.s.	70.00
Spoločnosť Pohronie, a.s.	Zvolen	a.s.	60.00
Spoločnosť Šariš, a.s	Sabinov	a.s.	88.00
Kopaničiarska odpadová spoločnosť, s.r.o.	Kostolné, Rakovice	s.r.o.	83.00
BORINA EKOS, s.r.o.	Livinské Opatovce	s.r.o.	88.00
Tatranská odpadová spoločnosť s.r.o, Žakovce	Žakovce	s.r.o.	64.00
Tekovská ekologická, s.r.o.	Nový Tekov	s.r.o.	86.00
Bzenex BMP, s.r.o.	Bzenica	s.r.o.	70.00
Waste transport, a.s.	Bratislava	a.s.	100.00
PETMAS spol. s r.o.	Pezinok	s.r.o.	100.00
ICEKO-ONYX, s.r.o.	Banská Bystrica	s.r.o.	100.00
Marius Pedersen, a.s.	Trenčín	a.s.	100.00
KANAL M.P.S. s.r.o.	Senec	s.r.o.	100.00
KRTKO PROFIK s.r.o.	Žirany	s.r.o.	100.00
Žumpár s.r.o.	Senec	s.r.o.	100.00
LAPAČ TUKOV s.r.o.	Senec	s.r.o.	100.00
MEGAWASTE Podstránie s.r.o.	Považská Bystrica	s.r.o.	100.00
MEGAWASTE SLOVAKIA s.r.o.	Považská Bystrica	s.r.o.	100.00

Parent income statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
Administrative expenses		(9,624)	(10,272)
Operating profit/loss		(9,624)	(10,272)
Income from investments in group enterprises		401,775	280,378
Other financial expenses	3	(2,496)	(4,531)
Profit/loss before tax		389,655	265,575
Tax on profit/loss for the year	4	1,292	3,257
Profit/loss for the year	5	390,947	268,832

Parent balance sheet at 31.12.2021

Assets

	Notes	2021 DKK'000	2020 DKK'000
Investments in group enterprises		2,486,818	2,195,812
Financial assets	6	2,486,818	2,195,812
Fixed assets		2,486,818	2,195,812
Receivables from group enterprises		0	40,536
Deferred tax	7	3,323	1,802
Other receivables		1	0
Tax receivable		44,958	24,278
Receivables		48,282	66,616
Cash		2	385
Current assets		48,284	67,001
Assets		2,535,102	2,262,813

Equity and liabilities

	Notes	2021 DKK'000	2020 DKK'000
Contributed capital		100,000	100,000
Translation reserve		1,700	5,159
Retained earnings		2,252,076	1,861,899
Proposed dividend for the financial year		40,000	30,000
Equity		2,393,776	1,997,058
Bank loans		0	108,821
Non-current liabilities other than provisions	8	0	108,821
Current portion of non-current liabilities other than provisions	8	0	108,821
Bank loans		111,886	0
Payables to group enterprises		22,701	41,313
Other payables	9	6,739	6,800
Current liabilities other than provisions		141,326	156,934
Liabilities other than provisions		141,326	265,755
Equity and liabilities		2,535,102	2,262,813
Events after the balance sheet date	1		
Staff costs	2		
Contingent liabilities	10		
Assets charged and collateral	11		
Related parties with controlling interest	12		
Transactions with related parties	13		

Parent statement of changes in equity for 2021

	Contributed capital DKK'000	Translation reserve DKK'000	Retained earnings DKK'000	Proposed dividend for the year DKK'000	Total DKK'000
Equity beginning of year	100,000	5,159	1,861,899	30,000	1,997,058
Ordinary dividend paid	0	0	0	(30,000)	(30,000)
Exchange rate adjustments	0	(4,435)	39,230	0	34,795
Tax of entries on equity	0	976	0	0	976
Profit/loss for the year	0	0	350,947	40,000	390,947
Equity end of year	100,000	1,700	2,252,076	40,000	2,393,776

Notes to parent financial statements

1 Events after the balance sheet date

Marius Pedersen A/S has the 18 May 2022 signed an agreement to acquire 100% of the shares in RTR A/S and RTR Kloakservice ApS, Denmark.

On 24 February 2022, Russia started an invasion into Ukraine. As a consequence, the US, the EU and the UK amongst others have imposed sanctions targeting Russia's ability to access capital and financial markets, sanctionings banks as well as trading in general. The company has not been impacted by these events as it does not have business relations with Russia.

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

2 Staff costs

	2021 DKK'000	2020 DKK'000
Wages and salaries	10,854	9,256
	10,854	9,256
Average number of full-time employees	4	3

	Remuneration of Manage- ment 2021 DKK'000	Remuneration of Manage- ment 2020 DKK'000
Executive Board	2,540	1,945
Board of Directors	1,900	1,900
	4,440	3,845

3 Other financial expenses

	2021 DKK'000	2020 DKK'000
Financial expenses from group enterprises	179	250
Other interest expenses	2,317	4,281
	2,496	4,531

4 Tax on profit/loss for the year

	2021	2020
	DKK'000	DKK'000
Change in deferred tax	(2,347)	(3,257)
Adjustment concerning previous years	1,055	0
	(1,292)	(3,257)

5 Proposed distribution of profit and loss

	2021	2020
	DKK'000	DKK'000
Ordinary dividend for the financial year	40,000	30,000
Retained earnings	350,947	238,832
	390,947	268,832

6 Financial assets

	Investments in group enterprises DKK'000
Cost beginning of year	2,758,783
Cost end of year	2,758,783
Revaluations beginning of year	(562,971)
Exchange rate adjustments	39,230
Amortisation of goodwill	(47,335)
Share of profit/loss for the year	449,111
Dividend	(150,000)
Revaluations end of year	(271,965)
Carrying amount end of year	2,486,818

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

7 Deferred tax

	2021	2020
	DKK'000	DKK'000
Changes during the year		
Beginning of year	1,802	3,974
Recognised in the income statement	2,347	3,257
Recognised directly in equity	976	(1,455)
Other changes	(1,802)	(3,974)
End of year	3,323	1,802

Deferred tax assets

The deferred tax assets is expected to be used in the following years.

8 Non-current liabilities other than provisions

	Due within 12 months 2020 DKK'000
Bank loans	108,821
	108,821

9 Other payables

	2021 DKK'000	2020 DKK'000
VAT and duties	65	231
Wages and salaries, personal income taxes, social security costs, etc. payable	743	847
Holiday pay obligation	606	63
Other costs payable	5,325	5,659
	6,739	6,800

10 Contingent liabilities

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 Assets charged and collateral

Shares in Marius Pedersen A/S, thousands DKK 2.486.818 have been pledged as security for bank debt amounting to thousands DKK 838,052.

12 Related parties 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:

13 Transactions with related parties

	Parent DKK'000	Subsidiaries DKK'000
Services		3,999
Interest costs	179	
Dividend	30,000	150,000
Liabilities other than provisions	15,982	6,719

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

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.

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 possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling, influence are regarded as associates.

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. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in Management's proposal for the distribution of net profit/loss and equity, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition

date, with net assets having been calculated at fair value.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. 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 and indirect costs for raw materials and consumables, wages and salaries, rent and lease, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item includes ordinary writedown of inventories.

Distribution costs

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc., and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment involved in the distribution process.

Administrative expenses

Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Other operating income

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

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.

Income from investments in joint ventures

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

Income from investments in participating interests

Income from investments in participating interests comprises the pro rata share of the individual participating interests' profit/loss after pro rata 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 or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and 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 or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and 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.

Intellectual property rights etc.

Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity in the reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives

which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5 to 20 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised on a straight-line basis over the term of the agreement.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

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

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

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 in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses. Reference is made to the above section on business combinations for more details about the accounting policies applied to acquisitions of investments in group enterprises.

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 will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

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

Goodwill is the difference between cost of investments and fair value of the pro rata share of assets and

liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. For other amounts of goodwill, useful life has been 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. Useful lives are reassessed annually. The amortisation periods used are 5 to 20 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Investments in participating interests

Investments in participating interests are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the participating interests' equity value plus unamortised goodwill and plus or minus unrealised pro rata intra-group profits and losses. Reference is made to the above section on business combinations for more details about the accounting policies applied to acquisitions of investments in participating interests.

Participating interests with negative equity value are measured at DKK 0. Any receivables from these participating interests 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 participating interest, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in participating interests is transferred to the reserve for net revaluation according to the equity method in equity.

Goodwill is the difference between cost of investments and fair value of the pro rata share of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. For other amounts of goodwill, useful life has been 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. Useful lives are reassessed annually. The amortisation periods used are 5 to 20 years.

Investments in participating interests are written down to the lower of recoverable amount and carrying amount.

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 the lower of cost and net realisable value.

Deferred tax

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

However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have

any effect on profit or loss or on taxable income.

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.

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 on machinery, factory buildings and equipment used in the manufacturing process, and 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 writedowns 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.

If the selling price of a contract in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

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

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.

Tax payable or receivable

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

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.

Minority interests

On initial recognition, minority interests are measured at the minority interests' share of the acquiree's net assets measured at fair value. No goodwill related to the minority interests' equity interests in the acquiree is recognised.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, 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.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

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.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Lease liabilities

Lease liabilities 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 liabilities 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.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and 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 financial income, financial

expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, including lease liabilities, 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.