



Marius Pedersen Holding A/S

Ørbækvej 851
5863 Ferritslev Fyn
CVR No. 35846735

Annual report 2023

The Annual General Meeting adopted the annual report on 05.07.2024

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: 01.01.2023 - 31.12.2023

Board of Directors

Jens Flesner Kristiansen, Chairman

Jørn Tolstrup Rohde, Vice chairman

Ib Thrane

Bjørn Thorsen

Lars Christian Lilleholt

Susanne Thorskov Hansen

Birgitte Jørgensen Kjær

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 01.01.2023 - 31.12.2023.

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 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2023 - 31.12.2023.

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, 05.07.2024

Executive Board

Simon Hovgaard Clausen
CEO

Per Madsen
CFO

Board of Directors

Jens Flesner Kristiansen
Chairman

Jørn Tolstrup Rohde
Vice chairman

Ib Thrane

Bjørn Thorsen

Lars Christian Lilleholt

Susanne Thorskov Hansen

Birgitte Jørgensen Kjær

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 01.01.2023 - 31.12.2023, 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 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2023 - 31.12.2023 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 by relevant law and regulations.

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 in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Odense, 05.07.2024

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Gert Rasmussen

State Authorised Public Accountant

Identification No (MNE) mne35430

Management commentary

Financial highlights

	2023	2022	2021	2020	2019
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Revenue	4,763,291	4,492,624	3,954,049	3,121,332	2,961,593
Gross profit/loss	891,105	747,089	769,177	590,590	497,163
Operating profit/loss	645,420	550,830	573,226	407,832	313,910
Net financials	(36,255)	(18,198)	(12,961)	(12,604)	(12,963)
Profit/loss for the year	473,770	415,894	433,040	303,825	225,294
Balance sheet total	5,949,239	5,289,766	4,868,201	4,185,329	3,703,816
Equity	3,340,209	2,961,994	2,581,253	2,160,425	1,931,110
Equity excl. minority interests	3,131,623	2,763,708	2,396,048	1,999,270	2,344,140
Investments in tangible assets	950,528	778,872	682,139	530,818	421,196
Average number of employees	5,547	5,389	5,082	4,893	4,767
Ratios					
Operating margin (%)	13.55	12.26	14.50	13.07	10.60
Return on investment (%)	13.59	12.28	14.28	11.65	9.55
Return on equity (%)	17.23	16.24	18.27	14.85	11.67
Equity ratio (%)	56.15	55.99	53.02	51.62	52.14

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

Operating margin (%):

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

Return on investment (%):

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

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

Return on equity (%):

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

Average equity

Equity ratio (%):

Equity * 100

Total assets

Primary activities

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

We have a clear ambition to be our customers' partner and expert in all aspects of waste management and recycling.

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 and treatment of waste to selling secondary resources – with respect of adding value to our customers and our owners.

Group activities include:

- Sorting, treatment and handling recyclable waste at our waste management facilities.
- Trading of recyclable waste in the context of circular economy.
- Services concerning handling of waste and recyclables from the customer to final recycling, recovery or disposal - being consulting, renting of equipment, transport and collection services, sewage and sludge services, waste management reporting and for customer segments within trade, industrial production, service and retail, building and construction, and the public sector and institutions.
- In addition, the Group executes contractor business and furthermore owns companies in Denmark, the Czech Republic and Slovakia, primarily handling waste management and other environmental activities.

Development in activities and finances

Activities

The market for waste management for the Marius Pedersen Group is competitive. The market is 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 on new waste handling activities and market demands.

In 2023 Marius Pedersen Group has made the following acquisitions:

Denmark:

Marius Pedersen A/S acquired 100% of the shares in Henry Andersen & Søn A/S and 100% of the shares in RC Plast A/S.

Czech Republic:

Marius Pedersen a.s. acquired 100% of the shares in SPL Jablonec nad Nisou s.r.o.

Slovakia:

Marius Pedersen a.s. acquired 100% of the shares in TEDOS Ltd.

Despite the financial impact from high inflation and the war in Ukraine revenue and earnings in 2023 have been the best in the company's history. We have seen turnover growth in all 3 markets (Denmark, Czech Republic and Slovakia), coming from acquisitions/merge and dedicated focus on sales activities in each business line, as well as focus on new services, productivity and efficiency.

The overall impact on earnings from high inflation and the war in Ukraine have 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 at other customers/industries.

Development in finances

Profit after tax for the financial year covering the period 1 January 2023 to 31 December 2023 is 473,8 MDKK which is an increase of 57,9 MDKK compared to 2022. Operating profit is 645,4 MDKK which is 94,6 MDKK higher than 2022. Revenue is 4.763,3 MDKK in 2023 increasing by 270,7 MDKK. Profit for the year is considered very satisfactory. See further comments to the results under Development in activities.

Profit/loss for the year in relation to expected developments

In the annual report for 2022 we stated an expectation for the year 2023 to be lower than 2022, due to the low visibility and uncertainties coming from the high inflation and the possible recession in Europe. As mentioned above the overall impact on earnings has been limited for the Marius Pedersen Group, consequently both turnover and earnings came out higher than anticipated.

Uncertainty relating to recognition and measurement

The recognition and measurement of provisions for restorations and monitoring of landfills is subject to estimates and assumptions about future events and therefore subject to uncertainties cf. note 2.

Outlook

The outlook for 2024 is positively impacted by the acquisitions and investments done in 2023 but also subject to uncertainties and impacted by the possible recession in Europe, which has lowered visibility on what to expect in 2024. The Group has experienced low impact from a possible recession so far, but it is yet too early to predict the long-term impact on our different customer segments. We however expect Revenue and Profit for the year to be slightly higher than 2023, i.e. revenue of 4.800-5.000 MDKK and Profit for the year to be around 480-500 MDKK..

Investments in the Group for 2023 has been on a high level and amounts to 950,5 MDKK. We invest heavily in new sorting and processing technology in all three countries. As a major player in waste recycling, we provide the service to waste producers, ensuring that their waste is processed for recycling, and we are also a supplier of raw materials processed from recycled waste products to the industrial sector. In 2024 we expect that re- and new investments without acquisitions will remain on a high level and be around 925-950 MDKK.

In the past we have completed several acquisitions in Slovakia, Czech Republic and Denmark. We welcome potential acquisition opportunities in the three countries being within the waste management business of collection and transport activities, sorting of waste activities and processing waste into new resources.

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. All bank debt is based on floating interest. 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. The Group has not used any derivative financial instruments.

Currency risks

The Group's result from group enterprises is dependent on changes in exchange rates (CZK, EUR), since 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

Environmental performance

The Company acts in accordance with current environmental and safety legislation which helps to create a healthy and safe environment.

The Company continuously evaluates the total activities to constantly reduce the environmental impact.

Business relations are also encouraged to choose systems or products that secure the highest possible amount of recycling or reduction in the use of natural resources.

The Company has ISO-14001 certifications covering all environmental activities of the Company. The Company is also ISO-9001 certified.

To promote environmental and safety conscience in general the Company is educating and creating awareness among its employees for them to take responsibility for environment, health and safety.

Research and development activities

The Company is continuously developing new services and concepts and do research in future business opportunities. These costs have 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.

The CSR report concentrates 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

2023

Supreme management body

Total number of members

7

Underrepresented gender (%)

30.00

At any time, the Group aims to have a harmonious and competent management. The composition of management always considers the characteristics and capabilities of each member of the management and how they can positively contribute to the Group.

The Group has an independent 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. In 2023 number of female board members has increased by one and the gender distribution is hereafter 30/70% (female/male) compared to 17/83% in 2022. With 2 female and 5 male board members as of February 2023 we achieved a balanced composition as per the definitions of the Danish Business Authority. Therefore, we do not have a specific target for change or increase but aim to at least maintain a gender distribution of 30/70% (female/male) in the Supreme Management Body.

Other management levels

Other management level consists only of two members consequently no requirements for reporting is needed.

Policy and Action when recruiting for management

We have a policy supporting a balanced gender composition. The Group's employees should all experience that they have the same opportunities for career and management positions regardless of gender. 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 considers 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 and thereby, we expect over time to get a more balanced gender composition.

Statutory report on data ethics policy

Our approach to data ethics is pursuant to section 99d of the Danish Financial Statements Act.

The company policy for data ethics focus on protecting the users (customers, suppliers, employees etc.) privacy and ensuring that their data is used in a responsible manner. It describes our commitment beyond data privacy laws and lays out our defined principles, also for non-personal data. 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 in January 2024 signed an agreement to acquire 100% of the shares in EHJ Energi & Miljø A/S, Denmark.

In February 2024, a now former employee of Marius Pedersen a.s, Czech Republic, was suspected in a case involving potential bribery in the Czech Republic. The police is currently investigating the matter .

Marius Pedersen a.s., Czech Republic, or any other company in Marius Pedersen Group Czech, is not involved and is not charged or indicted.

Parent company Marius Pedersen A/S Denmark has initiated an external independent investigation into the matter led by a leading law firm in Czech Republic. The investigation is ongoing. The final result of the investigations is not yet known, but we do not expect any findings or conclusions that will materially impact the accounts of 2023.

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

Consolidated income statement for 2023

	Notes	2023 DKK'000	2022 DKK'000
Revenue	3	4,763,291	4,492,624
Production costs		(3,872,186)	(3,745,535)
Gross profit/loss		891,105	747,089
Distribution costs		(156,943)	(135,888)
Administrative expenses	4	(113,037)	(97,068)
Other operating income	7	24,295	36,697
Operating profit/loss		645,420	550,830
Income from investments in participating interests		5,164	6,577
Other financial income	8	4,632	3,134
Other financial expenses	9	(40,887)	(21,332)
Profit/loss before tax		614,329	539,209
Tax on profit/loss for the year	10	(140,559)	(123,315)
Profit/loss for the year	11	473,770	415,894

Consolidated balance sheet at 31.12.2023

Assets

	Notes	2023 DKK'000	2022 DKK'000
Acquired licences		15,690	17,199
Goodwill		944,827	916,328
Development projects in progress	13	3,585	5,317
Intangible assets	12	964,102	938,844
Land and buildings		1,232,209	1,012,923
Plant and machinery		1,834,756	1,620,412
Other fixtures and fittings, tools and equipment		40,563	39,817
Property, plant and equipment in progress		267,499	254,150
Property, plant and equipment	14	3,375,027	2,927,302
Investments in participating interests		21,041	16,460
Other investments		1,101	1,028
Deposits		446,914	393,656
Deferred tax	16	79,824	65,454
Financial assets	15	548,880	476,598
Non-current assets		4,888,009	4,342,744
Raw materials and consumables		40,908	35,310
Manufactured goods and goods for resale		18,330	12,782
Inventories		59,238	48,092
Trade receivables	17	759,709	740,285
Contract work in progress	18	15,547	8,735
Other receivables	19	25,542	32,482
Tax receivable		4,658	25,664
Prepayments	20	13,994	11,241
Receivables		819,450	818,407
Cash		182,542	80,523

Current assets	1,061,230	947,022
Assets	5,949,239	5,289,766

Equity and liabilities

		2023	2022
	Notes	DKK'000	DKK'000
Contributed capital	21	100,000	100,000
Translation reserve		58,628	83,812
Retained earnings		2,972,995	2,549,896
Proposed dividend for the financial year		0	30,000
Equity belonging to Parent's shareholders		3,131,623	2,763,708
Equity belonging to minority interests		208,586	198,286
Equity		3,340,209	2,961,994
Deferred tax	16	97,774	94,384
Other provisions	22	651,131	598,962
Provisions		748,905	693,346
Mortgage debt		16,762	9,185
Bank loans		300,000	0
Lease liabilities		43,940	60,366
Trade payables		4,792	8,109
Other payables		3,756	2,119
Non-current liabilities other than provisions	23	369,250	79,779
Current portion of non-current liabilities other than provisions	23	19,048	22,435
Other provisions	24	67,205	54,520
Bank loans		629,586	771,763
Contract work in progress	18	18,077	11,013
Trade payables		453,149	425,870
Payables to group enterprises		29,396	46,433
Tax payable		26,781	4,597
Other payables	25	247,633	218,016
Current liabilities other than provisions		1,490,875	1,554,647
Liabilities other than provisions		1,860,125	1,634,426
Equity and liabilities		5,949,239	5,289,766
Events after the balance sheet date	1		
Uncertainty relating to recognition and measurement	2		
Staff costs	5		

Amortisation, depreciation and impairment losses	6
Unrecognised rental and lease commitments	27
Contingent liabilities	28
Assets charged and collateral	29
Transactions with related parties	30
Group relations	31
Subsidiaries	32

Consolidated statement of changes in equity for 2023

	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 belonging to minority interests DKK'000	Total DKK'000
Equity beginning of year	100,000	83,812	2,549,896	30,000	2,763,708	198,286	2,961,994
Ordinary dividend paid	0	0	0	(30,000)	(30,000)	(37,232)	(67,232)
Exchange rate adjustments	0	(25,184)	0	0	(25,184)	(4,187)	(29,371)
Value adjustments	0	0	(155)	0	(155)	0	(155)
Other entries on equity	0	0	1,377	0	1,377	(208)	1,169
Tax of entries on equity	0	0	34	0	34	0	34
Profit/loss for the year	0	0	421,843	0	421,843	51,927	473,770
Equity end of year	100,000	58,628	2,972,995	0	3,131,623	208,586	3,340,209

Consolidated cash flow statement for 2023

	Notes	2023 DKK'000	2022 DKK'000
Operating profit/loss		645,420	550,830
Amortisation, depreciation and impairment losses		596,629	541,861
Working capital changes	26	(2,858)	(128,858)
Loss or gain on disposal of assets		(12,881)	(13,599)
Increase/decrease in provisions		78,515	70,428
Income from investments in participating interests		3,145	3,147
Impairment losses (reversal) on receivables		2,180	1,709
Cash flow from ordinary operating activities		1,310,150	1,025,518
Financial income received		3,262	96
Financial expenses paid		(39,041)	(17,323)
Taxes refunded/(paid)		(116,656)	(159,786)
Cash flows from operating activities		1,157,715	848,505
Acquisition etc. of property, plant and equipment		(950,528)	(778,872)
Sale of property, plant and equipment		33,956	28,872
Acquisition of fixed asset investments		(184,152)	(39,393)
Financial investments		(776)	(1,113)
Cash flows from investing activities		(1,101,500)	(790,506)
Free cash flows generated from operations and investments before financing		56,215	57,999
Loans raised		292,831	75,212
Repayments of loans etc.		(157,749)	(136,195)
Dividend paid		(30,000)	(40,000)
Dividends paid to non-controlling interests		(37,233)	(35,936)
Decrease / increase in liabilities from financing activities		(19,942)	(23,137)
Cash flows from financing activities		47,907	(160,056)
Increase/decrease in cash and cash equivalents		104,122	(102,057)
Cash and cash equivalents beginning of year		80,523	184,581

Currency translation adjustments of cash and cash equivalents	(2,103)	(2,001)
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Cash and cash equivalents end of year	182,542	80,523
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Cash and cash equivalents at year-end are composed of:

Cash	182,542	80,523
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Cash and cash equivalents end of year	182,542	80,523
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Notes to consolidated financial statements

1 Events after the balance sheet date

Marius Pedersen A/S has in January 2024 signed an agreement to acquire 100% of the shares in EHJ Energi & Miljø A/S, Denmark.

In February 2024, a now former employee of Marius Pedersen a.s, Czech Republic, was suspected in a case involving potential bribery in the Czech Republic. The police is currently investigating the matter .

Marius Pedersen a.s., Czech Republic, or any other company in Marius Pedersen Group Czech, is not involved and is not charged or indicted.

Parent company Marius Pedersen A/S Denmark has initiated an external independent investigation into the matter led by a leading law firm in Czech Republic. The investigation is ongoing. The final result of the investigations is not yet known, but we do not expect any findings or conclusions that will materially impact the accounts of 2023.

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

2 Uncertainty relating to recognition and measurement

The statement of the carrying amount of certain liabilities requires estimates, estimates and assumptions about future events. The estimates made are based on historical experience and other factors that management deems sound in the circumstances, but which are inherently subject to uncertainty. Assumptions may be incomplete and inaccurate, and unexpected events or circumstances may occur.

The recognition and measurement of provisions for expected future costs of restoration and monitoring of landfills is subject to significant uncertainties, particularly with regard to the time perspective.

It is management's assessment that the total restoration and monitoring costs amount to 718,336 DKK'000 which are included as long-term and short-term commitments respectively.

3 Revenue

	2023	2022
	DKK'000	DKK'000
Denmark	2,037,014	1,867,734
Rest of EU	2,723,729	2,623,490
Rest of the world	2,548	1,400
Total revenue by geographical market	4,763,291	4,492,624
Household collection	878,923	837,210
Commercial collection	2,410,578	2,054,504
Winther and road cleaning	156,446	131,902
Sale of secondary raw materials	537,208	762,510
Landfill	253,757	240,230
Rental	217,658	197,131
Services	161,580	125,982
Other	147,141	143,155
Total revenue by activity	4,763,291	4,492,624

4 Fees to the auditor appointed by the Annual General Meeting

	Deloitte	Other	Total
	2023	2023	2023
	DKK'000	DKK'000	DKK'000
Statutory audit services	603	2,467	3,070
Tax services	113	15	128
Other services	374	55	429
	1,090	2,537	3,627

	Deloitte	Other	Total
	2022	2022	2022
	DKK'000	DKK'000	DKK'000
Statutory audit services	2,672	0	2,672
Tax services	96	0	96
Other services	267	0	267
	3,035	0	3,035

5 Staff costs

	2023	2022
	DKK'000	DKK'000
Wages and salaries	1,299,857	1,152,167
Pension costs	68,723	55,236
Other social security costs	239,384	198,618
	1,607,964	1,406,021

Average number of full-time employees	5,547	5,389
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	Remuneration of Manage- ment 2023 DKK'000	Remuneration of Manage- ment 2022 DKK'000
Executive Board	7,817	7,565
Board of Directors	2,455	2,434
	10,272	9,999

6 Depreciation, amortisation and impairment losses

	2023	2022
	DKK'000	DKK'000
Amortisation of intangible assets	98,071	92,513
Depreciation on property, plant and equipment	498,550	449,348
Impairment losses on property, plant and equipment	8	0
	596,629	541,861

7 Other operating income

Other operating income consist of rent income and profit from sale of property, plant and equipment.

8 Other financial income

	2023	2022
	DKK'000	DKK'000
Exchange rate adjustments	1,490	1,920
Other financial income	3,142	1,214
	4,632	3,134

9 Other financial expenses

	2023	2022
	DKK'000	DKK'000
Financial expenses from group enterprises	1,471	0
Financial expenses from participating interests	0	656
Other interest expenses	37,967	15,385
Exchange rate adjustments	1,449	5,291
	40,887	21,332

10 Tax on profit/loss for the year

	2023	2022
	DKK'000	DKK'000
Current tax	161,621	113,482
Change in deferred tax	(19,375)	7,382
Adjustment concerning previous years	(1,687)	2,451
	140,559	123,315

11 Proposed distribution of profit/loss

	2023	2022
	DKK'000	DKK'000
Ordinary dividend for the financial year	0	30,000
Retained earnings	421,843	342,724
Minority interests' share of profit/loss	51,927	43,170
	473,770	415,894

12 Intangible assets

	Acquired licences DKK'000	Goodwill DKK'000	Development projects in progress DKK'000
Cost beginning of year	104,442	1,861,100	5,317
Addition through business combinations etc	65	95,120	0
Exchange rate adjustments	(1,491)	(7,724)	9
Transfers	3,405	0	(3,405)
Additions	7,226	20,632	1,664
Disposals	(104)	0	0
Cost end of year	113,543	1,969,128	3,585
Amortisation and impairment losses beginning of year	(87,243)	(944,772)	0
Addition through business combinations etc	(65)	1	0
Exchange rate adjustments	1,385	6,507	0
Amortisation for the year	(12,034)	(86,037)	0
Reversal regarding disposals	104	0	0
Amortisation and impairment losses end of year	(97,853)	(1,024,301)	0
Carrying amount end of year	15,690	944,827	3,585

Goodwill

Based on expected future net cash flow, management believes that the recoverable amount of goodwill exceed the carrying amount.

13 Development projects

Developments projects consist of IT cost to new systems.

14 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	2,299,671	4,659,259	159,495	254,919
Addition through business combinations etc	42,997	56,823	49	0
Exchange rate adjustments	(29,948)	(39,512)	(2,227)	(1,057)
Transfers	92,495	32,834	2,140	(127,469)
Additions	167,491	586,909	6,847	146,573
Disposals	(2,473)	(172,694)	(10,004)	(4,707)
Cost end of year	2,570,233	5,123,619	156,300	268,259
Depreciation and impairment losses beginning of year	(1,286,748)	(3,038,847)	(119,678)	(769)
Addition through business combinations etc	(1,241)	(20,907)	9,880	0
Exchange rate adjustments	15,886	28,748	1,455	17
Impairment losses for the year	0	0	0	(8)
Depreciation for the year	(66,444)	(415,407)	(16,699)	0
Reversal regarding disposals	523	157,550	9,305	0
Depreciation and impairment losses end of year	(1,338,024)	(3,288,863)	(115,737)	(760)
Carrying amount end of year	1,232,209	1,834,756	40,563	267,499
Recognised assets not owned by Entity	0	60,870	0	0

15 Financial assets

	Investments in participating interests DKK'000	Other investments DKK'000	Deposits DKK'000
Cost beginning of year	977	806	393,656
Exchange rate adjustments	(75)	0	(9,083)
Additions	2,587	88	68,233
Disposals	0	(15)	(5,892)
Cost end of year	3,489	879	446,914
Revaluations beginning of year	15,483	222	0
Exchange rate adjustments	34	0	0
Share of profit/loss for the year	5,164	0	0
Dividend	(3,129)	0	0
Revaluations end of year	17,552	222	0
Carrying amount end of year	21,041	1,101	446,914

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

Investments in participating interests	Registered in	Ownership %	Equity DKK'000	Profit/loss DKK'000
KOMPLEX-odpadová společnost s.r.o	Pusté Sadt	60.00	30,774	8,606
Čistá Plzeň servis s.r.o	Plzeň	15.00	14,381	0

16 Deferred tax

	2023 DKK'000	2022 DKK'000
Changes during the year		
Beginning of year	(28,930)	(18,233)
Recognised in the income statement	19,375	(7,375)
Recognised directly in equity	(384)	(1,578)
Exchange rate adjustments	(1,535)	1,580
Business combination	(6,476)	(2,073)
Opening balance adjustments	0	(1,251)
End of year	(17,950)	(28,930)

	2023 DKK'000	2022 DKK'000
Deferred tax has been recognised in the balance sheet as follows		
Deferred tax assets	79,824	65,454
Deferred tax liabilities	(97,774)	(94,384)
	(17,950)	(28,930)

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

Deferred tax assets

Deferred tax assets relates mainly to provision for restoration and monitoring of landfills with a long time horizon. Deferred tax is a result of differences between carrying values and tax values.

17 Trade receivables

Receivables consists of DKK'000 2,955 due more than 1 year (DKK'000 2,013 in 2022).

18 Contract work in progress

	2023	2022
	DKK'000	DKK'000
Contract work in progress	101,117	66,026
Progress billings	(103,647)	(68,304)
Transferred to liabilities other than provisions	18,077	11,013
	15,547	8,735

19 Other receivables

Other receivables consists of DKK'000 3,090 due more than 1 year (DKK'000 1,700 in 2022)

20 Prepayments

Consists of prepayment insurance, rent etc.

21 Contributed capital

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

22 Other provisions

Provisions for restoration and monitoring of landfills.

	2023 DKK'000	2022 DKK'000
Carrying amount at the beginning of the year	653,482	601,176
Exchange rate adjustments	(14,187)	17,303
Additional provisions made in the period, including increase in the existing provisions	103,636	73,454
Amounts used during the period	(24,595)	(38,451)
Carrying amount at the end of the year	718,336	653,482
Other provisions non current	651,131	598,962
Other provisions current	67,205	54,520

23 Non-current liabilities other than provisions

	Due within 12 months 2023 DKK'000	Due within 12 months 2022 DKK'000	Due after more than 12 months 2023 DKK'000	Outstanding after 5 years 2023 DKK'000
Mortgage debt	1,160	734	16,762	12,082
Bank loans	395	692	300,000	0
Lease liabilities	17,493	21,009	43,940	5,272
Trade payables	0	0	4,792	1,499
Other payables	0	0	3,756	0
	19,048	22,435	369,250	18,853

24 Other provisions

Provisions for restoration and monitoring of landfills.

25 Other payables

	2023 DKK'000	2022 DKK'000
VAT and duties	83,632	80,166
Wages and salaries, personal income taxes, social security costs, etc. payable	164,001	137,850
	247,633	218,016

26 Changes in working capital

	2023	2022
	DKK'000	DKK'000
Increase/decrease in inventories	2,663	(10,886)
Increase/decrease in receivables	5,664	(117,149)
Increase/decrease in trade payables etc.	42,073	48,539
Other changes	(53,258)	(49,362)
	(2,858)	(128,858)

27 Unrecognised rental and lease commitments

	2023	2022
	DKK'000	DKK'000
Total liabilities under rental or lease agreements until maturity	43,289	51,274

28 Contingent liabilities

	2023	2022
	DKK'000	DKK'000
Recourse obligations concerning contract guarantees etc.	138,762	150,398

The Group holds properties on rented premises. According to individual lease agreement, the group is obliged to hand over the leasehold in the same condition as it was taken over.

29 Assets charged and collateral

The carrying amount of mortgaged properties is DKK'000 87,669 and the value of mortgage deed, not pledged as security is DKK'000 25,326

30 Transactions with related parties

	Parent
	DKK'000
Management fee	240
Interest cost	1,439
Dividend paid	30,000
Liabilities other than provisions	25,399

31 Group relations

Name and registered office of the Ultimate 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

32 Subsidiaries

	Registered in	Corporate form	Ownership %
Denmark			
Kildehøj ApS (owner: Entreprenør Marius Pedersens Fond)	Faaborg-Midtfyn	A/S	98.80
Marius Pedersen A/S	Faaborg-Midtfyn	A/S	100.00
RC Plast A/S (merged in 2024)	Varde	A/S	100.00
HHHV ejendomme A/S (merged in 2024)	Varde	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
MP suroviny 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
ODPADY s.r.o.	Hradec Králové	s.r.o.	80.00
SPL Jablonec nad nisua. s.r.o.	Jablonec nad nisua	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
MEGAWASTE Podstránie s.r.o.	Považská Bystrica	s.r.o.	100.00
MEGAWASTE SLOVAKIA s.r.o.	Považská Bystrica	s.r.o.	100.00
TEDOS s.r.o.	Bánovce nad Bebravou	s.r.o.	100.00

Parent income statement for 2023

		2023	2022
	Notes	DKK'000	DKK'000
Administrative expenses		(19,120)	(14,900)
Other operating income		4,000	4,000
Operating profit/loss		(15,120)	(10,900)
Income from investments in group enterprises		434,066	383,098
Other financial expenses	3	(1,440)	(1,469)
Profit/loss before tax		417,506	370,729
Tax on profit/loss for the year	4	4,323	2,049
Profit/loss for the year	5	421,829	372,778

Parent balance sheet at 31.12.2023

Assets

	Notes	2023 DKK'000	2022 DKK'000
Investments in group enterprises		3,084,993	2,734,853
Financial assets	6	3,084,993	2,734,853
Fixed assets		3,084,993	2,734,853
Receivables from group enterprises		19,401	19,050
Deferred tax	7	3	2,162
Other receivables		1,012	0
Tax receivable		56,763	53,273
Receivables		77,179	74,485
Cash		1,066	447
Current assets		78,245	74,932
Assets		3,163,238	2,809,785

Equity and liabilities

	Notes	2023 DKK'000	2022 DKK'000
Contributed capital		100,000	100,000
Translation reserve		0	1,700
Reserve for net revaluation according to equity method		326,210	0
Retained earnings		2,705,131	2,629,791
Proposed dividend for the financial year		0	30,000
Equity		3,131,341	2,761,491
Bank loans		16	5
Trade payables		3,041	3,179
Payables to group enterprises		25,399	42,449
Other payables	8	3,441	2,661
Current liabilities other than provisions		31,897	48,294
Liabilities other than provisions		31,897	48,294
Equity and liabilities		3,163,238	2,809,785
Events after the balance sheet date	1		
Staff costs	2		
Contingent liabilities	9		
Assets charged and collateral	10		
Related parties with controlling interest	11		
Transactions with related parties	12		

Parent statement of changes in equity for 2023

	Contributed capital DKK'000	Translation reserve DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Proposed dividend for the year DKK'000	Total DKK'000
Equity beginning of year	100,000	1,700	0	2,629,791	30,000	2,761,491
Ordinary dividend paid	0	0	0	0	(30,000)	(30,000)
Value adjustments	0	0	(23,925)	1,946	0	(21,979)
Dividends from group enterprises	0	0	(60,000)	60,000	0	0
Dissolution of reserves	0	(1,700)	0	1,700	0	0
Profit/loss for the year	0	0	410,135	11,694	0	421,829
Equity end of year	100,000	0	326,210	2,705,131	0	3,131,341

Notes to parent financial statements

1 Events after the balance sheet date

Marius Pedersen A/S has in January 2024 signed an agreement to acquire 100% of the shares in EHJ Energi & Miljø A/S, Denmark.

In February 2024, a now former employee of Marius Pedersen a.s, Czech Republic, was suspected in a case involving potential bribery in the Czech Republic. The police is currently investigating the matter .

Marius Pedersen a.s., Czech Republic, or any other company in Marius Pedersen Group Czech, is not involved and is not charged or indicted.

Parent company Marius Pedersen A/S Denmark has initiated an external independent investigation into the matter led by a leading law firm in Czech Republic. The investigation is ongoing. The final result of the investigations is not yet known, but we do not expect any findings or conclusions that will materially impact the accounts of 2023.

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

2 Staff costs

	2023 DKK'000	2022 DKK'000
Wages and salaries	12,573	11,215
	12,573	11,215
Average number of full-time employees	4	4

	Remuneration of Manage- ment 2023 DKK'000	Remuneration of Manage- ment 2022 DKK'000
Executive Board	7,817	7,565
Board of Directors	2,155	1,925
	9,972	9,490

3 Other financial expenses

	2023 DKK'000	2022 DKK'000
Financial expenses from group enterprises	1,439	625
Other interest expenses	1	844
	1,440	1,469

4 Tax on profit/loss for the year

	2023	2022
	DKK'000	DKK'000
Current tax	(3,600)	0
Change in deferred tax	0	(2,162)
Adjustment concerning previous years	(723)	113
	(4,323)	(2,049)

5 Proposed distribution of profit and loss

	2023	2022
	DKK'000	DKK'000
Ordinary dividend for the financial year	0	30,000
Retained earnings	421,829	342,778
	421,829	372,778

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	(23,931)
Exchange rate adjustments	(23,925)
Amortisation of goodwill	(47,335)
Share of profit/loss for the year	481,401
Dividend	(60,000)
Revaluations end of year	326,210
Carrying amount end of year	3,084,993

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

7 Deferred tax

	2023	2022
	DKK'000	DKK'000
Changes during the year		
Beginning of year	2,162	3,323
Recognised in the income statement	0	(2,162)
Other changes	(2,159)	1,001
End of year	3	2,162

Deferred tax assets

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

8 Other payables

	2023	2022
	DKK'000	DKK'000
VAT and duties	0	442
Wages and salaries, personal income taxes, social security costs, etc. payable	1,893	1,580
Holiday pay obligation	1,548	639
	3,441	2,661

9 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

10 Assets charged and collateral

Shares in Marius Pedersen A/S, DKK'000 3,084,993 have been pledged as security for bank debt amounting to DKK'000 925,337.

11 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:

12 Transactions with related parties

	Parent	Subsidiaries
	DKK'000	DKK'000
Services	0	4,000
Dividend	30,000	60,000
Outstanding amount	25,399	19,401

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).

Changes in accounting policies

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

The Group have changed their accounting policies with a change in the presentation of profit from sale of intangible assets and property, plant and equipment which now is recognised in other operating income and a reclassification of trade payables from other payables. Comparative figures and key figures have been adjusted accordingly.

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.

Business combinations

Newly acquired or newly established enterprises are recognised in the financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised in intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful lives. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually.

The uniting-of-interests method is applied on acquisition of enterprises and mergers etc. in which the enterprises concerned are controlled by the Parent, under which method the combination is considered completed at the date of acquisition without restatement of comparative figures. Under the uniting-of-interests method, the acquiree's assets and liabilities are recognised at their carrying amounts, adjusted for any differences in accounting policies and accounting estimates. The difference between the consideration agreed and the carrying amount of the acquiree is recognised in equity.

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 recognised directly in the translation reserve in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered

part of the total investment in the subsidiary in question, are recognised directly in the translation reserve in 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 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, including profit from the sale of intangible assets and property, plant and equipment, and salary refunds.

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 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:

	Useful life
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.

Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

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.

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