aalborgportland
CEMENTIR HOLDING

Rørdalsvej 44, 9220 Aalborg Øst
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Annual Report 2020

The present Annual Report is presented and approved
at the Annual General Meeting

Date: 16 / 4 - 2021

(Chairman of the meeting)

Contents

Aalborg Portland

A leading cement producer in the Nordic region

Produces grey and white cement at its plant in Aalborg.
The products are sold in Denmark, USA and European countries.

Grey cement
is the most important construction material for strengthening infrastructure, building homes and bridges, creating harbours and expanding airports

1,681,000
tonnes of grey cement

White cement
is for solutions ranging from aesthetics to safety - from terrazzo or bathroom tile grouts to highway safety barriers whose whiteness ensures high visibility night and day in all weathers.

813,000
tonnes of white cement

Part of the Aalborg Portland Holding Group

Aalborg Portland A/S, Denmark is part of the Aalborg Portland Holding Group, which is part of the Cementir Group, an international supplier of cement and concrete.

Aalborg Portland A/S is included in the Group financial statements for Aalborg Portland Holding A/S, Denmark and Caltagirone S.p.A., Italy.

Cementir Holding N.V. has its registered head office in Amsterdam and its secondary office in Rome, is listed on the Italian Stock Exchange in Milan (code CEM) and is part of the listed Caltagirone Group.

Financial highlights

	EURm					DKKm	
	2016	**2017**	**2018**	**2019**	**2020**	**2019**	**2020**
CONSOLIDATED INCOME STATEMENT							
Revenue	232.4	245.4	244.8	258.8	268.8	1,932	2,010
Earnings before depreciation/amortisation, impairment losses, provisions, interest and tax (EBITDA)	**80.7**	**80.1**	**79.8**	**92.4**	**106.4**	690	799
EBITDA ratio	*34.7%*	*32.6%*	*32.6%*	*35.7%*	*39.6%*	*35.7%*	*39.7%*
Earnings before interest and tax (EBIT)	**68.3**	**61.8**	**60.3**	**67.0**	**80.3**	500	605
EBIT ratio	*29.4%*	*25.2%*	*24.6%*	*25.9%*	*29.9%*	*25.9%*	*30.1%*
Earnings before tax (EBT)	**67.9**	**63.1**	**59.3**	**66.4**	**78.6**	496	592
Profit for the year	**53.3**	**49.6**	**46.5**	**52.6**	**61.6**	393	465
CASH FLOWS							
Cash flows from operating activities (CFFO)	89.6	47.4	75.4	72.9 ½	100.2	544	747
Cash flows from investing activities (CFFI) *	-23.3	-36.1	-18.4	-15.7	-18.0	-117	-134
Free cash flow (FCF)	**66.3**	**11.3**	**57.0**	**57.1**	**82.2**	**427**	**613**
* Hereof investments in intangible assets and property, plant and equipment (excl. assets acquired at acquisition of enterprises)	-21.5	-19.6	-18.4	-16.3	**-18.1**	-122	-135
BALANCE SHEET							
Total assets	354.6	383.0	367.3	440.9	495.0	3,294	3,684
Shareholders' equity	127.4	176.8	97.6	150.2	212.8	1,122	1,559
Net interest-bearing debt (NIBD)	**-39.1**	**-51.1**	**17.4**	**-8.9**	**-87.8**	**-67**	**-654**
Working capital (WC)	**-18.1**	**-0.7**	**-12.8**	**-3.1**	**-7.1**	**-23**	**-53**
FINANCIAL RATIOS							
Including non-controlling interests' share							
Equity ratio	36%	46%	27%	34%	43%	34%	42%
NIBD/EBITDA factor	-0.5	-0.6	0.2	-0.1	-0.8	-0.1	-0.8
Number of employees at 31 December	**333**	**334**	**328**	**341**	**333**	**341**	**333**

The financial ratios have been computed in accordance with the latest version of Guidelines issued by the Danish Finance Society. Cf. definitions in accounting policies note 25, page 41.
IFRS 16, Leases, was adopted 1 January 2019. No figures prior to 1 January 2019, throughout the report, have been restated.

Based at the Aalborg plant in Denmark, Aalborg Portland develops, produces and distributes grey and white cement. The main markets are Denmark, the North European region and USA.

Activities are carried out through Aalborg Portland A/S and its sales subsidiaries Aalborg Portland Íslandi ehf., Aalborg Portland OOO, Russia, Aalborg Portland Polska Sp. z o.o, Aalborg Portland France S.A.S and Aalborg Portland Belgium S.A.

Aalborg Portland's strategic objective is to maintain its market position in Denmark, to expand its position in neighbouring countries and to consolidate a position as global leader on white cement. This is achieved by bringing value to customers through customised solutions, sustainable products and services at competitive prices.

This means focusing on customer requirements including technical services, assisting customers with product development, ensuring efficient logistics, optimised processes, and investment in continuous development of production facilities and employee resources.

Domestic sales of grey cement were 5% above the level of 2019.

Export of grey cement was 8% below the level of 2019, as sales on the main market Norway were decreasing among others caused by Covid-19 and the Iceland market slowed down due to the economy.

Despite Covid-19, export of white cement was maintained at the level of 2019 with slightly increased sales in Poland and Germany, and the strategic positioning in France and Belgium resulted in higher sales. Aalborg Portland continues to be the market leader of white cement in several countries in Europe.

Overall, in 2020, Aalborg Portland realised revenue of EUR 268.8m and earnings before depreciation and amortisation (EBITDA) was EUR 106.4m, and EUR 14.0m better than 2019.

Earnings in 2020 are reflecting growth in sales despite the Covid-19, stable energy prices and stable productivity.

In 2020, a constant focus on higher operating efficiency and working capital management led to a positive operational cash flow (CFFO) of EUR 100.2m. The cash flow funded the year's investment of EUR 18.0m in improvements, energy savings and environmental projects. The free cash flow after investments (FCF) was EUR 82.2m. The net interest-bearing debt amounted to EUR 87.8m (cash position) against EUR 8.9m (cash position) in 2019.

Subsidiaries

Poland
Following the positive market development in previous years, sales continued to increase in Poland. Further the subsidiary in Poland also experienced a good development in the export to the countries which also was reflected in the earnings.

Iceland
Given the slowdown in the Icelandic economy, where the Covid-19 crisis sincerely affected the tourism which declined more than 60%, the market demand and sales decreased further. Earnings on par with 2019.

France
Both our logistic set-up and our technical services improved in 2020. Technical services are now handled locally by the addition of an experienced concrete and cement technician to the local team. The terminal in Rochefort contributes to higher service levels and is a strong enabler for higher market share and the 2020 sales growth. In 2020 improvements to the logistic set-up carried out with improved deliveries in southern France and from the new terminal in Ghent. Both supporting the growth and service strategy.

Belgium
The Benelux markets showed a good development in 2020 despite being affected by the Covid-19 sales were higher than 2019. In 2020 the opening of a new import terminal in Ghent contributed to a higher service level, logistic optimisation and growth in Benelux and North France.

Russia
Due to official requirements of cement re-certification and import restrictions there were no sales in Russia in 2020.

Continued customer focus

Together with safety and sustainability, customer focus is paramount in Aalborg Portland's long-term strategic development as well as in the day-to-day business.

2020 was special in the respect that physical meetings and hence activities with customers were almost non existing due to Covid-19. Nonetheless customer expectations are still to receive the cement in right quality and on time. Same as they demand and expect access to technical support.

Therefore, a number of activities were moved to digital platforms, which was well received by the customers. In 2020 we managed to introduce the new customer portal to the domestic customers. The platform gathers access to service tools such as IT tools, cement information and not least the ordering portal. Despite the Covid-19 restrictions all customers are now on a new ordering portal, which makes the ordering process much faster for the customers, and allows them a better overview of orders and deliveries. Roll out of the order platform to the export customers, and further developments for the platform are planned for the coming years to keep relations to customers also on digital platforms.

The yearly Aalborg Portland Open customer event was this year changed to a webinar form instead of the usual event in Aalborg. The theme for the webinar was Futurecem™, as 2020 also was the year where the new CO_2 reduced cement was launched on the domestic market.

The final approval of the new cement by Danish Standards was received in November and a few smaller projects used the cement already in 2020. The Futurecem™ was officially launched in December and will be on sale from 1 January 2021. Futurecem™ is a game changer in the product range and the results obtained during the many tests in 2020 leaves no doubt that Aalborg Portland has developed a cement which has great potential in making significant CO_2 reductions available for the customers, not only in ready-mixed concrete, but also in other concrete and mortar applications.

Furthermore, each year a customer satisfaction survey is carried out in domestic and export markets by an independent consultancy company which apart from invaluable customer feedback also in 2020 resulted in a very good NPS score on customer satisfaction, both from domestic and export customers.

Finally, also 2020 was characterised by a continued high level of re-investments into the factory in Denmark. The investments in 2020 have focused on 1) Sustainability, i.e waste recovery and reduced emissions; 2) Productivity and efficiency, i.e. improving kiln reliability and improved usage of alternative fuels. All contributing to higher production output and a reduction of the environmental footprint.

Sustainable production of sustainable products

Aalborg Portland has a long-standing tradition of social and environmental responsibility in the countries where it operates. Work is ongoing on several projects that support society's sustainability goals. The company is committed to contributing significantly to achieving society's climate goals and therefore invests substantial sums in continuing environmental improvements.

Society's heightened awareness of sustainability is expressed in a growing interest and demand for sustainable products. Aalborg Portland's long-standing work in this area gives the company's products a prominent position in customer deliberations.

Aalborg Portland has an effective development management structure aimed at delivering a stream of sustainable processes and products, and has targeted a 30% reduction in CO_2 emissions (relative per tonne of cement) against 1990 to be achieved by 2030. For the next three years, a significant amount has been allocated for investment projects intended to further strengthen sustainability.

Focal areas going forward include the following:

- Increased sales of Futurecem™, the Group's globally patented breakthrough technology which enables cement to be manufactured with up to 30% less CO_2 emission. This requires significant investments in new production technologies for calcined clay and in the distribution network. In 2020, the new cement obtained CE marking, was accepted in the Danish concrete standard, and introduced into the market by the end of the year.

- Further development of Futurecem™ with the aim of up to 50% CO_2 reduction and application of the product in pre-cast concrete and pavement.
- Development of new, advanced and more sustainable products based on white cement. Based on the Futurecem™ technology, these new innovative products are used, for example, in Ultra-High Performance Concrete.
- New investments aimed at increasing the use of alternative fuels and biomass in the production of grey cement.
- Parallel focus on decreasing CO_2 impact of fossil fuel in the production of white cement by increase of alternative fuels and implementation of natural- and biogases to replace oil and petroleum coke.
- Establishing in 2022 a gas pipeline for production of white cement which can reduce the CO_2 emissions with up to 40% compared with coal and potentially paves the way for use of CO_2-neutral biogas.
- Investment in an 8.4 MW capacity wind farm at the Aalborg cement plant, Denmark, enabling more than 80% of electricity consumption to be sourced from renewable energy.
- New investments in using heat from Danish cement production for supply as district heating to the city of Aalborg, meeting the needs of up to 50,000 households.

Study and assessment are currently also taking place into the possibilities of using a broader spectrum of energy sources i.e. bio gas as well as collecting and storing CO_2 arising from the production processes.

In the course of 2019, the Danish government – backed by a broad parliamentary majority – set a target for a 70% reduction in CO_2 emissions against 1990 to be achieved by 2030. Reaching this ambitious goal will demand substantial public and private investment and changes on all fronts, along with constructive and close cooperation between authorities and companies.

In the light of Aalborg Portland's declared stance, long-standing efforts, results achieved and future plans, the Managing Director of Aalborg Portland was in 2019 appointed to lead the Danish Climate Partnership for Energy Intensive Industry. The partnership identified obstacles and proposed solutions to increase sustainability and decrease global climate load and filed its recommendation to the Government by March 2020. The recommendations were well received and several points have been included in the Danish Climate Plan.

Aalborg Portland's solid work on a sustainable roadmap and the active involvement in the Climate Partnerships were followed by a CO_2 agreement between the Danish Government and Aalborg Portland. The agreement targets a minimum reduction of 600,000 tonnes of CO_2 by 2030 and a commitment from both parties to actively seek and support reductions targeting the Danish 70% target.

Danish cement and concrete technology lead the world due to productive cooperation between research and manufacture, as well as collaboration across the value chain. To maintain this position, it is imperative that cement continues to be made in Denmark, enabling technology development and active production to take place side by side and in dialogue with customers.

With production in Denmark and sales in a competitive market it is imperative to avoid national taxes that will result in CO_2 leakage and loss of market shares. Against this background, it is positive that one national tax - the PSO levy – is being phased out by 2021 and that the tax on sulphur was kept on the same level.

Inside the EU the ETS CO_2 quota system ensures a level playing field for all EU cement producers and the free allowances protects against CO_2 leakage and import of cement produced outside EU. The Emissions Trading System will be substantially revised in 2021 and a Carbon Border Adjustment Mechanism (CBAM) is planned for. In that regard it's crucial that CBAM ensures a proper protection against CO_2 leakage and import of cement produced outside EU, but also protects export out of the EU.

At the Aalborg Portland cement plant, projects are continuously under way which promote sustainability in both product manufacture and use, and which contribute to the circular economy in society. The Group's research centre, which coordinates the worldwide R&D projects, is located in Aalborg, close to the cement plant.

The production of cement in Aalborg therefore takes place in a symbiosis and circular economy with both city and society. Heat from cement production is recovered to supply district heating to more than 30,000 households. Large-scale use of non-recyclable waste products. This waste includes non-recyclable plastics, by-products from reprocessing used aluminium cans, meat and bone waste, sand dredged from navigation channels, dried sewage sludge, and flue gas desulphurisation gypsum. A total of 459,000 tonnes of waste were recycled as alternative raw materials in 2020, and more than 225,000 tonnes of alternative fuel were used in cement production as part of a resource-efficient partnership.

2019 saw the start of a major, broad-spectrum renewal project, based partly on increased digitalisation and aimed at streamlining and optimising the company's business procedures. The project covers maintenance, production and logistics. Phased over three years and conducted in collaboration with Compagnie des Ciments Belges S.A. in Belgium – an associated company within the Aalborg Portland Holding Group. The project will deliver material improvements and savings already this year.

In 2019, two older vessels were succeeded by three new and efficient cement tanker ships, each of 5,500 GT. The new ships will transport around one million tonnes of cement annually to the company's terminals in Denmark and northern Europe. This renewal will produce an annual fuel saving of 50%.

In the carriage of cement to Germany, increasing use is made of rail transport, thereby obviating some 1,000 truck journeys by road.

When northern Jutland's new general hospital is completed in 2021, cold water from the deep lake in Aalborg Portland's chalk quarry will be utilised for comfort cooling and process cooling.

Excess heat from cement production has been recovered for a number of years to provide heating for households in Aalborg. In 2019, a new contract was signed with the City of Aalborg, which by the end of the year had already increased the supply of district heating to around 30,000 households.

However, a further 25,000 households can potentially be supplied via the district heating network, which will contribute significantly to the city's goal of phasing out fossil fuels in its power stations by 2028. Aalborg Portland is assisting constructively in the studies to exploit this potential. Aalborg Portland has successfully advocated for the removal of the tax on district heating. When the tax de facto has been removed, it will make the necessary investment feasible and also enable the price of heat to the consumer to be reduced.

Reporting in accordance with Danish financial legislation

Aalborg Portland publishes a detailed annual environmental report. Besides presenting policies and results achieved, the report describes the environmental, energy and health & safety management systems and its certifications.

Aalborg Portland's Statutory Report on Corporate Social Responsibility, cf. Section 99(a) of the Danish Financial Statements Act, can be found in "Sustainability Report 2020" published by Cementir Holding, the owner of Aalborg Portland Holding. The report is available at www.cementirholding.com.

In accordance with Danish regulations governing the gender composition of management in large companies, cf. Section 139(a) of the Danish Companies Act and Section 99(b) of the Danish Financial Statements Act, the Group's policy on gender equality is being extended to recruitment and promotion, the decisive consideration being to find the best qualified people for all company positions. Focus is placed on increasing the number of female managers to provide for a balanced gender composition.

Increasing the female representatives in the management level remains a priority for Aalborg Portland A/S and during 2020 we have continued working to attract female candidates and strengthen our recruitment strategies to ensure that we have female candidates, applying for management positions.

In 2020, the proportion of female managers in Aalborg Portland A/S constitutes in total 30%.

The board of Aalborg Portland A/S has three male AGM-elected members, and therefore goal is not met. No change of board members has been relevant during 2020. The aim of Aalborg Portland A/S is to have at least one female AGM-elected member before the end of 2023.

Payments to authorities

In accordance with Danish regulations governing payments to authorities in large companies, cf. Section 99(c) of the Danish Financial Statements Act, reference is made to parent company Aalborg Portland Holding A/S annual report 2020.

Expectations to 2021

Grey sales volumes in 2021 are expected to increase just below the general economic growth in Denmark and nearby markets. The outlook for white export sales is showing a stable growth, mainly driven by continued market growth in the key European markets and a recovery after the Covid-19 crisis. In line with the long-term strategy, focus will remain on customer satisfaction, sustainability and increasing competitiveness.

Earnings in 2021 are expected to be on par with 2020 given the current market outlook and forecasts on energy prices.

Profit and loss account

Revenue in 2020 amounted to EUR 268.8m (2019: EUR 258.8m).

Sales in Denmark increased while the European export markets were on par with 2019.

Operating profit before depreciation (EBITDA ratio) reached 39.6% (2019: 35.7%). Energy and fuel cost increases were partly offset by continued focus on Operational Excellence and cost optimisation programmes.

Earnings before interest and tax (EBIT) amounted to EUR 80.3m (2019: EUR 67.0m).

Tax on profit for the year amounted to EUR 17.0m (2019: EUR 13.8m), net profit for the year being EUR 61.6m (2019: EUR 52.6m).

Cash flows

Cash flow from operating activities (CFFO) was EUR 100.2m for 2020 (2019: EUR 72.9m).

Cash flow from investment activities (CFFI) amounted to EUR -18.0m (2019: EUR -15.7m).

Debt and financial resources

Aalborg Portland is part of the cash pool held by the parent company, Aalborg Portland Holding A/S. Aalborg Portland has access to funding through the parent company financing facility, and added to this a long-term mortgage loans of EUR 111m with an average life of 13 years.

Balance sheet

Non-current assets amounted to EUR 182.2m at 31 December 2020, whereof EUR 136.5m is related to property, plant and equipment and EUR 23.9m is related to right-of-use assets.

Current assets amounted to EUR 312.8m, which is mainly related to inventories and receivables.

Shareholders' equity

Shareholders' equity amounted to EUR 212.8m at the end of 2020 against EUR 150.2m the year before. The increase in shareholders' equity is due to profit for the year.

Equity ratio was 43% at the end of 2020 (34% in 2019).

Working capital

Working capital, i.e. the capital tied up in debtors and inventories less creditors, was at a low level through focused control and reporting in relation to agreed goals. Keeping down working capital saves on interest expenses and frees up resources for investment etc. Furthermore, as stated, low working capital contributes to an improved return on capital employed (ROCE).

Working capital at end-2020 amounted to EUR -7.1m (EUR -3.1m in 2019).

Like any other company, Aalborg Portland A/S (the Company) is affected by risks and uncertainties relating to its business activities and works continuously on strengthening risk management. Aalborg Portland is part of the Aalborg Portland Holding Group (the Group). The Group employs a holistic risk management process in which the most critical risks are:

- Market conditions
- Framework conditions
- Environmental impacts
- Organisation
- Financial risks

The Group continuously monitors and addresses both risks and opportunities in its market areas with a view to achieving its strategic objectives.

Monitoring and control

The Group's risk management is based on a standardised risk process. The assessment of the individual risk factors is based on the likelihood of the risks occurring and their potential impact on earnings, operations and reputation in this event.

The risk management process is embedded in the management of the business units. The business units together with the corporate and service functions are responsible for identifying, analysing and managing risks and for reporting on progress and initiating control measures. Risk owners are appointed specifically for the most significant risks. The individual unit managements are responsible for integration of risk assessments in all major decisions.

The individual risk reports received from the business units are consolidated at Group level. The combined risk report is included in Group management's monitoring and risk management processes. Group management is responsible for ensuring that the overall risk for the Group as a whole is of an acceptable level and that risk management procedures are implemented.

Group management reports periodically or as needed to the Board of Directors, which determines the overall policies and framework for the day-to-day management.

Market conditions

Competition

Loss of major customers and projects may pose a significant risk in relation to the achievement of the Company's objectives. The Group continuously monitors its markets and takes ongoing actions to adapt to and meet the competitive environment and market changes.

Raw materials and energy prices

The Company uses large quantities of energy in cement manufacture and is therefore sensitive to long-lasting price changes. In order to mitigate this risk the purchase of energy can partly be hedged by establishing contracts for terms up to 24 months.

Access to essential raw materials is ensured through ownership of deposits, extraction licences, long-term contracts and diversity in terms of suppliers. Furthermore, the market for the raw materials which are considered production-critical is carefully monitored. A small number of raw materials are subject to particular uncertainty as regards long-term security of supply, and the Company is working proactively to find appropriate solutions to this issue.

Framework conditions

Legislation and other regulations

The Company is subject to regulatory changes by the authorities and organisations in a variety of areas. Non-compliance with recommendations and regulations is often subject to substantial fines and constitutes a potential risk to overall earnings. The Company is committed to conforming with all aspects of competitive legislation, environmental legislation and internal rules regarding fraud. The Group trains relevant personnel in compliance with current requirements on an ongoing basis.

Political risks

The Group operates globally, including in emerging and growth markets with special political risks. This can have material consequences both for production conditions and sales. The Group pursues active dialogue at all levels with politicians, authorities and interest groups to create a good basis for continued operation and to enable the Group's operations to be adjusted when appropriate.

Taxes and levies

The Company’s production is subject to substantial taxation, particularly in Denmark. Tax represents a material area of risk for the Company as it impacts directly on competitiveness and sales potential. It is particularly difficult to compete on price with cement producers from neighbouring countries that do not have high tax levels like Denmark.

CO_2 quotas

The future granting of CO_2 quotas to the Group’s production units may have substantial financial impact. Ongoing focus is therefore placed by the Group on complying with all requirements relating to the granting of such quotas. The Group also closely monitors EU and national political issues concerning CO_2 quotas in relation to the Group’s expected development in the EU area.

Environmental impacts

The Group's business units and management are very conscious of their environmental role and strive to recognise, manage and counteract relevant risks in this regard. The manufacture of the Group's products consumes raw materials and energy, but the environmental and climate characteristics of these products are very favourable.

It is the stated policy of the Group to contribute constructively and significantly to achieving society's climate goals, and through the development of its products and production the Group therefore constantly strives to ensure a more environment-friendly and sustainable cement manufacture.

Organisation

Employees and management

The Company's continued success is dependent on the retention of experienced employees and managers and on the recruitment of new skilled employees and managers to the Group's business units and support functions. Accordingly, the Group attaches importance to providing attractive jobs with good development opportunities for employees and managers.

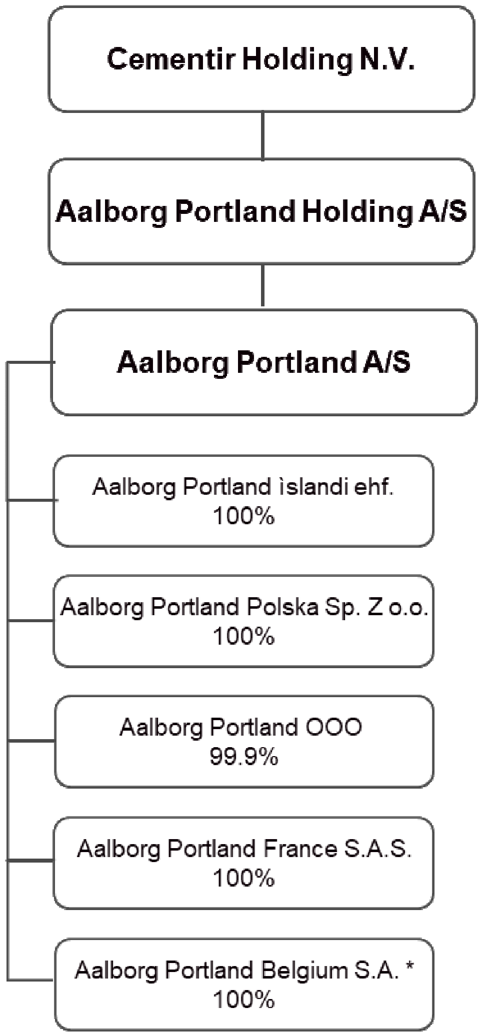
IT systems

IT systems are used in all parts of the Company’s activities, including production, sales and finance. Operational disruption and loss of data and communications would impact the Group negatively. Consequently, IT security and business continuity are accorded high priority, especially in connection with implementation of new systems.

Financial risks

Financial risks, including currency risks, which are of material significance for the Company are described in the notes to the financial statements.

Group chart



Aalborg Portland Group, 31 December 2020

Ownership:
Aalborg Portland A/S is a 100% owned subsidiary of Aalborg Portland Holding A/S, which is part of the Cementir Group, an international supplier of cement and concrete.

* One share owned by Aalborg Portland Holding A/S

Income statement

EUR '000

Notes		2020	2019
1	Revenue	268,806	258,794
2+3+4+9	Cost of sales	130,066	126,335
	Gross profit	**138,740**	**132,459**
4+9+15	Sales and distribution costs	47,461	49,903
4+5+9	Administrative expenses	13,408	18,483
6	Other operating income	2,415	2,981
6	Other operating costs	0	34
	Earnings before interest and tax (EBIT)	**80,286**	**67,020**
7	Financial income	3,728	2,656
7	Financial expenses	5,389	3,309
	Earnings before tax (EBT)	**78,625**	**66,367**
8	Tax on profit for the year	17,012	13,776
	Profit for the year	**61,613**	**52,591**
	Attributable to:		
	Non-controlling interests	0	0
	Shareholders in Aalborg Portland A/S	61,613	52,591
	To be distributed as follows:		
	Proposed dividends	60,477	0
	Retained earnings	1,136	52,591

Statement of comprehensive income

EUR '000

Notes		2020	2019
	Profit for the year	61,613	52,591
	Items that can be reclassified to the income statement:		
	Exchange rate adjustments on translation of foreign currency	727	-94
	Changes in fair value of financial instruments	295	141
	Tax	-65	-31
	Other comprehensive income after tax	**957**	**16**
	Total comprehensive income	**62,570**	**52,607**

Cash flow statement

EUR '000

Notes		2020	2019
	Profit for the period	**61,613**	**52,591**
	Reversal of amortisation and depreciation	25,992	25,212
	Net financial income / expense	1,662	654
	Gains/losses on disposals	-98	-599
	Income taxes	17,012	13,776
	Change in provisions (current and non-current)	-434	179
	Operating cash flows before changes in working capital	**105,747**	**91,813**
	Increase / decrease inventories	-1,831	5,514
	Increase / decrease trade receivables	3,268	-3,716
	Increase / decrease trade payables	2,528	-10,484
	Change in non-current/current other assets/liabilities	6,917	1,308
	Change in current and deferred taxes	165	-22
	Operating cash flows	**116,794**	**84,413**
	Dividends received	1,207	1,662
	Interests received	39	97
	Interests paid	-2,803	-2,484
	Other income collected/expenses paid	-1,211	-245
	Income taxes paid	-13,839	-10,590
	Cash flow from operating activities	**100,187**	**72,853**
	Investments in intangible assets	-309	-335
	Investments in property, plant and equipment and investment property	-17,795	-15,976
	Proceeds from sale of intangible assets	95	5
	Proceeds from sale of property, plant and equipment	3	599
	Cash from investing activities	**-18,006**	**-15,707**
	Change in non-current financial liabilities	-11,999	-12,728
	Change in current financial liabilities	-13,055	8,943
	Change in current financial assets	-57,086	-52,773
	Other variances of equity	-42	17
	Cash flow from financing activities	**-82,182**	**-56,541**
	Net change in cash and cash equivalent	-1	605
	Cash and cash equivalent opening balance	605	0
	Cash and cash equivalent closing	**604**	**605**

Balance sheet

EUR '000

Notes	ASSETS	2020	2019
	Goodwill	2,335	2,326
	Other intangible assets	11,202	13,383
	Intangible assets in development	373	456
10	**Intangible assets**	**13,910**	**16,165**
	Land and buildings	23,712	25,973
	Plant and machinery	95,217	97,244
	Property, plant and equipment in development	17,604	12,091
	Right-of-use assets	23,955	25,446
11	**Property, plant and equipment**	**160,488**	**160,754**
	Investments in subsidiaries	7,626	7,595
	Other non-current assets	141	146
12	**Other non-current assets**	**7,767**	**7,741**
	Total non-current assets	**182,165**	**184,660**
14	**Inventories**	**37,308**	**35,477**
15	Trade receivables	10,810	13,860
	Amounts owed by Group enterprises	256,798	197,976
	Amounts owed by related parties	0	37
	Derivative financial instruments (positive fair value)	114	0
15	Other receivables	6,338	7,896
15	Prepayments	908	354
	Receivables	**274,968**	**220,123**
	Cash and cash equivalents	**604**	**605**
	Total current assets	**312,880**	**256,205**
	TOTAL ASSETS	**495,045**	**440,865**

Balance sheet

EUR '000

Notes	EQUITY AND LIABILITIES	2020	2019
	Shareholder's equity		
	Share capital	13,404	13,404
	Hedge reserve	230	0
	Retained earnings	138,669	136,806
	Proposed dividends	60,477	0
	Total shareholders' equity	**212,780**	**150,210**
	Liabilities		
13	Deferred tax liabilities	24,331	23,740
16	Provisions	3,433	3,754
17+19	Credit institutions, etc.	116,387	130,282
	Non-current liabilities	**144,151**	**157,776**
17+19	Credit institutions, etc.	18,745	18,267
	Trade payables	58,952	58,059
	Amounts owed to Group enterprises	30,822	35,541
16	Provisions	0	114
	Joint taxation contribution payables	17,724	14,911
18	Other payables	11,871	5,987
	Current liabilities	**138,114**	**132,879**
	Total liabilities	**282,265**	**290,655**
	TOTAL EQUITY AND LIABILITIES	**495,045**	**440,865**

Statement of shareholders' equity

EUR '000	Share capital	Hedge reserve	Retained earnings	Proposed dividends	Total equity
Shareholders' equity at 1 January 2020	**13,404**	**0**	**136,806**	**0**	**150,210**
Effect of translation to presentation currency		0	727	0	727
Changes in fair value of financial instruments		230	0	0	230
Profit for the year (total comprehensive income)			1,136	60,477	61,613
Shareholders' equity at 31 December 2020	**13,404**	**230**	**138,669**	**60,477**	**212,780**

	Share capital	Hedge reserve	Retained earnings	Proposed dividends	Total equity
Shareholders' equity at 1 January 2019	**13,404**	**-110**	**84,309**	**0**	**97,603**
Effect of translation to presentation currency			-94		-94
Changes in fair value of financial instruments		110	0		110
Profit for the year (total comprehensive income)			52,591		52,591
Shareholders' equity at 31 December 2019	**13,404**	**0**	**136,806**	**0**	**150,210**

The share capital in 2020 and 2019 consists of:
100,000 shares at DKK 1,000

All shares are fully issued and paid up. One share of DKK 1,000 holds one vote.

EUR '000

1 Revenue

	2020	2019
Split by product		
Sale of cement	257,378	250,741
Other sales*	11,428	8,053
	268,806	**258,794**
Split by geography		
Denmark	164,262	151,497
Other Europe	85,823	85,538
USA	17,092	20,167
Other	1,629	1,592
	268,806	**258,794**

All revenue derives from contracts.
*Other sales mainly include sale of heat etc.

2 Cost of sales

Cost of sales amounts to EUR 130.1m (2019: EUR 126.3m). Hereof direct staff costs amount to EUR 20.4m (2019: EUR 20.1m) and use of raw materials amounts to EUR 18.9m (2019: EUR 16.2m).

3 Research and development costs

Research and development costs paid	2,762	2,778
	2,762	**2,778**

4 Staff costs

Wages and salaries and other remuneration	29,950	28,986
Pension costs, defined contribution scheme	2,227	2,567
Social security costs	396	392
	32,573	**31,945**
Number of employees at 31 December	333	341
Average number of full-time employees	336	337
Remuneration of the Board of Directors, the Management and other senior executives		
Salaries and remunerations	1,916	1,685
Pension contributions	111	107
	2,027	**1,792**
Hereof Board of Directors and Management	1,115	1,064

Remuneration of the Board of Directors represents EUR 87k in 2020 (2019: EUR 111k).

Pension schemes

Pension schemes in Aalborg Portland A/S are defined contribution schemes, which do not entail any obligations beyond payment of contributions.

EUR '000

		2020	2019
5	**Fees to the auditors appointed by the Annual General Meeting**		
	Total fees to KPMG are specified as follows:		
	Statutory audit	113	116
	Other assurance engagements	3	3
	Other services	13	5
		129	**124**
6	**Other operating income and other operating costs**		
	Other operating income		
	Rent income	672	827
	Profit on sale of property, plant and equipment	98	632
	Other income	1,645	1,522
		2,415	**2,981**
	Other operating costs		
	Loss on sale of property, plant and equipment	0	34
		0	**34**
7	**Financial income and expenses**		
	Financial income		
	Interest, Group enterprises	39	97
	Dividends received from subsidiaries	1,207	1,662
	Exchange rate adjustments	2,482	897
		3,728	**2,656**
	Interest on financial assets measured at amortised cost	39	97
	Financial expenses		
	Interest, credit institutions etc.	1,622	1,359
	Interest, Group enterprises	1,519	1,376
	Losses on derivatives	36	0
	Exchange rate adjustments	2,212	574
		5,389	**3,309**
	Interest on financial obligations measured at amortised cost	3,141	2,735
8	**Income tax**		
	Income tax		
	Current tax on the profit for the year/joint taxation contribution	17,921	15,224
	Deferred tax adjustment	-830	-858
	Other adjustments, including previous years	-79	-590
		17,012	**13,776**
	Taxes paid	**13,839**	**10,590**
	Reconciliation of tax rate		
	Tax according to Danish tax rate 22.0%	17,298	14,600
	Dividends received from subsidiaries and profits from sales	-266	-366
	Non-taxable income and non-deductible expenses	-56	14
	Other, including adjustments previous years	36	-472
		17,012	**13,776**
	Applicable tax rate for the year	**21.6%**	**20.8%**
	Income tax recognised directly as other comprehensive income	**0**	**0**
	Total income tax	**17,012**	**13,776**

EUR '000

9 Environmental taxes

	2020	2019
The Company has paid the following direct environmental taxes:		
Sulphur	1,187	757
NO_x	1,968	1,780
Electricity	181	172
Waste	239	370
Energy	987	651
Raw materials	876	721
Diesel and fuel oil	2	2
PSO	413	684
	5,853	**5,137**

10 Intangible assets

	Goodwill	Other intangible assets	Intangible assets in development	Total
Cost at 1 January 2020	2,326	30,898	456	33,680
Exchange rate adjustments	9	121	2	132
Additions	0	15	292	307
Disposals	0	-3,781	0	-3,781
Other adjustments/reclassifications	0	377	-377	0
Cost at 31 December 2020	**2,335**	**27,630**	**373**	**30,338**
Amortisation and impairment at 1 January 2020	0	17,515	0	17,515
Exchange rate adjustments	0	69	0	69
Reversed amortisation on disposals	0	-3,781	0	-3,781
Amortisation for the year	0	2,625	0	2,625
Amortisation and impairment at 31 December 2020	**0**	**16,428**	**0**	**16,428**
Carrying amount at 31 December 2020	**2,335**	**11,202**	**373**	**13,910**

	Goodwill	Other intangible assets	Intangible assets in development	Total
Cost at 1 January 2019	2,327	30,944	120	33,391
Exchange rate adjustments	-1	-17	0	-18
Additions	0	0	336	336
Disposals	0	-29	0	-29
Cost at 31 December 2019	**2,326**	**30,898**	**456**	**33,680**
Amortisation and impairment at 1 January 2019	0	14,970	0	14,970
Exchange rate adjustments	0	-9	0	-9
Reversed amortisation on disposals	0	-24	0	-24
Amortisation for the year	0	2,578	0	2,578
Amortisation and impairment at 31 December 2019	**0**	**17,515**	**0**	**17,515**
Carrying amount at 31 December 2019	**2,326**	**13,383**	**456**	**16,165**

Amortisation during the year is included in the following items:		
Cost of sales	22	32
Sales and distribution costs	521	520
Administrative expenses	2,082	2,026
	2,625	**2,578**

Other intangible assets include software licenses (SAP R/3), quarry rights, CO_2 quotas, customers and development projects.

Except goodwill, all intangible assets have definite useful lives. The Management has not identified factors indicating a need for carrying through impairment test of other intangible assets.

The carrying amount of development projects is EUR 0.0m (2019: EUR 0.0m).

Internally generated intangible assets, mainly regarding SAP implementation, amount to EUR 0.7m (2019: EUR 0.9m).
Goodwill is related to cement activity. Due to strong cash flow there is no indication of impairment.

EUR '000

11 Property, plant and equipment

	Land and buildings	Plant and machinery	Property, plant and equipment in development	Right-of-use assets	Total
Cost at 1 January 2020	112,220	451,814	12,091	30,157	606,282
Exchange rate adjustments	461	1,881	59	133	2,534
Additions	0	2,627	15,168	4,704	22,499
Disposals	0	0	0	-881	-881
Reclassifications	0	9,713	-9,714	0	-1
Cost at 31 December 2020	**112,681**	**466,035**	**17,604**	**34,113**	**630,433**
Depreciation and impairment at 1 January 2020	86,247	354,570	0	4,711	445,528
Exchange rate adjustments	359	1,484	0	29	1,872
Reversed depreciation on disposals	0	0	0	-822	-822
Depreciation for the year	2,363	14,764	0	6,240	23,367
Depreciation and impairment at 31 December 2020	**88,969**	**370,818**	**0**	**10,158**	**469,945**
Carrying amount at 31 December 2020	**23,712**	**95,217**	**17,604**	**23,955**	**160,488**

	Land and buildings	Plant and machinery	Property, plant and equipment in development	Right-of-use assets	Total
Cost at 1 January 2019	112,283	435,990	12,480	0	560,753
Exchange rate adjustments	-63	-258	-7	-23	-351
Change in accounting policy, leases	0	0	0	14,672	14,672
Additions	0	6,132	9,844	16,606	32,582
Disposals	0	-276	0	-1,098	-1,374
Reclassifications	0	10,226	-10,226	0	0
Cost at 31 December 2019	**112,220**	**451,814**	**12,091**	**30,157**	**606,282**
Depreciation and impairment at 1 January 2019	84,020	340,493	0	0	424,513
Exchange rate adjustments	-49	-202	0	-4	-255
Reversed depreciation on disposals	0	-276	0	-1,088	-1,364
Depreciation for the year	2,276	14,555	0	5,803	22,634
Depreciation and impairment at 31 December 2019	**86,247**	**354,570**	**0**	**4,711**	**445,528**
Carrying amount at 31 December 2019	**25,973**	**97,244**	**12,091**	**25,446**	**160,754**

EUR '000

11 Property, plant and equipment (continued)

	2020	2019
Depreciation during the year is included in the following items:		
Cost of sales	16,838	16,867
Sales and distribution costs	5,798	5,356
Administrative expenses	731	411
	23,367	**22,634**

	2020	2019
Amounts recognised in the income statement regarding leases:		
Depreciation, plant and machinery	6,240	5,803
Interest on lease liabilities	472	348
Short-term leases	29	305
Lease of low value assets	2	2
	6,743	**6,458**

Residual value guarantees that are expected to be paid are included in the initial measurement of the lease liability. Reference is made to note 17.

Variable lease payments may depend on an index, a rate or other elements. Variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index/rate at the lease commencement date. Variable lease payments not based on an index or a rate are recognised as an expense in the income statement as incurred.

The Company has not signed essential contracts regarding purchase of property, plant and equipment.
No changes are made in significant accounting estimates regarding property, plant and equipment.

12 Other non-current assets

	Investments in subsidiaries	Other non-current assets	Total
Cost at 1 January 2020	7,595	146	7,741
Exchange rate adjustments	31	0	31
Disposals	0	-5	-5
Cost at 31 December 2020	**7,626**	**141**	**7,767**
Carrying amount at 31 December 2020	**7,626**	**141**	**7,767**

	Investments in subsidiaries	Other non-current assets	Total
Cost at 1 January 2019	7,599	151	7,750
Exchange rate adjustments	-4	0	-4
Disposals	0	-5	-5
Cost at 31 December 2019	**7,595**	**146**	**7,741**
Carrying amount at 31 December 2019	**7,595**	**146**	**7,741**

Other non-current assets mainly relate to deposits and loans in both years.

EUR '000

13 Deferred tax assets and deferred tax liabilities

	2020	2019
Change in deferred tax in the year		
Deferred tax at 1 January	23,740	23,036
Exchange rate adjustments	99	-14
Adjustments, previous years via income statement	1,257	1,545
Adjustment on hedge accounting	65	31
Movements via income statement	-830	-858
Deferred tax liabilities at 31 December, net	**24,331**	**23,740**
Deferred tax is presented in the balance sheet as follows:		
Deferred tax liabilities	24,331	23,740
Deferred tax liabilities at 31 December, net	**24,331**	**23,740**

	Deferred tax liabilities	
	2020	2019
Intangible assets	2,023	2,210
Property, plant and equipment	18,498	17,597
Current assets	3,833	3,986
Non-current and current liabilities	-23	-53
Deferred tax at 31 December	**24,331**	**23,740**

The Aalborg Portland Holding Group is involved in a transfer pricing case between the Danish and the Italian tax authorities to reach an agreement on royalty payments through Mutually Agreed Procedures ("MAP"). Outcome of case can impact the tax payments for the period 2008-2020. Management remains convinced that the royalty payments are justifiable, and based thereon, Management has not recognised any potential tax adjustments related to the case. For Aalborg Portland A/S being part of the Danish joint taxation total exposure amounts to EUR 6.3m. At Italian group level net exposure is nil.

14 Inventories

	2020	2019
Raw materials and consumables	25,954	21,988
Work in progress	3,988	4,404
Finished goods	7,366	9,085
Inventories at 31 December	**37,308**	**35,477**

As was the case last year, there are no significant inventories of cement and aggregates carried at net realisable value.

Write-down of inventories of spare parts amounts to EUR 1.9m (2019: EUR 1.8m). Write-down recognised in the income statement is EUR 0.1m (2019: EUR 0.1m).

15 Trade receivables, other receivables and prepayments

	2020	2019
Development in provisions for impairment on trade receivables:		
Provision for impairment losses at 1 January	6	6
Realised in the year	-6	0
Provision for impairment at 31 December	**0**	**6**

Other receivables mainly include levies.
Prepayments mainly comprise of ship freight.
Impairment and write-offs included in the income statement amount to EUR 0.0m.

16 Provisions

	2020	2019
Provisions at 1 January	3,868	3,689
Exchange rate adjustment	15	-2
Additions in the year	67	181
Used in the year	-351	0
Reversal	-166	0
Provisions at 31 December	**3,433**	**3,868**

EUR '000

16 Provisions (continued)

	2020	2019
Recognised in the balance sheet as follows:		
Stated as non-current liabilities	3,433	3,754
Stated as current liabilities	0	114
	3,433	**3,868**
Maturities for other provisions are expected to be:		
Falling due within one year	0	114
Falling due between one and five years	1,042	1,104
Falling due after more than five years	2,391	2,650
	3,433	**3,868**

Provisions mainly include re-establishment of chalk, gravel and clay pits at EUR 1.6m (2019: EUR 1.6m), demolition liabilities for buildings and terminal on rented land at EUR 1.8m (2019: EUR 2.2m) while there are no other provisions (2019: EUR 0.1m).

Movements in the year include adjustment of liabilities regarding re-eastblishment of chalk and clay pits, demolition liabilities for buildings and terminals on rented land and other provisions.

Provisions for liabilities due after more than five years include liabilities regarding re-establishment of chalk, gravel and clay pits and demolition liabilities for buildings and terminals with no decision made regarding closure.

Costs for re-establishment of chalk, gravel and clay pits are mainly paid when finishing an excavation or when moving out from leases. No considerable payments are expected in 2021.

17 Credit institutions and other borrowings

Bank borrowings and credits in the Parent Company at 31 December:

	Year of maturity	Fixed/ variable	Carrying amount 2020	Carrying amount 2019
Mortgage loan	2033	Variable	110,649	122,708
Lease liability	2020-2032	Variable	24,483	25,841
			135,132	**148,549**

Fair value of the mortgage loan amounts to EUR 111.7m (2019: EUR 123.5m). Other fair values do not significally deviate from the carrying amount.
The fair value corresponds to the nominal outstanding debt.

The Company's debt to credit institutions has been recognised and falls due as follows:

	Non-current borrowings (>1 year)	Current borrowings (0-1 year)	Total	Maturity >5 years
31 December 2020:				
Mortgage loan	98,035	12,614	110,649	60,054
Lease liability	18,352	6,131	24,483	2,241
	116,387	**18,745**	**135,132**	**62,295**
Specification of contractual cash flows incl. interest:				
Mortgage loan	101,086	13,384	114,470	48,972
Lease liability	19,019	6,538	25,557	2,243
	120,105	**19,922**	**140,027**	**51,215**
31 December 2019:				
Mortgage loan	110,113	12,595	122,708	60,054
Lease liability	20,169	5,672	25,841	2,241
	130,282	**18,267**	**148,549**	**62,295**
Specification of contractual cash flows incl. interest:				
Mortgage loan	112,801	13,374	126,175	60,448
Lease liability	21,024	6,147	27,171	2,316
	133,825	**19,521**	**153,346**	**62,764**

The maturity analysis is based on all undiscounted cash flows including estimated payment of interest.
Payment of interest is estimated and based on the present market conditions.
Maturity of derivatives is disclosed in note 22.
Other financial liabilities are due within 1 year.

EUR '000

18 Other payables

Other current payables include holiday pay liabilities, taxes and public indirect taxes, interest payable and dividends payable to non-controlling interests.

19 Charges and securities

	2020		2019	
	Carrying amount of mortgaged assets	Debt regarding mortgaged assets	Carrying amount of mortgaged assets	Debt regarding mortgaged assets
Property, plant and machinery	107,728	110,648	111,505	122,708
	107,728	**110,648**	**111,505**	**122,708**

20 Contingent liabilities, contractual obligations and contingent assets

Contingent liabilities

The Company is involved in a few disputes, lawsuits, etc. of various scopes, including a few tax disputes in some countries. No significant liabilities are considered to be incumbent on the Company in that respect, and the outcome of the disputes is not expected to have significant impact on the Company's financial position beyond what has been recognised in the balance sheet.

In 2020, contractual liabilities are EUR 0.0m (2019: EUR 0.0m).

The Company is taxed jointly with other Danish companies in the Aalborg Portland Holding Group. The Company is jointly and unlimited liable with the other companies in the joint taxation of Danish taxes at source and income taxes within the joint taxation group. Payable income taxes in the joint taxation group amounted to EUR 6.2m at 31 December 2020 (2019: EUR 4.3m). Any subsequent corrections of the taxable income subject to joint taxation could cause a higher liability of the Company.

Contractual obligations

	2020	2019
Guarantees		
Performance guarantees	609	606
	609	**606**

Lease expenses recognised in the income statement are in accordance with IFRS 16, reference is made to note 11.

21 Related party transactions

Related parties with significant influence in the Aalborg Portland A/S:
- Cementir España S.L., Calle General Yagüe, Num. 13, 28020 Madrid, Spain
- Cementir Holding N.V., Zuidplein 36, 1077 XV Amsterdam, Netherlands
- Caltagirone S.p.A., Via Barberini, 28, 00187 Rome, Italy
- Aalborg Portland Holding A/S, Rørdalsvej 44, 9220 Aalborg Øst

Related parties within Aalborg Portland A/S comprise the enterprises' Board of Directors and Management together with family related to these persons.
Furthermore, related parties comprise enterprises in which the above-mentioned persons have significant interests.

Transactions with Aalborg Portland Holding A/S.:		
- Intra-group management and administration agreements and royalties	827	5,526
- Financial items, net	1,497	1,302
- Trade and financial receivables	246,136	187,206
- Trade and financial payables	25,553	31,782
Transactions with other related parties:		
- Sale of cement and micro silica	104,242	107,132
- Intercompany purchase of cement and other variable costs, net	31,382	25,570
- Intercompany management, administration agreements and shared service	5,327	5,141
- Financial items, net	17	23
- Trade and financial receivables	10,662	10,770
- Trade and financial payables	5,269	3,759

Remunerations to the Board of Directors and the Management are presented in note 4.
No losses on loans to or receivables from related parties were recognised, nor provisions made for such in 2020 or 2019.
All transactions were made on terms equivalent to arm's length principles.

22 Financial risks and financial instruments

Risk management policy

As a result of its international operations, investments and financing, the Company is exposed to a number of financial risks, including market risks, liquidity and credit risks.

Market risks	Liquidity risks	Credit risks
Risks that the fair value of or future cash flows from a financial instrument will fluctuate due to changes in market prices.	Risks that the Company will encounter difficulties in meeting obligations associated with financial liabilities.	Risks that a counterparty of a financial instrument is unable to fulfil its obligations and thereby inflict a loss to the Company.

The Group's Finance & Treasury is in charge of the overall risk management in accordance with the principles adopted by the Board of Directors and the Company follows the Group policy. The policy is not to engage in any active speculation in financial risks. The Group's financial management is thereby solely directed towards the management and reduction of financial risks arising directly from the commercial operations, investments and financing.

Market risks

Currency risks	Interest rate risks	Raw material price risks
Arise due to purchase and sale transactions as well as financial assets and liabilities in currencies other than the functional currency of the individual Company business.	Refer to the influence of changes in market interest rates on future cash flow relating to the Company's interest-bearing assets and liabilities and the fair value of these.	Refer to the influence of changes in raw material prices, which are not related to currency risks or interest rate risks.

Currency risks

Hedging is assessed and taken out in close co-operation with the parent company. For the hedging of currency risks, the Company analyses realised and expected cash flows broken down by currencies. The Company does not hedge the currency risk between EUR/DKK due to the Danish fixed-exchange-rate policy aimed at the EUR.

Risks relating to purchases and sales

Revenue from the Company's activities and the purchases by this segment are denominated in several currencies. Accordingly, these activities are also exposed to changes in exchange rates.

The Company's currency risks are primarily hedged by the settlement of income and costs in the same currency and by use of derivative financial instruments. Investments in Group enterprises are not hedged.

The Company's most predominant currency exposure regarding the operating results arises from sales and purchases in EUR, USD, GBP, NOK, SEK and PLN. A 10% drop in these currencies (apart from EUR) would, viewed separately, increase EBITDA by EUR 1.9m (NOK amounts to EUR 0.0m, GBP amounts to EUR 1.2m, PLN amounts to EUR 1.8m, USD amounts to EUR -1.1m and SEK amounts to 0.0m), (2019: NOK amounted to EUR 0.0m, GBP amounted to EUR 1.3m, PLN amounted to EUR 1.1m, USD amounted to EUR -1.8m and SEK amounted to 0.0m).

Risks relating to net financing

The Company's most important net positions at 31 December 2020 relate to USD, SEK and NOK. If these currencies had been 10% down at 31 December 2020, the Company's equity would have been affected positively by an exchange rate adjustment of EUR 0.1m (2019: negative impact of EUR 0.1m). Rising exchange rates would have had a similar negative impact on equity.

Translation risks relating to net investments in subsidiaries

Hedging of currency risk is not performed for net assets (equity) in foreign subsidiaries. Gains and losses relating to net assets in foreign subsidiaries are accounted directly in equity.

With regard to investments in foreign enterprises, equity at 31 December 2020 would have been reduced by EUR 1.0m (2019: EUR 1.1m), if the PLN, ISK, EUR and RUB exchange rates had been 10% down on the actual exchange rates.

Assumptions of sensitivity analysis
The sensitivities are stated on the assumption of unchanged sales and price levels and interest levels, and on the assumption of recognised assets and liabilities at 31 December 2020.

Forward contracts regarding future transactions
The Company does not comply with the conditions for taking out hedge accounting of future cash flows from the sale of goods. In terms of the hedging of future investments, the Company assesses in each case whether these comply with the conditions for hedge accounting.

There are no forward contracts at 31 December 2020 or 31 December 2019.

Interest rate risk
The Company has exposure to interest rate changes in Denmark. The primary interest-rate exposure is related to fluctuations in CIBOR.

The Company's preferred financing is floating rate loans. The Company's net interest-bearing debt (NIBD) at 31 December 2020 is EUR -87.8m (deposit), 100% thereof financed by floating rate loans. NIBD at 31 December 2019 represented EUR -8.9m (deposit).

With regard to the Company's floating rate loans and cash equivalents, an annual 1% increase in the interest level in proportion to the actual interest rates would, other things being equal, have had an adverse hypothetical negative impact on the profit before tax of EUR 1.2m (2019: EUR 1.3m) and on equity of EUR 0.9m (2019: EUR 1.0m). A declining interest level would have had a corresponding positive impact on result and equity.

Raw material price risks
The Company uses a number of raw materials in the manufacture of products, which expose the Company to a price risk, i.a. especially different fuels and electricity. The Company enters into annual fixed price contracts for some raw materials. A material part of the price risk on the Company's fuel oil is hedged through swap agreements.

Open swap contract at 31 December, net:

2020

EURm	**Total**
Market value - swap contracts	**0.0**

2019

EURm	**Total**
Market value - swap contracts	**0.0**

The swap contracts fell due in December 2020.

Liquidity risks
Aalborg Portland A/S is included in the Cementir Group's overall management of financial risks.

Aalborg Portland A/S has access to funding through the Cementir Holding facility and also through Aalborg Portland Holding's uncommitted facility in Danske Bank.

The Company is part of the Group's cash pool scheme. The purpose of the cash pool scheme is to optimise cash management and the use of liquidity in the participating companies.

Neither in 2020 nor in 2019 the Company has defaulted or breached any loan agreements (covenants).

Regarding maturities of the Company's debt, reference is made to note 17.

Based on the expectations for the future operation and the present cash funds, no other significant liquidity risks have been identified.

Credit risks
The credit risks arise primarily from receivables related to customers, other receivables and cash.

As a consequence of the credit risk policy, credit rating of all major customers and other trading partners is performed before contract formation and hereafter continuously. An efficient credit control is important in the present market. Management of the credit risk is based on internal credit limits, which are based on the customer's and the counterparties' creditworthiness, based on both internal and external credit ratings as well as the experience with the counterparty. If no satisfactory guarantee is obtained when credit rating the customer/counterparty, payment in advance or separate guarantee for the sale, e.g. a bank guarantee, will be required.

The Company takes out credit insurances on a large part of export customers.

Due to the market situation, the Company has in recent years increased the resources used on follow-up on customers, which contributes to early warnings of possible risks. As part of the overall risk management, the credit exposure of customers and counterparties is monitored daily, weekly or monthly based on individual assessments. Historically the Company has had relatively small losses due to customers' or counterparties' inability to pay.

The credit risk limit of financial assets corresponds to the values recognised on the balance sheet.

No individual customer or co-operator poses any material risk to the Company.

Receivables from the Company's activities are attributable to Danish customers and export customers characterised as medium-sized and major customers. The Company is familiar with the Danish customers, who have not been granted long credit lines. Experience shows that export customers pose a low credit risk.

Receivables overdue at 31 December are specified as follows:

EURm	2020	2019
Payment:		
Up to 30 days	0.6	0.1
Between 30 and 90 days	0.0	0.1
More than 90 days	0.0	0.0
	0.6	**0.2**

The historical loss percentage in the income statement is 0.0%. The Company's trade receivables at 31 December 2020 and 31 December 2019 include no write-downs.

Management of capital structure
Capital management is assessed and adjusted in close co-operation with the parent company. Aalborg Portland A/S is included in the Cementir Group's overall capital management.

It is the Group's policy that the capital structure and financial gearing shall at all times reflect the Group's activities and risk profile, afford sufficient financial latitude to ensure the Group's creditworthiness, and provide flexibility and room for investments or acquisitions based on the Group strategy.

The distribution of dividends takes place considering the appropriate level of equity and sufficient availability of loan capital to facilitate the Group's ongoing expansion.

The financial gearing between net interest-bearing debt and EBITDA is -0.8 at 31 December 2020.

Fair value measurement
Financial instruments measured at fair value are measured on a recurring basis and categorised into the following levels of the fair value hierarchy:

- Level 1: Observable market prices for identical instruments
- Level 2: Valuation techniques primarily based on observable prices or traded prices for comparable instruments
- Level 3: Valuation techniques primarily based on unobservable prices

Securities and investments measured at fair value through profit/loss are either measured at quoted prices in an active market for the same type of instrument (level 1) or at fair value based on available data (level 3).

Hedging instruments are not traded on an active market based on quoted prices. Measured instead of using a valuation technique, where all significant inputs are based on observable market data; such as exchange rates, interest rates, credit risk and volatilities (level 2).

There have been no transfers between the levels in 2020 or 2019.

Specification of financial assets and obligations

EUR '000	Carrying value 2020	Fair value 2020	Carrying value 2019	Fair value 2019
Financial assets measured at fair value through the income statement	0	0	0	0
Derivatives used as hedging instruments, level 2	0	0	0	0
Loans and receivables	275,109	275,109	220,269	220,269
Financial obligations measured at fair value through the income statement	0	0	0	0
Derivatives used as hedging instruments, level 2	0	0	0	0
Financial obligations measured at amortised cost	236,777	237,394	248,136	248,260

Methods and assumptions on determination of fair values

In general, fair value corresponds to the carrying value, except for mortgage loans.

Financial instruments related to sale and procurement of goods etc. with a short credit period are measured at fair value corresponding to the carrying value.

Derivative financial instruments are computed on generally accepted valuation methods based on relevant exchange rates.

23 Post-balance sheet events

There have been no post-balance sheet events material to this Annual Report which have not been recognised or mentioned.

24 Estimation on uncertainties and judgements

Estimation on uncertainties
The accounting polices require that when calculating the carrying value of certain assets and liabilities estimates are made of how future events influence the value of recognised assets and liabilities at the balance sheet date. Estimates that have a material influence on the amounts recognised in the annual report.

The estimates applied are based on assumptions deemed reasonable by the Management, but, given the nature of things, are uncertain. Thus, the Company is exposed to risks and uncertainties that may result in variances between actual and estimated results.

The development in the world economy and in the financial markets in the last three years has resulted in considerable changes compared to previous years in respect of some uncertainty in a number of key assumptions within i.a. credit risk, interest level, sales volumes, volatility, etc.

The Management deems that the accounting policies do not include critical aspects.

Non-current assets
Non-current assets are measured at cost less accumulated depreciation and impairment. Depreciation is provided on a straight-line basis over the expected useful lives of the assets considering the residual value of the assets. The anticipated useful life and residual value are determined on the basis of past experience and the anticipated future use of the asset in question. The anticipated future use and scrap values may prove impossible to realise, prompting a need for write-down or a loss on the disposal of the assets. The depreciation periods are stated in the section "Accounting policies" in note 25, and non-current assets are stated in notes 10 and 11.

Accounting judgements

Accounting judgements are made when applying accounting policies. Accounting judgements are the judgements made, that can have a significant impact on the amounts recognised in the financial statements.

Provisions and contingent liabilities
Assessment of provisions and contingent liabilities are largely based on estimates and judgements. Description of provisions and contingent assets and contingent liabilities is given in note 16 and 20.

25 Accounting policies

The Annual Report 2020 of Aalborg Portland A/S is prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements according to large class C.

Aalborg Portland A/S official statutory annual report is presented in EUR.

The accounting policies set out below have been used consistently in respect of the financial year. For standards implemented prospectively, comparative information is not restated.

On 8 March 2021, the Board of Directors and the Management approved the annual report for 2021 for the Aalborg Portland Group. The annual report is submitted to the shareholders of Aalborg Portland A/S for approval at the Annual General Meeting on 16 April 2021.

Foreign currency translation

For each of the reporting enterprises in the Group, a functional currency is determined. Transactions denominated in other currencies than the functional currency are considered transactions denominated in foreign currencies.

Transactions in foreign currencies are on initial recognition translated at the functional currency at the exchange rate of the date of transaction.

Financial assets and liabilities in foreign currencies are translated at the exchange rates at the balance sheet date. Any foreign exchange variances between the rates at the transaction date and the payment date or the balance sheet date, respectively, are stated in the income statement as financial items.

Non-financial assets and liabilities in foreign currencies are stated at the rate of exchange at the date of transaction.

On recognition in the consolidated financial statements of foreign enterprises and associates as well as foreign joint ventures with a functional currency different from the Group's presentation currency, the income statements are translated at the average exchange rates and the balance sheet items are translated at the exchange rates at the balance sheet date. The calculation differences arising from the translation of the income statements of companies abroad at average exchange rates and of their balance sheet items at the rate of exchange on the balance sheet date are taken directly to other comprehensive income.

On full or partial disposal of wholly-owned foreign operations resulting in a loss of control or on repayment of balances which constitute part of the net investment in the foreign operation, the share of the cumulative amount of the exchange differences that is recognised in other comprehensive income relating hereto is reclassified from other comprehensive income to profit for the year together with gain or loss on disposal.

On the disposal of partially owned foreign subsidiaries resulting in a loss of control, the share of the translation reserve in other comprehensive income attributable to non-controlling interests is not transferred to profit or loss.

An average exchange rate is used if it does not significantly deviate from the exchange rate ruling at the transaction date.

The assets and liabilities of a foreign company acquired are translated at the exchange rate at the date of transaction (acquisition date).

Income statement

Revenue

Revenue is recognised in the income statement on delivery and passing of the risk to the buyer and when the income can be measured reliably and is expected to be received.

Revenue is measured at fair value of the consideration agreed excl. VAT charged on account of third party. All kinds of discounts are recognised in Revenue.

Trade receivables recognised as services delivered are invoiced to the customer and are not adjusted for any financing components as credit terms are short – typically between 20 to 45 days – and the financing component therefore insignificant.

No special obligations in relation to warranties or return obligations compared to the industry.

Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year and development costs which do not meet the criteria for capitalisation. This includes raw materials, consumables, CO_2 quotas, direct labour costs and indirect production costs such as maintenance and operation of production plant as well as production plant depreciation, administration and plant management.

Sales and distribution costs
Sales and distribution costs comprise direct distribution and marketing costs, salaries for the sales and marketing functions as well as other indirect costs, including depreciation and amortisation.

Administrative expenses
Administrative expenses comprise the costs of administrative staff and management and other indirect expenses, as well as depreciation and amortisation.

Other operating income and costs
Other operating income and costs comprise items of a secondary nature in relation to the activities of the Group, including certain grants, rentals, fees, etc.

Gains and losses from the disposal of property, plant and equipment which cannot be considered part of the disposal of a complete activity are included in other operating income and costs.

Derivative financial instruments
Derivative financial instruments are recognised at the date a derivative contract is entered into and measured in the statement of financial position at fair value. Positive and negative fair values of derivative financial instruments are included as separate line items in the statement of financial position, and set-off of positive and negative values is only made when the Company has the right and the intention to settle several financial instruments net.

The rules for hedge accounting are not applied, and value adjustments of derivative financial instruments are therefore recognised as finance income and finance costs.

Financial items
Interest income and expenses comprise interest, exchange rate gains and losses regarding transactions denominated in foreign currencies and write-down on securities, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc. Realised and unrealised gains and losses on derivative financial instruments that are not qualified as hedge accounting are also included.

Tax
Tax for the year comprises current tax and changes in deferred tax.

Current tax comprises tax payable calculated on the basis of the expected taxable income for the year, using the applicable tax rates for the financial year and any adjustment of tax for previous years.

Tax related to other comprehensive income is recognised in other comprehensive income.

Deferred tax is recognised and measured according to the balance sheet liability method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes, except differences relating to goodwill not deductible for tax purposes.

Measurement of deferred tax is based on the tax rules and tax rates applicable in the respective countries at the balance sheet date, which is expected to be valid, when the deferred tax will be reversed as current tax. The effect of changes in the tax rates is stated in the income statement unless it relates to items previously entered directly in Shareholders' equity.

Deferred tax assets, including the value of tax loss carry-forwards, are recognised under Financial assets at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Uncertain tax positions are measured at the amount estimated to be required to settle such potential future obligations. We measure these uncertain tax positions on a yearly basis through dialog with key stakeholders. The measurement addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and IFRIC 23. We will determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty will be followed. Uncertain tax positions are measured at the most likely outcome method.

Aalborg Portland A/S is covered by the Danish rules on compulsory joint taxation of the Group's Danish companies. Enterprises are included in the joint taxation from the date of consolidation into the consolidated financial statements and up to the date when they exit the consolidation.

Aalborg Portland A/S is jointly taxed with the parent company, Aalborg Portland Holding A/S, and all Danish enterprises. The current Danish income tax is allocated by payment of joint taxation contributions between the jointly taxed companies in proportion to their taxable income. Companies with tax losses receive joint tax contributions from companies who have used this loss to reduce their own taxable income.

Balance sheet

Intangible assets

Goodwill
On initial recognition, goodwill is recognised in the balance sheet at cost as described under “Business combinations”. Subsequently goodwill is measured at cost less accumulated impairment. Goodwill is not amortised.

The carrying amount of goodwill is allocated to the Group’s cash-generating units at the acquisition date. Determination of cash-generating units follows the management structure and internal financial control.

Development projects
Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities in the Company is demonstrated, and where the Company intends to complete, market or use the individual project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings or the net selling price can cover production costs, selling and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development projects are measured at cost less accumulated amortisation and impairment. Cost comprises wages and salaries, amortisation and other costs attributable to the Group's development activities.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life from the date when the asset is available for use. The amortisation period is up to 5 years.

Other intangible assets
Other intangible assets, including intangible assets acquired in business combinations, are measured at cost less accumulated amortisation and impairment losses.

Amortisation is made on a straight-line basis over the lower of the useful life and the contract period.

The expected useful lives are:

- Software applications, up to 10 years.
- Customer list up to 25 years.
- Patents, licences and other intangible assets, up to 20 years.
- Leasehold improvements, up to 5 years.

CO_2 quotas
On initial recognition, granted and acquired CO_2 quotas are measured at cost.

The basis for amortisation of CO_2 quotas is stated as cost less scrap value. The scrap value depends on whether the company expects to utilise the quotas or sell them. Amortisation is based on a portfolio view on a straight-line basis.

If the actual emission exceeds the granted and acquired CO_2 quotas, a liability corresponding to the fair value of the CO_2 quotas, which the company has to settle, is recognised.

On disposal of CO_2 quotas the difference between carrying amount and the selling price of excess CO_2 quotas is recognised in the income statement at the date of disposal.

Property, plant and equipment
Property, plant and equipment are measured at cost less accumulated depreciation and impairment.

The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, and wages and salaries as well as borrowing costs from specific or general lending directly relating to the construction of the individual asset.

Deemed costs for dismantling and disposal of the asset and re-establishment are added to cost if the deemed costs are recognised as a provision. The cost of total assets is split into separate components, which are depreciated separately if the useful lives of the individual components differ.

Subsequent costs, e.g. in connection with replacement of components of property, plant and equipment, are recognised in the carrying amount of the asset if it is probable that the costs will result in future economic benefits for the Group. The carrying amount of the replaced components are derecognised in the balance sheet and recognised as an expense in the income statement. All costs incurred for ordinary repairs and maintenance are recognised in the income statement as incurred.

Depreciation is charged on a straight-line basis during the estimated useful life of the asset concerned until it reaches the estimated scrap value.

Estimated useful lives are as follows:

- Buildings and improvements of land, 5-50 years
- Main machinery, 25 years
- Other plant and machinery, 3-20 years

Newly acquired assets and assets of own construction are depreciated from the time they come into use. Land is not depreciated, unless it is used for raw material extraction after individual assessment.

The basis of depreciation is calculated on the basis of the scrap value less impairment losses. The scrap value is determined at the acquisition date and reassessed annually. If the scrap value exceeds the carrying amount, depreciation is discontinued.

When changing the depreciation period or the scrap value, the effect on the depreciation is recognised prospectively as a change in accounting estimates.

Depreciation is recognised in the income statement as production costs, sales and distribution costs and administrative expenses to the extent that depreciation is not included in the cost of self-constructed assets.

Lease assets and lease liabilities

Aalborg Portland mainly leases land, vehicles and ships. When entering into a contract, it is assessed whether the contract is a lease or contains a lease component. A lease is defined as a contract or part of a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. When assessing whether a contract contains a lease component, it must be considered whether, during the period of use, the lessee has the right to essentially all economic benefits from the use of the identified asset and the right to direct the use of the identified asset.

A right-of-use asset and a lease liability is recognised at the commencement date.

Aalborg Portland leases cars including a service component in the payments to the lessor. This service is separated from the lease payment when measuring the lease liability. If it is not possible to separate lease components and non-lease components, it is considered a single lease component.

Lease liabilities recognised as "Credit institutions and interest-bearing liabilities" are initially measured at the present value of the lease payments that are not paid at commencement date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, we have used the incremental borrowing rate.

The lease payments consist of fixed and variable lease payments that depend on an index or a rate, guaranteed residual values, purchase options and extension options, if the Company finds it reasonably certain to exercise the option and termination penalties, if the lease term reflects our exercising an option to terminate the lease. The lease liability is subsequently adjusted as follows, if:

- The value of the index or rate on which the lease payments are based is changed.
- The exercise of options is changed in order to extend or terminate the lease due to significant events or a significant change in circumstances within the Company's control.

- The lease term is changed if the option is exercised in order to extend or terminate the lease.
- Estimated residual value guarantee is changed.
- The contract is renegotiated or modified.

Any subsequent adjustment of the future lease liability is recognised as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is EUR 0, a negative adjustment to the right-of-use asset is, however, recognised in the income statement.

The right-of-use asset is initially measured at cost comprising amount of initial measurement of the lease liability plus any initial direct costs and any estimated costs of dismantling and removal of the asset at the end of the lease term which the Company is under an obligation to incur and any prepaid lease payments and less any lease incentives received.

The right-of-use asset is depreciated over the shorter of the lease term and the useful life of the right-of-use asset.

Short-term leases with a maximum lease term of 12 months and leases for low-value assets are not recognised in the balance sheet.

Other non-current assets

Other non-current assets mainly relate to deposits and loans which are measured at amortised cost. Amortisation for the year is stated in the income statement.

Impairment of non-current assets

Goodwill is subject to annual impairment tests, initially before the end of the acquisition year.

The carrying amount of goodwill is tested together with the other non-current assets of the cash-generating unit (CGU) or group of CGUs to which goodwill is allocated. The assets of the CGUs are written down to the recoverable amount in profit or loss if the carrying amount is higher. The recoverable amount of a CGU is generally determined as the present value of the expected future net cash flows from the entity or activity (CGU) to which goodwill is allocated. However, impairment losses on goodwill are recognised as other operating costs in the income statement.

The carrying amount of other non-current assets, except for goodwill, investment properties and financial assets measured at fair value, is tested annually for indications of impairment. When there is an indication that assets may be impaired, the recoverable amount of the asset is determined. The recoverable amount is the higher of an asset's fair value less expected costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or the CGU to which the asset belongs.

An impairment loss is recognised if the carrying amount of an asset or a CGU, respectively, exceeds the recoverable amount of the asset or the CGU.

Amortisation and depreciation of intangible assets and property, plant and equipment are recognised in the same item as the related amortisation and depreciation. However, impairment losses on goodwill are recognised in a separate line item in the income statement.

Inventories

Raw materials and consumables are measured at cost. Cost is computed according to the weighted average cost method.

The cost of goods for resale and raw materials and consumables comprises purchase price plus delivery costs.

The cost of work in progress and finished goods comprise direct production costs with addition of indirect production costs. Indirect production costs include operating costs, maintenance and depreciation of production plant and plant management.

If the net realisable value is lower than cost, write-down is made to this lower value.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses when there is an objective indication of an impairment loss. In such cases, write-down is made individually for each specific receivable.

Write-down is stated as the difference between the carrying amount and the present value of the expected cash flow, including the net realisable value of any received collaterals. The effective interest rate used at the time of initial recognition is used as the discount rate for the individual receivable or portfolio.

Equity
Dividends are recognised as debt at the time of approval at the annual general meeting (time of declaration). Dividends which are proposed for distribution are therefore stated separately in the shareholders' equity.

Reserves relating to foreign exchange adjustments in the consolidated financial statements comprise currency translation differences arising from the translation of the financial statements of foreign entities from their functional currencies to the presentation currency of the Company (EUR) and foreign exchange adjustments of assets and liabilities considered to be part of the Group's net investment in foreign operations.

On full or partial realisation of net investments, exchange differences are recognised in the income statement.

Provisions
Provisions are recognised when, as a result of past events, the Group has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

When the Group has a legal obligation to dismantle or remove an asset or restore the site on which the asset is located, a provision is recognised corresponding to the present value of expected future costs. The present value of costs is recognised in the income statement for the tangible assets concerned and is amortised together with these assets over the useful lives or according to the production method.

Provisions are measured as the best estimate of the expenses required to settle the obligation at the balance sheet date.

Financial liabilities
Amounts owed to credit institutions are recognised when raising the loan at fair value less transaction costs. Subsequent measurement is made at amortised cost so that the difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

The capitalised remaining lease liability of finance leases is also recognised in financial liabilities, measured at amortised cost.

Other financial liabilities are measured at amortised cost.

Cash flow statement

The cash flow statement is presented according to the indirect method and shows the composition of the cash flow divided into operating, investing and financing activities, respectively, and the cash funds at the beginning and end of the year.

In the statement of working capital/loans a distinction is made between interest-bearing and non-interest-bearing items plus cash funds.

Cash funds consist of cash in hand and bank deposits.

Loans represent total interest-bearing debt items less interest-bearing receivables.

All other non-interest-bearing receivables and debt items are regarded as working capital.

Cash flows from operating activities are stated as Profit for the year (EAT) adjusted for non-cash operating items, changes in working capital, financial items and paid tax.

Cash flows from investing activities comprise payments made in connection with the acquisition and disposal of enterprises and activities and the acquisition and disposal of non-current assets.

Cash flows from financing activities comprise payments to and contributions from owners as well as the raising and repayment of loans.

Omission of consolidated financial statements

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of Aalborg Portland A/S and group entities are included in the consolidated financial statements of Aalborg Portland Holding A/S, Rørdalsvej 44, 9220 Aalborg Øst, Denmark, CVR no. 14 24 44 41.

Segment reporting

Aalborg Portland A/S is not a listed company and therefore no segment reporting is made according to IFRS 8.

Forthcoming requirements

A number of new financial reporting standards, which are not compulsory for the Company in 2019, have been released. The adopted, non-effective standards and interpretations are implemented as they become mandatory for the Company.

Financial ratios

EBITDA ratio	Earnings before depreciation/amortisation, impairment losses, provisions, interest and tax (EBITDA) Revenue
EBIT ratio	Earnings before interest and tax (EBIT) Revenue
NOPAT	Net Operating Profit After Tax Earnings before interest and tax (EBIT) x (1 – effective tax rate)
Capital employed	Intangible assets + tangible assets + working capital
Equity ratio	Shareholders' equity Total assets
Return on equity	Profit Average shareholders' equity
Net interest-bearing debt (NIBD)	Interest-bearing liabilities less interest-bearing assets
Working capital	Inventories, trade receivables and trade payables.

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Aalborg Portland A/S for the financial year 1 January – 31 December 2020.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 8 March 2021

Executive Board

Søren Holm Christensen
CEO

Michael Lundgaard Thomsen
CCO

Henning Bæk
Executive Vice President, CFO

Board of Directors

Bjarne Moltke Hansen
Chairman

Søren Holm Christensen

Marco Maria Bianconi
Vice Chairman

Morten Borglum

Ernst Aage Jensen

KPMG

Independent auditors' report

To the shareholders of Aalborg Portland A/S

Opinion

We have audited the financial statements of Aalborg Portland A/S for the financial year 1 January – 31 December 2020 comprising income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2020 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these 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 company 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 Company'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 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 Company'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 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 Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 8 March 2021

KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Steffen S. Hansen
State Authorised Public Accountant
MNE-NO. 32737

Board of Directors

Bjarne Moltke Hansen, *Chairman*
Marco Maria Bianconi, *Vice Chairman*
Søren Holm Christensen
Morten Børglum *
Ernst Aage Jensen *

* Elected by the employees

Executive Board

Søren Holm Christensen, *CEO*
Michael Lundgaard Thomsen, *CCO*
Henning Bæk, *Executive Vice President, CFO*

Companies in the Group

The Company
Aalborg Portland A/S
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9220 Aalborg Øst
Denmark
Tel. +45 98 16 77 77
E-mail: cement@aalborgportland.com
Internet: www.aalborgportland.com
CVR No 36 42 81 12

Owners
Aalborg Portland A/S is 100% owned by Aalborg Portland Holding A/S.
Aalborg Portland Holding A/S is included in the Group financial statements for Cementir Holding N.V., the Netherlands and Caltagirone S.p.A., Italy.

Annual General Meeting
16 April 2021 at
Islands Brygge 43, Copenhagen.

			Nominal share capital (in 000)	Direct holding *
Aalborg Portland A/S	Denmark	DKK	100,000	-
Aalborg Portland Íslandi ehf.	Iceland	ISK	303,000	100.0%
Aalborg Portland Polska Sp. z o.o.	Poland	PLN	100	100.0%
Aalborg Portland OOO	Russia	RUB	14,700	100.0%
Aalborg Portland France S.A.S.	France	EUR	10	100.0%
Aalborg Portland Belgium S.A.	Belgium	EUR	500	100.0%

* Ownershare is stated as direct holding of the superjacent enterprise.

Aalborg Portland Group

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Chairman of the Board of Directors

Executive Board:
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Michael Lundgaard Thomsen, *CCO*
Henning Bæk, *Executive Vice President, CFO*

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