aalborgportland
CEMENTIR HOLDING

Aalborg Portland A/S
Rørdalsvej 44, 9220 Aalborg Øst
CVR No 36 42 81 12

Annual Report 2021

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

Date: 7 / 4 - 2022

(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

1,809,000
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.

856,000
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	
	2017	2018	2019	2020	2021	2020	2021
CONSOLIDATED INCOME STATEMENT							
Revenue	245.4	244.8	258.8	268.8	287.1	2,010	2,141
Earnings before depreciation/amortisation, impairment losses, provisions, interest and tax (EBITDA)	**80.1**	**79.8**	**92.4**	**106.4**	**92.3**	799	692
EBITDA ratio	*32.6%*	*32.6%*	*35.7%*	*39.6%*	*32.1%*	*39.7%*	*32.3%*
Earnings before interest and tax (EBIT)	**61.8**	**60.3**	**67.0**	**80.3**	**65.6**	605	494
EBIT ratio	*25.2%*	*24.6%*	*25.9%*	*29.9%*	*22.9%*	*30.1%*	*23.1%*
Earnings before tax (EBT)	**63.1**	**59.3**	**66.4**	**78.6**	**63.6**	592	479
Profit for the year	**49.6**	**46.5**	**52.6**	**61.6**	**46.4**	465	378
CASH FLOWS							
Cash flows from operating activities (CFFO)	47.4	75.4	72.9	100.2	78.8	747	586
Cash flows from investing activities (CFFI) *	-36.1	-18.4	-15.7	-18.0	-21.5	-134	-160
Free cash flow (FCF)	**11.3**	**57.0**	**57.1**	**82.2**	**57.3**	**613**	**426**
* Hereof investments in intangible assets and property, plant and equipment (excl. assets acquired at acquisition of enterprises)	-19.6	-18.4	-16.3	-18.1	**-22.5**	-135	-167
BALANCE SHEET							
Total assets	383.0	367.3	440.9	495.0	467.5	3,684	3,476
Shareholders' equity	176.8	97.6	150.2	212.8	198.6	1,559	1,485
Net interest-bearing debt (NIBD)	**-51.1**	**17.4**	**-8.9**	**-87.8**	**-80.8**	**-654**	**-601**
Working capital (WC)	**-0.7**	**-12.8**	**-3.1**	**-7.1**	**-15.6**	**-53**	**-116**
FINANCIAL RATIOS							
Including non-controlling interests' share							
Equity ratio	46%	27%	34%	43%	42%	42%	43%
NIBD/EBITDA factor	-0.6	0.2	-0.1	-0.8	-0.9	-0.8	-0.9
Number of employees at 31 December	**334**	**328**	**341**	**333**	**350**	**333**	**350**

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 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 8% above the level of 2020.

Export of grey cement was at the level of 2020, as sales on the main markets in Norway and Iceland recovered after the Covid-19 slowdown in the economy the previous year.

Despite the Covid-19 pandemic, export of white cement increased 2% over the level of 2020. All markets experienced high activity level as well as the negative consequences of supply chain bottlenecks. Higher sales were realized in Poland and Germany, and the strategic positioning in France and Belgium resulted in continued higher sales. Aalborg Portland continues to be the market leader of white cement in several countries in Europe.

Earnings in 2021 are reflecting growth in sales of 7% despite the Covid-19, but the significant increases in energy prices, logistics and raw materials resulted in lower earning than previous year.

Overall, in 2021, Aalborg Portland realised revenue of EUR 287.1m against EUR 268.8m in 2020 and earnings before depreciation and amortisation (EBITDA) was EUR 92.3m, and EUR 14.1m lower than 2020. Earnings before tax (EBT) was EUR 63.6m, a decrease of 18% against EUR 78.6m in 2020.

The decrease in earnings had a negative impact on cash flow from operating activities (CFFO) which was EUR 78.8m against EUR 100.2m in 2020.The cash flow funded the year's investment of EUR 21.5m in improvements, energy savings and environmental projects. The free cash flow after investments (FCF) was EUR 57.3m. The net interest-bearing debt amounted to EUR 80.8m (cash position) against EUR 87.8m (cash position) in 2020.

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
The Icelandic economy recovered in 2021, which resulted in high activity level in the construction sector. Cement sales increased significantly over 2020. Earnings followed the increase in sales and revenues.

France
The build-up of cement specific competence in France continued in 2021. Technical services are now handled locally by the addition of an experienced concrete and cement technician to the local team. The terminal in Rochefort and the new terminal in Ghent contributes to higher service levels and is a strong enabler for higher market share and the 2021 sales growth.

Belgium
The Benelux markets showed a good development in 2021 despite being affected by the Covid-19 implications. Sales were higher than 2020. In new import terminal in Ghent contributed to a higher service level, logistic optimisation, improved product portfolio contribution to the growth in Benelux and North France.

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.

2021 was again a special year in the respect that physical meetings and hence activities with customers were partly restricted 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 professional world class technical support.

Therefore, there is continued movement of order management activities, technical services and information to digital platforms, which is well received by the customers. I.e 100% of domestic customers place their daily orders on the digital platform. In 2021 we updated our Technical Support Tools on the web-platform and started the roll-out of the platform to our export customers. 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 again a physical meeting in Aalborg. 120 participants had the pleasure to have more insight to Aalborg Portland's sustainability roadmap; best practise in cement and concrete, as well the lessons learned on the new cement type Futurecem^{TM}, with a reduced CO_2 footprint.

The Futurecem^{TM} was officially launched in December 2020 and has now been on the market for a year. Futurecem^{TM} will be the key product in the future product portfolio. There is 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. First year's sales follow the planned volume and the customer forecast for the coming years confirms the planned significant growth rates.

Each year a customer satisfaction survey is carried out in domestic and/or export markets by an independent consultancy company. The survey for domestic customers is 2021 confirms Aalborg Portland's focus on customer satisfaction with a very high NPS score and better than 2020.

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^{TM}, 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^{TM} 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^{TM} 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 gas to replace oil, coal 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.

Several options are being explored and assessed for using a wider array of energy sources as well as for collecting and storing CO_2 from the production processes. In close collaboration with Aalborg University and a number of companies a study has begun into potential capture, storage and conversion of CO_2 to fuel at Aalborg Portland in Denmark. The GreenCem project is intended to clarify the necessary technical solutions and the financial requirements. The project is supported by the Energy Technology Development and Demonstration Programme (EUDP).

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.

When northern Jutland's new general hospital is completed in 2024, 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 2021" 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 2021 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 2021, the proportion of female managers in Aalborg Portland A/S constitutes in total 24%.

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 2021. The aim of Aalborg Portland A/S is to have at least one female AGM-elected member before the end of 2023.

In accordance with the Danish rules for large companies, cf. section 99(d) of the Danish Financial Statements Act, the parent company Aalborg Portland Holding has issued its Policy on Data Ethics. The policy addresses the data ethic principles applied by Aalborg Portland Holding and describes the approach to data processing covering all data types. This includes e.g. use of new technologies and responsible use of data, including personal data protection (GDPR). In continuation of the prepared policy on data ethics, Aalborg Portland Holding will in the annual report for 2022 account for the work with data ethical issues. The policy is available here https://aalborgportlandholding.com/en/data-ethics.

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 2021.

Expectations to 2022

Overall grey sales volumes in 2022 are expected to increase in Denmark and nearby markets. The outlook for white export sales is showing a decrease, mainly driven by shift of delivering to the European market.

Earnings (EBIT) are expected to be in the range of EUR 70-75m based on the growth in sales on the Danish market and a commenced introduction of higher sales prices. These increases are intended to counteract both sharply increased energy and logistical costs, which negatively impacted earnings in 2021, and significant price increases on CO_2 quotas and an increased need for quota acquisition in connection with cement production in Denmark applicable from 2022.

These expectations are based on the known and generally expected economic conditions for global growth and do not take into account any intensified geopolitical tensions, any deterioration in the structural conditions of competition, any increased prevalence or strength of the Covid-19 pandemic or any new increases in energy and logistical costs.

As the expectations described here are based on a number of preconditions and assumptions that are beyond management's control, the actual earnings may deviate significantly from the expectations.

Profit and loss account

Revenue in 2021 amounted to EUR 287.9m (2020: EUR 268.8m).

Sales in Denmark increased while the European export markets were on par with 2020.

Operating profit before depreciation (EBITDA ratio) reached 32.3% (2020: 39.6%). 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 66.4m (2020: EUR 80.3m).

Tax on profit for the year amounted to EUR 13.6m (2020: EUR 17.0m), net profit for the year being EUR 46.4m (2020: EUR 61.6m).

Cash flows

Cash flow from operating activities (CFFO) was EUR 78.8m for 2021 (2020: EUR 100.2m).

Cash flow from investment activities (CFFI) amounted to EUR -21.5m (2020: EUR -18.0m).

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 98m with an average life of 12 years.

Balance sheet

Non-current assets amounted to EUR 181.6m at 31 December 2021, whereof EUR 140.7m is related to property, plant and equipment and EUR 20.8m is related to right-of-use assets.

Current assets amounted to EUR 285.9m, which is mainly related to inventories and receivables.

Shareholders' equity

Shareholders' equity amounted to EUR 202.1m at the end of 2021 against EUR 212.8m the year before. The increase in shareholders' equity is due to profit for the year.

Equity ratio was 43% at the end of 2021 (43% in 2020).

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-2021 amounted to EUR -15.6m (EUR -7.1m in 2020).

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.

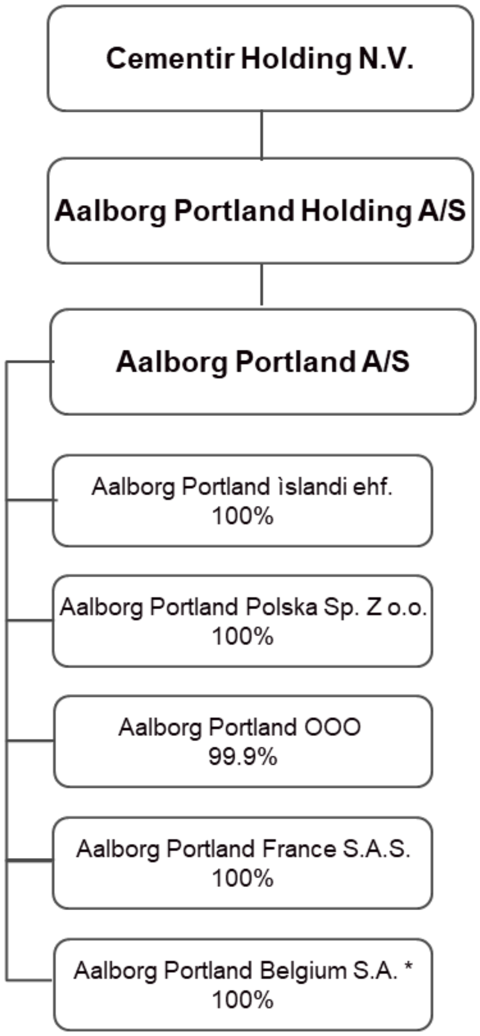
IT systems

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 2021

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		2021	2020
1	Revenue	287,049	268,806
2+3+4+9	Cost of sales	158,658	130,066
	Gross profit	**128,391**	**138,740**
4+9+15	Sales and distribution costs	52,665	47,461
4+5+9	Administrative expenses	11,969	13,408
6	Other operating income	1,858	2,415
	Earnings before interest and tax (EBIT)	**65,615**	**80,286**
7	Financial income	2,889	3,728
7	Financial expenses	4,926	5,389
	Earnings before tax (EBT)	**63,578**	**78,625**
8	Tax on profit for the year	17,175	17,012
	Profit for the year	**46,403**	**61,613**
	Attributable to:		
	Non-controlling interests	0	0
	Shareholders in Aalborg Portland A/S	46,403	61,613
	To be distributed as follows:		
	Proposed dividends	64,000	60,477
	Retained earnings	-17,597	1,136

Statement of comprehensive income

EUR '000

Notes		2021	2020
	Profit for the year	46,403	61,613
	Items that can be reclassified to the income statement:		
	Exchange rate adjustments on translation of foreign currency	99	727
	Changes in fair value of financial instruments	-286	295
	Tax	63	-65
	Other comprehensive income after tax	**-124**	**957**
	Total comprehensive income	**46,279**	**62,570**

Cash flow statement

EUR '000

Notes		2021	2020
	Profit for the period	**46,403**	**61,613**
	Reversal of amortisation and depreciation	26,414	25,992
	Reversal of revaluation / impairment losses	5	0
	Net financial income / expense	2,037	1,662
	Gains/losses on disposals	-1,004	-98
	Income taxes	17,175	17,012
	Change in provisions (current and non-current)	237	-434
	Operating cash flows before changes in working capital	**91,267**	**105,747**
	Increase / decrease inventories	-8,284	-1,831
	Increase / decrease trade receivables	266	3,268
	Increase / decrease trade payables	16,510	2,528
	Change in non-current/current other assets/liabilities	-1,626	6,917
	Change in current and deferred taxes	25	165
	Operating cash flows	**98,158**	**116,794**
	Dividends received	1,299	1,207
	Interests received	18	39
	Interests paid	-2,896	-2,803
	Other income collected/expenses paid	-150	-1,211
	Income taxes paid	-17,611	-13,839
	Cash flow from operating activities	**78,818**	**100,187**
	Investments in intangible assets	-555	-309
	Investments in property, plant and equipment and investment property	-21,966	-17,795
	Proceeds from sale of intangible assets	0	95
	Proceeds from sale of property, plant and equipment	1,004	3
	Other variances investment assets	10	0
	Cash from investing activities	**-21,507**	**-18,006**
	Change in non-current financial liabilities	-12,432	-11,999
	Change in current financial liabilities	-17,437	-13,055
	Change in current financial assets	34,526	-57,086
	Dividend distributed	-60,369	0
	Other variances of equity	-124	-42
	Cash flow from financing activities	**-55,836**	**-82,182**
	Net change in cash and cash equivalent	1,475	-1
	Cash and cash equivalent exchange rate effect	1	0
	Cash and cash equivalent opening balance	604	605
	Cash and cash equivalent closing	**2,080**	**604**

Balance sheet

EUR '000

Notes	ASSETS	2021	2020
	Goodwill	2,337	2,335
	Other intangible assets	9,785	11,202
	Intangible assets in development	190	373
10	**Intangible assets**	**12,312**	**13,910**
	Land and buildings	21,923	23,712
	Plant and machinery	97,441	95,217
	Property, plant and equipment in development	21,325	17,604
	Right-of-use assets	20,836	23,955
11	**Property, plant and equipment**	**161,525**	**160,488**
	Investments in subsidiaries	7,631	7,626
	Other non-current assets	141	141
12	**Other non-current assets**	**7,772**	**7,767**
	Total non-current assets	**181,609**	**182,165**
14	**Inventories**	**45,592**	**37,308**
15	Trade receivables	16,011	10,810
	Amounts owed by Group enterprises	216,819	256,798
	Derivative financial instruments (positive fair value)	0	114
15	Other receivables	4,912	6,338
15	Prepayments	468	908
	Receivables	**238,210**	**274,968**
	Cash and cash equivalents	**2,080**	**604**
	Total current assets	**285,882**	**312,880**
	TOTAL ASSETS	**467,491**	**495,045**

Balance sheet

EUR '000

Notes	EQUITY AND LIABILITIES	2021	2020
	Shareholder's equity		
	Share capital	13,404	13,404
	Hedge reserve	7	230
	Retained earnings	121,171	138,669
	Proposed dividends	64,000	60,477
	Total shareholders' equity	**198,582**	**212,780**
	Liabilities		
13	Deferred tax liabilities	24,070	24,331
16	Provisions	3,502	3,433
17+19	Credit institutions, etc.	100,853	116,387
	Non-current liabilities	**128,425**	**144,151**
17+19	Credit institutions, etc.	19,029	18,745
	Trade payables	69,616	58,952
	Amounts owed to Group enterprises	25,634	30,822
	Derivative financial instruments (negative fair value)	171	0
16	Provisions	167	0
	Joint taxation contribution payables	17,510	17,724
18	Other payables	8,357	11,871
	Current liabilities	**140,484**	**138,114**
	Total liabilities	**268,909**	**282,265**
	TOTAL EQUITY AND LIABILITIES	**467,491**	**495,045**

Statement of shareholders' equity

EUR '000	Share capital	Hedge reserve	Retained earnings	Proposed dividends	Total equity
Shareholders' equity at 1 January 2021	**13,404**	**230**	**138,669**	**60,477**	**212,780**
Effect of translation to presentation currency		0	99	0	99
Changes in fair value of financial instruments		-223	0	0	-223
Profit for the year (total comprehensive income)			-17,597	64,000	46,403
Extraordinary paid dividend				-60,477	-60,477
Shareholders' equity at 31 December 2021	**13,404**	**7**	**121,171**	**64,000**	**198,582**

	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			727		727
Changes in fair value of financial instruments		230	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**

The share capital in 2021 and 2020 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

		2021	2020
1	**Revenue**		
	Split by product		
	Sale of cement	276,161	257,378
	Other sales*	10,888	11,428
		287,049	**268,806**
	Split by geography		
	Denmark	181,294	164,262
	Other Europe	87,691	85,823
	USA	16,315	17,092
	Other	1,749	1,629
		287,049	**268,806**

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

2 Cost of sales

Cost of sales amounts to EUR 158.7m (2020: EUR 130.1m). Hereof direct staff costs amount to EUR 20.5m (2020: EUR 20.4m) and use of raw materials amounts to EUR 25.6m (2020: EUR 18.9m).

3 Research and development costs

		2021	2020
	Research and development costs paid	2,474	2,762
		2,474	**2,762**

4 Staff costs

		2021	2020
	Wages and salaries and other remuneration	27,215	29,950
	Pension costs, defined contribution scheme	2,282	2,227
	Social security costs	460	396
		29,957	**32,573**
	Number of employees at 31 December	350	333
	Average number of full-time employees	335	336
	Remuneration of the Board of Directors, the Management and other senior executives		
	Salaries and remunerations	1,692	1,884
	Pension contributions	104	111
		1,796	**1,995**
	Hereof Board of Directors and Management	1,211	1,123

Remuneration of the Board of Directors represents EUR 99k in 2021 (2020: EUR 87k).

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

		2021	2020
5	**Fees to the auditors appointed by the Annual General Meeting**	2021	2020
	Total fees to PwC are specified as follows:		
	Statutory audit	97	113
	Other assurance engagements	0	3
	Other services	-38	13
		59	**129**
6	**Other operating income and other operating costs**		
	Other operating income		
	Rent income	708	672
	Profit on sale of property, plant and equipment	1,004	98
	Other income	146	1,645
		1,858	**2,415**
7	**Financial income and expenses**		
	Financial income		
	Interest, cash funds etc.	1	0
	Interest, Group enterprises	92	39
	Dividends received from subsidiaries	1,299	1,207
	Exchange rate adjustments	1,497	2,482
		2,889	**3,728**
	Interest on financial assets measured at amortised cost	93	39
	Financial expenses		
	Interest, credit institutions etc.	1,615	1,622
	Interest, Group enterprises	1,709	1,519
	Losses on derivatives	0	36
	Exchange rate adjustments	1,602	2,212
		4,926	**5,389**
	Interest on financial obligations measured at amortised cost	3,324	3,141
8	**Income tax**		
	Income tax		
	Current tax on the profit for the year/joint taxation contribution	14,211	17,921
	Deferred tax adjustment	-471	-830
	Other adjustments, including previous years	3,435	-79
		17,175	**17,012**
	Taxes paid	**17,611**	**13,839**
	Reconciliation of tax rate		
	Tax according to Danish tax rate 22.0%	14,167	17,298
	Dividends received from subsidiaries and profits from sales	-286	-266
	Non-taxable income and non-deductible expenses	-271	-56
	Other, including adjustments previous years	3,565	36
		17,175	**17,012**
	Applicable tax rate for the year	**27.0%**	**21.6%**
	Income tax recognised directly as other comprehensive income	**0**	**0**
	Total income tax	**17,175**	**17,012**

EUR '000

9 Environmental taxes

	2021	2020
The Company has paid the following direct environmental taxes:		
Sulphur	1,102	1,187
NO_x	1,904	1,968
Electricity	187	181
Waste	2,035	239
Energy	164	987
Raw materials	893	876
Diesel and fuel oil	2	2
PSO	25	413
	6,312	**5,853**

10 Intangible assets

	Goodwill	Other intangible assets	Intangible assets in development	Total
Cost at 1 January 2021	2,335	27,630	373	30,338
Exchange rate adjustments	2	16	0	18
Additions	0	475	81	556
Other adjustments/reclassifications	0	265	-264	1
Cost at 31 December 2021	**2,337**	**28,386**	**190**	**30,913**
Amortisation and impairment at 1 January 2021	0	16,428	0	16,428
Exchange rate adjustments	0	10	0	10
Amortisation for the year	0	2,163	0	2,163
Amortisation and impairment at 31 December 2021	**0**	**18,601**	**0**	**18,601**
Carrying amount at 31 December 2021	**2,337**	**9,785**	**190**	**12,312**

	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**

Amortisation during the year is included in the following items:		
Cost of sales	23	22
Sales and distribution costs	522	521
Administrative expenses	1,618	2,082
	2,163	**2,625**

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 (2020: EUR 0.0m).

Internally generated intangible assets, mainly regarding SAP implementation, amount to EUR 0.7m (2020: EUR 0.7m). 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 2021	112,681	466,035	17,604	34,113	630,433
Exchange rate adjustments	68	284	11	11	374
Additions	0	10,082	11,884	3,265	25,231
Disposals	0	0	0	-220	-220
Reclassifications	0	8,174	-8,174	0	0
Cost at 31 December 2021	**112,749**	**484,575**	**21,325**	**37,169**	**655,818**
Depreciation and impairment at 1 January 2021	88,969	370,818	0	10,158	469,945
Exchange rate adjustments	55	225	0	6	286
Reversed depreciation on disposals	0	0	0	-190	-190
Depreciation for the year	1,802	16,091	0	6,359	24,252
Depreciation and impairment at 31 December 2021	**90,826**	**387,134**	**0**	**16,333**	**494,293**
Carrying amount at 31 December 2021	**21,923**	**97,441**	**21,325**	**20,836**	**161,525**

	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**

EUR '000

11 Property, plant and equipment (continued)

	2021	2020
Depreciation during the year is included in the following items:		
Cost of sales	17,906	16,838
Sales and distribution costs	5,951	5,798
Administrative expenses	395	731
	24,252	**23,367**

	2021	2020
Amounts recognised in the income statement regarding leases:		
Depreciation, plant and machinery	6,359	6,240
Interest on lease liabilities	428	472
Short-term leases	70	29
Lease of low value assets	2	2
	6,859	**6,743**

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 2021	7,626	141	7,767
Exchange rate adjustments	5	0	5
Cost at 31 December 2021	**7,631**	**141**	**7,772**
Carrying amount at 31 December 2021	**7,631**	**141**	**7,772**

	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**

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

EUR '000

13 Deferred tax assets and deferred tax liabilities

	2021	2020
Change in deferred tax in the year		
Deferred tax at 1 January	24,331	23,740
Exchange rate adjustments	15	99
Adjustments, previous years via income statement	259	1,257
Adjustment on hedge accounting	-63	65
Movements via income statement	-472	-830
Deferred tax liabilities at 31 December, net	**24,070**	**24,331**
Deferred tax is presented in the balance sheet as follows:		
Deferred tax liabilities	24,070	24,331
Deferred tax liabilities at 31 December, net	**24,070**	**24,331**

	2021	2020

The Mutual Agreed Procedures (“MAP”) covering 2008-2012 between the Danish and the Italian tax authorities regarding a transfer pricing case on royalty payments involving the Aalborg Portland Holding Group was settled in 2021. The Tax Authorities in Denmark and Italy reached a split decision, where the Italian tax authorities gave an adjustment of 64%, which means that royalties were reduced to approx. 1/3 of the original amount. With regards to the transfer case for the following years 2013-2021 a mutual agreement has been made with the Danish and the Italian tax authorities to apply a sales-based calculation of 0.25% of the net sales only, which is at the level accepted between the Danish and Italian Tax Authorities for FYs 2008-2012. For Aalborg Portland A/S, being part of the joint taxation, this has resulted in a tax adjustment of EUR 3.6m included in the Financial Statement 2021.

14 Inventories

	2021	2020
Raw materials and consumables	29,693	25,954
Work in progress	7,900	3,988
Finished goods	7,999	7,366
Inventories at 31 December	**45,592**	**37,308**

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 (2020: EUR 1.9m). Write-down recognised in the income statement is EUR 0.1m (2020: EUR 0.1m).

15 Trade receivables, other receivables and prepayments

	2021	2020
Development in provisions for impairment on trade receivables:		
Provision for impairment losses at 1 January	0	6
Provision for impairment in the year	5	0
Realised in the year	0	-6
Provision for impairment at 31 December	**5**	**0**

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

	2021	2020
Provisions at 1 January	3,433	3,868
Exchange rate adjustment	2	15
Additions in the year	234	67
Used in the year	0	-351
Reversal	0	-166
Provisions at 31 December	**3,669**	**3,433**

EUR '000

16 Provisions (continued)

	2021	2020
Recognised in the balance sheet as follows:		
Stated as non-current liabilities	3,502	3,433
Stated as current liabilities	167	0
	3,669	**3,433**
Maturities for other provisions are expected to be:		
Falling due within one year	166	0
Falling due between one and five years	740	1,042
Falling due after more than five years	2,763	2,391
	3,669	**3,433**

Provisions mainly include re-establishment of chalk, gravel and clay pits at EUR 1.7m (2020: EUR 1.6m), demolition liabilities for buildings and terminal on rented land at EUR 1.8m (2020: EUR 1.8m) while other provisions amount to EUR 0.2m (2020: EUR 0.0m).

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 2022.

17 Credit institutions and other borrowings

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

	Year of maturity	Fixed/ variable	Carrying amount 2021	Carrying amount 2020
Mortgage loan	2033	Variable	98,192	110,649
Lease liability	2021-2032	Variable	21,690	24,483
			119,882	**135,132**

Fair value of the mortgage loan amounts to EUR 98.2m (2020: EUR 111.7m). 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 2021:				
Mortgage loan	85,602	12,590	98,192	49,001
Lease liability	15,251	6,439	21,690	4,076
	100,853	**19,029**	**119,882**	**53,077**
Specification of contractual cash flows incl. interest:				
Mortgage loan	89,841	13,277	103,118	36,314
Lease liability	15,586	6,788	22,374	4,076
	105,427	**20,065**	**125,492**	**40,390**
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**

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**

	2021		2020	
	Carrying amount of mortgaged assets	Debt regarding mortgaged assets	Carrying amount of mortgaged assets	Debt regarding mortgaged assets
Property, plant and machinery	108,786	98,067	107,728	110,648
	108,786	**98,067**	**107,728**	**110,648**

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 2021, contractual liabilities are EUR 0.0m (2020: 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 6.0m at 31 December 2021 (2020: EUR 6.2m). Any subsequent corrections of the taxable income subject to joint taxation could cause a higher liability of the Company.

Contractual obligations

	2021	2020
Guarantees		
Performance guarantees	1,252	609
	1,252	**609**

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	3,404	827
- Financial items, net	1,707	1,497
- Trade and financial receivables	211,563	246,136
- Trade and financial payables	16,176	25,553
Transactions with other related parties:		
- Sale of cement and micro silica	107,141	104,242
- Intercompany purchase of cement and other variable costs, net	54,798	31,382
- Intercompany management, administration agreements and shared service	5,529	5,327
- Financial items, net	90	17
- Trade and financial receivables	5,256	10,662
- Trade and financial payables	9,457	5,269

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 2021 or 2020.
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 1.1m (NOK amounts to EUR 0.0m, GBP amounts to EUR 1.0.xm, PLN amounts to EUR 1.5xm, USD amounts to EUR -1.4xm and SEK amounts to 0.0m), (2020: NOK amounted to EUR 0.0m, GBP amounted to EUR 1.2m, PLN amounted to EUR 1.8m, USD amounted to EUR -1.1m and SEK amounted to 0.0m).

Risks relating to net financing
The Company's most important net positions at 31 December 2021 relate to USD, SEK and NOK. If these currencies had been 10% down at 31 December 2021, the Company's equity would have been affected positively by an exchange rate adjustment of EUR 0.5m (2020: 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 2021 would have been reduced by EUR 1.2m (2020: EUR 1.0m), 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 2021.

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 2021 or 31 December 2020.

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 2021 is EUR -98.2m (deposit), 100% thereof financed by floating rate loans. NIBD at 31 December 2020 represented EUR -110.6m (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 1.0m (2020: EUR 1.2m) and on equity of EUR 0.8m (2020: EUR 0.9m). 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:

2021

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

2020

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

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 2021 nor in 2020 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	2021	2020
Payment:		
Up to 30 days	0.8	0.6
Between 30 and 90 days	0.2	0.0
More than 90 days	0.0	0.0
	1.0	**0.6**

The historical loss percentage in the income statement is 0.0%. The Company's trade receivables at 31 December 2021 and 31 December 2020 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 -0.9 at 31 December 2021.

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 2021 or 2020.

Specification of financial assets and obligations

EUR '000	Carrying value 2021	Fair value 2021	Carrying value 2020	Fair value 2020
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	238,351	238,351	275,109	275,109
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	223,489	223,932	236,777	237,394

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 2021 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 2022, 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 7 April 2022.

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 2021, 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 2021.

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 2021 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2021.

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 2022

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

Ernst Aage Jensen

Kim Eli Madsen

Independent auditors' report

To the Shareholders of Aalborg Portland A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2021, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2021 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the Financial Statements of Aalborg Portland A/S for the financial year 1 January - 31 December 2021, which comprise income statement and statement of comprehensive income, balance sheet, statement of cash flows, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities 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 further requirements in the Danish Financial Statements Act, and for such internal control as 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.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about 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 applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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.

Aarhus, 8 March 2022
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Henrik Trangeled Kristensen
State Authorised Public Accountant
mne23333

Thyge Belter
State Authorised Public Accountant
mne30222

Board of Directors

Bjarne Moltke Hansen, *Chairman*
Marco Maria Bianconi, *Vice Chairman*
Søren Holm Christensen
Ernst Aage Jensen *
Kim Eli Madsen *

* Elected by the employees

Executive Board

Søren Holm Christensen, *CEO, Nordic & Baltic*
Michael Lundgaard Thomsen, *CCO, Aalborg Portland*
Henning Bæk, *Executive Vice President, CFO, Aalborg Portland Holding*

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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
7 April 2022 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	99.9%
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

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Michael Lundgaard Thomsen, *CCO, Aalborg Portland*
Henning Bæk, *Executive Vice President, CFO, Aalborg Portland Holding*

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