



Marius Pedersen A/S

Ørbækvej 851
5863 Ferritslev Fyn
CVR No. 49979517

Annual report 2019

The Annual General Meeting adopted the
annual report on 26.06.2020

Søren Borregaard

Chairman of the General Meeting

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Entity details

Entity

Marius Pedersen A/S

Ørbækvej 851

5863 Ferritslev Fyn

CVR No.: 49979517

Registered office: Faaborg-Midtfyn

Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Peter Schak Larsen, Chairman

Jens Flesner Kristiansen, Deputy Chairman

Ib Thrane

Lars Christian Lilleholt

Birgit Elin Munck-Kampmann

Allan Nygård

Michael Kenneth Andersen

Kirsten Almosetoft Kildegaard

Executive Board

Simon Hovgaard Clausen, CEO

Jeanett Halling Vikkelsøe

Per Madsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Tværkajen 5

P. O. Box 10

5100 Odense

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Marius Pedersen A/S for the financial year 01.01.2019 - 31.12.2019.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

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

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

Ferritslev, 26.06.2020

Executive Board

Simon Hovgaard Clausen
CEO

Jeanett Halling Vikkelsøe

Per Madsen

Board of Directors

Peter Schak Larsen
Chairman

Jens Flesner Kristiansen
Deputy Chairman

Ib Thrane

Lars Christian Lilleholt

Birgit Elin Munck-Kampmann

Allan Nygård

Michael Kenneth Andersen

Kirsten Almosetoft Kildegaard

Independent auditor's report

To the shareholders of Marius Pedersen A/S

Opinion

We have audited the financial statements of Marius Pedersen A/S for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the 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 judgement and maintain professional scepticism 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

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

Odense, 26.06.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Gert Rasmussen

State Authorised Public Accountant
Identification No (MNE) mne35430

Management commentary

Financial highlights

	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 DKK'000
Key figures					
Revenue	988,655	1,009,617	1,070,804	1,039,857	1,005,277
Gross profit/loss	192,999	169,080	168,136	127,764	98,716
Operating profit/loss	139,473	114,621	114,975	68,785	43,661
Net financials	(6,347)	(6,242)	(6,863)	(2,607)	(13,501)
Profit/loss for the year	253,892	217,370	206,967	201,466	169,390
Total assets	2,108,999	1,987,535	2,023,142	1,879,357	1,849,135
Investments in property, plant and equipment	167,554	164,912	174,271	126,369	82,595
Equity	1,430,270	1,323,535	1,249,153	1,178,295	1,100,871
Average number of employees	893	891	922	955	912
Ratios					
EBIT margin (%)	14.11	11.35	10.74	6.61	4.34
Return on equity (%)	18.44	16.90	17.05	17.68	16.80
Equity ratio (%)	67.82	66.59	61.74	62.70	59.53
Return on investment (%)	14.31	11.56	10.90	6.33	4.22

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

Financial highlights are not completely comparable because Marius Pedersen A/S and former Marius Pedersen Holding A/S merged in 2018, therefore the financial highlights from 2019, 2018 and 2017 includes the merged financial highlights from Marius Pedersen Holding A/S.

EBIT margin (%):

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

Return on equity (%):

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

Equity ratio (%):

Equity * 100

Total assets

Return on investment (%):

Operating profit/loss * 100

Average operationally assets

Primary activities

As an important player in the Danish waste sector, Marius Pedersen takes an active role in the circular economy.

In close co-operation with our customers and purchasers we work actively to ensure recycling and efficient use of the waste.

We consider waste as a resource and our main focus is to maximise the waste for recycling and minimise the waste for incineration or landfill – thus we are working actively with the UN Sustainable Development Goals, with specific focus on goal number 12: *Responsible Consumption and Production*.

We collect all types of waste, solid as liquid waste, from waste producers, and constantly work being in control of as much as possible of the value adding chain of waste – from collecting waste to selling secondary resources – with respect of adding value to our customers and our owners.

Group activities include:

- Sorting, treatment and handling a series of different types of recyclable waste at our own waste management facilities.
- Trading of recyclable waste in the context of circular economy.
- Services concerning handling of waste and recyclables from the client to final recycling, utilisation, or disposal – being consulting, renting of equipment, transport service, sludge service, management reporting and other types of reporting for clients within trade, industrial production, service and retail, building and construction, institutions, households and municipal recycling stations.
- In addition the Group executes contractor business and furthermore owns companies in Denmark, the Czech Republic and Slovakia, primarily handling environmental activities.

Development in activities and finances

The waste and recycling market for Marius Pedersen A/S in Denmark is competitive. The market is grounded on the waste management act from EU and national legislation. New business opportunities arise from changes in waste law and change in the focus or numbers of the market players.

Earnings in 2019 have been the best ever. Growth has been seen in all 3 markets (Denmark, Czech Republic and Slovakia), coming from dedicated focus on value adding sales activities in each business line, focus on productivity and efficiency.

In Czech and Slovakia we also in 2019 experienced big increase in wages and salaries both driven by government desire to raise minimum wages and salaries and also driven by high employment as well as high demand for employees in the two countries. These influences have led to around 9% increase in wages and salaries in 2019.

The Company has decided to prepare the financial statements in English.

Profit after tax for the financial year covering the period 1 January to 31 December 2019 is 253.9 MDKK which is an increase of 36.5 MDKK compared to 2018.

Operating profit is 139.5 MDKK which is 24.9 MDKK higher than 2018. Revenue is 988.7 MDKK in 2019 decreasing by 21.0 MDKK, impacted by a huge decline in the world market prices for recycling materials, among others cardboard and plastic.

Profit/loss for the year in relation to expected developments

In the annual report 2018 we stated an expectation for slightly increase in turnover and earnings. Turnover decreased slightly, mainly due to decline in the world market prices for recycling materials, whereas earnings increased.

Profit for the year – being the best year ever – is considered satisfactory.

Outlook

The outlook and guidance for 2020 is subject to significant uncertainties and impacted by the current outbreak of the Corona virus (COVID-19), which has significantly lowered visibility on what to expect in 2020.

The Company has seen a decline in revenue and earnings since Mid March 2020 due to COVID-19. We have recently started to see slightly improvements, as part the COVID-19 restrictions are being cancelled. We expect further improvements going forward, while the remaining restrictions are being cancelled, but it is yet too early to estimate how much and how fast the improvements will come. We however expect Profit for the year to be around 175-225 MDKK for 2020, consequently we have decided not to apply for the temporary wage compensation scheme issued by the Danish government, as we can manage without this compensation.

Investments in the Company for 2019 have been on a high level and amounts to MDKK 167.6. In 2020 we expect that re- and new investments without acquisitions will remain on a high level.

In the past we have made several acquisitions on the Danish market and we still are interested in and aware of potential acquisition opportunities.

Particular risks

Financial risks and interest risks

The Company has a financial policy which operates with a low risk profile. This means that currency, interest and credit risk only occur based on commercial conditions.

The Company's use of derivative financial instruments is regulated by a written policy approved by the board of directors and internal procedures which among others controls the derivative financial instrument that can be used.

Currency risks

The Company's result from group enterprises is dependent on changes in exchange rates (CZK, EUR), due to the fact that the foreign group enterprises' results and equity at the end of the year are being converted into Danish kroner based on the average rate and the rate of the balance sheet date.

Business risks

The Company's most significant risks are linked to the ability of being strongly positioned on the activity areas on which the Company's services are directed. The Company continuously invests in new equipment and facilities to secure optimum utilization and efficiency.

Environmental performance

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

The Company continuously evaluates the total activities in order to constantly reduce the environmental impact. Business relations are also encouraged to choose systems or products that secure the highest possible amount of recycling or reduction in the use of natural resources.

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

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

Research and development activities

The Company is continuously developing products and service concepts. These costs are charged to the profit and loss accounts.

Statutory report on corporate social responsibility

Referring to § 99a of the Danish Financial Statements Act the Company has not published an independent statement concerning Corporate Social Responsibility. The statement is included in the Corporate Social Responsibility report of Marius Pedersen Holding A/S.

Statutory report on the underrepresented gender

Referring to § 99b of the Danish Financial Statements Act the Company has not published an independent statement concerning gender composition in the top management body. The statement is included in the annual consolidated report of Marius Pedersen Holding A/S.

Events after the balance sheet date

The Company is impacted by the corona virus (COVID-19), consequently the outlook and guidance for 2020 is subject to significant uncertainties.

Marius Pedersen A/S has the 20 May 2020 signed an agreement to acquire 100% of the shares in FKSSlamson A/S, Denmark. We are currently awaiting approval from the competition authorities.

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

Income statement for 2019

	Notes	2019 DKK'000	2018 DKK '000
Revenue	2	988,655	1,009,617
Production costs		(795,656)	(840,537)
Gross profit/loss		192,999	169,080
Distribution costs		(34,538)	(30,090)
Administrative expenses	3	(26,439)	(34,671)
Other operating income	6	7,451	10,302
Operating profit/loss		139,473	114,621
Income from investments in group enterprises		152,905	134,857
Other financial income	7	406	2,759
Other financial expenses	8	(6,753)	(9,001)
Profit/loss before tax		286,031	243,236
Tax on profit/loss for the year	9	(32,139)	(25,866)
Profit/loss for the year	10	253,892	217,370

Balance sheet at 31.12.2019

Assets

	Notes	2019 DKK'000	2018 DKK'000
Goodwill		116,622	139,219
Intangible assets	11	116,622	139,219
Land and buildings		157,152	164,629
Plant and machinery		461,748	407,384
Other fixtures and fittings, tools and equipment		4,824	4,218
Property, plant and equipment in progress		12,568	6,293
Property, plant and equipment	12	636,292	582,524
Investments in group enterprises		1,124,360	1,020,355
Other investments		278	278
Other financial assets	13	1,124,638	1,020,633
Fixed assets		1,877,552	1,742,376
Raw materials and consumables		5,313	5,498
Manufactured goods and goods for resale		69	1,845
Inventories		5,382	7,343
Trade receivables		191,730	184,053
Contract work in progress	14	264	0
Receivables from group enterprises		27,866	35,044
Other receivables		4,776	3,746
Joint taxation contribution receivable		0	10,723
Prepayments	15	362	2,736
Receivables		224,998	236,302
Cash		1,067	1,514
Current assets		231,447	245,159
Assets		2,108,999	1,987,535

Equity and liabilities

	Notes	2019 DKK'000	2018 DKK'000
Contributed capital	16	68,880	68,880
Reserve for net revaluation according to the equity method		822,909	946,002
Retained earnings		368,481	153,653
Proposed dividend		170,000	155,000
Equity		1,430,270	1,323,535
Deferred tax	17	43,792	38,591
Other provisions	18	30	450
Provisions		43,822	39,041
Other payables	19	14,849	0
Non-current liabilities other than provisions		14,849	0
Bank loans		426,234	440,761
Prepayments received from customers		0	644
Trade payables		78,075	83,011
Payables to group enterprises		1,664	2,566
Income tax payable		25,422	0
Other payables	20	88,663	97,977
Current liabilities other than provisions		620,058	624,959
Liabilities other than provisions		634,907	624,959
Equity and liabilities		2,108,999	1,987,535
Events after the balance sheet date	1		
Staff costs	4		
Amortisation, depreciation and impairment losses	5		
Contingent liabilities	21		
Related parties with controlling interest	22		
Transactions with related parties	23		
Group relations	24		

Statement of changes in equity for 2019

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	68,880	946,002	153,653	155,000	1,323,535
Ordinary dividend paid	0	0	0	(155,000)	(155,000)
Exchange rate adjustments	0	9,800	(2,509)	0	7,291
Value adjustments	0	(227,098)	227,098	0	0
Tax of entries on equity	0	0	552	0	552
Dividends from group enterprises	0	(58,700)	58,700	0	0
Profit/loss for the year	0	152,905	(69,013)	170,000	253,892
Equity end of year	68,880	822,909	368,481	170,000	1,430,270

Notes

1 Events after the balance sheet date

The Company is impacted by the corona virus (COVID-19), consequently the outlook and guidance for 2020 is subject to significant uncertainties.

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

2 Revenue

	2019 DKK'000	2018 DKK'000
Collection, sorting, recycling and trading activities	924,194	950,699
Contracting activities etc	64,461	58,918
Total revenue by activity	988,655	1,009,617

3 Fees to the auditor appointed by the Annual General Meeting

	2019 DKK'000	2018 DKK'000
Statutory audit services	360	435
Tax services	40	40
Other services	75	75
	475	550

4 Staff costs

	2019 DKK'000	2018 DKK'000
Wages and salaries	395,327	391,027
Pension costs	33,077	33,059
Other social security costs	15,187	14,719
	443,591	438,805

Average number of full-time employees	893	891
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	Remuneration of management 2019 DKK'000	Remuneration of management 2018 DKK'000
Executive Board	7,763	7,444
Board of Director	725	1,113
	8,488	8,557

5 Depreciation, amortisation and impairment losses

	2019 DKK'000	2018 DKK'000
Amortisation of intangible assets	22,598	23,061
Depreciation of property, plant and equipment	105,021	102,468
	127,619	125,529

Depreciation, amortisation and impairment are distributed as follows:

Other production cost:	126.889	124.814
Distribution cost:	122	206
Administrative cost:	608	509

6 Other operating income

	2019 DKK'000	2018 DKK'000
Gains from disposal of tangible assets	4,010	6,453
Other operating income	3,441	3,849
	7,451	10,302

7 Other financial income

	2019 DKK'000	2018 DKK'000
Financial income from group enterprises	224	306
Other interest income	182	2,453
	406	2,759

8 Other financial expenses

	2019 DKK'000	2018 DKK'000
Financial expenses from group enterprises	163	418
Other interest expenses	6,590	8,583
	6,753	9,001

9 Tax on profit/loss for the year

	2019	2018
	DKK'000	DKK'000
Current tax	25,974	18,954
Change in deferred tax	5,201	5,165
Adjustment concerning previous years	964	1,747
	32,139	25,866

10 Proposed distribution of profit and loss

	2019	2018
	DKK'000	DKK'000
Ordinary dividend for the financial year	170,000	155,000
Retained earnings	83,892	62,370
	253,892	217,370

11 Intangible assets

	Goodwill
	DKK'000
Cost beginning of year	467,203
Cost end of year	467,203
Amortisation and impairment losses beginning of year	(327,983)
Amortisation for the year	(22,598)
Amortisation and impairment losses end of year	(350,581)
Carrying amount end of year	116,622

Intangible assets are determined as the difference between purchase price and the fair value of acquired assets.

12 Property, plant and equipment

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Property, plant and equipment in progress DKK'000
Cost beginning of year	343,270	1,543,501	53,090	6,293
Additions	3,587	148,336	3,063	12,568
Disposals	0	(66,998)	(1,340)	(6,293)
Cost end of year	346,857	1,624,839	54,813	12,568
Depreciation and impairment losses beginning of year	(178,641)	(1,136,117)	(48,872)	0
Depreciation for the year	(11,064)	(92,544)	(1,414)	0
Reversal regarding disposals	0	65,570	297	0
Depreciation and impairment losses end of year	(189,705)	(1,163,091)	(49,989)	0
Carrying amount end of year	157,152	461,748	4,824	12,568

13 Financial assets

	Investments in group enterprises DKK'000	Other investments DKK'000
Cost beginning of year	301,450	56
Cost end of year	301,450	56
Revaluations beginning of year	718,905	222
Exchange rate adjustments	9,800	0
Amortisation of goodwill	(15,119)	0
Share of profit/loss for the year	168,024	0
Dividend	(58,700)	0
Revaluations end of year	822,910	222
Carrying amount end of year	1,124,360	278

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Odense Affaldssortering A/S	Odense	A/S	50,2
Marius Pedersen a.s., Slovakia	Trenčín	a.s.	100
Spoločnosť Pohronie a.s.	Lieskovec	a.s.	60
Spoločnosť Šariš, a.s.	Sabinov	a.s.	88
Bzenex BMP, s.r.o.	Bzenica	s.r.o.	70
Kopaničiarska odpadová spoločnosť, s.r.o.	Kostolné	s.r.o.	83
Tatranská odpadová spoločnosť, s.r.o.	Žakovce	s.r.o.	64
BORINA EKOS s.r.o.	Livinské Opatovce	s.r.o.	88
Tekovská ekologická, s.r.o.	Slovakia	s.r.o.	86
PETMAS spol. s.r.o.	Pezinok	s.r.o.	100
Waste transport, a.s.	Bratislava	a.s.	100
Spoločnosť Stredné Považie a.s.	Trenčín	a.s.	70
KOMPLEX-odpadová spoločnosť, s.r.o.	Pusté Sady	s.r.o.	60
ICEKO-ONYX, s.r.o.	Banská Bystrica	s.r.o.	50
Marius Pedersen a.s., Czech Republic	Hradec Králové	a.s.	100
EKO - Chlebičov a.s.	Chlebičov	a.s.	77,2
EKO servis Varnsdorf a.s.	Varnsdorf	a.s.	55
EKOLA České Libchavy s.r.o	České Libchavy	s.r.o.	74,1
ELIO Slezsko a.s.	Holasovice	a.s.	55
HRATES, a.s.	Uherské Hradište	a.s.	66
Hradecké služby a.s.	Hradec Králové	a.s.	60
Ipodec Ciste Mesto a.s.	Praha	a.s.	57
Krušnohorské služby a.s.	Ústí n.Labem	a.s.	51
DESTRA Co., spol. s r.o	Brno	s.r.o.	70
Marius Pedersen Recycling a.s.	Hradec Králové	a.s.	50
Moravska skladkova spolecnost a.s.	Otrokovice	a.s.	60
MPGA s.r.o.	Hradec Králové	s.r.o.	100
Nykos a.s.	Ždánice	a.s.	85,7
Odpady-Třídění-Recyklace a.s.	Uherské Hradište	a.s.	60
Papkov s.r.o.	Praha	s.r.o.	80
Růžov a.s.	Borovany	a.s.	52
RWC s.r.o.	Chropyně	s.r.o.	70
Severočeské komunální služby s.r.o	Jablonec nad Nisou	s.r.o.	65
Skládka Tušimice a.s.	Teplice	a.s.	98

SOMA Markvartovice a.s.	Hlučín	a.s.	58
SOP a.s.	Přelouč	a.s.	60
Společnost Horní Labe a.s.	Trutnov	a.s.	60
Technické služby Děčín a.s.	Děčín	a.s.	96,9
TRANSPORT Trutnov s.r.o.	Trutnov	s.r.o.	60
TS Valašské Meziříčí s.r.o.	Valašské Meziříčí	s.r.o.	74,9
Západočeské komunální služby a.s.	Plzeň	a.s.	98
Bohemian Waste Management a.s.	Hradec Králové	a.s.	60

14 Contract work in progress

	2019	2018
	DKK'000	DKK'000
Contract work in progress	56,789	17,684
Progress billings regarding contract work in progress	(56,525)	(18,327)
Transferred to liabilities other than provisions	0	643
	264	0

15 Prepayments

Prepayments consist of rent, contracts, subscriptions etc.

16 Share capital

	Number	Nominal value DKK'000
A-share capital	9	15,120
B-share capital	2	53,760
	11	68,880

There has not been any changes in share capital for 5 years

17 Deferred tax

	2019	2018
	DKK'000	DKK'000
Changes during the year		
Beginning of year	38,591	33,426
Recognised in the income statement	5,201	5,165
End of year	43,792	38,591

18 Other provisions

Consist of guarantee and re-establishment commitments.

19 Other payables

	2019	2018
	DKK'000	DKK'000
Holiday pay obligation	14,849	0
	14,849	0

20 Other payables

	2019	2018
	DKK'000	DKK'000
VAT and duties	6,541	7,347
Wages and salaries, personal income taxes, social security costs, etc payable	50,883	62,148
Other costs payable	31,239	28,482
	88,663	97,977

21 Contingent liabilities

	2019	2018
	DKK'000	DKK'000
Mortgage deed, not pledged as security	16.250	16.250
Carrying amount of mortgage properties	35.663	36.270
Guarantees		
The company guarantees as follows:		
Groups enterprises' outstanding accounts with banks etc.	87.990	86.910
Contigent liabilities		
Obligations according to rent and operating lease contracts	22.553	26.011
Recourse obligations concering contract guarantees etc.	75.320	65.708

Company holds properties on rented premises.

Marius Pedersen A/S and its Danish subsidiaries are jointly taxed with Marius Pedersen Holding A/S. The company thus has secondary liability with respect to income taxes etc. and any obligations to withhold taxes on interest, royalties and dividends applying to the jointly taxed companies. Such secondary liability is, however, capped at an amount equal to the portion of the share capital in the company held directly or indirectly by the ultimate parent.

22 Related parties with controlling interest

Related parties with controlling interest in Marius Pedersen A/S:

Marius Pedersen Holding A/S, Faaborg-Midtfyn

Ultimate shareholder: Entreprenør Marius Pedersens Fond, Faaborg-Midtfyn

23 Transactions with related parties

	Parent	Subsidiaries	Management
	DKK'000	DKK'000	DKK'000
Services		17,079	
Obligation	3,218	7,349	
Outstanding amount	4,331	21,871	
Management fee	300		
Remuneration			8,488
Dividend	155,000		

24 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Marius Pedersen Holding A/S, Ørbækvej 851, 5863 Ferritslev Fyn, CVR 35846735

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Marius Pedersen Holding A/S, Ørbækvej 851, 5863 Ferritslev Fyn, CVR 35846735

Accounting policies

Reporting class

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

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

Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

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

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

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

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

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

Income statement

Revenue

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

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

Production costs

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

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

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

Distribution costs

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

Administrative expenses

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

Other operating income

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

Income from investments in group enterprises

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

Other financial income

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

etc.

Other financial expenses

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

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Goodwill

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

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

Property, plant and equipment

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

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

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

Estimated useful lives and residual values are reassessed annually.

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

Investments in group enterprises

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

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive

obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

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

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

Other investments

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

Inventories

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

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

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

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

Receivables

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

Contract work in progress

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

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

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

negative.

Joint taxation contributions receivable or payable

Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Dividend

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

Deferred tax

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

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Other provisions

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

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

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

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

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

Other financial liabilities

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

Prepayments received from customers

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

Income tax receivable or payable

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

Cash flow statement

Referring to § 86 (4) of the Danish Financial Statements Act there has not been made any cash flow statement. The company's cash flow is included in the cash flow statement of the consolidated annual accounts of Marius Pedersen Holding A/S, CVR No. 35846735.