



**ANNUAL
REPORT
2021**



AalborgPortlandHolding

ANNUAL REPORT 2021

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The Great Belt Bridge, Denmark

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AALBORG PORTLAND HOLDING GROUP

Part of the Cementir Group

Aalborg Portland Holding A/S, Denmark, has its head office in Aalborg, Denmark and is the parent company in the Aalborg Portland Holding Group, which is part of the Cementir Group.

Aalborg Portland Holding A/S and the Group are included in the Group financial statements for Cementir Holding N.V., Netherlands, 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.

www.cementirholding.com

PRODUCTS



GREY CEMENT

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



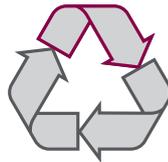
AGGREGATES

- a wide range of building aggregates such as sand, gravel and granite for the construction industry. The products are mainly used for construction, asphalt and concrete purposes.



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.



WASTE MANAGEMENT

- supply and usage of alternative fuels in order to diversify and optimise the energy resources of the Group.



READY-MIXED CONCRETE

is delivered to site ready for casting and is the efficient solution when high-reliability, quality concrete is needed in large volumes.

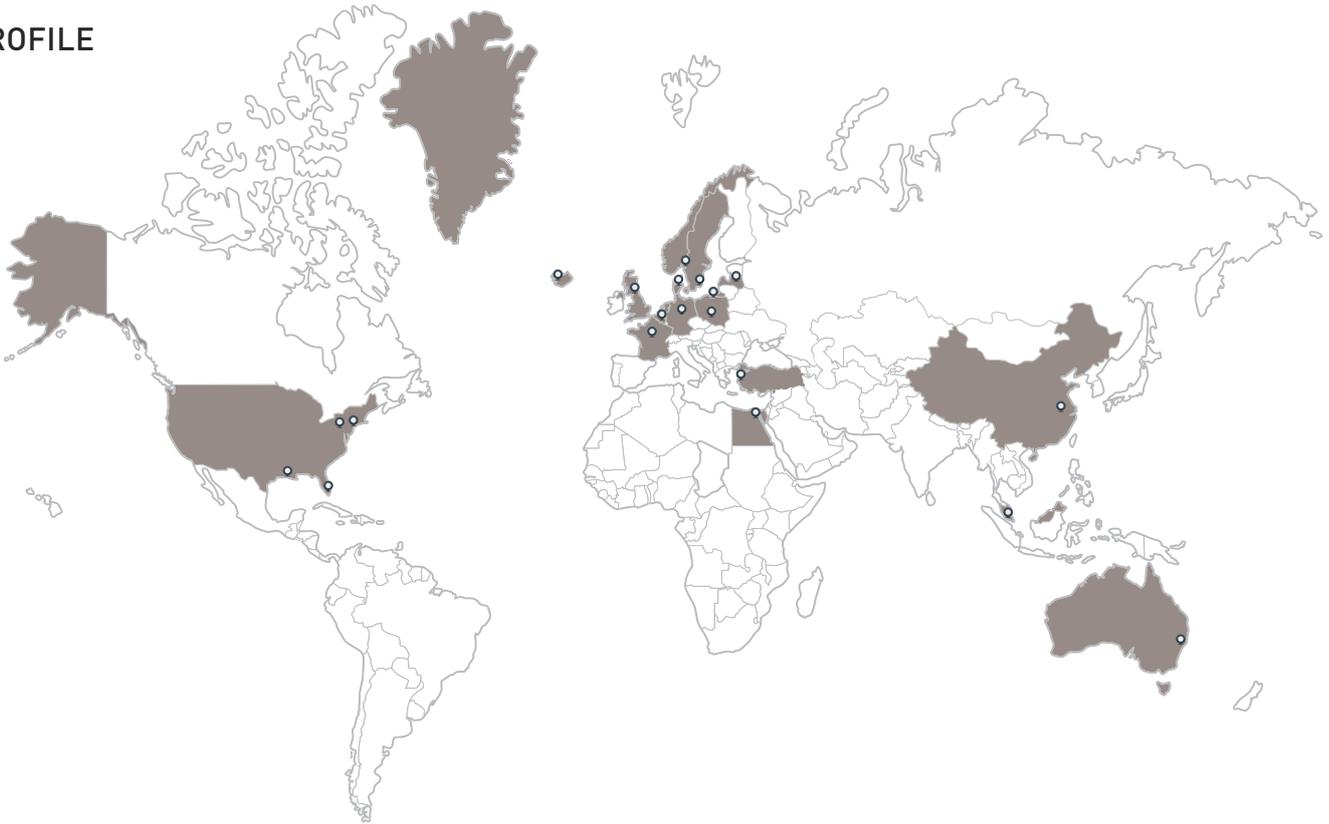
CEMENTIR HOLDING GROUP

Cementir Holding is a multinational group with registered office in the Netherlands operating in the building materials sector. The Group is the world leader in white cement, the only producer of cement in Denmark and leading producer of ready-mixed concrete in the Scandinavian area, the third largest player in Belgium and among the main international operators for grey cement in Turkey. In Belgium, the Group operates one of the largest aggregate quarries in Europe. In Turkey and the United Kingdom, Cementir is active in the treatment of urban and industrial waste, used to produce waste-derived fuel for cement plants.

The Group's international growth over the years was mainly driven by investments and acquisitions for over EUR 1.7bn, which have transformed the company from an Italian to a multinational player with production sites in 18 countries and a commercial presence in over 70 countries. Its strategy is to keep its worldwide white cement leadership, increase its product portfolio and geographic diversification and develop new sustainable and high value-added solution to its customers.

The company was formed in Italy in 1947 and is part of the Caltagirone Group. It has been listed on the Milan Stock Exchange since 1955 and is currently in the STAR segment.

PROFILE



NORDIC & BALTIC

A leading cement producer in the Nordic region

Aalborg Portland produces grey and white cement at its plant in Aalborg.

The products are sold in Denmark, USA and neighbouring countries.

Grey cement: 1,809,000 tonnes

White cement: 856,000 tonnes

Leading supplier of ready-mixed concrete in the Nordic region

Unicon is market leader within ready-mixed concrete in the Nordic region. Production takes place at 66 plants in Denmark, Norway and Sweden.

Quarrying and sale of aggregates (mainly granite and gravel) from 9 sites in Denmark and Sweden.

Ready-mixed concrete: 2,264,000 m³

Aggregates: 4,377,000 tonnes

OVERSEAS

World-leading producer of white cement

Production at plants in USA, Egypt, Malaysia and China. The white cement is sold to a number of markets worldwide.

White cement: 2,299,000 tonnes

BELGIUM

One of the largest producers of cement, ready-mixed concrete and aggregates in Belgium

CCB is a leader in the manufacture of cement that can meet specific implementation criteria: conventional construction and masonry work, work of high aesthetic quality, structures in harsh environments and oil well drilling.

CCB has nine ready-mixed concrete plants in Belgium and five in France.

Grey cement: 2,071,000 tonnes

Ready-mixed concrete: 936,000 m³

Aggregates: 5,459,000 tonnes

TURKEY

Extensive activities in Turkey

Cimentas is among the largest cement groups in Turkey with production at several sites in the country.

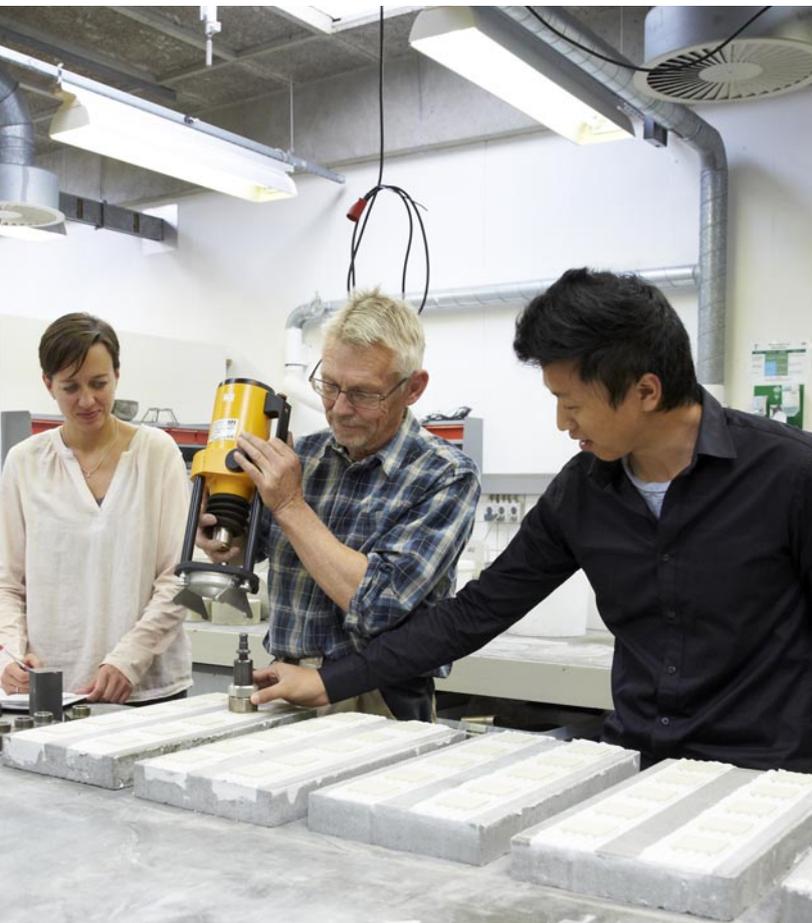
Cimentas also has 19 ready-mixed concrete plants.

Recydia AS processes and recycles waste in Turkey and UK.

Grey cement: 4,474,000 tonnes

Ready-mixed concrete: 1,893,000 m³

Aggregates: 1,216,000 tonnes





IDENTITY

Cementir is an International Group that:

- aspires to be a product leader;
- believes that continuously seeking quality in every business process is the key to success;
- is dynamic on the market, constantly seeking new opportunities;
- gives importance to the growth of its employees, its shareholders and the communities in which it operates;
- believes in sustainable development and works to achieve it;
- believes that diversity is an element of strength and value on which to base its actions.



VISION

We want to maintain our uniqueness on the market through product segmentation and business diversification.

We want to create value, thanks to an agile organisation capable of sustaining growth, respecting the environment and fostering integration with local communities.



MISSION

We develop our growth through product leadership and a continuous improvement of processes.

We work dynamically to seize the best opportunities, leveraging our know-how and our people's flexibility.

We adapt our organisation to the territory where it operates, to increase its value and to ensure mutual benefit.



VALUES

Dynamism

We look beyond to anticipate and seize the best opportunities. Being dynamic and flexible is the feature that makes us unique on the market and allows us to quickly meet our customers' demands.

Quality

We engage and invest in constantly improving the quality of our products. We seek the efficiency and effectiveness of our processes.

Value of people

We build relationships with our employees and stakeholders that last over time. We believe it is our responsibility to recognise the merits and abilities of our people and anyone working with the Group.

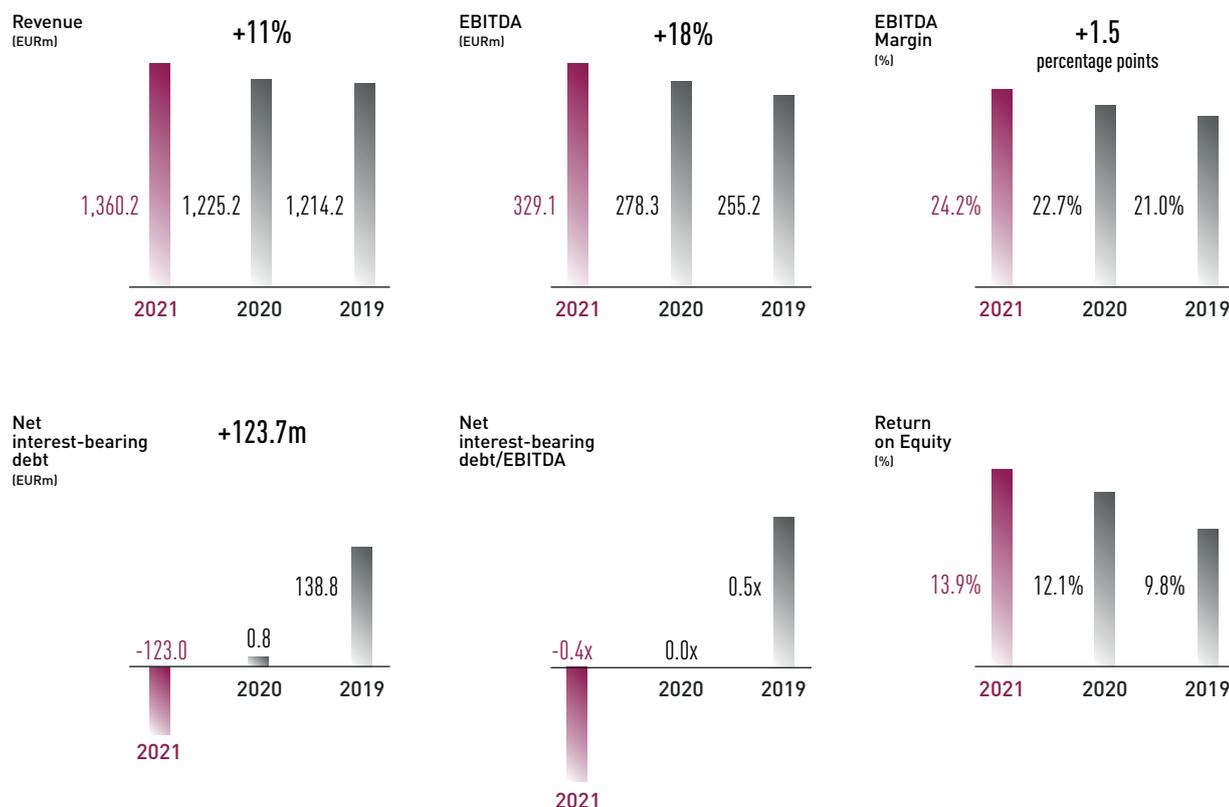
Diversity and inclusion

We consider diversity and inclusion a great asset. We work every day promoting diversity in all its forms and expressions.

Sustainability

We believe that there can be no success without respect for the environment. We are responsible for the communities in which we live and work. It is our responsibility to take care of our property while safeguarding the environment and natural resources.

PERFORMANCE, FINANCIAL AND EQUITY HIGHLIGHTS



Performance highlights

[EUR '000]	2021	2020	2019	2018	2017	2016	2015
Revenue	1,360,182	1,225,229	1,214,230	1,193,388	1,140,214	925,806	876,309
EBITDA	329,128	278,329	255,222	235,918	224,045	209,963	191,322
EBITDA margin %	24.2%	22.7%	21.0%	19.8%	19.6%	22.7%	21.8%
EBIT	219,217	174,484	146,920	152,785	143,455	138,169	116,610
EBIT margin %	16.1%	14.2%	12.1%	12.8%	12.6%	14.9%	13.3%
Financial income (expense)	-11,551	-12,946	-14,850	21,415	-13,242	28,535	1,521
Profit before taxes	208,484	162,109	132,380	175,250	134,998	171,831	123,196
Income taxes	57,552	37,212	37,295	32,462	15,784	42,988	25,298
Profit for the year	150,932	124,897	95,085	142,788	119,214	128,843	97,898
Profit for the period margin %	11.1%	10.2%	7.8%	12.0%	10.5%	13.9%	11.2%
Group net profit	138,258	118,707	90,576	136,331	116,838	115,319	91,767
Group net profit margin %	10.2%	9.7%	7.5%	11.4%	10.2%	12.5%	10.5%

Financial and equity highlights

[EUR '000]	2021	2020	2019	2018	2017	2016	2015
Net capital employed (a)	1,215,070	1,249,154	1,352,065	1,308,514	1,150,826	1,218,592	940,117
Total assets	1,894,971	1,841,236	1,909,930	1,828,792	1,639,339	1,722,610	1,283,593
Total equity	1,127,911	1,040,275	1,020,876	927,639	783,763	769,262	780,996
Group shareholders' equity	972,593	890,175	849,752	767,571	695,275	667,398	654,177
Net interest-bearing debt	-122,956	785	138,819	195,279	185,360	241,984	68,142

(a) Intangible assets + tangible assets + working capital

Profit and equity ratios

	2021	2020	2019	2018	2017	2016	2015
Return on Equity (a)	13.9%	12.1%	9.8%	16.7%	15.4%	16.6%	12.6%
Return on average capital employed (ROCE) (b)	12.4%	10.5%	8.4%	9.9%	12.1%	9.6%	9.6%
Equity ratio (c)	59.5%	56.5%	53.5%	50.7%	47.8%	44.7%	60.8%
Net gearing ratio (d)	-10.9%	0.1%	13.6%	21.1%	23.7%	31.5%	8.7%
Net interest-bearing debt / EBITDA	-0,4x	0.0x	0.5x	0.8x	0.8x	1.2x	0.4x

(a) Net profit / Average equity

(c) Total equity / Total assets

(b) EBIT after effective tax rate / Net average capital employed

(d) Net interest-bearing debt / Total equity

Cash flows

[EUR '000]	2021	2020	2019	2018	2017	2016	2015
Cash flows from operating activities (CFFO)	249,646	250,928	209,113	140,912	168,281	171,070	144,463
Cash flows from investing activities (CFFI)	-82,062	-77,281	-28,812	-172,850	-89,610	-334,691	-52,028
Free cash flow (FCF)	167,584	173,647	180,301	-31,938	78,671	-163,621	92,435

Employees

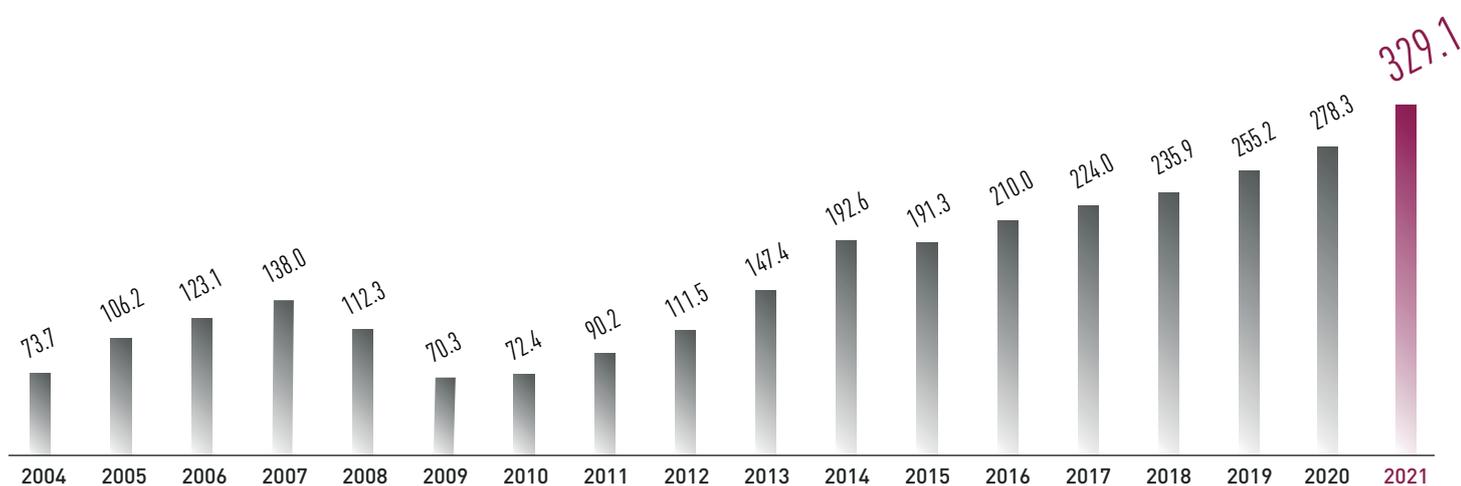
	2021	2020	2019	2018	2017	2016	2015
Number of employees (at 31 Dec.)	3,042	2,951	2,969	3,012	2,939	2,918	2,580
Number of employees in Denmark	770	702	727	720	735	722	722

Sales volumes

[EUR '000]	2021	2020	2019	2018	2017	2016	2015
Grey and white cement (tonnes)	11,156	10,712	9,489	9,745	10,110	8,263	7,654
Ready-mixed concrete (m ³)	5,093	4,435	4,116	4,919	4,948	4,253	3,663
Aggregates (tonnes)	11,052	9,531	9,710	9,953	9,335	4,462	3,813

EBITDA performance

[EURm]



MANAGEMENT'S REVIEW FOR 2021

Continued investment in increased sustainability

The Aalborg Portland Holding Group continues to plan and implement environmental improvements, reflecting the high priority placed upon sustainability by society. At the same time, keen competition mean that renewal and development remain essential in order to maintain sales and competitiveness.

Overall, the Group experienced good growth and satisfactory sales among its business entitles around the world, but also sharply rising energy and logistical costs, particularly in the Nordic region.

Profits in 2021 for the Aalborg Portland Holding Group on the whole lived up to expectations. Revenue reached EUR 1,360m against EUR 1,225m the previous year, corresponding to an increase of EUR 135m or 11%.

The Group's earnings before depreciation and amortisation (EBITDA) were EUR 329m, 18% higher than in 2020 when EBITDA was EUR 278m. The Group's EBITDA ratio was 24.2% against 22.7% the previous year. The earnings were positively influenced by a value adjustment of EUR 23m relating to properties in Turkey. Normalised for this, EBITDA was EUR 306m, 9% higher than in 2020.

- In the *Nordic & Baltic region*, the Group experienced rising activity, and revenue was EUR 617m against EUR 562m the previous year, corresponding to growth of 10%. Sales of cement, ready-mixed concrete and aggregates all increased. Regional earnings before depreciation and amortisation (EBITDA) were EUR 148m, 2% down on 2020 when EBITDA was EUR 151m. Net earnings for cement were significantly impacted by rising energy and logistical costs, while a satisfactory improvement was reported for ready-mixed concrete and aggregates in the three Nordic countries.
- The *Belgian* cement group Compagnie des Ciments Belges (CCB) contributed revenue of EUR 275m in 2021, against EUR 253m the previous year, an increase of 9%. EBITDA was EUR 69m, 11% higher

than in 2020 when EBITDA was EUR 61m. The improvement in the Belgian and French market was partly due to significantly decreased revenue in April and May 2020 as a result of Covid-19.

- The *Turkish* cement group Cimentas continued to experience difficult market conditions due to political uncertainty, the devaluation of the Turkish lira and tough price competition. However, 2021 too saw a significant improvement in sales and earnings. Revenue was EUR 173m against EUR 142m the previous year, an increase of 22%. EBITDA was EUR 44m against EUR 7m the previous year. The increase was due to the rising activity and growth in revenue together with the value adjustment of EUR 23m relating to investment properties in Turkey.
- In the *USA*, the Group maintained its global market leadership in white cement through its ownership interest in Lehigh White Cement Company (LWCC). Revenue in 2021 was EUR 155m against EUR 153m the previous year, and EBITDA was EUR 24m against EUR 21m in 2020.
- In *Egypt*, revenue increased in 2021 by 17% to EUR 51m, and EBITDA was EUR 11m against EUR 10m in 2020.
- Finally, *China* and *Malaysia* delivered revenue from white cement of EUR 108m against EUR 95m the previous year. EBITDA was EUR 27m against EUR 24m in 2020.

The Group's earnings before interest and tax (EBIT) were EUR 219m, 26% higher than in 2020 when EBIT was EUR 175m.

Net interest expense amounted to EUR 12m in 2021 against EUR 13m the previous year.

Hereafter, earnings before tax were EUR 208m, compared with EUR 162m in 2020, an increase of 29%.

Solid balance sheet and strong cash flow from operations

A healthy economy and strong financial base provide opportunities for long-term value-adding and sustainable investments.

In 2021, constant focus on high operating efficiency and management of working capital led to a positive operational cash flow (CFFO) of EUR 250m against EUR 251m the previous year.

The cash flow was able to fund the year's investments of EUR 82m, which were predominantly used for operating efficiency improvements and not least a number of energy-economy and environmental projects. The Group had a free cash flow of EUR 168m.

At 31 December 2021 the Group had a net interest-bearing asset of EUR 123m against a net interest-bearing debt of EUR 1m the previous year. Thereby net interest-bearing debt was reduced by EUR 124m in 2021.

Shareholders' equity was EUR 1,128m at 31 December 2021. The equity ratio was thus 60% against 56% the previous year. The return on equity was 14% in 2021, while the return on capital employed (ROCE) was 13% against 10% the previous year.

Sustainable production of sustainable products

The Aalborg Portland Holding Group has a long-standing tradition of social and not least environmental responsibility in the countries where it operates. There is ongoing focus on a number of projects that support society's sustainability goals. The Group is committed to contributing significantly to society's climate goals and therefore invests substantial resources in ongoing environmental improvements.

Society's heightened sustainability awareness is reflected in growing interest and demand among customers for products manufactured with sustainability in mind. The Group's long-standing focus in this regard provides its products with a prominent place in customers' deliberations. The Group has an effective, well managed and highly prioritised development structure aimed at delivering increasingly sustainable processes, fuels and products. With 1990 as baseline, the Group has targeted a 30% cut in CO₂ emission per tonne of cement by 2030. Emission will be reduced to less than 500 kg per tonne of grey cement in line with the EU's taxonomy for sustainable investments. In the longer term - the period to 2050 - the Group's vision is to reduce CO₂ emission to zero. To enable this ambition to be achieved there is a need for large-scale storage of CO₂, something not technically feasible or economically viable at present. In the shorter term, possibilities are therefore being explored for establishing small CO₂ facilities. As a result of the Group's global reach, the effects will have worldwide significance.

For the next three years (2022-2024), EUR 97m has been allocated for investments to strengthen sustainability. In the years ahead, areas of focus will include the following:

- After obtaining a global patent for a completely new technology, obtaining CE marking and inclusion in the Danish standard for cement, sales of the Group's product series Futurecem™ began in 2021. Futurecem™ is manufactured with up to 30% lower CO₂ emissions than previous products.
- Interest and demand among builders for sustainable cement increased significantly in 2021 and is a testament to an increasingly widespread ambition and strategic interest in transitioning construction towards greater sustainability. As a result, Futurecem™ is clearly attracting growing attention. Applications for Futurecem™ will include ready-mixed concrete and precast concrete elements for an ambitious sustainable building project, UN17 Village, consisting of more than 500 apartments in Copenhagen's Ørestaden district. When completed in 2024, the project will be known as the world's first housing development to integrate 17 UN global goals into one building.
- Further development of Futurecem™ is under way. The objective now is to reduce CO₂ emission by up to 50% against the present level.
- Development of new, advanced and more sustainable products based on white cement and the Group's patented Futurecem™ technology.
- New investments aimed at increasing the input of alternative fuels and biomass by up to 80% in grey cement production at the Group's factories. As part of a major refurbishment to a kiln installation at the cement plant in Belgium the use of alternative fuels and biomass will be increased from 40% currently to 80%. This will lead to lower CO₂ emission and reduce the use of fossil fuels.
- The use of fossil fuels in the production of white cement will be reduced by connection of a natural gas pipeline to the Aalborg factory in 2022. The use of natural gas can reduce CO₂ emissions by up to 40% compared to fuels such as coal and later pave the way for use of CO₂-neutral biogas.
- Investment in a wind farm with a capacity of 8.4 MW at the Aalborg cement plant. This will enable 80% of electricity consumption to be met by renewable energy sources.
- The goal of supplying CO₂-neutral district heating to the city of Aalborg, meeting the heating needs of 30,000 households, was achieved in 2020. This corresponds to an annual CO₂ reduction of 150,000

tonnes. New investments in the utilisation of heat from factory production will more than double the supply of district heating and thereby further contribute to the city's climate ambition, which includes phasing out fossil fuel at the city's power plant by 2028. Potentially, at least 75,000 households can receive surplus heat from the Aalborg cement factory.

- The spotlight is on CO₂ reduction across the value chain. This includes recycling of crushed concrete in concrete products, road distribution of concrete by Denmark's first electric vehicles, and launch of concretes with up to 25% lower CO₂ footprint under the UNI-Green brand.

In 2021, Unicon, Denmark's largest producer of ready-mixed concrete, introduced the world's first serial produced electric truck mixer. The launch not only marked a new milestone in the conversion of the Unicon fleet, which already includes Denmark's only hybrid and HVO-powered truck mixers, but was also a major step for the whole industry towards more sustainable buildings.

As mentioned, the Group is exploring and assessing several options for utilising a wider array of energy sources as well as collecting and storing CO₂ from its production processes. In close collaboration with Aalborg University and a number of companies a study has begun into the possibilities for collection and storage of CO₂ and for conversion to fuel at Aalborg Portland in Denmark. The so-called GreenCem project, supported by the Energy Technology Development and Demonstration Program (EUDP), will clarify the necessary technical solutions and economic prerequisites. The Aalborg Portland Holding Group may also become the world's first cement producer – as yet on an experimental basis - to collect, transport and store CO₂ underground. The Group is part of the consortium behind Project Greensand 2, which is seeking funding for a pilot project to store CO₂ underground and under the North Sea.

The Aalborg Portland Holding Group is part of Cementir Holding N.V., which publishes an annual Sustainability Report. The report is available at www.cementirholding.com. The Cementir Group improved its rating under the Carbon Disclosure Project (CDP) from "B" in 2020 to "A-" in 2021, reflecting the quality of reporting for the Aalborg Portland Holding Group. This must be seen against an average rating of "B" and "B-" respectively for the European and global cement industry.

Nordic & Baltic

In market and income terms, the Nordic & Baltic region expanded its strong, vertically integrated position within cement, ready-mixed concrete and aggregates. Aalborg Portland is Europe's largest cement plant with seven kiln lines, its own unique port facility, raw material resources (chalk) in close proximity, and a product distribution network consisting of nine terminals in Denmark and Northern Europe. The region also commands 66 ready-mixed concrete facilities in the Nordic countries and nine raw material quarries (aggregates) in Denmark and Sweden.

The Nordic & Baltic region accounts for 45% of the Group's total revenue. In 2021, commercial and residential construction increased in Denmark and Sweden, while in Norway the growth in activity primarily related to infrastructure projects. Revenue and earnings were positively affected by this development with satisfactory growth in income from ready-mixed concrete. However, despite increased revenue of 7%, income for Aalborg Portland fell almost 20% due to sharply rising logistical and energy costs.

Overall, the sales subsidiaries in France, Belgium and Poland managed to maintain the level of sales of Aalborg-manufactured white cement.

In the ready-mixed concrete segment the Group is investing to consolidate its market position in the Nordic region and the facilities are being continuously upgraded.

Benelux & France

Compagnie des Ciments Belges S.A. (CCB) is situated in South-Western Belgium. CCB's cement factory in Guarain is the largest in the region and has raw material reserves for 80 years' production. The company has a significant market share in Belgium and substantial exports to both France and Netherlands. CCB also has extensive production of aggregates, mainly gravel and stone, at two sites with substantial reserves. Furthermore, CCB is one of the leading suppliers of ready-mixed concrete in Belgium with nine plants and has five plants in Northern France.

The region accounts for 20% of the Group's total revenue. Following the decrease in 2020 which was related to Covid-19, revenue increased by 9% and EBITDA by 12% in 2021. Despite two new waves of Covid-19, a high level of activity was successfully continued at all plants. As a consequence, the company maintained a strong market position based on high product quality and constant focus

on customer needs. The company proposed a new product portfolio based on its 2030 roadmap that will continuously reduce the CO₂ footprint of cement and ready-mixed concrete.

Turkey

Cimentas is among the largest cement groups in Western Turkey with production at two plants strategically located in Izmir and Edirne, and a further two cement plants in Kars and Elazig in the east of the country. Combined capacity is 5.4m tonnes. The revenue for this region accounts for 13% of the Group's total revenue.

In 2021, sales of grey cement and clinker amounted to 4.5m tonnes, 4% more than in the previous year. The year saw a rising level of construction activity after several years of difficult market conditions.

Due to significant increase in sales, revenue expressed in EUR increased by 22% despite the devaluation of the Turkish lira (TRY) by an average of 40% in relation to 2020. Due to factors including high inflation, significant local currency price increases were implemented on the company's products.

In addition to cement production, Cimentas has 19 concrete factories, and sales of ready-mixed concrete amounted to 1.9m m³ in 2021 against 1.5 m³ in 2020. During the year, Cimentas commenced operations with aggregates, achieving sales of 1.2m tonnes, thereby strengthening its vertically integrated position comprising cement, ready-mixed concrete and aggregates.

In addition, the company has municipal waste management operations and renewable energy operations in UK and Turkey. These operations must be seen in context with the steadily increasing use of alternative fuels in the production of cement.

Global leader in white cement

The Aalborg Portland Holding Group is the global leading supplier of white cement with a market share of approx. 15%. With its production facilities in Denmark, USA, Malaysia, China and Egypt, the Group has a total capacity of 3.3m tonnes.

The revenue from white cement (excluding supplies from Denmark) accounts for 23% of the Group's total. The revenue grew by 8% in 2021 and EBITDA increased by 12% against 2020.

In *North America*, the Group has white cement production

in Pennsylvania and Texas, imports from its other units and distribution throughout North America. The Group is the market leader in white cement with annual sales of 668,000 tonnes. Sales of white cement increased by 3% compared to 2020, while EBITDA increased by 12%.

The Group's factory in *Egypt* is the world's largest production plant for white cement. Growth was achieved in both sales and earnings in 2021.

In 2021, the Group's factory in *China*, which is Asia's largest plant for the production of white cement, again reported growth in both sales and earnings.

In 2021, the Group's company in Malaysia maintained its position as the largest supplier of white cement in South-East Asia and Australia with rising revenue but slightly lower earnings than the previous year due to increasing energy costs.

Reporting in accordance with Danish accounting legislation

Regarding the mandatory statement on corporate social responsibility, cf. section 99(a) of the Danish Financial Statements Act, reference is made to "Sustainability Report 2021" published by the Group's owner Cementir Holding N.V., Netherlands. The statement is available at www.cementirholding.com.

In relation to the provisions in Denmark on 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 in recruitment and promotions continues, as the crucial consideration remains to find the best qualified persons for all positions in the organisation.

In order to achieve a balanced composition of management the Group wishes to increase the proportion of female managers, and the work to attract female candidates for senior positions will be continued. As the number of employees in the Group's parent company (Aalborg Portland Holding A/S) is less than 50, no goals and policies have been formulated for the proportion of women at management level.

The Board of Directors of the Group's parent company has one female and six male members elected by the general meeting. No change in Board members was relevant in 2021. The goal is to have at least two female members elected by the general meeting by the end of 2023.

In accordance with the Danish rules for large companies

with operations relating to i.a. extraction of mineral deposits, cf. section 99(c) of the Danish Financial Statements Act, the Group explains its payments to authorities in a note to the consolidated financial statements. The payments relate in particular to direct and indirect taxes.

In accordance with the Danish rules for large companies, cf. section 99(d) of the Danish Financial Statements Act, 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 at <https://aalborgportlandholding.com/en/data-ethics>.

Expectations to 2022

After a marked rise in the global economy in the past year of an expected 5.7% after the negative impact of the Covid-19 pandemic in 2020, a continued positive growth of just over 4% is expected in 2022, but with large differences between the regions. In the US and northern European markets, a moderate growth in building activity of 2-6% is expected. Growth in the Turkish building sector of approx. 5% is expected in 2022, but with continued uncertainty regarding both sales and volatility in the exchange rate and inflation. In the Asian markets, growth of 4-8% is expected. Energy prices and freight rates, which rose to record highs in 2021, are expected to stabilise but to remain at a high level in 2022. Building activity is expected to be subject to high volatility and dependence on energy price, inflation and interest rate developments.

As mentioned, the Group has stepped up its focus on increased sustainability in recent years and has targeted a 30% reduction in CO₂ emissions by 2030. Accordingly, EUR 97m has been allocated for environmental investment projects this year and the next two years.

A number of sustainability projects have already contributed positively to both the environment and earnings and will be intensified in the coming years, including:

- Acceleration of sales of the Group's new product series, based on the innovative and patented Futurecem™ technology.

- Increased use of alternative fuels and thereby reduced CO₂ footprint at the factories in Denmark and Belgium.
- Increased supply of district heating to the city of Aalborg from production at Aalborg Portland in Denmark.
- Further energy efficiency improvements through the initiated projects relating to logistics and production processes in Denmark and Belgium.

Parallel with the continuing work on the Group's product development, the business units will maintain their focus on customer demand, expectations and satisfaction. Customer satisfaction is measured annually in several markets, and satisfaction levels in 2021 were again identified as very good.

The Group's revenue in 2022 is expected to be around EUR 1.5bn (2021: EUR 1.4bn). An increase of 9% is expected in sales of grey cement, while a moderate increase of just under 4% is anticipated for white cement as a result of stronger penetration of the Western European markets and rising exports from the factories in Malaysia and Egypt. Growth is also expected in sales of ready-mixed concrete and aggregates, including from the newly established aggregate operations in Turkey. Earnings are expected to increase in 2022 based on the growth in sales and an introduction of higher sales prices. These price rises are intended to counteract both sharply increased energy and logistical costs, which negatively impacted earnings in 2021, primarily in the Nordic & Baltic region, and significant price increases on CO₂ quotas and an increased need for quota acquisition in connection with cement production in Denmark and Belgium applicable from 2022.

Against this background, the Aalborg Portland Holding Group as a whole expects to be able to realise earnings before depreciation and amortisation (EBITDA) of around EUR 310-320m in 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.

FINANCIAL REVIEW

Profit and loss

The Group's volume sales of cement amounted to 11.2m tonnes in 2021, which was 4% above the previous year. These sales included 3.2m tonnes of white cement, a rise of 6%, embracing moderate growth in Egypt, USA, Denmark and Malaysia and a slight increase in China. Sales of grey cement amounted to 8.3m tonnes, 4% more than the previous year. Sales increased in Denmark, Turkey and Benelux & France.

Volume sales of *ready-mixed* concrete amounted to 5.1m m³ in 2021, 15% above the previous year. Sales increased in Turkey (29%), Sweden (2%), Denmark (6%), Norway (4%) and Benelux & France (16%).

Sales of *aggregates* (mainly granite and gravel) amounted to 11.1m tonnes against 10.2m tonnes the previous year, an increase of 8%. Sales increased in the Nordic region (2%) and in Benelux & France (5%). To this must be added increased sales in Turkey (76%) from the newly started production of aggregates launched in 2020.

The Group's revenue in 2021 amounted to EUR 1,360.2m against EUR 1,225.2m the previous year, an increase of 11%. The rise primarily related to operations in Turkey (22%), Egypt (17%), China (15%), Malaysia (13%), Benelux & France (9%) and USA (2%).

Earnings before interest, depreciation and amortisation

(EBITDA) increased by EUR 50.8m or 18% to EUR 329.1m (EUR 278.3m). The following regions achieved higher earnings than in 2021: Turkey EUR +36.6m (incl. non-recurring income, cf. below), Benelux & France EUR +7.4m, USA EUR +2.5m, Egypt +1.0m and China EUR +3.7m. However, earnings were down on the previous year in the following regions: Nordic & Baltic EUR -2.9m and Malaysia EUR -0.8m. EBITDA was positively influenced by non-recurring income of EUR 23m relating to value adjustment of investment property in Turkey. After normalising for this, the Group's EBITDA amounted to EUR 306.1m, 10% higher than in 2020 when the EBITDA was 278.3m.

Operating ratio (EBITDA ratio) increased by 1.5 percentage points from 22.7% in 2020 to 24.2% in 2021. Adjusted for the non-recurring income mentioned, EBITDA ratio decreased by 0.2 percentage points to 22.5%.

Earnings before interest and tax (EBIT) increased by EUR 44.7m to EUR 219.2m (EUR 174.5m).

Net interest expense amounted to EUR 11.6m in 2021 against EUR 12.9m the previous year.

Earnings before tax were EUR 208.5m against EUR 162.1m in 2020. Tax on profit for the year amounted to EUR 57.6m against EUR 37.2m the previous year.

Hereafter, net profit for the year was EUR 150.9m against EUR 124.9m in 2020.

Chalk excavation, Aalborg



Cash flows

The Group is continuously focused on optimising both cash flows and working capital.

Cash flow from operations (CFFO) amounted to EUR 249.6m for 2021, against EUR 250.9m in 2020.

The Group's capital expenditure on property, plant and equipment amounted to EUR 82.1m, which predominantly related to improvements in operating efficiency and various energy-economy and environmental projects.

The free cash flow after investments (FCF) amounted to EUR 167.6m in 2021, against 173.6m the previous year.

Payment of dividend to Cementir Holding amounted to EUR 26.0m (EUR 0.0m).

Financial position and liquidity

The Group had a net interest-bearing asset of EUR 123.0m at year-end 2021 against a net-interest bearing debt of EUR 0.8m the previous year.

The long-term financing comprised a mortgage-credit loan of EUR 98.1m.

The Group's liquidity reserve consists of non-tied-up cash and undrawn credit facilities signed by Cementir Holding. In addition, the Aalborg Portland Holding Group has a separate uncommitted credit facility.

Balance sheet

Non-current assets amounted to EUR 1,186.0m at 31 December 2021.

Current assets amounted to EUR 708.9m, 12% more

than at the same time the previous year (EUR 631.6m). The increase is due to increase in cash funds by EUR 37.0m and inventories and receivables increased by EUR 40.3m.

The Group's working capital (capital tied up in debtors and inventories less creditors) amounted to EUR 64.6m at end-2021 against EUR 76.2m the previous year, a decrease of EUR 11.6m or 15%.

Shareholders' equity

Total shareholders' equity amounted to EUR 1,127.9m at 31 December 2021, against EUR 1,040.3m the previous year. The shareholders' equity was negatively influenced by exchange rate adjustments of approx. EUR 37.1m in foreign entities. These adjustments primarily related to the weakening of the Turkish lira (TRY).

The equity ratio was 60% at 31 December 2021 (56% at end-2020). Return on equity increased to 14% in 2021 from 12% the previous year.

Return on capital employed

In 2021, as in previous years, intensive efforts were made to increase capital efficiency across the Group.

Return on capital employed (ROCE), which expresses the Group's ability to generate a satisfactory profit was positively influenced both by the increased earnings and the reduction in capital employed. ROCE was thus 13% in 2021 against 10% in 2020.

RISK MANAGEMENT

Like any other company, the Aalborg Portland Holding Group is affected by risks and uncertainties relating to its business activities and continuously focuses on strengthening risk management. The Group employs a holistic risk management process in which the most critical risks are:

- Market conditions
- Framework conditions
- Environmental impacts
- The organisation
- Financial risks

The Group continuously monitors and addresses both risks and opportunities in its market areas with a view to achieving 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 anchored in the leadership of each of the business units. The business units together with the corporate and service functions are responsible for identifying, analysing and dealing with risks and for reporting on progress and initiating control measures. Risk owners are appointed specifically for the most significant risks. The leadership teams in the individual units are responsible for including risk assessments in all major decisions.

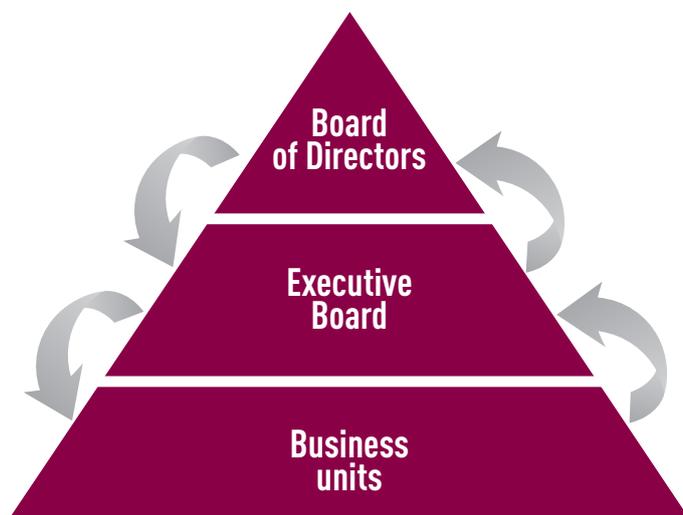
The individual risk reports received from the business units are consolidated at Group level. The consolidated risk report is included in the Group management's monitoring and control processes.



The Group management is responsible for ensuring that the collective risk to the Group as a whole is of an acceptable level and that risk management procedures are implemented.

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

Risk Reporting



Market conditions

Competition

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

Raw materials and energy prices

The Group utilises large quantities of energy in manufacture of cement and other products, and is therefore sensitive to price changes, particularly of long duration. In order to mitigate this risk the procurement of energy is partly 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 markets for production-critical raw materials are carefully monitored. A small number of raw materials are subject to particular uncertainty

as regards long-term security of supply, and the Group works proactively to find appropriate solutions to this issue.

Framework conditions

Legislation and other regulations

The Group is continuously exposed to regulatory changes by authorities and organisations in a variety of areas. Non-compliance with recommendations and regulations is often subject to substantial fines, and thus constitutes a potential risk to overall Group earnings. The Group works continuously and purposefully to conform with all aspects of legislation and other regulations relating to competition, environment and fraud. The Group trains relevant personnel on an ongoing basis in compliance with current requirements.

Political risks

The Group operates globally, including in emerging and growth markets with special political risks. This may have material consequences both for

production conditions and sales. The Group actively pursues dialogue at all levels with politicians, authorities and interest groups to create a good basis for continued working and to enable the Group's operations to be adjusted when appropriate.

Taxes and levies

The Group's production is substantially subject to direct and indirect taxation, particularly in Denmark. Taxes and levies represent a material area of risk for the Group, especially compared to neighbouring countries with a lower level of taxes and levies than Denmark, as they impact directly on competitiveness and therefore on sales potential.

CO₂ quotas

The allocation of CO₂ quotas to the Group's production units can have substantial financial impact. Ongoing focus is therefore placed by the Group on compliance with all requirements relating to the allocation. The Group also closely monitors EU and national political issues concerning CO₂ quotas, particularly with regard to the Group's expected development in the EU area.

Environmental impacts

The Group's business units and leadership are conscious of the company's environmental role and they recognise, manage and counter relevant risks in this regard. Raw materials and energy are consumed in the manufacture of Group products, but the

environmental and climate properties of these products are extremely beneficial, and the Group has a declared aim of contributing constructively and significantly to achieving society's climate goals. Through its product development and production, the Group therefore constantly endeavours to ensure more environment-friendly and sustainable cement manufacture.

The organisation

Employees and management

The Group's continued success is dependent on being able to retain experienced employees and managers and to recruit new, talented employees and managers to the business units and support functions. Accordingly, the Group places importance on providing attractive workplaces with good opportunities for personal development.

IT systems

IT systems are used in all areas of the Group's operations, including production, sales and finance. Operational disruptions 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 Group, are described in the notes to the financial statements.



Construction of fauna bridge, Denmark

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INCOME STATEMENT

EUR '000

	Notes	2021	2020
Revenue	1	1,360,182	1,225,229
Cost of sales	2+3+4	814,674	733,869
Gross profit		545,508	491,360
Sales and distribution costs	4+17	275,040	240,674
Administrative expenses	4+5	84,731	88,058
Other operating income	6	34,538	15,231
Other operating costs	6	1,058	3,375
Earnings before interest and tax (EBIT)		219,217	174,484
Share of profit after tax, joint ventures	14	818	571
Financial income	7	19,358	12,745
Financial expenses	7	30,909	25,691
Earnings before tax (EBT)		208,484	162,109
Tax on profit for the year	8	57,552	37,212
Profit for the year		150,932	124,897
Attributable to:			
Non-controlling interests		12,674	6,190
Shareholders in Aalborg Portland Holding A/S		138,258	118,707

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR '000

	Notes	2021	2020
Profit for the year		150,932	124,897
Other comprehensive income			
Items that cannot be reclassified to the income statement:			
Actuarial gains/losses on defined benefit pension schemes	18+19	2,829	575
Tax	8	52	-192
		2,881	383
Items that can be reclassified to the income statement:			
Exchange rate adjustments on translation of foreign entities		-37,095	-81,110
Changes in fair value of financial instruments		1,798	4,964
Tax	8	-719	-845
		-36,016	-76,991
Other comprehensive income after tax		-33,135	-76,608
Total comprehensive income		117,797	48,289
Attributable to:			
Non-controlling interests		8,658	-13,545
Shareholders in Aalborg Portland Holding A/S		109,139	61,834
		117,797	48,289

CONSOLIDATED CASH FLOW STATEMENT

EUR '000

	Notes	2021	2020
Profit/loss for the period		150,932	124,897
Reversal of amortisation and depreciation		108,639	102,292
Reversal of revaluation/impairment losses		-23,057	-6,148
Share of net profits of equity-accounted investees		-818	-571
Net financial income/expense		11,551	12,945
Gains/losses on disposals		-2,046	1,302
Income taxes		57,552	37,212
Change in employee benefits		-76	213
Change in provisions (current and non-current)		4,024	279
Operating cash flows before changes in working capital		306,701	272,421
Increase/decrease in inventories		-39,935	15,272
Increase/decrease in trade receivables		-38,081	-11,521
Increase/decrease in trade payables		82,629	8,532
Change in non-current/current other assets/liabilities		-299	14,506
Change in current and deferred taxes		-7,573	1,243
Operating cash flows		303,442	300,453
Dividends received		145	0
Interests received		1,551	2,625
Interests paid		-3,974	-6,400
Other financial income collected/financial expenses paid		-3,931	-7,726
Income taxes paid		-47,587	-38,024
Cash flow from operating activities		249,646	250,928
Investments in intangible assets		-2,471	-5,815
Investments in property, plant and equipment and investment property		-79,036	-51,321
Acquisitions in businesses	10	-5,093	-23,514
Proceeds from sale of intangible assets		2	95
Proceeds from sale of property, plant and equipment		4,536	3,174
Change in non-current financial assets		0	100
Cash flow from investing activities		-82,062	-77,281
Change in non-current financial liabilities	21	-104,785	-94,184
Change in current financial liabilities	21	-2,516	-19,469
Change in current financial assets		12,815	-65,486
Dividend distributed		-28,683	-8,623
Transactions with non-controlling interests		2,396	2,396
Other variances of equity	13	-16,890	3,158
Cash flow from financing activities		-137,663	-182,208
Net change in cash and cash equivalent		29,921	-8,561
Cash and cash equivalent exchange rate effect		7,063	-11,888
Cash and cash equivalent opening balance		241,569	262,018
Cash and cash equivalent closing		278,553	241,569

BALANCE SHEET

EUR '000

	Notes	2021	2020
ASSETS			
Goodwill		100,284	112,949
Other intangible assets		190,237	191,355
Intangible assets in development		3,027	3,412
Intangible assets	9	293,548	307,716
Land and buildings		320,278	330,776
Plant and machinery		367,422	362,904
Property, plant and equipment in development		50,471	39,120
Right-of-use assets		73,385	82,191
Property, plant and equipment	11	811,556	814,991
Investment properties	12	45,349	50,261
Investments in joint ventures	13+14	4,988	4,308
Other non-current assets	13	4,022	5,375
Deferred tax assets	13+15	26,560	26,952
Other non-current assets		35,570	36,635
Total non-current assets		1,186,023	1,209,603
Inventories	16	180,290	150,260
Trade receivables	17	169,317	151,909
Amounts owed by Group enterprises		21	795
Amounts owed by related enterprises		57,465	58,291
Derivative financial instruments (positive fair value)		3,938	2,134
Income tax receivable		3,867	2,956
Joint taxation contribution receivable		0	86
Other receivables	17	11,285	17,980
Prepayments	17	4,212	5,653
Receivables		250,105	239,804
Cash and cash equivalents		278,553	241,569
Total current assets		708,948	631,633
TOTAL ASSETS		1,894,971	1,841,236

BALANCE SHEET

EUR '000

	Notes	2021	2020
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		40,333	40,333
Foreign currency translation reserve		-422,070	-389,088
Hedge reserve		3,895	2,097
Retained earnings		1,350,435	1,236,833
Aalborg Portland Holding A/S's share of shareholders' equity		972,593	890,175
Non-controlling interests' share of shareholders' equity		155,318	150,100
Total shareholders' equity		1,127,911	1,040,275
Liabilities			
Pensions and similar liabilities	18	30,278	33,174
Deferred tax liabilities	15	134,110	130,039
Provisions	19	27,609	25,321
Credit institutions, etc.	20+21+24	135,483	156,436
Derivative financial instruments (negative fair value)		8,621	1,262
Amounts owed to Group enterprises	20+21	0	94,752
Deferred income	22	1,829	2,742
Non-current liabilities		337,930	443,726
Credit institutions, etc.	20+21+24	42,508	37,186
Trade payables		279,812	224,081
Amounts owed to Group enterprises		36,002	17,638
Derivative financial instruments (negative fair value)		348	322
Income tax payable		12,069	13,107
Provisions	19	2,922	4,575
Joint taxation contribution payables		4,925	3,136
Other payables	23	49,575	56,227
Deferred income	22	969	963
Current liabilities		429,130	357,235
Total liabilities		767,060	800,961
TOTAL EQUITY AND LIABILITIES		1,894,971	1,841,236

STATEMENT OF SHAREHOLDERS' EQUITY

EUR '000	Share capital	Foreign currency translation reserve	Hedge reserve	Retained earnings	Aalborg Portland Holding A/S' total share	Non-controlling interests' total share	Total equity
Shareholders' equity at 1 January 2021	40,333	-389,088	2,097	1,236,833	890,175	150,100	1,040,275
Comprehensive income in 2021							
Profit for the year			0	138,258	138,258	12,674	150,932
Other comprehensive income							
Exchange rate adjustments in translation of foreign entities		-32,982			-32,982	-4,113	-37,095
Changes in fair value of financial instruments			1,746		1,746	52	1,798
Actuarial gains/losses on defined benefit pension schemes				2,757	2,757	72	2,829
Tax on other comprehensive income			52	-692	-640	-27	-667
Total comprehensive income	0	-32,982	1,798	140,323	109,139	8,658	117,797
Transactions with owners							
Dividend distributed				-25,997	-25,997	-2,686	-28,683
Transactions with non-controlling interests				-724	-724	-754	-1,478
Total comprehensive income	0	0	0	-26,721	-26,721	-3,440	-30,161
Shareholders' equity at 31 December 2021	40,333	-422,070	3,895	1,350,435	972,593	155,318	1,127,911

STATEMENT OF SHAREHOLDERS' EQUITY

EUR '000	Share capital	Foreign currency translation reserve	Hedge reserve	Retained earnings	Aalborg Portland Holding A/S' total share	Non-controlling interests' total share	Total equity
Shareholders' equity at 1 January 2020	40,333	-327,463	-2,068	1,138,950	849,752	171,124	1,020,876
Comprehensive income in 2020							
Profit for the year				118,707	118,707	6,190	124,897
Other comprehensive income							
Exchange rate adjustments in translation of foreign entities		-61,625			-61,625	-19,485	-81,110
Changes in fair value of financial instruments			5,010		5,010	-46	4,964
Actuarial gains/losses on defined benefit pension schemes				847	847	-272	575
Tax on other comprehensive income			845	-260	-1,105	68	-1,037
Total comprehensive income	0	-61,625	4,165	119,294	61,834	-13,545	48,289
Transactions with owners							
Dividend distributed					0	-8,637	-8,637
Transactions with non-controlling interests (capital increase)				1,238	1,238	1,158	2,396
Balance on intra-group acquisition of shares in Spartan Hive and Aalborg Portland Digital				-22,649	-22,649		-22,649
Total comprehensive income	0	0	0	-21,411	-21,411	-7,479	-28,890
Shareholders' equity at 31 December 2020	40,333	-389,088	2,097	1,236,833	890,175	150,100	1,040,275

The share capital in 2021 and 2020 consists of:

- 1 share at DKK 150m
- 1 share at DKK 60m
- 2 shares at DKK 30m each
- 1 share at DKK 15m
- 5 shares at DKK 3m each

Dividends distributed to shareholders in 2021 were EUR 26.0m (2020: EUR 0.0m).

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

NOTES

EUR '000

1. Revenue

Split by product	2021	2020
Sale of cement	778,442	707,764
Sale of ready-mixed concrete	439,259	382,908
Other sales*	142,481	134,557
	1,360,182	1,225,229

Split by geography

Europe	906,161	815,563
China/Malaysia	71,327	62,753
USA	160,665	155,818
Turkey/Egypt	165,865	130,676
Other	56,164	60,419
	1,360,182	1,225,229

All revenue derives from contracts.

* Other sales include concrete pipes, gravel, heat, waste processing, etc.

2. Cost of sales

Cost of sales amounts to EUR 814.7m (2020: EUR 733.9m). Hereof direct staff costs amount to EUR 102.8m (2020: EUR 99.2m) and use of raw materials amounts to EUR 247.5m (2020: EUR 217.4m).

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	138,687	140,300
Pension costs, defined benefit scheme	3,010	2,792
Pension costs, defined contribution scheme	10,397	9,531
Social security costs	16,141	15,539
	168,235	168,162

Number of employees at 31 December

Average number of full-time employees

Hereof 120 employees at 31 December 2021 and 121 average full-time employees are included in the pro rata consolidated company.

Remuneration of the Board of Directors, the Management and other senior executives

	2021	2020
Salaries and remunerations	6,504	6,148
Pension contributions	163	165
	6,667	6,313

Hereof Board of Directors and Management

Remuneration of the Board of Directors represents EUR 75k in 2021 (2020: EUR 75k).

EUR '000

5. Fees to the auditors appointed by the Annual General Meeting

Total fees to KPMG and PwC are specified as follows:	2021	2020
Statutory audit	1,052	1,150
Other assurance engagements	1	4
Tax and VAT advisory services	91	202
Other services	-53	37
	1,091	1,393
Hereof fees to PwC	783	0
Fees to other auditors	20	126

6. Other operating income and other operating costs

Other operating income	2021	2020
Rent income	1,073	1,102
Profit on sale of intangible assets	0	95
Profit on sale of property, plant and equipment	2,167	714
Value adjustment, investment property	23,420	6,713
Sale of scrap, spare parts and consumables	565	114
Other income	7,313	6,493
	34,538	15,231
Other operating costs		
Loss on sale of property, plant and equipment	120	2,014
Other costs	938	1,361
	1,058	3,375

Other income include sale of energy projects and other income.

7. Financial income and expenses

Financial income	2021	2020
Interest, cash funds etc.	1,572	2,845
Interest, Group enterprises	9,005	0
Financial income on derivatives	139	128
Exchange rate adjustments	8,642	9,772
	19,358	12,745
Interest on financial assets measured at amortised cost	10,577	2,845
Financial expenses		
Interest, credit institutions, etc.	3,355	3,974
Interest, Group enterprises	715	2,596
Losses on derivatives	2,683	2,715
Ineffective part of hedge	-290	447
Exchange rate adjustments	22,580	13,831
Other financial expenses	1,866	2,128
	30,909	25,691
Interest on financial obligations measured at amortised cost	4,070	6,570

EUR '000

8. Income tax

Income tax	2021	2020
Current tax on the profit for the year/joint taxation contribution	44,540	41,113
Deferred tax adjustment	1,368	-4,056
Other adjustments, including previous years	11,644	155
	57,552	37,212
Taxes paid	47,587	38,024

According to legislation, the Parent Company is the administrative company of the compulsory Danish joint taxation.

Reconciliation of tax rate	2021	2020
Tax according to Danish tax rate 22.0%	70,185	35,664
Difference in the tax rates applied by non-Danish subsidiaries relative to 22.0%	2,711	1,898
Non-taxable income and non-deductible expenses	-26,916	1,769
Non-taxable profit shares in joint ventures	-181	-124
Expired tax loss regarding this and previous years	-2,603	2,237
Effect of investment properties and acquisition of land	0	-806
Other, including adjustments previous years	14,409	-3,230
Change of tax rates	-53	-196
	57,552	37,212
Applicable tax rate for the year	28%	23%
Income tax recognised directly as other comprehensive income	667	1,037
Total income tax	58,219	38,249

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, the Aalborg Portland Holding Group has made the following payments to authorities in 2021:

	Quarry*	Taxes**	Royalty	Licenses	Total
Aalborg Portland A/S, Denmark	1,221	17,611			18,832
Unicon A/S, Denmark	68	2,757			2,825
Unicon AS, Norway		78			78
Kudsk & Dahl A/S, Denmark	307	302			609
AB Sydsten, Sweden	103	1,871			1,974
Cimentas AS, Turkey	499	832	453		1,784
Compagnie des Ciments Belges S.A., Belgium	177	15,974	1,130		17,281
Compagnie des Ciments France S.A., France		639			639
Aalborg Portland Malaysia Sdn. Bhd., Malaysia		426	217		643
Sinai White Cement Company Co. S.A.E., Egypt		2,803	180		2,983
Aalborg Portland (Anqing) Co. Ltd., China	500	4,972			5,472
	2,875	48,265	1,980	0	53,120

* Includes payments in relation to use of minerals in the production and other related fees.

** Taxes include direct and indirect taxes on the Company's income, manufacturing or profit apart from direct and indirect taxes on consumption.

All above payments are to central government in each country.

Taxes include payments during 2021, however, it included over/under payments from previous years.

The table above does not cover the full tax payment of the Aalborg Portland Holding Group, as this is purely provided in accordance with Section 99(c) of the Danish Financial Statements Act covering the cement production companies which are in scope in the specific reporting.

EUR '000

9. Intangible assets

	Goodwill	Other intangible assets	Intangible assets in development	Total
Cost at 1 January 2021	112,949	280,015	3,412	396,376
Exchange rate adjustments	-12,730	7,721	5	-5,004
Additions from acquisition of interests in Ege Kirmatas	65	5,639	0	5,704
Additions	0	693	2,688	3,381
Disposals	0	-2	0	-2
Other adjustments/reclassifications	0	4,505	-3,078	1,427
Cost at 31 December 2021	100,284	298,571	3,027	401,882
Amortisation and impairment at 1 January 2021	0	88,660	0	88,660
Exchange rate adjustments	0	1,460	0	1,460
Additions from acquisition of interests in Ege Kirmatas	0	4	0	4
Amortisation for the year	0	16,467	0	16,467
Other adjustments/reclassifications	0	1,743	0	1,743
Amortisation and impairment at 31 December 2021	0	108,334	0	108,334
Carrying amount at 31 December 2021	100,284	190,237	3,027	293,548
Cost at 1 January 2020	132,288	281,250	456	413,994
Exchange rate adjustments	-19,339	-11,591	1	-30,929
Additions from acquisition of interests	0	13,972	144	14,116
Additions	0	1,946	3,870	5,816
Disposals	0	-8,003	0	-8,003
Other adjustments/reclassifications	0	2,441	-1,059	1,382
Cost at 31 December 2020	112,949	280,015	3,412	396,376
Amortisation and impairment at 1 January 2020	0	73,081	0	73,081
Exchange rate adjustments	0	-2,798	0	-2,798
Additions from acquisition of shares in CCB	0	9,461	0	9,461
Reversed amortisation on disposals	0	-8,003	0	-8,003
Amortisation for the year	0	16,519	0	16,519
Other adjustments/reclassifications	0	400	0	400
Amortisation and impairment at 31 December 2020	0	88,660	0	88,660
Carrying amount at 31 December 2020	112,949	191,355	3,412	307,716
Amortisation during the year is included in the following items:			2021	2020
Cost of sales			250	584
Sales and distribution costs			1,884	1,475
Administrative expenses			14,333	14,460
			16,467	16,519

Intangible assets

Other intangible assets include software licenses, quarry rights, CO₂ quotas, development projects incl. process optimisation and licenses for removal of waste, trademarks and customer lists. All items under other intangible assets have definite useful lives.

Goodwill is not amortised.

Internally generated intangible assets, mainly regarding SAP implementation, amount to EUR 0.5m (2020: EUR 0.7m).

Intangible assets in development are mainly related to process optimisation projects. No impairment indications are identified.

EUR '000

9. Intangible assets (continued)

Goodwill

At 31 December 2021, Nordic & Baltic, Turkey, Egypt, USA and Malaysia/China account for EUR 39.8m (2020: EUR 38.6m), EUR 27.8m (2020: EUR 44.2m), EUR 2.1m (2020: EUR 2.0m), EUR 27.2 (2020: EUR 25.1m) and EUR 3.3m (2020: EUR 3.1m) respectively, of the consolidated goodwill.

The Aalborg Portland Holding Group performed impairment test on the carrying amount of goodwill at 31 December 2021 based on value in use as in previous years.

Impairment tests are performed in the 4th quarter each year, based on the budgets and business plans approved by the Board of Directors. The impairment test for cash-generating units compares the recoverable amount, equivalent to the present value of expected future free cash flow, with the carrying amount of the individual cash-generating units.

Expected future free cash flow is based on budgets and business plans for the period 2022-2024 and projections for subsequent years. Key parameters include production capacity (based on current capacity), trend in revenue, EBIT margin and growth expectations for the years after 2024. The productions capacity exceeds the growth expectations to production volumes.

Budgets and business plans for the period 2022-2024 are based on specific future business measures, assessing risks in the key parameters and incorporating these in expected future free cash flows. Projections after 2023 are based on general expectations. The value for the period after 2024 takes into account the general growth expectations for the cement and ready-mix industry.

Growth rates are not expected to exceed the average long-term growth rate for the Group's individual geographical segments.

The discount rates applied in calculating the recoverable amounts are after tax, and reflect the risk-free interest plus specific risks in the individual geographic segments. The discount rate of Egypt and Turkey is 15-18% due to the high risk-free interest caused by the political situation in the countries.

The key assumptions from the impairment tests of goodwill are as follows:

	Discount rates after tax	Terminal growth rates	Average increase of revenue 2022 to terminal period	Average EBITDA ratio 2022 to terminal period
2021				
Nordic & Baltic	4-6%	1%	3-6%	6-16%
China and Malaysia	7-8%	3%	4-8%	16-27%
USA	6%	1%	4%	15%
Egypt	12%	3%	9%	20%
Turkey and UK	5-17%	2-6%	4-25%	7-21%
2020				
Nordic & Baltic	4-5%	1%	2-6%	8-15%
China and Malaysia	7%	3%	4-6%	17-27%
USA	5%	1%	2%	16%
Egypt	14%	3%	8%	18%
Turkey and UK	5-18%	2-6%	3-21%	10-19%

The impairment tests are in addition to this based on the prospects for the future mentioned in the Management's review, which includes comments on the development in 2021.

EUR '000

9. Intangible assets (continued)

Discount rates before tax are slightly higher than discount rates after tax.

Based on the impairment tests performed at 31 December 2021, Management has concluded that there is no impairment of goodwill. The impairment tests in general show headroom and except for Turkey and USA no reasonably possible changes in key assumptions will lead to impairment.

For Turkey the sensitivity computed for revenue shows a minimum average increase of 13% until terminal period compared to expected average increase of 21%, and expected average EBITDA ratio can also be reduced with approx. 30%.

For USA the sensitivity computed for revenue shows a minimum average decrease of 4.4% until terminal period compared to expected average increase of 2.1%, and expected average EBITDA ratio can also be reduced with approx. 10%.

10. Acquisition of enterprises

Acquisition of Spartan Hive S.p.A.

On 1 February 2020, the parent company, Aalborg Portland Holding A/S, took over 100% of the shares of the trading company Spartan Hive S.p.A. The purchase price was agreed at EUR 30m in cash. According to the Group's accounting policies the transaction is booked according to the booked value. The amount of the purchase price which exceeds the net assets is recognised as a transaction with owners through equity.

Acquisition of Aalborg Portland Digital S.R.L.

On 1 June 2020, the parent company, Aalborg Portland Holding A/S, took over 100% of the shares of Aalborg Portland Digital S.R.L. The purchase price was agreed at EUR 3.5m in cash. According to the Group's accounting policies the transaction is booked according to the booked value. The amount of the purchase price which exceeds the net assets is recognised as a transaction with owners through equity.

Acquisition of Ege Kirmatas AS

On 23 November 2021 - through the subsidiary Cimentas AS - the Group finalised the acquisition of 100% of the share capital of Ege Kirmatas AS which operates in the aggregate sector.

The transaction is classified as a business combination and has been treated in accordance with IFRS 3. At the reporting date, the calculation of the fair value of the assets acquired and the liabilities assumed as well as the price adjustment procedure had been completed; the acquisition amount was EUR 3.9m (USD 4.8m), fully paid at the reporting date.

The following table shows the fair values of the net assets acquired at the acquisition date:

	Provisional amounts at 23.11.2021	Adjustments	Fair value at 23.11.2021
Intangible asset defined file	1	4,191	4,192
Property, plant and equipment	133	0	133
Non current other asset	3	0	3
Inventories	0	0	0
Trade receivables	341	0	341
Other current asset	4	0	4
Cash and cash equivalents	106	0	106
Trade payables	-4	0	-4
Current tax liabilities	-50	0	-50
Other current liabilities	-35	0	-35
Deferred tax liabilities	-6	-838	-844
Net assets acquired	493	3,353	3,846
Goodwill			48
Price paid for the acquisition			3,894

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	549,652	1,089,957	39,208	123,042	1,801,859
Exchange rate adjustments	-5,558	-27,972	104	85	-33,341
Additions from acquisition of interests in Ege Kirmatas	0	421	49	0	470
Additions	4,591	32,479	39,248	19,377	95,695
Disposals	-562	-8,138	-114	-7,269	-16,083
Other adjustments/reclassifications	2,755	26,049	-27,971	90	923
Cost at 31 December 2021	550,878	1,112,796	50,524	135,325	1,849,523
Depreciation and impairment at 1 January 2021	218,876	727,053	88	40,851	986,868
Exchange rate adjustments	-2,229	-26,197	-35	175	-28,286
Reversed depreciation on disposals	-376	-7,703	0	-5,915	-13,994
Depreciation for the year	13,586	51,866	0	26,719	92,171
Additions from acquisition of interests in Ege Kirmatas	0	291	0	0	291
Other adjustments/reclassifications	743	64	0	110	917
Depreciation and impairment at 31 December 2021	230,600	745,374	53	61,940	1,037,967
Carrying amount at 31 December 2021	320,278	367,422	50,471	73,385	811,556

	2021	2020
Depreciation, land and buildings	2,689	2,335
Depreciation, plant and machinery	24,002	22,803
Interest on lease liabilities	1,818	1,848
Short-term leases	3,202	3,246
Lease of low value assets	156	153
Total amounts recognised in the income statement regarding leases	31,867	30,385

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 in expense in the income statement as incurred.

EUR '000

11. Property, plant and equipment (continued)

The Group is not exposed to any significant future cash outflows that are not reflected in the measurement of lease liabilities. Residual value guarantees that are expected to be paid are included in the initial measurement of the lease liability. Reference is made to note 20.

	Land and buildings	Plant and machinery	Property, plant, and equipment in development	Right-of-use assets	Total
Cost at 1 January 2020	568,204	1,128,381	41,778	96,775	1,835,138
Exchange rate adjustments	-22,656	-62,849	-615	-2,717	-88,837
Change in accounting policy, leases	0	1,374	0	2,571	3,945
Additions	4,212	16,899	28,055	29,915	79,081
Disposals	-1,620	-22,570	-360	-3,483	-28,033
Reclassifications	1,512	28,722	-29,650	-19	565
Cost at 31 December 2020	549,652	1,089,957	39,208	123,042	1,801,859
Depreciation and impairment at 1 January 2020	217,080	744,178	119	17,925	979,302
Exchange rate adjustments	-10,687	-47,013	-31	-772	-58,503
Reversed depreciation on disposals	-1,197	-18,838	0	-2,456	-22,491
Depreciation for the year	12,495	48,140	0	25,137	85,772
Change in accounting policy, leases	0	1,272	0	84	1,356
Other adjustments/reclassifications	1,185	-686	0	933	1,432
Depreciation and impairment at 31 December 2020	218,876	727,053	88	40,851	986,868
Carrying amount at 31 December 2020	330,776	362,904	39,120	82,191	814,991
Hereof assets held under a finance lease	4,472	69,752	0	0	74,224
Depreciation during the year is included in the following items:				2021	2020
Cost of sales				65,246	62,166
Sales and distribution costs				22,451	22,001
Administrative expenses				4,474	1,605
				92,171	85,772

No changes are made in significant accounting estimates regarding property, plant and equipment.

At 31 December 2021 there is no indication of impairment on tangible assets. All activities regarding the CGU (Hereko) have been sold during the year for which impairment were recognised in previous years according to the sections below.

At 31 December 2020, the recoverable amount of the CGU (Hereko) was estimated on the basis of its value in use due to delays in capital expenditure which postponed full operation of the facilities and did not enable the achievement of the earnings targets.

Key assumptions were based on assessments by Management concerning future projections for the sector of reference and a historic analysis of internal and external factors of information. Future cash flows were considered until 2035, when the waste management agreement will expire.

Key assumptions used to estimate the recoverable amount of the CGU were:

- WACC of 15.0%
- Growth rate of 5.5%
- EBITDA margin between 13% and 15%, in line with company forecasts starting from 2020 and onwards.

EUR '000

12. Investment properties

	2021	2020
Fair value at 1 January	50,261	61,377
Exchange rate adjustments	-27,056	-17,047
Disposals	-1,276	-782
Unrealised fair value adjustment (other operating income)	23,420	6,713
Fair value at 31 December	45,349	50,261

Investment properties mainly comprise a number of commercial lands in Turkey that is not in the Group's use and owned for capital appreciation. No rental income is generated from lands.

The fair value of investment properties was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement for investment property has been categorised as a Level 2 fair value based on valuation techniques including unobservable inputs.

The fair value of investment property is market value approach in which representative samples are selected in the neighbourhoods of the specified property, which provide recent sales transactions.

Then the average price of the samples is compared with the relevant investment property. Finally, a measuring of the fair value of the investment property is performed, based on location and other factors.

13. Other non-current assets

	Investments in joint ventures	Other non-current assets	Deferred tax assets	Total
Cost at 1 January 2021	144	5,375	26,952	32,471
Exchange rate adjustments	0	-1,415	-2,688	-4,103
Additions	0	58	3,894	3,952
Additions from acquisition of interests in Ege Kirmatas	72	-3,467	0	-3,395
Disposals	0	3,471	0	3,471
Decrease	0	0	-1,671	-1,671
Fair value adjustment	0	0	10	10
Change offset in provision for deferred tax	0	0	63	63
Cost at 31 December 2021	216	4,022	26,560	30,798
Adjustments at 1 January 2021	4,164	0	0	4,164
Exchange rate adjustments	-54	0	0	-54
Profit shares	807	0	0	807
Dividends for the year	-145	0	0	-145
Adjustments at 31 December 2021	4,772	0	0	4,772
Carrying amount at 31 December 2021	4,988	4,022	26,560	35,570

Other non-current assets mainly relate to VAT receivable and deposits.

EUR '000

13. Other non-current assets (continued)

	Investments in joint ventures	Other non-current assets	Deferred tax assets	Total
Cost at 1 January 2020	143	7,286	29,175	36,604
Exchange rate adjustments	1	-1,514	-4,073	-5,586
Additions	0	14	3,843	3,857
Additions from acquisition of interests in LWCC	0	0	960	960
Disposals	0	-411	0	-411
Decrease	0	0	-2,744	-2,744
Decrease	0	0	-376	-376
Change offset in provision for deferred tax	0	0	167	167
Cost at 31 December 2020	144	5,375	26,952	32,471
Adjustments at 1 January 2020	3,736	0	0	3,736
Exchange rate adjustments	-143	0	0	-143
Profit shares	571	0	0	571
Adjustments at 31 December 2020	4,164	0	0	4,164
Carrying amount at 31 December 2020	4,308	5,375	26,952	36,635

Other non-current assets mainly relate to VAT receivable and deposits.

Investments in subsidiaries with significant non-controlling interests

	Aalborg Portland Malaysia Group		Sydsten Group	
	2021	2020	2021	2020
Revenue	45,103	39,958	74,723	68,939
Profit for the period				
- attributable to owners of the parent	852	1,961	3,311	2,657
- attributable to non-controlling interests	365	841	3,622	2,976
	1,217	2,802	6,933	5,633
Other comprehensive income (expense)	2,401	-3,653	-551	639
Total comprehensive income (expense)	3,618	-851	6,382	6,272
Assets				
Non-current assets	25,536	24,859	24,410	26,207
Current assets	45,608	40,340	32,065	31,345
	71,144	65,199	56,475	57,552
Liabilities				
Non-current liabilities	2,361	2,265	15,447	15,385
Current liabilities	10,892	8,806	14,972	15,791
	13,253	11,071	30,419	31,176
Net assets				
- attributable to owners of the parents	40,520	37,890	12,156	12,355
- attributable to non-controlling interests	17,371	16,238	13,900	14,021
	57,891	54,128	26,056	26,376
Cash flow from operation	4,242	7,265	9,664	11,406
Dividends paid to non-controlling interests	0	0	2,575	2,550

EUR '000

13. Other non-current assets (continued)

	Sinai White Portland Cement Co S.A.E.		Lehigh White Cement Company	
	2021	2020	2021	2020
Revenue	50,730	43,364	138,938	138,047
Profit for the period				
- attributable to owners of the parent	3,858	3,384	6,307	5,453
- attributable to non-controlling interests	1,567	1,375	3,665	3,168
	5,425	4,759	9,972	8,621
Other comprehensive income (expense)	7,219	-6,256	7,805	-7,944
Total comprehensive income (expense)	12,644	-1,497	17,777	677
Assets				
Non-current assets	36,772	35,317	172,064	166,417
Current assets	85,632	69,129	96,030	69,662
	122,404	104,446	268,094	236,079
Liabilities				
Non-current liabilities	7,870	7,460	21,582	22,878
Current liabilities	17,407	12,240	27,882	21,018
	25,277	19,700	49,464	43,896
Net assets				
- attributable to owners of the parents	69,068	60,263	138,283	121,555
- attributable to non-controlling interests	28,059	24,483	80,347	70,628
	97,127	84,746	218,630	192,183
Cash flow from operation	14,240	10,522	21,768	32,385
Dividends paid to non-controlling interests	0	0	0	6,057

14. Investments in joint ventures

	2021	2020
Summary of financial information from joint ventures:		
Revenue	43,547	43,993
Profit for the year	1,840	1,804
Total assets	21,566	21,478
Total liabilities	10,108	11,554
Share of profit for the year after tax	623	582

The joint ventures have no major contingent liabilities and the Group's maximum liabilities to the joint ventures do not exceed the equity value of the joint venture.

For a list of joint ventures, reference is made to page 93.

Significant joint ventures

The group no longer owns any significant joint ventures.

EUR '000

15. Deferred tax assets and deferred tax liabilities

	2021	2020
Change in deferred tax in the year		
Deferred tax at 1 January	103,088	108,785
Exchange rate adjustments	533	-1,780
Changes of tax rate, via income statement	-53	-195
Adjustments, previous years via income statement	1,225	-1,349
Additions from acquisition of interests	1,134	-890
Movements via income statement	186	-2,520
The year's movements in comprehensive income	668	1,036
Other adjustments	769	0
Deferred tax liabilities at 31 December, net	107,550	103,087
Deferred tax is presented in the balance sheet as follows:		
Deferred tax liabilities	134,110	130,039
Deferred tax assets	26,560	26,952
Deferred tax liabilities at 31 December, net	107,550	103,087

	Deferred tax assets		Deferred tax liabilities	
	2021	2020	2021	2020
Intangible assets	14,478	13,348	28,541	30,122
Property, plant and equipment	1,759	1,981	92,226	91,813
Investment properties	3	0	4,410	4,829
Other non-current assets	-2,536	-2,473	3,027	1,462
Current assets	378	263	6,290	6,169
Provisions	1,669	2,096	-2,274	-4,384
Non-current and current liabilities	1,693	1,629	-332	-140
Tax loss carry-forwards	9,116	10,108	2,222	168
Deferred tax at 31 December	26,560	26,952	134,110	130,039

Tax loss carry-forwards mainly relate to Cimentas Group, CCB Group and US Group. As a result of expected future earnings there is a reasonable probability that the losses will be realised in a foreseeable future.

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 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 the Danish entities a tax adjustment of EUR 10.2m has been included in the Financial Statement 2021.

EUR '000

16. Inventories

	2021	2020
Raw materials and consumables	97,354	82,649
Work in progress	41,995	33,170
Finished goods	40,287	33,831
Prepayments of goods	654	610
Inventories at 31 December	180,290	150,260

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 4.7m (2020: EUR 4.9m). Reversal of write-downs recognised in the income statement is EUR 0.0m (2020: EUR 0.0m).

17. Trade receivables, other receivables and prepayments

Development in provisions for impairment on trade receivables:	2021	2020
Provision for impairment losses at 1 January	2,249	3,002
Exchange rate adjustments	607	-545
Provision for impairment in the year	289	185
Additions from acquisition of interests in LWCC	4	0
Realised in the year	-1,401	-110
Reversed	-66	-283
Provision for impairment at 31 December	1,682	2,249

All trade receivables are due within one year.

The carrying amount essentially corresponds to fair value.

Collateral has been received regarding trade receivables, in total EUR 21.4m (2020: EUR 22.1m).

Other receivables include energy taxes and VAT, etc.

Prepayments comprise prepaid rent and insurance, etc.

Impairment and write-offs included in PL amount to EUR 1.1m.

EUR '000

18. Provisions for pensions and similar commitments

All pension schemes incumbent on the Danish Group enterprises are contribution plans. The pension liabilities of certain foreign subsidiaries are also funded through insurance plans. Foreign subsidiaries, primarily in Turkey, Sweden, Norway, Malaysia, Belgium and France, whose pension liabilities are not - or only partially - funded through insurance plans state the unfunded liabilities on an actuarial basis at the present value at the balance sheet date. These pension liabilities are partly covered by assets in pension funds. The Group's defined benefit plans were EUR 30.3m underfunded at 31 December 2021 (2020: EUR 33.2m) for which a provision has been made as pension liabilities.

The actuarial result for the year at EUR -0.1m (2020: EUR -0.1m) is recognised in the statement of comprehensive income.

	2021	2020
Present value of defined benefit schemes	61,288	63,735
Market value of the assets comprised by the schemes	31,275	30,839
Long-term incentive plan obligations	265	278
Net liability recognised in the balance sheet	30,278	33,174
Present value of defined benefit schemes at 1 January	63,735	63,909
Adjustment to prior years	978	
Exchange rate adjustment	-1,193	-977
Actuarial gains/losses recognised in other comprehensive income	-1,992	761
Additions from acquisition of shares in Spartan Hive and Aalborg Portland Digital	0	134
Costs	2,892	2,647
Net interest	447	567
Payments	-3,579	-3,306
Present value of defined benefit schemes at 31 December	61,288	63,735
Market value of the assets comprised by the schemes at 1 January	30,839	30,368
Exchange rate adjustment	197	-244
Payments	-633	-372
Net interest	184	208
Actuarial gains/losses recognised in other comprehensive income	688	879
Market value of the assets comprised by the schemes at 31 December	31,275	30,839
Stated as liabilities (provision for pension)	30,013	32,896
Amounts taken to the income statement		
Pension costs are included in:		
Cost of sales	6,168	5,797
Sales and distribution costs	2,495	2,423
Administrative expenses	4,744	4,102
	13,407	12,322

The actuarial change of the year is mainly due to changes in experience adjustments and other financial assumptions.

The main part of the provision for pension and similar commitments fall due after 5 years.

The assets of the pension scheme are attributable to Belgium and Norway. In Norway the assets are mainly invested in listed securities.

All assets comprised by the schemes are managed by pension providers in collective pool schemes.

In 2021, the Group expects payment of EUR 2.8m to the defined benefit schemes.

The most significant actuarial assumptions at the balance sheet date are as follows:

Discounting rate applied	0-4%	0-4%
Expected return on tied-up assets	1-2%	2%

Compared to the consolidated financial statements a probable change of the actuarial assumptions is not deemed to cause significant effect on the liabilities, and therefore a sensitivity analysis has not been prepared.

In the statement of consolidated shareholders' equity the following

accumulated actuarial gains/losses are recognised.	-12,096	-14,217
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EUR '000

19. Provisions	2021	2020
Provisions at 1 January	29,896	32,295
Exchange rate adjustment	-1,487	-1,696
Additions in the year	4,308	1,421
Actuarial gains/losses recognised in other comprehensive income	-149	-457
Used in the year	-1,555	-1,444
Reversal	-482	-223
Provisions at 31 December	30,531	29,896
Recognised in the balance sheet as follows:		
Stated as non-current liabilities	27,609	25,321
Stated as current liabilities	2,922	4,575
	30,531	29,896
Maturities for other provisions are expected to be:		
Falling due within one year	2,922	4,575
Falling due between one and five years	8,064	5,373
Falling due after more than five years	19,545	19,948
	30,531	29,896

Provisions mainly include re-establishment of chalk, gravel and clay pits at EUR 17.9m (2020: EUR 18.3m), demolition liabilities for buildings and terminal on rented land at EUR 4.0m (2020: EUR 4.0m), warranties and claims at EUR 0.6m (2020: EUR 0.7m) as well as other provisions at EUR 8.0m (2020: EUR 6.9m).

Additions in the year include liabilities regarding warranties and claims, re-establishment of chalk, gravel and clay pits, demolition liabilities, litigations and other provisions.

Use in the year mainly relates to re-establishment, warranties and claims and reorganisation liabilities.

Provisions for liabilities due after more than five years mainly 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.

EUR '000

20. Credit institutions and other borrowings

	Year of maturity	Fixed/variable	Carrying amount 2021	Carrying amount 2020
Mortgage loan	2033	Variable	98,192	110,650
Bank borrowings and credits	2022	Variable	0	0
Lease liability	2022 - 2098	Variable	74,708	82,949
Financial payable Group enterprises	2022	Fixed	29,977	103,052
			202,877	296,651

Fair value of mortgage loan amounts to EUR 98.5m (2020: EUR 111.7m). Other fair values do not significantly deviate from the carrying amount.

The Group's debt to credit institutions and lease obligations have been recognised and fall 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	49,882	24,826	74,708	9,518
Financial payable Group enterprises	0	29,977	29,977	0
	135,484	67,393	202,877	58,519

Specification of contractual cash flows incl. interest:

Mortgage loan	101,086	13,384	114,470	48,972
Lease liability	50,999	26,180	77,179	9,518
Financial payable Group enterprises	0	30,323	30,323	0
	152,085	69,887	221,972	58,490

31 December 2020:

Mortgage loan	98,035	12,615	110,650	48,087
Lease liability	58,401	24,548	82,949	9,684
Financial payable Group enterprises	26,000	77,052	103,052	0
	182,436	114,215	296,651	57,771

Specification of contractual cash flows incl. interest:

Mortgage loan	101,364	13,385	114,749	48,972
Lease liability	60,697	25,963	86,660	10,082
Financial payable Group enterprises	26,279	78,760	105,039	0
	188,340	118,108	306,448	59,054

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 27.

According to the leases there are no contingent rentals.

The carrying amount of leases is presented in note 11.

EUR '000

21. Change in liabilities from financing

	Non-current credit institutions	Current credit institutions	Lease liability	Derivative financial instruments	Total
Liabilities from financing at 1 January 2021	192,787	25,278	82,949	1,584	302,598
Proceeds from loans and borrowings	0	25,196	0	0	25,196
Repayment of borrowings	-107,274	0	0	2	-107,272
Reclassification	0	0	0	0	0
Payment of leases	0	0	-25,225	0	-25,225
Total changes from financing cash flows	-107,274	25,196	-25,225	2	-107,301
Exchange rate effect	89	-2,816	-143	1	-2,869
Fair value adjustments	0	0	0	7,383	7,383
Non-cash movements	0	0	17,126	0	17,126
Liabilities from financing at 31 December 2021	85,602	47,658	74,707	8,970	216,937
Liabilities from financing at 1 January 2020	287,483	22,622	79,151	11,620	400,876
Proceeds from loans and borrowings	0	8,654	0	0	8,654
Repayment of borrowings	-95,602	0	0	-184	-95,786
Payment of leases	0	0	-26,521	0	-26,521
Total changes from financing cash flows	-95,602	8,654	-26,521	-184	-113,653
Exchange rate effect	906	-7,098	-1,660	27	-7,825
Fair value adjustments	0	0	0	-9,879	-9,879
Non-cash movements	0	1,100	31,979	0	33,079
Liabilities from financing at 31 December 2020	192,787	25,278	82,949	1,584	302,598

Please see note 11 for further information regarding leases.

22. Deferred income

Deferred income relates to income from business agreement, etc., which is expected to be recognised as follows:

Expected recognition of deferred income:	2021	2020
Within one year	969	963
Between one and five years	1,829	2,742
	2,798	3,705

23. Other payables

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

24. 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 equipment	108,952	98,192	107,889	110,650
	108,952	98,192	107,889	110,650

EUR '000

25. Contingent liabilities, contractual obligations and contingent assets**Contingent liabilities**

The Group 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 Group in that respect, and the outcome of the disputes is not expected to have significant impact on the Group's financial position beyond what has been recognised in the balance sheet.

Contractual obligations

At 31 December 2021, the Group has contractual obligations, including acquisition of raw materials etc. of EUR 2.1m. In 2020 the Group had contractual obligations of EUR 4.7m.

Regarding contractual obligations related to acquisition of non-current assets reference is made to note 11.

Guarantees	2021	2020
Performance guarantees	2,087	2,031
Other guarantees, etc.	9,008	8,995
	11,095	11,026

Other guarantees relate to guarantees given to suppliers of goods and services, mainly in Turkey.

26. Related party transactions

Related parties with significant influence in the Aalborg Portland Holding Group:

- 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.

Related parties with significant influence in the Aalborg Portland Holding Group 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.

Furthermore, related parties include joint ventures, cf. page 93.

Transactions with Cementir Holding N.V.:	2021	2020
- Revenue	211	165
- Intra-group management and administration agreements and royalties	10,291	10,823
- Financial items, net	-292	-1,554
- Financial receivables	57,440	58,116
- Financial payables	29,977	65,092
- Trade payables	6,000	4,959
- Tax receivables	65	86
- Tax payables	4,925	3,136
- Other receivables	0	175

EUR '000

26. Related party transactions (continued)

Transactions with joint ventures:	2021	2020
Transactions with other related parties (companies in the parent Group):		
- Revenue	0	276
- Intra-group management and administration agreements and royalties	0	433
- Cost of sales	0	5,438
- Financial items, net	8,555	-1,006
- Financial payables	0	42,300

Remuneration of the Board of Directors and the Management is 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.

27. Financial risks and financial instruments

Risk management policy

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

Market risks

Risks that the fair value of or future cash flows from a financial instrument will fluctuate due to changes in market prices.

Liquidity risks

Risks that the Group will encounter difficulties in meeting obligations associated with financial liabilities.

Credit risks

Risks that a counterparty of a financial instrument is unable to fulfil its obligations and thereby inflict a loss to the Group.

The Group's Finance & Treasury is in charge of the overall risk management in accordance with the principles adopted by the Board of Directors.

The Group 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 Group's commercial operations, investments and financing.

Currency 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 Group business.

Interest rate risks

Refer to the influence of changes in market interest rates on future cash flow relating to the Group's interest-bearing assets and liabilities and the fair value of these.

Raw material price risks

Refer to the influence of changes in raw material prices, which are not related to currency risks or interest rate risks.

EUR '000

27. Financial risks and financial instruments (continued)**Currency risks**

Hedging is assessed and taken out in close co-operation with the parent company.

For the hedging of currency risks, the Group analyses realised and expected cash flows broken down by currencies. The Group 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

The ready-mixed concrete activities of the Group are less exposed to changes in exchange rates, as the main part of both income and costs are settled in local currency. The Overseas cement activities of the Group enjoy a high degree of exports, and the settlement thereof is made in various sales currencies, and therefore, these units are affected by changes in exchange rates. The Turkish cement operations are mainly based on transactions in local currency. Revenue from the Group's Nordic & Baltic activities and the purchases by this segment are denominated in several currencies. Accordingly, these activities are also exposed to changes in exchange rates.

The Group'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 Group's most predominant currency exposure regarding the operating results arises from sales and purchases in CNY, USD, SEK, PLN and NOK. A 10% drop in these exchange rates compared to EUR/DKK would, viewed separately, reduce EBITDA by EUR 11.8m (CNY amounts to EUR 2.4m, USD amounts to EUR 3.5m, SEK amounts to EUR 1.6m, PLN amounts to EUR 1.6m and NOK amounts to EUR 2.7m) (2020: EUR 10.7m (CNY amounted to EUR 1.7m, USD amounted to EUR 3.4m, SEK amounted to EUR 1.6m, PLN amounted to EUR 1.4m and NOK amounts to EUR 2.6m)).

The sensitivity surrounding Group equity is not materially different from the impact on the operating results for the year. The Group entered into a swap agreement (hedge accounting) with a termination date in 2024, where both currency risk and interest risk have been hedged. Related to the interest risk the Group has agreed to pay a fixed rate of 0.43% + a spread of 3.63% and the Group will receive EURIBOR + a spread of 2.88% each 30 April and 31 October until maturity. The effective part of the hedge is equal to all future cash flow payments and nominal installments.

The fair value liability is included in a separate line item in the balance sheet "Derivative financial instruments".

The ineffective part is recognised as financial income.

2021	Notional amount	Maturity			Strike	Fair value liability	Change in fair value recognised in hedge reserve	Ineffective part recognised in income statement
		< 1 year	1-5 years	> 5 years				

EURm

					1.00 EUR/			
Swap USD/EUR	88.4	11.1	77.3	0.0	1.235 USD	-7.1	2.0	0.3

2020	Notional amount	Maturity			Strike	Fair value liability	Change in fair value recognised in hedge reserve	Ineffective part recognised in income statement
		< 1 year	1-5 years	> 5 years				

EURm

					1.00 EUR/			
Swap USD/EUR	99.8	11.4	88.4	0.0	1.235 USD	-1.3	1.5	-0.4

Risks relating to net financing

The Group's most important currency risks arising from receivables and payables in foreign currencies at 31 December 2021 relate to the following currencies: EUR, USD, GBP, TRY, NOK and SEK. If these currencies (apart from EUR) had been 10% down at 31 December, Group equity would be affected by a positive exchange rate adjustment of EUR 2.7m (2020: EUR 0.2m). An increase of currencies would have had a similar negative effect on equity.

EUR '000

27. Financial risks and financial instruments (continued)

Translation risks relating to net investments in subsidiaries

The Group income statement and equity are affected by changes in the exchange rates as the closing results of the foreign Group enterprises are translated into Danish kroner at the consolidation.

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, Group equity at 31 December 2021 would have been reduced by EUR 54.9m (2020: EUR 56.5m), if the NOK, SEK, USD, CNY, MYR, EGP, PLN, ISK and TRY exchange rates had been 10% down on the actual exchange rates. Other currency risks arising from investments in foreign entities are immaterial.

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

Apart from the above the Group 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 Group assesses in each case whether these comply with the conditions for hedge accounting.

No Group forward contracts at 31 December 2021 or at 31 December 2020.

Interest rate risk

Owing to the Group's investment and financing activities the Group has exposure to interest rate changes in both Denmark and abroad. The primary interest-rate exposure is related to fluctuations in CIBOR, LIBOR and EURIBOR. The Group has floating and fixed loans. The Group's loans at 31 December 2021 came in at EUR 128.2m, 77% thereof financed by floating rate loans. At 31 December 2020 loans were EUR 213.7m (accounting for 52% floating rate loans and 48% fixed rate loans).

With regard to the Group'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.

The Group's cash is placed on demand or time deposits with a maturity of up to 3 months.

The sensitivities stated are based on average financial assets and liabilities for the year.

Raw material price risks

The Group uses a number of raw materials in the manufacture of the Group's products, which expose the Group to a price risk, i.a. especially different fuels and electricity. The Group enters into fixed price contracts for some raw materials.

Open swap contracts at 31 December:

2021

EURm	Total
Market value - swap contracts	2.0

2020

EURm	Total
Market value - swap contracts	2.1

EUR '000

27. Financial risks and financial instruments (continued)**Liquidity risks**

According to the Group borrowing policy, the Group will ensure the highest possible flexibility by maintaining a capital structure with a strong equity financing. At Group level, there are ongoing assessments and management of liquidity risk by maintaining adequate cash reserves/loan facilities based on follow-up on and forecast of cash flow compared with the maturity/repayment profiles related to the Group's financial instruments.

The Aalborg Portland Holding Group is included in the Cementir Group's overall management of financial risks. The Group's liquidity reserve consists of non-tied-up cash and undrawn credit facilities signed by Cementir Holding. In addition to this, the Aalborg Portland Holding Group has a separate uncommitted credit facility. The Management is of the opinion that the Group has sufficient liquidity at its disposal to carry through planned investments and operating activities and to take the proper action in case of unforeseen liquidity shortfalls.

Neither in 2021 nor in 2020 the Group has defaulted or breached any loan agreements (covenants).

Regarding maturities of the Group debt, reference is made to note 20.

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

Credit risks

The Group's credit risks arise primarily from receivables related to customers, other receivables and cash.

As a consequence of the Group's 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 to the Group in the present market. Management of the credit risks 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 Group's 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.

Due to the market situation, the Nordic companies of the Group have in recent years increased the resources used on follow-up on customers, which contributes to early warnings of possible risks. As part of the Group's risk management, the credit exposure of customers and counterparties is monitored daily, weekly or monthly based on individual assessments. Historically the Group 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 cooperator poses any material risk to the Group.

The credit rating of trade receivables is analysed on the basis of the business areas off the Group:

EURm	2021	2020
Aalborg Portland	22.3	15.1
Unicon	32.3	31.5
Overseas	29.5	26.5
Turkey	31.1	34.9
England	1.3	1.3
Belgium	45.8	41.6
Italy	7.0	1.0
	169.3	151.9

EUR '000

27. Financial risks and financial instruments (continued)

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

Regarding the Unicon activities the Group's customers primarily consist of contractors, builders and others, customers posing a higher credit risk.

Overseas activities are attributable to minor local customers and medium-sized to major customers on a global scale. Credits are granted in accordance with usual, local trading terms. Credit rating is applied to some types of customers, but experience shows that customers in Overseas pose a low credit risk.

In Turkey, there are both dealers and end-users (contractors and other customers) within both the ready-mixed concrete, cement and waste business. All customers are generally required to provide security for deliveries unless the management has assessed that there are no significant risks associated with selling to that customer. The waste business sales are only to large customers. Received collaterals amount to EUR 21.4m at 31 December 2021 (2020: EUR 22.1m).

Trade receivables at 31 December 2021 include receivables of EUR 1.8m (2020: EUR 2.3m), which, based on an individual assessment, have been written down to EUR 0.0m (2020: EUR 0.0m). The write-downs were generally motivated by the customers' bankruptcy or anticipated bankruptcy. When calculating individual write-downs the collaterals received have been taken into account.

Provision for impairment on trade receivables and loss percentages are specified as follows:

EUR'000	Loss percentage	Trade receivable	Provision for impairment	Total
Neither past due	0.0%	154,320	0	154,320
Due 1-30 days	0.1%	10,382	7	10,375
Due 31-60 days	0.1%	3,227	3	3,224
Due 61-90 days	1.8%	632	11	621
Due above 90 days	70.1%	2,603	1,825	778
	1.5%	171,164	1,847	169,317

Provision for impairment and loss percentages are specified as follows:

	Europe		China/Malaysia		USA		Turkey/Egypt		Other		Total EUR '000
	EUR '000	%	EUR '000	%	EUR '000	%	EUR '000	%	EUR '000	%	
Neither past due	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0
Due 1-30 days	0	0.0%	0	0.0%	0	0.0%	7	0.4%	0	0.0%	7
Due 31-60 days	3	0.5%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	3
Due 61-90 days	11	6.6%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	11
Due above 90 days	508	65.6%	0	0.0%	50	17.3%	1,267	64.0%	0	0.0%	1,825
	522	0.7%	0	0.0%	50	0.3%	1,274	3.9%	0	0.0%	1,846

EUR '000

27. Financial risks and financial instruments (continued)

EUR'000	Loss percentage in PL	Trade receivables	Expected loss based on historical loss percentages
Europe	0.1%	99,797	100
China/Malaysia	0.0%	6,332	0
USA	0.1%	20,643	21
Turkey/Egypt	0.3%	44,392	133
Other	0.0%	0	0
		171,164	254

Provision for impairment is higher than expected loss as there has been made a separate assessment of the trade receivables due above 90 days.

The receivables written down are included at their net amounts in the above-mentioned tables.

Management of capital structure

Group capital management is assessed and adjusted in close cooperation with the parent company. The Aalborg Portland Holding Group is included in the Cementir Group's overall capital management.

It is the Group's policy that the capital structure and financial gearing of the Group 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 Group financial gearing between net interest-bearing debt and EBITDA is -0.4 at 31 December 2021 (31 December 2020: 0.0).

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	Carrying value 2021	Fair value 2021	Carrying value 2020	Fair value 2020
EUR'000				
Financial assets measured at fair value through the income statement	0	0	0	0
Derivatives used as hedging instruments, level 2	3,938	3,938	2,134	2,134
Loans and receivables	520,853	520,853	476,199	476,199
Financial obligations measured at fair value through the income statement	0	0	0	0
Derivatives used as hedging instruments, level 2	8,970	8,970	1,584	1,584
Financial obligations measured at amortised cost	539,355	539,355	582,500	583,116

27. Financial risks and financial instruments (continued)

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.

The methods used are unchanged compared to 2020.

28. Post-balance sheet events

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

29. Estimation on uncertainties and judgements

Estimation on uncertainties

The accounting policies 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 Group 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 2020 and 2021 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.

The following items of the Aalborg Portland Holding Group are subject to major accounting estimates and judgements:

Goodwill

The annual impairment test of goodwill involves an estimate over how the part of the Group to which the goodwill is allocated (cash-generating units) may generate sufficient, positive, future net cash flows in order to support the value of goodwill and other net assets in the cash-generating unit. The Group's thorough budgeting and estimating support the assessments and minimise the risk. The degree of uncertainty is reflected in the chosen discount rate and is mainly related to Turkey. The impairment test has been further described in note 9.

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 30, and non-current assets are stated in notes 9 and 11.

29. Estimation on uncertainties and judgements (continued)

Investment properties

The fair value measurement of investment property is based on estimates. Reference is made to note 12 for a further description hereof.

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.

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Based on the absolute size of ownership and the distribution of shareholdings, including votes and relationships, the Group management considers the Group's ownership and rights to be sufficient to exercise control on the basis that the Group holds 50% of the shares and have casting vote.

Provisions and contingent liabilities

Assessment of provisions and contingent liabilities are largely based on estimates and judgements. Description of provisions and contingent liabilities is given in notes 19 and 25.

30. Accounting policies

The Annual Report 2021 of the Aalborg Portland Holding Group is prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements, according to large class C. The Aalborg Portland Holding Group'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 Holding Group. The annual report is submitted to the shareholders of Aalborg Portland Holding A/S for approval at the Annual General Meeting on 7 April 2022.

Consolidated financial statements

The consolidated financial statements comprise the parent company, Aalborg Portland Holding A/S, and subsidiaries, in which Aalborg Portland Holding A/S exercises a controlling influence.

The Group exercises a controlling influence in an enterprise, if the Group is exposed to or has the right to variable returns from its involvement with the enterprise, and has the ability to affect those returns through its power over the enterprise. Enterprises, in which the Group directly or indirectly holds more than 20% and less than 50% of the voting rights and another entity has controlling influence, are considered as associates. However, this is based on an assessment of the ability of exercising influence.

When assessing whether the Group exercises a controlling or significant influence, it is to be considered whether potential voting rights exercisable at the balance sheet date are real and have substance as well as de facto control. If the enterprises meet the criteria for joint control, they are considered as investments in joint arrangements. Joint arrangements are activities or enterprises, in which the Group exercises joint control through cooperation agreements with one or more parties. Joint control implies that decisions about the relevant activities require unanimous consent of the parties with joint control.

Joint arrangements are classified as joint ventures or joint operations. Joint operations are activities where participants are entitled to a proportionate share of the individual assets and liabilities in the arrangement, while joint ventures are activities where participants alone have the right to a proportionate share of net assets in the arrangement.

In joint operations, assets, liabilities, income and expenses as well as cash flows are included pro rata line by line in the consolidated financial statements in accordance with the rights and obligations.

30. Accounting policies (continued)

Business combinations

Enterprises acquired are recognised in the consolidated financial statements from the date of acquisition which is the date at which Aalborg Portland Holding actually gains control of the enterprise acquired. The comparative figures are not restated for acquisitions.

For business combinations any remaining positive balance (goodwill) is recognised as goodwill under intangible assets between on the one side the consideration, the value of the non-controlling interests of the enterprise acquired and the fair value of possible previously acquired equity investments and on the other side the fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is not amortised but impairment tested annually as a minimum. The first impairment test is performed before the end of the acquisition year. Upon acquisition, goodwill is allocated to the cash-generating units which subsequently form the basis for the impairment test. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a different functional currency from the presentation currency of the Aalborg Portland Holding Group's financial statements are treated as assets and liabilities belonging to the foreign entity and translated into the foreign entity's functional currency at the exchange rate ruling at the transaction date.

If any bargain purchase gain is recognised, the assets and liabilities undertake a review to ensure they are complete and the measurement appropriately reflects consideration of all available information. Bargain purchase gain is recognised as other operating income in income statement.

The consideration transferred by a business consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. Costs attributable to business combinations are recognised directly in profit or loss as administrative expenses when incurred.

The book value method is applied to transfers between Group companies (common controlled transactions), according to which assets and liabilities are transferred at their carrying amount at the date where control is obtained. The difference between the carrying value of net assets acquired and consideration is recognised directly in equity.

When enterprises are sold, the difference between the selling price and the net assets plus cumulative translation differences and unamortised goodwill is recognised in the income statement as a separate item in finance income and finance costs.

Non-controlling interests

On initial recognition, non-controlling interests are measured at fair value or at the proportionate share of the fair value of the acquired business's identifiable assets, liabilities and contingent liabilities. In the first scenario, goodwill in relation to the non-controlling interests' ownership share in the acquired enterprise is thus recognised, while, in the latter scenario, goodwill in relation to non-controlling interests is not recognised. Measurement of non-controlling interests is chosen transaction by transaction and stated in the notes in connection with the description of acquired enterprises.

The effect of transactions with non-controlling interests is taken directly to shareholders' equity. Therefore, no gains or losses are stated in the income statement, and there is no change of the carrying amount of net assets (including goodwill).

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

30. Accounting policies (continued)

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).

Derivative financial instruments

Derivatives are initially recognised in the balance sheet at fair value and subsequently measured at fair value. Fair value of derivatives is included in other receivables or other liabilities, respectively. Fair value changes of derivatives used for cash flow hedging are recognised in other comprehensive income. Any ineffective portions of the cash flow hedges are recognised as a financial item. Upon settlement of the cash flow hedges, the fair value is transferred from other comprehensive income into the line item of the hedged item.

Any changes in the fair value of derivatives not used for hedge accounting are recognised in the income statement as financial items.

Certain contracts contain conditions that correspond to derivatives. In case the embedded derivatives deviate significantly from the overall contract, they are recognised and measured as separate instruments at fair value. That is unless the contract concerned as a whole is recognised and measured at fair value.

Income statement

Revenue

Revenue is recognised in the income statement according to IFRS 15 when delivered and the control has been transferred to the buyer prior to the year end, the income can be measured reliably and payment has been received or 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.

30. Accounting policies (continued)

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, CO₂ 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, fair value adjustments of investment property, bargain purchase gain, 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.

Profit/loss from investments in joint ventures

The proportionate share of the profit/loss after tax in joint ventures is recognised in the consolidated income statement after elimination of the proportionate share of intra-group profits/losses.

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.

30. Accounting policies (continued)

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 in the main Group entities. 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 Holding 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 Holding A/S is the administrative company for the joint taxation and consequently settles all income tax payments with the tax authorities.

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 lists up to 25 years.
- Patents, licences and other intangible assets, up to 20 years.
- Leasehold improvements, up to 5 years.

30. Accounting policies (continued)

CO₂ quotas

On initial recognition, granted and acquired CO₂ quotas are measured at cost.

The basis for amortisation of CO₂ 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 CO₂ quotas, a liability corresponding to the fair value of the CO₂ quotas, which the company has to settle, is recognised.

On disposal of CO₂ quotas the difference between carrying amount and the selling price of excess CO₂ 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 Holding Group mainly leases land, building, railcars, silos, trucks, 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.

30. Accounting policies (continued)

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 Holding Group leases silos, trucks, vehicles and ships 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 Group 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.

Investment properties

Properties are classified as investment properties when they are held for the purpose of obtaining rental income and/or capital gains. On initial recognition, investment properties are measured at cost, comprising purchase price and costs directly attributable to the acquisition. Subsequently, investment properties are measured at fair value. Changes in the fair value are recognised in profit or loss as value adjustment of investment properties under other operating income/costs in the financial year in which the change arises. Realised gains and losses on the disposal of investment properties are determined as the difference between the carrying amount and the sales price and are also recognised under other operating income/costs.

If investment properties are reclassified to own property, fair value at this date is considered new cost price.

Investments in joint ventures

Investments in jointly managed enterprises (joint ventures) are measured according to the equity method,

30. Accounting policies (continued)

and the investments are recognised in the balance sheet as the proportionate share of the equity value of the entities stated in accordance with the Group's accounting policies, adding or deducting the proportionate share of unrealised intra-group profits and losses, and adding carrying amount of goodwill.

Joint ventures with negative equity value are measured at zero. If the Group has a legal or constructive obligation to cover a deficit in the joint ventures, the remaining amount is recognised under liabilities.

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 or group of cash-generating units to which goodwill is allocated. The assets of the cash-generating units are written down to the recoverable amount in profit or loss if the carrying amount is higher. The recoverable amount of a cash-generating unit is generally determined as the present value of the expected future net cash flows from the entity or activity (cash-generating unit) 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 cash-generating unit to which the asset belongs.

An impairment loss is recognised if the carrying amount of an asset or a cash-generating unit, respectively, exceeds the recoverable amount of the asset or the cash-generating unit.

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-downs are made to counter losses on the basis of expected losses using the simplified expected credit loss model.

Receivables are monitored on an ongoing basis in accordance with the company's risk policy. Impairment losses are calculated on the basis of the expected loss ratio broken down by geographic markets. Loss rates

30. Accounting policies (continued)

are determined on the basis of historical data for losses adjusted for estimates of the effect of expected changes in relevant parameters, such as general economic development, interest rate level, unemployment, etc. in the relevant markets. The total loss is recognised in the income statement on the basis of the expected losses during the entire period of the receivable.

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 Aalborg Portland Holding Group (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.

Pensions, defined contribution schemes

In contribution pension schemes the employer is obliged to pay a specific contribution (e.g. a fixed sum or a fixed percentage of the pay). In a contribution scheme the risk in respect of future developments in interest rate, inflation, mortality and invalidity is not borne by the Group.

Payments by the Group into defined contribution schemes are stated in the income statement for the period to which they apply and any outstanding payments are stated in the balance sheet as Other payables.

Pensions, defined benefit schemes

In benefit pension schemes the employer is obliged to pay a specific benefit (e.g. a retirement pension as a fixed sum or a fixed percentage of final pay). In a benefit scheme the Group bears the risk with regard to future development in interest rate, inflation, mortality and invalidity.

An annual actuarial valuation is carried out to determine the present value of the future benefits which the employees have obtained under defined benefit schemes. The present value is calculated on the basis of assumptions for future developments in wage/salary level, interest rates, inflation, pension age and mortality. The present value is calculated only for benefits to which the employees have already earned the right during their employment with the Group. The actuarial present value less the fair value of any plan assets is recognised in the balance sheet under retirement benefit obligations.

The pension costs of the year are recognised in income statement based on actuarial estimates at the beginning of the year. Differences between the calculated growth in pension assets and liabilities and the realised values stated at the end of the year are classified as actuarial gains or losses and are recognised in other comprehensive income.

If a pension plan constitutes a net asset, the asset is only recognised if it represents future refunds from the plan or will lead to reduced future payments to the plan.

Long-term employee benefits are recognised based on an actuarial calculation. All actuarial gains and losses are recognised in the income statement immediately. Other long-term employee benefits include i.a. anniversary bonuses.

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

30. Accounting policies (continued)

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.

Deferred income

Deferred income is measured at 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.

Segment reporting

The Aalborg Portland Holding Group is not a listed company and therefore no segment reporting is made according to IFRS 8.

Forthcoming requirements

IASB has issued several new or amended accounting standards, which are not effective for the financial year 2021. Generally, we expect to implement all new or amended accounting standards and interpretations when they become mandatory and have been endorsed by the EU.





Aalborg Portland - Chalk quarry

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INCOME STATEMENT

EUR '000

	Notes	2021	2020
Revenue	1	128,174	33,116
Cost of Sales	2+3+4	47	0
Gross profit		128,127	33,116
Sales and distribution costs	2	7,844	7,045
Administrative expenses	2+3	15,315	12,707
Other operating income		2	28
Earnings before interest and tax (EBIT)		104,970	13,392
Financial income	4	6,995	7,987
Financial expenses	4	69,106	6,653
Earnings before tax (EBT)		42,859	14,726
Tax on profit/loss for the year	5	6,731	484
Profit/loss for the year		36,128	14,242
To be distributed as follows:			
Retained earnings		36,128	14,242

STATEMENT OF COMPREHENSIVE INCOME

EUR '000

	2021	2020
Profit/loss for the year	36,128	14,242
Total comprehensive income	36,128	14,242

CASH FLOW STATEMENT

EUR '000

	2021	2020
Profit/loss for the period	36,128	14,242
Reversal of amortisation and depreciation	146	75
Reversal of revaluation/impairment losses	65,594	0
Net financial income/expense	-109,225	-14,749
Income taxes	6,731	484
Operating cash flows before changes in working capital	-626	52
Increase/decrease in trade receivables	-696	301
Increase/decrease in trade payables	1,449	-1,961
Change in non-current/current other assets/liabilities	5,970	-1,608
Change in current and deferred taxes	-5,945	291
Operating cash flows	152	-2,925
Dividends received	105,741	13,415
Interests received	5,869	6,867
Interests paid	-516	-1,874
Other income collected/expenses paid	-2,092	-3,835
Income taxes paid	-4,336	-2,436
Cash flow from operating activities	104,818	9,212
Investments in property, plant and equipment and investment property	0	-80
Investments in equity investments and other non-current securities	0	-33,580
Other variances investment assets	-18	0
Cash flow from investing activities	-18	-33,660
Change in non-current financial liabilities	-59,188	-44,288
Change in current financial assets/liabilities	-24,817	70,408
Dividend distributed	-25,937	0
Other variances of equity	-163	-709
Cash flow from financing activities	-110,105	25,411
Net change in cash and cash equivalent	-5,305	963
Cash and cash equivalent exchange rate effect	29	200
Cash and cash equivalent opening balance	49,430	48,267
Cash and cash equivalent closing	44,154	49,430

BALANCE SHEET

EUR '000

	Notes	2021	2020
ASSETS			
Other intangible assets		88	95
Intangible assets	6	88	95
Land and buildings		63	79
Right-of-use assets		394	460
Property, plant and equipment	7	457	539
Other non-current assets	8	640,855	705,722
Deferred tax assets	8+9	698	599
Other non-current assets		641,553	706,321
Total non-current assets		642,098	706,955
Trade receivables	17	0	1
Amounts owed by Group enterprises		116,010	134,757
Amounts owed by related parties		15,999	0
Derivative financial instruments (positive fair value)		1,545	0
Joint taxation contribution receivable		24,108	20,873
Other receivables	10	0	5,722
Prepayments	10	64	77
Receivables		157,726	161,430
Cash and cash equivalents		44,154	49,430
Total current assets		201,880	210,860
TOTAL ASSETS		843,978	917,815

BALANCE SHEET

EUR '000

	Notes	2021	2020
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		40,333	40,333
Hedge reserve		1,391	-592
Retained earnings		542,715	531,930
Total shareholders' equity		584,439	571,671
Liabilities			
Credit institutions, etc.	11	266	350
Derivative financial instruments (negative fair value)		8,621	1,262
Amounts owed to Group enterprises		0	60,752
Deferred income		160	288
Non-current liabilities		9,047	62,652
Credit institutions, etc.	11	130	133
Trade payables		123	178
Amounts owed to Group enterprises		243,164	276,103
Income tax payable		6,027	6,151
Other payables	12	920	799
Deferred income		128	128
Current liabilities		250,492	283,492
Total liabilities		259,539	346,144
TOTAL EQUITY AND LIABILITIES		843,978	917,815

STATEMENT OF SHAREHOLDERS' EQUITY

EUR '000

	Share capital	Hedge reserve	Retained earnings	Total equity
Shareholders' equity at 1 January 2021	40,333	-592	531,930	571,671
Effect of translation to presentation currency			594	594
Changes in fair value of financial instruments		1,983	0	1,983
Profit for the year (total comprehensive income)			-25,937	-25,937
Shareholders' equity at 31 December 2021	40,333	1,391	542,715	584,439
Shareholders' equity at 1 January 2020	40,333	-2,059	515,769	554,043
Effect of translation to presentation currency		-6	1,919	1,913
Changes in fair value of financial instruments		1,473	0	1,473
Profit for the year (total comprehensive income)			14,242	14,242
Shareholders' equity at 31 December 2020	40,333	-592	531,930	571,671

The share capital in 2021 and 2020 consists of:

- 1 share at DKK 150m
- 1 share at DKK 60m
- 2 shares at DKK 30m each
- 1 share at DKK 15m
- 5 shares at DKK 3m each

Dividends distributed to shareholders in 2021 were EUR 26.0m (2020: EUR 0.0m).

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

NOTES

EUR '000

1. Revenue	2021	2020
Dividend received	105,741	13,415
Consultancy services provided to subsidiaries and royalties on the subsidiaries' use of the trademarks	22,433	19,701
	128,174	33,116

2. Staff costs	2021	2020
Wages and salaries and other remuneration	2,054	1,479
Pension costs, defined contribution schemes	166	96
Social security costs	4	2
	2,224	1,577

Number of employees at 31 December	27	10
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Average number of full-time employees	10	10
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Remuneration of the Board of Directors, the Management and other senior executive

Salaries and remunerations	376	373
Pension contributions	23	23
	399	396
Hereof Board of Directors and Management	399	396

Remuneration of the Board of Directors represents EUR 75k in 2021 (2020: EUR 87k).

Pension schemes

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

3. Fees to the auditors appointed by the Annual General Meeting

Total fees to KPMG and PwC are specified as follows:	2021	2020
Statutory audit	2	58
Tax and VAT advisory services	0	23
Other services	-35	19
	-33	100
Hereof fees to PwC	22	0
Fees to other auditors	23	0

EUR '000

4. Financial income and expenses

	2021	2020
Financial income		
Interest, cash funds etc.	2	12
Interest, Group enterprises	5,867	6,856
Financial income on derivatives	128	128
Exchange rate adjustments	998	991
	6,995	7,987
Interest on financial assets measured at amortised cost	5,869	6,868
Financial expenses		
Interest, credit institutions etc.	144	294
Interest, Group enterprises	375	1,580
Losses on derivatives	2,606	2,240
Ineffective part of hedge	-290	447
Exchange rate adjustments	178	1,355
Other financial expenses	66,093	737
	69,106	6,653
Interest on financial obligations measured at amortised cost	519	1,874

Other financial expenses of EUR 66.1m (2020: EUR 0.1m) include the impairment of the investment in Cimentas Group deriving from the difference between the expected future cash flow and the carrying amount of the investment, reference is made to note 7.

5. Income tax

	2021	2020
Income tax		
Current tax on the profit for the year/joint taxation contribution	2,356	716
Deferred tax adjustment	-99	-146
Other adjustments, including previous years	4,474	-86
	6,731	484
Taxes paid	-4,336	-2,436

According to legislation, the Parent Company is the administrative company of the compulsory Danish joint taxation.

	2021	2020
Reconciliation of tax rate		
Tax according to Danish tax rate 22.0%	23,860	3,240
Dividends received from subsidiaries and profits from sales	-23,263	-2,954
Other, including adjustments previous years	6,134	198
	6,731	484
Applicable tax rate for the year	16%	3%
Total income tax	6,731	484

EUR '000

6. Intangible assets

	Other intangible assets	Total
Cost at 1 January 2021	244	244
Exchange rate adjustments	1	1
Cost at 31 December 2021	245	245
Amortisation and impairment at 1 January 2021	149	149
Amortisation for the year	8	8
Amortisation and impairment at 31 December 2021	157	157
Carrying amount at 31 December 2021	88	88
Cost at 1 January 2020	243	243
Additions	1	1
Cost at 31 December 2020	244	244
Amortisation and impairment at 1 January 2020	140	140
Exchange rate adjustments	1	1
Amortisation for the year	8	8
Amortisation and impairment at 31 December 2020	149	149
Carrying amount at 31 December 2020	95	95

Amortisation during the year is included in the following items:	2021	2020
Administrative expenses	8	8
	8	8

Other intangible assets include patents.

7. Property, plant and equipment

	Land and buildings	Right-of-use assets	Total
Cost at 1 January 2021	80	539	619
Additions	0	37	37
Other adjustments/reclassifications	0	62	62
Cost at 31 December 2021	80	638	718
Depreciation and impairment at 1 January 2021	1	79	80
Depreciation for the year	16	122	138
Other adjustments/reclassifications	0	43	43
Depreciation and impairment at 31 December 2021	17	244	261
Carrying amount at 31 December 2021	63	394	457
Cost at 1 January 2020	0	71	71
Exchange rate adjustments	0	1	1
Additions	80	467	547
Cost at 31 December 2020	80	539	619
Depreciation and impairment at 1 January 2020	0	13	13
Depreciation for the year	1	66	67
Depreciation and impairment at 31 December 2020	1	79	80
Carrying amount at 31 December 2020	79	460	539

EUR '000

7. Property, plant and equipment (continued)

Depreciation during the year is included in the following items:	2021	2020
Administrative expenses	138	67
	138	67

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.

The Company is not exposed to any significant future cash outflows that are not reflected in the measurement of lease liabilities. Residual value guarantees that are expected to be paid are included in the initial measurement of the lease liability. Reference is made to note 11.

8. Other non-current assets

	Investments in subsidiaries	Deferred tax assets	Total
Cost at 1 January 2021	807,653	599	808,252
Exchange rate adjustments	795	0	795
Additions	0	103	103
Disposals	0	-2	-2
Change offset in provision for deferred tax	0	-2	-2
Cost at 31 December 2021	808,448	698	809,146
Impairment at 1 January 2021	-101,931	0	-101,931
Exchange rate adjustments	-68	0	-68
Impairment	-65,594	0	-65,594
Impairment at 31 December 2021	-167,593	0	-167,593
Carrying amount at 31 December 2021	640,855	698	641,553
Cost at 1 January 2020	771,236	451	771,687
Exchange rate adjustments	2,837	2	2,839
Additions	33,580	152	33,732
Disposals	0	-6	-6
Cost at 31 December 2020	807,653	599	808,252
Adjustments at 1 January 2020	-101,515	0	-101,515
Exchange rate adjustments	-416	0	-416
Adjustments at 31 December 2020	-101,931	0	-101,931
Carrying amount at 31 December 2020	705,722	599	706,321

EUR '000

8. Other non-current assets (continued)

Impairment test has been performed in relation to goodwill, which supports the carrying amounts on the investments.

The impairment test of Cimentas Group is further supported by the stock market price.

At 31 December 2021 the impairment test performed on the Cimentas Group investment outlined that the expected future cash flow is lower than the carrying amount of the investment with an amount of EUR 65.6m, which has been booked as an impairment loss.

The main reason to the impairment is due to the devaluation of the Turkish lira in 2021 and continued uncertainty about economic policy and development.

Reference is made to note 9 in the consolidated financial statement, where key assumptions and sensitivity in impairment.

9. Deferred tax assets and deferred tax liabilities

Change in deferred tax for the year	2021	2020
Deferred tax at 1 January	599	451
Exchange rate adjustment	0	2
Adjustments, previous years via income statement	-2	0
Movements via income statement	101	146
Deferred tax liabilities at 31 December, net	698	599

Deferred tax is presented in the balance sheet as follows:

Deferred tax assets	698	599
Deferred tax liabilities at 31 December, net	698	599

	Deferred tax assets		Deferred tax liabilities	
	2021	2020	2021	2020
Intangible assets	-11	-9	0	0
Property, plant and equipment	-3	0	0	0
Current assets	-14	-17	0	0
Non-current and current liabilities	726	625	0	0
Deferred tax at 31 December	698	599	0	0

10. Other receivables and prepayments

Other receivables include VAT and other receivables.

Prepayments comprise insurance.

EUR '000

11. 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
Bank borrowings and credits	2022	Variable	0	22
Lease liability	2026	Variable	396	461
Financial payable Group enterprises	2022	Fixed	0	60,752
			396	61,235

Fair values do not significantly deviate from the carrying amount.

Fair values correspond to the nominal outstanding debt.

The Parent 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:				
Lease liability	266	130	396	0
	266	130	396	0
Specification of contractual cash flows incl. interest:				
Bank borrowings and credits	0	19	19	0
Lease liability	266	130	396	0
	266	149	415	0
31 December 2020:				
Bank borrowings and credits	0	22	22	0
Finance leases	350	111	461	0
Financial payable Group enterprises	60,752	0	60,752	0
	61,102	133	61,235	0
Specification of contractual cash flows incl. interest:				
Bank borrowings and credits	0	22	22	0
Finance leases	351	112	463	0
Financial payable Group enterprises	60,752	1,359	62,111	0
	61,103	1,493	62,596	0

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.

Other financial liabilities are due within 1 year.

12. Other payables

Other current payables include holiday pay liabilities, taxes and public indirect taxes.

EUR '000

13. Contingent liabilities, contractual obligations and contingent assets**Contingent liabilities**

The Parent 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 Parent Company in that respect, and the outcome of the disputes is not expected to have significant impact on the Parent 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 Parent Company is taxed jointly with other Danish companies in the Aalborg Portland Holding Group. As an administrative company, the Parent 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 3.2m 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 Parent Company.

14. Related party transactions

Related parties with significant influence in Aalborg Portland Holding 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.

Related parties within Aalborg Portland Holding 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.

Additionally, related parties include subsidiaries, joint ventures and joint operation cf. page 93, where the Parent Company has significant influence or exercises control or joint control.

Transactions with Cementir Holding N.V.:	2021	2020
- Intra-group management and administration agreements and royalties	7,844	8,778
- Financial items, net	-373	-1,549
- Payables	2,218	1,909
- Non-current financing	15,999	60,752
Transactions with other related parties:		
- Intercompany management, administration agreements and shared service	9,872	10,982
- Financial items, net	5,865	6,825
- Trade and financial receivables	115,985	134,757
- Trade and financial payables	240,945	72,594

Remuneration of the Board of Directors and the Management is presented in note 2.

No losses on loans to or receivables from related parties were recognised, nor provisions made for such in 2021 or 2020.

EUR '000

15. Financial risks and financial instruments

The Parent Company's most predominant currency exposure regarding the operating results arises from NOK and USD. A 10% drop in these exchange rates compared to EUR/DKK would, viewed separately, increase EBITDA by EUR 0.1m. NOK amounts to EUR 0.0m and USD amounts to EUR 0.1m (2020: EUR 0.3m. NOK amounted to EUR 0.1m and USD amounted to EUR 0.2m).

Currency risks

Forward contracts regarding future transactions

The Group 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 Group assesses in each case whether these comply with the conditions for hedge accounting.

There have been no currency forward contracts at 31 December 2021 or at 31 December 2020.

The Parent Company entered into a swap agreement (hedge accounting) with a termination date in 2024, where both currency risk and interest risk have been hedged. Related to the interest risk the Group has agreed to pay a fixed rate of 0.43% + a spread of 3.63% and the Group will receive EURIBOR + a spread of 2.88% each 30 April and 31 October until maturity. The effective part of the hedge is equal to all future cash flow payments and nominal installments.

The fair value liability is included in a separate line item in the balance sheet "Derivative financial instruments".

The ineffective part is recognised as financial income.

2021	Notional amount	Maturity			Strike	Fair value liability	Change in fair value recognised in hedge reserve	Ineffective part recognised in income statement
		< 1 year	1-5 years	> 5 years				
EURm								
					1.00 EUR/			
Swap USD/EUR	85.9	10.1	75.8	0.0	1.235 USD	-7.1	2.0	0.3

2020	Notional amount	Maturity			Strike	Fair value liability	Change in fair value recognised in hedge reserve	Ineffective part recognised in income statement
		< 1 year	1-5 years	> 5 years				
EURm								
					1.00 EUR/			
Swap USD/EUR	99.8	11.4	88.4	0.0	1.235 USD	-1.3	1.5	-0.4

Interest rate risk

The Parent Company is included in the cash pool for the Group.

Liquidity risks

Aalborg Portland Holding A/S has access to funding through the Cementir Holding facility which includes certain covenants.

The Parent Company acts as account holder of the Group's cash pool scheme and as bank in proportion to other intra-group loans. The purpose of the cash pool scheme is to optimise cash management and the use of liquidity in the participating companies.

Credit risks

Receivables from the Parent Company's activities are attributable to Danish and foreign Group companies.

The Parent Company is familiar with customers, who have not been granted long credit lines.

The Parent Company's trade receivables at 31 December 2021 and 31 December 2020 include no write-downs. Historically there have not been any write-downs.

Regarding management of capital structure, reference is made to note 27 in the consolidated financial statements.

EUR '000

15. Financial risks and financial instruments (continued)**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	Carrying value 2021	Fair value 2021	Carrying value 2020	Fair value 2020
EUR'000				
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	116,010	116,010	140,479	140,479
Financial obligations measured at fair value through the income statement	0	0	0	0
Derivatives used as hedging instruments, level 2	8,621	8,621	1,262	1,262
Financial obligations measured at amortised cost	244,207	244,207	337,832	337,832

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.

The methods used are unchanged compared to 2020.

16. Post-balance sheet events

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

17. Estimation on uncertainties and judgements

Investments in subsidiaries are tested for impairment based on performed impairment tests of goodwill as described in note 9 in the consolidated financial statements. Uncertainty is mainly related to Turkey.

EUR '000

18. Accounting policies

Parent Company

The Parent Company's financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports, according to large class C.

Compared to the accounting policies applied in the consolidated financial statements (see Note 29 to the consolidated financial statements), the Parent Company's accounting policies only deviate in the following items:

Revenues

Dividends received from investments in subsidiaries and joint ventures are recognised as revenue in the Parent Company's income statement in the financial year in which the dividends are declared. To the extent that the distributed dividend exceeds the total comprehensive income of enterprises for the period when the decision to pay interim dividend is made, impairment test is carried out.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. In case of indication of impairment, impairment test is carried out as described in the accounting policies of the Group. If the carrying value exceeds the recoverable amount, write-down is made to this lower value.

On disposal of investments in subsidiaries, the difference between the sales price and the carrying amount (cost of the shares based on a weighted average) is recognised in the income statement at the date of disposal.





The Great Belt Bridge, Denmark

4 SIGNATURES

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87 Independent auditor's report

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 Holding 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 consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2021 and of the results of the Group's and the Parent Company's operations and consolidated 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 Group's and the Parent Company's activities and financial matters, of the results for the year and of the Group's and the Parent Company's financial position.

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

Copenhagen, 8 March 2022

Executive Board

Francesco Caltagirone Jr

CEO

Henning Bæk

Executive Vice President, CFO

Board of Directors

Bjarne Moltke Hansen

Chairman

Francesco Caltagirone Jr

Marco Maria Bianconi

Alessandro Caltagirone

Vice Chairman

Francesco Gaetano Caltagirone

Azzurra Caltagirone

Claudio Criscuolo



Independent auditor's report

To the Shareholders of Aalborg Portland Holding A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2021 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 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 Consolidated Financial Statements and the Parent Company Financial Statements of Aalborg Portland Holding A/S for the financial year 1 January - 31 December 2021, which comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for both the Group and the Parent Company ("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 Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement 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 Consolidated Financial Statements and Parent Company 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance 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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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



**AALBORG
PORTLAND**



Aalborg Portland - Cement factory

5 OTHER INFORMATION

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MANAGEMENT

Board of Directors

Bjarne Moltke Hansen, *Chairman*
Alessandro Caltagirone, *Vice Chairman*
Azzurra Caltagirone
Francesco Caltagirone Jr
Francesco Gaetano Caltagirone
Marco Maria Bianconi
Claudio Criscuoli

Executive Board

Francesco Caltagirone Jr, *CEO*
Henning Bæk, *Executive Vice President, CFO*

Nordic & Baltic

Søren Holm Christensen, *CEO*

Aalborg Portland

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

Unicon

Søren Holm Christensen, *CEO*
Henning Bæk, *Executive Vice President, CFO*

Belgium

Eddy Fostier, *General Manager*

Turkey

Cenker Mirzaoğlu, *CEO*

Overseas

Alberto Barbieri, *Managing Director, Egypt*
Alessandro Civera, *Managing Director, USA*
Fabrizio Piero Carraro, *Managing Director, Malaysia*
Yan Xing Wu, *Managing Director, China*

COMPANIES IN THE GROUP

			Nominal share capital (in 000)	Direct holding **	Minorities
Aalborg Portland Holding A/S					
Aalborg Portland Holding A/S	Denmark	DKK	300,000	-	
Spartan Hive S.p.A.	Italy	EUR	300,000	100.0%	
Aalborg Portland Digital S.R.L.	Italy	EUR	500,000	100.0%	
Aalborg Portland					
Aalborg Portland A/S					
Aalborg Portland A/S	Denmark	DKK	100,000	100.0%	
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%	
Unicon					
Unicon A/S					
Unicon A/S	Denmark	DKK	150,000	100.0%	
Unicon AS	Norway	NOK	13,289	100.0%	
AB Sydsten	Sweden	SEK	15,000	50.0%	50.0%
ÅGAB Syd AB*	Sweden	SEK	500	40.0%	
Skåne Grus AB	Sweden	SEK	1,000	60.0%	40.0%
Ecol-Unicon Sp. z o.o.*	Poland	PLN	1,000	49.0%	
Kudsk & Dahl A/S	Denmark	DKK	10,000	100.0%	
Belgium					
Compagnie des Ciments Belges S.A. (CCB)					
Compagnie des Ciments Belges S.A. (CCB)	Belgium	EUR	179,344	100.0%	
Société des Carrières du Tournais S.A. (SCT)***	Belgium	EUR	12,297	65.0%	
Recybel S.A.	Belgium	EUR	99	25.5%	
Mixers at your Service NV	Belgium	EUR	976	18.0%	
Compagnie des Ciments Belges France S.A. (CCBF)	France	EUR	34,363	100.0%	
Overseas					
Sinai White Portland Cement Co. S.A.E.					
Sinai White Portland Cement Co. S.A.E.	Egypt	EGP	350,000	71.1%	28.9%
Aalborg Portland Malaysia Sdn. Bhd.					
Aalborg Portland Malaysia Sdn. Bhd.	Malaysia	MYR	95,400	70.0%	30.0%
Aalborg Resources Sdn. Bhd.					
Aalborg Resources Sdn. Bhd.	Malaysia	MYR	2,544	100.0%	
Aalborg Portland (Australia) Pty. Ltd.					
Aalborg Portland (Australia) Pty. Ltd.	Australia	AUD	1	100.0%	
Aalborg Portland (Anqing) Co. Ltd.					
Aalborg Portland (Anqing) Co. Ltd.	China	CNY	265,200	100.0%	
Aalborg Portland U.S. Inc.					
Aalborg Portland U.S. Inc.	USA	USD	1	100.0%	
Aalborg Cement Company Inc.					
Aalborg Cement Company Inc.	USA	USD	1	100.0%	
Gaetano Cacciatore, LLC					
Gaetano Cacciatore, LLC	USA	USD	N/A	100.0%	
White Cement Company LLC					
White Cement Company LLC	USA	USD	N/A	100.0%	
Lehigh White Cement Company, LLC					
Lehigh White Cement Company, LLC	USA	USD	N/A	63.3%	36.7%
Vianini Pipe, Inc.					
Vianini Pipe, Inc.	USA	USD	4,483	100.0%	
Turkey					
Aalborg Portland España S.L.U.					
Aalborg Portland España S.L.U.	Spain	EUR	3	100.0%	
Cimentas AS					
Cimentas AS	Turkey	TRY	87,112	96.9%	3.1%
Cimbeton AS					
Cimbeton AS	Turkey	TRY	1,770	50.3%	49.7%
Ilion Cimento Ltd					
Ilion Cimento Ltd	Turkey	TRY	300	100.0%	
Destek AS					
Destek AS	Turkey	TRY	50	100.0%	
Kars Cimento AS					
Kars Cimento AS	Turkey	TRY	513,162	41.5%	58.5%
Recydia AS					
Recydia AS	Turkey	TRY	759,544	91.1%	
Sureko AS					
Sureko AS	Turkey	TRY	43,444	100.0%	
NWM Holdings Ltd					
NWM Holdings Ltd	England	GBP	5,000	100.0%	
Neales Waste Management Ltd					
Neales Waste Management Ltd	England	GBP	100	100.0%	
Quercia Ltd.					
Quercia Ltd.	England	GBP	5,000	100.0%	
Ege Kirmatas AS					
Ege Kirmatas AS	Turkey	TRY	4,200	100.0%	
Recydia AS					
Recydia AS	Turkey	TRY	759,544	8.9%	

* Joint ventures. Others are Group enterprises.

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

*** Pro rata consolidated.

The Company

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CVR No 14 24 44 41

Owners

Aalborg Portland Holding A/S is 75% owned by Cementir España S.L., Spain and 25% owned by Globo Cem S.L., Spain.

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.

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