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CEMENTIR HOLDING

Part of the solution

ANNUAL REPORT 2023

1 January 2023 - 31 December 2023

NORDIC SWAN ECOLABEL
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5041 0004

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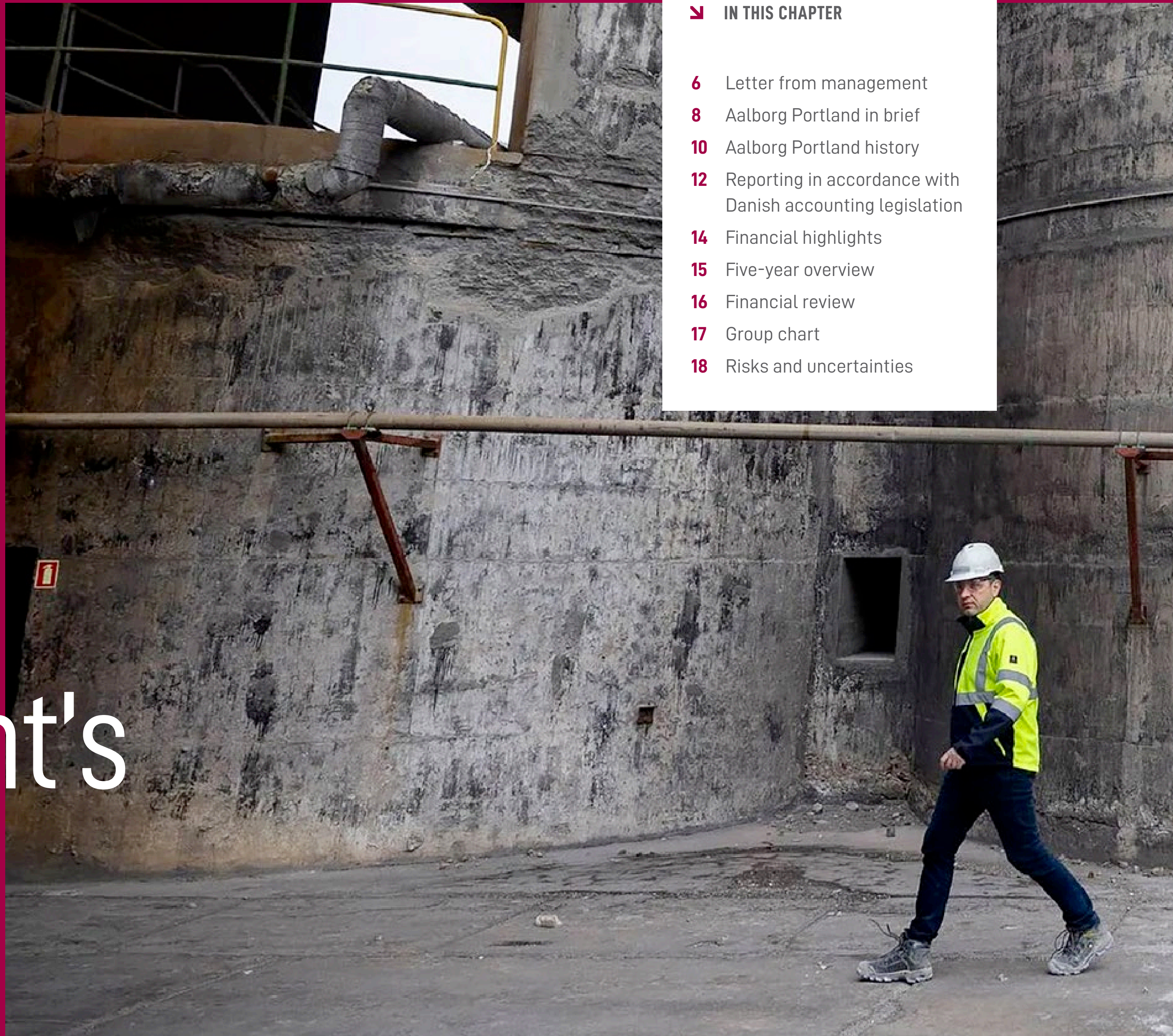


IN THIS CHAPTER

Management's review

Letter from management

During 2023, geopolitical tensions and uncertainty intensified with war continuing in Ukraine and most recently, a regional conflict in the Middle East. The general macroeconomic situation was and remains uncertain with increased interest rates and high industrial inflation. This has materialised in a historic slowdown in the building and construction sector in Denmark and across our export markets in Europe.

In 2023, the Danish concrete market was down to the levels post the financial crisis in 2008. This had a direct impact on cement sales which was only partially mitigated by deliveries to the Femernbelt tunnel, the largest infrastructure project in Denmark to date. The same trend was seen in export markets across Europe, resulting in a general decline in cement sales of 20% compared to 2022. Despite these challenging conditions, Aalborg Portland managed to deliver strong financial results.

Strong financial results

Despite seeing a general decline in activity levels across all markets, we managed to secure net sales of EUR 368.6m (-1.4%). Earnings before depreciation and amortisation (EBITDA) were EUR 135.9m (+20.6%) which had a positive effect on cash flow from operating activities (CFFO) ending at EUR 106.9m (-3.0%) despite being negatively impacted by capital development. The free cash flow after investing activities (FCF) was EUR 78.3m (+5.5%), and net interest-bearing debt (NIBD) amounted to EUR -112.8m (-30.0%).

In the beginning of the year, we saw a decline in energy costs and decided to reduce our selling prices on basic products to a lower level. The volatility on energy markets continues to have a huge impact on our business and we will continuously monitor and maintain a focus on this transition in the years to come.

Revenue realised in 2023 is in line with expectations. Earnings (EBIT) were stronger than expectations, mainly due to cost optimisations. We consider the result for the year satisfactory.

CO_2 reductions

In 2023, Aalborg Portland's scope 1 CO_2 emissions decreased by 276,000 tonnes (14%). Since 2021, emissions have dropped by a total of 545,000 tonnes of CO_2 (24%), surpassing our expectations. These reductions demonstrate our commitment to achieving a 73% reduction of our CO_2 footprint by 2030.

Continued phase-out of fossil fuels
The first track in our climate plan is to phase out traditional fossil fuels such as coal, oil and petcoke. Throughout 2023, we worked to optimise our fuel portfolio to increase the share of alternative fuels which constitutes non-recyclable waste materials from other industries such as refuse-derived fuels (RDF) and biogenic byproducts. In 2023, we increased the share of alternative fuels from 30% to 40% in line with our ambitions for the year.

A stronger and more sustainable product portfolio
The second track in our climate plan is to develop and market new and more sustainable cement products. During 2023, we reported several improvements to our products' CO_2 footprints to the benefit of our customers and the climate.

Looking back, we can also celebrate that our low-carbon cement type, FUTURECEM®, now constitutes more than 35% of the market for ready-mixed concrete in Denmark, which is a remarkable result.

Going into the new year, we were also pleased to inform our customers that in 2024 we will be ready to offer a new white cement product named D-Carb® which will have a 15% lower CO_2 footprint compared to our existing white cement.

Historic day in the name of Carbon Capture
The third track in our climate plan is to launch a large-scale Carbon Capture and Storage (CCS) facility. Last year, we announced a number of positive stories including the news that Aalborg Portland has joined the Greenport Scandinavia consortium, which is one of the most ambitious projects in Northern Europe. The goal is to establish a hub at the Port of Hirtshals for import and shipment of captured CO_2.

We also announced that Aalborg Portland and Fidelis New Energy had signed a letter of intent related to deliveries of more than 400,000 tonnes of CO_2 from Aalborg Portland to the Norne Carbon Storage in Aalborg through a direct pipeline connection. Both initiatives play an important role in creating a large-scale CCS facility at our cement plant by 2030.

The 27 November 2023 marked a historic day in Aalborg Portland's 135-year history. On that day, His Majesty The King of Denmark inaugurated a new pilot facility for carbon capture at Aalborg Portland. The inauguration was attended by many distinguished guests and partners including the European Commissioner for Energy and the Danish Minister for Climate, Energy and Utilities. The carbon capture pilot facility is operating at our plant as part of the EU Horizon 2020-project ConsenCUS.

Our progress on ESG
In addition to our progress on decarbonising our operations, we have launched many new initiatives across the entire ESG agenda.

These include graduate, talent and leadership development programs, leadership conferences, engagement surveys, and various social events. It also includes new initiatives on health and safety, as well as activities to reinforce our bond to local communities. We hope you will take a closer look at our ESG Report 2023 to learn more about our many initiatives.

Events after the balance sheet date
No events have occurred subsequent to the balance sheet date through to this date which would influence the evaluation of this annual report.

Expectations to 2024
Overall, sales volumes are expected to decline further in Denmark and in our export markets as a consequence of the global economic situation. The macroeconomic scenario continues to be characterised by strong uncertainty, with risks of economic downturns linked to geopolitical tensions and continued restrictive financial conditions.

For the year 2024, the Company expects to achieve revenue of approximately EUR 350m and earnings (EBIT) in the range of EUR 90m-95m.

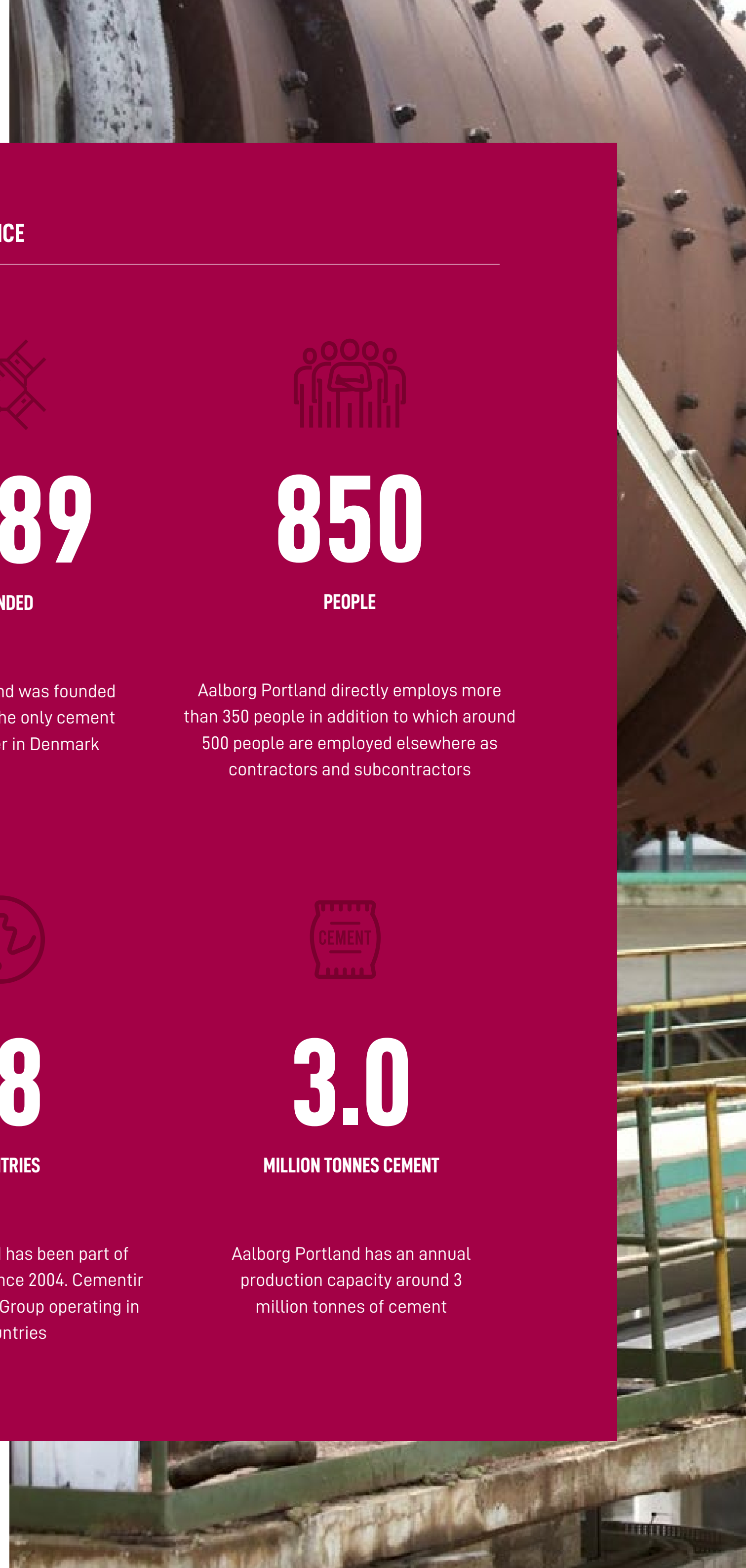
These expectations are based on known and generally expected economic conditions for global growth and do not consider any intensified geopolitical tensions, any deterioration in the structural conditions of competition, or any new increases in energy and logistical costs.

As the expectations described above are based on a number of preconditions and assumptions that are beyond management's control, the actual earnings may deviate significantly from the expectations expressed in this annual report.

Søren Holm Christensen, CEO
Henrik Jeppesen, CFO
Peter Birkegaard, Managing Director

Aalborg Portland in brief

Aalborg Portland was founded in 1889 and is the only cement manufacturer in Denmark, with its cement plant situated in Rørdal, at the east end of Aalborg. Today, Aalborg Portland is one of Denmark's largest industrial companies, owning 1,200 hectares of land in the Rørdal region, which consists of farmland, a chalk quarry, and various uncultivated areas.



AT A GLANCE

1889

FOUNDED

Aalborg Portland was founded in 1889 and is the only cement manufacturer in Denmark

850

PEOPLE

Aalborg Portland directly employs more than 350 people in addition to which around 500 people are employed elsewhere as contractors and subcontractors

18

COUNTRIES

Aalborg Portland has been part of Cementir Group since 2004. Cementir is a multinational Group operating in 18 countries

3.0

MILLION TONNES CEMENT

Aalborg Portland has an annual production capacity around 3 million tonnes of cement

The cement plant consists of six cement kilns: one grey and five white. It is one of Europe's largest cement plants, boasting an annual production capacity around 3 million tonnes of cement: approx. 2 million tonnes grey and approx. 1 million tonnes white. Along with the cement plant, Aalborg Portland owns terminals in Denmark and abroad, making national and global transport of the finished cement products possible.

Aalborg Portland employs around 360 people, with an additional 500 contractors and subcontractors working on-site daily or nearby to support the plant's many activities. Aalborg Portland is therefore one of the largest contributors to the industrial workforce of the North Denmark Region.

WHAT WE DO AND HOW WE CREATE VALUE

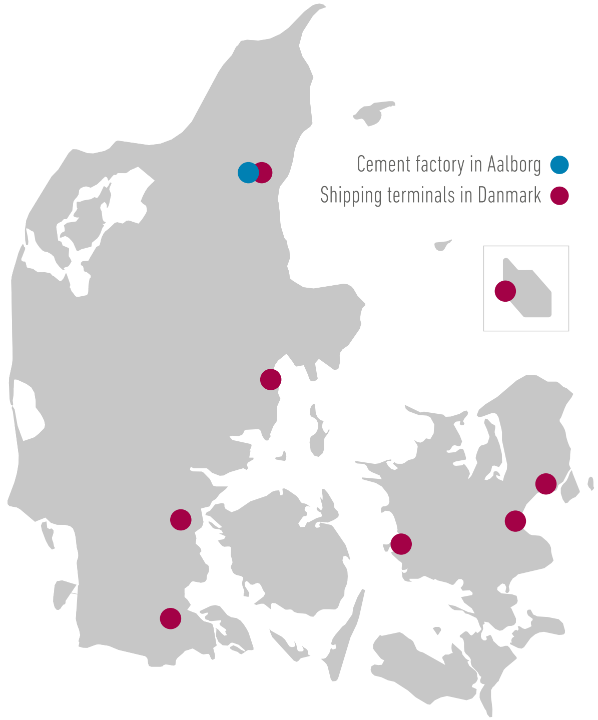
We have supplied cement to people all over the world for more than 130 years, predominantly in Denmark and the Nordic and Baltic countries. Besides being the most used cement in the Danish construction sector for private homes, commercial buildings, public schools and hospitals, our cement was also used for many iconic national and international projects.

These iconic projects include Denmark's 18-kilometre-long Great Belt Bridge, London's Olympic City and New York's famous Manhattan 432 Park Avenue skyscraper. For more information on Aalborg Portland, see www.aalborgportland.dk.

PART OF CEMENTIR GROUP

Aalborg Portland is part of Aalborg Portland Holding, which Cementir Group acquired in 2004. Cementir is a multinational Group operating in 18 countries across the building materials sector, employing around 3,000 people globally. The Group's annual production capacity amounts to more than 13 million tonnes of grey and white cement, around 10 million tonnes of aggregates and 5 million cubic metres of ready-mixed concrete. Cementir has been listed on the Milan Stock Exchange since 1955 and is one of the leading companies of the Euronext STAR Milan segment.

For more information on Cementir Group, see www.cementirholding.com, and for Aalborg Portland Holding, see www.aalborgportlandholding.com.

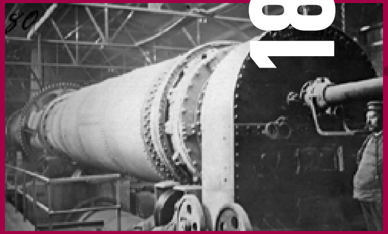


Aalborg Portland history

1889

Aalborg Portland founded in 1889 by Consul Hans Holm and Engineer Frederik Læssøe Smidth.

1899



The American rotary kiln, invented by Aalborg Portland's Poul Larsen, built for the first time in Europe, as two new rotary kilns are installed at the Rørdal factory. The production capacity is significantly upgraded.

1930

Aalborg Portland starts burning white cement clinker for white cement.

1936

Engineer and director Gunnar Larsen builds a civil airport to quickly get back and forth to his home in Gl. Rye. Larsen offers Aalborg Municipality to start flights to Copenhagen, which would later become the basis for Denmark's first domestic flight route.

1975

Aalborg Portland was prepared to stop the production of white cement due to the energy crisis. However, orders suddenly began to pour in because all other cement factories had decided not to produce white cement. This contributed to the company becoming world-renowned for its white cement.

1990

Aalborg Portland builds a heat recovery plant to deliver district heating to Aalborg Municipality. Today, up to a third of the homes in Aalborg get their heating from Aalborg Portland.

2004

Aalborg Portland is acquired by the Italian cement group, Cementir Group.

2019

Aalborg Portland celebrates its 130th anniversary and presents its first 2030 roadmap for decarbonisation towards 2030.

2022

Aalborg Portland updates its 2030 roadmap with an ambition to lower emissions by 73%.

2023

His Majesty the King of Denmark inaugurates Aalborg Portland's new pilot plant for carbon capture.

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 2023" published by the Group's owners Cementir Holding N.V., Netherlands. The statement is available at https://www.cementirholding.com/en/sustainability/sustainability-report-and-documents.

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 continues to apply its policy on gender equality in recruitment and promotions in that the key consideration when filling any position in the organisation remains to identify the best qualified person for that position.

The sector in which the Group operates is historically characterised by a predominantly male workforce. 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 continue in pursuance of our policy on gender equality and the achievement of our gender distribution targets in the Danish subsidiaries.

Senior Management	**2023**
Total members	3
Underrepresented gender in %	0
Target in per cent	33.3
Target year	2026

Other Management levels	**2023**
Total members	12
Underrepresented gender in %	16.7
Target in per cent	30.8
Target year	2027

Increasing diversity at all management levels will remain a focus area in the coming years. While no specific diversity initiatives were launched in relation to the Board of Directors in 2023, a talent management training programme was introduced to support and increase the awareness of potential future managers within the organisation.

In Aalborg Portland, diversity is not limited to geography but is approached broadly based on a wide range of qualification and competence requirements. Diversity is also important in terms of seniority, educational background, age, gender, ethnicity, religion, sexual orientation, and disability. The Company acknowledges that diversity depends on inclusion but also that both diversity and inclusion challenges are unique for each of the Group's teams and locations. Therefore, efforts are made at all locations to increase diversity, and locally in Denmark, work continues in relation to e.g. conscious/unconscious bias in connection with employment and recruitments.

In accordance with the Danish rules for large companies with operations relating to i.a. the 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, the Parent Company of Aalborg Portland, Aalborg Portland Holding, has issued a Policy on Data Ethics. The policy addresses the data ethics principles applied by the Aalborg Portland Holding Group, and describes the approach to data processing covering all data types. This includes e.g. the use of new technologies and responsible use of data, including personal data protection (GDPR). Data Ethics is an integral part of the compliance programme of the Aalborg Portland Holding Group and Group Management has the overall responsibility for compliance with the Policy on Data Ethics. Implementation of the data ethics policy at the operational level is anchored in Group IT. In 2023, the Aalborg Portland Holding Group continued the work on data ethics issues in accordance with the policy. The policy is reviewed on a yearly basis and no changes were made in 2023. The policy is available at https://aalborgportlandholding.com/en/data-ethics.

Financial highlights

Net revenue 368.6
EURm

2023	368.6
2022	374.0
2021	287.1
2020	268.8
2019	258.8

Free cash flow 78.3
EURm

2023	78.3
2022	74.2
2021	57.3
2020	82.2
2019	57.2

Return on equity 15%
%

2023	15%
2022	17%
2021	13%
2020	15%
2019	13%

EBITDA 135.9
EURm

2023	135.9
2022	112.7
2021	92.3
2020	106.4
2019	92.4

Net interest-bearing debt -112.8
EURm

2023	-112.8
2022	-86.8
2021	-80.8
2020	-87.8
2019	-8.9

Equity ratio 42%
%

2023	42%
2022	37%
2021	43%
2020	43%
2019	34%

Five-year overview

Euro '000	2019	2020	2021	2022	2023
INCOME STATEMENT					
Revenue	258.8	268.8	287.1	374.0	368.6
Earnings before depreciation/amortisation. impairment losses. provisions. interest and tax (EBITDA)	**92.4**	**106.4**	**92.3**	**112.7**	**135.9**
EBITDA ratio	*35.7%*	*39.6%*	*32.1%*	*30.1%*	*36.9%*
Earnings before interest and tax (EBIT)	**67.0**	**80.3**	**65.6**	**85.5**	**108.0**
EBIT ratio	*25.9%*	*29.9%*	*22.9%*	*22.9%*	*29.3%*
Earnings before tax (EBT)	**66.4**	**78.6**	**63.6**	**82.5**	**108.9**
Profit for the year	**52.6**	**61.6**	**46.4**	**65.7**	**85.1**
CASH FLOWS					
Cash flows from operating activities (CFFO)	72.9	100.2	78.8	110.3	106.9
Cash flows from investing activities (CFFI) *	-15.7	-18.0	-21.5	-36.1	-28.6
Free cash flow (FCF)	**57.2**	**82.2**	**57.3**	**74.2**	**78.3**
Hereof investments in intangible assets and property. plant and equipment (excl. assets acquired in acquisitions)	-16.3	-18.1	-22.5	0.0	0.0
BALANCE SHEET					
Total assets	440.9	495.0	467.5	538.0	571.0
Shareholders' equity	150.2	212.8	198.6	199.2	240.0
Net interest-bearing debt (NIBD)	**-8.9**	**-87.8**	**-80.8**	**-86.8**	**-112.8**
Working capital (WC)	**-3.1**	**-7.1**	**-15.6**	**-27.0**	**-9.9**
FINANCIAL RATIOS					
Including non-controlling interests' share					
Return on equity	15%	13%	17%	15%	15%
Equity ratio	34%	43%	43%	37%	42%
Return on capital employed (ROCE)	11%	11%	10%	10%	11%
NIBD/EBITDA factor	-0.1	-0.8	-0.8	-0.8	-0.8
Number of employees at 31 December	**341**	**333**	**350**	**352**	**360**

For definition of financial ratios, see page 41.

Financial review

PROFIT AND LOSS ACCOUNT

Revenue in 2023 amounted to EUR 368.6m (2022: EUR 374.0m).

Sales in Denmark decreased while the European export markets were on par with 2022.

Operating profit before depreciation (EBITDA ratio) reached 36.9% (2022: 30.1%). Satisfactory improvement of financial results in line with our long-term strategic ambitions to strengthen our financial position and robustness to be able to finance the big investments which are required to ensure our sustainable transition.

Earnings before interest and tax (EBIT) amounted to EUR 108.0m (2022: EUR 85.5m).

Tax on profit for the year amounted to EUR 23.9m (2022: EUR 16.7m), net profit for the year being EUR 85.1m (2022: EUR 65.7m).

CASH FLOWS

Cash flow from operating activities (CFFO) was EUR 106.9m for 2023 (2022: EUR 110.3m).

Cash flow from investment activities (CFFI) amounted to EUR -28.6m (2022: EUR -36.1m).

DEBT AND FINANCIAL RESOURCES

Aalborg Portland is part of the cash pool held by the parent company, Aalborg Portland Holding A/S. Aalborg Portland has access to funding through the parent company financing facility in addition to having long-term mortgage loans of EUR 120m with an average life of 8 years.

BALANCE SHEET

Non-current assets amounted to EUR 203.1m at 31 December 2023 (2022: EUR 193.5m), of which EUR 158.3m (2022: EUR 148.7m) was related to property, plant and equipment and EUR 19.5m (2022: EUR 17.1m) was related to right-of-use assets.

Current assets amounted to EUR 367.9m (2022: EUR 344.6m) and were mainly related to inventories and receivables.

SHAREHOLDERS' EQUITY

Shareholders' equity amounted to EUR 240.0m at the end of 2023 against EUR 199.3m the year before. The increase in shareholders' equity was due to the profit for the year less the dividend paid to Aalborg Portland Holding A/S.

Equity ratio was 42% at the end of 2023 (37% in 2022).

WORKING CAPITAL

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

Working capital at end 2023 amounted to EUR -9.9m (EUR -27.0m in 2022).

SUBSIDIARIES

Poland

The Polish market declined in 2023 due to the macroeconomic situation and the competitive landscape intensified resulting in a 28% decline of our sales volume. Despite the negative volume development, we were able to partly mitigate the financial impact and our EBIT declined by 10% compared to 2022, with the main saving deriving from our logistical set-up.

Iceland

The Icelandic market remained strong during 2023. However, we lost market share due to increased competition from other importers, resulting in a 15% decline of our sales volume compared to 2022. The decline in sales volume had a negative impact on EBIT, as we were unable to compensate for the lost volume. The subsidiary's EBIT declined by 55% compared to 2022, however still ended up at an acceptable level.

France

For 2023, France was expected to continue to see challenging market conditions and negative developments from the previous year due to the macro-economic situation, causing competition to intensify. Sales volumes declined by 18% compared to 2022, but profitability increased, mainly due to price management, resulting in an increase of EBIT compared to 2022.

Belgium

Benelux was expected to continue to see a declining level of activity and increasing competition in 2023 due to the macroeconomic situation. Sales volumes declined 16% compared to 2022, but profitability improved due to optimised logistical costs and price management, resulting in a 16% increase in EBIT compared to 2022.

Group chart

Cementir Holding N.V.

Aalborg Portland Holding A/S
100%

Aalborg Portland A/S
100%

- Aalborg Portland islandi ehf.
  100%
- Aalborg Portland Polska Sp. Z.o.o.
  100%
- Aalborg Portland France S.A.S.
  100%
- Aalborg Portland Belgium S.A.
  100%*

*One share owned by Aalborg Portland Holding A/S

Risks and uncertainties

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

Aalborg Portland is integrated with the Cementir Group's Internal Control and Risk Management System, defined as the set of tools, organisational structure, procedures and company rules to guarantee, through an adequate process of identification, measurement, management and monitoring of the main risks, correct and consistent business management with objectives set in terms of:

- compliance with laws and regulations;
- safeguarding of corporate assets;
- operating activity effectiveness and efficiency;
- reporting accuracy and completeness.

The Internal Control and Risk Management System adopts a "top-down" and "risk-based" approach that starts from the definition of the Cementir Group's Industrial Plan. It ensures that the main risks are identified, assessed and monitored taking into account each business unit, to create a fully integrated risk management process. Risks are assessed with quantitative and qualitative tools considering both the probability of occurrence and the impacts that would be generated in a given time horizon if the risk were to occur. It also ensures that all necessary measures are taken to control risks that could threaten the Group's assets, its ability to generate profits or achieve its objectives.

Roles and responsibilities in risk management have been defined starting from the Company's Board of Directors, which defines strategy, policy and risk appetite, supported by the Audit Committee and the Sustainability Committee. In addition, management teams from the Group companies are involved, with responsibility for risk management within their area of expertise.

Below is a summary of the people and bodies involved and their responsibilities:

- T**he Board of Directors** plays the central role, defining the Company's risk appetite, the nature and level of risk. In addition, it carries out an assessment of the risks related to climate change ensuring the constant compatibility of management and strategic objectives.
- **The Cementir Group's Audit Committee and the Sustainability Committee** (corporate bodies relevant in the risk definition process) support the Board of Directors, subject to a favourable opinion, in the definition and management of risks;
- **CEO & Chairman:** implements the general guidelines of the Board of Directors, ensuring the identification, management and monitoring of the main risks;
- **Risk owners,** or the first level of control, are primarily responsible for internal control and risk management activities;
- **Finally, Risk Management and Internal Audit** are the main responsible for the internal control and risk management system (second and third level of control). They are responsible for verifying that the Internal Control and Risk Management System is functioning and adequate with respect to the size and operations of the Group, verifying, in particular, that the Management has identified the main risks, that they have been evaluated in a consistent manner and that the appropriate mitigation actions have been defined and implemented.

The Cementir Group's Internal Control and Risk Management System is integrated into the Group's organisational, administrative, accounting and governance structure and has been prepared on the basis of the principles laid down by the Enterprise Risk Management - Integrated Framework, an international standard developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO Report), also ensuring greater detail in the identification of the risks of the companies and Group and integration with the results of the Audit activities. The methodology followed involves an iterative process consisting of the following steps:

- Risk identification: the process starts with the definition of the Industrial Plan and focuses on the main risks that could compromise the achievement of the Group's objectives;
- Risk assessment: for each identified risk, management gives an inherent risk assessment (in the absence of controls/mitigation actions), in terms of probability and impact during the horizon of the Industrial Plan, using a 5-level assessment system (scoring):
  - › Impact: scale from 1 (Negligible) to 5 (Extreme);
  - › Probability: scale from 1 (Rare) to 5 (More than Likely)
- With regard to impact, three parameters are considered: economic (quantitative), operational (qualitative), reputational (qualitative). Management at Region and Group level assesses the potential impacts and likelihood of major risks that could have a material adverse effect on the company's current or future operations. For sustainability and climate-related risks, the time horizon was extended to a long-term view for the analysis of the various threats that could jeopardise the success of the "10-year Roadmap to Sustainability". For more details, see the 2023 Non-Financial Statement;
- Identification and assessment of the adequacy of the existing principals: for each identified risk, all the controls/actions currently in place for risk mitigation are identified with the management;
- Residual Risk Assessment: taking into account the individual controls for each risk and the relative adequacy, the residual risk is calculated by applying a uniform calculation methodology to all Group companies;
- Identification of further actions: in the event that the residual risk is higher than the predefined level of risk appetite, further actions are agreed with management to mitigate the risk and contain it within acceptable levels. The initiatives are taken promptly and within budget limits, to effectively contribute to risk mitigation;
- Risk mitigation: mitigation strategies are defined with specific action plans for key risks;
- Reporting: reports are prepared at the company and Group level, showing the main risks and initiatives taken by management to reduce the risks to acceptable levels;
- Monitoring: the following are reviewed periodically: existing risk assessments, assessment parameters, and new risks can be identified if necessary.

The model, as described, subject to further and future updates, aims to provide support for the decision-making and operational processes of the company management, so as to reduce the possibility that specific events could compromise the Group's ordinary operations or the achievement of its strategic objectives.

To this end, the risk appetite level adopted in relation to strategic risks is consistent with the vision of creating value, while always respecting the environment and promoting integration with local communities. In relation to operational risks, the risk appetite level is defined on the basis of the effectiveness and efficiency targets set by the management.

Provisions for compliance and financial reporting are different. The Group does not accept an assumption of non-compliance risk for laws and regulations (including those relating to safety), and of possible alterations to the integrity of financial reporting.

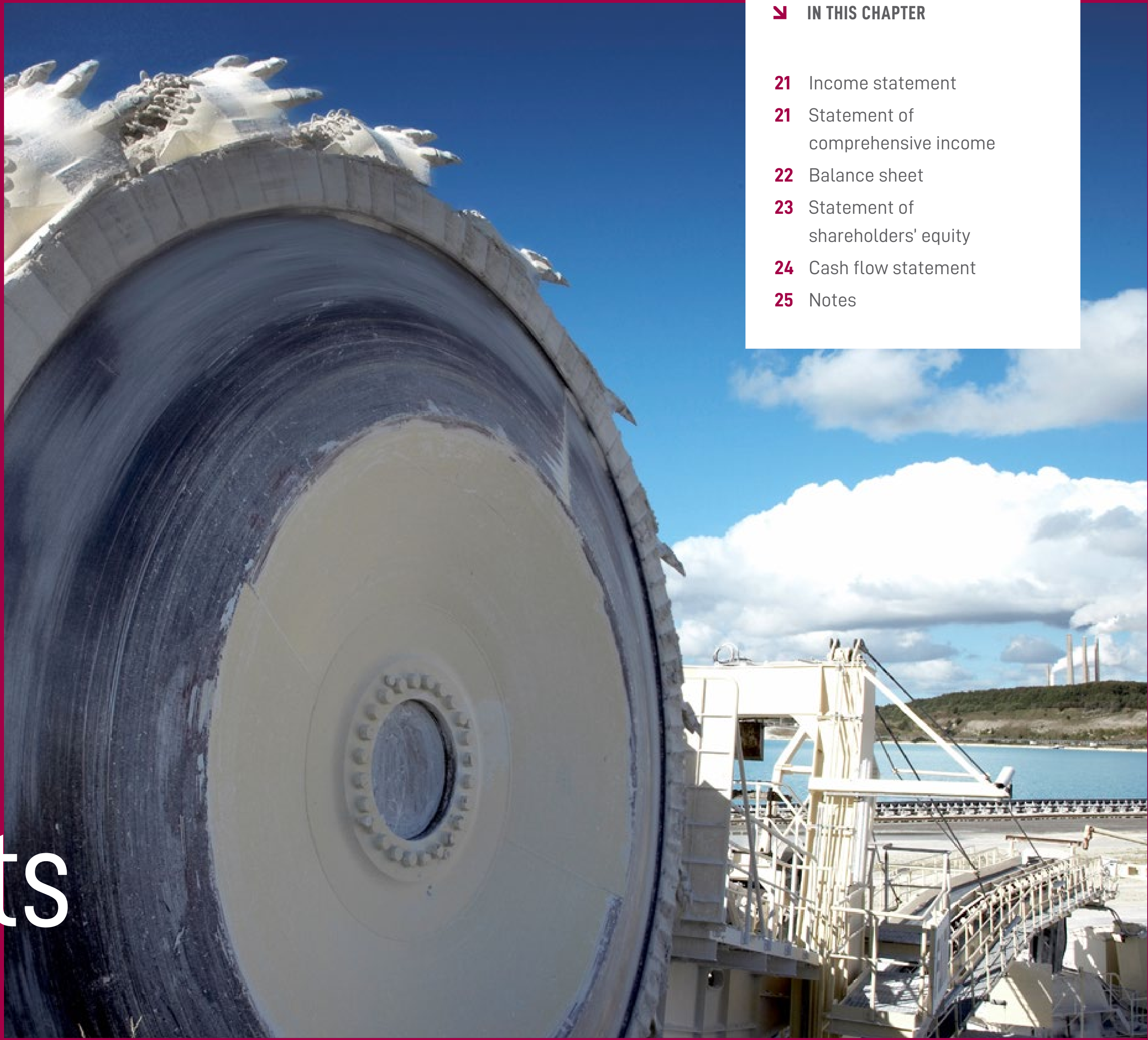
The Cementir Group's Internal Control and Risk Management System is integrated with the Group's Sustainability Strategy. Starting from 2021 the Cementir Group launched a project to implement the recommendations of the TCFD (Task Force on Climate-Related Financial Disclosure) committing to be transparent on risks and opportunities related to climate change. The identification, assessment and effective management of risks and opportunities related to climate change are fully integrated into the Group's risk management process. To promote and improve its climate change disclosure, in 2022, the Group engaged Standard & Poor's (S&P) to assess physical and transitional climate risks and develop scenario analyses to support the implementation of the TCFD guidelines. The analysis carried out by S&P showed that the Cementir Group scored 100% on the overall assessment of the eleven recommendations of the TCFD, which represents a complete and transparent level of disclosure achieved. Furthermore, the Group is integrating the guidelines published by the European Union "EU Taxonomy Regulation", which together with the TCFD constitute the reference frameworks. For more details, see the paragraph "Main risks to which the group is exposed".

In relation to accounting and financial reporting, the existing Internal Control System ensures its accuracy and completeness through constantly updated administrative and accounting procedures.

Furthermore, as part of the compliance activities with the COSO structure, during the year, the Internal Audit function carries out audit activities on the aforementioned procedures to ascertain that the provided key controls are being correctly applied by the involved company structures. The assessment of the internal control system on financial reporting provided for by Cementir Group procedures was carried out based on this activity.

On the basis of the activity carried out by the Internal Audit department and the related results, the Audit Committee assessed the Internal Control and Risk Management System as adequate, effective and appropriate for dealing with business, operational, environmental, financial and compliance risks.

Starting from October 2023, the Group has launched the strategic initiative for the digitalization of Risk Management aims to enhance organizational resilience by leveraging advanced technology solutions, streamlining data-driven risk assessments, and implementing real-time monitoring capabilities, fostering a proactive and agile approach to risk mitigation across all business functions. The digitalization of Risk Management will commence with the updating of the model during 2024, ensuring our risk management practices are at the forefront of industry standards.



IN THIS CHAPTER

Financial statements

Income statement

Euro '000	NOTE	2023	2022
Revenue	1	368,557	374,005
Cost of sales	2+3+4+9	193,900	216,091
Gross profit		**174,657**	**157,914**
Sales and distribution costs	4+15	47,555	59,196
Administrative expenses	4+5	16,483	13,966
Profit or loss from ordinary operating activities		**110.619**	**84.752**
Other operating income	6	313	698
Other operating costs	6	2.968	0
Earnings before interest and tax (EBIT)		**107,964**	**85,450**
Financial income	7	10,241	4,475
Financial expenses	7	9,277	7,473
Earnings before tax (EBT)		**108,928**	**82,452**
Tax on profit for the year	8	23,853	16,709
Profit for the year		**85,075**	**65,743**
Attributable to:			
Non-controlling interests		0	0
Shareholders in Aalborg Portland A/S		85,075	65,743
To be distributed as follows:			
Proposed dividends		80,000	45,000
Retained earnings		5,075	20,743

Statement of comprehensive income

Euro '000	NOTE	2023	2022
Profit for the year		85,075	65,743
Items that can be reclassified to the income statement:			
Exchange rate adjustments on translation of foreign currency		-406	3
Changes in fair value of financial instruments		1,063	-1,074
Tax		0	2
Other comprehensive income after tax		**657**	**-1,069**
Total comprehensive income		**85,732**	**64,674**

Balance sheet

Euro '000	NOTE	2023	2022
ASSETS			
Goodwill		2,332	2,337
Other intangible assets		14,199	17,278
Intangible assets in development		1,067	277
Intangible assets	10	**17,598**	**19,892**
Land and buildings		18,851	20,398
Plant and machinery		100,553	109,648
Property, plant and equipment in development		38,866	18,659
Right-of-use assets		19,522	17,088
Property, plant and equipment	11	**177,792**	**165,793**
Investments in subsidiaries		7,614	7,631
Other non-current assets		140	141
Other non-current assets	12	**7,754**	**7,772**
Total non-current assets		**203,144**	**193,457**
Inventories	14	**74,451**	**59,810**
Trade receivables	15	653	19.275
Amounts owed by Group enterprises		288.037	257.473
Amounts owed by related parties		13	0
Other receivables	15	3.677	5.629
Prepayments	15	270	522
Receivables		**292,650**	**282,899**
Cash and cash equivalents		**827**	**1,868**
Total current assets		**367,928**	**344,577**
TOTAL ASSETS		**571,072**	**538,034**

Euro '000	NOTE	2023	2022
EQUITY AND LIABILITIES			
Shareholder's equity			
Share capital		13,404	13,404
Hedge reserve		-2	-1,065
Retained earnings		146,586	141,917
Proposed dividends		80,000	45,000
Total shareholders' equity		**239,988**	**199,256**
Liabilities			
Deferred tax liabilities	13	24,900	24,824
Provisions	16	3,629	3,570
Credit institutions, etc.	17+19	119,590	129,416
Non-current liabilities		**148,119**	**157,810**
Credit institutions, etc.	17+19	20,993	22,660
Trade payables		81,284	109,388
Amounts owed to Group enterprises		39,137	18,648
Provisions	16	47	84
Joint taxation contribution payables		25,694	16,892
Other payables	18	15,810	13,296
Current liabilities		**182,965**	**180,968**
Total liabilities		**331,084**	**338,778**
TOTAL EQUITY AND LIABILITIES		**571,072**	**538,034**

Statement of shareholders' equity

Euro '000	NOTE	Share capital	Hedge reserve	Retained earnings	Proposed dividends	Total equity
Shareholders' equity at 1 January 2023		**13,404**	**-1,065**	**141,917**	**45,000**	**199,256**
Effect of translation to presentation currency		0	0	-406	0	-406
Changes in fair value of financial instruments		0	1,063		0	1,063
Profit for the year (total comprehensive income)		0	0	5,075	80,000	85,075
Extraordinary paid dividend		0	0	0	-45,000	-45,000
Shareholders' equity at 31 December 2023		**13,404**	**-2**	**146,586**	**80,000**	**239,988**

Euro '000	NOTE	Share capital	Hedge reserve	Retained earnings	Proposed dividends	Total equity
Shareholders' equity at 1 January 2022		**13,404**	**7**	**121,171**	**64,000**	**198,582**
Effect of translation to presentation currency		0	0	3	0	3
Changes in fair value of financial instruments		0	-1,072	0	0	-1,072
Profit for the year (total comprehensive income)		0	0	20,743	45,000	65,743
Extraordinary paid dividend		0	0	0	-64,000	-64,000
Shareholders' equity at 31 December 2022		**13,404**	**-1,065**	**141,917**	**45,000**	**199,256**

The share capital in 2023 and 2022 consists of:
100,000 shares at DKK 1,000

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

Cash flow statement

Euro '000	NOTE	2023	2022
Profit for the period		**85,075**	**65,743**
Reversal of amortisation and depreciation		27,781	27,043
Reversal of revaluation / impairment losses		0	0
Net financial income / expense		-963	2,999
Gains/losses on disposals		0	42
Income taxes		23,853	16,709
Change in provisions (current and non-current)		23	-17
Operating cash flows before changes in working capital		**135,769**	**112,519**
Increase / decrease inventories		-14,641	-14,218
Increase / decrease trade receivables		26,632	-12,027
Increase / decrease trade payables		-29,091	37,706
Change in non-current/current other assets/liabilities		3,246	5,608
Change in current and deferred taxes		-102	9
Operating cash flows		**121,813**	**129,597**
Dividends received		1,012	1,281
Interests received		6,906	787
Interests paid		-7,513	-3,026
Other income collected/expenses paid		-477	-1,729
Income taxes paid		-14,880	-16,572
Cash flow from operating activities		**106,861**	**110,338**
Investments in intangible assets		-1,067	-8,884
Investments in property, plant and equipment and investment property		-29,831	-27,167
Proceeds from sale of property, plant and equipment		107	-42
Other variances investment assets		2,180	-24
Cash from investing activities		**-28,611**	**-36,117**

Euro '000	NOTE	2023	2022
Proceeds from loans and borrowings		0	50,240
Repayment of borrowings		-12,371	-17,351
Payment of lease liabilities		-7,208	-6,920
Change in current financial liabilities		1,281	-1,389
Movement in cashpool		-16,014	-35,012
Dividend distributed		-45,030	-64,018
Other variances of equity		55	16
Cash flow from financing activities		**-79,287**	**-74,434**
Net change in cash and cash equivalent		-1,037	-213
Cash and cash equivalent exchange rate effect		-4	1
Cash and cash equivalent opening balance		1,868	2,080
Cash and cash equivalent closing		**827**	**1,868**

Notes

1. Revenue

Euro '000	NOTE	2023	2022
Split by product			
Sale of cement		347,187	362,145
Other sales*		21,370	11,860
		368,557	**374,005**
Split by geography			
Denmark		253,436	239,554
Other Europe		113,232	132,481
Other		1,889	1,970
		368,557	**374,005**

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

2. Cost of sales

Cost of sales amounts to EUR 193.9m (2022: EUR 216.1m). Hereof direct staff costs amount to EUR 21.9m (2022: EUR 20.6m) and use of raw materials amounts to EUR 27.9m (2022: EUR 34.9m).

3. Research and development costs

Euro '000	NOTE	2023	2022
Research and development costs paid		2,211	2,106
		2,211	**2,106**

4. Staff costs

Euro '000	NOTE	2023	2022
Wages and salaries and other remuneration		30,228	29,182
Pension costs, defined contribution scheme		2,678	2,228
Social security costs		421	479
		33,327	**31,889**
Number of employees at 31 December		360	352
Average number of full-time employees		357	354
Remuneration of the Board of Directors, the Management and other senior executives			
Salaries and remunerations		1,915	1,703
Pension contributions		143	118
		2,058	**1,821**
Hereof Board of Directors and Management		1,184	1,102

Remuneration of the Board of Directors represents EUR 99k in 2023 (2022: EUR 99k).

Pension schemes

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

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

Euro '000	NOTE	2023	2022
Total fees to PwC are specified as follows:			
Statutory audit		127	100
Other services		0	0
		127	**100**

6. Other operating income and other operating costs

Euro '000	NOTE	2023	2022
Other operating income			
Rent income		303	740
Profit on sale of property, plant and equipment		0	-42
Other income		10	0
		313	**698**

7. Financial income and expenses

Euro '000	NOTE	2023	2022
Financial income			
Interest, cash funds etc.		14	12
Interest, Group enterprises		6,955	887
Dividends received from subsidiaries		1,012	1,281
Exchange rate adjustments		2,260	2,295
		10,241	**4,475**
Interest on financial assets measured at amortised cost		6,969	899
Financial expenses			
Interest, credit institutions etc.		6,604	2,229
Interest, Group enterprises		1,521	1,162
Exchange rate adjustments		1,152	4,082
		9,277	**7,473**
Interest on financial obligations measured at amortised cost		8,125	3,391

8. Income tax

Euro '000	NOTE	2023	2022
Income tax			
Current tax on the profit for the year/joint taxation contribution		25,932	17,148
Deferred tax adjustment		-1,825	785
Other adjustments, including previous years		-254	-1,224
		23,853	**16,709**
Taxes paid		**14,880**	**16,572**

Euro '000	NOTE	2023	2022
Reconciliation of tax rate			
Tax according to Danish tax rate 22,0%		24,144	18,319
Dividends received from subsidiaries and profits from sales		-223	-282
Non-taxable income and non-deductible expenses		185	-104
Other, including adjustments previous years		-253	-1,224
		23,853	**16,709**
Applicable tax rate for the year		**21.9%**	**20,3%**
Income tax recognised directly as other comprehensive income		**0**	**0**
Total income tax		**23,853**	**16,709**

9. Environmental taxes

Euro '000	NOTE	2023	2022
The Company has paid the following direct environmental taxes:			
Sulphur		447	595
NOx		1,720	1,928
Electricity		150	178
Waste		149	156
Energy		83	89
Raw materials		944	1,008
Diesel and fuel oil		1	1
		3,494	**3,955**

10. Intangible assets

Euro '000	Goodwill	Other intangible assets	Intangible assets in development	Total
Cost at 1 January 2023	2,337	37,186	277	39,800
Exchange rate adjustments	-8	-81	-1	-90
Additions	0	0	1,067	1,067
Other adjustments/reclassifications	0	-1,904	-276	-2,180
Cost at 31 December 2023	**2,329**	**35,201**	**1,067**	**38,597**
Amortisation and impairment at 1 January 2023	0	19,908	0	19,908
Exchange rate adjustments	-3	-44	0	-47
Amortisation for the year	0	1,136	0	1,136
Other adjustments/reclassifications	0	2	0	2
Amortisation and impairment at 31 December 2023	**-3**	**21,002**	**0**	**20,999**
Carrying amount at 31 December 2023	**2,332**	**14,199**	**1,067**	**17,598**

10. Intangible assets (continued)

Euro '000	Goodwill	Other intangible assets	Intangible assets in development	Total
Cost at 1 January 2022	2,337	28,386	190	30,913
Exchange rate adjustments	0	4	0	4
Additions	0	365	274	639
Other adjustments/reclassifications	0	8,431	-187	8,244
Cost at 31 December 2022	**2,337**	**37,186**	**277**	**39,800**
Amortisation and impairment at 1 January 2022	0	18,601	0	18,601
Amortisation for the year	0	1,307	0	1,307
Amortisation and impairment at 31 December 2022	**0**	**19,908**	**0**	**19,908**
Carrying amount at 31 December 2022	**2.337**	**17,278**	**277**	**19,892**

Amortisation during the year is included in the following items:		
Cost of sales	42	40
Sales and distribution costs	506	522
Administrative expenses	588	745
	1,136	**1,307**

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

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

The carrying amount of development projects is EUR 0.0m (2022: EUR 0.0m).

Internally generated intangible assets, mainly regarding SAP implementation, amount to EUR 0.1m (2022: EUR 0.3m). Goodwill is related to cement activity. Due to strong cash flow there is no indication of impairment.

11. Property, plant and equipment

Euro '000	Land and buildings	Plant and machinery	Property, plant and equipment in development	Right-of-use assets	Total
Cost at 1 January 2023	112,748	514,413	18,659	39,876	685,696
Exchange rate adjustments	-247	-1,133	-46	-87	-1,513
Additions	0	5,710	24,121	9,307	39,138
Disposals	-107	-27	0	-344	-478
Reclassifications	0	3,868	-3,868	0	0
Cost at 31 December 2023	**112,394**	**522,831**	**38,866**	**48,752**	**722,843**
Depreciation and impair-ment at 1 January 2023	92,350	404,765	0	22,788	519,903
Exchange rate adjustments	-202	-894	0	-51	-1,147
Reversed depreciation on disposals	0	-27	0	-321	-348
Depreciation for the year	1,395	18,434	0	6,814	26,643
Other adjustments/ reclassifications	0	0	0	0	0
Depreciation and impairment at 31 December 2023	**93,543**	**422,278**	**0**	**29,230**	**545,051**
Carrying amount at 31 December 2023	**18,851**	**100,553**	**38,866**	**19,522**	**177,792**

11. Property, plant and equipment (continued)

Euro '000	Land and buildings	Plant and machinery	Property, plant and equipment in development	Right-of-use assets	Total
Cost at 1 January 2022	112,749	484,575	21,325	37,169	655,818
Exchange rate adjustments	-1	6	-1	0	4
Change in accounting policy, leases	0	0	0	36	36
Additions	0	12,747	14,420	2,847	30,014
Disposals	0	0	0	-176	-176
Reclassifications	0	17,085	-17,085	0	0
Cost at 31 December 2022	**112,748**	**514,413**	**18,659**	**39,876**	**685,696**
Depreciation and impair-ment at 1 January 2022	90,826	387,134	0	16,333	494,293
Exchange rate adjustments	-1	2	0	3	4
Reversed depreciation on disposals	0	0	0	-143	-143
Depreciation for the year	1,525	17,629	0	6,582	25,736
Other adjustments/ reclassifications	0	0	0	13	13
Depreciation and impairment at 31 December 2022	**92,350**	**404,765**	**0**	**22,788**	**519,903**
Carrying amount at 31 December 2022	**20,398**	**109,648**	**18,659**	**17,088**	**165,793**

11. Property, plant and equipment (continued)

Euro '000	NOTE	2023	2022
Depreciation during the year is included in the following items:			
Cost of sales		20,091	19,351
Sales and distribution costs		6,133	5,983
Administrative expenses		419	402
		26,643	**25,736**
Amounts recognised in the income statement regarding leases:			
Depreciation, plant and machinery		6,814	6,582
Interest on lease liabilities		477	365
Short-term leases		83	131
Lease of low value assets		0	0
		7,374	**7,078**

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

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

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

12. Other non-current assets

Euro '000	Investments in subsidiaries	Other non-current assets	Total
Cost at 1 January 2023	7,631	141	7,772
Exchange rate adjustments	-17	-1	-18
Cost at 31 December 2023	7,614	140	7,754
Carrying amount at 31 December 2023	**7,614**	**140**	**7,754**
Cost at 1 January 2022	7,631	141	7,772
Cost at 31 December 2022	7,631	141	7,772
Carrying amount at 31 December 2022	**7,631**	**141**	**7,772**

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

13. Deferred tax assets and deferred tax liabilities

Euro '000	NOTE	2023	2022
Change in deferred tax in the year			
Deferred tax at 1 January		24,824	24,070
Exchange rate adjustments		-55	0
Adjustments, previous years via income statement		1,956	-30
Adjustment on hedge accounting		0	-2
Movements via income statement		-1,825	786
Deferred tax liabilities at 31 December, net		**24,900**	**24,824**
Deferred tax is presented in the balance sheet as follows:			
Deferred tax liabilities		24,900	24,824
Deferred tax liabilities at 31 December, net		**24,900**	**24,824**

14. Inventories

Euro '000	NOTE	2023	2022
Raw materials and consumables		39,731	39,889
Work in progress		20,660	11,034
Finished goods		14,060	8,887
Inventories at 31 December		**74,451**	**59,810**

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

Write-down of inventories of spare parts amounts to EUR 1.5m (2022: EUR 2.0m). Write-down recognised in the income statement is EUR 0.1 (2022: EUR 0.1m).

15. Trade receivables, other receivables and prepayments

Euro '000	NOTE	2023	2022
Development in provisions for impairment on trade receivables:			
Provision for impairment losses at 1 January		0	5
Provision for impairment in the year		0	0
Realised in the year		0	-5
Provision for impairment at 31 December		**0**	**0**

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

16. Provisions

Euro '000	NOTE	2023	2022
Provisions at 1 January		3,654	3,669
Exchange rate adjustment		-9	0
Additions in the year		114	151
Additions from acquisition of shares in CCB		1	1
Used in the year		-74	-167
Reversal		-10	0
Provisions at 31 December		**3,676**	**3,654**
Recognised in the balance sheet as follows:			
Stated as non-current liabilities		3,629	3,570
Stated as current liabilities		47	84
		3,676	**3,654**
Maturities for other provisions are expected to be:			
Falling due within one year		47	85
Falling due between one and five years		537	336
Falling due after more than five years		3,092	3,233
		3,676	**3,654**

Provisions mainly include re-establishment of chalk, gravel and clay pits at EUR 1.9m (2022: EUR 1.8m), demolition liabilities for buildings and terminal on rented land at EUR 1.8m (2022: EUR 1.8m) while other provisions amount to EUR 0.0m (2022: EUR 0.1m).

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

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

Costs for re-establishment of chalk, gravel and clay pits are mainly paid when finishing an excavation or when moving out from leases. No considerable payments are expected in 2024.

17. Credit institutions and other borrowings

Bank borrowings and credits in the Company at 31 December:

Euro '000	Year of maturity	Fixed/ variable	Carrying amount 2023	Carrying amount 2022
Mortgage loan	2037	Variable	120,241	134,352
Lease liability	2024-2036	Variable	20,342	17,724
			140,583	**152,076**

Fair value of the mortgage loan amounts to EUR 120.2m (2022: EUR 134.4m). Other fair values do not significantly deviate from the carrying amount.

The fair value corresponds to the nominal outstanding debt.

17. Credit institutions and other borrowings (continued)

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

Euro '000	Non-current borrowings (>1 year)	Current borrowings (0-1 year)	Total	Maturity >5 years
31 December 2023:				
Mortgage loan	106,147	14,094	120,241	44,772
Lease liability	13,443	6,899	20,342	1,732
	119,590	**20,993**	**140,583**	**46,504**
Specification of contractual cash flows incl. interest:				
Mortgage loan	130,894	19,694	150,588	56,088
Lease liability	13,851	7,145	20,996	1,835
	144,745	**26,839**	**171,584**	**57,923**
31 December 2022:				
Mortgage loan	118,516	15,836	134,352	59,148
Lease liability	10,900	6,824	17,724	2,726
	129,416	**22,660**	**152,076**	**61,874**
Specification of contractual cash flows incl. interest:				
Mortgage loan	134,315	18,815	153,130	60,155
Lease liability	11,109	7,059	18,168	2,726
	145,424	**25,874**	**171,298**	**62,881**

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

18. Other payables

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

19. Charges and securities

Euro '000	2023		2022	
	Carrying amount of mortgaged assets	Debt regarding mortgaged assets	Carrying amount of mortgaged assets	Debt regarding mortgaged assets
Property, plant and machinery	101,132	120,241	120,057	134,870
	101,132	**120,241**	**120,057**	**134,870**

20. Contingent liabilities, contractual obligations and contingent assets

Contingent liabilities

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

In 2023, contractual liabilities are EUR 0.0m (2022: EUR 0.0m).

The Company is taxed jointly with other Danish companies in the Aalborg Portland Holding Group. The Company is jointly and unlimited liable with the other companies in the joint taxation of Danish taxes at source and income taxes within the joint taxation group. Payable income taxes in the joint taxation group amounted to EUR 31.8m at 31 December 2023 (2022: EUR 6.9m). Any subsequent corrections of the taxable income subject to joint taxation could cause a higher liability of the Company.

Contractual obligations

Euro '000	NOTE	2023	2022
Guarantees			
Performance guarantees		7,054	555
		7,054	**555**

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

21. Related party transactions

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

Related parties within Aalborg Portland A/S comprise the enterprises' Board of Directors and Management together with family related to these persons.

Furthermore, related parties comprise enterprises in which the above-mentioned persons have significant interests.

Euro '000	NOTE	2023	2022
Transactions with Aalborg Portland Holding A/S.:			
Intra-group management and administration agreements and royalties		574	1,635
Financial items, net		5,350	403
Trade and financial receivables		281,864	245,202
Trade and financial payables		34,834	8,460
Transactions with other related parties:			
Sale of cement and micro silica		121,260	117,126
Intercompany purchase of cement and other variable costs, net		53,344	73,218
Intercompany management, administration agreements and shared service		2,724	3,013
Financial items, net		83	129
Trade and financial receivables		6,186	12,271
Trade and financial payables		4,303	10,188

Remunerations to the Board of Directors and the Management are presented in note 4. No losses on loans to or receivables from related parties were recognised, nor provisions made for such in 2023 or 2022. All transactions were made on terms equivalent to arm's length principles.

22. Financial risks and financial instruments

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

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

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

Market risks

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

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

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

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

The Company's most predominant currency exposure regarding the operating results arises from sales and purchases in EUR, USD, GBP, NOK, SEK and PLN. A 10% drop in these currencies (apart from EUR) would, viewed separately, decrease the result by EUR 0.6m (NOK amounts to EUR 1.2m, GBP amounts to EUR 2.3.m, PLN amounts to EUR 1.9m, USD amounts to EUR -4.8m and SEK amounts to 0.0m), (2022: NOK amounted to EUR 0,1m, GBP amounted to EUR 1.2m, PLN amounted to EUR 2.4m, USD amounted to EUR -4.6m and SEK amounted to 0.0m).

Risks relating to net financing
The Company's most important net positions at 31 December 2023 relate to USD, SEK and NOK. If these currencies had been 10% down at 31 December 2023, the Company's equity would have been affected negative by an exchange rate adjustment of EUR -0.3m (2022: negative impact of EUR -0.4m). Rising exchange rates would have had a similar negative impact on equity.

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

With regard to investments in foreign enterprises, equity at 31 December 2023 would have been reduced by EUR 1.5m (2022: EUR 1.3m), if the PLN, ISK, EUR and RUB exchange rates had been 10% down on the actual exchange rates.

Assumptions of sensitivity analysis
The sensitivities are stated on the assumption of unchanged sales and price levels and interest levels, and on the assumption of recognised assets and liabilities at 31 December 2023.

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

There are no forward contracts at 31 December 2023 or 31 December 2022.

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

The Company's preferred financing is floating rate loans. The Company's net interest-bearing debt (NIBD) at 31 December 2023 is EUR -120.2m (deposit), 100% thereof financed by floating rate loans. NIBD at 31 December 2022 represented EUR -134.4m (deposit).

With regard to the Company's floating rate loans and cash equivalents, an annual 1% increase in the interest level in proportion to the actual interest rates would, other things being equal, have had an adverse hypothetical negative impact on the profit before tax of EUR 1.2m (2022: EUR 1.2m) and on equity of EUR 0.9m (2022: EUR 0.8m). A declining interest level would have had a corresponding positive impact on result and equity.

Raw material price risks
The Company uses a number of raw materials in the manufacture of products, which expose the Company to a price risk, i.a. especially different

fuels and electricity. The Company enters into annual fixed price contracts for some raw materials. A material part of the price risk on the Company's fuel oil is hedged through swap agreements.

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

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

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

Neither in 2023 nor in 2022 the Company has defaulted or breached any loan agreements (covenants).

Regarding maturities of the Company's debt, reference is made to note 17. Based on the expectations for the future operation and the present cash funds, no other significant liquidity risks have been identified.

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

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

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

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

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

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

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

Receivables overdue at 31 December are specified as follows:

Euro '000	2023	2022
Payment:		
Up to 30 days	0.6	1.5
Between 30 and 90 days	0.0	0.7
More than 90 days	0.0	0.0
	0.6	**2.2**

The historical loss percentage in the income statement is 0.0%. The Company's trade receivables at 31 December 2023 and 31 December 2022 include no write-downs.

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

It is the Group's policy that the capital structure and financial gearing shall at all times reflect the Group's activities and risk profile, afford sufficient financial latitude to ensure the Group's creditworthiness, and provide flexibility and room for investments or acquisitions based on the Group strategy. The distribution of dividends takes place considering the appropriate level of equity and sufficient availability of loan capital to facilitate the Group's ongoing expansion.

The financial gearing between net interest-bearing debt and EBITDA is -0.8 at 31 December 2023.

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 2023 or 2022.

Specification of financial assets and obligations

Euro '000	Carrying value 2023	Fair value 2023	Carrying value 2022	Fair value 2022
Loans and receivables	292.,791	292,791	283,040	283,040
Financial obligations measured at amortised cost	276,831	277,102	293,408	293,421

Methods and assumptions on determination of fair values
In general, fair value corresponds to the carrying value, except for mortgage loans.

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

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

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

24. Estimation on uncertainties and judgements

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

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

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

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

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

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

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

25. Accounting policies

The Annual Report 2023 of Aalborg Portland A/S is prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements according to large class C.

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

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

On 11 March 2024, the Board of Directors and the Management approved the annual report for 2023 for the Aalborg Portland Group. The annual report is submitted to the shareholders of Aalborg Portland A/S for approval at the Annual General Meeting on 22 April 2024.

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

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

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

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

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

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

On the disposal of partially owned foreign subsidiaries resulting in a loss of control, the share of the translation reserve in other comprehensive income attributable to non-controlling interests is not transferred to profit or loss. An average exchange rate is used if it does not significantly deviate from the exchange rate ruling at the transaction date.

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

Income statement

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

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

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

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

Cost of sales
Cost of sales comprises costs incurred to generate revenue for the year and development costs which do not meet the criteria for capitalisation. This includes raw materials, consumables, 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, etc.

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

Derivative financial instruments
Derivative financial instruments are recognised at the date a derivative contract is entered into and measured in the statement of financial position at fair value. Positive and negative fair values of derivative financial instruments are included as separate line items in the statement of financial

position and set-off of positive and negative values is only made when the Company has the right and the intention to settle several financial instruments net.

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

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

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

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

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

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

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

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

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

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

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

Balance sheet

Intangible assets

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

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

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

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

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

Other intangible assets
Other intangible assets, including intangible assets acquired in business combinations, are measured at cost less accumulated amortisation and impairment losses. Amortisation is made on a straight-line basis over the lower of the useful life and the contract period.

The expected useful lives are:
- Software applications, up to 10 years.
- Customer list up to 25 years.
- Patents, licences and other intangible assets, up to 20 years.
- Leasehold improvements, up to 5 years.

CO_2 quotas
On initial recognition, granted and acquired 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 mainly leases land, vehicles and ships. When entering into a contract, it is assessed whether the contract is a lease or contains a lease component. A lease is defined as a contract or part of a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. When assessing whether a contract contains a lease component, it must be considered whether, during the period of use, the lessee has the right to essentially all economic benefits from the use of the identified asset and the right to direct the use of the identified asset.

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

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

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

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

- The value of the index or rate on which the lease payments are based is changed.
- The exercise of options is changed in order to extend or terminate the lease due to significant events or a significant change in circumstances within the Company's control.
- The lease term is changed if the option is exercised in order to extend or terminate the lease.
- Estimated residual value guarantee is changed.
- The contract is renegotiated or modified.

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

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

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

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

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 recognized in the income statement at the date of disposal.

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

Impairment of non-current assets
Goodwill is subject to annual impairment tests, initially before the end of the acquisition year.

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

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

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

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

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

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

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

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

Receivables
Receivables are measured at amortised cost.

Carrying amounts of trade receivables includes receivables subject to factoring arrangement. Trade receivables are recognised net factored trade receivables.

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

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

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

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

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

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

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

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

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

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

Other financial liabilities are measured at amortised cost.

Cash flow statement

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

In the statement of working capital/loans a distinction is made between interest-bearing and non-interest-bearing items plus cash funds.
Cash funds consist of cash in hand and bank deposits.

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

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

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

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

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

Omission of consolidated financial statements

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

Segment reporting

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

Forthcoming requirements

A number of new financial reporting standards, which are not compulsory for the Company in 2023, have been released. The adopted, non-effective standards and interpretations are implemented as they become mandatory for the Company.

Financial ratios

EBITDA ratio
Earnings before depreciation/amortisation, impairment losses, provisions, interest and tax (EBITDA).
Revenue

EBIT ratio
Earnings before interest and tax (EBIT).
Revenue

NOPAT
Net Operating Profit After Tax
Earnings before interest and tax (EBIT) x
(1 – effective tax rate)

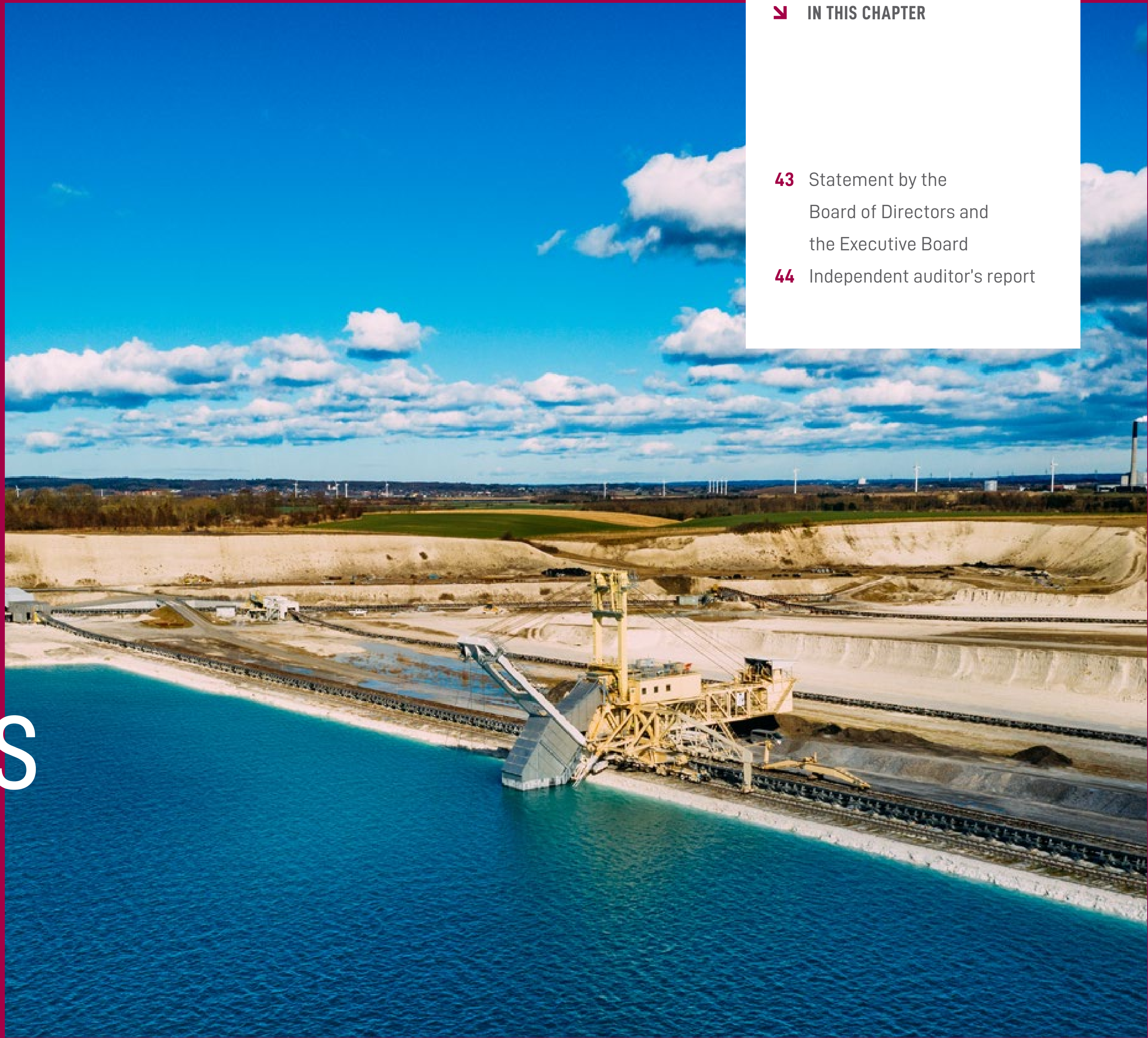
Capital employed
Intangible assets + tangible assets + working capital

Equity ratio
Shareholders' equity
Total assets

Return on equity
Profit
Average shareholders' equity

Net interest-bearing debt (NIBD)
Interest-bearing liabilities less interest-bearing assets

Working capital
Inventories, trade receivables and trade payables.



IN THIS CHAPTER

Signatures

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Aalborg Portland A/S for the financial year 1 January – 31 December 2023.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2023.

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

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

Aalborg, 11 March 2024

BOARD OF DIRECTORS

Bjarne Moltke Hansen
Chairman

Marco Maria Bianconi
Vice Chairman

Søren Holm Christensen
Chief Executive Officer

Ernst Aage Jensen
Employee Representative

Kim Eli Madsen
Employee Representative

EXECUTIVE BOARD

Søren Holm Christensen
Chief Executive Officer

Henrik Jeppesen
Chief Financial Officer

Independent auditor's report

To the Shareholders of Aalborg Portland A/S

Opinion
In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2023 in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the Financial Statements of Aalborg Portland A/S for the financial year 1 January - 31 December 2023, which comprise income statement and] statement of comprehensive income, balance sheet, statement of cash flows, statement of changes in equity and notes, including material accounting policy information ("financial statements").

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

Statement on Management's Review
Management is responsible for Management's Review.

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

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

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

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

Management's Responsibilities for the Financial Statements
Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement,

whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

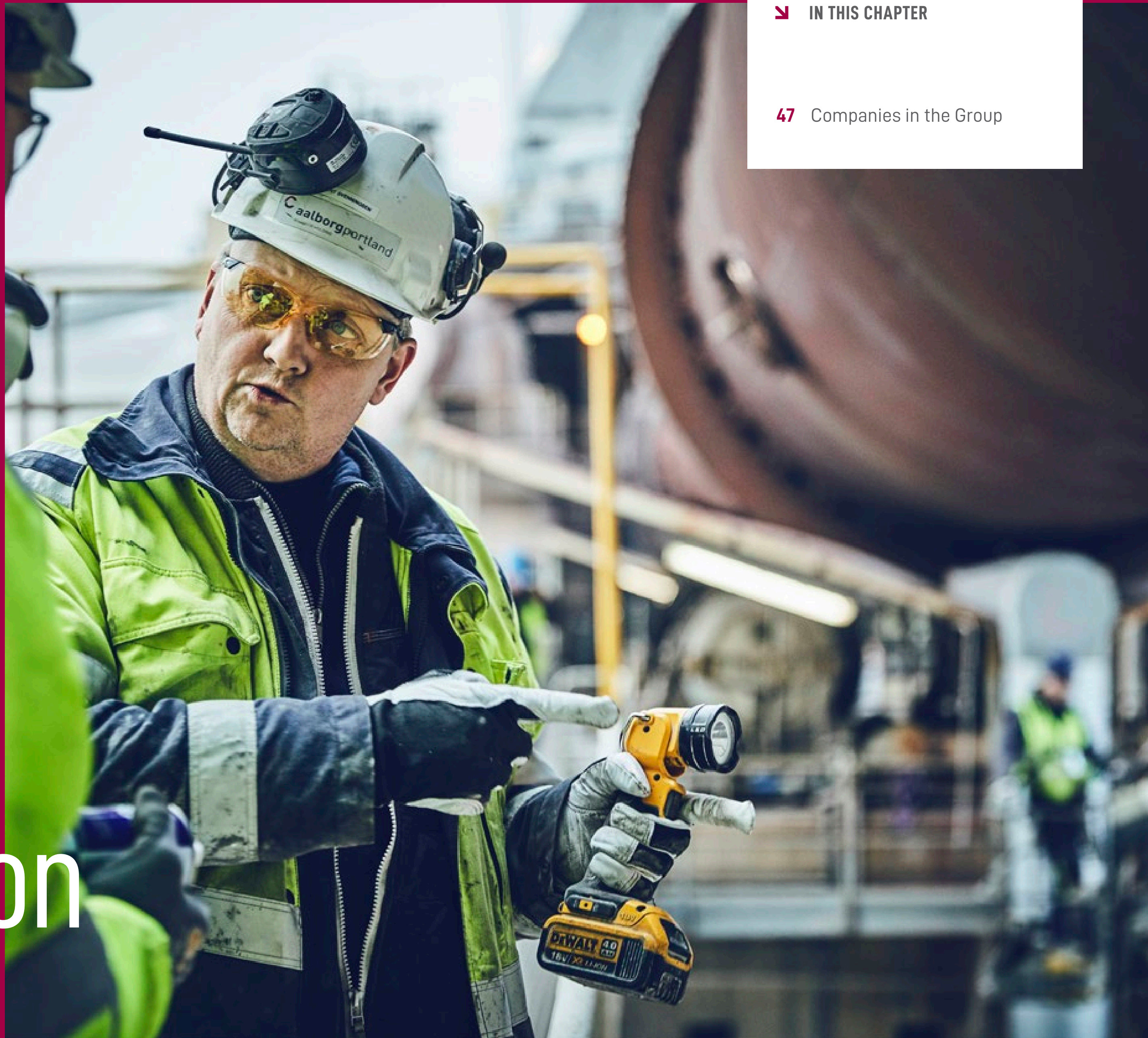
As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Aarhus, 11 March 2024
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Henrik Trangeled Kristensen
State Authorised
Public Accountant
mne23333

Thyge Belter
State Authorised
Public Accountant
mne30222



IN THIS CHAPTER

Company information

Companies in the Group

THE COMPANY
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Internet: www.aalborgportland.com
CVR No 36 42 81 12

BOARD OF DIRECTORS
Bjarne Moltke Hansen
Chairman
Marco Maria Bianconi,
Vice Chairman
Søren Holm Christensen
Ernst Aage Jensen*
Kim Eli Madsen*
*Elected by the employees

EXECUTIVE BOARD
Søren Holm Christensen
CEO, Aalborg Portland
Henrik Jeppesen,
CFO, Aalborg Portland Holding

OWNERS
Aalborg Portland A/S is 100% owned by Aalborg Portland Holding A/S.

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

ANNUAL GENERAL MEETING
22 April 2024 at Rørdalsvej 44, 9220 Aalborg Øst

			Nominal share capital (in 000)	Direct holding*
Aalborg Portland A/S	**Denmark**	**DKK**	**100.000**	**-**
Aalborg Portland Íslandi ehf.	Iceland	ISK	303.000	100,0%
Aalborg Portland Polska Sp. z o.o.	Poland	PLN	100	100,0%
Aalborg Portland France S.A.S.	France	EUR	10	100,0%
Aalborg Portland Belgium S.A.	Belgium	EUR	500	100,0%

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Magnús Eyjólfsson, *Managing Director*

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Publication
22 April 2024

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CEMENTIR HOLDING