



## Remondis A/S

Abildager 16  
2605 Brøndby  
CVR No. 19010007

## Annual report 2019

The Annual General Meeting adopted the  
annual report on 28.08.2020

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**Lennart Vigenberg**  
Conductor

# Contents

Entity details	2
Statement by Management	3
Independent auditor's report	4
Management commentary	7
Income statement for 2019	13
Balance sheet at 31.12.2019	14
Statement of changes in equity for 2019	16
Cash flow statement for 2019	17
Notes	18
Accounting policies	23

# Entity details

## Entity

Remondis A/S

Abildager 16

2605 Brøndby

CVR No.: 19010007

Registered office: Brøndby

Financial year: 01.01.2019 - 31.12.2019

## Board of Directors

Werner Franz Hols, chairman

Ulf Gunnar Ervér, vice chairman

Klaus Georg Jungen

Bjørn Gustav Lütjens, staff representative

Lars Madsen Pedersen, staff representative

## Executive Board

Karsten Lindeskov Linderskov, managing director

Søren Eriksen, director

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

P. O. Box 1600

0900 Copenhagen C

# Statement by Management

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

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

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

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

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

Brøndby, 27.08.2020

## Executive Board

**Karsten Lindeskov Linderskov**  
managing director

**Søren Eriksen**  
director

## Board of Directors

**Werner Franz Hols**  
chairman

**Ulf Gunnar Ervér**  
vice chairman

**Klaus Georg Jungen**

**Bjørn Gustav Lütjens**  
staff representative

**Lars Madsen Pedersen**  
staff representative

# Independent auditor's report

## To the shareholders of Remondis A/S

### Opinion

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

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

### Basis for opinion

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

### Material uncertainty related to going concern

Without modifying our opinion we refer to Management's description of uncertainties related to the groups continued operations (going concern) in note 1. The operations are dependent on that the support from the shareholders will continue for 12 months.

### Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material

misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

#### **Statement on the management commentary**

Management is responsible for the management commentary.

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

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

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

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

Copenhagen, 27.08.2020

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Torben Skov**

State Authorised Public Accountant  
Identification No (MNE) mne19689

# Management commentary

## Financial highlights

	2019 DKK'000	2018 DKK'000	2016 DKK'000	2015 DKK'000	2014 DKK'000
<b>Key figures</b>					
Revenue	640,704	665,000	561,293	504,429	447,874
Gross profit/loss	35,191	35,882	45,724	45,887	56,119
Operating profit/loss	(93,733)	(39,221)	(15,705)	(8,779)	9,760
Net financials	(6,096)	(5,278)	(3,230)	(3,035)	(2,958)
Profit/loss for the year	(99,829)	(44,499)	(18,343)	(11,195)	5,244
Total assets	338,572	397,554	281.383	249.195	255.055
Investments in property, plant and equipment	44,525	116,311	59.467	85.985	22.059
Equity	(83,618)	16,211	60,710	79,050	93,245
<b>Ratios</b>					
Gross margin (%)	5.49	5.40	8.15	9.10	12.53
Net margin (%)	(15.58)	(6.69)	(3.27)	(2.22)	1.17
Equity ratio (%)	24.7	4.1	19.0	28.1	37.4
Average number of employees	704	786	708	609	487

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

### Gross margin (%):

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

### Net margin (%):

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

### Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$



### Primary activities

The company's main activities consist of haulage operations including collection and handling of waste and recyclables. REMONDIS A/S is a major operator in the Danish market for collection of household waste and recyclables and is among the largest operators in Denmark.

REMONDIS A/S gains revenue mainly through tenders submitted by either municipalities, public institutions or private companies. B2B sale also occurs. The revenue is collected through public waste collection, commercial & industrial waste, recycling waste, rental of containers, transport of waste, bin services and waste treatment.

### Development in activities and finances

Net revenue for the year amounted to DKK 640,704,000 against 665,000,000 last year. The result after tax is DKK -99,829,000 against DKK -44,498,000 last year. The result for the year is, as expected, negative, however higher than forecasted due to provisions for loss making contracts and one-off effects from terminated contracts.

Focus in 2019 has been to minimize future losses either by negotiation an exit from contracts or by improving operational efficiency on the contracts where this is possible. During 2019 more resources has been added to the managerial team to ensure the required competencies are available in the organization to prepare for the future activities.

The company has in the financial year and will continue in the coming financial year focus on improving the current activities, as well as assess whether current contracts are profitable. This is expected to result in a decline in activity, which overall will improve the financial result in the coming years.

In July 2019 REMONDIS International GmbH acquired the remaining shares owned by the minority shareholder, thereby REMONDIS A/S is now a fully owned subsidiary in the RETHMANN group and part of Europe's strongest operator within waste, recycling, environmental services, water services and other services for industrial and commercial customers.

### Outlook

The market situation in 2020 is expected to continue to be tough with great price pressure, where there has also been a tendency to take home the waste collection task in the municipalities. Price is still the decisive parameter, but also with a focus on quality and the environment - especially with regard to public tenders within the municipal household waste collection.

The company expects a reduced turnover in 2020 as a result of the termination of several municipal household waste contracts. Termination of contracts as well as focus on optimizing processes and management of current contracts are expected to improve the company's overall earnings.

The operating loss from 2019 will continue into 2020, however with an expectation of a significant reduction as a result of a changed contract mix, as several loss-making contracts expire or have expired

### Capital resources and funding

The company is mainly financed by the ultimate shareholder Rethmann SE & Co. KG, a major player within the waste and transporting industry in Europe. Rethmann SE & Co. KG financial position is solid. Management has had no indication that the significant financing will be withdrawn.

On a frequently basis the shareholder is informed about the liquidity position of the company and if the company is expected to exceeds its credit limits the shareholders has provided and is expected to provide necessary funds. The shareholder has thus in 2019 supported the company with DKK 30 million. So fare no additional funding has been necessary in 2020.

Further the shareholders in other ways show its support in the company´s operations and planned investments.

Based on the above it is managements opinion, that the company has sufficient capital resources and funding to operate of the company for the coming 12 month. Management is further in dialog with its shareholders to reestablish its share capital either through additional cash injection, conversion of loans to equity or through future profits.

As it appears it is a material prerequisite that the support by the shareholders will continue for the next 12 month. In the event, that management is unable to achieve this, there is risk that the company will be unable to continue it´s operations.

### **Particular risks**

As the company only transports within Denmark's borders, the company's risk position is relatively low. The company only experiences very limited losses on receivables.

To increase business understanding and minimize risk, monthly business unit reviews are held where department managers and relevant decision makers participate, focusing on departmental financials and continuous profitability in every contract.

### **Currency risks**

The company has limited foreign currency transactions within SEK and EUR, and its considered to be immaterial, as DKK is linked to EUR.

### **Environmental performance**

The company has a strong focus on climate policy and wants to show responsibility towards the environment and the climate. The company's focus on climate and environment are documented in ISO 14001 (environmental management) certification. The certifications are constantly kept up to date as the company wishes to show responsibility in the industry, they attend.

The business of REMONDIS A/S is mainly based on trucks transporting waste material from A to B. Our main risk when it comes to environmental and climate impact is related to the energy consumption of our vehicles. We try to mitigate this risk by minimizing the environmental impact of our trucks in the areas we operate through less noise, less CO2 and NOX emissions. Therefore, we invest in trucks with the latest EURO Norms, which is also a requirement in most of the tenders, where we participate. During 2019 we invested more than 49 MDKK in new trucks, a mix of Diesel, Hybrid, Gas.

The company also focuses on the latest initiatives on optimizing fuel consumption. REMONDIS A/S continuously tests new trucks which runs on alternative fuel than diesel. The company is working with optimizing driving behavior and thereby reducing the environmental impact. REMONDIS wants to reduce fuel consumption and CO2 emissions and one of the approaches for this is the electronically controlled limit of vehicle speed to 80 km/h.

Fuel consumptions are monitored through KPI's in performance reports distributed to managers monthly. The validity of the KPI's is improving due to the ongoing reporting, and we have registered a positive trend in the measured fuel consumptions

## Statutory report on corporate social responsibility

### Business model

REMONDIS A / S operates within the sector of waste transport, handling and sorting, and have 8 locations covering most parts of Denmark. We offer waste solutions to businesses, municipalities and other professional organizations.

### Risk description

Risk area	Main identified risk
Environmental performance	Energy consumption used for transportation
Social conditions/working conditions	Risk that we cannot attract and maintain qualified employees
Human Rights	Lack of a safe work environment
Integrity, ethics and corruption	Bribery

### Social conditions/working conditions

The most important asset in REMONDIS A/S is human capital and represented by more than 600 employees. Attracting and keeping the best qualified resources is identified as our main risk when it comes to social and working conditions. REMONDIS A/S takes a strong responsibility in mitigating this risk, by training and educating employees and recruiting via municipal jobcenters and related projects, helping people who has special needs to enter or reenter the workforce.

Drivers are the backbone of our business model, and therefore our focus on training and education is on this group of employees. REMONDIS A/S has during 2019 had 14 apprentice drivers who were under training to become qualified drivers, ensuring that there is a group of well-educated drivers in the industry also in the future.

Our cooperation with local municipal jobcenters to help people with special needs, was recognized in 2019 by Næstved Municipality, who awarded our local department in Næstved with the prize "Social pris Næstved 2019" for the contribution to their project "47 Netværk". This project helped evaluating the possibilities of 5 potential employees and by the end of 2019 4 of these were employed by REMONDIS A/S on normal terms.

### Human rights

We are strongly committed to create and maintain healthy and safe working conditions for all our employees. At REMONDIS A/S we therefore have Health and safety policy committing us to be complied with all legislation within health and safety policy as a minimum and it forces us to be continually updated and follow current trends in society. The nature of our business involving a profound combination of human capital and heavy trucks and equipment does pose a risk in terms of accidents compared to other industries which forces us to focus on safety regulation combined with work injuries.

Our work with health and safety is driven through a range of initiatives:

- We systematically monitor our working conditions through mandatory APV and management takes decisions on the basis from APV.
- We offer a free and up-to-date fitness room for all our employees.
- Each driver is also covered by a health insurance with a long list of benefits.

- Working conditions are also part of our policy when acquiring new trucks, we favor low entry height when entering cockpit and good ergo dynamic driving positions.
- All work injuries are recorded and monitored. The data is shared within the organization and management to prevent future injuries.

In 2019 we have maintained a safe and healthy work environment, with a decrease in the number of work injuries.

### **Integrity, ethics and corruption**

REMONDIS A/S wants to show integrity and ethical behavior in the markets where the company is present, and we oppose all forms of corruption. REMONDIS A/S policy commits us to fair and open competition in all markets where business is conducted.

Our company policy states that employees must never attempt to influence business partners unlawfully, whether through preferential treatment, gifts or other advantages. Employees are not allowed to receive any gifts, travels or other presents from customers or suppliers. We have a zero-tolerance policy.

With the introduction in 2018 of a work flow system for approval of supplier invoices, we have in 2019 improved the approval processes, ensuring the 4 eyes principles and creating transparency in the approval process thereby minimizing the risk of bribery.

We have in 2019 finalized the implementation of a work flow system, and have not identified any violations of competition rules.

### **Statutory report on the underrepresented gender**

#### Gender equality policies

At REMONDIS A/S, we comply with the law on discrimination and ethnic equality. Discrimination means any direct or indirect discrimination based on sex, race, color, religion or belief, political opinion, sexual orientation, age, disability or national, social or ethnic origin.

We regard diversity, as well as the respect and tolerance for diversity, as an important prerequisite for innovation in REMONDIS A/S. We look at our employees as individuals, and both managers and employees have a responsibility for ensuring that the individual's potential is developed.

REMONDIS A/S emphasizes that the company's female employees have the same opportunities to develop careers and gain management positions as their male colleagues, and that the employees of REMONDIS A/S experience that the company has an open-minded culture, where the individual can utilize and develop his/her skills in the best possible way.

The composition of men and women in REMONDIS A/S follows the natural composition that characterizes the industry, which means that REMONDIS A/S is represented by a larger proportion of men than women as a whole, as well as in management.

REMONDIS A/S' overall policy for future equality in senior management, as well as in the other management levels, is that the gender distribution must reflect the natural distribution that is characteristic for the industry. The board of REMONDIS A/S consists of 3 persons and is currently 100% represented by men. It is the company's goal that within the year 2022, the board must at least be represented by one female member.

The target figure has not been met in the financial year 2019, as there has not been the necessary qualifications of the candidates of the underrepresented gender.

#### Target figures for the other management

REMONDIS A/S's target figures for the gender distribution in the remaining management are 40/60%.

It is the company's goal to achieve the target figure for the gender distribution in the rest of the management level through the strategy described below. Other management levels include executive management, regional managers, district and department managers (dispatchers are not a part of this goal).

#### Strategy

REMONDIS A/S has adopted a policy to increase the proportion of the underrepresented gender at the management levels. According to the policy, the company tries as far as possible:

To make an effort to qualify and internally recruit employees of both sexes to formal management positions at REMONDIS A/S.

When occupying positions at all management levels, a formal recruitment process is followed, which ensures recruitment of the best qualified employee, including ensuring that managerial positions with equal applicants are filled by the under-represented sex at the time.

#### Career development

REMONDIS A/S wants to inspire all employees to become part of the management and offers all employees the opportunity to develop professional and personal competencies through participation in various activities, including relevant management courses and by attending our graduate trainee program. It is REMONDIS A/S's goal that women and men are offered participation equally in these opportunities.

#### Results 2019

In 2019, REMONDIS A/S management was represented with 36% women and 64% men. In 2018, the distribution was 0% women and 100% men. The development is a result of success with the established strategy, with an increased focus on offering leadership positions to the underrepresented gender by equal candidates.

#### **Events after the balance sheet date**

In January 2020, REMONDIS A/S established the subsidiary Ressourceindsamling A/S, which on 6 April 2020 was sold to a joint municipal company owned by the municipalities of Albertslund, Ballerup, Furesø, Ishøj and Vallensbæk. The financial consequences of the transaction are included in the 2019 accounts.

In the spring of 2020, REMONDIS A/S was affected by Covid-19. The outbreak of Covid-19 entailed several health risks for the company's employees, which led to a strong focus on risk infection in connection with the handling of waste that could potentially be contagious. The company quickly launched a campaign for proper waste handling of potentially infectious waste, just as protective equipment was purchased and distributed to all vehicles and buildings.

In addition to the health risk, the outbreak naturally affected the company's revenue. The company has minimized the costs correspondingly in the form of repatriation of employees for a limited period. However, the company's primary activity consists of household waste, which has been unaffected by the situation, and therefore the Covid-19 is expected to have a limited impact on the financial year 2020.

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

# Income statement for 2019

	Notes	2019 DKK'000	2018 DKK '000
Revenue	3	640,704	665,000
Production costs		(605,513)	(629,118)
<b>Gross profit/loss</b>		<b>35,191</b>	<b>35,882</b>
Administrative expenses	4	(105,745)	(76,023)
Other operating income		4,537	920
Other operating expenses		(27,716)	0
<b>Operating profit/loss</b>		<b>(93,733)</b>	<b>(39,221)</b>
Other financial income		144	116
Other financial expenses	6	(6,240)	(5,394)
<b>Profit/loss for the year</b>	7	<b>(99,829)</b>	<b>(44,499)</b>

# Balance sheet at 31.12.2019

## Assets

	Notes	2019 DKK'000	2018 DKK'000
Land and buildings		1,030	961
Other fixtures and fittings, tools and equipment		224,765	260,710
Leasehold improvements		534	594
<b>Property, plant and equipment</b>	8	<b>226,329</b>	<b>262,265</b>
Deposits		3,366	3,337
<b>Other financial assets</b>	9	<b>3,366</b>	<b>3,337</b>
<b>Fixed assets</b>		<b>229,695</b>	<b>265,602</b>
Trade receivables		101,924	126,052
Receivables from group enterprises		169	0
Other receivables		0	812
Receivables from owners and management		0	605
Prepayments	10	6,779	3,919
<b>Receivables</b>		<b>108,872</b>	<b>131,388</b>
<b>Cash</b>		<b>5</b>	<b>564</b>
<b>Current assets</b>		<b>108,877</b>	<b>131,952</b>
<b>Assets</b>		<b>338,572</b>	<b>397,554</b>

**Equity and liabilities**

	Notes	2019 DKK'000	2018 DKK'000
Contributed capital		750	750
Retained earnings		(84,368)	15,461
<b>Equity</b>		<b>(83,618)</b>	<b>16,211</b>
Other provisions	11	51,307	1,746
<b>Provisions</b>		<b>51,307</b>	<b>1,746</b>
Finance lease liabilities		123,919	141,838
Other payables		12,494	0
<b>Non-current liabilities other than provisions</b>	12	<b>136,413</b>	<b>141,838</b>
Current portion of non-current liabilities other than provisions	12	35,632	48,777
Bank loans		6,028	9,533
Trade payables		27,979	14,879
Payables to group enterprises		117,456	83,405
Other payables		47,375	79,332
Deferred income	13	0	1,833
<b>Current liabilities other than provisions</b>		<b>234,470</b>	<b>237,759</b>
<b>Liabilities other than provisions</b>		<b>370,883</b>	<b>379,597</b>
<b>Equity and liabilities</b>		<b>338,572</b>	<b>397,554</b>

Going concern	1
Events after the balance sheet date	2
Staff costs	5
Unrecognised rental and lease commitments	15
Contingent liabilities	16
Assets charged and collateral	17
Related parties with controlling interest	18
Non-arm's length related party transactions	19
Group relations	20



# Statement of changes in equity for 2019

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	750	15,461	16,211
Profit/loss for the year	0	(99,829)	(99,829)
<b>Equity end of year</b>	<b>750</b>	<b>(84,368)</b>	<b>(83,618)</b>

# Cash flow statement for 2019

	Notes	2019 DKK'000	2018 DKK'000
Operating profit/loss		(93,733)	(39,221)
Amortisation, depreciation and impairment losses		27,016	45,821
Other provisions		49,560	1,746
Working capital changes	14	13,717	(14,306)
<b>Cash flow from ordinary operating activities</b>		<b>(3,440)</b>	<b>(5,960)</b>
Financial income received		145	116
Financial expenses paid		(6,240)	(5,393)
<b>Cash flows from operating activities</b>		<b>(9,535)</b>	<b>(11,237)</b>
Acquisition etc of property, plant and equipment		(44,525)	(114,455)
Sale of property, plant and equipment		53,445	3,001
Acquisition of fixed asset investments		(29)	(295)
Loans		605	(605)
<b>Cash flows from investing activities</b>		<b>9,496</b>	<b>(112,354)</b>
Incurrence of debt to group enterprises		20,804	95,000
Reduction of lease commitments		(62,345)	(67,548)
Incurrence of lease commitments		44,527	107,950
<b>Cash flows from financing activities</b>		<b>2,986</b>	<b>135,402</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>2,947</b>	<b>11,811</b>
Cash and cash equivalents beginning of year		(8,969)	(20,780)
<b>Cash and cash equivalents end of year</b>		<b>(6,022)</b>	<b>(8,969)</b>
Cash and cash equivalents at year-end are composed of:			
Cash		5	564
Short-term debt to banks		(6,027)	(9,533)
<b>Cash and cash equivalents end of year</b>		<b>(6,022)</b>	<b>(8,969)</b>

# Notes

## 1 Going concern

The company is mainly financed by the ultimate shareholder Rethmann SE & Co. KG, a major player within the waste and transporting industry in Europe. Rethmann SE & Co. KG financial position is solid. Management has had no indication that the significant financing will be withdrawn.

On a frequently basis the shareholder is informed about the liquidity position of the company and if the company is expected to exceeds its credit limits the shareholders has provided and is expected to provide necessary funds. The shareholder has thus in 2019 supported the company with DKK 30 million. So far no additional funding has been necessary in 2020.

Further the shareholders in other ways show its support in the company´s operations and planned investments. Based on the above it is managements opinion, that the company has sufficient capital resources and funding to operate of the company for the coming 12 month. Management is further in dialog with its shareholders to reestablish its share capital either through additional cash injection, conversion of loans to equity or through future profits.

As it appears it is a material prerequisite that the support by the shareholders will continue for the next 12 month. In the event, that management is unable to achieve this, there is risk that the company will be unable to continue it´s operations.

## 2 Events after the balance sheet date

In January 2020, REMONDIS A/S established the subsidiary Ressourceindsamling A/S, which on 6 April 2020 was sold to a joint municipal company owned by the municipalities of Albertslund, Ballerup, Furesø, Ishøj and Vallensbæk. The financial consequences of the transaction are included in the 2019 accounts.

In the spring of 2020, REMONDIS A/S was affected by Covid-19. The outbreak of Covid-19 entailed several health risks for the company's employees, which led to a strong focus on risk infection in connection with the handling of waste that could potentially be contagious. The company quickly launched a campaign for proper waste handling of potentially infectious waste, just as protective equipment was purchased and distributed to all vehicles and buildings.

In addition to the health risk, the outbreak naturally affected the company's revenue. The company has minimized the costs correspondingly in the form of repatriation of employees for a limited period. However, the company's primary activity consists of household waste, which has been unaffected by the situation, and therefore the Covid-19 is expected to have a limited impact on the financial year 2020.

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

### 3 Revenue

	2019 DKK'000	2018 DKK'000
Renovation	640,704	665,000
<b>Total revenue by geographical market</b>	<b>640,704</b>	<b>665,000</b>
Storkøbenhavn	365,667	393,855
Øvrige sjælland	172,792	118,221
Jylland	102,245	152,924
<b>Total revenue by activity</b>	<b>640,704</b>	<b>665,000</b>

### 4 Fees to the auditor appointed by the Annual General Meeting

	2019 DKK'000	2018 DKK'000
Statutory audit services	175	175
Other assurance engagements	25	0
Other services	407	93
	<b>607</b>	<b>268</b>

### 5 Staff costs

	2019 DKK'000	2018 DKK'000
Wages and salaries	362,931	371,889
Pension costs	28,842	29,624
Other social security costs	15,341	14,401
Other staff costs	5	0
	<b>407,119</b>	<b>415,914</b>
Average number of full-time employees	<b>704</b>	<b>786</b>

	Remuneration of management 2019 DKK'000	Remuneration of management 2018 DKK'000
Total amount for management categories	2,853	5,419
	<b>2,853</b>	<b>5,419</b>

## 6 Other financial expenses

	2019 DKK'000	2018 DKK'000
Financial expenses from group enterprises	989	634
Other interest expenses	119	187
Other financial expenses	5,132	4,573
	<b>6,240</b>	<b>5,394</b>

## 7 Proposed distribution of profit and loss

	2019 DKK'000	2018 DKK'000
Retained earnings	(99,829)	(44,499)
	<b>(99,829)</b>	<b>(44,499)</b>

## 8 Property, plant and equipment

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
Cost beginning of year	1,275	485,039	706
Additions	139	44,350	36
Disposals	0	(53,445)	0
<b>Cost end of year</b>	<b>1,414</b>	<b>475,944</b>	<b>742</b>
Depreciation and impairment losses beginning of year	(314)	(224,329)	(112)
Depreciation for the year	(70)	(59,007)	(96)
Reversal regarding disposals	0	32,157	0
<b>Depreciation and impairment losses end of year</b>	<b>(384)</b>	<b>(251,179)</b>	<b>(208)</b>
<b>Carrying amount end of year</b>	<b>1,030</b>	<b>224,765</b>	<b>534</b>
Recognised assets not owned by entity	0	193,037	0

## 9 Financial assets

	Deposits DKK'000
Cost beginning of year	3,337
Additions	29
<b>Cost end of year</b>	<b>3,366</b>
<b>Carrying amount end of year</b>	<b>3,366</b>

## 10 Prepayments

Prepayments consists of prepaid expenses regarding insurances, road taxes etc.

### 11 Other provisions

Other provisions consists of expected costs relating to ongoing disputes with a customer and provisions relating to loss making contracts.

### 12 Non-current liabilities other than provisions

	Due within 12 months 2019 DKK'000	Due within 12 months 2018 DKK'000	Due after more than 12 months 2019 DKK'000	Outstanding after 5 years 2019 DKK'000
Finance lease liabilities	35,632	48,777	123,919	13,232
Other payables	0	0	12,494	0
	<b>35,632</b>	<b>48,777</b>	<b>136,413</b>	<b>13,232</b>

### 13 Deferred income

Deferred income comprises grants received as part of an acquisition of a contract. The grant is amortised linearly over the contract period.

### 14 Changes in working capital

	2019 DKK'000	2018 DKK'000
Increase/decrease in receivables	21,912	(10,380)
Increase/decrease in trade payables etc	(8,195)	(3,926)
	<b>13,717</b>	<b>(14,306)</b>

### 15 Unrecognised rental and lease commitments

	2019 DKK'000	2018 DKK'000
Liabilities under rental or lease agreements until maturity in total	<b>31,078</b>	<b>38,971</b>

### 16 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Remondis Danmark Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore secondarily liable for income taxes etc for the jointly taxed entities, which is limited to the equity interest by which the entity participates in the Group, as well as secondarily liable for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

### 17 Assets charged and collateral

A bank guarantee of DKK 16,229,236 has been provided concerning transport liabilities.

**18 Related parties with controlling interest**

Remondis Danmark Holding ApS, Abildager 16, 2605 Brøndby, Denmark owns 100% of the shares of the Entity and thus has control over REMONDIS A/S.

Rethmann SE & CO. KG, Germany, owns indirect 100% of the shares of Remondis Danmark Holding ApS and is ultimate Parent and thus has control over REMONDIS A/S.

**19 Non-arm's length related party transactions**

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

**20 Group relations**

Name and registered office of the Parent preparing consolidated financial statements for the largest group:  
Rethmann SE & CO. KG, Werner Strasse 95, 59379 Selm, Germany

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:  
Remondis Danmark Holding ApS, Abildager 16, 2605 Brøndby, Denmark

# Accounting policies

## Reporting class

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

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

## Recognition and measurement

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

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

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

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

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

## Income statement

### Revenue

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

### Production costs

Production costs comprise cost of sales for the financial year, including costs incurred to earn revenue for the financial year, including wages and salaries as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment.

### Administrative expenses

Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

### Other operating income

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



**Other operating expenses**

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

**Other financial income**

Other financial income comprises interest income, including interest income on receivables from group enterprises, net exchange gains on transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

**Other financial expenses**

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

**Balance sheet****Property, plant and equipment**

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	20 years
Other fixtures and fittings, tools and equipment	3-8 years
Leasehold improvements	5-8years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

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

**Receivables**

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

**Prepayments**

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

**Cash**

Cash comprises cash in hand and bank deposits.

**Other provisions**

Other provisions comprise anticipated costs of disputes etc.

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

**Finance lease liabilities**

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

**Operating leases**

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

**Other financial liabilities**

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

**Deferred income**

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

**Cash flow statement**

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash.