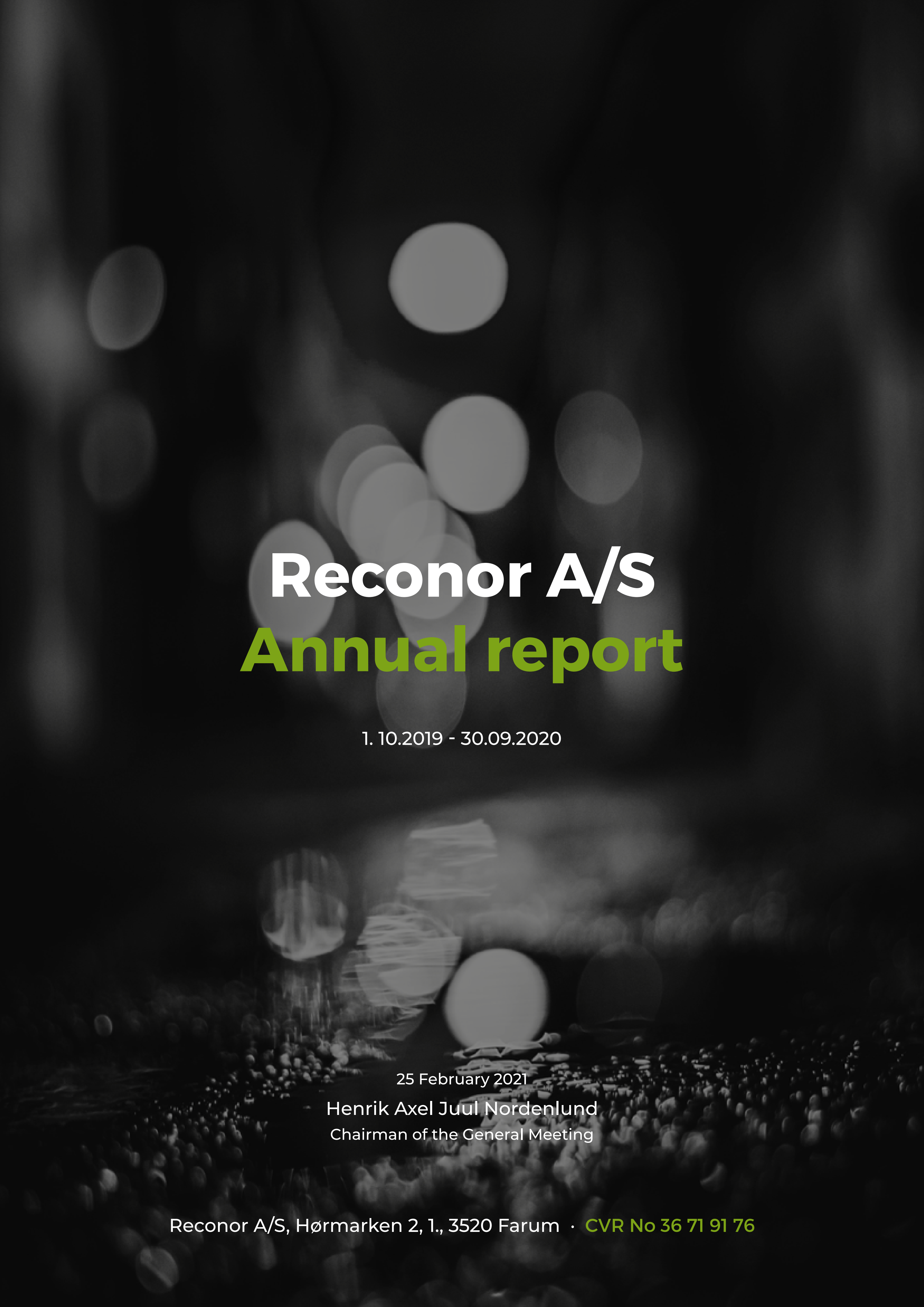

Reconor A/S
Annual report

1. 10.2019 - 30.09.2020

25 February 2021

Henrik Axel Juul Nordenlund

Chairman of the General Meeting

Reconor A/S, Hørmarken 2, 1., 3520 Farum · CVR No 36 71 91 76

RECONOR A/S
ANNUAL REPORT

The Annual Report was presented and adopted at the Annual General Meeting of the Company on: 25 February 2021.

Henrik Axel Juul Nordenlund
Chairman of the General Meeting

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COMPANY INFORMATION

Company
Reconor A/S
Hørmarken 2,1
3520 Farum

Central Business Registration No 36 71 91 76
Registered in Farum

Financial period: 1 October 2019 - 30 September 2020
Financial year: 6th financial year

Executive Board
Henrik Axel Juul Nordenlund
Katrine Kjems Hyldgaard Christensen

Board of Directors
Niels Meidahl, chairman
Kevin Kristoffer Ehnhuus Iermiin
Ivar Green-Paulsen

Non executives members
Nikolaj Meyland-Smith
Karsten Ludvigsen

Auditors
PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup
Cvr nr. 33 77 12 31

KEY FIGURES

	2019/20 TDKK	2018/19 TDKK
Financial highlights **Profit and loss accounts**		
Revenue	825.071	820.985
Gross profit/loss	509.889	511.411
Operating profit/loss after special items	99.503	122.405
Net financials	(96.851)	(93.011)
Profit/loss for the period	(11.368)	10.070
EBITDA	191.458	202.744
Balance sheet		
Investments in intangible and tangible fixed assets	25.327	18.327
Total assets	1.541.785	1.475.419
Total equity attributable to owners of Reconor A/S	221.089	232.457
Cash flows		
Operating activities	153.121	72.698
Investing activities	(631)	1.745
Financing activities	(73.122)	(75.432)
Net cash flow for the year	79.368	(989)
Employees		
Average number of employees	502	450
Key Ratios		
Return on assets (%)	6%	8%
Solvency ratio (%)	14%	16%

Explanation of key ratios

Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$

As this is the first consolidated financial statements for the group, the comparative figures for 2017/18, 2016/17 and 2015/16 are omitted in accordance with the Danish Financial Statements Act, section 128.

MANAGEMENT'S REVIEW

Primary activities

Reconor A/S is a company with a primary activity of owning shares in the Reconor Group. Reconor is a leading provider of environmental-friendly solutions for soil and waste in Denmark, handling over 1.6 mio. tonnes of soil per year and upcycling over 0.9 million tonnes of waste per year. The Group operates more than 180 trucks and 23.900 containers. The majority of the waste is recycled. Reconor assist Danish industrial and construction companies to meet high standards of responsible and environmentally safe recycling.

Development this year

The 2019/20 winter as very wet resulting in a challenging soil market with increased disposal costs and reduced capacity for recycling. This period was closely followed by the initial lockdown periods caused by COVID-19 which marked the balance of the year.

Despite these issues Reconor's revenue amounted to DKK 825 mio. for the year ending 30 September 2020, which is a marginal increase from 2018/19 driven by organic growth and clearly demonstrate the resilience of the business.
The Group's commercial organisation has been strengthened. Going forward this will further enhance the robustness of the business and support the revenue growth.

The 2019/20 EBITDA, adjusted for non-recurring costs, was TDKK 191.458 against TDKK 202.744 in 2018/19.
Reconor's 2019/20 income before tax came in at TDKK 2.652.

As of 30 September, 2020, equity amounts to TDKK 221.089, compared to an equity of TDKK 232.457 the previous year ending 30 September, 2019.

Including subordinated loans, shareholders' capital amounts to TDKK 381.491, which corresponds to approximately 25% of total equity and liabilities.

Outlook for the coming year

Reconor operates in a business environment with a high share of contracted revenue and a diversified customer base, which make the business financially robust.

The company is experiencing a continued general focus on environmental-friendly solutions, especially within recycling.

Despite a low number of new construction projects started in the beginning of 2020/21, the growth prospects are intact. Having a dedicated Commercial Management Team in place, Reconor is well prepared to capture the growth opportunities.

Revenues and profit growth of 5-10 % are expected for both divisions in 2020/21.

Follow-up on development expectations from last year

Despite the negative impact from COVID-19 and inappropriate weather conditions, revenue increased slightly. EBITDA came in lower than originally estimated due to the challenging market environment, which among other caused increased costs.

COVID-19

COVID-19 had a delayed impact on the financial results for the year. In the initial period after the first lockdown, building sites continued to operate to finish construction and The Logistics division saw an increase in demand due to the number of people at home completing renovation works or increases in MSW requirements from municipalities. This increase for the logistics business has been partially offset by the closure of commercial businesses such as shops and restaurants.

However, as the year progressed the number of new construction projects was reduced, with fewer large construction projects commenced in the last quarter.

RISK MANAGEMENT

The Reconor Group is exposed to various commercial and financial risks through business operations.

Commercial and operational risks

The Group is exposed to various commercial risks, such as competition, governmental regulation and pricing.

Group management closely monitors potential risks and opportunities. They have assessed that there are no single, significant risks related to group operations.

Reconor has implement a detailed management system which identifies and monitors potential risks and develops policies to mitigate the risks. The system is focused on UN 17 Sustainable development goals. All Group subsidiaries work with the management system to ensure that a culture of trust, responsibility and dedication to quality is maintained throughout all stakeholders.

Reconor's employees are conscientious which ensures that customers receive a quality experience. This responsibility takes dedication which relies on good management.

The system is based upon ISO standards for quality, environment and work environment, with all subsidiaries being certified ISO 14001:2015 and x% are also certified by ISO9001:2015 and ISO45001:2018.

The system is internally audited at least twice a year as well as an external certification audit is obtained annually.

As Reconor is a first mover and strives to be at the forefront of developments in the industry, it remains at risk of a limited supply of qualified and competent employees in the marketplace.

Legal and regulation obligations are monitored regularly, with necessary adaptations to the work environment being made to accommodate any changes.

Financial risks

The financial risks are described in note 22 in the Group's financial statement.

Research and development activities risks

Reconor operates in a commercially competitive environment and to ensure it retains its position as leader for recycling services in Denmark, the Group spends considerable resources on continuous product improvement and development of activities. For accounting purposes and with the exception of IT projects, these costs are not capitalized.

Resource scarcity and the availability of local raw materials are a future major focus area. In the Group's resource department, core business is the treatment of soil and construction waste so it can be converted into recyclable resources. With this as a starting point, Reconor is working to get recycled concrete certified as a product that can be used as aggregate in new concrete. Once the first recycled product certification is completed, other products will follow.

Many projects are being worked on in the Resources section of the company, where parts of these projects are implemented with funds from the Ministry of the Environment and Food in Denmark, such as MUDP projects (Environmental Technology Development and Demonstration Program). In the financial year 2019/20, the Reconor Group submitted three applications concerning environmental technical development projects. The decision is expected to be announced in the upcoming financial year 2020/21.

Statutory statement regarding sustainability and social responsibility in accordance with section 99a of the Danish Financial Statements Act

Reconor's core offerings are provided through its Resources business (Norrecco) and Logistics business (City Container):

Resources business:

i) soil handling at own sites and operation of soil recovery projects
ii) upcycling of construction waste at own sites
iii) other related services

Logistics business:

i) collection, transportation and downstream disposal services for construction and industrial waste
ii) collection, transportation and disposal of municipal solid waste
iii) other related services

- The Resources and Logistics businesses are interrelated which enables Reconor to offer its customers a one-stop-shop environmental solution
- In addition to its core offerings, Reconor's other related services comprise of stones and gravel sales and container rentals
- Reconor's nationwide network is among the largest in Denmark consisting of several sites that are strategically placed close to the major cities, projects and key customers across the country
- Reconor Group is focused on developing and providing best-in-class sustainable solutions and being preferred sparring partner to customers and other stakeholders, supported by uncompromising high-quality service level and expertise.

SOCIAL RESPONSIBILITY

The Reconor Group is dedicated to its social responsibility and has initiated several activities, which, to a greater extent than before, means that the group's operating companies are more involved in both the global environment and its local communities. Safety is a key focus with management devoting resources to ensuring a safe environment for all stakeholders who spend time at the Group's sites.

Due to the harsh working conditions there was historically a strong focus on the physical working environment, which has led to better working conditions and work aids. This year Reconor has augmented the focus on the physical conditions to incorporate mental wellbeing in the work environment. An overall APV and employee satisfaction survey were carried out among all the Group's employees at the beginning of 2020.

The Group continually assesses the impact of the work environment on the mental health of the employees. By specifically discussing the issue with exiting employees, the Group has been able to change the working conditions for employees so that work psychological pressures are able to be reduced.

Reconor Group's core value is to treat everyone equally, and although large parts of the industry - and therefore also group operations - are traditionally male-dominated, women are integral to the team and actively seek positions. This is partly due to the group's clear stance on behaviour and conduct towards colleagues, customers and partners. This is stipulated in the Group's personnel handbook, which describes both the Group's Code of Conduct and infringing actions. It is important for the Group to be an appealing workplace where the best candidates are hired regardless of gender or personal circumstances.

In parts of the Group's operating companies there are no education requirements, in these areas there is a strong focus on social responsibility. Differences are accepted and accommodated where practical on both social and personal levels.

To ensure continual improvement for employees, in collaboration with the municipalities, internships, training courses, job testing courses, etc. are offered as much as possible.

Impact on the external environment

Reconor is environmentally conscious and works continuously to reduce any impact on the environment as a result of its operations. One way this is achieved is through more environmental waste sorting and environmentally friendly waste disposal, which improves recycling opportunities.

The Group works to ensure activities that promote quality, environment and working environment at all levels in the organization and in accordance with the requirements of DS / EN ISO 9001, 14001 and 45001. Environmental, working environment and quality policies are described in detail on the group's website www.citycontainer.dk/miljø&sikkerhed and www.norrecco.dk/miljø.

In order to increase focus on the environmental policy agenda on sustainability and the circular economy and thus be able to further develop recycling concepts and ensure traceability throughout the value chain, Reconor has hired a concept development manager.

The Group's operating companies also work continuously on circular solutions and, in collaboration with Casa Group A/S, they will supply concrete with 100% rough recycled aggregate, for the construction of Høje-Taastrup's new town hall. The concrete comes from the demolition of the residential property Tasstrupgård. In addition, a partnership has been made for circular gypsum with Gyproc, Knauf, Tscherning, Marius Pedersen and RGS Nordic. At the same time, the Group is working towards being able to recycle contaminated plaster in collaboration with Tscherning, J. Jensen and the City of Copenhagen.

Reconor has been involved in a number of external research projects, including for the Danish Environmental Protection Agency and the DepoNet network. The Reconor Group supports 6 of the United Nations' 17 Sustainable Development Goals (SDGs). These are:

SDG 3: The Group focuses on traffic safety during road transport and at Group locations.

SDG 8: The Group is employing increasingly more young people as well as training young people through internships, apprenticeships, integration projects and job-testing courses. The Group is also dedicated to creating the best work environment possible for employees. This includes help arranging workplaces by occupational therapists, internal training days with occupational psychologists and similar initiatives. Additionally, a joint Working Environment Organization for the Group is valuable for individual departments.

SDG 12: The Group is significantly reducing waste volumes through an increased focus on new recycling opportunities and ensuring sustainable consumption and production patterns by reducing waste through prevention, reduction, recycling and reducing the use of natural resources.

SDG 13: The Group supports rapid action to combat climate change by purchasing new machinery which uses alternative fuels.

SDG 14: The Group secures surface water at its sites to prevent marine pollution through unintended discharge.

SDG 16: The Group is dedicated to preventing corruption and bribery. It has introduced a Code and Conduct, which must be followed by all employees as well as by all major suppliers and partners. The Group has also significantly reduced sponsorships, based on the belief that customers should not be "bought".

The Group's core business is to reuse resources and thus leave a greener footprint. In daily operations, there is a strong emphasis on the environment and the company's influence on air, soil and water in the local environment. Therefore, all resource facilities in the Group are structured so that waste management is kept on own land registers, that there is no seepage to soil and groundwater, and environmentally neutral binders are used for dust control. Machines and lorries are maintained and replaced on an ongoing basis, thus ensuring that the most environmentally friendly versions are used.

One of the risks of waste treatment is the discharge of the surface water that runs through the waste and away from the treatment area. Therefore, the Group's Waste Resources department's newest plant has its own internal treatment plant. And treatment plants are being established on an ongoing basis at the other sites to ensure control of environmentally hazardous substances in the water. In addition, the water is reused after treatment for washing machinery and truck fleets before it is discharged to public treatment plants. The surface water that is not recycled for washing machinery and truck fleets is used for dust control at the facilities and is therefore kept at the site.

In the operating companies, there is a constant focus on reducing CO2 emissions. Therefore, 42 new trucks and 7 machines with lower CO2 emissions were purchased during the fiscal year. When purchasing, there is always a focus on fuel consumption, that trucks are built aerodynamically, noise and of course the working environment for the employees.

Reconor has not had any environmental accidents during the financial year and will continue to work in accordance to the above-mentioned policies in order to continue reducing the environmental impact of their activities.

HUMAN RIGHTS
ANTI- BRIBERY AND ANTI- CORRUPTION

Respect for human rights is embedded in the Reconor Group's Business Principles and in their Code of Conduct.

The Group has an anti-bribery and anti-corruption framework in place. The Group's attitude to bribery and corruption is set by the Board of Directors and is reflected in the group code of conduct.

To safeguard against procuring goods and services from unethical suppliers, the Group has also recently introduced a supplier code of conduct. This will provide a first line of defence against unethical business practices. This code of conduct has been circulated to all substantial and critical suppliers with a requirement for suppliers to return a signed copy to the group. The contents of this code include safeguards against child labour, money laundering, bribery and corruption, poor working conditions and safety deficiencies.

To further safeguard against anti-corruption, the group has closed the use of petty cash within the different sites.

The Group has not experienced any human rights violations, or incidents of bribery or corruption during the financial year. The group do not experience any specific risks, as the group is nationally based company.

Statutory statement regarding the underrepresented gender in accordance with section 99b of the Danish Financial Statements Act

Target for the supreme management body

The supreme management body of Reconor A/S is the Executive Board and the Board of Directors. The Executive Board consist of one male member and one female member. ande equal gender representation has been obtained. The Board of Directors consist of three male members. Female board members who have previously been up for election have not been elected. The company expects to include a female member in the no later than by the end of 2023. Furthermore, we refer to Norrecco A/S for the compliance statement for the underrepresented gender.

Policy to increase gender diversity on other management levels

Reconor Holding ApS has less than 50 employees and can thereby apply the exemption and revert from reporting on gender diversity on other management levels.

Uncertainty relating to recognition and measurement

The Group does not have any special uncertainties relating to recognition and measurement. The critical accounting estimates are described in note 2 in the group financial statement.

Knowledge Resources

To some extent, the Group is dependent on attracting and retaining employees who are able to continue the development of the Group's operations

Knowledge resources that may be particularly important for the group's future operations relate to being at the forefront of a wide range of services as well as maintaining a good image as an effective, dependable, flexible, socially and environmentally responsible company with a good working environment.

Unusual events

Except for the impact from COVID-19, the Group has not been affected by any unusual events in the financial year ending 30 September 2020.

Subsequent events

A significant part of the Group's borrowings from credit institutions is due for repayment by the upcoming financial year. After the balance sheet date, the Group has obtained commitment on refinancing of debt from lender. Refer to note 3 Refinancing. No other significant events have occurred after the reporting period.

MANAGEMENT'S STATEMENT

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of Reconor A/S for the financial year 1 October 2019 - 30 September 2020.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and the Parent Company Financial Statements have been prepared in accordance with the Danish Financial Statements Act. Management's Review has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 30 September 2020 of the Group and the Parent Company and of the results of the Group and Parent Company operations and consolidated cash flows for the financial year 1 October 2019 - 30 September 2020.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Farum, 25 February 2021

Executive Board

Henrik Axel Juul Nordenlund

Katrine Kjems Hyldgaard Christensen

Board of Directors

Niels Meidahl
chairman

Kevin Kristoffer Ehnhuus Iermiin

Ivar Green-Paulsen

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Reconor A/S

Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 30 September 2020 and of the results of the Group's operations and cash flows for the financial year 1 October 2019 to 30 September 2020 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 30 September 2020 and of the results of the Parent Company's operations for the financial year 1 October 2019 to 30 September 2020 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Reconor A/S for the financial year 1 October 2019 - 30 September 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as statement of comprehensive income and cash flow statement for the Group ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' 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.

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 Financials Statements Act.

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

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of Parent Company 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 Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's

report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

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

Hellerup, 25 February 2021
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Torben Jensen State Authorised Public Accountant mne18651	Thomas Baunkjær Andersen State Authorised Public Accountant mne35483

Consolidated statement of profit and loss

1 October - 30 September

	Notes	2019/20 TDKK	2018/19 TDKK
Revenue	4	825.071	820.985
Raw materials and consumables		(315.182)	(309.574)
Gross profit/loss		**509.889**	**511.411**
Other external expenses		(75.751)	(84.951)
Staff expenses	5	(245.471)	(230.039)
Depreciation and amortisation of intangible and fixed assets	6	(72.881)	(61.001)
Other income	7	2.791	6.323
Operating profit/loss before special items		**118.577**	**141.743**
Special items	8	(19.074)	(19.338)
Operating profit/loss after special items		**99.503**	**122.405**
Finance income	9	730	3.872
Finance costs	10	(97.581)	(96.883)
Profit/loss before tax		**2.652**	**29.394**
Income tax	11	(14.020)	(19.324)
Profit/loss for the period		**(11.368)**	**10.070**

Consolidated statement of comprehensive income

1 October - 30 September

	Notes	2019/20 TDKK	2018/19 TDKK
Profit for the period		(11.368)	10.070
Other comprehensive income for the period, net of tax		0	0
Total comprehensive income for the period		**(11.368)**	**10.070**

Consolidated balance sheet 30 September

Assets	Notes	2019/20 TDKK	2018/19 TDKK	1. october 2018 TDKK
Intangible assets	12	843.138	848.488	841.159
Property, plant and equipment	13,14	450.382	433.928	417.533
Non current receivables		1.868	5.463	5.675
Deferred tax asset	15	0	727	6.190
Total non-current assets		**1.295.388**	**1.288.606**	**1.270.557**
Inventories	16	3.747	4.671	8.250
Trade receivables	17	58.105	83.581	81.501
Receivables from group companies		26.902	20.821	6.715
Other receivables		9.045	8.510	6.711
Cash and cash equivalents		148.598	69.230	70.219
Total current assets		**246.397**	**186.813**	**173.396**
Total assets		**1.541.785**	**1.475.419**	**1.443.953**

Equity and liabilities	Notes	2019/20 TDKK	2018/19 TDKK	1. october 2018 TDKK
Share capital	18	12.537	12.537	12.537
Retained earnings		208.552	219.920	209.850
Total equity		**221.089**	**232.457**	**222.387**
Subordinated loan from owners	22	160.402	143.545	128.884
Borrowings	22	4.234	385.073	375.495
Loans from group companies	22	332.220	301.562	270.198
Deferred income tax liabilities	15	2.734	0	0
Current income tax liabilities	22	10.780	13.467	19.326
Lease obligations	22	141.852	167.276	191.244
Other payables	22	1.463	1.463	33.819
Total non-current liabilities		**653.685**	**1.012.386**	**1.018.966**
Borrowings	22	419.125	777	1.113
Provisions	19, 22	24.971	24.562	36.356
Trade payables	22	72.562	68.261	63.365
Current income tax liabilities	22	13.102	13.390	19.322
Lease obligations	22	69.879	66.855	40.002
Other payables	22	67.372	56.731	42.442
Total current liabilities		**667.011**	**230.576**	**202.600**
Total liabilities		**1.320.696**	**1.242.962**	**1.221.566**
Total equity and liabilities		**1.541.785**	**1.475.419**	**1.443.953**

Consolidated statement of changes in equity

	Share capital TDKK	Retained earnings TDKK	Total TDKK
Equity at 01.10.2018	**12.537**	**209.850**	**222.387**
Profit for the period	0	10.070	10.070
Other comprehensive income	0	0	0
Total comprehensive income for the period	**0**	**10.070**	**10.070**
Equity at 30.09.2019	**12.537**	**219.920**	**232.457**
Profit for the period	0	(11.368)	(11.368)
Other comprehensive income	0	0	0
Total comprehensive income for the period	**0**	**(11.368)**	**(11.368)**
Equity at 30.09.2020	**12.537**	**208.552**	**221.089**

Consolidated cash flow statement

1 October - 30 September

	Notes	2019/20 TDKK	2018/19 TDKK
Profit/loss for the period		(11.368)	10.070
Adjustments	24	180.961	167.013
Changes in net working capital	25	39.314	(35.529)
Cash flows from ordinary activities before financial income and expenses		**208.907**	**141.554**
Interests received		145	0
Interests paid		(42.397)	(43.204)
Cash flows from ordinary activities		**166.655**	**98.350**
Income taxes paid		(13.534)	(25.652)
Net cash flow from operating activities		**153.121**	**72.698**
Purchase of intangible assets		(2.687)	(4.129)
Purchase of property, plant and equipment		(22.640)	(14.198)
Proceeds from sale of property, plant and equipment		24.696	26.809
Acquisition of subsidiaries		0	(6.737)
Net cash flow from investing activities		**(631)**	**1.745**
Proceeds from borrowings		29.841	1.574
Repayment of lease obligations		(102.963)	(77.006)
Cash flow from financing activities		**(73.122)**	**(75.432)**
Net cash flow for the year		79.368	(989)
Cash and cash equivalents, beginning of the year		69.230	70.219
Cash and cash equivalents at end of the year	26	**148.598**	**69.230**

NOTES

1. ACCOUNTING POLICIES

The Financial Statements for Reconor A/S have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union as well as additional Danish disclosure requirements applying to entities of reporting class C for large enterprises.

The financial statements are presented in Danish Kroner (DKK). The financial statements have been rounded to the nearest thousand.

With regards to the true and fair view of the financial statements, certain reclassifications have been made in the balance sheet and notes. Comparative figures have been adjusted accordingly. The changes has no effect on equity and result. The accounting policies applied remain unchanged from last year. The Financial Statements for 2018/19 are presented in DKK.

First time adoption

These consolidated financial statements are the first consolidated financial statements that is presented in accordance with IFRS. The comparative figures for 2018/19 in the income statement and the balance sheet items at 1 October 2018 and 30 September 2019 were restated in accordance with IFRS. The accounting policies applied are based on the standards and interpretations effective at 1 October 2020. No standards or interpretations, which are not yet effective have been adopted.

The disclosures required by IFRS 1, First-time Adoption of International Financial Reporting Standards, concerning the transition from the Danish Financial Statements Act to IFRS are provided in note 30.

Exemptions applied - First time adoption - IFRS

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. The group has applied the following exemptions: Carrying amounts are based on carrying amounts included in Reconor Holding ApS' consolidated financial statements on their date of transition to IFRS, as Reconor A/S is a subsidiary adopting IFRS later than it's parent Reconor Holding ApS.

Basis of consolidation

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

On consolidation, elimination is made of intra-group income and costs, shareholdings, intra-group balances and dividend and realized and unrealized profits or losses on transactions between the consolidated companies.

The carrying amount of equity-accounted investments is tested for impairment if indications of impairment exists.

Foreign currency translation

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Revenue

Revenue is recognized when or as the performance obligations in the contract are satisfied by transferring control of the promised product or service.

Revenue recognized at a point in time comprise Gate fees, C&D, soil, stone and gravel and sale of products, where the performance obligations are satisfied when the product or goods are sold.

Revenue recognized over time comprise rental of equipment, transport services and services relating to Municipal Solid Waste. Services are recognized over time at the rate of completion of the service to which the contract relates by using a time-based method to measure progress as the performance obligation is satisfied evenly over a period of time or the entity has a stand-ready obligation to perform over a period of time.

The payment terms follow the industry and fall due 20 days after month end.

No contracts have a financing element and no contracts comprise variable consideration elements. The group has no obligations for returns, refunds and no warranties have been given.

Revenue is measured as the fair value of the consideration received or receivable. Revenue is measured exclusive of VAT, taxes etc. charged on behalf of third parties and less any commissions and discounts, rebates granted and returns in connection with sales.

Contract assets and liabilities
Performance obligations are fulfilled at one point in time or over a very short period of time, so no contract assets are recognised. The group does not receive prepayments and deposits, hense no contract liabilities are recognised.

Raw materials and consumables

Cost of sales comprises costs incurred to achieve revenue for the year. Cost comprises raw materials and consumables.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Other income and expenses

Other income and other expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses include interests, financial gains and expenses, debt, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as additional payments and repayment under the tax prepayment scheme.

Income tax and deferred tax

The company is jointly taxed with Danish Group enterprises. The Danish income tax payable is allocated between the jointly taxed Danish companies based on their proportion of taxable income (full absorption including reimbursement of tax deficits). The jointly taxed companies are taxed under the Danish Tax Payment Scheme. Additions, deductions and allowances are recognised under financial income or financial costs.

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilised. Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Business combinations

The acquisition method of accounting is used to account for all business combinations. The consideration transferred for the acquisition of a subsidiary comprises the:

- Fair values of the assets transferred
- Liabilities incurred to the former owners of the acquired business
- Equity interests issued by the group
- Fair value of any asset or liability resulting from a contingent consideration arrangement, and
- Fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the (1) consideration transferred, (2) amount of any non-controlling interest in the acquired entity and (3) acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Business combinations last year

There have been no business combinations in 2019/20. In prior Financial Year 2018/19, on 1 November 2018, the Reconor Group acquired Hedegaard Miljø A/S. The company's main activities are to provide solutions for waste and trade with raw materials, residues and related products. The Company had previously been under private single ownership with no staff.

Recognised revenue related to the acquisition amounts to DKK 19 million in 2018/19. In 2018/19, the acquisition had a positive effect on earnings for the Reconor Group. The effect on a full year basis is considered approximately the same. The transaction costs realted to the aquisition amout to approximately DKK 0.5 million. Goodwill relates to the expected synergies between the Group entities and future earnings.

Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but is tested for impairment annually, or more frequently, if events or changes in material circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relation to the entity sold.

On initial recognition, goodwill is measured and recognised as the excess of the cost of the acquired company over the fair value of the acquired assets, liabilities and contingent liabilities, as described under Business Combinations.

On recognition of goodwill, the goodwill amount is allocated to those of the Group's activities that generate separate cash flows (cash-generating units). The determination of cash-generating units is based on the Group's management structure and internal financial management and reporting. Goodwill is not amortised, but is tested for impairment at least once a year.

Customer contracts, software and development projects

Costs of development projects and software comprise salaries, amortisation and other expenses directly attributable to the Company's development activities. Borrowing costs that are attributable to the development projects etc. are added to the costs of the assets during the period that is required to complete and prepare the asset for its intended use.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the Group can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 7 years.

Software is measured at cost less accumulated depreciation. Software is depreciated on a straightline basis over the useful life.

Customer contracts are related to prior years Business Combinations, where existing customer contracts at the date of acquisition has been valued at fair vaule, consisting of expected earnings from the actual contracts. Customer contracts is depreciated on a straightline basis over the useful life.

Amortisation of intangible assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values over their estimated useful lives, as follows:

Customer contracts	3-7 years
Development projects (IT)	5 years
Software	3-7 years

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any costs directly attributable to the acquisition until the time when the asset is available for use. Borrowing costs that are attributable to the construction of property, plant and equipment are added to the costs of the assets during the period that is required to complete and prepare the asset for its intended use.

Expenditures for repairs and maintenance of property, plant and equipment is charged to the profit and loss of the year in which they were incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values over their estimated useful lives, as follows:

Production buildings	20-30 years
Other fixtures and fittings, tools and equipment)	3-15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Items of property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains and losses arising from disposal of property, plant and equipment are calculated as the difference between the sales price less sales costs and the carrying amount at the time of sale.

Gains and losses are recognised in the profit and loss as other income or other expenses.

Leases and lease obligations

The group primarily leases land and buildings, offices, equipment and vehicles. The contracts are typically made for periods of 36 months to 6 years.

Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of land and buildings and vehicles, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the lessee under residual value guarantees

- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the group's incremental borrowing rate. If that rate cannot be readily determined, which is generally the case for leases in the group, the incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease obligation
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs,
- and restoration costs.

Payments associated with leases of low-value assets are recognised on a straight-line basis as an expense in the Income Statement. Low-value assets comprise IT equipment and small items of office furniture.

All short-term leases of equipment and vehicles are recognised in the balance sheet as right-of-use assets.

Extension and termination options
Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Extension and termination options are included in a number of property and equipment leases across the group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor.

Impairment of non-current assets

The carrying amounts of intangible assets and property, plant and equipment are written down immediately to the recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. An impairment loss is recognised in the income statement when the impairment is identified. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level at which cash flows are separately identifiable (cash-generating units).

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value. The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales prices. The cost of goods for resale, raw materials and consumables equals landed cost.

Receivables

On initial recognition, receivables are measured at fair value, and subsequently they are measured at amortised cost. Receivables are written down for expected losses.

Prepayments

Prepayments comprise prepaid expenses relating to rent, insurance premiums, subscriptions and interests.

Equity

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deductions, net of tax, from the proceeds.

Dividend distribution
Proposed dividends are disclosed as a separate item under equity.

Borrowings and borrowing costs

Borrowings are recognised on the raising of a loan at cost, equalling fair value of the proceeds received, and net of transaction costs incurred. Subsequently, borrowings are measured at amortised cost. Included in borrowings are subordinated loans, which are subordinated all other creditors.

General and specific borrowing costs that are directly attributable to the construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

Provisions

Provisions comprise legal claims, warranties, costs necessary to clean, sort and dispose received soil and waste and obligations to re-establish land and buildings. Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Other financial liabilities

Other financial liabilities, including bank and financial loans, trade and other payables, are on initial recognition measured at fair value. The liabilities are subsequently measured at amortised cost.

Cash flow statement

The cash flow statement shows the Company's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments. Cash flows from financing activities comprise cash flows from the raising and repayment of long term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand. The cash flow statement cannot be immediately derived from the balance sheet.

Segments

The group's management examines the group's performance from a service perspective and has identified two reportable segments of its business:

Logistic revenue consists of transport services, including rental of equipment and other related activities.

Ressource revenue consits of services relating receiving, sorting, handling, recycling and sales of materials from the contruction industry, industrial sector as well as public and private suplliers, and other related activities.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the preparation of the consolidated financial statements according to IFRS, Management is required to make certain estimates as many financial statement items cannot be reliably measured, but must be estimated as the value of assets and liabilities often depends on future events that are somewhat uncertain.

The judgments, estimates and assumptions made are based on historical experience and other factors that Management considers to be reliable, but which by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise. The most critical judgments, estimates and assumptions for the individual item is described below.

Waste provision

The Groups activities includes receiving and disposal of soil and waste from the industrial sector. The provision represent the cost, that is necessary to bear, to cleanse, sort and dispose received soil and waste at the balance sheet date. The estimated cost consists of external expenses to disposal as well as internal cost to transport and handling. The estimation uncertainty is related to the estimation of these costs.

Management estimates the related provision for future costs based on historical price information, as well as recent trends that might suggest that past cost information may differ from future claims.

At 30 September 2020, the carrying amount for this provision is DKK 25.0 million (2019: DKK 24.6 million).

Key assumptions used for value-in-use calculations

The group tests whether goodwill has suffered any impairment on an annual basis. For the 2019/20 and 2018/19 reporting periods, the recoverable amount of the cash-generating units (CGUs) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering the financial year 2020/21. Cash flows beyond this period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

3. REFINANCING

Capital resources

The loan from credit institutions amounting to DKK 390 million at 30 September 2020 is due for repayment in May 2021. A loan facility of DKK 754 million has been committed by Capital Four on 24 February 2021. The loan facility from Capital Four is expected to be fully utilised in March/ April 2021 in order to repay the short-term loan from credit institutions as well as existing long-term loans from credit institutions and will be due for repayment 5 years later.

Due to the above, Management considers the Group's capital resources to be sufficient.

4. REVENUE

Revenue - 2019/20	**Resources TDKK**	**Logistics TDKK**	**Eliminations TDKK**	**2019/20 TDKK**
Revenue from external customers	362.845	462.226	0	825.071
Internal revenue	74.099	14.136	(88.235)	0
Total	**436.944**	**476.362**	**(88.235)**	**825.071**

Revenue - 2018/19	**Resources TDKK**	**Logistics TDKK**	**Eliminations TDKK**	**2018/19 TDKK**
Revenue from external customers	412.101	408.884	0	820.985
Internal revenue	70.444	20.135	(90.579)	0
Total	**482.545**	**429.019**	**(90.579)**	**820.985**

The primary revenue in 2019/20 & 2018/19 is derived from Denmark. All assets in both units are located in Denmark.

Revenue - 2019/20	**Resources TDKK**	**Logistics TDKK**
At point in time	362.845	115.731
Over time	0	346.495
Total revenue	**362.845**	**462.226**

Revenue - 2018/19	**Resources TDKK**	**Logistics TDKK**
At point in time	**412.101**	113.863
Over time	0	295.021
Total revenue	**412.101**	**408.884**

There was no revenue recognised in the current reporting period that related to performance obligations that were satisfied in a prior year.

5. STAFF COSTS

	2019/20 TDKK	2018/19 TDKK
Wages and salaries	215.764	201.144
Pensions	17.460	15.152
Other social security costs	5.188	4.197
Other staff costs	7.059	9.546
	245.471	**230.039**
Average number of employees	502	450
Including remuneration to the Executive Board and Board of Directors of:		
Executive Board	5.713	5.039
Board of Directors	425	295
	6.138	**5.334**

Key Management Compensation

Key Management consists of Executive Board and other key personnel. The compensation paid or payables to key management for employee services is shown below:

	2019/20 TDKK	2018/19 TDKK
Wages and salaries	8.929	6.708
Pensions	329	159
Termination benefits	0	1.918
	9.258	**8.785**

Share incentive plan for key management

In order to retain the Groups Key management personnel, Key management personnel has been offered to become shareholders of the Reconor Group by acquiring shares in MH Gruppen MidCo ApS (Parent company to Reconor A/S).

The scheme set-forth that shares are traded on market values. Reference is made to note 27 Share based payments.

During 2019/20 no shareholders ceased employment in the Reconor Group, and no shareholders sold their shares (2018/19: Four shareholders sold their shares to Reconor Holding ApS).

In 2019/20 two new members of key management became shareholders (2018/19: no new members of key management became shareholders).

6. AMORTISATION AND DEPRECIATION

	2019/20 TDKK	2018/19 TDKK
Amortisation of intagible assets	8.037	7.845
Depreciation on property, plant and equipment	64.844	53.156
	72.881	**61.001**
Classified as:		
Depreciation and amortisation of intangible and fixed assets	72.881	61.001
	72.881	61.001

7. OTHER INCOME

	2019/20 TDKK	2018/19 TDKK
Profit on sale of property, plant and equipment	2.791	6.323
	2.791	**6.323**

8. SPECIAL ITEMS

	2019/20 TDKK	2018/19 TDKK
Cost related to change in Business focus and reorganization	13.090	18.668
Cost related to Business acquisitions	0	448
Settlements and losses from receivables	1.573	0
Losses from sale of land and buildings	2.337	0
Other non-recurring cost	2.074	222
	19.074	**19.338**

Special items comprise items which are unusual to the normal operation or expected to be non-recurring. They have in the Income statement been isolated in order to give a more true and fair reflection on underlying business activities. Such costs are typically restructuring, impairment losses, discontinuing operations and similar.

Examples of special items is cost in relation to organizational restructuring, extraordinary consultancy cost in relation to acquisitions and consultancy cost in relation to strategy. Other non-recurring costs consist of extraordinary non-operating related losses and expenses directly related to COVID-19 etc.

9. FINANCIAL INCOME

	2019/20 TDKK	2018/19 TDKK
Interest from group enterprises	585	131
Other financial income	145	3.741
	730	**3.872**

10. FINANCIAL EXPENSES

	2019/20 TDKK	2018/19 TDKK
Other financial expenses	47.515	46.050
Interest to group enterprises	49.988	50.699
Exchange loss	78	134
	97.581	**96.883**

11. TAX ON PROFIT FOR THE YEAR

	2019/20 TDKK	2018/19 TDKK
Current tax:		
Current tax on profits for the year	10.780	13.870
Current tax on profits for previous years	(221)	(9)
Deferred tax on profit for the year and previous years	3.461	5.463
	14.020	**19.324**
Calculated 22.0% tax on profit for the year before income tax	583	6.467
Tax effects of:		
Non-taxable income	0	0
Non-deductible expenses	**13.437**	**12.857**
Other	0	0
	14.020	**19.324**
Effective tax rate	-529%	-66%

Non-deductible expenses, and thereby the unusual effective tax rate, are caused primarily of the Group's interest rate reduction limitations according to the Danish tax legislation.

12. INTANGIBLE ASSETS

	Customer relations TDKK	Software TDKK	Devel-opment projects in progress TDKK	Goodwill TDKK	Total TDKK
Cost:					
At 01.10.2019	**13.199**	**18.885**	**2.598**	**888.896**	**923.578**
Additions during the year	0	1.386	1.301	0	2.687
Disposals during the year	0	0	0	0	0
At 30.09.2020	**13.199**	**20.271**	**3.899**	**888.896**	**926.265**
Amortisation and impairment:					
At 01.10.2019	**8.476**	**5.397**	**0**	**61.217**	**75.090**
Amortisation for the year	4.239	3.798	0	0	8.037
Impairment for the year	0	0	0	0	0
Reversals regarding disposals	0	0	0	0	0
At 30.09.2020	**12.715**	**9.195**	**0**	**61.217**	**83.127**
Carrying amount 30.09.2020	**484**	**11.076**	**3.899**	**827.679**	**843.138**
Cost:					
At 01.10.2018	**13.199**	**11.860**	**877**	**881.896**	**907.832**
Additions during the year	0	2.408	1.721	7.000	11.129
Disposals during the year	0	0	0	0	0
At 30.09.2019	**13.199**	**18.885**	**2.598**	**888.896**	**923.578**
Amortisation and impairment:					
At 01.10.2018	**4.238**	**1.218**	**0**	**61.217**	**66.673**
Amortisation for the year	4.238	3.614	0	0	7.852
Impairment for the year	0	0	0	0	0
Reversals regarding disposals	0	0	0	0	0
Transfer during the year	0	565	0	0	565
At 30.09.2019	**8.476**	**5.397**	**0**	**61.217**	**75.090**
Carrying amount 30.09.2019	**4.723**	**13.488**	**2.598**	**827.679**	**848.488**

Goodwill

Goodwill has been subject to an impairment test, which has been approved by Group management. The impairment test performed per 30 September 2020 revealed no need for impairment of goodwill.

Goodwill has been tested on each identified cash generating units. The Reconor Group have two separate cash generating units, represented by “”Resources”” and “”Logistics.

In the calculation of the value in use of cash generating units, future free net cash flow is estimated based on Management-approved budgets and financial forecasts.

The expected future net cash flow is based on budgets for 2020/21 and projections for 2021/22 approved by Management. The key parameters in the calculation of the value in use are revenue, earnings, working capital, capital expenditure, discount rate and the preconditions for the terminal value.

The split of goodwill between the segments Resources and Logistics and key assumptions, in the form of, long term growth rate and discount rate used in the value-in-use calculations are as follows:

Assuptions at 30.09.2020	**Resources**	**Logistics**
Marginal tax rate (%)	22,0%	22,0%
Long term growth rate (%)	1,5%	1,5%
Pre-tax discount rate (%)	9,6%	10,8%
EBITDA margin (%)	26,1%	16,3%
Goodwill	579.375	248.304

Assuptions at 30.09.2019	**Resources**	**Logistics**
Marginal tax rate (%)	22,0%	22,0%
Long term growth rate (%)	1,5%	1,5%
Pre-tax discount rate (%)	8,7%	10,0%
EBITDA margin (%)	30,5%	14,5%
Goodwill	579.375	248.304

Description of assumptions

Long-term growth rate is the average annual growth rate over the two-year forecast period, and the expected growth rate on long term. It is based on past performance and management's expectations of market development in the two segments, and willl be reached by continuous product development and sales effort as well as by increase in market.

The development of sales is expected to be realised based on all the Group's activities, Resources and Logistics is supported by a documented increasing level of activity with the Group's existing customers and the expectation of a general increase in existing markets as well as entries into new markets.

EBITDA margin is the average margin as a percentage of revenue over the two-year forecast period. It is based on the current sales margin levels and expectations to sales mix, expected development in costs and the expectation that the budgeted increasing level of activity will have a positive spill-over effect on the Company's EBITDA margin.

Marginal tax rate is the expected rate over the two-year forecast period. It is based on current Danish tax legislation.

Sensitivity to changed assumptions

The calculated value in use for each cash-generating unit is considerably higher than the carrying amount, and the prepared impairment test shows that goodwill and other intangible assets are not impaired. In Management's opinion, no reasonable likely change to the above-mentioned assumptions will imply that the carrying amount of each cash-generating unit will exceed the value in use significantly.

Other intangible assets
Customer relations has been recognised as a separate asset when acquiring businesses. Development projects and development projects in progress mainly cover IT Projects.

13. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings TDKK	Other fixtures and fittings, tools and equipment TDKK	Total TDKK
Cost:			
At 01.10.2019	**252.873**	**306.442**	**559.315**
Additions during the year	14.545	88.728	103.273
Disposals during the year	(8.940)	(59.778)	(68.718)
At 30.09.2020	**258.478**	**335.392**	**593.870**
Depreciation and impairment:			
At 01.10.2019	**41.488**	**83.899**	**125.387**
Depreciation for the year	17.310	47.534	64.844
Reversals regarding disposals	(393)	(46.350)	(46.743)
At 30.09.2020	**58.405**	**85.083**	**143.488**
Carrying amount 30.09.2020	**200.073**	**250.309**	**450.382**
Cost:			
At 01.10.2018	**243.766**	**273.698**	**517.464**
Additions during the year	24.090	69.999	94.089
Disposals during the year	(14.983)	(32.638)	(47.621)
Transfer during the year	0	(4.617)	(4.617)
At 30.09.2019	**252.873**	**306.442**	**559.315**
Depreciation and impairment:			
At 01.10.2018	**29.564**	**70.367**	**99.931**
Depreciation for the year	18.558	34.598	53.156
Reversals regarding disposals	(6.634)	(20.501)	(27.135)
Transfer during the year	0	(565)	(565)
At 30.09.2019	**41.488**	**83.899**	**125.387**
Carrying amount 30.09.2019	**211.385**	**222.543**	**433.928**

14. LEASES

Amounts recognised in the balance sheet

The balance show the following amounts relating to leases:

	2019/20 TDKK	2018/19 TDKK
Right-of-use assets		
Land and buildings	32.432	48.512
Equipment	192.195	158.783
	224.627	**207.295**
Lease liability		
Current	69.879	66.855
Non-current	141.852	167.276
	211.731	**234.131**

Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2019/20 TDKK	2018/19 TDKK
Depreciation charge of right-of-use assets		
Land and buildings	(12.620)	(11.883)
Equipment	(34.694)	(25.407)
	(47.314)	**(37.290)**
Interest expenses relating to recognised leases at the balance sheet	7.605	8.202
Expenses relating to low-value-assets (that are not short-term leases)	0	50
	7.605	**8.252**

The group does not have any low-value assets related to lease agreements. Combined such lease payments are estimated to be less than DKK 100k (2018/19: DKK 100K).

Amounts recognised in the balance sheet

The balance show the following amounts relating to leases:

	Land and buildings TDKK	Equipment TDKK	Total TDKK
Right-of-use assets			
Carrying amount 01.10.2018	39.582	147.217	186.799
Additions	20.813	56.999	77.812
Disposals	0	(20.026)	(20.026)
Depreciation for the year	(11.883)	(25.407)	(37.290)
Carrying amount 30.09.2019	**48.512**	**158.783**	**207.295**

	Land and buildings TDKK	Equipment TDKK	Total TDKK
Right-of-use assets			
Carrying amount 01.10.2019	48.512	158.783	207.295
Additions	754	79.809	80.563
Disposals	(4.529)	(48.004)	(52.533)
Depreciation for the year	(12.620)	(34.694)	(47.314)
Reversals regarding disposals	315	36.301	36.616
Carrying amount 30.09.2020	**32.432**	**192.195**	**224.627**

15. DEFERRED TAX

	2019/20 TDKK	2018/19 TDKK
Deferred tax at 01.10.2019	(727)	(6.190)
Deferred tax recognised in the income statement	3.461	5.463
Deferred tax recognised in other comprehensive income	0	0
Deferred tax at 30.09.2020	**2.734**	**(727)**
Deferred tax relates to:		
Intangible assets	4.057	(887)
Property, plant and equipment	7.131	6.822
Amortisation	(2.950)	(1.263)
Provisions	(5.504)	(5.399)
Transferred to deferred tax asset	0	727
	2.734	0
Of which presented as deferred tax assets	0	727
Of which presented as deferred tax liabilities	2.734	0

16. INVENTORIES

	2019/20 TDKK	2018/19 TDKK
Raw materials and consumables	3.747	4.671
Finished goods and goods for resale	0	0
Total inventories	**3.747**	**4.671**
Write down on inventory	0	0
Total net inventories	**3.747**	**4.671**

17. TRADE RECEIVABLES

	2019/20 TDKK	2018/19 TDKK
Trade receivables and other receivables at 30 September	60.166	85.051
Less provision for impairment of trade receivables	(2.061)	(1.470)
Trade receivables net	**58.105**	**83.581**

Movement on the Company's provision for impairment of trade receivables are as follows:

	2019/20 TDKK	2018/19 TDKK
Opening balances	(1.470)	(2.485)
Utilised during the year	1.470	2.485
Change in provision during the year	(2.061)	(1.470)
Trade receivables at 30 September	**(2.061)**	**(1.470)**

Allocation of receivables past due but not impaired by maturity period are as follows:

	2019/20 TDKK	2018/19 TDKK
Up to 3 months	7.953	11.324
More than 3 months	4.656	6.066
Overdue net receivables at 30 September	**12.609**	**17.390**

Expected credit losses

The group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information. The credit risk is generally considered immaterial.

	2019/20 TDKK	**2018/19 TDKK**
Expected loss rate %:	5%	5%
More than 3 months	20%	20%
Increased credit risk	50%	50%

18. SHARE CAPITAL

	2019/20 Nominal share capital	**2018/19 Nominal share capital**
Changes in share capital		
Share capital opening	12.537.494	12.537.494
Shares issued during the year	0	0
Share capital	**12.537.494**	**12.537.494**

	2019/20 Number of shares	**2018/19 Number of shares**
The share capital consists of:		
Common shares - Nom. DKK 1 per share	7.537.500	7.537.500
Preference A shares - Nom. DKK 1 per share	4.999.994	4.999.994
Share capital	**12.537.494**	**12.537.494**

All shares have nominal value of DKK 1. The Common shares does not have any voting rights and preference A shares have voting rights.

Capital management

The group's objectives when managing capital are to secure the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital. Any surplus liquidity is used to reduce debt.

The Executive Board monitors the share and capital structure to ensure that the group's capital resources support the strategic goals.

19. PROVISIONS

	2019/20 TDKK	2018/19 TDKK
Waste disposal		
Provisions 1 October	24.562	36.356
Additions during the year	24.971	24.562
Additions by business acquisition	0	0
Utilised during the year	(24.562)	(36.356)
Provisions 30 September	**24.971**	**24.562**

The Groups activities includes receiving and disposal of soil and waste from the industrial sector. The provision represent the best estimate of the cost necessary to bear, to cleanse, sort and dispose received soil and waste at the balance sheet date. The provision falls due continuously, as a part of the company's daily operations. Information regarding the figures and the expected timing is disclosed in note 22.

20. RELATED PARTIES

The immidate parent company is MH Gruppen Midco ApS, and the ultimate parent entity with controlling interest is Agilitas MH Gruppen 2015 Fund L.P. Neither produces consolidated financial statements, but Reconor A/S is included in the consolidated financial statements of the parent company of MH Gruppen Midco ApS, Reconor Holding ApS.

Transactions with key management personnel

Transactions with key management personnel include transactions with companies controlled by the key management personnel. Reference is made to note 5.

The following transactions were carried through with related parties

	2019/20 TDKK	2018/19 TDKK
Transactions with the parent, MH Gruppen Midco ApS		
Borrowings and subordinated loan, outstanding amount at balance sheet date	43.637	42.029
Accrued interest on loan notes from Agilitas 2013 Private Equity Fund L.P. and Agilitas MH Gruppen 2015 Fund L.P., expensed	450.593	406.956
Transactions with other related parties		
Fees for services rendered to Agilitas 2013 Private Equity GP LP (general partner of Agilitas 2013 Private Equity Fund, L.P., a shareholder of Reconor Holding ApS)	3.360	3.487
Borrowings and subordinated loan, outstanding amount at balance sheet date, Reconor Holding ApS	42.029	38.151

No other transactions have taken place during the year with Executive Board, major shareholders or other related parties.

21. COMMITMENTS AND CONTINGENT LIABILITIES

Joint taxation scheme

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc. of the Group, Reconor Holding ApS is the management company for the joint taxation. The total amount of corporation tax payable for the Group in the joint taxation is TDKK 6.123 for 2019/20 and TDKK 5.826 for 2018/19.

Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Groups's liability.

Commitments

Land and buildings provided as security vis-à-vis for mortgage debt amount to DKK 50.2 million (2018/19: DKK 40.2 million) out of mortgage debt of DKK 5.0 million (2018/19: DKK 5.8 million).

Credit institutions has a claim on Groups selected debtors, which are included in the "Trade receivables" asset. Negative pledge have been registered.

22. FINANCIAL RISK MANAGEMENT

Financial risk factors

As a result of operations, investments and financing, the Reconor Group is exposed to interest rate changes and customer credit exposure.

The Reconor Group manages the financial risks centrally and coordinates the Group's cash management, including funding of investments and cash management.

The Group have a low risk profile, and is only exposed to financial risks in connection with its commercial activities.

Market risk

Foreign exchange risk
Foreign exchange risk arises due to imbalances between revenue and expenses in individual currencies. The Group operates in all material aspects only in Denmark, consequently all cash flows and monetary positions are denominated in DKK. Thus the currency exposure is considered minimal.

Interest rate risk
The Reconor Group have borrowings from credit institutions and leasing arrangements. All borrowings have a fixed interest rate. Borrowings issued at fixed rates expose the group to fair value interest rate risk, which will not have any impact on the recognized values.

The Group's management monitors the interest fluctuations and consider potential opportunities to refinance positions.

Credit risks
The Group's primary credit exposure is related to trade receivables and cash positions. The Reconor Group has no major exposure relating to one single customer or business partner. The Group's cash and cash equivalents have been invested in well-established financial institutions with low risk.

The Group manages its credit risk by continuously assessing the credit history of its customers and setting credit terms individually for each client. Individual risks limits are set based on internal ratings in accordance with limits set by the management. Management routinely monitors the credit exposure on customers.

Liquidity risk
The Group manages its liquidity risk by monitoring the changes in working capital and by ensuring adequate funding is in place. Based on the Group's cash management principle - cash concentration.

The Group has loans which is subject to covenant compliance. The includes that the Group has to comply with debt ratios and cash flow ratios. Management continuously monitor and forecast on the ratios. No breach of covenants have occurred.

A significant part of the Group's borrowings from credit institutions is due for repayment by the upcoming financial year. After the balance sheet date, the Group has obtained commitment on refinancing of debt from lender. Refer to note 3 Refinancing.

Maturity analysis

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivatives	**Less than 1 year TDKK**	**Between 1 and 5 year TDKK**	**More than 5 years TDKK**	**Total TDKK**
As at 30.09.2020				
Subordinated loan from group companies	0	160.402	0	160.402
Mortgage loans	785	2.637	1.597	5.019
Credit institutions	418.340	0	0	418.340
Loans from group companies	0	332.220	0	332.220
Provisions	24.971	0	0	24.971
Trade payables	72.562	0	0	72.562
Current income tax liabilities	13.102	10.780	0	23.882
Lease obligations	69.879	141.852	0	211.731
Other payables	67.372	0	1.463	68.835
	667.011	**647.891**	**3.060**	**1.317.962**
As at 30.09.2019				
Subordinated loan from owners	0	143.545	0	143.545
Mortgage loans	777	2.992	2.011	5.780
Credit institutions	0	380.070	0	380.070
Loans from group companies	0	301.562	0	301.562
Provisions	24.562	0	0	24.562
Trade payables	68.261	0	0	68.261
Current income tax liabilities	13.390	13.467	0	26.857
Lease obligations	66.855	167.276	0	234.131
Other payables	56.731	0	1.463	58.194
	230.576	**1.008.912**	**3.474**	**1.242.962**

Measurement and fair value hierarchy

All financial assets and liabilities are measured at cost or amortized cost. The carrying amounts for these approximate fair value.

There are no financial derivatives used in 2019/20 or 2018/19.

Financial loan conditions

Subordinated loan from group companies are subordinated to other lenders. The interest rate is 12 % and interest is accrued, not paid.

Short-term loan from credit institutions consist of draft facility and a significant loan that is due for repayment in 2021.

23. FEE TO AUDITORS APPOINTED AT THE GENERAL MEETING

	2019/20 TDKK	**2018/19 TDKK**
Audit fee to PwC	601	576
Other assurance engagements	0	0
Tax advisory services	72	80
Non-audit services	1.719	5.187
	2.392	**5.843**

24. CASH FLOW STATEMENTS - ADJUSTMENTS

	2019/20 TDKK	**2018/19 TDKK**
Finance income and costs, cash and non-cash items	96.851	93.011
Tax for the year	14.020	19.324
Depreciation	72.881	61.001
Net profit/loss from sale of property, plant and equipment	-2.791	-6.323
	180.961	**167.013**

25. CASH FLOW STATEMENTS - CHANGES IN NET WORKING CAPITAL

	2019/20 TDKK	2018/19 TDKK
Changes in inventories	924	3.579
Changes in receivables	23.039	(15.044)
Changes in Provisions	409	(11.794)
Changes in trade and other payables	14.942	(12.270)
	39.314	**(35.529)**

26. CASH FLOW STATEMENTS - NET DEBT

	2019/20 TDKK	2018/19 TDKK
Cash and cash equivalents	148.598	69.230
Borrowings	(423.359)	(385.850)
Lease obligations	(211.731)	(234.131)
Subordinated loan and loan from group companies	(492.622)	(445.107)
	(979.114)	**(995.858)**

	Cash and cash equivalents TDKK	Borrowings TDKK	Lease obligations TDKK	Subor-dinated loan from owners TDKK	Total TDKK
Net debt at 01.10.2018	**70.219**	**(376.608)**	**(231.246)**	**(399.082)**	**(936.717)**
Cash flows	(989)	(1.574)	(2.885)	0	(5.448)
Acquisitions - non cash changes	0	0	0	0	0
Other changes - non cash changes	0	(7.668)	0	(46.025)	(53.693)
Net debt at 30.09.2019	**69.230**	**(385.850)**	**(234.131)**	**(445.107)**	**(995.858)**
Cash flows	79.368	(29.841)	22.400	0	71.927
Acquisitions - non cash changes	0	0	0	0	0
Other changes - non cash changes	0	(7.668)	0	(47.515)	(55.183)
Net debt at 30.09.2020	**148.598**	**(423.359)**	**(211.731)**	**(492.622)**	**(979.114)**

Non-cash transactions

The group has the following non-cash financing activities:	2019/20 TDKK	2018/19 TDKK
Interests on subordinated loans and loan from group companies	47.515	46.025
Interests on loan from credit institutions, not paid	7.668	7.668
	55.183	**53.693**

27. SHARE BASED PAYMENTS

Employee share scheme

Reconor Holding ApS (Parent company) and certain executive managers and other key employees of the Reconor Group, has entered into a share scheme. Employees included in the share scheme are given the opportunity to purchase shares in the group company MH Gruppen MidCo ApS for a cash consideration of fair value of the shares.

In case of an employee's departure, the company is entitled, but not restricted, to repurchase all shares from the departing employee.

The original share scheme was approved by the shareholders at 26 November 2015.

	2019/20 Nominal value TDKK	**2018/19 Nominal value TDKK**
As at 1 October	**327**	**547**
Shares purchased at fair value	750	48
Shares repurchased at fair value	0	(268)
Capital increase	0	9
As at 30 September	**1.077**	**327**

The fair value of the shares has been based on a valuation of the company.

28. EVENTS AFTER THE BALANCE SHEET DATE

After the balance sheet date, the Group has obtained commitment on refinancing of debt from lender. Refer to note 3 Refinancing.

No further events significantly affecting the assessment of the Annual Report have occurred after the balance sheet date.

29. LIST OF COMPANIES

Name	Place of Registered Office	CVR number	Vote and Ownership	Share Capital TDKK	Equity TDKK	Net profit/ loss before tax 2019/20 TDKK	Business area
Parent company:							
Reconor A/S	Farum, Denmark	3671 9176	100%	12.537	30564	(66.159)	Other
Subsidiaries:							
City Container Danmark A/S	Farum, Denmark	3691 5706	100%	11.000	116.795	39.261	Logistics
City Container A/S	Farum, Denmark	3671 9176	100%	42.000	49.875	7.005	Logistics
City Container Fyn A/S	Lynge, Denmark	2628 3647	100%	500	10.314	468	Logistics
City Container Jylland A/S	Lynge, Denmark	3176 6273	100%	500	10.433	(2.100)	Logistics
Norrecco A/S	Copenhagen, Denmark	3051 8438	100%	20.000	157.827	39.810	Resources
Norrecco Agerskov A/S	Agerskov, Denmark	2716 9538	100%	500	28.805	21.920	Resources
Mijodan Ejendomme ApS	Agerskov, Denmark	3779 6328	100%	50	536	139	Resources
Norrecco Uge ApS	Agerskov, Denmark	3205 8760	100%	125	15.578	8.256	Resources
Hedegaard Miljø A/S	Nyborg, Danmark	3051 2391	100%	50	7.458	4.087	Resources

The amounts stated above is based on the latest annual report ending 30 September 2020.

30. FIRST TIME ADOPTION OF IFRS

These combined financial statements for the year ended 30 September 2020 are the first the Group has prepared in accordance with IFRS. For periods up to and including the year ended 30 September 2019 the Group prepared its financial statements in accordance with The Danish Financial Statements Act ('Danish GAAP').

The Group has prepared financial statements that comply with IFRS applicable as at 30 September 2020, together with the comparative period data for the year ended 30 September 2019.

In preparing the financial statements, the Group's opening statement of financial position was prepared as at 1 October 2018.

The Group uses the exemption in IFRS 1 and applies the carrying amounts used in Reconor Holding ApS' consolidated financial statements on their date of transition to IFRS.

The principal adjustments made by the Group in restating the Danish GAAP are described below.

Reversal of amortisation on goodwill

Under ÅRL, goodwill is amortized as opposed to under IFRS where goodwill is subjected to impairment tests. The amortizations have been reversed for the purpose of restating goodwill under IFRS. The adjustment has a total positive impact on the intangible assets and equity of TDKK 98.119 in the opening balance.

Leases

Under ÅRL, a lease is classified as a finance lease or an operating lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. Under IFRS, all leassees recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. The adjustment has a total negative impact on the intangible assets and equity of TDKK 2.668 in the opening balance.

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS.

The Group has applied the following exemptions:

- Carrying amounts are based on carrying amounts included in Reconor Holding ApS' consolidated financial statements on their date of transition to IFRS.

STATEMENT OF PROFIT AND LOSS

(PARENT COMPANY) 1 OCTOBER - 30 SEPTEMBER

	Notes	2019/20 TDKK	2018/19 TDKK
Gross profit/loss		**8.016**	**4.611**
Staff expenses	2	(17.625)	(20.705)
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		(1.161)	(1.019)
Profit/loss before financial income and expense		**(10.770)**	**(17.113)**
Income from investments in subsidiaries	3	29.170	54.955
Finance income	4	43	1.002
Finance costs	5	(84.602)	(84.439)
Profit/loss before tax		**(66.159)**	**(45.595)**
Income tax	6	7.148	8.754
Profit/loss for the period		**(59.011)**	**(36.841)**

BALANCE SHEET

(PARENT COMPANY) 30 SEPTEMBER

Assets	**Notes**	**2019/20 TDKK**	**2018/19 TDKK**
Software		6.219	5.111
Intangible assets	7	**6.219**	**5.111**
Other fixtures and fittings, tools and equipment		761	522
Property, plant and equipment	8	**761**	**522**
Investments in subsidiaries	9	928.568	899.398
Fixed assets investments		**928.568**	**899.398**
Fixed assets		**935.548**	**905.031**
Receivables from group enterprises		84.659	65.696
Deferred tax asset	11	1.575	130
Corporation tax		12.814	13.291
Prepayments		535	517
Receivables		**99.583**	**79.634**
Cash and bank balances		**99.583**	**79.634**
Total assets		**1.035.131**	**984.665**

Liabilities	Notes	2019/20 TDKK	2018/19 TDKK
Share capital		12.537	12.537
Retained earnings		18.027	77.038
Total equity		**30.564**	**89.575**
Credit institutions	12	0	402.750
Payables to group enterprises	12	450.593	406.956
Total non-current liabilities		**450.593**	**809.706**
Credit institutions	12	415.478	0
Trade payables	12	1.495	2.104
Payables to group enterprises	12	128.372	76.635
Other payables	12	8.629	6.645
Total current liabilities		**553.974**	**85.384**
Total liabilities		**1.004.567**	**895.090**
Total equity and liabilities		**1.035.131**	**984.665**

STATEMENT OF CHANGES IN EQUITY

(PARENT COMPANY)

	Share capital TDKK	Share premium account TDKK	Retained earnings TDKK	Total TDKK
Equity at 01.10.2018	**12.537**	**0**	**113.879**	**126.416**
Net profit/loss for the year	0	0	(36.841)	(36.841)
Equity at 30.09.2019	**12.537**	**0**	**77.038**	**89.575**
Net profit/loss for the year	0	0	(59.011)	(59.011)
Total profit for the period	**0**	**0**	**(59.011)**	**(59.011)**
Equity at 30.09.2020	**12.537**	**0**	**18.027**	**30.564**

NOTES

1. Accounting policies
2. Staff costs
3. Income from investments in subsidiaries
4. Financial income
5. Financial expenses
6. Tax on profit for the year
7. Intangible assets
8. Property, plant and equipment
9. Investments in subsidiaries
10. Distribution of profit
11. Deferred tax asset
12. Maturity of liabilities
13. Contingent assets, liabilities and other financial obligations
14. Related parties

1. ACCOUNTING POLICIES

General

The Annual Report of Reconor A/S for 2019/20 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2019/20 are presented in DKK.

Recognition and measurement
Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement. Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably. Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies
Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Income statement

Revenue
Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues

and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service. Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses
With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue and other external expenses.

Gross profit/loss
With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue and other external expenses.

Staff expenses
Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses
Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Income from investments in subsidiaries
The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses
Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year
Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity. The Company is jointly taxed with wholly owned Danish subsidiaries. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance sheet

Intangible assets
Development projects, patents and licences:
Software is measured at cost less accumulated depreciation. Software is depreciated on a straightline basis over the useful life, which is estimated at 3-5 years.

Property, plant and equipment
Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses. Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment   3-5 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets
The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation. If so, the asset is written down to its lower recoverable amount.

Deferred tax assets and liabilities
Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively. Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity. Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities
Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Receivables
Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Investments in subsidiaries
Investments in subsidiaries are recognised and measured under the equity method.

The items "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of any remaining value of positive differences (goodwill) and deduction of any remaining value of negative differences (negative goodwill).

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Prepayments
Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Financial debts
Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

2. STAFF COSTS

	2019/20 TDKK	**2018/19 TDKK**
Wages and salaries	15.264	18.749
Pensions	964	1.003
Other social security costs	120	160
Other staff costs	1.277	793
	17.625	**20.705**
Average number of employees	14	18

3. INCOME FROM INVESTMENTS IN SUBSIDIARIES

	2019/20 TDKK	2018/19 TDKK
Share of profits/losses from subsidiaries	69.364	95.149
Amortisation of goodwill	(40.194)	(40.194)
	29.170	**54.955**

4. FINANCIAL INCOME

	2019/20 TDKK	2018/19 TDKK
Share of profits/losses from subsidiaries	36	965
Amortisation of goodwill	7	37
	43	**1.002**

5. FINANCIAL EXPENSES

	2019/20 TDKK	2018/19 TDKK
Interest paid to group enterprises	44.041	43.145
Other financial expenses	40.561	41.294
	84.602	**84.439**

6. TAX ON PROFIT FOR THE YEAR

	2019/20 TDKK	2018/19 TDKK
Current tax on profits for the year	(5.703)	(7.111)
Current tax on profits for previous years	(1.445)	(1.643)
	(7.148)	**(8.754)**

7. INTANGIBLE ASSETS

	Software TDKK
Cost at 1. October	6.438
Additions for the year	2.016
Cost at 30 September	**8.454**
Impairment losses and amortisation at 1 October	1.327
Amortisation for the year	908
Impairment losses and amortisation at 30 September	**2.235**
Carrying amount at 30 September	**6.219**
Amortised over	3-5 years

8. PROPERTY, PLANT AND EQUIPMENT

	Other fixtures and fittings, tools and equipment TDKK
Cost at 1. October	564
Additions for the year	492
Cost at 30 September	**1.056**
Impairment losses and amortisation at 1 October	42
Amortisation for the year	253
Impairment losses and amortisation at 30 September	**295**
Carrying amount at 30 September	**761**
Amortised over	3-5 years

9. INVESTMENTS IN SUBSIDIARIES

	2019/20 TDKK	2018/19 TDKK
Cost at 1. October	1.249.410	1.249.410
	1.249.410	**1.249.410**
Value adjustments at 1 October	(350.012)	(357.758)
Net profit/loss for the year	69.364	95.149
Dividend to the Parent Company	0	(47.209)
Depreciation Goodwill	(40.194)	(40.194)
	(320.842)	**(350.012)**
Equity investments with negative net asset value transferred to provisions	**0**	**0**
Carrying amount at 30 September	**928.568**	**899.398**
Including goodwill	**593.638**	**633.832**

Investments in subsidiaries are specified as follows:

Name of company	Place of Registered Office	Share Capital	Vote and Ownership
City Container A/S	Lynge, Denmark	42.000	100%
City Container Danmark A/S	Lynge, Denmark	11.000	100%
City Container Jylland A/S	Kolding, Denmark	500	100%
Norrecco A/S	Copenhagen, Denmark	20.000	100%

10. DISTRIBUTION OF PROFIT

Distribution of profit		
Retained earnings	(59.011)	(36.841)
	(59.011)	**(36.841)**

11. DEFERRED TAX ASSET

	2019/20 TDKK	2018/19 TDKK
Deferred tax asset relates to:	(1.368)	(1.124)
Intangible assets	(7)	95.149
Property, plant and equipment	0	(9)
Amortisation expenses	2.950	1.263
	1.575	**130**

12. MATURITY OF LIABILITIES

Maturity on long-term debt	**Less than 1 year TDKK**	**Between 1 and 5 year TDKK**	**More than 5 years TDKK**	**Total TDKK**
As at 30.09.2020				
Credit institutions	415.478	0	0	415.478
Payables to group enterprises	128.372	450.593	0	578.965
Trade payables	1.495	0	0	1.495
Other payables	8.629	0	0	8.629
	553.974	**450.593**	**0**	**1.004.567**
As at 30.09.2019				
Credit institutions	0	402.750	0	402.750
Payables to group enterprises	76.635	406.956	0	483.591
Trade payables	2.104	0	0	2.104
Other payables	6.645	0	0	6.645
	85.384	**809.706**	**0**	**895.090**

13. CONTINGENT ASSETS, LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

	2019/20 TDKK	2018/19 TDKK
Charges and security		
The following assets have been placed as security with credit institutions:		
Investments in subsidiaries with a booked value of	928.568	899.398

Contingent liabilities

The company is jointly taxed with other group companies. The companies are jointly and severally liable for tax on the Group's jointly taxed income etc. The total tax amount is shown in the annual report of Reconor Holding ApS, which is management company in the group payment of tax in Denmark.

Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

14. RELATED PARTIES

Transactions

Transactions with related parties during the financial year have been made on an arm's length basis.

Subordination letter

The Company has issued a subordination letter to all subsidiaries in the Reconor A/S Group. The letter is effective until 1 October 2021.

RECONOR
Group.

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