

# **Reconor Holding ApS**

Hørmarken 2,1, 3520 Farum

**CVR No 36 91 56 09**

## **Annual report for**

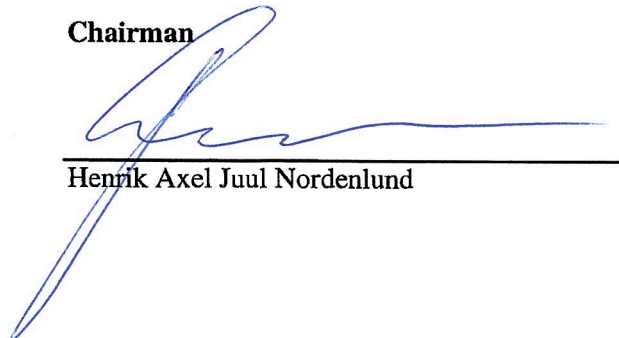
**01.10.2018**

**-**

**30.09.2019**

The Annual Report was presented and adopted at the Annual General Meeting of the Company on: 18 / 12 - 2019

**Chairman**



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Henrik Axel Juul Nordenlund

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## Company Information

### Company

Reconor Holding ApS  
Hørmarken 2,1  
3520 Farum

Central Business Registration No  
Registered in

36 91 56 09  
Farum

Financial period: 1 October 2018 - 30 September 2019  
Financial year: 5th financial year

### Executive Board

Martin Calderbank  
Kevin Kristoffer Ehnhuus Iermiin

### Auditors

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

## Key figures

	2018/19 TDKK	2017/18 TDKK	2016/17 TDKK	2015/16* TDKK	2014/15* TDKK
<b>Financial highlights</b>					(3 months)
<b>Profit and loss accounts</b>					
Revenue	820.985	715.846	570.301	566.895	128.324
Gross profit/loss	511.411	425.010	315.188	272.202	72.754
Operating profit/loss after special items	122.202	104.186	59.798	26.878	18.114
Net financials	(93.533)	(127.940)	(104.830)	(97.289)	(28.237)
Profit/loss for the period	9.351	(40.157)	(59.893)	(82.027)	(13.635)
EBITDA	202.632	163.666	111.909	163.900	44.517
<b>Balance sheet</b>					
Investments in intangible and tangible fixed assets	105.218	157.655	125.482	(77.604)	(14.352)
Total assets	1.455.213	1.440.772	1.334.144	1.264.521	1.261.334
Total equity attributable to owners of Reconor Holding ApS	222.882	226.813	579	59.878	128.815
<b>Cash flows</b>					
Operating activities	87.348	120.974	22.321	23.221	15.354
Investing activities	(80.412)	(118.880)	(16.744)	(79.756)	(1.125.440)
Financing activities	(10.845)	40.364	(17.876)	63.125	1.147.090
Net cash flow for the year	(3.909)	42.458	(12.299)	6.590	37.004
<b>Employees</b>					
Average number of employees	450	378	326	311	53
<b>Key Ratios</b>					
Return on assets (%)	8%	7%	4%	2%	1%
Solvency ratio (%)	15%	16%	0%	5%	10%
<b>Explanation of key ratios</b>					
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$				
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$				

\*) The company has implemented IFRS as per 01.10.2016. The comparative figures for 2015/16 and 2014/15 is stated under Danish GAAP.

## Management's Review

### Primary activities

Reconor Holding ApS is a holding company which has as its primary activity the owning of shares in the Reconor Group. Reconor is a leading environmental services group in Denmark, treating and remediating over 1.2 million tonnes of soil per year and handling over 0.5 million tonnes of waste. The majority of this waste is recycled for reuse in secondary markets. Reconor's expertise helps Danish industrial and construction groups meet the country's high standards of responsible and environmentally safe recycling.

### Development in the year

The Group's revenues amounted to TDKK 820.985 for the year ended 30 September 2019. The revenue has increased significantly compared to last year due to a combination of both organic growth and the acquisition of Hedegaard Miljø, which has been fully integrated into the existing business. Hedegaard Miljø has 20 years of experience in exporting/importing waste and residual products for treatment and recovery.

During the financial year, the Group strengthened its commercial setup and this, Management believe, has driven strong growth in the existing business and, combined with the acquisition of Hedegaard Miljø, has led to the delivery of positive results for the year.

The income statement of the Group for 2018/19 shows a profit before tax of TDKK 28.669, compared to a loss before tax of TDKK 23.754 last year.

At 30 September 2019 the Equity amounts to TDKK 223.209, compared to an equity of TDKK 227.351 at 30 September 2018.

Including subordinated loans, shareholders capital amounts to TDKK 358.328, which corresponds to a ratio of approximately 25% of the total liabilities

The Group comprise two divisions, Logistics and Resources.

### *Logistic-segment*

Revenues amounted to TDKK 429.019 (2017/18 - TDKK 407.257). The increase is due to the effect of higher activity in the market driving strong growth.

### *Resources-segment*

Revenues amounted to TDKK 482.545 (2017/18 - TDKK 395.077). The increase is due to a combination of strong organic growth and the effect of the acquisition.

### Outlook for the coming year

Revenues and profitability for both the Logistics and Resources divisions are expected to increase in the coming financial year.

Revenue is expected to increase in 2019/20. Due to the increase in revenue, efficiency improvements and cost saving initiatives, EBITDA is also expected to increase in 2019/20.

## **Management's Review**

### **Risk management**

The Group is exposed to various commercial and financial risks when operating its activities.

### ***Commercial and operational risks***

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

Group management routinely monitor the risks and opportunities that may occur. It has been assessed that there are no single significant risks relating to the operations of the group.

### ***Financial risks***

The financial risks is described in note 22 in the Groups financial statement.

### ***Research and development activities risks***

The Company spends considerable resources on product development. For accounting purposes and with the exception of IT projects, these costs are not capitalized.

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

We refer to primary activities for a description of the business model.

### ***Social responsibilities***

The Group is actively working to live up to its social responsibility and has initiated several activities, which results in the group's operating companies to a greater extent than previously involves into both the global environment and local community, where the operating companies have their operations. In addition, the focus is on safety for employees, partners and other external parties, who spend their time at the operating locations.

We have not had any incidents this financial year.

### ***Impact on the external environment***

The Reconor Group is environmentally conscious and continuously works to reduce any impact on the environment caused by its operations, e.g. through more environmentally friendly waste disposal and increased waste sorting, thus, improving recycling opportunities. The group companies are certified under ISO 14001.

The Group is working to ensure activities that promote quality, environment and the working environment at all levels in the organisation and in accordance with the requirements of DS/EN ISO 9001.

## Management's Review

In order to increase focus on the environmental policy agenda on sustainability and circular economy, and thereby being able to further develop recycling concepts and ensure traceability throughout the chain of sales the group has hired a manager for concept development. In addition, this has meant that group has been committed to a number of external research projects for, among others, the Danish Environmental Protection Agency and the DepoNet network. The group supports four of the UN SDGs. This includes improving water quality through reducing pollution from waste materials (UN SDG 6), upgrading waste management infrastructure, increasing resource-use efficiency and adoption of clean and environmentally sound technologies (UN SDG 9), reducing the adverse environmental impact of cities through sustainable practices (UN SDG 11), and ensuring sustainable consumption and production patterns by reducing waste generation through prevention, reduction, recycling and reuse, and by reducing the use of natural resources (UN SDG 12).

We have had no environmental accidents in the financial year and we will continue to work with the above policies to continue to reduce the environmental impact from our activities.

### *Human rights, anti-bribery and anti-corruption*

Respect for human rights is embedded in our Business Principles and in our 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.

We have not experienced any human rights violations, or incidents of bribery or corruption during the financial year.

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

Reconor Holding ApS is the only company within the Group which is required to report regarding gender diversity, due to the preparation of consolidated accounts for the Group.

### *Target for the supreme management body*

The supreme management body of Reconor Holding ApS is the executive board, which includes only two male members. Thus, equal gender representation has been obtained in accordance with the guidelines of the Danish Business Agency.

### *Policy to increase gender diversity on other management levels*

Reconor Holding ApS has no employees and can thereby apply the exemption of having less than 50 employees and revert from reporting on gender diversity on other management levels.

## **Management's Review**

### **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 of particular importance for the Group's future operations relate to being at the front end of a wide range of services as well as having and maintaining a good image as an effective, dependable as well as a flexible, socially and environmentally responsible company with a good working environment.

### **Unusual events**

The Group has not been affected by any unusual events in the financial year ending 30 September 2019.

### **Subsequent events**

No other significant events have occurred after the reporting period.

## Management's Statement

The Executive Board have today considered and adopted the Annual Report of Reconor Holding ApS for the financial year 1 October 2018 - 30 September 2019.

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 2019 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 2018 - 30 September 2019.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Farum, 18. December 2019

### Executive Board



Martin Calderbank



Kevin Kristoffer Ehnhuus Iermiin

## Independent Auditor's Report

To the Shareholders of Reconor Holding ApS

### Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 30 September 2019 and of the results of the Group's operations and cash flows for the financial year 1 October 2018 to 30 September 2019 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 2019 and of the results of the Parent Company's operations for the financial year 1 October 2018 to 30 September 2019 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Reconor Holding ApS for the financial year 1 October 2018 - 30 September 2019, 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 Financial Statements Act.

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

## **Independent Auditor's Report**

### **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.

## Independent Auditor's Report

- 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, 18 December 2019

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*



Torben Jensen

State Authorised Public Accountant

mne18651



Thomas Bækjær Andersen

State Authorised Public Accountant

mne35483

## Consolidated statement of profit and loss 1 October - 30 September

	Notes	2018/19 TDKK	2017/18 TDKK
Revenue	3	820.985	715.846
Raw materials and consumables		(309.574)	(290.836)
<b>Gross profit/loss</b>		<b>511.411</b>	<b>425.010</b>
Other external expenses		(85.063)	(62.821)
Staff expenses	4	(230.039)	(202.595)
Depreciation and amortisation of intangible and fixed assets	5	(61.001)	(49.395)
Other income	6	6.323	4.072
<b>Operating profit/loss before special items</b>		<b>141.631</b>	<b>114.271</b>
Special items	7	(19.429)	(10.085)
<b>Operating profit/loss after special items</b>		<b>122.202</b>	<b>104.186</b>
Finance income	8	4.304	556
Finance costs	9	(97.837)	(128.496)
<b>Profit/loss before tax</b>		<b>28.669</b>	<b>(23.754)</b>
Income tax	10	(19.318)	(16.403)
<b>Profit/loss for the period</b>		<b>9.351</b>	<b>(40.157)</b>
<b>Profit/loss for the period is attributable to:</b>			
Owners of Reconor Holding ApS		9.351	(40.157)
Non-controlling interests		0	0
		<b>9.351</b>	<b>(40.157)</b>

**Consolidated statement of comprehensive income 1 October - 30 September**

	<b>Notes</b>	<b>2018/19 TDKK</b>	<b>2017/18 TDKK</b>
Profit for the period		9.351	(40.157)
<b><i>Other comprehensive income</i></b>			
<i>Items that will be subsequently reclassified to profit or loss</i>			
Cash flow hedging reclassified to profit and loss		0	0
Income tax relating to these items		<u>0</u>	<u>0</u>
<b>Other comprehensive income for the period, net of tax</b>		<u>0</u>	<u>0</u>
<b>Total comprehensive income for the period</b>		<u>9.351</u>	<u>(40.157)</u>
<b>Total comprehensive income for the period is attributable to:</b>			
Owners of Reconor Holding ApS		9.351	(40.157)
Non-controlling interests		<u>0</u>	<u>0</u>
		<u>9.351</u>	<u>(40.157)</u>

**Consolidated balance sheet 30 September**

	Notes	2018/19 TDKK	2017/18 TDKK
Intangible assets	12	848.488	841.159
Property, plant and equipment	13,14	433.928	417.533
Non current receivables		5.463	5.675
Deferred tax asset	15	727	6.190
<b>Total non-current assets</b>		<b>1.288.606</b>	<b>1.270.557</b>
Inventories	16	4.671	8.250
Trade receivables	17	83.581	81.501
Other receivables		8.510	6.710
Cash and cash equivalents		69.845	73.754
<b>Total current assets</b>		<b>166.607</b>	<b>170.215</b>
<b>Total assets</b>		<b>1.455.213</b>	<b>1.440.772</b>

**Consolidated balance sheet 30 September**

	<b>Note</b>	<b>2018/19 TDKK</b>	<b>2017/18 TDKK</b>
Share capital	18	12.203	12.218
Retained earnings		210.679	214.595
<b>Total equity attributable to owners of Reconor Holding ApS</b>		<b>222.882</b>	<b>226.813</b>
Non-controlling interests		327	538
<b>Total equity</b>		<b>223.209</b>	<b>227.351</b>
Subordinated loan from owners		136.075	122.224
Borrowings	22	683.579	645.686
Current income tax liabilities	22	9.270	19.306
Lease obligations	22	167.276	191.244
Other payables	22	1.463	33.819
<b>Total non-current liabilities</b>		<b>997.663</b>	<b>1.012.279</b>
Borrowings	22	3.832	1.113
Provisions	19, 22	24.562	36.356
Trade payables	22	68.261	63.365
Current income tax liabilities	22	11.523	16.313
Lease obligations	22	66.855	40.002
Other payables	22	59.308	43.993
<b>Total current liabilities</b>		<b>234.341</b>	<b>201.142</b>
<b>Total liabilities</b>		<b>1.232.004</b>	<b>1.213.421</b>
<b>Total equity and liabilities</b>		<b>1.455.213</b>	<b>1.440.772</b>

## Consolidated statement of changes in equity

	Share capital TDKK	Share premium account TDKK	Retained earnings TDKK	Total equity attributable to owners of Reconor Holding ApS TDKK	Non- controlling interests TDKK	Total TDKK
<b>Equity at 01.10.2017</b>	<b>7.218</b>	<b>0</b>	<b>(6.639)</b>	<b>579</b>	<b>(522)</b>	<b>57</b>
Profit for the period	0	0	(40.157)	(40.157)	0	(40.157)
Other comprehensive income	0	0	0	0	0	0
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>(40.157)</b>	<b>(40.157)</b>	<b>0</b>	<b>(40.157)</b>
Transfer from non-controlling interests	0	0	(1.060)	(1.060)	1.060	0
Capital increase	5.000	262.451	0	267.451	0	267.451
Transfer from share premium account	0	(262.451)	262.451	0	0	0
<b>Equity at 30.09.2018</b>	<b>12.218</b>	<b>0</b>	<b>214.595</b>	<b>226.813</b>	<b>538</b>	<b>227.351</b>
Profit for the period	0	0	9.351	9.351	0	9.351
Other comprehensive income	0	0	0	0	0	0
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>9.351</b>	<b>9.351</b>	<b>0</b>	<b>9.351</b>
Purchase of treasury shares	0	0	(13.267)	(13.267)	(211)	(13.478)
Capital decrease	(15)	0	0	(15)	0	(15)
<b>Equity at 30.09.2019</b>	<b>12.203</b>	<b>0</b>	<b>210.679</b>	<b>222.882</b>	<b>327</b>	<b>223.209</b>

**Consolidated cash flow statement 1 October - 30 September**

	Notes	2018/19 TDKK	2017/18 TDKK
Profit/loss for the period		9.351	(40.157)
Adjustments	24	172.355	188.954
Changes in net working capital	25	(24.240)	28.815
<b>Cash flows from ordinary activities before financial income and expenses</b>		<b>157.466</b>	<b>177.612</b>
Interests received		0	556
Interests paid		(35.992)	(39.365)
<b>Cash flows from ordinary activities</b>		<b>121.474</b>	<b>138.803</b>
Income taxes paid		(34.126)	(17.829)
<b>Net cash flow from operating activities</b>		<b>87.348</b>	<b>120.974</b>
Purchase of intangible assets		(4.129)	(4.158)
Proceeds from sale of intangible assets		0	0
Purchase of property, plant and equipment		(94.089)	(56.530)
Proceeds from sale of property, plant and equipment		24.543	18.440
Purchase of fixed asset investments		0	0
Acquisition of subsidiaries		(11.300)	(83.323)
Acquired cash (acquisition of subsidiaries)		4.563	6.691
<b>Net cash flow from investing activities</b>		<b>(80.412)</b>	<b>(118.880)</b>
Proceeds from borrowings		0	80.727
Repayment of borrowings		(752)	(4.275)
Lease obligations		2.885	(36.088)
Redemption of subordinated loan		0	(267.451)
Capital increase		500	267.451
Purchase of treasury shares		(13.478)	0
<b>Cash flow from financing activities</b>		<b>(10.845)</b>	<b>40.364</b>
<b>Net cash flow for the year</b>		<b>(3.909)</b>	<b>42.458</b>
Cash and cash equivalents, beginning of the year		73.754	31.296
<b>Cash and cash equivalents at end of the year</b>	26	<b>69.845</b>	<b>73.754</b>
Other non-cash transactions related to leases			

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## Notes

### 1. Accounting policies

The Financial Statements for Reconor Holding ApS 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.

#### *New standards not yet effective*

There are no IFRSs or IFRIC interpretations that are not yet effective that is expected to have a material impact on the Company.

#### *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 from sale of services are recognised at the stage 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 Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

## Notes

### 1. Accounting policies (continued)

Logistic revenue consists of transport services, including rental of equipment and other related activities. Ressource revenue consists of services relating receiving, sorting, handling, recycling and sales of materials from the construction industry, industrial sector as well as public and private suppliers, and other related activities.

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.

#### *Performance obligations*

The group fulfil their performance obligations upon delivery at one point in time or over a very short 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 comprise of two segments, resources and logistics. There are no difference in regards to performance obligations in the segments.

#### *Contract assets and liabilities*

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

## Notes

### 1. Accounting policies (continued)

#### *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.

## Notes

### 1. Accounting policies (continued)

#### *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.

#### *Goodwill*

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.

## Notes

### 1. Accounting policies (continued)

#### *Intangibles and development projects*

Costs of development projects comprise salaries, amortisation and other expenses directly attributable to the Company's development activities. Borrowing costs that are attributable to the development projects 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.

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

#### *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.

## Notes

### 1. Accounting policies (continued)

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.

## Notes

### 1. Accounting policies (continued)

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.

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.

#### *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.

## Notes

### 1. Accounting policies (continued)

#### *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.

## Notes

### 1. Accounting policies (continued)

#### *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.

### 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.

At 30 September 2019, the carrying amount for this provision is DKK 24.6 million (2018: DKK 36.4 million).

## Notes

### 3. Revenue information

	Resources	Logistics	Eliminations	2018/19
<i>Revenue - 2018/19</i>	<b>TDKK</b>	<b>TDKK</b>	<b>TDKK</b>	<b>TDKK</b>
Revenue	482.545	429.019	(90.579)	820.985
<b>Total</b>	<b>482.545</b>	<b>429.019</b>	<b>(90.579)</b>	<b>820.985</b>

	Resources	Logistics	Eliminations	2017/18
<i>Revenue - 2017/18</i>	<b>TDKK</b>	<b>TDKK</b>	<b>TDKK</b>	<b>TDKK</b>
Revenue	395.077	407.257	(86.488)	715.846
<b>Total</b>	<b>395.077</b>	<b>407.257</b>	<b>(86.488)</b>	<b>715.846</b>

The primary revenue in 2018/19 & 2017/18 is derived from Denmark. All assets in both units are located in Denmark.

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

## Notes

	<b>2018/19</b>	<b>2017/18</b>
	<b>TDKK</b>	<b>TDKK</b>
<b>4. Staff costs</b>		
Wages and salaries	201.144	184.608
Pensions	15.152	12.576
Other social security costs	4.197	4.543
Other staff costs	9.546	868
	<b>230.039</b>	<b>202.595</b>
Average number of employees	450	378

### 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:

	<b>2018/19</b>	<b>2017/18</b>
	<b>TDKK</b>	<b>TDKK</b>
Wages and salaries	5.958	5.012
Pensions	159	87
Termination benefits	1.918	0
	<b>8.035</b>	<b>5.099</b>

Included in the above figures compensation for the Executive Board in the Parent Company comprise TDKK 100 (2017/18: TDKK 100).

### 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.

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

During 2018/19 four shareholders ceased employment in the Reconor Group, of which one was a member of key management. All sold their shares to Reconor Holding ApS (2017/18: Two shareholders sold their share to Reconor Holding ApS).

In 2018/19 no new members of key management became shareholders (2017/18: three new members of key management became shareholders).

## Notes

	2018/19 TDKK	2017/18 TDKK
<b>5. Amortisation and depreciation</b>		
Amortisation	7.845	5.490
Depreciation	53.156	43.905
	<b>61.001</b>	<b>49.395</b>
<i>Classified as:</i>		
Depreciation and amortisation of intangible and fixed assets	61.001	49.395
	<b>61.001</b>	<b>49.395</b>
<b>6. Other income</b>		
Profit on sale of assets	6.323	4.072
	<b>6.323</b>	<b>4.072</b>
<b>7. Special items</b>		
Cost related to change in Business focus	6.695	4.085
Non-recurring reorganization cost	12.064	3.894
Cost related to Business acquisitions	448	1.543
Other non-recurring cost	222	563
	<b>19.429</b>	<b>10.085</b>
<p>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.</p> <p>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.</p>		
<b>8. Financial income</b>		
Other financial income	4.304	555
Exchange gains	0	1
	<b>4.304</b>	<b>556</b>
<b>9. Financial expenses</b>		
Other financial expenses	83.043	85.824
Interest to group enterprises	14.661	42.567
Exchange loss	133	105
	<b>97.837</b>	<b>128.496</b>

## Notes

	2018/19 TDKK	2017/18 TDKK
<b>10. Tax on profit for the year</b>		
Current tax:		
Current tax on profits for the year	13.897	13.162
Current tax on profits for previous years	(42)	(52)
Deferred tax on profit for the year and previous years	5.463	3.293
	<b>19.318</b>	<b>16.403</b>
 <b>Calculated 22.0% tax on profit for the year before income tax</b>	 6.307	 (5.226)
 <b>Tax effects of:</b>		
Non-taxable income	0	(26)
Non-deductible expenses	13.011	21.328
Other	0	327
	<b>19.318</b>	<b>16.403</b>
 <b>Effective tax rate</b>	 67%	 -69%

Tax rate is significantly affected by the Group's interest rate reduction limitations according to the Danish tax legislation.

## Notes

### 11. Acquisition of companies and operations

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.

	<b>Hedegaard Miljø A/S</b>	<b>Mijodan Group</b>
	<b>Fair value of acquisition 2018/19 TDKK</b>	<b>Fair value of acquisition 2017/18 TDKK</b>
Intangible assets	0	11.987
Tangible assets	0	38.448
Financial assets	0	62
Inventories	13	105
Receivables	2.729	6.035
Cash and bank balances	4.563	6.691
Borrowings	(11)	(4.999)
Deferred income tax liabilities	0	(2.841)
Payables	(2.964)	(6.738)
Provisions	0	(12.383)
<b>Acquired net assets</b>	<b>4.330</b>	<b>36.367</b>
<b>Goodwill</b>	<b>7.000</b>	<b>46.956</b>
<b>Cash flow for acquisition:</b>		
<b>Cash payment</b>	<b>10.000</b>	<b>53.323</b>
<b>Deferred cash payment</b>	<b>1.330</b>	<b>30.000</b>
Less cash and cash equivalents in acquired business	(4.563)	(6.691)
<b>Cash outflow for acquisition</b>	<b>6.767</b>	<b>76.632</b>

The allocation of fair values is final.

## Notes

### 11. Acquisition of companies and operations (continued)

#### *Hedegaard Miljø A/S*

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 related to the acquisition amount to approximately DKK 0.5 million.

Goodwill relates to the expected synergies between the Group entities and future earnings.

Goodwill is not tax deductible.

#### *Mijodan Group*

Recognised revenue related to the acquisition amounts to DKK 68 million in 2017/18. In 2017/18, the acquisition had a positive effect on earnings for the Reconor Group. The effect on a full year basis is considered the same.

The transaction costs related to the acquisition amount to approximately DKK 3.5 million.

Goodwill relates to the expected synergies between the Group entities and future earnings.

Goodwill is not tax deductible.

## Notes

## 12. Intangible assets

	Customer relations TDKK	Software TDKK	Completed devel- opment projects TDKK	Devel- opment projects in progress TDKK	Goodwill TDKK
<b>Cost:</b>					
<b>At 01.10.2018</b>	<b>13.199</b>	<b>11.860</b>	<b>0</b>	<b>877</b>	<b>881.896</b>
Additions during the year	0	2.408	0	1.721	7.000
Disposals during the year	0	0	0	0	0
Transfer during the year	0	4.617	0	0	0
<b>At 30.09.2019</b>	<b>13.199</b>	<b>18.885</b>	<b>0</b>	<b>2.598</b>	<b>888.896</b>
<b>Amortisation and impairment:</b>					
<b>At 01.10.2018</b>	<b>4.238</b>	<b>1.218</b>	<b>0</b>	<b>0</b>	<b>61.217</b>
Amortisation for the year	4.238	3.614	0	0	0
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	0
<b>At 30.09.2019</b>	<b>8.476</b>	<b>5.397</b>	<b>0</b>	<b>0</b>	<b>61.217</b>
<b>Carrying amount 30.09.2019</b>	<b>4.723</b>	<b>13.488</b>	<b>0</b>	<b>2.598</b>	<b>827.679</b>
<b>Cost:</b>					
<b>At 01.10.2017</b>	<b>1.212</b>	<b>0</b>	<b>6.230</b>	<b>2.773</b>	<b>855.840</b>
Additions during the year	11.987	2.857	0	877	26.056
Disposals during the year	0	0	0	0	0
Transfers during the year	0	9.003	(6.230)	(2.773)	0
Adjustment prior year	0	0	0	0	0
<b>At 30.09.2018</b>	<b>13.199</b>	<b>11.860</b>	<b>0</b>	<b>877</b>	<b>881.896</b>
<b>Amortisation and impairment:</b>					
<b>At 01.10.2017</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>61.217</b>
Amortisation for the year	4.238	1.218	0	0	0
Impairment for the year	0	0	0	0	0
Reversals regarding disposals	0	0	0	0	0
<b>At 30.09.2018</b>	<b>4.238</b>	<b>1.218</b>	<b>0</b>	<b>0</b>	<b>61.217</b>
<b>Carrying amount 30.09.2018</b>	<b>8.961</b>	<b>10.642</b>	<b>0</b>	<b>877</b>	<b>820.679</b>

For a specification of additions regarding business combinations a reference is made to note 11 "Acquisition of companies and operations".

## Notes

### 12. Intangible assets (continued)

#### *Goodwill*

Goodwill has been subject to an impairment test, which has been approved by Group management. The impairment test performed per 30 September 2019 revealed no need for impairment of goodwill.

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

In the calculation of the value in use of cash generating unit, 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 2019/20 and projections for 2020/21 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:

#### **Assumptions at 30.09.2019**

	<b>Resources</b>	<b>Logistics</b>
Marginal tax rate (%)	22,0%	22,0%
Long term growth rate (%)	1,5%	1,5%
Pre-tax discount rate (%)	8,7%	10,0%
Goodwill	579.375	248.304

#### *Description of assumptions*

Average sales growth is the average annual growth rate over the two-year forecast period. It is based on past performance and management's expectations of market development.

The development of average 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 and a general increase in the market.

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 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.

## Notes

## 13. Property, plant and equipment

	Land and buildings TDKK	Other fixtures and fittings, tools and TDKK	Property, plant and equip-ment in progress TDKK	Total TDKK
<b>Cost:</b>				
<b>At 01.10.2018</b>	<b>252.562</b>	<b>273.698</b>	<b>0</b>	<b>526.260</b>
Reclassification	(8.796)	0	0	0
<b>At 01.10.2018</b>	<b>243.766</b>	<b>273.698</b>	<b>0</b>	<b>526.260</b>
Additions during the year	24.090	69.999	0	94.089
Disposals during the year	(14.983)	(32.638)	0	(47.621)
Transfer during the year	0	(4.617)	0	0
<b>At 30.09.2019</b>	<b>252.873</b>	<b>306.442</b>	<b>0</b>	<b>572.728</b>
<b>Depreciation and impairment:</b>				
<b>At 01.10.2018</b>	<b>38.360</b>	<b>70.367</b>	<b>0</b>	<b>108.727</b>
Reclassification	(8.796)	0	0	0
<b>At 01.10.2018</b>	<b>29.564</b>	<b>70.367</b>	<b>0</b>	<b>108.727</b>
Depreciation for the year	18.558	34.598	0	53.156
Impairment for the year	0	0	0	0
Reversals regarding disposals	(6.634)	(20.501)	0	(27.135)
Transfer during the year	0	(565)	0	0
<b>At 30.09.2019</b>	<b>41.488</b>	<b>83.899</b>	<b>0</b>	<b>134.748</b>
<b>Carrying amount 30.09.2019</b>	<b>211.385</b>	<b>222.543</b>	<b>0</b>	<b>433.928</b>
<b>Cost:</b>				
<b>At 01.10.2017</b>	<b>224.591</b>	<b>235.343</b>	<b>7.216</b>	<b>467.150</b>
Additions during the year	28.192	66.786	0	94.978
Disposals during the year	(221)	(28.431)	(7.216)	(35.868)
Adjustment prior year	0	0	0	0
<b>At 30.09.2018</b>	<b>252.562</b>	<b>273.698</b>	<b>0</b>	<b>526.260</b>
<b>Depreciation and impairment:</b>				
<b>At 01.10.2017</b>	<b>23.417</b>	<b>64.926</b>	<b>0</b>	<b>88.343</b>
Depreciation for the year	14.943	28.962	0	43.905
Impairment for the year	0	0	0	0
Reversals regarding disposals	0	(23.521)	0	(23.521)
<b>At 30.09.2018</b>	<b>38.360</b>	<b>70.367</b>	<b>0</b>	<b>108.727</b>
<b>Carrying amount 30.09.2018</b>	<b>214.202</b>	<b>203.331</b>	<b>0</b>	<b>417.533</b>

For a specification of additions regarding the implementation of IFRS 16 and business combinations a reference is made to note 11 "Acquisition of companies and operations" and note 14 "Leases".

## Notes

### 14. Leases

#### *Amounts recognised in the balance sheet*

The balance show the following amounts relating to leases:

	<b>2018/19</b>	<b>2017/18</b>
	<b>TDKK</b>	<b>TDKK</b>
<b>Right-of-use assets</b>		
Land and buildings	48.512	39.582
Equipment	158.783	147.217
	<b>207.295</b>	<b>186.799</b>
<b>Lease liability</b>		
Current	66.855	40.002
Non-current	167.276	191.244
	<b>234.131</b>	<b>231.246</b>

#### *Amounts recognised in the statement of profit or loss*

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

	<b>2018/19</b>	<b>2017/18</b>
	<b>TDKK</b>	<b>TDKK</b>
<b>Depreciation charge of right-of-use assets</b>		
Land and buildings	(13.962)	(8.796)
Equipment	(13.472)	(22.219)
	<b>(27.434)</b>	<b>(31.015)</b>
Interest expenses relating to recognised leases at the balance sheet	8.202	8.215
Expenses relating to short-term leases	0	100
Expenses relating to low-value-assets (that are not short-term leases)	50	0
Expense relating to variable lease payments (not included in lease liabilities)	0	0
	<b>8.252</b>	<b>8.315</b>

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 (2017/18: DKK 100K).

## Notes

### 14. Leases (continued)

#### *Amounts recognised in the balance sheet*

The balance show the following amounts relating to leases:

	<b>Land and buildings TDKK</b>	<b>Equipment TDKK</b>	<b>Total TDKK</b>
<b>Right-of-use assets</b>			
Carrying amount 1 October 2018	39.582	147.217	186.799
Additions	22.892	56.999	79.891
Disposals	0	(31.961)	(31.961)
Depreciation for the year	(13.962)	(13.472)	(27.434)
<b>Carrying amount 30 September 2019</b>	<b>48.512</b>	<b>158.783</b>	<b>207.295</b>

	<b>Land and buildings TDKK</b>	<b>Equipment TDKK</b>	<b>Total TDKK</b>
<b>Right-of-use assets</b>			
Carrying amount 1 October 2017	48.378	140.644	189.022
Additions	0	28.792	28.792
Depreciation for the year	(8.796)	(22.219)	(31.015)
<b>Carrying amount 30 September 2018</b>	<b>39.582</b>	<b>147.217</b>	<b>186.799</b>

## Notes

	<b>2018/19</b>	<b>2017/18</b>
	<b>TDKK</b>	<b>TDKK</b>
<b>15. Deferred tax</b>		
Deferred tax at 01.10.2018	6.190	10.613
Deferred tax recognised in the income statement	(5.463)	(3.293)
Business acquisition	0	(2.841)
Adjustment prior year	0	1.711
Deferred tax recognised in other comprehensive income	0	0
<b>Deferred tax at 30.09.2019</b>	<b>727</b>	<b>6.190</b>
<b>Deferred tax relates to:</b>		
Intangible assets	(2.150)	(794)
Property, plant and equipment	6.822	2.506
Amortisation	0	(25)
Provisions	(5.399)	(7.676)
Trade receivables	0	(183)
Loss carry forwards	0	(18)
Transferred to deferred tax asset	727	6.190
	<b>0</b>	<b>0</b>
Of which presented as deferred tax assets	727	6.190
Of which presented as deferred tax liabilities	0	0

The Company has recognised deferred income tax assets of TDKK 727 (2017/18: TDKK 6.190). The Company expect to use the deferred tax asset in future income.

There a no limitations on the use of the temporary differences forwards.

	<b>2018/19</b>	<b>2017/18</b>
	<b>TDKK</b>	<b>TDKK</b>
<b>16. Inventories</b>		
Raw materials and consumables	4.671	8.250
Finished goods and goods for resale	0	0
<b>Total inventories</b>	<b>4.671</b>	<b>8.250</b>
Write down on inventory	0	0
<b>Total net inventories</b>	<b>4.671</b>	<b>8.250</b>

## Notes

	<b>2018/19</b>	<b>2017/18</b>
	<b>TDKK</b>	<b>TDKK</b>
<b>17. Trade receivables</b>		
Trade receivables and other receivables at 30 September	85.051	83.986
Less provision for impairment of trade receivables	(1.470)	(2.485)
<b>Trade receivables net</b>	<b>83.581</b>	<b>81.501</b>
Movement on the Company's provision for impairment of trade receivables are as follows:		
<b>Opening balances</b>	(2.485)	(3.029)
Utilised during the year	2.485	3.029
Change in provision during the year	(1.470)	(2.485)
<b>Trade receivables at 30 September</b>	<b>(1.470)</b>	<b>(2.485)</b>
	<b>2018/19</b>	<b>2017/18</b>
	<b>TDKK</b>	<b>TDKK</b>
Allocation of receivables past due but not impaired by maturity period are as follows:		
Up to 3 months	11.324	9.474
More than 3 months	6.066	8.181
<b>Overdue net receivables at 30 September</b>	<b>17.390</b>	<b>17.655</b>

### *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.

## Notes

### 18. Share capital

	2018/19 Nominal share capital	2017/18 Nominal share capital
<i>Changes in share capital</i>		
Share capital opening	12.217.494	7.217.500
Shares issued during the year	(15.526)	4.999.994
<b>Share capital</b>	<b>12.201.968</b>	<b>12.217.494</b>
<i>The share capital consists of:</i>		
	Number of shares	Number of shares
Common shares - Nom. DKK 1 per share	7.201.974	7.217.500
Preference A shares - Nom. DKK 1 per share	4.999.994	4.999.994
<b>Share capital</b>	<b>12.201.968</b>	<b>12.217.494</b>

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.

	2018/19 TDKK	2017/18 TDKK
<b>19. Provisions</b>		
<i>Waste disposal</i>		
Provisions 1 October	36.356	18.292
Additions during the year	24.562	23.973
Additions by business acquisition	0	12.383
Utilised during the year	(36.356)	(18.292)
<b>Provisions 30 September</b>	<b>24.562</b>	<b>36.356</b>

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.

## Notes

### 20. Related parties

The party exercising control of Reconor Holding ApS' is its majority shareholder, Agilitas MH Gruppen 2015 Fund L.P., via its holding in MH Gruppen Holding S.à.r.l. (Luxembourg).

Other related parties comprise Reconor Holding ApS' Executive Board and key management.

*The following transactions were carried through with related parties:*

- The Reconor Group has paid DKK 3 million in fees for services rendered to Agilitas 2013 Private Equity GP LP (2017/18: DKK 3m). Agilitas 2013 Private Equity GP LP is the general partner of Agilitas 2013 Private Equity Fund, L.P., a shareholder of Reconor Holding ApS.
- Agilitas 2013 Private Equity Fund L.P., is an indirect shareholder of Reconor Holding ApS and a subordinated loan note holder. The balance on the loan to Agilitas 2013 Private Equity Fund L.P. at 30 September 2019 is DKK 54.3m. (2018/19: DKK 48.4 million)
- Agilitas MH Gruppen 2015 Fund L.P., is an indirect shareholder of Reconor Holding ApS and a subordinated loan note holder. The balance on the loan to Agilitas MH Gruppen 2015 Fund L.P. at 30 September 2019 is DKK 80.4m. (2018/19: DKK 74.8 million)
- Reconor Holding ApS has expensed interests of DKK 15 millions on loans to Agilitas 2013 Private Equity Fund L.P. and Agilitas MH Gruppen 2015 Fund L.P. (2017/18: DKK 42 million).
- Transactions with key management personnel consist of remuneration, which is disclosed in note 4.
- Transactions with key management personnel related to purchase of shares amounts to TDKK 3.640 (purchase).

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 is TDKK 9.270 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 Company's liability.

#### Commitments

Land and buildings provided as security vis-à-vis for mortgage debt amount to DKK 40.2 million (2017/18: DKK 41.1 million) out of mortgage debt of DKK 5.8 million (2017/18: DKK 6.5 million).

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

## Notes

### 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, shareholders and leasing arrangements. All borrowings have a fixed interest rate. Borrowings issued at fixed rates expose the Company to fair value interest rate risk, which will not have any impact on the recognized values.

The Company'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 Company's cash and cash equivalents have been invested in secure financial institutions.

The Company 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 Company manages its liquidity risk by monitoring the changes in working capital and by ensuring adequate funding is in place. Based on the Company'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.

The Company has undrawn borrowing facilities of DKK 136 million, that may be available for future operating activities.

## Notes

### 22. Financial risk management (continued)

#### *Maturity analysis*

The table below analyses the Company'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.

	Less than 1 year TDKK	Between 1 and 5 year TDKK	More than 5 years TDKK	Total TDKK
<b>Non-derivatives</b>				
<b>As at 30.09.2019</b>				
Mortgage loans	777	2.992	2.011	5.780
Credit institutions	3.055	678.576	0	681.631
Provisions	24.562	0	0	24.562
Trade payables	68.261	0	0	68.261
Current income tax liabilities	11.523	9.270	0	20.793
Lease obligations	66.855	167.276		234.131
Other payables	59.308	0	1.463	60.771
	<b>234.341</b>	<b>858.114</b>	<b>3.474</b>	<b>1.095.929</b>
<b>As at 30.09.2018</b>				
Mortgage loans	759	3.096	2.677	6.532
Credit institutions	354	639.913	0	640.267
Provisions	36.356	0	0	36.356
Trade payables	63.365	0	0	63.365
Current income tax liabilities	16.313	19.306	0	35.619
Lease obligations	40.002	191.008	236	231.246
Other payables	43.993	33.719	0	77.712
	<b>201.142</b>	<b>887.042</b>	<b>2.913</b>	<b>1.091.097</b>

#### **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 2018/19 or 2017/18.

### 23. Fee to auditors appointed at the general meeting

	2018/19 TDKK	2017/18 TDKK
Audit fee to PwC	693	585
Other assurance engagements	0	50
Tax advisory services	80	115
Non-audit services	5.187	1.389
	<b>5.960</b>	<b>2.139</b>

## Notes

	2018/19 TDKK	2017/18 TDKK
<b>24. Cash flow statements - Adjustments</b>		
Non-cash interests	93.533	127.940
Tax for the year	19.318	16.403
Depreciation	61.001	45.353
Other non-cash movements	(1.497)	(742)
	<b>172.355</b>	<b>188.954</b>
	2018/19 TDKK	2017/18 TDKK
<b>25. Cash flow statements - Changes in net working capital</b>		
Changes in inventories	3.579	(4.263)
Changes in receivables	(3.880)	17.631
Changes in Provisions	(11.794)	0
Changes in trade and other payables	(12.145)	15.447
	<b>(24.240)</b>	<b>28.815</b>
	2018/19 TDKK	2017/18 TDKK
<b>26. Cash flow statements - Net Debt</b>		
Cash and cash equivalents	69.845	73.754
Borrowings	(687.411)	(646.799)
Lease obligations	(234.131)	(231.246)
Other interest-bearing payables	(13.422)	(33.719)
	<b>(865.119)</b>	<b>(838.010)</b>

## Notes

## 26. Cash flow statements - Net Debt (continued)

	Cash and cash equi- valents	Borrow- ings	Lease obli- gations	Other interest- bearing payables	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Net debt at 1 October 2017</b>	<b>31.296</b>	<b>(545.433)</b>	<b>(267.334)</b>	<b>0</b>	<b>(781.471)</b>
Cash flows	35.767	0	36.088	0	71.855
Acquisitions	6.691	(64.999)	0	(26.844)	(85.152)
Other changes	0	(36.367)	0	(6.875)	(43.242)
<b>Net debt at 30 September 2018</b>	<b>73.754</b>	<b>(646.799)</b>	<b>(231.246)</b>	<b>(33.719)</b>	<b>(838.010)</b>
Cash flows	(3.914)	(752)	(2.885)	10.000	2.449
Acquisitions	5	0	0	0	5
Other changes	0	(39.860)	0	10.297	(29.563)
<b>Net debt at 30 September 2019</b>	<b>69.845</b>	<b>(687.411)</b>	<b>(234.131)</b>	<b>(13.422)</b>	<b>(865.119)</b>

## Notes

### 27. Share based payments

#### *Employee share scheme*

Reconor Holding ApS (the company) and certain executive managers and other key employees, 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.

	2018/19 Nominal value TDKK	2017/18 Nominal value TDKK
<b>As at 1 October</b>	<b>538</b>	<b>520</b>
Shares purchased at fair value	48	195
Shares repurchased at fair value	(268)	(177)
Capital increase	9	0
<b>As at 30 September</b>	<b>327</b>	<b>538</b>

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

### 28. Events after the balance sheet date

No events have occurred after the reporting period, that influence the evaluation of the Consolidated Financial Statements.

## Notes

### 29. List of companies

Name	Place of Registered Office	CVR number	Vote and Owner- ship	Share Capital TDKK	Equity TDKK	Net profit/loss before tax 2018/19 TDKK	Business area
<b>Parent company:</b>							
Reconor Holding ApS	Farum, Denmark	3691 5609	N/A	12.202	81.058	(38.422)	Other
<b>Subsidiaries:</b>							
MH Gruppen MidCo ApS	Farum, Denmark	3691 5706	97%	12.547	89.893	(37.155)	Other
Reconor A/S	Farum, Denmark	3671 9176	100%	12.537	89.289	(45.472)	Other
City Container Danmark A/S	Lynge, Denmark	2628 3647	100%	11.000	86.092	31.192	Logistics
City Container A/S	Lynge, Denmark	3176 6273	100%	42.000	44.418	543	Logistics
City Container Fyn A/S	Odense, Denmark	2871 4041	100%	500	9.949	(1.762)	Logistics
City Container Jylland A/S	Kolding, Denmark	2112 1991	100%	500	12.070	(2.356)	Logistics
Norrecco A/S	Copenhagen, Denmark	3051 8438	100%	20.000	122.987	90.986	Resources
Norrecco Agerskov A/S	Agerskov, Denmark	2716 9538	100%	500	11.601	7.418	Resources
Mijodan Ejendomme ApS	Agerskov, Denmark	3779 6328	100%	50	427	144	Resources
Norrecco Uge ApS	Agerskov, Denmark	3205 8760	100%	125	9.138	10.433	Resources
Hedegaard Miljø A/S	Nyborg, Denmark	3051 2391	100%	50	4.310	2.421	Resources

The amounts stated above is based on the latest annual report ending 30 September 2019.

**Statement of profit and loss (Parent company) 1 October - 30 September**

	Notes	2018/19 TDKK	2017/18 TDKK
<b>Gross profit/loss</b>		<b>(85)</b>	<b>(177)</b>
Income from investments in subsidiaries	2	(37.815)	(87.865)
Finance income	3	53.711	75.641
Finance costs	4	(54.233)	(75.532)
<b>Profit/loss before tax</b>		<b>(38.422)</b>	<b>(87.933)</b>
Income tax	5	0	(15)
<b>Profit/loss for the period</b>		<b>(38.422)</b>	<b>(87.918)</b>
<b>Distribution of profit</b>			
Retained earnings		(38.422)	(87.918)
		<b>(38.422)</b>	<b>(87.918)</b>

**Balance sheet (Parent company) 30 September****Assets**

	Notes	2018/19 TDKK	2017/18 TDKK
Investments in subsidiaries	6	89.227	126.542
Receivables from group enterprises		445.107	392.507
<b>Fixed assets investments</b>		<b>534.334</b>	<b>519.049</b>
Receivables from group enterprises		20.793	19.331
Corporation tax		6.052	19.306
Other receivables		0	0
<b>Receivables</b>		<b>26.845</b>	<b>38.637</b>
<b>Cash and bank balances</b>		<b>115</b>	<b>3.384</b>
<b>Total assets</b>		<b>561.294</b>	<b>561.070</b>

**Liabilities**

Share capital		12.203	12.218
Retained earnings		68.855	120.755
<b>Total equity</b>		<b>81.058</b>	<b>132.973</b>
Subordinated loan from owners	7	136.075	122.224
Borrowings	7	301.562	270.192
Current income tax liabilities	7	9.270	19.306
<b>Total non-current liabilities</b>		<b>446.907</b>	<b>411.722</b>
Payables to group enterprises	7	20.936	0
Current income tax liabilities	7	11.523	16.313
Other payables	7	870	62
<b>Total current liabilities</b>		<b>33.329</b>	<b>16.375</b>
<b>Total liabilities</b>		<b>480.236</b>	<b>428.097</b>
<b>Total equity and liabilities</b>		<b>561.294</b>	<b>561.070</b>

## Statement of changes in equity (Parent company)

	Share capital TDKK	Share premium account TDKK	Retained earnings TDKK	Total TDKK
<b>Equity at 01.10.2017</b>	<b>7.218</b>	<b>0</b>	<b>(44.541)</b>	<b>(37.323)</b>
Profit for the period	0	0	(87.918)	(87.918)
Net effect of correction of material misstatements	0	0	(5.704)	(5.704)
Buy of minorities	0	0	(3.533)	(3.533)
Capital increase	5.000	262.451	0	267.451
Transfer from share premium account	0	(262.451)	262.451	0
<b>Equity at 30.09.2018</b>	<b>12.218</b>	<b>0</b>	<b>120.755</b>	<b>132.973</b>
Profit for the period	0	0	(38.422)	(38.422)
<b>Total profit for the period</b>	<b>0</b>	<b>0</b>	<b>(38.422)</b>	<b>(38.422)</b>
Purchase of treasury shares	0	0	(13.478)	(13.478)
Capital decrease	(15)	0	0	(15)
<b>Equity at 30.09.2019</b>	<b>12.203</b>	<b>0</b>	<b>68.855</b>	<b>81.058</b>

## **Notes (Parent company)**

1. Accounting policies
2. Income from investments in subsidiaries
3. Financial income
4. Financial expenses
5. Tax on profit for the year
6. Investments in subsidiaries
7. Maturity of liabilities
8. Contingent assets, liabilities and other financial obligations

## Notes

### 1. Accounting policies

#### *General*

The financial statements of the parent company Reconor Holding ApS for the period 1 October – 30 September 2019 have been prepared in accordance with the Danish Financial Statements Act for B enterprises.

The financial statements are presented in Danish kroner (DKK), which is also the functional currency of the company.

The accounting policies are unchanged from last year. The accounting policies are as described below.

#### *Income statement*

##### *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.

##### *Results of investments in subsidiaries*

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

##### *Other external expenses*

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

##### *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.

## Notes

### 1. Accounting policies (continued)

#### *Balance sheet*

##### *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.

##### *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.

##### *Other financial liabilities*

Loans, such as 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.

## Notes

	2018/19 TDKK	2017/18 TDKK
<b>2. Income from investments in subsidiaries</b>		
Share of losses of subsidiaries	(37.149)	(88.156)
Depreciation Goodwill	(666)	0
Gains from purchases and sales of shares	0	291
	<b>(37.815)</b>	<b>(87.865)</b>
<b>3. Financial income</b>		
Interest received from group enterprises	53.211	75.641
Other financial income	500	0
	<b>53.711</b>	<b>75.641</b>
<b>4. Financial expenses</b>		
Interest paid to group enterprises	0	0
Other financial expenses	54.233	75.532
	<b>54.233</b>	<b>75.532</b>
<b>5. Tax on profit for the year</b>		
Current tax on profits for the year	0	(15)
Current tax on profits for previous years	0	0
Deferred tax on profit for the year and previous years	0	0
	<b>0</b>	<b>(15)</b>

## Notes

	2018/19 TDKK	2017/18 TDKK
<b>6. Investments in subsidiaries</b>		
Cost at 1. October	403.343	135.892
Additions for the year	500	267.451
Disposals for the year	0	0
	<b>403.843</b>	<b>403.343</b>
Value adjustments at 1 October	(276.801)	(179.700)
Adjustment prior year	0	(5.704)
Disposals for the year	0	(3.533)
Depreciation Goodwill	(666)	0
Net profit/loss for the year	(37.149)	(87.864)
	<b>(314.616)</b>	<b>(276.801)</b>
Equity investments with negative net asset value transferred to provisions	<b>0</b>	<b>0</b>
Carrying amount at 30 September	<b>89.227</b>	<b>126.542</b>
<b>Including goodwill</b>	<b>5.994</b>	<b>6.660</b>

Investments in subsidiaries are specified as follows:

Name of company	Place of Registered Office	Share Capital	Vote and Ownership
MH Gruppen MidCo ApS	Farum, Danmark	12.557	97%

## Notes

### 7. Maturity of liabilities

	Less than 1 year TDKK	Between 1 and 5 year TDKK	More than 5 years TDKK	Total TDKK
<b>Maturity on long-term debt</b>				
<b>As at 30.09.2019</b>				
Subordinated loan from owners	0	0	136.075	136.075
Borrowings	0	0	301.562	301.562
Payables to group enterprises	0	0	0	0
Corporation tax	11.523	9.270	0	20.793
Other payables	870	0	0	870
	<b>12.393</b>	<b>9.270</b>	<b>437.637</b>	<b>459.300</b>
<b>As at 30.09.2018</b>				
Subordinated loan from owners	0	0	122.224	122.224
Credit institutions	0	0	270.192	270.192
Payables to group enterprises	0	0	0	0
Corporation tax	16.313	19.306	0	35.619
Other payables	62	0	0	62
	<b>16.375</b>	<b>19.306</b>	<b>392.416</b>	<b>428.097</b>

### 8. Contingent assets, liabilities and other financial obligations

#### *Contingent liabilities*

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 is TDKK 9.270 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 Company's liability.