

Reconor Holding ApS

Hørmarken 2,1, 3520 Farum

CVR No 36 91 56 09

Annual report for

01.10.2019

-

30.09.2020

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

Chairman

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 2019 - 30 September 2020
Financial year: 6th 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

	2019/20 TDKK	2018/19 TDKK	2017/18 TDKK	2016/17 TDKK	2015/16* TDKK
Financial highlights					
Profit and loss accounts					
Revenue	824.675	820.985	715.846	570.301	566.895
Gross profit/loss	510.855	511.411	425.010	315.188	272.202
Operating profit/loss after special items	100.618	122.202	104.186	59.798	26.878
Net financials	(97.636)	(93.533)	(127.940)	(104.830)	(97.289)
Profit/loss for the period	(10.898)	9.351	(40.157)	(59.893)	(82.027)
EBITDA before special items	192.595	202.632	163.666	111.909	163.900
Balance sheet					
Investments in intangible and tangible fixed assets	25.327	105.218	157.655	125.482	77.604
Total assets	1.515.574	1.455.213	1.440.772	1.334.144	1.264.521
Total equity attributable to owners of Reconor Holding ApS	212.719	222.882	226.813	579	59.878
Cash flows					
Operating activities	154.971	87.348	120.974	22.321	23.221
Investing activities	(3.352)	(80.412)	(118.880)	(16.744)	(79.756)
Financing activities	(72.175)	(10.845)	40.364	(17.876)	63.125
Net cash flow for the year	79.444	(3.909)	42.458	(12.299)	6.590
Employees					
Average number of employees	502	450	378	326	311
Key Ratios					
Return on assets (%)	7%	8%	7%	4%	2%
Solvency ratio (%)	14%	15%	16%	0%	5%

Explanation of key ratios

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 is stated under Danish GAAP.

Management's Review

Primary activities

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

Development this year

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

Despite these issues Reconor's revenue amounted to DKK 825 mio. for the year ending 30 September 2020, which is a marginal increase from 2018/19 driven by organic growth and clearly demonstrate the resilience of the business.

The Group's commercial organisation has been strengthened. Going forward this will further enhance the robustness of the business and support the revenue growth.

The 2019/20 EBITDA, adjusted for non-recurring costs, was TDKK 192.595 against TDKK 202.632 in 2018/19. Reconor's 2019/20 income before tax came in at TDKK 2.982.

As of 30 September, 2020, equity amounts to TDKK 213.061, compared to an equity of TDKK 223.209 the previous year ending 30 September, 2019. Including subordinated loans, shareholders' capital amounts to TDKK 365.669, which corresponds to approximately 24% of total equity and liabilities.

Follow-up on development expectations from last year

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

COVID-19

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

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

Management's Review

Outlook for the coming year

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

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

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

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

Risk management

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

Commercial and operational risks

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

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

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

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

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

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

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

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

Management's Review

Financial risks

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

Research and development activities risks

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

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

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

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

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

Resources business:

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

Logistics business:

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

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

Management's Review

Social responsibility

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

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

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

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

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

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

Impact on the external environment

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

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

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

Management's Review

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

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

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

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

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

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

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

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

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

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

Management's Review

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

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

Human rights, anti-bribery and anti-corruption

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

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

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

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

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

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

Target for the supreme management body

The supreme management body of Reconor Holding ApS is the Executive Board. It includes only two male members; thus, equal gender representation has been obtained in accordance with the guidelines of the Danish Business Agency.

We refer to Norrecco A/S for the compliance statement for the underrepresented gender.

Policy to increase gender diversity on other management levels

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

Uncertainty relating to recognition and measurement

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

Management's Review

Knowledge Resources

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

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

Unusual events

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

Subsequent events

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

Management's Statement

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

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

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

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

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

Farum, 25 February 2021

Executive Board

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 2020 and of the results of the Group's operations and cash flows for the financial year 1 October 2019 to 30 September 2020 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

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

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

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish 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, 25 February 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Torben Jensen
State Authorised Public Accountant
mne18651

Thomas Baunkjær Andersen
State Authorised Public Accountant
mne35483

Consolidated statement of profit and loss 1 October - 30 September

	Notes	2019/20 TDKK	2018/19 TDKK
Revenue	4	824.675	820.985
Raw materials and consumables		(313.820)	(309.574)
Gross profit/loss		510.855	511.411
Other external expenses		(75.976)	(85.063)
Staff expenses	5	(245.075)	(230.039)
Depreciation and amortisation of intangible and fixed assets	6	(72.881)	(61.001)
Other income	7	2.791	6.323
Operating profit/loss before special items		119.714	141.631
Special items	8	(19.096)	(19.429)
Operating profit/loss after special items		100.618	122.202
Finance income	9	186	4.304
Finance costs	10	(97.822)	(97.837)
Profit/loss before tax		2.982	28.669
Income tax	11	(13.880)	(19.318)
Profit/loss for the period		(10.898)	9.351
Profit/loss for the period is attributable to:			
Owners of Reconor Holding ApS		(10.898)	9.351
Non-controlling interests		0	0
		(10.898)	9.351

Consolidated statement of comprehensive income 1 October - 30 September

	Notes	2019/20 TDKK	2018/19 TDKK
Profit for the period		(10.898)	9.351
Other comprehensive income for the period, net of tax		0	0
Total comprehensive income for the period		(10.898)	9.351
Total comprehensive income for the period is attributable to:			
Owners of Reconor Holding ApS		(10.898)	9.351
Non-controlling interests		0	0
		(10.898)	9.351

Consolidated balance sheet 30 September

	Notes	2019/20 TDKK	2018/19 TDKK
Intangible assets	12	843.138	848.488
Property, plant and equipment	13,14	450.382	433.928
Non current receivables		1.868	5.463
Deferred tax asset	15	0	727
Total non-current assets		1.295.388	1.288.606
Inventories	16	3.747	4.671
Trade receivables	17	58.105	83.581
Other receivables		9.045	8.510
Cash and cash equivalents		149.289	69.845
Total current assets		220.186	166.607
Total assets		1.515.574	1.455.213

Consolidated balance sheet 30 September

	Notes	2019/20 TDKK	2018/19 TDKK
Share capital	18	12.203	12.203
Retained earnings		200.516	210.679
Total equity attributable to owners of Reconor Holding ApS		212.719	222.882
Non-controlling interests		342	327
Total equity		213.061	223.209
Subordinated loan from owners	22	152.608	136.075
Borrowings	22	336.455	683.579
Deferred income tax liabilities	15	2.669	0
Current income tax liabilities	22	6.122	9.270
Lease obligations	22	141.852	167.276
Other payables	22	1.463	1.463
Total non-current liabilities		641.169	997.663
Borrowings	22	419.125	3.832
Provisions	19, 22	24.971	24.562
Trade payables	22	72.562	68.261
Current income tax liabilities	22	5.826	11.523
Lease obligations	22	69.879	66.855
Other payables	22	68.981	59.308
Total current liabilities		661.344	234.341
Total liabilities		1.302.513	1.232.004
Total equity and liabilities		1.515.574	1.455.213

Consolidated statement of changes in equity

	Share capital TDKK	Retained earnings TDKK	Total equity attributable to owners of Reconor Holding ApS TDKK	Non- controlling interests TDKK	Total TDKK
Equity at 01.10.2018	12.218	214.595	226.813	538	227.351
Profit for the period	0	9.351	9.351	0	9.351
Other comprehensive income	0	0	0	0	0
Total comprehensive income for the period	0	9.351	9.351	0	9.351
Purchase of treasury shares	0	(13.267)	(13.267)	(211)	(13.478)
Capital decrease	(15)	0	(15)	0	(15)
Equity at 30.09.2019	12.203	210.679	222.882	327	223.209
Profit for the period	0	(10.898)	(10.898)	0	(10.898)
Other comprehensive income	0	0	0	0	0
Total comprehensive income for the period	0	(10.898)	(10.898)	0	(10.898)
Sale of treasury shares	0	735	735	15	750
Equity at 30.09.2020	12.203	200.516	212.719	342	213.061

Consolidated cash flow statement 1 October - 30 September

	Notes	2019/20 TDKK	2018/19 TDKK
Profit/loss for the period		(10.898)	9.351
Adjustments	24	184.397	172.355
Changes in net working capital	25	43.843	(24.240)
Cash flows from ordinary activities before financial income and expenses		217.342	157.466
Interests received		186	0
Interests paid		(43.158)	(35.992)
Cash flows from ordinary activities		174.370	121.474
Income taxes paid		(19.399)	(34.126)
Net cash flow from operating activities		154.971	87.348
Purchase of intangible assets		(2.687)	(4.129)
Purchase of property, plant and equipment		(22.640)	(14.198)
Proceeds from sale of property, plant and equipment		21.975	24.543
Acquisition of subsidiaries		0	(6.737)
Net cash flow from investing activities		(3.352)	(521)
Proceeds from borrowings		30.799	0
Repayment of borrowings		(761)	(752)
Repayment of lease obligations		(102.963)	(77.006)
Capital increase		0	500
Sale of treasury shares		750	0
Purchase of treasury shares		0	(13.478)
Cash flow from financing activities		(72.175)	(90.736)
Net cash flow for the year		79.444	(3.909)
Cash and cash equivalents, beginning of the year		69.845	73.754
Cash and cash equivalents at end of the year	26	149.289	69.845

Notes

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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. The accounting policies applied remain unchanged from last year. The Financial Statements for 2018/19 are presented in DKK.

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

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

Notes

1. Accounting policies (continued)

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

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

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

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

Contract assets and liabilities

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

Business combinations last year

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

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

Notes

1. Accounting policies (continued)

Goodwill

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

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

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

Customer contracts, software and development projects

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

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

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

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

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

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

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

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

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

Notes

1. Accounting policies (continued)

Property, plant and equipment

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

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

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

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

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

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

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

Leases and lease obligations

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

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

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Notes

1. Accounting policies (continued)

Leases and lease obligations (continued)

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

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

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease obligation
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs,
- and restoration costs.

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

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

Extension and termination options

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

Impairment of non-current assets

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

Inventories

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

Receivables

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

Notes

1. Accounting policies (continued)

Prepayments

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

Equity

Share capital

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

Dividend distribution

Proposed dividends are disclosed as a separate item under equity.

Borrowings and borrowing costs

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

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

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

Provisions

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

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

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

Other financial liabilities

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

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.

Cash and cash equivalents

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

Segments

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

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

Ressource revenue 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.

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.

Notes

2. Critical accounting estimates and judgements (continued)

Waste provision

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

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

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

Key assumptions used for value-in-use calculations

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

Notes

3. Refinancing

Capital resources

The loan from credit institutions amounting to DKK 390 million at 30 September 2020 is due for repayment in May 2021. A loan facility of DKK 754 million has been committed by Capital Four on 23 February 2021. The loan facility from Capital Four is expected to be fully utilised in March/April 2021 in order to repay the short-term loan from credit institutions as well as existing long-term loans from credit institutions and will be due for repayment 5 years later.

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

4. Revenue

	Resources	Logistics	Eliminations	2019/20
	TDKK	TDKK	TDKK	TDKK
<i>Revenue - 2019/20</i>				
Revenue from external customers	362.845	461.830	0	824.675
Internal revenue	74.099	14.136	(88.235)	0
Total	436.944	475.966	(88.235)	824.675

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

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

Notes

4. Revenue (continued)

<i>Revenue - 2019/20</i>	Resources	Logistics
	<u>TDKK</u>	<u>TDKK</u>
At point in time	362.845	115.731
Over time	0	346.099
Total revenue	<u>362.845</u>	<u>461.830</u>

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

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

Notes

	2019/20	2018/19
	TDKK	TDKK
5. Staff costs		
Wages and salaries	215.764	201.144
Pensions	17.460	15.152
Other social security costs	5.188	4.197
Other staff costs	6.663	9.546
	245.075	230.039
 Average number of employees		
	502	450

There have been no remuneration to the Executive Board.

Key Management Compensation

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

	2019/20	2018/19
	TDKK	TDKK
Wages and salaries	8.929	5.958
Pensions	329	159
Termination benefits	0	1.918
	9.258	8.035

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

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

Notes

	2019/20 TDKK	2018/19 TDKK
6. Amortisation and depreciation		
Amortisation	8.037	7.845
Depreciation	64.844	53.156
	72.881	61.001
<i>Classified as:</i>		
Depreciation and amortisation of intangible and fixed assets	72.881	61.001
	72.881	61.001
7. Other income		
Profit on sale of property, plant and equipment	2.791	6.323
	2.791	6.323
8. Special items		
Cost related to change in Business focus and reorganization	13.090	18.759
Cost related to Business acquisitions	0	448
Settlements and losses from receivables	1.573	0
Losses from sale of land and buildings	2.337	0
Other non-recurring cost	2.096	222
	19.096	19.429

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

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

	2019/20 TDKK	2018/19 TDKK
9. Financial income		
Other financial income	186	4.304
	186	4.304
10. Financial expenses		
Other financial expenses	80.886	83.043
Interest to group enterprises	16.857	14.661
Exchange loss	79	133
	97.822	97.837

Notes

	2019/20	2018/19
	TDKK	TDKK
11. Tax on profit for the year		
Current tax:		
Current tax on profits for the year	10.561	13.897
Current tax on profits for previous years	(7)	(42)
Deferred tax on profit for the year and previous years	3.326	5.463
	13.880	19.318
Calculated 22.0% tax on profit for the year before income tax	656	6.307
Tax effects of:		
Non-taxable income	0	0
Non-deductible expenses	13.224	13.011
Other	0	0
	13.880	19.318
Effective tax rate	465%	67%

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

Notes

12. Intangible assets

	Customer relations TDKK	Software TDKK	Devel- opment projects in progress TDKK	Goodwill TDKK	Total TDKK
Cost:					
At 01.10.2019	13.199	18.885	2.598	888.896	923.578
Additions during the year	0	1.386	1.301	0	2.687
Disposals during the year	0	0	0	0	0
Transfer during the year	0	0	0	0	0
At 30.09.2020	13.199	20.271	3.899	888.896	926.265
Amortisation and impairment:					
At 01.10.2019	8.476	5.397	0	61.217	75.090
Amortisation for the year	4.239	3.798	0	0	8.037
Impairment for the year	0	0	0	0	0
Reversals regarding disposals	0	0	0	0	0
Transfer during the year	0	0	0	0	0
At 30.09.2020	12.715	9.195	0	61.217	83.127
Carrying amount 30.09.2020	484	11.076	3.899	827.679	843.138
Cost:					
At 01.10.2018	13.199	11.860	877	881.896	907.832
Additions during the year	0	2.408	1.721	7.000	11.129
Disposals during the year	0	0	0	0	0
Transfers during the year	0	4.617	0	0	4.617
At 30.09.2019	13.199	18.885	2.598	888.896	923.578
Amortisation and impairment:					
At 01.10.2018	4.238	1.218	0	61.217	66.673
Amortisation for the year	4.238	3.614	0	0	7.852
Impairment for the year	0	0	0	0	0
Reversals regarding disposals	0	0	0	0	0
Transfer during the year	0	565	0	0	565
At 30.09.2019	8.476	5.397	0	61.217	75.090
Carrying amount 30.09.2019	4.723	13.488	2.598	827.679	848.488

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 2020 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 2020/21 and projections for 2021/22 approved by Management. The key parameters in the calculation of the value in use are revenue, earnings, working capital, capital expenditure, discount rate and the preconditions for the terminal value.

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

Assuptions at 30.09.2020

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

Assuptions at 30.09.2019

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

Notes

12. Intangible assets (continued)

Description of assumptions

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

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

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

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

Sensitivity to changed assumptions

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

Other intangible assets

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

Notes

13. Property, plant and equipment

	Land and buildings TDKK	Other fixtures and fittings, tools and equipment TDKK	Total TDKK
Cost:			
At 01.10.2019	252.873	306.442	559.315
Additions during the year	14.545	88.728	103.273
Disposals during the year	(8.940)	(59.778)	(68.718)
At 30.09.2020	258.478	335.392	593.870
Depreciation and impairment:			
At 01.10.2019	41.488	83.899	125.387
Depreciation for the year	17.310	47.534	64.844
Reversals regarding disposals	(393)	(46.350)	(46.743)
At 30.09.2020	58.405	85.083	143.488
Carrying amount 30.09.2020	200.073	250.309	450.382
Cost:			
At 01.10.2018	252.562	273.698	526.260
Reclassification	(8.796)	0	(8.796)
At 01.10.2018	243.766	273.698	517.464
Additions during the year	24.090	69.999	94.089
Disposals during the year	(14.983)	(32.638)	(47.621)
Transfer during the year	0	(4.617)	(4.617)
At 30.09.2019	252.873	306.442	559.315
Depreciation and impairment:			
At 01.10.2018	38.360	70.367	108.727
Reclassification	(8.796)	0	(8.796)
At 01.10.2018	29.564	70.367	99.931
Depreciation for the year	18.558	34.598	53.156
Reversals regarding disposals	(6.634)	(20.501)	(27.135)
Transfer during the year	0	(565)	(565)
At 30.09.2019	41.488	83.899	125.387
Carrying amount 30.09.2019	211.385	222.543	433.928

Notes

14. Leases

Amounts recognised in the balance sheet

The balance show the following amounts relating to leases:

	30 September 2020 TDKK	30 September 2019 TDKK
Right-of-use assets		
Land and buildings	32.432	48.512
Equipment	192.195	158.783
	224.627	207.295
Lease liability		
Current	69.879	66.855
Non-current	141.852	167.276
	211.731	234.131

Amounts recognised in the statement of profit or loss

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

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

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

Notes

14. Leases (continued)

Amounts recognised in the balance sheet

The balance show the following amounts relating to leases:

	Land and buildings TDKK	Equipment TDKK	Total TDKK
Right-of-use assets			
Carrying amount 01.10.2018	39.582	147.217	186.799
Additions	20.813	56.999	77.812
Disposals	0	(20.026)	(20.026)
Depreciation for the year	(11.883)	(25.407)	(37.290)
Carrying amount 30.09.2019	48.512	158.783	207.295
	Land and buildings TDKK	Equipment TDKK	Total TDKK
Right-of-use assets			
Carrying amount 01.10.2019	48.512	158.783	207.295
Additions	754	79.809	80.563
Disposals	(4.529)	(48.004)	(52.533)
Depreciation for the year	(12.620)	(34.694)	(47.314)
Reversals regarding disposals	315	36.301	36.616
Carrying amount 30.09.2020	32.432	155.894	224.627

Notes

	2019/20	2018/19
	TDKK	TDKK
15. Deferred tax		
Deferred tax at 01.10.2019	(727)	(6.190)
Deferred tax recognised in the income statement	3.396	5.463
Deferred tax recognised in other comprehensive income	0	0
Deferred tax at 30.09.2020	2.669	(727)
Deferred tax relates to:		
Intangible assets	4.057	(887)
Property, plant and equipment	7.066	6.822
Amortisation	(2.950)	(1.263)
Provisions	(5.504)	(5.399)
Transferred to deferred tax asset	0	727
	2.669	0
Of which presented as deferred tax assets	0	727
Of which presented as deferred tax liabilities	2.669	0
16. Inventories		
Raw materials and consumables	3.747	4.671
Finished goods and goods for resale	0	0
Total inventories	3.747	4.671
Write down on inventory	0	0
Total net inventories	3.747	4.671

Notes

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

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

Opening balances	(1.470)	(2.485)
Utilised during the year	1.470	2.485
Change in provision during the year	<u>(2.061)</u>	<u>(1.470)</u>
Trade receivables at 30 September	<u>(2.061)</u>	<u>(1.470)</u>

	2019/20	2018/19
	TDKK	TDKK
Allocation of receivables past due but not impaired by maturity period are as follows:		
Up to 3 months	7.953	11.324
More than 3 months	<u>4.656</u>	<u>6.066</u>
Overdue net receivables at 30 September	<u>12.609</u>	<u>17.390</u>

Expected credit losses

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

	2019/20	2018/19
	TDKK	TDKK
Expected loss rate %:		
Up to 3 months	5%	5%
More than 3 months	20%	20%
Increased credit risk	<u>50%</u>	<u>50%</u>

Notes

18. Share capital

	2019/20	2018/19
	Nominal share capital	Nominal share capital
<i>Changes in share capital</i>		
Share capital opening	12.201.968	12.217.494
Shares issued during the year	0	(15.526)
Share capital	12.201.968	12.201.968
<i>The share capital consists of:</i>		
	Number of shares	Number of shares
Common shares - Nom. DKK 1 per share	7.201.974	7.201.974
Preference A shares - Nom. DKK 1 per share	4.999.994	4.999.994
Share capital	12.201.968	12.201.968

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.

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

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

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.

Transactions with key management personnel

Transactions with key management personnel include transactions with companies controlled by the key management personnel. Reference is made to note 4.

The following transactions were carried through with related parties

	2019/20	2018/19
	TDKK	TDKK
Fees for services rendered to Agilitas 2013 Private Equity GP LP (general partner of Agilitas 2013 Private Equity Fund, L.P., a shareholder of Reconor Holding ApS)	3.360	3.487
Subordinated loan from Agilitas 2013 Private Equity Fund L.P. (indirect shareholder), amount at 30 September	61.068	54.337
Subordinated loan from Agilitas MH Gruppen 2015 Fund L.P. (indirect shareholder), amount at 30 September 2020	90.019	80.385
Accrued interest on loan notes from Agilitas 2013 Private Equity Fund L.P. and Agilitas MH Gruppen 2015 Fund L.P., expensed	16.533	13.851

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 at 30 September 2020 amounts to TDKK 11.948.

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 50.2 million (2018/19: DKK 40.2 million) out of mortgage debt of DKK 5.0 million (2018/19: DKK 5.8 million).

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

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 well-established financial institutions with low risk.

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.

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

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
Non-derivatives				
As at 30.09.2020				
Subordinated loan from owners	0	152.608	0	152.608
Mortgage loans	785	2.637	1.597	5.019
Credit institutions	418.340	332.221	0	750.561
Provisions	24.971	0	0	24.971
Trade payables	72.562	0	0	72.562
Current income tax liabilities	5.826	6.122	0	11.948
Lease obligations	69.879	141.852	0	211.731
Other payables	68.981	0	1.463	70.444
	661.344	635.440	3.060	1.299.844
As at 30.09.2019				
Subordinated loan from owners	0	136.075	0	136.075
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	0	234.131
Other payables	59.308	0	1.463	60.771
	234.341	994.189	3.474	1.232.004

Measurement and fair value hierarchy

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

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

Financial loan conditions

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

Notes**22. Financial risk management (continued)****Financial loan conditions**

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

Long-term loan from credit institutions have been provided on loan agreements with interest rate of 10-15 % dependent on covenants. Interest is accrued, not paid.

23. Fee to auditors appointed at the general meeting

	2019/20	2018/19
	<u>TDKK</u>	<u>TDKK</u>
Audit fee to PwC	722	693
Other assurance engagements	0	0
Tax advisory services	103	80
Non-audit services	<u>1.724</u>	<u>5.187</u>
	<u>2.549</u>	<u>5.960</u>

Notes

	2019/20 TDKK	2018/19 TDKK
24. Cash flow statements - Adjustments		
Finance income and costs, cash and non-cash items	97.636	93.533
Tax for the year	13.880	19.318
Depreciation	72.881	61.001
Other non-cash movements	0	(1.497)
	184.397	172.355
	2019/20 TDKK	2018/19 TDKK
25. Cash flow statements - Changes in net working capital		
Changes in inventories	924	3.579
Changes in receivables	28.536	(3.880)
Changes in Provisions	409	(11.794)
Changes in trade and other payables	13.974	(12.145)
	43.843	(24.240)
	2019/20 TDKK	2018/19 TDKK
26. Cash flow statements - Net Debt		
Cash and cash equivalents	149.289	69.845
Borrowings	(755.580)	(687.411)
Lease obligations	(211.731)	(234.131)
Subordinated loan from owner	(152.608)	(136.075)
	(970.630)	(987.772)

Notes

26. Cash flow statements - Net Debt (continued)

	Cash and cash equi- valents	Borrow- ings	Lease obli- gations	Subordina- ted loan from owners	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Net debt at 01.10.2018	73.754	(646.799)	(231.246)	(122.224)	(926.515)
Cash flows	(3.914)	(752)	(2.885)	0	(7.551)
Acquisitions - non cash changes	5	0	0	0	5
Other changes - non cash changes	0	(39.860)	0	(13.851)	(53.711)
Net debt at 30.09.2019	69.845	(687.411)	(234.131)	(136.075)	(987.772)
Cash flows	79.444	(30.038)	22.400	0	71.806
Acquisitions - non cash changes	0	0	0	0	0
Other changes - non cash changes	0	(38.131)	0	(16.533)	(54.664)
Net debt at 30.09.2020	149.289	(755.580)	(211.731)	(152.608)	(970.630)

Non-cash transactions

	2019/20 TDKK	2018/19 TDKK
<i>The group has the following non-cash financing activities:</i>		
Interests on subordinated loans, accrued	16.533	13.851
Interests on borrowings, accrued	38.131	39.860
	54.664	53.711

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.

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

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

28. Events after the balance sheet date

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

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

Notes

29. List of companies

Name	Place of Registered Office	CVR number	Vote and Ownership	Share Capital TDKK	Equity TDKK	Net profit/loss before tax 2019/20 TDKK	Business area
Parent company:							
Reconor Holding ApS	Farum, Denmark	3091 5600	N/A	12.203	23.110	(58.146)	Other
Subsidiaries:							
MH Gruppen MidCo ApS	Farum, Denmark	3691 5706	97%	12.557	31.130	(59.061)	Other
Reconor A/S	Farum, Denmark	3091 0176	100%	12.537	30.564	(66.159)	Other
City Container Danmark A/S	Lynge, Denmark	2628 3647	100%	11.000	116.795	39.261	Logistics
City Container A/S	Lynge, Denmark	3176 6273	100%	42.000	49.875	7.005	Logistics
City Container Fyn A/S	Odense, Denmark	2871 4041	100%	500	10.314	468	Logistics
City Container Jylland A/S	Kolding, Denmark	2112 1991	100%	500	10.433	(2.100)	Logistics
Norrecco A/S	Copenhagen, Denmark	3031 8438	100%	20.000	157.827	39.810	Resources
Norrecco Agerskov A/S	Agerskov, Denmark	2716 9538	100%	500	28.805	21.920	Resources
Mijodan Ejendomme ApS	Agerskov, Denmark	3779 6328	100%	50	536	139	Resources
Norrecco Uge ApS	Agerskov, Denmark	3205 8760	100%	125	15.578	8.256	Resources
Hedegaard Miljø A/S	Nyborg, Denmark	3051 2391	100%	50	7.458	4.087	Resources

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

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

	Notes	2019/20 TDKK	2018/19 TDKK
Gross profit/loss		(194)	(85)
Income from investments in subsidiaries	2	(57.347)	(37.815)
Finance income	3	47.516	53.711
Finance costs	4	(48.121)	(54.233)
Profit/loss before tax		(58.146)	(38.422)
Income tax	5	(198)	0
Profit/loss for the period		(57.948)	(38.422)
Distribution of profit			
Retained earnings		(57.948)	(38.422)
		(57.948)	(38.422)

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

	Notes	2019/20 TDKK	2018/19 TDKK
Investments in subsidiaries	6	31.130	89.227
Receivables from group enterprises		492.622	445.107
Fixed assets investments		523.752	534.334
Receivables from group enterprises		23.998	20.793
Corporation tax		0	6.052
Receivables		23.998	26.845
Cash and bank balances		493	115
Total assets		548.243	561.294

Liabilities

Share capital		12.203	12.203
Retained earnings		10.907	68.855
Total equity		23.110	81.058
Subordinated loan from owners	7	152.608	136.075
Borrowings	7	332.221	301.562
Current income tax liabilities	7	6.122	9.270
Total non-current liabilities		490.951	446.907
Payables to group enterprises	7	27.095	20.936
Current income tax liabilities	7	5.826	11.523
Other payables	7	1.261	870
Total current liabilities		34.182	33.329
Total liabilities		525.133	480.236
Total equity and liabilities		548.243	561.294

Statement of changes in equity (Parent company)

	Share capital TDKK	Share premium account TDKK	Retained earnings TDKK	Total TDKK
Equity at 01.10.2018	12.218	0	120.755	132.973
Profit for the period	0	0	(38.422)	(38.422)
Purchase of treasury shares	0	0	(13.478)	(13.478)
Capital decrease	(15)	0	0	(15)
Equity at 30.09.2019	12.203	0	68.855	81.058
Profit for the period	0	0	(57.948)	(57.948)
Total profit for the period	0	0	(57.948)	(57.948)
Equity at 30.09.2020	12.203	0	10.907	23.110

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 2019 – 30 September 2020 have been prepared in accordance with the Danish Financial Statements Act for B enterprises as well as selected rules applying to reporting class C.

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

Recognition and measurement

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

Translation policies

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

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

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income statement

Results of investments in subsidiaries

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

Gross profit/loss

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

Notes

1. Accounting policies (continued)

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.

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.

Current tax receivables and liabilities

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

Receivables

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

Notes

1. Accounting policies (continued)

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

	2019/20 TDKK	2018/19 TDKK
2. Income from investments in subsidiaries		
Share of losses of subsidiaries	(57.431)	(37.149)
Depreciation Goodwill	(666)	(666)
Gains from purchases and sales of shares	750	0
	(57.347)	(37.815)
3. Financial income		
Interest received from group enterprises	47.516	53.211
Other financial income	0	500
	47.516	53.711
4. Financial expenses		
Interest paid to group enterprises	366	0
Other financial expenses	47.755	54.233
	48.121	54.233
5. Tax on profit for the year		
Current tax on profits for the year	(65)	0
Current tax on profits for previous years	(133)	0
	(198)	0

Notes

	2019/20	2018/19
	TDKK	TDKK
6. Investments in subsidiaries		
Cost at 1. October	403.843	403.343
Additions for the year	0	500
Disposals for the year	(511)	0
	403.332	403.843
Value adjustments at 1 October	(314.616)	(276.801)
Disposals for the year	511	0
Depreciation Goodwill	(666)	(666)
Net profit/loss for the year	(57.431)	(37.149)
	(372.202)	(314.616)
Equity investments with negative net asset value transferred to provisions	0	0
Carrying amount at 30 September	31.130	89.227
Including goodwill	5.328	5.994

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
Maturity on long-term debt				
As at 30.09.2020				
Subordinated loan from owners	0	152.608	0	152.608
Borrowings	0	332.221	0	332.221
Payables to group enterprises	27.095	0	0	27.095
Corporation tax	5.826	6.122	0	11.948
Other payables	1.261	0	0	1.261
	34.182	490.951	0	525.133
As at 30.09.2019				
Subordinated loan from owners	0	0	136.075	136.075
Credit institutions	0	0	301.562	301.562
Payables to group enterprises	20.936	0	0	20.936
Corporation tax	11.523	9.270	0	20.793
Other payables	870	0	0	870
	33.329	9.270	437.637	480.236

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 at 30 September 2020 amounts to TDKK 11.948.

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.