
Rekom Group A/S

Lavendelstræde 17 C, 4., DK-1462 Copenhagen K

Annual Report for 1 July 2017 - 31 December 2018

CVR No 19 41 52 01

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
12/3 2019

Jesper Schaltz
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Rekom Group A/S for the financial year 1 July 2017 - 31 December 2018.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2017/18.

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

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

Copenhagen, 20 February 2019

Executive Board

Adam Nederby Falbert
CEO

Board of Directors

Claus Juel Jensen
Chairman

Vilhelm Eigil Hahn-Petersen
Deputy Chairman

Rasmus Philip Buhl Lokvig

Adam Nederby Falbert

Morten Nødgaard Albæk

Independent Auditor's Report

To the Shareholder of Rekom Group A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2018 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 July 2017 - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Rekom Group A/S for the financial year 1 July 2017 - 31 December 2018, 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 consolidated statement of cash flows ("the Financial Statements").

Basis for opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements 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 and 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 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 Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group'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 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

Independent Auditor's Report

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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Hellerup, 20 February 2019

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jacob F Christiansen
State Authorised Public Accountant
mne18628

Kristian Højgaard Carlsen
State Authorised Public Accountant
mne44112

Company Information

The Company

Rekom Group A/S
Lavendelstræde 17 C, 4.
DK-1462 Copenhagen K

CVR No: 19 41 52 01
Financial period: 1 July 2017 - 31 December 2018
Incorporated: 1 July 1996
Financial year: 22nd financial year
Municipality of reg. office: Copenhagen

Board of Directors

Claus Juel Jensen, Chairman
Vilhelm Eigil Hahn-Petersen
Rasmus Philip Buhl Lokvig
Adam Nederby Falbert
Morten Nødgaard Albæk

Executive Board

Adam Nederby Falbert

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

Seen over a four-year period, the development of the Group is described by the following financial highlights:

	Group			
	2017/18 KDKK 18 months	2016/17 KDKK 12 months	2015/16 TDKK 12 months	2014/15 TDKK 12 months
Key figures				
Profit/loss				
Revenue	816,214	357,324	278,331	211,807
EBITDA	125,505	61,048	51,354	38,900
Profit/loss before financial income and expenses	73,058	39,013	33,358	24,110
Net financials	-15,264	3,068	-942	-4,660
Net profit/loss for the year	42,918	32,911	24,023	14,124
Balance sheet				
Balance sheet total	389,346	233,764	197,728	145,630
Equity	85,272	123,664	105,648	85,988
Cash flows				
Cash flows from:				
- Investment in property, plant and equipment	-127,375	-38,293	-28,125	-15,388
Number of employees	515	298	233	177
Ratios				
Gross margin	44.9%	45.1%	46.2%	49.6%
Profit margin	9.0%	10.9%	12.0%	11.4%
Return on assets	18.8%	16.7%	16.9%	16.6%
Solvency ratio	21.9%	52.9%	53.4%	59.0%
Return on equity	41.1%	28.7%	25.1%	32.9%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

The comparative figures for 2013/14 have not been stated as these are not comparable as a result of a merger in 2013/14.

Management's Review

Key activities

The Group's activities consist mainly in running bars and other related business. The core activities of the Parent, Rekom Group A/S, include acting as management and holding company to the Group's complete portfolio of companies.

As the largest nightlife group in the Nordics, Rekom aims to set the leading industry standard for how to behave in a professional, responsible and trustworthy manner. With more than 20 years of industry experience, Rekom has expanded its geographical footprint using a multi-brand strategy that is based on a standard operating model, which ensures the right atmosphere and unique experiences for our guests.

In May 2018, the Danish private equity fund CataCap co-invested in Rekom together with the rest of the management team, and today holds the majority of the shares in Rekom. The new ownership structure also gave way for a new broad employee shareholder investment programme in Rekom offering key employees to become co-owners in Rekom. This in turn has strengthened the strategic foundation, capital base, and dedication of our key employees, enabling us to accelerate the implementation of our strategic initiatives aimed to achieve our ambitious growth targets.

As a result of our growth and the acquisition, this Annual Report covers the period from 1 July 2017 to 31 December 2018 and is prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

Development in the year

As a result of the change in our financial year, comparison of financial years is made difficult. To facilitate comparison of the current financial year with historical results, the below table provides an overview of the development in key figures for the Group based on comparable 12-month periods.

In the financial year 2018 (1 January - 31 December), the Group has delivered satisfactory results with an operating profit before depreciation and special items (EBITDA) of DKK 92.0 million against DKK 73.1 million in 2017, corresponding to growth of 25.9%. These results have been achieved in spite of the hot temperatures during the summer which affected Rekom negatively in line with the rest of the restaurant industry with prime indoor locations in larger cities (DRC - Danmarks Restauranter & Cafeer). The significant growth is driven by expansion both in Denmark and internationally.

Management's Review

MDKK	2018	2017	2016	2015
Revenue	573,2	410,0	321,6	244,2
Growth in revenue %	39.8%	27.5%	31.7%	-
EBITDA before special items	92,0	73,1	58,5	47,9
Growth in EBITDA before special items %	25.9%	24.8%	22.3%	-

EBITDA before special items is adjusted for one-off items of exceptional nature.

During 2018, Rekom has acquired a number of venues in the Nordics that have contributed to the growth rate. Among these acquisitions was Bar Gruppen – a bar group in Copenhagen. In addition, Rekom has also invested in buying out minorities in subsidiaries throughout the period.

Outlook

Management is confident that Rekom will continue its strong growth trajectory in 2019. Rekom has planned continuing acquisitions and opening of new venues in Denmark, Norway and Finland. In addition, Management is currently exploring options for expanding Rekom's geographical footprint to countries outside the Nordics. Consequently, Management expects that growth rates will be high again in 2019 with similar performance and EBITDA improvements. Rekom has already in 2019 signed 10 new venues in the Nordic and expect more to come.

Governance

In order to provide transparency Rekom now follows the industry association DVCA's (Danish Venture Capital and Private Equity Association) guidelines for responsible ownership and good corporate governance. On this foundation, the Board of Directors and the Executive Management team have established internal procedures to ensure active, secure and value-creating management. Likewise, the Board of Directors and the Executive Board continuously monitor the company's management structure and control systems to ensure that they are reliable and effective. At board level, the fixed procedures include monthly reporting on all relevant economic and financial parameters, including risk assessment of investments in venues and markets.

Management's Review

Research and development

To support the growth strategy Rekom focuses on digitization and will launch a new communication platform to our customers in the spring of 2019 to enhance the customer experience and to strengthen the loyalty. In 2018, we invested millions in developing this platform.

Furthermore, Rekom has invested heavily in starting up venues in new cities in Norway and starting up a new market in Finland.

Risks

The Board of Directors assesses risks continuously over the year by having a close dialogue with Management. Meetings are held regularly to ensure we are on track. The Board has in corporation with Management established a reporting process that include yearly budgets, quarterly outlook updates and monthly internal reporting and weekly light-reports.

Market conditions

The Board of Directors assesses risks continuously over the year by having a close dialogue with Management. Meetings are held regularly to ensure we are on track. The Board has in corporation with Management established a reporting process that include yearly budgets, quarterly outlook updates and monthly internal reporting and weekly light-reports.

Currency exposure

Rekom operates in three markets, Denmark, Norway and Finland and is therefore exposed to a natural currency risk, mainly in NOK. However, as the Group has raised loans in both DKK and NOK the risk on our cash flow and assets in Norway is at a minimum. In turn it has been decided not to use hedging instruments with respect to our exposure to DKK vs. NOK.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to material uncertainty.

Unusual events

The financial position at 31 December 2018 of the Group and the results of the activities and cash flows of the Group for the financial year for 2017/18 have not been affected by any unusual events.

Subsequent events

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

Management's Review

Statement of corporate social responsibility (CSR)

Business model and risk analysis

We operate in the fragmented bar industry with many independent market players. As the biggest market player in the Nordic with 2,500 employees (the majority are part-time employees), Rekom has a clear mission to be part of shaping the industry and contribute to raising standards. We want to take an active role in relevant industry bodies and public networks and proactively engage in dialogues with authorities and political stakeholders on relevant business issues and corporate social responsibility (CSR) issues.

The Group's risk of negatively affecting the environment and the climate, human rights, social conditions, employee relations and anti-corruption is considered to be limited due to the fact that we are operating in regulated markets.

Rekom has chosen to be a part of REGA (Restaurateurs' Guarantee Association), which is the world's first industry-wide initiative that works specifically with Corporate Social Responsibility, launched in 2018. REGA's ambition is to create a solid foundation for a leap forward in the whole industry's work with CSR and by joining the initiative we wish to inspire our employees and others in our industry to create a more sustainable way of doing business.

As a member of REGA, Rekom is committed to continuously conduct its due diligence in alignment with the global minimum standards for responsible business conduct; the UN Guiding Principles on Business and Human Rights and the OECD Guidelines on Multinational Enterprises, ensuring social, environmental and economic due diligence. While Rekom has integrated sustainability measures throughout the company for several years, we have in 2018 with REGA taken a step further towards meeting our goal of running a sustainable business.

As part of our due diligence process, we have, based on a location in Copenhagen, Denmark, identified potential adverse impacts on social, environmental and economic sustainability as well as actions to prevent and mitigate such impacts. Furthermore, we have identified indicators to measure our progress and the effects of our preventative actions. In 2019, we will assess our effectiveness against these indicators.

In 2019, Rekom will continue the journey to ensure alignment with the global minimum standards for responsible business conduct through the adoption of a policy commitment addressing our efforts to respect human rights, incl. worker's rights, our efforts to reduce negative impacts on the environment and our efforts against bribery and corruption. Rekom will during 2019 also revisit efforts to conduct responsible supply chain management.

Rekom's due diligence process has to this date focused on bar operations in Denmark. As part of Rekom's commitment to CSR, Rekom will continuously work to ensure alignment of all company guidelines and activities with the policy commitment. During the next three years, Rekom will conduct its due diligence in both Norway and Finland.

Management's Review

Social conditions and employee relations

Policy

Ensuring the safety and security of our employees and guests is the greatest responsibility we have. Solid procedures and continuous focus by Management, employees and security personnel reinforce that safety is always our top priority.

Efforts and results

Rekom has during 2018 carried out an annual workplace assessment of all venues, annual employee appraisals and encouraged internal promotion and career development.

In 2018, Rekom introduced an investment programme and had a satisfactory employee turnover rate. We have also during 2018 rolled out REKOM Academy to all employees across the Group to ensure that all our employees have not only the needed skills, but also know about and comply with the relevant policies and values in their daily work.

Anticorruption and bribery

Policy

By conducting business in a responsible way, we limit risks of corruption and build trust with our stakeholders. Employees in the nightlife industry, similarly to other consumer and retail businesses, handle both large amounts of cash payments and products. With day-to-day handling of cash and products, there is a risk of wastage and loss.

Efforts and results

To minimize these risks, Rekom has throughout 2018 introduced a range of solid compliance and control measures. Conducting business in a responsible way also means recognizing that our responsibility extends to our business partners and the suppliers we choose.

During 2018, we introduced an internal whistle-blower hotline. Our employees are using it, and we have had a positive effect of the hotline.

Human rights

Policy

The Group recognizes the importance of international human rights. At Rekom, human rights are also about protection of personal data. Data protection is a topic of growing importance to regulators and businesses due to the amount of personal data processed by most companies today.

Efforts and results

During 2018, we conducted an assessment of our handling and storing of employee and guest information in alignment with the EU General Data Protection Regulation (GDPR). This assessment has been completed in connection with introducing a new version of our guest loyalty programme, which will

Management's Review

be updated regularly going forward.

Environment and climate

As a result of the relatively limited impact on climate and the well-regulated market, Rekom does not have any formal environmental policy in place. Rekom is environmentally aware and works to reduce the environmental and climate impact of business operations. In 2019, the Group intends to conduct a comprehensive environmental and climate impact assessment of business operations to provide a better understanding of organizational challenges and opportunities which will result in the development of an environmental policy.

Report on the Gender Composition in Management

Rekom recognizes the importance of attracting, developing and retaining the right talents of all genders, nationalities and races, who are chosen solely because of their professional qualifications.

We are aware that diversity among employees is a strength, and that gender composition, and an equal gender balance, not only enhances our internal work environment and job satisfaction but also helps us get more perspectives into our business processes and give our customers a much better experience in our bars.

Management

Rekom did not set targets for the underrepresented gender in 2018 as it is the first time Rekom has to report on this in the Annual Report. Following CataCaps acquisition of Rekom in May a new Board of Directors was established. The Board currently consists of men only, however we are in the process of finding female candidates for the Board. We have set targets for women on the Board, so that we will have minimum one female board member in 2019.

Other management levels

For other management levels, Rekom seeks to increase both the number and the proportion of women. In 2018, we succeeded in increasing the number of our female middle managers, so we now have approx. 30% female middle managers. Rekom is constantly working to improve and secure the right conditions for both sexes to utilize their competencies and achieve management responsibility.

In 2019, Rekom will continue focusing on attracting and hiring employees of both genders on an equal basis. And Rekom also aims to increase awareness about career opportunities for all employees with a particular focus on the underrepresented gender, and to encourage female candidates to pursue their career goals in the Group.

Management's Review

Management structure

Our principles for good corporate governance are based on our rules of procedure and our management structure consisting of the Board of Directors and our Management team.

The Board of Directors meets according to a set schedule at least 4 times a year. In addition, monthly chairmanship meetings are held. An annual strategy meeting is also held to determine Rekom's vision, goals and strategy.

Rekoms top management consists of:

Board of Directors

Claus Juel-Jensen

OTHER MANAGMENT DUTIES

CHAIRMAN

Born 1963
Member since 2018
Affiliation: Independent

Chairman

Rekom Group A/S, CC Fly Holding I ApS, CC Fly Holding II A/S, Tenax Sild A/S, Sam Group Holding ApS, Sam Partner A/S, Jens Møller Products ApS, Wolly & Co. A/S, Wolly & Co. Holding A/S.

Board Member

Globus Wine A/S, Bon Appetit Group A/S, Geia Foods A/S, Skare Beef Production ApS, Skare Food A/S, Skare Meat Packers K/S, Europris A/S.

Executive Management

CJPI ApS

Vilhelm Hahn-Petersen

OTHER MANAGMENT DUTIES

DEPUTY CHAIRMAN

Born 1960
Member since 2018
Affiliation: Non-Independent

Chairman

Dime af 5. December 2018 A/S, CC Lingo Invest ApS, CC Green Wall Invest ApS

Deputy Chairman of the Board

Partner, CataCap

Rekom Group A/S, CC Fly Holding I ApS, CC Fly Holding II A/S, MobyLife Holding A/S, MobyLife DK A/S, MobyLife AB, MobyLife AS, MobyLife OY, CC Oscar Holding I A/S, CASA A/S.

Management's Review

Vilhelm Hahn-Petersen

OTHER MANAGEMENT DUTIES (*continued*)

Board Member

Airhelp Inc., CataCap Management A/S, CataCap General Partner II ApS, Lyngsoe Systems Holding A/S, Lyngsoe Systems A/S, Skybrands Holding A/S, CC Explorer Invest ApS, CC Tool Invest ApS, G.S.V. Holding A/S, G.S.V. Materieludlejning A/S, CC Oscar Invest ApS, TPA Holding I A/S, TPA Holding II A/S, TP Aerospace Holding A/S.

Executive Management

Myco ApS, CataCap OP ApS, CataCap DM ApS, CataCap DM II ApS, CC II Management Invest 2017 GP ApS, CataCap General Partner I ApS, CC Orange Invest ApS (incl. BM), MobyLife DM ApS, CC Track Invest ApS (incl. BM), Casa ManCo ApS, TPA Green ManCo ApS, LW ManCo ApS, CC Fly Invest ApS, Rekom ManCo ApS.

Rasmus Lokvig

OTHER MANAGEMENT DUTIES

MEMBER

Deputy Chairman of the Board

Born 1978
Member since 2018
Affiliation: Non-independent

Lyngsoe Systems Holding A/S, Lyngsoe Systems A/S
Skybrands Holding A/S, Languagewire Holding A/S
Languagewire A/S.

Partner, CataCap

Board Member

Rekom Group A/S, CC Fly Holding I ApS, CC Fly Holding II A/S, CataCap General Partner II ApS, CC Sky Invest ApS, Skybrands A/S.

Executive Management

MNGT4 RL ApS, CataCap Management A/S (incl. BM), CC II Management Invest 2017 GP ApS, CataCap General Partner I ApS, LW ManCo ApS, Rekom ManCo ApS, CC Fly Invest ApS.

Adam Nederby Falbert

OTHER MANAGEMENT DUTIES

MEMBER

Chairman

Born 1975
Member since 2009
Affiliation: Non-independent

Simplyworld Holding ApS, NightPay ApS, Bar Gruppen A/S,
Hornsleth Bar ApS.

CEO/Founder - REKOM
Group A/S

Board Member

Brøndbyernes I.F. Fodbold A/S, Hyldegårdsvej 40 A/S (CEO and BM),
Havnens Bygningsudlejning A/S (CEO and BM), ANF/JANO Lersø
Parkallé 107 ApS (CEO and BM - 1 BM post and 1 EM position in affiliated
companies).

Management's Review

Adam Nederby Falbert

OTHER MANAGEMENT DUTIES (*Continued*)

Power Hall A/S, K/S Strandvejen 195-199, CC Fly Holding I ApS, CC Fly Holding II A/S.

Executive Management

Rekom Group A/S (CEO and BM - 7 BM posts and 51 EM positions in affiliated companies), MOKER Ejendomme ApS (CEO and BM – 2 EM positions in affiliated companies), MOKER Ventures ApS (CEO – 1 BM and 2 EM positions in affiliated companies), Komplementarselskabet Strandvejen 195-199, DAJ Ejendomsselskab ApS, Kultorvet 13-15 Invest ApS, REKOM CIV Komplementar ApS, ANF Enterprises ApS (CEO - 1 BM position and 3 EM positions in affiliated companies)

Morten Albæk

OTHER MANAGEMENT DUTIES

MEMBER

Born 1975
Member since 2018

Affiliation: Independent
Creator - Voluntas Group A/S

Chairman

Voluntas Group A/S, Vertic A/S.

Deputy Chairman of the Board

Joe & The Juice A/S, Brøndbyernes I.F. Fodbod A/S.

Board Member

Rekom Group A/S, CC Fly Holding I ApS, CC Fly Holding II A/S, AART Architects A/S.

Executive Management

A Mean Company ApS, Sea Albaek Future ApS

Income Statement 1 July 2017 - 31 December 2018

	Note	Group		Parent	
		2017/18	2016/17	2017/18	2016/17
		KDKK 18 months	KDKK 12 months	KDKK 18 months	KDKK 12 months
Revenue	2	816,214	357,324	5,982	2,574
Expenses for raw materials and consumables		-172,701	-70,003	0	0
Other external expenses		-276,941	-126,257	-17,864	-3,768
Gross profit/loss		366,572	161,064	-11,882	-1,194
Staff expenses	3	-241,068	-100,016	-15,550	-6,688
Result before depreciation (EBITDA)		125,504	61,048	-27,432	-7,882
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	4	-52,446	-22,035	-6,770	-4,187
Profit/loss before financial income and expenses	1	73,058	39,013	-34,202	-12,069
Income from investments in subsidiaries		0	5,839	69,513	35,190
Financial income	5	480	1,720	8,716	3,487
Financial expenses	6	-15,744	-4,491	-16,707	-2,867
Profit/loss before tax		57,794	42,081	27,320	23,741
Tax on profit/loss for the year	7	-14,876	-9,170	7,968	1,854
Net profit/loss for the year		42,918	32,911	35,288	25,595

Balance Sheet 31 December 2018

Assets

	Note	Group		Parent	
		2018 KDKK	2017 KDKK	2018 KDKK	2017 KDKK
Completed development projects		1,308	0	1,308	0
Acquired patents		150	0	150	0
Acquired brand		1,767	0	0	0
Acquired key money		41,993	0	0	0
Goodwill		67,658	48,423	21,962	27,952
Development projects in progress		9,882	1,154	0	0
Intangible assets	8	122,758	49,577	23,420	27,952
Land and buildings		1,611	1,666	0	0
Other fixtures and fittings, tools and equipment		38,083	22,618	857	572
Leasehold improvements		124,019	54,143	448	187
Property, plant and equipment in progress		6,468	2,912	0	57
Property, plant and equipment	9	170,181	81,339	1,305	816
Investments in subsidiaries	10	0	0	217,422	43,138
Receivables from group enterprises	11	0	0	0	9,767
Deposits	11	13,352	8,788	52	0
Other receivables	11	0	18,301	0	17,807
Fixed asset investments		13,352	27,089	217,474	70,712
Fixed assets		306,291	158,005	242,199	99,480
Inventories		18,763	9,888	1,223	167
Trade receivables		25,900	8,345	6,781	5,470
Receivables from group enterprises		0	0	93,457	48,941
Other receivables		7,428	23,986	1,954	19,550
Corporation tax		0	0	0	6,939
Corporation tax receivable from group enterprises		0	0	8,644	4,301
Prepayments	12	4,231	4,343	520	0
Receivables		37,559	36,674	111,356	85,201

Balance Sheet 31 December 2018 *(continued)*

Assets

	Note	Group		Parent	
		2018 KDKK	2017 KDKK	2018 KDKK	2017 KDKK
Securities		<u>0</u>	<u>2,352</u>	<u>0</u>	<u>2,352</u>
Cash at bank and in hand		<u>26,733</u>	<u>26,845</u>	<u>0</u>	<u>1,129</u>
Currents assets		<u>83,055</u>	<u>75,759</u>	<u>112,579</u>	<u>88,849</u>
Assets		<u>389,346</u>	<u>233,764</u>	<u>354,778</u>	<u>188,329</u>

Balance Sheet 31 December 2018

Liabilities and equity

	Note	Group		Parent	
		2018 KDKK	2017 KDKK	2018 KDKK	2017 KDKK
Share capital		500	500	500	500
Reserve for net revaluation under the equity method		0	0	7,530	2,858
Reserve for development costs		7,709	900	0	0
Retained earnings		76,631	110,220	76,810	108,263
Equity attributable to shareholders of the Parent Company		84,840	111,620	84,840	111,621
Minority interests		432	12,044	0	0
Equity	13	85,272	123,664	84,840	111,621
Provision for deferred tax	15	12,426	5,257	100	72
Other provisions	16	15,286	0	14,133	0
Provisions		27,712	5,257	14,233	72
Mortgage loans		688	769	0	0
Credit institutions		98	21,574	142,895	19,381
Payables to group enterprises		142,895	0	0	0
Corporation tax		0	6,599	0	4,301
Other payables		3,771	8,055	0	0
Long-term debt	17	147,452	36,997	142,895	23,682
Mortgage loans	17	54	51	0	0
Credit institutions	17	25,584	14,990	25,580	9,479
Trade payables		41,198	26,416	3,958	4,188
Payables to group enterprises	17	0	0	76,053	35,884
Payables to owners and Management		0	388	0	388
Corporation tax	17	12,469	277	0	0
Other payables	17	49,605	25,724	7,219	3,015
Short-term debt		128,910	67,846	112,810	52,954
Debt		276,362	104,843	255,705	76,636
Liabilities and equity		389,346	233,764	354,778	188,329

Balance Sheet 31 December 2018 *(continued)*

Liabilities and equity

	<u>Note</u>
Distribution of profit	14
Contingent assets, liabilities and other financial obligations	19
Related parties	20
Fee to auditors appointed at the general meeting	21
Accounting Policies	22

Statement of Changes in Equity

Group

	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Retained earnings	Equity excl. minority interests	Minority interests	Total
	KDKK	KDKK	KDKK	KDKK	KDKK	KDKK	KDKK
2017/18							
Equity at 1 July 2017	500	0	900	110,220	111,620	12,044	123,664
Exchange adjustments	0	0	0	-1,836	-1,836	0	-1,836
Ordinary dividend paid	0	0	0	0	0	-2,185	-2,185
Other equity movements	0	0	0	-60,233	-60,233	-17,057	-77,290
Development costs for the year	0	0	6,809	-6,808	1	0	1
Net profit/loss for the year	0	0	0	35,288	35,288	7,630	42,918
Equity at 31 December 2018	500	0	7,709	76,631	84,840	432	85,272

Group

2016/17

Equity 1. juli 2016	500	0	0	94,839	95,339	10,308	105,647
Exchange adjustments	0	0	0	-325	-325	-69	-394
Ordinary dividend paid	0	0	0	0	0	-3,908	-3,908
Extraordinary dividend paid	0	0	0	0	0	-1,605	-1,605
Other equity movements	0	0	0	-8,988	-8,988	0	-8,988
Development costs for the year	0	0	900	-900	0	0	0
Net profit/loss for the year	0	0	0	25,594	25,594	7,318	32,912
Equity at 30 June 2017	500	0	900	110,220	111,620	12,044	123,664

Statement of Changes in Equity

Parent

	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Retained earnings	Equity excl. minority interests	Minority interests	Total
	KDKK	KDKK	KDKK	KDKK	KDKK	KDKK	KDKK
2017/18							
Equity at 1 July 2017	500	2,858	0	108,263	111,621	0	111,621
Exchange adjustments relating to foreign entities	0	-1,836	0	0	-1,836	0	-1,836
Other equity movements	0	-56,523	0	0	-56,523	0	-56,523
Net profit/loss for the year	0	63,031	0	-31,453	31,578	0	31,578
Equity at 31 December 2018	500	7,530	0	76,810	84,840	0	84,840

Parent

2016/17

Equity 1. juli 2016	500	9,468	0	85,371	95,339	0	95,339
Exchange adjustments	0	-325	0	0	-325	0	-325
Other equity movements	0	-8,988	0	0	-8,988	0	-8,988
Net profit/loss for the year	0	2,703	0	22,892	25,595	0	25,595
Equity at 30 June 2017	500	2,858	0	108,263	111,621	0	111,621

Cash Flow Statement 1 July 2017 - 31 December 2018

	Note	Group	
		2017/18 KDKK 18 months	2016/17 KDKK 12 months
Net profit/loss for the year		42,918	39,014
Adjustments		82,585	22,035
Change in working capital	18	28,511	5,369
Cash flows from operating activities before financial income and expenses		154,014	66,418
Financial income		480	1,721
Financial expenses		-15,744	-4,494
Cash flows from ordinary activities		138,750	63,645
Corporation tax paid		-4,116	-9,257
Cash flows from operating activities		134,634	54,388
Purchase of intangible assets		-88,952	-12,144
Purchase of property, plant, equipment and leasehold improvements		-127,375	-38,293
Fixed asset investments made etc		-4,667	-5,704
Sale of fixed asset investments etc		1,917	8,409
Other adjustments		18,301	-10,785
Cash flows from investing activities		-200,776	-58,517
Repayment of mortgage loans		-78	0
Repayment of loans from credit institutions		-36,463	0
Change of payables to group enterprises		142,895	0
Repayment of other long-term debt		-4,283	0
Raising of loans from credit institutions		0	10,471
Minority interests		-77,079	0
Dividend paid		-2,185	-3,908
Other adjustments		15,286	-11,679
Cash flows from financing activities		38,093	-5,116
Change in cash and cash equivalents		-28,049	-9,245
Cash and cash equivalents at 1 July 2017		29,198	31,366
Cash and cash equivalents at 31 December 2018		1,149	22,121

Cash Flow Statement 1 July 2017 - 31 December 2018

Note	2017/18	2016/17
	KDKK 18 months	KDKK 12 months
Cash and cash equivalents are specified as follows:		
Cash at bank and in hand	26,733	26,845
Current asset investments	0	2,352
Overdraft facility	-25,584	-7,076
Cash and cash equivalents at 31 December 2018	1,149	22,121

Notes to the Financial Statements

	Group		Parent	
	2017/18	2016/17	2017/18	2016/17
	KDKK 18 months	KDKK 12 months	KDKK 18 months	KDKK 12 months
1 Special items				
Transaction cost	4,656	0	0	0
One-off consulting cost	5,760	0	0	0
Non-recurring writedowns of receivables	1,153	0	0	0
Impairment of property, plant and equipment	8,312	1,717	0	0
	19,881	1,717	0	0
2 Revenue				
Geographical segments				
Revenue, Denmark	558,414	280,354	5,982	2,574
Revenue, other Europe	257,800	76,970	0	0
	816,214	357,324	5,982	2,574
3 Staff expenses				
Wages and salaries	218,634	87,139	10,416	4,748
Pensions	2,372	1,299	330	190
Other social security expenses	8,342	3,148	221	58
Other staff expenses	11,720	8,430	4,583	1,692
	241,068	100,016	15,550	6,688
Including remuneration to the Executive Board of:				
Executive Board and Board of Director	2,562	1,955	2,562	1,955
	2,562	1,955	2,562	1,955
Average number of employees	515	298	71	48

Notes to the Financial Statements

	Group		Parent	
	2017/18	2016/17	2017/18	2016/17
	KDKK 18 months	KDKK 12 months	KDKK 18 months	KDKK 12 months
4 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment				
Amortisation of intangible assets	14,214	7,213	5,990	3,993
Depreciation of property, plant and equipment	30,550	13,105	780	194
Impairment of intangible assets	1,375	0	0	0
Impairment of property, plant and equipment	6,937	0	0	0
Gain and loss on disposal	-630	1,717	0	0
	52,446	22,035	6,770	4,187
5 Financial income				
Interest received from group enterprises	0	0	7,630	2,597
Financial income	41	1,574	559	890
Exchange adjustments	439	146	527	0
	480	1,720	8,716	3,487
6 Financial expenses				
Interest paid to group enterprises	7,298	0	11,311	1,499
Financial expenses	7,575	4,491	5,286	1,368
Exchange loss	871	0	110	0
	15,744	4,491	16,707	2,867

Notes to the Financial Statements

	Group		Parent	
	<u>2017/18</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2016/17</u>
	KDKK 18 months	KDKK 12 months	KDKK 18 months	KDKK 12 months
7 Tax on profit/loss for the year				
Current tax for the year	11,795	6,600	-7,968	-1,677
Deferred tax for the year	3,081	2,780	0	33
Adjustment of tax concerning previous years	0	-210	0	-210
	<u>14,876</u>	<u>9,170</u>	<u>-7,968</u>	<u>-1,854</u>

Notes to the Financial Statements

8 Intangible assets

Group

	Completed development projects	Acquired pa- tents	Acquired brand	Acquired key money	Goodwill	Development projects in progress
	KDKK	KDKK	KDKK	KDKK	KDKK	KDKK
Cost at 1 July 2017	0	0	0	0	77,015	1,154
Additions for the year	0	150	2,000	35,440	41,041	10,321
Transfers for the year	1,593	0	0	21,934	-21,934	-1,593
Cost at 31 December 2018	1,593	150	2,000	57,374	96,122	9,882
Impairment losses and amortisation at 1 July 2017	0	0	0	0	28,774	0
Impairment losses for the year	0	0	0	1,375	0	0
Amortisation for the year	285	0	233	2,799	10,897	0
Transfers for the year	0	0	0	11,207	-11,207	0
Impairment losses and amortisation at 31 December 2018	285	0	233	15,381	28,464	0
Carrying amount at 31 December 2018	1,308	150	1,767	41,993	67,658	9,882
Amortised over	10 years	20 years	10 years	10-20 years	10-20 years	10 years

Development cost is measured at cost.

Development projects cost comprises the cost of acquisition, expenses and internal development salaries directly related to the development of a new membership- and loyalty-app. The app is expected to be launched in the spring 2019.

Goodwill acquired in connection with strategic business acquisitions and / or associations with a strong market position and long-term earnings profiles as Rekom, has a useful life of 20 years, as the value of existing bar locations, popular bar concepts, established supplier relationships, professional reputation in the market, strong awareness among end-users, know-how and competencies among the employees, as well as the company's ability to roll out both existing and new concepts in new geographical markets, can be expected to contribute positively to the company's future earnings for a period of at least 20 years.

Notes to the Financial Statements

9 Property, plant and equipment

Group

	Land and buildings KDKK	Other fixtures and fittings, tools and equipment KDKK	Leasehold improvements KDKK	Property, plant and equipment in progress KDKK	Total KDKK
Cost at 1 July 2017	1,757	59,985	89,256	2,912	153,910
Exchange adjustment	0	-253	-636	-84	-973
Additions for the year	0	31,755	90,042	6,552	128,349
Disposals for the year	0	-1,478	-439	0	-1,917
Transfers for the year	0	1,048	1,864	-2,912	0
Cost at 31 December 2018	1,757	91,057	180,087	6,468	279,369
Impairment losses and depreciation at 1 July 2017	91	37,368	35,112	0	72,571
Impairment losses for the year	0	906	6,031	0	6,937
Depreciation for the year	55	15,721	14,775	0	30,551
Reversal of impairment and depreciation of sold assets	0	-1,021	150	0	-871
Impairment losses and depreciation at 31 December 2018	146	52,974	56,068	0	109,188
Carrying amount at 31 December 2018	1,611	38,083	124,019	6,468	170,181
Depreciated over	50 years	3-5 years	7-10 years	0 years	

Notes to the Financial Statements

	Parent	
	2018 DKK	2017 DKK
10 Investments in subsidiaries		
Cost at 1 July 2017	40,373	20,937
Additions for the year	170,929	21,990
Disposals for the year	-1,512	-2,554
Cost at 31 December 2018	<u>209,790</u>	<u>40,373</u>
Value adjustments at 1 July 2017	2,523	9,468
Disposals for the year	0	1,228
Exchange adjustment	-1,836	-324
Net profit/loss for the year	73,753	30,464
Dividend to the Parent Company	-2,435	-27,580
Other equity movements, net	-56,513	-231
Amortisation of goodwill	-4,242	-10,502
Other adjustments	-3,618	0
Value adjustments at 31 December 2018	<u>7,632</u>	<u>2,523</u>
Equity investments with negative net asset value amortised over receivables	<u>0</u>	<u>242</u>
Carrying amount at 31 December 2018	<u>217,422</u>	<u>43,138</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
AyA ApS	Copenhagen	DKK 50,000	100%
Bar Gruppen A/S	Copenhagen	DKK 500,000	100%
- Aloha Beach Bar ApS	Copenhagen	DKK 60,000	100%
- Andys Bar ApS	Copenhagen	DKK 90,000	100%
- Bæst Bar ApS	Copenhagen	DKK 80,000	100%
- Bar 7 ApS	Copenhagen	DKK 50,000	100%
- Café Da Vinci ApS	Copenhagen	DKK 125,000	100%
- Cucaracha Bar ApS	Copenhagen	DKK 125,000	100%
- El Dorado Bar ApS	Copenhagen	DKK 50,000	100%
- Farfars ApS	Copenhagen	DKK 80,000	100%
- KBH Invest III ApS	Copenhagen	DKK 60,000	100%
- Kostbar ApS	Copenhagen	DKK 50,000	100%
- Madam Chu ApS	Copenhagen	DKK 80,000	100%
- No Stress Bar DK ApS	Copenhagen	DKK 50,000	50%

Notes to the Financial Statements

10 Investments in subsidiaries (continued)

Name	Place of registered office	Share capital	Votes and ownership
- Retro ApS	Copenhagen	DKK 50,000	100%
- Rhino Bar ApS	Copenhagen	DKK 90,000	100%
- Simpelt V ApS	Copenhagen	DKK 90,000	100%
- Sjus Bar ApS	Copenhagen	DKK 125,000	100%
- Stereo Bar ApS	Copenhagen	DKK 80,000	100%
- Tørst Bar ApS	Copenhagen	DKK 90,000	100%
BFP Aalborg ApS	Copenhagen	DKK 80,000	100%
Den Glade Gris ApS	Copenhagen	DKK 125,000	100%
Dorsia ApS	Copenhagen	DKK 50,000	100%
Guldhornene Aalborg ApS	Copenhagen	DKK 80,000	100%
Guldhornene kbh. ApS	Copenhagen	DKK 125,000	55%
Guldhornene, Århus ApS	Copenhagen	DKK 80,000	100%
H-bar Århus ApS	Copenhagen	DKK 50,000	100%
Heidis Bier Bar Sønderborg ApS	Copenhagen	DKK 50,000	100%
Heidi's Bier Bar Vejle ApS	Copenhagen	DKK 50,000	100%
Heidis Bier Bar Aalborg ApS	Copenhagen	DKK 80,000	100%
Heidi's Bier-Bar ApS	Copenhagen	DKK 125,000	100%
Heidis Bier Bar Århus ApS	Copenhagen	DKK 125,000	100%
Heidis Bier Bar Odense ApS	Copenhagen	DKK 125,000	100%
Heidi's Bier-Bar Svendborg ApS	Copenhagen	DKK 80,000	100%
Hive ApS	Copenhagen	DKK 80,000	100%
Hornsleth Bar ApS	Copenhagen	DKK 125,000	100%
Hornsleth Bar Vejle ApS	Copenhagen	DKK 50,000	100%
Kbh Invest af 1.3.2002 ApS	Copenhagen	DKK 500,000	100%
- BFP af 1.9.1997. København ApS	Copenhagen	DKK 200,000	100%
Kbh Invest II ApS	Copenhagen	DKK 80,000	100%
L.A. Tequila Bar Odense ApS	Copenhagen	DKK 125,000	100%
LA Bar, København ApS	Copenhagen	DKK 125,000	100%
La Boucherie ApS	Copenhagen	DKK 80,000	100%
LA Tequila Bar Aarhus ApS	Copenhagen	DKK 50,000	100%
Løvstræde 4 ApS	Copenhagen	DKK 125,000	100%
Musen & Elefanten ApS	Copenhagen	DKK 80,000	100%
Nbar ApS	Copenhagen	DKK 50,000	55%
NightPay ApS	Copenhagen	DKK 50,000	100%
Rekom Aalborg ApS	Copenhagen	DKK 50,000	100%
- Andys/Sprutten ApS	Copenhagen	DKK 500,000	100%
- Den Nordiske Ambassade ApS	Copenhagen	DKK 50,000	100%
- Fabrikken, Aalborg ApS	Copenhagen	DKK 500,000	100%
- Giraffen ApS	Copenhagen	DKK 500,000	100%
- High Voltage Ålborg ApS	Copenhagen	DKK 50,000	100%

Notes to the Financial Statements

10 Investments in subsidiaries (continued)

Name	Place of registered office	Share capital	Votes and ownership
- Hornsleth Ålborg ApS	Copenhagen	DKK 500,000	100%
- LA Bar/Rockcaféen ApS	Copenhagen	DKK 500,000	100%
- LaLa, Ålborg ApS	Copenhagen	DKK 50,000	100%
- Mexi Bar ApS	Copenhagen	DKK 500,000	100%
- The Drunken Flamingo, Aalborg ApS	Copenhagen	DKK 50,000	100%
- Viggo's Værtshus ApS	Copenhagen	DKK 125,000	100%
Rekom R&D ApS	Copenhagen	DKK 125,000	100%
Rekom Drift 1 ApS	Copenhagen	DKK 50,000	100%
Rekom Drift 2 ApS	Copenhagen	DKK 50,000	100%
Rekom Drift 5 ApS	Copenhagen	DKK 50,000	100%
Rekom Event ApS	Copenhagen	DKK 50,000	100%
Rekom Finland Invest ApS	Copenhagen	DKK 50,000	100%
Restaurations Kompagniet Finland Oy	Helsinki	EUR 1,002,500	100%
Rekom Norge Invest ApS	Copenhagen	DKK 50,000	100%
- Rekom Norge AS	Kristiansand	NOK 100,000	100%
- Engene 12 Drammen AS	Kristiansand	NOK 30,000	100%
- HBB Bergen AS	Kristiansand	NOK 100,000	100%
- HBB Kristiansand AS	Kristiansand	NOK 30,000	100%
- HBB Tønsberg AS	Kristiansand	NOK 30,000	100%
- HBB Trondheim AS	Kristiansand	NOK 30,000	100%
- Heidi's Bier Bar Drammen AS	Kristiansand	NOK 30,000	100%
- Heidi's Bier Bar Oslo AS	Kristiansand	NOK 500,000	100%
- ISM Olso AS	Kristiansand	NOK 30,000	100%
- KJ10 Rekom AS	Kristiansand	NOK 30,000	100%
- La Belle Drift AS	Kristiansand	NOK 200,000	100%
- Rekom Norge Drift 10 AS	Kristiansand	NOK 30,000	100%
- Sirkus Oslo AS	Kristiansand	NOK 30,000	100%
- LouLou Bergen AS	Kristiansand	NOK 30,000	100%
- Rekom Norge Drift 9 AS	Kristiansand	NOK 30,000	100%
- Rekom Tromsø AS	Kristiansand	NOK 30,000	100%
- Store Høvding AS	Kristiansand	NOK 30,000	100%
Rekom & Jyrgen Thisted Invest ApS	Copenhagen	DKK 50,000	100%
- Rekom & Jyrgen Dampmøllen ApS	Copenhagen	DKK 50,000	100%
- Heidis Bier Bar Thisted ApS	Copenhagen	DKK 50,000	100%
Rekom Øst Drift Echo ApS	Copenhagen	DKK 50,000	100%
- Dandy Cph. ApS	Copenhagen	DKK 50,000	100%
- LouLou Århus ApS	Copenhagen	DKK 50,000	75%
Skaal ApS	Copenhagen	DKK 50,000	90%
The Australian Bar Aarhus ApS	Copenhagen	DKK 80,000	100%
The Australian Bar København ApS	Copenhagen	DKK 200,000	100%

Notes to the Financial Statements

10 Investments in subsidiaries (continued)

Name	Place of registered office	Share capital	Votes and ownership
The Australian Bar Odense ApS	Copenhagen	DKK 200,000	100%
The Drunken Flamingo ApS	Copenhagen	DKK 80,000	100%
Tyrolia Bier Klub ApS	Copenhagen	DKK 80,000	100%

11 Other fixed asset investments

	<u>Group</u>	<u>Parent</u>
	Deposits	Deposits
	KDKK	KDKK
Cost at 1 July 2017	8,685	52
Additions for the year	5,409	0
Disposals for the year	-742	0
Cost at 31 December 2018	<u>13,352</u>	<u>52</u>
Carrying amount at 31 December 2018	<u>13,352</u>	<u>52</u>

12 Prepayments

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

13 Equity

The share capital consists of 500,000 shares of a nominal value of DKK 1. No shares carry any special rights.

Notes to the Financial Statements

	Group		Parent	
	2017/18	2016/17	2017/18	2016/17
	KDKK 18 months	KDKK 12 months	KDKK 18 months	KDKK 12 months
14 Distribution of profit				
Reserve for net revaluation under the equity method	0	0	66,741	2,703
Minority interests' share of net profit/loss of subsidiaries	7,630	7,317	0	0
Retained earnings	35,288	25,594	-31,453	22,892
	42,918	32,911	35,288	25,595

	Group		Parent	
	2018	2017	2018	2017
	KDKK	KDKK	KDKK	KDKK
15 Provision for deferred tax				
Provision for deferred tax at 1 July	5,258	2,780	73	33
Amounts recognised in the income statement for the year	7,168	2,477	27	39
Provision for deferred tax at 31 December	12,426	5,257	100	72

16 Other provisions

Other provisions consist of estimated cost relating to deferred payments and vacancy costs.

Other provisions	15,286	0	14,133	0
	15,286	0	14,133	0

Notes to the Financial Statements

17 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent	
	2018 KDKK	2017 KDKK	2018 KDKK	2017 KDKK
Mortgage loans				
After 5 years	0	563	0	0
Between 1 and 5 years	688	206	0	0
Long-term part	688	769	0	0
Within 1 year	54	51	0	0
	742	820	0	0
Credit institutions				
After 5 years	0	1,700	142,895	1,700
Between 1 and 5 years	98	19,874	0	17,681
Long-term part	98	21,574	142,895	19,381
Within 1 year	0	7,914	0	7,167
Other short-term debt to credit institutions	25,584	7,076	25,580	2,312
Short-term part	25,584	14,990	25,580	9,479
	25,682	36,564	168,475	28,860
Payables to group enterprises				
After 5 years	142,895	0	0	0
Long-term part	142,895	0	0	0
Other short-term debt to group enterprises	0	0	76,053	35,884
	142,895	0	76,053	35,884
Corporation tax				
Between 1 and 5 years	0	6,599	0	4,301
Long-term part	0	6,599	0	4,301
Within 1 year	12,469	277	0	0
	12,469	6,876	0	4,301

Notes to the Financial Statements

17 Long-term debt (continued)

	Group		Parent	
	2018 KDKK	2017 KDKK	2018 KDKK	2017 KDKK
Other payables				
After 5 years	0	614	0	0
Between 1 and 5 years	3,771	7,441	0	0
Long-term part	<u>3,771</u>	<u>8,055</u>	<u>0</u>	<u>0</u>
Within 1 year	0	742	0	0
Other short-term payables	49,605	24,982	7,219	3,015
Short-term part	<u>49,605</u>	<u>25,724</u>	<u>7,219</u>	<u>3,015</u>
	<u>53,376</u>	<u>33,779</u>	<u>7,219</u>	<u>3,015</u>

	Group	
	2017/18 KDKK 18 months	2016/17 KDKK 12 months
18 Cash flow statement - change in working capital		
Change in inventories	-8,875	1,869
Change in receivables	-886	3,500
Change in trade payables, other debt, etc	38,272	0
	<u>28,511</u>	<u>5,369</u>

Notes to the Financial Statements

	Group		Parent	
	2018	2017	2018	2017
	DKKK	DKKK	DKKK	DKKK
19 Contingent assets, liabilities and other financial obligations				
Charges and security				
The following assets have been placed as security with mortgage credit institutes:				
Land and buildings with a booked value of	1,611	1,666	0	0
Rental and lease obligations				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	49,570	37,017	0	0
Between 1 and 5 years	99,004	81,846	0	0
After 5 years	38,684	27,362	0	0
	187,258	146,225	0	0

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of CC Fly Invest ApS, which is the management company of the joint taxation purposes. 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.

A credit agreement has been concluded with the Company's bank with respect to a credit line totalling DKK 85 million of which a guarantee line amounts to DKK 35 million and an overdraft facility amounts to DKK 50 million.

A charge totalling DKK 90 million at 31 december 2018 (DKK 9,9 million at 30 june 2017) registered in moveable properties of some of the subsidiaries and the shares of some of the subsidiaries with a carrying amount of DKK 172 million have been provided as security for this.

The Group has guaranteed DKK 95 million at 31 december 2018 (DKK 64 million at 30 june 2017) to financial institutions in respect of the credit facilities of subsidiaries.

The Company has guaranteed DKK 22 million at 31 december 2018 (DKK 80 million at 30 june 2017) to financial institutions in respect of the credit facilities of subsidiaries.

Notes to the Financial Statements

20 Related parties

Basis

Controlling interest

CataCap II K/S	Ultimate parent company
CC Fly Holding II A/S	Principal Shareholder

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company

Name	Place of registered office
CC Fly Holding II A/S	Copenhagen

The Group Annual Report of CC Fly Holding II A/S may be obtained at the following address:

Lavendelstræde 17 C, 4.

1462 Copenhagen

	Group		Parent	
	2017/18 KDKK 18 months	2016/17 KDKK 12 months	2017/18 KDKK 18 months	2016/17 KDKK 12 months
21 Fee to auditors appointed at the general meeting				
PricewaterhouseCoopers				
Audit fee	2,164	0	228	0
Other assurance engagements	300	0	300	0
Tax advisory services	1,003	0	203	0
Other services	1,367	0	205	0
	4,834	0	936	0

Notes to the Financial Statements

22 Accounting Policies

The Annual Report of Rekom Group A/S for 2017/18 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2017/18 are presented in KDKK.

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.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Rekom Group A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Notes to the Financial Statements

22 Accounting Policies (continued)

Business combinations

Acquisitions

On acquisition of subsidiaries, the difference between cost and net asset value of the enterprise acquired is determined at the date of acquisition after the individual assets and liabilities having been adjusted to fair value (the purchase method). Cost comprises the fair value of the consideration paid as well as expenses for consultants etc directly related to the acquisition. Any remaining positive differences are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement on a straightline basis over its estimated useful life. Any remaining negative differences are recognised as income in the income statement at the date of acquisition.

Positive and negative differences from enterprises acquired may, due to changes to the recognition and measurement of net assets, be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made. Moreover, any change in contingent consideration is adjusted in the value of goodwill or negative goodwill.

Amortisation of goodwill is recognised in “Amortisation, depreciation and impairment losses”.

Minority interests

Minority interests form part of the Group’s total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

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.

Notes to the Financial Statements

22 Accounting Policies (continued)

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

Revenue

Information on business segments and geographical segments based on the Group's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise of 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 than production wages.

Notes to the Financial Statements

22 Accounting Policies (continued)

Amortisation, depreciation and impairment losses

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

Income from investments in subsidiaries

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

Financial income and expenses

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

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 10-20 years.

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 10 years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time

Notes to the Financial Statements

22 Accounting Policies (continued)

when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Production buildings	50	years
Other fixtures and fittings, tools and equipment	3-5	years
Leasehold improvements	7-10	years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

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

The item "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 the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

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 the 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.

Notes to the Financial Statements

22 Accounting Policies (continued)

Other fixed asset investments

Other fixed asset investments consist of deposits.

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 of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

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

Current asset investments

Current asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of . Provisions are measured and recognised based on experience with guarantee work.

Notes to the Financial Statements

22 Accounting Policies (continued)

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.

Financial debts

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

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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

Cash Flow Statement

The cash flow statement shows the Group'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 Group's cash and cash equivalents at the beginning and end of the year.

Notes to the Financial Statements

22 Accounting Policies (continued)

Cash flows from operating activities

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

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

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 published financial records.

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$