Rekom Group A/S

Skindergade 7
DK-1159 Copenhagen K

Annual Report for 1 January -31 December 2021

CVR No 19 41 52 01

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 20 June 2022

Jesper Schaltz
Chairman of the
GeneralMeeting

Management's Statement

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of Rekom Group A/S for the financial year 1 January – 31 December 2021.

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 31 December 2021 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 January - 31 December 2021.

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 as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

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

Copenhagen, 24 February 2022

Executive Board

Adam Nederby Falbert
CEO

Board of Directors

Claus Juel Jensen Chairman	Vilhelm Eigil Hahn-Petersen Deputy Chairman	Sophie Louise Knauer
Rasmus Philip Buhl Lokvig	Morten Nødgaard Albæk	Adam Nederby Falbert

Independent Auditor's Report

To the Shareholders of Rekom Group A/S

Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2021 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2021 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 31 December 2021 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2021 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 January - 31 December 2021, 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of Parent Company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditor’s Report

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 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 Group’s and the Parent Company’s internal control.

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

Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s and the Parent Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

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

Hellerup, 24 February 2022

PricewaterhouseCoopers

Statsautoriseret

Revisionspartnerselskab

CVR No 33 77 12 31

Jacob Fromm Christiansen
statsautoriseret revisor
mne18628

Kristian Højgaard Carlsen
statsautoriseret revisor
mne44112

Company Information

The Company	Rekom Group A/S Skindergade 7 DK-1159 Copenhagen K
	CVR No: 19 41 52 01 Financial period: 1 January - 31 December 2021 Incorporated: 1 July 1996 Financial year: 25th financial year Domicile: Copenhagen
Board of Directors	Claus Juel Jensen, Chairman Vilhelm Eigil Hahn-Petersen Sophie Louise Knauer Rasmus Philip Buhl Lokvig Morten Nødgaard Albæk Adam Nederby Falbert
Executive Board	Adam Nederby Falbert
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

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

	IFRS		ÅRL		
	2021	2020	2019	2017/18	2016/17
	KDKK 12 months	KDKK 12 months	KDKK 12 months	KDKK 18 months	KDKK 12 months
Group key figures					
Profit/loss					
Revenue	1.150.390	318,649	754.630	816.215	357.324
EBITDA	368.876	75.933	101.655	125.505	61.048
Profit/loss before financial income and expenses	149.493	-64.119	51.929	73.056	39.013
Net financials	-107.190	-84.282	-23.077	-15.265	3.068
Net profit/loss for the year before tax	42.303	-148.401	28.852	57.794	42.081
Net profit/loss for the year	29.784	-114.241	19.244	42.915	32.911
Balance sheet					
Balance sheet total	2.256.905	1.328.691	702.739	389.350	233.764
Equity	321.972	163.563	104.924	85.270	123.664
Cash flows					
Cash flows from:					
- operating activities	490.605	-61.094	121.510	134.634	54.388
- investing activities	-133.859	-171.988	-291.125	-200.776	-58.517
- financing activities	-18.488	209.408	217.567	23.886	-5.116
Number of employees	1.468	659	708	515	298
Ratios					
Gross margin	62.1%	42.7%	42.7%	44.9%	45.1%
Profit margin	-35.4%	6.9%	6.9%	9.0%	10.9%
Return on assets	1.7%	-8.8%	7.4%	18.8%	16.7%
Solvency ratio	13.1%	11.7%	14.9%	21.9%	52.9%
Return on equity	3.1%	-19.4%	20.2%	41.1%	28.7%

The implementation of IFRS as from 1 January 2020 had a material impact on the financial statements and key ratios for 2020 and onwards. Comparative figures of 2016-17 – 2019 have not been restated. The comparative figures for 2017/18 are not comparable due to a prolonged financial year of 18 months compared to 12 months in comparable financial years.

Management’s Review

Key activities and highlights

Primary activities

Primary activities REKOM’s activities consist of owning and operating bars and nightclubs. As the largest nightlife group in the northern part of Europe - with more than 200 bars and nightclubs across Denmark, Norway, Finland and UK – we aim to set an industry-leading standard for how to do business in a professional, responsible and trustworthy manner. Our headquarter is located in Copenhagen, and we have six other administrative offices across northern Europe. In total, we employ more than 6,400 dedicated and committed employees, out of which approximately 3,000 are part of our operations in Denmark.

Development in activities and finances

REKOM’s revenue grew to DKK 1.150,4M compared to DKK 318,6M in 2020. The growth was primarily driven by our new markets in the UK where REKOM UK acquired 42 venues in December 2020. REKOM UK was legally merged into REKOM Group in December 2021, with accounting effect from the original acquisition date, December 17, 2020, by virtue of control.

The financial year 2021 was negatively impacted by government restrictions and lockdowns due to COVID-19. Venues in all markets were closed during Q1 and Q2. During summer and early autumn, restrictions were lifted (UK: July 19; Denmark: September 1; Norway: September 28; and Finland by mid-June). This led to an impressive rebound for our venues, outperforming even our best estimates for revenue and earnings.

As a result, REKOM realized profit before taxes on DKK 42,3m in 2021 compared to a loss of DKK 148,4m in 2020. This must be viewed as a satisfactory result considering the negative impact of lockdowns and restrictions to our business due to COVID-19 consequently the result was also fully expected by management.

Cash flows and financial position

Performance during second half of the year has yet again shown that the demand for REKOM’s services remain intact and that REKOM’s business will resume to normal immediately as government restrictions are lifted.

Management is very pleased to have seen a positive upturn in business as restriction and lockdowns were lifted, but the reintroduction of restrictions in December in the Nordics as well as drop in revenue in the UK during Christmas due to fear of getting COVID impacted the Groups results and liquidity for December 2021 as well as for January and February 2022.

The groups liquidity position is very strong at year end. Primarily, as a result of the good performance the months before December 2021, but also due to REKOM’ s unused credit facilities on DKK 300 million. This in combined with a strong pipeline of acquisitions means that REKOM has a solid financial position going forward and is ready to future growth as well.

For further comments regarding going concern please see note 3.

Capital structure

On 31 December 2021 the equity in REKOM was DKK 353,8M (2020: DKK 142,7M). The increase was driven by injections by shareholders in connections with a conversion of debt into equity in March 2021 of 152,2M, and a capital increase of 8,7M in October 2021 which came 100% from our Nordic employee partners, as well as the merger with REKOM UK in December securing an injection of DKK 69,7M.

Net Interest Bearing Debt was DKK 739,9M by the end of 2021 (2020: DKK 1.064.5M). NIBD decreased by DKK 324,6M. This development was driven by the excellent results from operation during the non-restricted periods of the year.

Management's Review

Financial expectations for 2022
Although 2022 started with restrictions in the Nordics, REKOM expects to reach a revenue in the range of DKK 2.000-2.2000M and an EBITDA in the range of DKK 475-525M.

During 2021, REKOM grew with 72 venues (including pipeline) through organic growth and acquired venues in Denmark (11), Norway (8), and Finland (2) as well as the merger with REKOM UK (51) and our venue base is now exceeding 200 in total.

REKOM has a strong pipeline in place in all markets - consisting of both organic growth opportunities, venue openings, as well as merger and acquisition opportunities. This pipeline will secure future growth.

REKOM will over a 6-year period (2017-2022) aim to realise an annual average growth of over 40%, with earnings following.

REKOM has begun renegotiating its bank agreements and management expects that these negotiations will lead to a refinancing of the group during the summer of 2022. Management expects the process to provide cheaper and additional credit facilities to ensure the group's continued growth.

Adoption of IFRS
REKOM has chosen to adopt International Financial Accounting Standards (IFRS) fully for the first time in 2021. Hence, the consolidated financial statement is now presented according to IFRS. This has led to additional information in the annual report as well as changes to the presentation of historical numbers compared to presenting under Danish GAAP standards.

For further information please see note 29 "First time adoption of IFRS".

Management's Review

Risk management

REKOM is exposed to a variety of risks that include:

- Operational risks
- Commercial risks
- Corporate Finance, IT & legal risks
- Regulatory risks

The Board of Directors and the Executive Board continuously report on the Group's overall risk profile and significant individual risks.

The purpose of the Group's risk management is partly to identify and assess relevant risks and partly to reduce, minimise or control the impact of these risks.

The Board of Directors is responsible for the Group's risk policy and continuously assesses the Group's overall risk profile in collaboration with the Executive Board.

The Executive Board is responsible for identifying, assessing, and quantifying the risk development and managing day-to-day risks.

REKOM's Risk Matrix

REKOM's risks are included in the risk matrix depending on the probability that they will occur and the impact on the financial results if they do occur.

1. **Government restrictions due to COVID-19**
   Scenario / Cause of risk
   The Group's operating environment in 2021 in both UK and the Nordics were severely impacted by government restrictions and lockdowns due to COVID-19 severely restricting our business.

   Possible impact

   Renewed restrictions and lockdowns local and national will impact business severely as we have seen in January and February 2022 in the Nordics. At the time of writing there are no restrictions in the UK, Denmark or Norway and restrictions are expected to be lifted in Finland by March 2022.

   Actions
   1/ Investment to ensure COVID-safe venues through use of signage, technology and enhanced cleaning procedures
   2/ Regular management reviews and action plans to handle local and national restrictions to businesses
   3/ Securing cash position, via bank agreements and credit facilities, made available to support further lockdowns

2. **Fluctuations in exchange rates**
   Scenario / Cause of risk
   REKOM is exposed to a natural currency risk, mainly in GBP and NOK but also EUR towards DKK.

   Possible impact

   REKOM's revenue, earnings and net investments in foreign subsidiaries are affected by fluctuations in exchange rates. REKOM is naturally hedged against currency fluctuations in the markets in which we operate as both purchasing, and sales take place in the same currency. The risk can primarily be attributed to our debt structure versus earnings in the countries.

   Actions
   REKOM has loans in both DKK and NOK, to minimize the risk on our cash flow and assets in Norway. It has been decided not to use hedge instruments to our exposure of DKK vs. NOK.

Management's Review

3. **Supply Chain & Inflation**
   Scenario / Cause of risk

   The reopening of the global economy post-COVID has caused supply chain issues that have impacted the availability of certain products.

   Possible impact

   Both the markets in the Nordics and in the UK are seeing cost prices rise across several product lines, including utilities, leading to increased costs.

   Actions
   We are working closely with our suppliers. They have assured us they are monitoring the situation and have contingency plans to maintain supply. Product offerings can be easily adapted and switched to alternative suppliers. Increases in our selling prices may be required to counter the growing costs due to inflation.

4. **Minimum wages**
   Scenario / Cause of risk

   Shortage of qualified labour affects average wages and availability of the right people. Future local and EU-regulation regarding minimum wages may also impact our business long-term

   Possible impact

   Shortage of qualified labour risk leading to higher labour costs and costs of people-focused suppliers like security staff. Introduction of new minimum wage rates may increase cost.

   Actions
   1/ Optimisation of processes, use of technology, and increase in prices to mitigate potential wage increases.
   2/ Review of contracts for external suppliers to ensure the best rates.
   3/ A strong culture and educational off er to attract and keep employees
   4/ A wages structure that is in line with local and EU-regulation.

5. **Cyber attack & breakdowns in it-systems**
   Scenario / Cause of risk

   REKOM's operations depend on stable IT systems to ensure both the sales process at our venues and our ERP-systems.

   Possible impact

   Prolonged breakdowns in our IT systems, whether caused by internal or external events, can have significant economic consequences.

   Actions
   We have strong IT-governance structures in place to ensure the resilience of the systems, including systems hosted by external partners. REKOM's IT solutions, including infrastructure, are monitored, and evaluated in collaboration with external consultants.

6. **Health & safety**
   Scenario / Cause of risk

   REKOM's venues are open to the public and REKOM has a duty of care to look after its staff and its guests.

   Possible impact

   Failure to comply with health and safety regulations may lead to both economic sanctions and loss of reputation affecting revenue and ability to attract guests.

   Actions
   The physical safety of our guests and staff is paramount. All bars and operational teams are trained in managing guest and employee safety as well as ensuring that health and safety regulations are upheld. The Group's policies and SOP's cover all aspects of operations. Policies and SOP's are continuously updated and staff trained accordingly.

Management's Review

7. **Regulatory framework**
   Scenario / Cause of risk

   The nightlife industry is heavily regulated both with regards to the products we off er and how they are marketed. This is also true for the external impact of our venues including, for instance, noise.

   Possible impact

   Changes to the regulatory framework both locally and nationally may aff ect our venues adversely, for instance with regards to regulations in marketing of events and products. In addition, there are reputational and potential sanction costs related to failure in compliance.

   Actions
   We have the necessary governance and SOP's in place to ensure compliance with regulations in our markets. In addition, we actively seek dialogue with our key regulatory stakeholders through business associations and own policy and communication capabilities.

8. **Liquor licences & leasehold rents**
   Scenario / Cause of risk

   All REKOMs venues are held under leases that have liquor licenses. As the rental legislation and the rules on liquor licensing are not the same in all countries, and as the lease and license are important for REKOM to operate our business, this area has a high focus.

   Possible impact

   Changes in liquor licensing that restrict, for instance, opening hours, may have significant economic consequences for the affected venue(s).

   Actions
   REKOM actively seeks dialogue with both local and national regulators to understand and foresee potential changes to licensing and other restrictions and to mitigate the potential adverse effects of such changes.

Statement of Corporate Social Responsibility (CSR) - §99a and Data Ethics - §99d

Business model

REKOM operates in the nightlife and retail industry, which is a highly fragmented industry with many independent market players. As the biggest player in Northern Europe with more than 6.400 employees, REKOM has a clear mission to be part of shaping the industry and raising standards.

Our key contribution is to provide unique social experiences and the right atmosphere for our more than 15 million annual guests. We leverage our more than 20 years of industry experience and actively seek to expand our geographical footprint using a multi-brand strategy that is based on a standard operating model, creating value to guests, employees, owners, and partners. In 2021 our concepts are active in Denmark, Norway, Finland and in the UK.

The COVID-19 pandemic has posed extra-ordinary challenges to our business in all our markets.

Commitment and due diligence

Since 2018, REKOM has been part of REGA (Restaurateurs' Guarantee Association) in Denmark – an industry-wide initiative with the ambition to advance responsible business conduct and sustainability in the whole industry. By joining REGA, REKOM, as an important actor in the experience industry, seeks to inspire both employees and peers in the industry.

REKOM became a signatory to the UN Global Compact in 2018 pledging to report on our progress in aligning our strategies and activities with the core international principles of importance to sustainable development – namely human rights (including labour rights), environment (including the climate), and anti-corruption.

In 2021 REKOM has prepared an overarching ESG Policy to be adopted by the Board in 2021. REKOM commits to continuously conduct social, environmental, and economic due diligence in alignment with the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines on Multinational Enterprises (OECD). The UNGPs cover human rights, including core labour rights, and the OECD covers environmental and economic sustainability. REKOM notes that our Policy commitment to respect human rights also covers 'social conditions and employee relations' as defined in § 99a. Similarly, our Policy commitment includes assessments on all human rights from all our activities, including impacts related to our use of new data-technologies where adverse impacts on the right to privacy are particularly relevant.

UNGPs/OECD provide for clear and structured management systems to form the basis of our engagement with sustainable development. Recovering from COVID-19, REKOM in 2021 has considerably enhanced its engagement in sustainable development, see pages 33 to 36, that includes our KPIs as well.

Keeping abreast of increasing regulation

REKOM is pleased that its efforts enable the company to meet the minimum safeguards as defi ned by the 2020 EU 'Regulation on the establishment of a framework to facilitate sustainable investment', art. 18. REKOM acknowledges that its business is not part of the scope of the regulation that focuses on substantial contributions to environmental sustainability but nevertheless, REKOM anticipates that its efforts enable it to meet both upcoming EU regulation on mandatory human rights and environmental due diligence, and that its contributions under its ESG strategy may well fall within the scope of an upcoming social taxonomy.

REKOM's first social, environmental, and economic impact assessments were conducted in 2021 as part of its due diligence, see pages 33 to 36. The impact assessments identified risks of impacts to people and the society, including risks of material or principal (also referred to as significant, severe, or salient) impacts.

In addition, while preparing the ESG strategy, REKOM conducted a more traditional materiality assessment, i.e., identifying material sustainability risks to the company. Hence, REKOM meets the requirement from the EU Corporate Sustainability Reporting Directive to apply double materiality to its annual reporting on sustainability and responsible business conduct.

In addition, REKOM finds that its Policy commitment and due diligence cover requirements under the UK Modern Slavery Act. Whereas the UK Act deals with risks of getting involved with adverse impacts on one human right, our commitment covers all human rights from the International Bill of Human Rights.

To this end, REKOM has prepared a requirement for its business relationships to meet the internationally agreed minimum standard for responsible business conduct (UNGPs/OECD) with an aim to create transparency in value chains, including upstream supply chains. REKOM conducts due diligence in relation to all core elements of social, environmental, and economic sustainability, enabling it to become transparent on how it manages risks of impacts. REKOM will expect the same level of transparency from its business relationships and that they extend the same expectation to their business relationships.

Report on the Gender Composition in Management – § 99b

Rekom recognizes the importance of attracting, developing, and retaining the right talents to the company, irrespective of gender, sexual orientation, nationality, or race.

We believe that management and employee diversity allow for more flexible thinking, better working environments and that it prevents inveterate conceptions and habits. By building teams with a variety of experience, education, background, age and gender, we bring all our employees' unique contributions into play for the benefit of the business.

Board of Directors

Following CataCap's acquisition of REKOM in May 2018, a new Board of Directors was established. The Board currently comprises two mandatory representatives from CataCap, the CEO of REKOM, and three appointed board members. Out of the three appointed board members one is a woman. REKOM's target for 2022 and going forward is to have a minimum of one woman in the board. Should the current board composition or mix of board profiles be up for revision, we will revisit the target. As of 31 December 2021, the overall board composition is 16% women (1/6), thus reaching our target. Target is set so women on the board must constitute 20% by end 2023.

Management's Review

Other management levels

For REKOM's other management levels, we seek to increase both the number and the proportion of women at each level. In 2021, we had approx. 21% female middle managers in the Nordics, which include both venue and office managers. REKOM is constantly working to improve and secure the right conditions for all employees to leverage their unique competencies and achieve management responsibility, should they be interested and qualified.

In 2022, REKOM will continue to focus on attracting and hiring employees of both genders and on an equal basis. We also aim to increase awareness about career opportunities across the company and to encourage talented female candidates to pursue their career goals in the industry.

Management structure

In accordance with Danish regulation REKOM has a two-stringed management which consists of the BoD and the executive management team.

The division of responsibilities between BoD and executive management is described in the rules of procedure of the Board of Directors and in the associated instructions.

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

Governance

In order to provide transparency REKOM follows the industry association "Aktive Ejere" (formerly "Danish Venture Capital and Private Equity Association") guidelines for responsible owner - ship 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 Chairmanship 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 non-financial parameters, including risk assessment of investments in venues and markets.

REKOM's top management consists of:

Adam Nederby Falbert, CEO
Jonathan Grumme, COO
Jesper Schaltz, CFO
Lars Mejlgaard, CCO

Board of Directors

Claus Juel-Jensen	
CHAIRMAN	**OTHER MANAGMENT DUTIES**
Born 1963	***Chairman***
Member since 2018	Tenax Sild A/S, Jens Møller Products ApS, T. Hansen Gruppen A/S
Affiliation: Independent	
	Board Member
	Globus Wine A/S, Geia Food A/S
Vilhelm Hahn-Petersen	
DEPUTY CHAIRMAN	**OTHER MANAGMENT DUTIES**
Born 1960	**Board Member**
Member since 2018	Airhelp Inc, TP Aerospace Holding A/S, G.S.V. Materieludlejnung A/S, Lyngsoe Systems A/S
Affiliation: Non-Independent Partner, CataCap	
	Executive Management
	CataCap Mangement A/S
Rasmus Lokvig	
MEMBER	**OTHER MANAGMENT DUTIES**
Born 1978	***Deputy Chairman of the Board***
Member since 2018	Lyngsoe Systems A/S, CC Globe Holding II A/S
Affiliation: Non-independent Partner, CataCap	
Morten Albæk	
MEMBER	**OTHER MANAGMENT DUTIES**
Born 1975	***Chairman***
Member since 2018	Vertic A/S, Designskolen Kolding
Affiliation: Independent	
Founder & CEO: Voluntas Group A/S	***Board Member*** Joe & The Juice A/S, AART Architechts A/S, Mercurius International.
Adam Nederby Falbert	
MEMBER	**OTHER MANAGEMENT DUTIES**
Born 1976	***Chairman***
Member since 2009	NightPay ApS, NightPay ApS
Affiliation: Non-independent	
Founder & CEO: REKOM Group A/S	***Executive Management*** Rekom Group A/S, CC Mist NEW Holding II ApS

Management's Review

Sophie Louise Knauer
MEMBER
Born 1983
Member since 2019
Affiliation: Independent

OTHER MANAGEMENT DUTIES
Board Member
Solar A/S, CC Globe Holding II A/S, SKAKO A/S, SKAKO Concrete A/S

Consolidated income statement 1 January - 31 December 2021

In thousands DKK	Notes	2021	2020
Revenue	4	**1.150.390**	**318.649**
Costs of goods sold		-212.725	-73.782
Other external expenses		-310.644	-123.825
Staff costs	5	-504.297	-230.361
Other operating income	6	246.152	185.252
Operating profit before depreciation, amortisation and special items (EBITDA)		**368.876**	**75.933**
Special items	8	-16.010	19.980
Depreciation, amortisation and impairment	7	-203.373	-160.033
Operating profit before interest and tax (EBIT)		**149.493**	**-64.119**
Financial income	9	5.767	3.446
Financial expenses	9	-112.957	-87.728
Profit before tax		**42.303**	**-148.401**
Tax for the year	10	-12.519	34.160
Profit for the year		**29.784**	**-114.241**
Total loss for the year is attributable to:			
Owners of Rekom Group A/S		28.005	-113.218
Non-controlling interests		1.779	-1.023
		29.784	**-114.241**

Consolidated statement of comprehensive income 1 January - 31 December 2021

In thousands DKK	Notes	2021	2020
Profit for the year		**29.784**	**-114.241**
Other comprehensive income			
Items that may be reclassified to profit or loss		0	0
Exchange differences on translation of foreign operations		-7.308	7.817
Other comprehensive income for the year, net of tax		-7.308	7.817
Total comprehensive income for the year		22.476	-106.424
Total comprehensive income for the year is attributable to:			
Owners of Rekom Group A/S		20.232	-105.918
Non-controlling interests		2.244	-506
		22.476	**-106.424**

Balance Sheet 31 December 2021

In thousands DKK	Notes	2021	2020	As at 01/01/2020
Assets				
Non-current assets				
Goodwill		287.366	206.238	200.771
Acquired licenses		73.655	65.121	66.224
Acquired brands		61.590	58.338	4.540
Patents		327	368	409
Completed development projects		13.287	12.939	12.443
Development projects in progress		7.232	0	6.820
Intangible assets	12	**443.457**	**343.004**	**291.207**
Land and buildings		1.502	1.539	1.575
Other fixtures and fittings, tools and equipment		71.528	78.246	54.635
Leasehold improvements		230.899	206.539	197.971
Property, plant and equipments in progress		33.903	5.940	2.448
Property, plant and equipment	13	**337.832**	**292.264**	**256.629**
Right-of-use assets	14	**886.508**	**502.996**	**544.832**
Deferred tax assets	11	34.745	28.182	0
Other non-current receivables		29.456	16.191	18.618
Total non-current assets		**1.731.998**	**1.182.637**	**1.111.286**
Current assets				
Inventories		46.590	16.680	28.379
Trade receivables	16	10.843	9.585	35.711
Income tax receivables	10	11	0	0
Other receivables		48.913	62.329	19.694
Prepayments		32.705	9.913	4.098
Cash and cash equivalents	18	385.845	47.547	71.221
Total current assets		**524.907**	**146.054**	**159.103**
Total assets		**2.256.905**	**1.328.691**	**1.270.389**

In thousands DKK	Notes	2021	2020	As at 01/01/2020
Equity:	19			
Share capital		500	500	500
Foreign currency translation reserve		549	8.323	0
Retained earnings		294.098	146.786	120.004
Capital and reserves attributable to owners of Rekom Group A/S:		**295.147**	**155.609**	**120.504**
Non-controlling interests		26.825	7.954	10.188
Total equity		**321.972**	**163.563**	**130.692**
Liabilities:				
Non-current liabilities				
Borrowings	16,18	379.815	382.050	284.515
Lease liabilities	14,18	777.352	444.817	468.868
Deferred tax liabilities	11	37.912	28.909	13.402
Other liabilities		28.401	9.327	12.849
Payables to group enterprises	24	85.608	62.809	78.478
Total non-current liabilities		**1.309.088**	**927.913**	**858.112**
Current liabilities				
Borrowings	16	89.169	37.650	22.177
Lease liabilities	14	128.925	77.183	75.964
Trade payables		103.608	28.988	63.926
Income tax liabilities	10	24.348	1.628	8.038
Other liabilities		279.795	91.766	111.480
Total current liabilities		**625.845**	**237.215**	**281.585**
Total liabilities		**1.934.933**	**1.165.128**	**1.139.697**
Total liabilities and equity		**2.256.905**	**1.328.691**	**1.270.389**

Statement of Changes in Equity 2021

In thousands DKK	Share capital	Foreign currency translation reserve	Retained earnings	Non-controlling interests	Total equity
As at 1 January 2021	**500**	**8.322**	**146.788**	**7.954**	**163.564**
Profit for the period	0	0	28.005	1.779	**29.784**
Other comprehensive income	0	-7.773	0	465	**-7.308**
Total comprehensive income	**0**	**-7.773**	**28.005**	**2.244**	**22.476**
Non-controlling interests on acquisition of subsidiary	0	0	0	17.527	**17.527**
Dividend	0	0	0	-900	**-900**
Capital injection	0	0	119.305	0	**119.305**
Transactions with owners in their capacity as owners	**0**	**0**	**119.305**	**16.627**	**135.932**
As at 31 December 2021	**500**	**549**	**294.098**	**26.825**	**321.972**

Statement of Changes in Equity 2020

In thousands DKK	Share capital	Foreign currency translation reserve	Retained earnings	Non-controlling interests	Total equity
As at 1 January 2020	**500**	**0**	**120.004**	**10.188**	**130.692**
Profit for the period	0	0	-113.218	-1023	**-114.241**
Other comprehensive income	0	8.323	0	-506	**7.817**
Total comprehensive income	**0**	**8.323**	**-113.218**	**-1.529**	**-106.424**
Transactions with owners in their capacity as owners					
Non-controlling interests on acquisition of subsidiary	0	0	0	0	**0**
Dividend	0	0	0	-705	**-705**
Capital injection	0	0	140.000	0	**140.000**
	0	**0**	**140.000**	**-705**	**139.295**
As at 31 December 2020	**500**	**8.323**	**146.786**	**7.954**	**163.563**

Consolidated statement of cashflows 2021

In thousands DKK	Notes	2021	2020
Cash flows from operating activities			
Operating profit before depreciation, amortisation, and special items (EBITDA) for the year		368.876	75.933
Changes in net working capital	18	241.179	-68.799
Cash flows from operating activities before special items, financials and tax		**610.055**	**7.134**
Special Items	8	-16.010	19.980
Interest received	9	5.767	1.576
Interest paid	9	-107.579	-83.370
Income taxes paid/received	10	-1.628	-6.414
Cash flow from operating activities (CFFO)		**490.605**	**-61.094**
Cash flows from investing activities			
Payment for acquisition of subsidiaries, net of cash acquired	23	-41.587	-113.012
Payments for intangible assets	12	-15.612	-7.438
Proceeds from the sale of intangible assets		1.667	5.066
Payments for property, plant and equipment	13	-101.724	-58.900
Proceeds from the sale of property, plant and equipment		50.122	0
Payments for right-of-use assets		-26.725	-132
Fixed asset investments etc.		0	2.428
Cash flow from investing activities (CFFI)		**-133.859**	**-171.988**
Free cash flow (FCF)		**356.746**	**-233.082**
Cash flows from financing activities			
Repayment of borrowings	16	0	-3.519
Proceeds from borrowings	16	49.284	153.647
Repayment of lease liabilities	14	-96.716	-69.502
Proceeds from group enterprises		22.799	178
Repayment of group enterprises		0	-15.846
Dividends paid to non-controlling interests in subsidiaries		-900	-705
Equity shareholder increase	19	0	140.000
Other adjustments		7.085	5.155
Cash flow from financing activities (CFFF)		**-18.448**	**209.408**
Changes in cash and cash equivalents		**338.298**	**-23.674**
Cash and cash equivalents at the beginning of the financial year	18	47.547	71.221
Cash and cash equivalents at end of year		**385.845**	**47.547**

Notes to the Consolidated Financial Statements

1 Accounting policies

The consolidated financial statements of Rekom Group A/S and its subsidiaries (‘the group’) for the year ended 31 December 2021 has been approved by the Board of Directors at its meeting on 24 February 2022 and will be presented to the shareholders of Rekom Group A/S for approval on the annual general meeting. The significant accounting policies adopted in the preparation of these consolidated financial statements are stated in this note as well as below in the relevant notes. These policies have been consistently applied to all the years presented. The consolidated financial statements are for the group consisting of Rekom Group A/S and its subsidiaries.

Basis of preparation

The consolidated financial statements of the group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as well as additional Danish disclosure requirements applying to entities of reporting class C for large enterprises. The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments measured at fair value. The consolidated financial statements are presented in Danish Kroner (DKK) and all values are rounded to the nearest thousands, except when otherwise indicated.

First-time adoption of IFRS

These consolidated financial statements are the first consolidated financial statements that is presented in accordance with IFRS. The consolidated financial statements for the year ended 2021 are the first set of consolidated financial statements the group has prepared. The accounting policies applied are based on the standards and interpretations effective for 2021. No standards or interpretations which are not yet effective have been adopted. Refer to note 29 for information on how the group adopted IFRS.

PRINCIPLES OF CONSOLIDATION

Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity where 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. The acquisition method of accounting is used to account for business combinations by the group. Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

FOREIGN CURRENCY TRANSLATION

Functional and presentation currency Items included in the financial statements of each of the group’s entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The consolidated financial statements are presented in Danish Kroner (DKK), which is Rekom Group A/S’ functional and presentation currency.

Notes to the Consolidated Financial Statements

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. They are deferred in equity if they are attributable to part of the net investment in a foreign operation.

The results and financial position of foreign operations that have a functional currency different from Danish Kroner are translated into Danish Kroner as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates, and
- all resulting exchange differences are recognised in other comprehensive income On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Foreign currency translation reserve
Exchange differences arising on translation of the parent company and of foreign controlled entities into DKK, are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Mergers involving entities under common control
As part of the group reorganisation carried out in 2021, the UK business activities, which was externally acquired in December 2020 was legally merged into the Group. As the merger involved entities within common control, the Group has chosen an accounting policy to account for the transaction by applying predecessor accounting. The comparative figures for 2020 have been restated accordingly. In accordance with this accounting policy, the acquisition of Deltic on 17 December 2020, as further described in note 24, is considered being acquired by the Group.

Business combinations
The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. 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.

Notes to the Consolidated Financial Statements

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:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- 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 acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Revenue
The group operates chains of nightclubs and bars selling goods to customers. Revenue from the sale of goods is recognised when a group entity sells a good to the customer. Payment of the transaction price is due immediately when the customer purchases the good and takes delivery.

Cost of goods sold
Costs of goods sold comprise costs regarding goods directly associated to achieve revenue for the year.

Other external expenses
Other external expenses comprise of expenses for marketing, IT, other premises cost, promotion, travelling as well as other sales and administrative expenses.

Staff costs
Staff expenses comprise direct wages and salaries, remuneration, pension costs etc. For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

Notes to the Consolidated Financial Statements

Other operating income

Compensations from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the group will comply with all attached conditions. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

Special items

Special items comprise of transaction costs, gains on bargain purchases relating to the acquisition of subsidiaries and activities, restructuring costs, and other costs and income which by their nature are not related to the Groups ordinary operations.

Financial income and expenses

Financial income and expenses (net financial items) include interest income and expenses calculated in accordance with the effective interest method as well as exchange rate gains and losses on foreign currency transactions. Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Income tax expense

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 end of the reporting period in the countries where the company and its subsidiaries and associates 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 and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty. Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred tax liability is settled.

Deferred tax assets

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Notes to the Consolidated Financial Statements

Goodwill

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

goodwill relating to the entity sold. Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

Impairment

Goodwill is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-current assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units).

Non-current assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Patents and brands

Acquired patents and brands are shown at historical cost. Patents and brands acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Development projects

Costs associated with research are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial, and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of a development project include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are amortised from the point at which the asset is ready for use.

Notes to the Consolidated Financial Statements

Amortisation methods and useful lives

The group amortises intangible assets with a limited useful life, using the straight-line method over the following periods:

Goodwill	**Not amortized**
Acquired licenses	**10-20 years**
Acquired brands	**10-15 years**
Acquired patents	**20 years**
Completed development projects	**3-10 years**
Development projects in progress	**Not amortized**
Goodwill	**Not amortized**

Property, plant and equipments

Property, plant, and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount 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 group and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Depreciation methods and useful lives

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

Land and buildings	**50 years**
Leasehold improvements	**3-10 years**
Other fixtures, fittings and equipment	**3-5 years**
Plant and equipment in progress	**Not depreciated**

Notes to the Consolidated Financial Statements

Leases

Whether a contract contains a lease is assessed at contract inception. Lease agreements 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. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leases assets that are held by the lessor. As the Group's lease activities mainly relate to property, the terms and conditions applied in these leases are governed by the local legislation in each country in which the Group operates. Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease obligations include the net present value of the following lease payments:

- fixed payments less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as the commencement date
- the exercise price of a purchase option if the group is reasonably certain to exercise the option and
- payments of penalties for terminating the lease if the lease reflects the group exercising that option

Lease payment to be made under reasonably certain extension options are also included in the measurement of the liability. The Group has no contracts with residual value guarantees.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's 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. To determine the incremental borrowing rate, the Group uses third-party financing received as a starting point, adjusted to reflect changes in financing conditions since third party financing was received, then uses a buildup approach on top third-party financing. The build-up approach applied adjusts for country, lease term, security, value, country of the lease and the economic environment for each lease. The Group is exposed to potential future increases in lease payments based on an index or a rate, which are not included in the lease liability until they take effect. When variable adjustments to lease payments based on an index or a rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period 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 obligations
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs and
- reestablishment costs

Right-of-use assets are subsequently measured less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the lease term on a straight-line basis. The Group has no leases with purchase options. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Notes to the Consolidated Financial Statements

The Group has chosen to adopt the exemption regarding COVID-19-Related Rent Concessions. As such, any rent concession received has been recognised in the profit or loss for the period as a negative variable lease payment. The exemptions have been applied retrospectively for the comparative figures as well.

Extension and termination options

Some property leases include extension and/or termination options. These are used to maximise flexibility in the Group's operations. Management has included the lease term impact of extension and termination options in the lease term to the extent Management finds it reasonably certain that extension options will be utilised, and reasonably certain that termination options will not be utilised.

The following factors are normally the most relevant:

- How the asset supports the strategic direction of the group including the location of the asset, strategic fit and the timing of the option being exercisable (or the expiry of the option)
- If significant penalties to terminate (or not extend) the lease exists, the Group is more likely to not terminate (or to extend)
- If any leasehold improvements hold significant value, the group is more likely to extend (or not terminate)

If the Group included all extension options in its estimate, the lease liability as of 31 December 2021 would increase DKK 106.251 thousand or 12%.

Inventories

Inventories are measured at the lower of cost and net realisable value under the FIFO method. The net realizable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process.

Trade receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost less loss allowance. The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss.

Other receivables

Other receivables comprise government compensation,marketing contributions and deposits.

Prepayments

Prepayments comprise prepaid expenses concerning acquisitions, insurance premiums and subscriptions.

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.

Notes to the Consolidated Financial Statements

Dividends
Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

Share-based-compensation
Share-based compensation benefits are provided to employees via the investment and incentive programme for which the employees subscribe for shares in several share classes for consideration.
For group share-based payment arrangements where REKOM Group A/S is receiving the services provided by employees, but has no obligation to settle the transaction, the arrangement is classified as an equity-settled share-based payment program, for which a cost is recognised as an employee benefit expense, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the shares subscribed for and is recognised in the income statement over the service period. If the shares are acquired at an amount equal to the fair value of the shares, no expense is recognised.

Borrowings
Borrowings are initially recognised at fair value, net of transaction expenses incurred. Borrowings are subsequently measured at amortised cost. Any differences between the proceeds and the redemption value are recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables
These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Cash-flow specifications
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.
Cash flows from operating activities are calculated using the indirect method based on operating profit before depreciation, amortisation, and special items (EBITDA) adjusted for non-cash operating items, changes in net working capital, financial items and taxes paid.
Working capital comprises current assets less short-term debt, excluding items included in cash and cash equivalents.
The cash flow statement cannot be derived directly from the balance sheet and income statement.
Cash flows from investing activities comprise cash flows from acquisitions and disposals of businesses and noncurrent assets.
Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt and principal element on lease payments as well as payments to and from shareholders.
Cash and cash equivalents comprises cash and bank balances.

Notes to the Consolidated Financial Statements

Key figures

The financial ratios have been calculated in accordance with the recommendations of the Association of Danish Financial Analysts.

New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the group. These standards, amendments or interpretations are not expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions.

Notes to the Consolidated Financial Statements

2 Significant estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong.

Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

Other operating income

Government compensation is recognized when there is reasonable assurance that the support will be received.

Government compensation for costs, salaries or losses incurred and recognized without resulting in further future costs, salaries or losses are recognized in the income statement as other operating income in the period where the compensation is granted.

Special items

In the classification of special items, judgement is applied in ensuring that only exceptional items not associated with the ordinary operations of the Group are included.

Deferred tax assets

Recognition of deferred tax assets

The deferred tax assets include an amount of DKK 40,5 million (DKK 45,5 million in 2020) which relates to carried forward tax losses. The group has concluded that the deferred assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets. The losses can be carried forward indefinitely and have no expiry date. In line with the requirements in IAS 12, the deferred tax assets and liabilities are offset as they have a legal right to set off and relate to income tax with the same taxation authority. The recognised tax assets that relate to tax losses carried forward, which is the result of previous years taxable income, have all occurred after the beginning of the COVID-19 pandemic. Management assesses the pandemic to be a very rare incident and as such an anomaly. In connection with the assessment of the utilisation of the tax assets, special emphasis has been placed on this assessment, and the fact that all tax losses carry forward are in markets, where the group now is well established, and these operations are expected to generate positive results going forward. The group has unrecognised tax assets within Finland. The unrecognised tax assets are in the range of DKK 3,4 million (DKK 2 million), and as not been recognised due to uncertainties of the utilisation within the next 5 years. There is no expiration date on tax loss carried forward and the use of tax losses is limited due to changes in ownership. A change in ownership of the group may result in restrictions on the group's ability to use tax losses in certain jurisdictions.

Lease terms

The Group adopted IFRS 16 on 1 January 2020. In connection with the adoption of IFRS, Management has made estimates regarding, among other, leases to be included, the lease term of open-ended contracts, the utilisation of extension and termination options, reestablishment provisions, low-value and short-term contracts and the incremental borrowing rate.

Further information about how the Group has adopted IFRS 16 in connection the first-time adoption of IFRS is provided on note 29.

Most property lease agreements are open-ended. For open-ended contracts, Management has estimated the lease term using licenses and permissions regarding a given venue as the primary guideline. The longer of the estimated lease period and the non-cancellable period of a property lease has been applied as the lease term when calculating the Group's lease liabilities. For example, if Management estimates the lease period for a venue with an open-ended contract to be 8 years, but the non-cancellable period is only 5 years, 8 years of lease obligation has been applied. If the Group extended the estimated lease terms for all open-ended contracts with one year, the total lease liability as of 31 December 2021 would increase by DKK 64.008 thousand or 7%.

Impairment test of goodwill

Key assumptions used for value-in-use calculations

For the 2021 and 2020 reporting periods, the recoverable amount of goodwill of the CGU's 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.

Cash flows beyond the budgeted period are extrapolated using the estimated growth rates stated above. Management's key assumptions relate to:

1) timing of reopening post COVID-19

2) the operating level post COVID-19 and

3) expected growth.

It is Management's best assessment that restrictions will be lifted in early 2022 as the burden forced by COVID-19 eases. This estimate is applicable to all countries in which the Group operates. Once restrictions are lifted, Management expects the operating level to reach pre-pandemic levels.

This assessment is based on the short amounts of time where the Group has been able to operate in 2021, where performance reached past pre-pandemic levels. Expected growth is based on historic growth rates. Only existing venues are included in the budget. The growth rates are consistent with forecasts included in industry specific reports. Discount rates reflect the risk free interest rate with the addition of risks relating to the CGU's including financial exposure and is calculated in accordance with IAS 36. The same assumptions have been applied to all CGU's as operations within each CGU are similar.

The expected future net cash flow is based on budgets approved by management including capital expenses to maintain venues but does include potential future incomes and expenses regarding acquisitions and expansion. After the budgeted period, a growth rate in line with the expected long-term average growth rate has been applied.

Business combination

In applying the acquisition method of accounting, estimates are an integral part of assessing fair values of several identifiable assets acquired and liabilities assumed, as observable market prices are typically not available.

Valuation techniques where estimates are applied typically relate to determining the present value of future uncertain cash flows or assessing other events in which the outcome is uncertain at the date of acquisition. More significant estimates are typically applied in accounting for property, plant and equipment, customer relationships, trade receivables, deferred tax, debt, and contingent liabilities. As a result of the uncertainties inherent in fair value estimation, measurement period adjustments may be applied.

Notes to the Consolidated Financial Statements

3 Going concern

The continuously COVID-19 government ban on bar and nightclub activities in Denmark, Norway, Finland, and UK throughout 2020 and most of the financial year 2021 have significantly negative effected the Group's revenue, earnings, cash-flow and liquidity in the years.

The Group and its lenders have in the COVID-19 period, contributed DKK 140 million to the Group through convertible loans in March 2020 and increased its facilities by DKK 85 million from its bank in April 2020. In March 2021 the Group has received an additional DKK 30 million from the shareholders and provided a credit facility of DKK 250 million (80% guarantee from the Danish Growth Fund) on top on our current credit facility of DKK 50 million. Both facilities are undrawn at the time of writing. These additional loans were a substantial securement of the Group's financial position and have throughout 2021 not breached covenants or had a shortage of liquidity, as Rekom Nordics had most bars and Nightclubs open in September, October, and November 2021. In December 2021, a legal merger between Rekom Nordics and Rekom UK was completed. The two subgroups in the Nordics and UK are financed by two independent financing packages. Rekom UK has a strong financial position at year end as a result of significant positive cash flows and less restrictions compared to the Nordics. The risk for a shortage of liquidity in Rekom UK is considered low. The lifting of restrictions in Denmark in January 2022, Finland and Norway in February 2022 and the government's announcement that COVID-19 is no longer a socially critical disease has reduced the overall risk for Rekom Nordics breaching our covenants with the banks. Management is confident that Rekom Nordics will meet the budget. These expectations are based on management assumption that there will be no or limited COVID-19 restrictions after February 2022. Management expects high cash generating activities and Rekom Nordics will therefore be in compliance with all covenants in the loan agreements. The financing of Rekom Nordics has several covenants and the most sensitives are depending on Rekom Nordics EBITDA and liquidity. Management has updated the liquidity budget for 2022 in February and prepared different scenarios on how the reopening of the Nordics will impact on revenue, EBITDA, profit, cash flow etc. Management has made several assumptions in the forecasting, including expectations for revenue, consumer behaviour, government compensation, costs, rents, wages and capex etc.

The overall going concern assumption for the Group is based on the assumption that reopening in all countries will occur without restrictions on opening hours, number of guests, etc. The expected figures are sensitive to changes in these assumptions. If COVID-19 results in new restrictions in 2022 management has planned measures to reduce costs and investments that will ensure sufficient liquidity together with current credit facilities on DKK 300million and measures so the Group will be in compliance with covenants. If restrictions will be reintroduced management expect compensations from governments at the same level as prior years. Management assesses that the Group, subgroups and the Company have sufficient liquidity and capital resources to continue their operations throughout 2022. Management therefore submits and approves the annual report for 2021 on the assessment of going concern.

Notes to the Consolidated Financial Statements

4 Revenue

Disaggregation of revenue from contracts with customers.

The group derives revenue from the transfer of goods at a point in time in the following geographical regions:

2021 In thousands DKK	Denmark	Norway	Finland	UK	Total
Revenue	337.974	182.934	71.598	557.884	**1.150.390**

2020 In thousands DKK	Denmark	Norway	Finland	UK	Total
Revenue	154.883	103.854	59.912	-	**318.649**

5 Staff costs

In thousands DKK	**2021**	**2020**
Wages and salaries	471.647	211.698
Pension cost, defined contribution plans	7.845	4.341
Other social security costs	9.254	7.308
Other staff costs	15.551	7.014
Total staff costs	**504.297**	**230.361**
Average number of employees	**1.468**	**659**

Key management personnel compensation:

Key management personnel consist of the Executive Board and the Board of Directors. The compensation paid or payables to key management personnel for employee services is shown below:

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

Executive Board and Board of Directors		
Wages and salaries	1.626	1.268
Defined contribution plans	72	72
Other social security costs	3	3
Total remuneration	**1.701**	**1.343**

Notes to the Consolidated Financial Statements

6 Other operating income

Government compensation is comprised of compensation of costs, salaries or losses already incurred and recognized. All government compensations are related to COVID-19.

In thousands DKK	**2021**	**Nordics**	**UK**	**Total**
Government compensation		192.764	53.388	246.152

In thousands DKK	**2020**	**Nordics**	**UK**	**Total**
Government compensation		185.252	-	185.252

7 Depreciation, amortisation and impairment

In thousands DKK	**2021**	**2020**
Depreciation and amortisation		
Depreciation of property, plant and equipment	48.496	40.990
Depreciation of right-of-use assets	120.939	89.907
Amortisation of intangible assets	16.680	13.619
Gain and loss on disposal	924	3.717
	187.039	**148.233**
Impairment		
Impairment of property, plant and equipment	8.011	4.538
Impairment of right-of-use assets	2.781	0
Impairment of intangible assets	5.542	7.262
	16.334	**11.800**
Total depreciation, amortisation and impairment	**203.373**	**160.033**

Notes to the Consolidated Financial Statements

8 Special items

Special items are used in connection with the presentation of profit or loss for the year to distinguish consolidated operating rofit from exceptional items, which by their nature are not related to the Group's ordinary operations or investment in future activities.

Special items reconcile to the income statement items as specified in the table below:

In thousands DKK	**2021**	**2020**
One-off consulting costs	2.332	2.310
Transaction costs	6.240	10.913
Restructuring	3.989	1.750
Closed and refurbished venues	4.947	1.541
Insurance claims	-1.498	0
Gain on bargain purchase	0	-36.494
Total special items	**16.010**	**-19.980**

9 Financial income and expenses

In thousands DKK	**2021**	**2020**
Financial income		
Total interest income	2.565	2.606
Foreign exchange rate gains	3.202	840
Total financial income	**5.767**	**3.446**
Financial expenses		
Interest paid on borrowings	60.637	44.982
Interest paid on lease liabilities	41.496	31.347
Interest paid to group enterprises	9.571	12.828
Total interest expense related to financial liabilities not at fair value through profit or loss	**111.704**	**89.157**
Foreign exchange rate losses	-5.319	-2.876
Amount capitalized as borrowing costs	**4.678**	**5.498**
Finance costs expensed	6.572	1.447
Total financial expenses	**112.957**	**87.728**

Notes to the Consolidated Financial Statements

10 Income tax expense

In thousands DKK	**2021**	**2020**
Current tax		
Current tax on profits for the year	16.869	1.362
Adjustments for current tax of prior periods	-507	-2.195
Deferred income tax	-3.843	-33.327
Income tax expense	**12.519**	**-34.160**

In thousands DKK	**2021**	**2020**
Net profit before taxes	**42.303**	**-148.401**
Reconcilliation of effective tax rate		
Tax at the Danish tax rate of 22% (2020: 22%)	-9.307	32.648
Impact of foreign tax rates on the tax rate	1.339	-87
	-7.968	**32.561**
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible expenses incl. interest dedution limitations	-8.989	-2.672
Non-taxable income	734	0
Other adjustments	4.211	6.466
Adjustments for current tax of prior periods	-507	-2.195
Income tax expense	**-12.519**	**34.160**

Notes to the Consolidated Financial Statements

11 Deferred tax assets

In thousands DKK	2021	2020
Deferred tax		
Deferred tax at the beginning of period	-727	-13.402
Deferred tax recognised in the statement of profit or loss	3.843	33.327
Deferred tax recognised in the statement of other comprehensive income	0	0,00
Deferred tax recognised from business combinations	-7.889	-14.940
Tax adjustment relating to previous years*	1.216	-5.177
Exchange adjustment	390	-535
Deferred tax at year end	**-3.167**	**-727**
Deferred tax relates to:		
Intangible assets	-42.723	-34.609
Property, plant and equipment	-10.455	-10.568
Right-of-use assets	3.801	4.143
Other assets	7.700	1.255
Other liabilities	-2.004	-6.477
Tax losses carried forward	40.514	45.529
Total	**-3.167**	**-727**
Of which presented as deferred tax assets	34.745	28.182
Of which presented as deferred tax liabilities	-37.912	-28.909
Deferred tax asset not recognised in the balance sheet	3.454	2.054
Deferred tax at 31 December	**-3.167**	**-727**

Notes to the Consolidated Financial Statements

12 Intangible assets

In thousands DKK	Goodwill	Acquired licenses	Acquired brands	Patents	Completed development projects	Development projects in progress	Total
Cost:							
At 1 January 2020	**203.826**	**72.119**	**5.259**	**409**	**15.447**	**6.820**	**303.880**
Additions	0	0	0	0	7.438	0	7.438
Additions from business combinations	8.994	6.166	55.343	0	371	0	70.874
Disposals	0	0	0	0	-2.881	0	-2.881
Transfers	0	0	0	0	6.820	-6.820	0
Exchange adjustment	-1.897	-905	-1.027	0	0	0	-3.829
At 31 December 2020	**210.923**	**77.380**	**59.575**	**409**	**27.195**	**0**	**375.482**
Accumulated depreciation and impairment:							
At 1 January 2020	**3.055**	**5.894**	**718**	**0**	**3.007**	**0**	**12.674**
Amortisation for the year	0	5.702	520	41	7.356	0	13.619
Impairment for the year	1.630	697	0	0	4.935	0	7.262
Exchange adjustment	0	-33	-1	0	0	0	-34
Reversal of impairment and amortisation of disposals	0	0	0	0	-1.042	0	-1.042
At 31 December 2020	**4.685**	**12.260**	**1.237**	**41**	**14.256**	**0**	**32.479**
Carrying amount 31 December 2020	**206.238**	**65.120**	**58.338**	**368**	**12.939**	**0**	**343.003**

Notes to the Consolidated Financial Statements

In thousands DKK	Goodwill	Acquired licenses	Acquired brands	Patents	Completed development projects	Development projects in progress	Total
Cost:							
At 1 January 2021	**210.923**	**77.380**	**59.575**	**409**	**27.195**	**0**	**375.482**
Additions	78.720	17.044	6.400	0	8.380	7.232	117.776
Additions from business combinations	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Exchange adjustments	2.760	1.105	4.177	0	0	0	8.042
At 31 December 2021	**292.403**	**95.529**	**70.152**	**409**	**35.575**	**7.232**	**501.300**
Accumulated depreciation and impairment:							
At 1 January 2021	**4.685**	**12.260**	**1.237**	**41**	**14.256**	**0**	**32.479**
Amortisation for the year	0	6.586	4.489	41	5.564	0	16.680
Impairment for the year	290	2.784	0	0	2.468	0	5.542
Exchange adjustment	62	244	2.836	0	0	0	3.142
Reversal of impairment and depreciation of disposals	0	0	0	0	0	0	0
At 31 December 2021	**5.037**	**21.874**	**8.562**	**82**	**22.288**	**0**	**57.843**
Carrying amount 31 December 2021	**287.366**	**73.655**	**61.590**	**327**	**13.287**	**7.232**	**443.457**

Development projects
Development projects comprises the cost directly related to the development phase of new employee apps, the further development of ERP and further development of the membership- and loyalty-app.

Goodwill, licenses, and brands
Goodwill, licenses, and brands comprises of values arising from acquisition of subsidiaries and activities.

Notes to the Consolidated Financial Statements

13 Tangible assets

In thousands DKK	Land and buildings	Leasehold improvements	Other fixtures, fittings and equipment	Plant and equipment in progress	Total
Cost:					
At 1 January 2020	**1.824**	**277.080**	**114.087**	**2.448**	**395.439**
Additions	0	41.462	11.498	5.940	58.900
Additions from business combinations	0	0	33.911	0	33.911
Transfers	0	2.448	0	-2.448	0
Disposals	0	-8.560	-2.726	0	-11.286
Exchange adjustment	0	-7.582	-2.706	0	-10.288
At 31 December 2020	**1.824**	**304.848**	**154.064**	**5.940**	**466.676**
Accumulated depreciation and impairment:					
At 1 January 2020	**249**	**79.109**	**59.451**	**0**	**138.809**
Depreciation for the year	36	21.212	19.742	0	40.990
Impairment for the year	0	3.780	758	0	4.538
Exchange adjustment	0	-2.537	-1.729	0	-4.266
Reversal of impairment and depreciation of disposals	0	-3.255	-2.404	0	-5.659
At 31 December 2020	**285**	**98.309**	**75.818**	**0**	**174.412**
Carrying amount 31 December 2020	**1.539**	**206.539**	**78.246**	**5.940**	**292.264**

Notes to the Consolidated Financial Statements

In thousands DKK	Land and buildings	Leasehold improvements	Other fixtures, fittings and equipment	Plant and equipment in progress	Total
Cost:					
At 1 January 2021	**1.824**	**304.848**	**154.064**	**5.940**	**466.676**
Additions	0	38.227	29.594	33.903	101.724
Additions from business combinations	0	9.687	3.034	0	12.721
Transfers	0	5.940	0	-5.940	0
Disposals	0	-4.853	-15.268	0	-20.121
Exchange adjustment	0	2.306	1.503	0	3.809
At 31 December 2021	**1.824**	**356.155**	**172.927**	**33.903**	**564.809**
Accumulated depreciation and impairment:					
At 1 January 2021	**285**	**98.309**	**75.818**	**0**	**174.412**
Depreciation for the year	37	23.499	24.960	0	48.496
Impairment for the year	0	5.868	2.143	0	8.011
Exchange adjustment	0	1.961	921	0	2.882
Reversal of impairment and depreciation of disposals	0	-4.381	-2.443	0	-6.824
At 31 December 2021	**322**	**125.256**	**101.399**	**0**	**226.977**
Carrying amount 31 December 2021	**1.502**	**230.899**	**71.528**	**33.903**	**337.832**

The impairment loss relates to impairment of fixed assets in loss-making venues and reversal of depreciations on disposed assets.

Notes to the Consolidated Financial Statements

14 Leases

REKOM leases its venues, offices, warehouses, and vehicles. The vast majority of the Group's leases are related to property leases for venues, which are typically leased for 5-10 years in the Nordics and 10-20 years in the UK. In some leases extension or termination options are included as described below. The Group has both fixed rent and revenue-based rent contracts.

This note provides information for leases where REKOM is a lessee.

In thousands DKK	**2021**	**2020**
Amounts recognised in the balance sheet		
The balance sheet shows the following amounts relating to leases:		
Right-of-use assets		
Properties	885.814	502.600
Vehicles	694	396
	886.508	**502.996**
Additions to the right-of-use assets	460.525	57.990
Lease obligations		
Current	128.925	77.183
Non-current	777.352	444.818
	906.277	**522.001**
Amounts recognized in the statement of profit or loss		
The statement of profit or loss shows the following amounts relating to leases:		
Depreciation of right-of-use assets		
Properties	120.494	89.826
Vehicles	445	81
	120.939	**89.907**
Interest expense on lease obligations	41.496	31.347
Expense relating to short-term leases	3.161	2.576
Expense relating to variable lease payments not included in lease obligations	672	181
Income related to COVID-19-Rent Concession	-546	-1.256
Total cash outflow for leases	**141.499**	**102.350**

Notes to the Consolidated Financial Statements

15 Impairment tests

Goodwill is monitored by management at the country level, being Denmark, Norway, Finland and the UK.

2021 In thousands DKK	Denmark	Norway	Finland	UK	Total
Goodwill	183.113	88.927	5.934	9.392	287.366

2020 In thousands DKK	Denmark	Norway	Finland	UK	Total
Goodwill	171.914	28.387	5.937	0	206.238

2021	Denmark	Norway	Finland	UK
Budget				
Average growth rate in the budget peiod	2,0%	2,0%	2,0%	2,0%
Operating margin	15,6%	15,6%	15,6%	15,6%
Growth				
Growth rate in the terminal period	1,0%	1,0%	1,0%	1,0%
Pre-tax discount rate	7,7%	7,7%	7,7%	7,7%

2020	Denmark	Norway	Finland	UK
Budget				
Average growth rate in the budget peiod	2,0%	2,0%	2,0%	-
Operating margin	14,4%	14,4%	14,4%	-
Growth				
Growth rate in the terminal period	1,5%	1,5%	1,5%	-
Pre-tax discount rate	7,2%	7,2%	7,2%	-

Notes to the Consolidated Financial Statements

16 Financial assets and liabilities

The group holds the following financial instruments:

In thousands DKK	2021	2020
Financial assets		
Financial assets at amortised cost		
Trade receivables	10.843	9.585
Cash and cash equivalents	385.845	47.547
Total financial assets	**396.688**	**57.132**
Financial liabilities		
Liabilities at amortised cost		
Trade payables	103.608	28.988
Borrowings	468.984	419.700
Lease liabilities	906.277	522.001
Payables to group enterprises	85.608	62.809
Total financial liabilities	**1.564.477**	**1.033.498**

The group's exposure to various risks associated with the financial instruments is discussed in note 17.

	2021			**2020**		
In thousands DKK	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Bank overdrafts	0	0	0	37.650	0	37.650
Bank loans	0	379.815	379.815	0	382.050	382.050
Other loans	0	0	0	0	0	0
	0	**379.815**	**379.815**	**37.650**	**382.050**	**419.700**

The borrowings comprise of acquisition related loans as well as revolving facilities to fund the ongoing operations. There are covenants attached to the loan facilities.

50 mDKK of loan from credit institution is guaranteed by the Danish Growth Fund by 70%.

Notes to the Consolidated Financial Statements

	Effective interest rate	Currency	Maturity	Carrying Amount DKK' 000
Loan from credit institution	2,25% - 9,50%	DKK, NOK	2025	379.815
Term Loan	20,00%	DKK	2022	89.169
Revolving Facility	2,00% - 4,25%	DKK, NOK, EUR	2025	0
Total bank borrowings at 31.12.2021				**468.984**
Loan from credit institution	3,00% - 7,50%	DKK, NOK	2025	382.050
Revolving Facility	2,75%	DKK, NOK, EUR	2025	37.650
Total bank borrowings at 31.12.2020				**419.700**

Guaranteed part of loan from credit institutions starts repayment as of 31 January 2023 and is paid in full at maturity.

Remaining part of loan from credit institutions is repayable in full at maturity. Term Loan is repayable in full at maturity.

17 Financial risk management

Due to REKOM's strategy of becoming a player on the global nightlife scene, risks are an embedded part of doing business.

The group is therefore exposed to certain risks from financial instruments which can have an impact on the consolidated

financial statements of the group. The Group's principal financial assets include cash at banks and trade receivables, whereas the financial liabilities primarily consist of vendor loans and borrowings, lease liabilities as well as trade and other payables. The main purpose of the financial liabilities is to finance the Group's operations.

A key principle of the Group's risk management is the unpredictability of the financial markets and the aim to minimize its adverse effects on the Group's net income. The Group's financial management identifies, estimates and tracks risks and, whenever necessary, initiate actions to mitigate the Group against the risks. The Group's financing policy guides all its financing transactions.

The main risks associated with the financing market are explained below.

The group is exposed to market risk, credit risk and liquidity risk.

MARKET RISK

Market risk comprise of interest rate risk and currency risk.

INTEREST RATE RISK
Interest rate risk includes the risk of changes in the fair value of a financial instrument or in future cash flows due to changes in market interest rates. REKOM's main interest rate risk arises from loans and borrowings with floating rates of interest as well as cash at banks, which expose the Group to cash flow interest rate risk. Details about REKOM's loans and borrowings, including its composition, are provided in note (16).

At 31 December 2021, the carrying amount of the Group's interest-bearing debt carrying a floating rate amounts to DKK 468.984 thousands (2020: DKK 782.449 thousands). However, due to the margin ratchets on the term-loans there is a cap on the interest rate, which all other things being equal reduces REKOM's exposure to increases in market rates of interest.

It is REKOM's policy not to hedge its exposure from changes in market rates of interest.

Notes to the Consolidated Financial Statements

A reasonably possible change in the market interest rate compared to the interest rates as of the end of the reporting period will have the following hypothetical impact on profit after tax and equity:

IMPACT ON PROFIT AFTER TAX AND EQUITY	**2021**	**2020**
Interest rate – decrease of 100 basis points	4.443	3.632
Interest rate – increase of 100 basis points	0	0

The sensitivity analysis is based on the assumption that all other variables and exposures remain constant. The impact on net profit is based on those financial instruments that were recognised at the respective balance sheet dates. The sensitivity analysis does not consider impact from repayments and other changes in borrowings made during the year.

CURRENCY RISK

Foreign currency risk is the risk that the fair value or future cash flows of a balance sheet exposure will fluctuate because of changes in foreign exchange rates. REKOM is in all material aspect generating its sales transaction in local currencies being DKK, NOK, EUR and GBP. The majority of purchases are also made in local currencies. Thus, the group's exposure to fluctuations in foreign exchange rates are primarily related to cash balances and loans obtained in currencies different from the respective functional currencies. As of 31 December 2021, the Group's exposure to foreign currency risk is primarily related to EUR and GBP. However, due to the fixed exchange rate regime between DKK and EUR, the Group's exposure to changes in the DKK/EUR exchange rate is insignificant. It is the group's policy not to hedge its exposure from currency risks. A reasonable possible change in the DKK/GBP exchange rate of 5% compared to the exchange rate at the end of the reporting period will have the following hypothetical impact on profit after tax and equity:

IMPACT ON PROFIT AFTER TAX AND EQUITY	**2021**	**2020**
DKK/GBP – change of 5 %	5.333	1.139

The analysis includes the impact from monetary items denominated in foreign currencies as outstanding at the end of the respective reporting period.

CREDIT RISK

Credit risk arises primarily from REKOM's cash position and to a minor degree from trade receivables. Accordingly, the most significant counterparty risk is related to deposit with banks, as the Group's cash balance at 31 December 2021 amounts to DKK 385.845 thousand (2020: DKK 9.897 thousand). To mitigate this risk, it is REKOM's policy only to use financial counterparties possessing a satisfactory long-term credit rating from an internationally recognized agency. The maximum credit risk related to financial assets corresponds to the carrying amounts recognised in the consolidated balance sheet.

LIQUIDITY RISK

It is an objective of REKOM's treasury policy to ensure that the Group always have sufficient and flexible financial resources at the group's disposal to ensure continuous operations and to honour liabilities when they become due. The financial resources are continuously monitored and consist of cash and cash equivalents and committed facilities. Management overseas the Group's liquidity positions weekly, to ensure that the Group has sufficient liquidity available. The group has access to a revolving credit facility of DKK 300 million, which has not been drawn as of 31 December 2021. DKK 250 million of revolving credit facility is available until 30 June 2022 and is guaranteed by the Danish Growth Fund.

Notes to the Consolidated Financial Statements

Maturities of financial liabilities
The amounts disclosed in the following table are the contractual undiscounted cash flows.
*Deferred consideration comprise of deferred payments and contigent considerations related to acquisitions of subsidiaries. Deferred considerations is presented as other liabilities.

Contractual maturities of financial liabilities	< 1 year	1 - 5 years	> 5 years	Total contractual cash flows	Carrying amount
At 31 December 2021					
Trade payables	103.608	0	0	103.608	103.608
Borrowings	136.324	547.762	1.386	685.472	468.984
Deferred consideration*	23.748	21.334		45.082	45.091
Lease liabilities	178.401	609.137	357.696	1.145.234	906.277
Total	**442.081**	**1.178.233**	**359.082**	**1.979.396**	**1.523.960**
At 31 December 2020					
Trade payables	28.988	0	0	28.988	28.988
Borrowings	71.150	547.762	1.386	620.298	419.700
Deferred consideration*	17.685	4.150		21.835	21.835
Lease liabilities	103.454	356.870	141.803	602.127	522.001
Total	**221.277**	**908.782**	**143.189**	**1.273.248**	**992.524**

The maturity analysis is based on the following assumptions:

- The amounts disclosed in the table are the contractual undiscounted cash flows (including interest payments). Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. Interest payments are estimated based on current market conditions.

- Payments for lease liabilities includes only lease agreements which have commenced before the end of the reporting period.

- As there is no upper limit to the contingent consideration, the amount disclosed reflects the most likely amount to be paid and is presented within the time-band it is due for payment according to the agreement.

Notes to the Consolidated Financial Statements

18 Cash flow specifications

In thousands DKK	2021	2020
Adjustments		
Financial income	0	-1.870
Financial expenses	5.378	4.358
Depreciation, amortisation and impairment charges	1.667	5.066
Other adjustments	7.085	5.155
Total adjustments	**14.130**	**12.709**
Changes in net working capital		
Change in inventories	-29.910	11.699
Change in receivables	-10.634	-22.324
Change in trade payables	74.620	-34.938
Change in other liabilities	207.103	-23.236
Total changes in net working capital	**241.179**	**-68.799**

In thousands DKK	Borrowings	Leases	Total
Net debt:			
At 1 January 2020	306.692	544.832	851.524
Cash flows	150.128	-69.502	80.626
New leases	0	54.677	54.677
Foreign exchange adjustments	-4.359	-11.187	-15.546
Other changes *	-32.761	3.180	-29.581
At 31 December 2020	**419.700**	**522.000**	**941.700**
Cash flows	49.284	-96.716	-47.432
New leases	0	434.424	434.424
Foreign exchange adjustments	0	16.602	16.602
Other changes *	0	29.967	29.967
At 31 December 2021	**468.984**	**906.277**	**1.375.261**

* Other changes include adjustments to measurement of lease liabilities, amortisation of loan costs and conversion effects.

Notes to the Consolidated Financial Statements

19 Share capital

The company's share capital is divided into one class of shares.

In thousands	2021		2020	
The share capital comprise:	No. of shares	Nom. Value	No. of shares	Nom. Value
Ordinary shares (fully paid)	500.000	1	500.000	1

In number of shares in each class	A	Total
Changes in share capital 2021		
Opening balance	500.000	500.000
Total	**500.000**	**500.000**
Changes in share capital 2020		
Opening balance	500.000	500.000
Total	**500.000**	**500.000**

DKK per share	2021	2020
Total dividend paid out for the year	0	0
Total dividend proposed for the year	0	0

20 Share-based payments

In 2018 an investment and incentive programme was introduced under which employees, management, board members of the group and consultants assigned by group may subscribe for shares in REKOM ManCo ApS in class A-shares, B1-shares, B2-shares and B3-shares for a consideration. The subscription amounts are used by REKOM ManCo ApS to subscribe for shares in similar share classes in Rekom Group Holding ApS, being the parent company of REKOM Group A/S. Employees may elect not to participate in the arrangement.

The employee's investment in shares is intended to give the employee the opportunity to gain a share in the profits that may be achieved in connection with a direct or indirect divestment etc. of REKOM. The employees are not able to dispose freely of the subscribed shares until the occurrence of an exit event. The shares are redeemable at the Rekom Group Holding ApS's option in a leaver scenario.

Because the employees subscribe for shares in Rekom Group Holding ApS, REKOM has no obligation to settle the transaction. Accordingly, the transaction is classified as equity-settled in the consolidated financial statements of REKOM.

The shares are acquired by the employees at fair market value. The employees have not been afforded any discounts nor any abnormal privileges by acquiring the shares. Consequently, the fair value of the arrangement is considered to be zero and no expense is recognized in the consolidated financial statements.

As at 31 December 2021, approx. 3,68% of the share capital of A-shares in Rekom Group Holding ApS is acquired by the participants (B1-shares: 21,15%, B2-shares: 90,33%, B3-shares: 100%).

Notes to the Consolidated Financial Statements

21 Capital management

The Group's capital is made up of share capital and retained earnings.

The objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders; and
- to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. It is currently not the strategy to pay out dividend but instead consolidate and use available cash for growth and to reduce external debt.

The Group ensures that it has sufficient cash on demand to meet its expected operational expenses, including the servicing of any financial obligations. This excludes the potential impact of extreme circumstances which cannot be reasonably predicted.

The capital structure of the Group consists of shareholders' equity as set out in the consolidated statement of changes in equity. All working capital requirements are financed from existing cash resources, credit facilities and borrowings. There are no externally imposed capital requirements. Financing decisions are made by the Board based on forecasts of the expected timing and level of capital and operating expenditure required to meet the Group's commitments and development plans. When monitoring capital risk, the Group considers its gearing ratio.

Notes to the Consolidated Financial Statements

22 Contingent liabilities, commitments and contingencies

Contingent liabilities
The group had contingent liabilities at year end in respect of:

Charges and security
The following assets have been placed as security with mortgage credit institutions:

kDKK	**2021**	**2020**
Land and buildings with a booked value of	1.502	1.538
The following assets have been placed as security with bankers:		
Securities on moveables	127.100	110.800
Securities in property, by-laws and owners' association	1.079	1.079
Surety	420.000	119.845

Rental and lease obligations
For future lease payments please see note 16.

Guarantee obligations

Third parties guarantees	38.274	31.759

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.

The Group has a credit facility agreement with Nordea with a credit limit of DKK 420 million (DKK 120 million at 31 December 2020) of which an overdraft facility amounts to DKK 50 million, a separate cash credit guarantee limit amounts to DKK 300 million of which DKK 250 million are backed by Vækstfonden (DKK 50 million at 31 December 2020) and a rent guarantee limit amounts to DKK 70 million (DKK 70 million at 31 December 2020).

Certain of the Group's subsidiaries have pledged operating equipment and leases including rights for a total of DKK 127 million (DKK 87 million at 31 December 2020). At the same time, certain of the Group's subsidiary shares are pledged in connection with their accession to the credit agreements.

The shares in Rekom Group A/S are pledged in connection with the company´s accession to the credit agreements.

Notes to the Consolidated Financial Statements

The Group has secured a guarantee against it's parent CC Fly II Holding ApS' and it's borrowings at Ares Credit Group. At year end this amounts to DKK 797 million (DKK 710 million at 31 December 2020).

The Group has secured a guarantee against Rekom Group's credit facility at Nordea. At year end this amounts to DKK 0 million (DKK 38 million at 31 December 2020).

23 Business combination

REKOM operates with an expansion strategy to fulfill its ambition to become a global player in the nightlife industry.

In line with that strategy, the group has made several acquisitions during 2021 and 2020. The acquisitions made during 2021 were:

Entity	**Acquisition date**	**Share capital acquired**
LAWO (Norway)	1 March 2021	(activity purchase)
Inventum group (Norway)	1 August 2021	100%
- Smedasundet Servering AS		
- Smedasundet Drift AS		
- Kurlturhuset på Kaien AS		
ZG Bierbars, Aalborg ApS	21 October 2021	67%

On 1 March 2021, REKOM acquired the activities of five venues located in Oslo, including LAWO and Stortorvets Gjæstgiveri, whereby REKOM expanded its position in the nightlife scene in Oslo. REKOM's position in Norway was further strengthened with the combined acquisition of three legal entities in the former Inventum group, which operates nine venues in Haugesund.

During the year, REKOM also acquired 67% of the share capital in ZG Bierbars, Aalborg ApS (Zwei Grosse). With the acquisition followed six venues in Jutland under the Zwei Grosse and Zurf Bar brands. The group holds according to the share purchase agreement options to acquire the remaining 33% of the share capital, which all are expected to be exercised.

The net assets acquired as a result of the acquisitions are as follows:

DKK thousands	**Total**
Brands	3.593
Other intangible assets	15.798
Fixtures, fittings and equipment	3.034
Leasehold improvements	9.687
Right-of-use assets	44.593
Other assets	22.457
Lease liabilities	-44.445
Other liabilities	-25.119
Deferred tax liability	-3.847
Net identifiable assets acquired	**25.751**
Less: Non-controlling interests	-5.055
Add: Goodwill	68.254
Net assets acquired	**88.771**

Notes to the Consolidated Financial Statements

Goodwill arising from the acquisitions are attributable to expected strategic and synergy benefits, due to increased footprint within existing markets, establishment into new market areas and expected gains from this. It will not be deductible for tax purposes. REKOM has chosen to recognise the non-controlling interest ZG Bierbars, Aalborg ApS at fair value. At the acquisition date the fair value of the non-controlling interest amounted to DKK 5.055 thousands. The fair value of the non-controlling interest is assessed to correspond to the relative fair value of the shares acquired. The total purchase price amounted to DKK 88.771 thousands.
Details about the consideration are as follows:

	DKK thousands
Cash paid	47.876
Deferred consideration	36.776
Contingent consideration	4.119
Total purchase consideration	**88.771**

The acquisition includes a contingent consideration according to which REKOM could be required to make an additional cash payment based on an earnings target. The amount payable is based on the amount of realised EBITDA for a period of 12 months after certain operational terms are met. There is no upper limit to the maximum amount payable. The fair value of the contingent consideration amounts to DKK 4.119 thousands calculated as the present value of the future expected cash flows, which has been recognised as a financial liability. If the expected EBITDA increases by 10%, the contingent consideration will increase 10%. In December 2021, the operational terms of the contingent consideration were met. As such the contingent consideration expires in December 2022. At 31 December 2021, the fair value of the contingent consideration has been reduced to DKK 4.119 thousands. Acquisition-related costs of DKK 893 thousands are included in special items in the income statement for 2021.

Effect of acquisitions
The businesses acquired in 2021 contributed revenues of DKK 50.747 thousands and net profit of DKK 504 thousands to REKOM from the respective acquisition dates until 31 December 2021. If the acquisitions had occurred on 1 January 2021, consolidated pro-forma revenue and profit for 2021 of REKOM would increased by DKK 23.041 thousands and DKK -4.728 thousands, respectively. These have been calculated using the income generated by the acquired business before the acquisition date and in the same financial year as REKOM.

Acquistions in 2020

Entity	**Acquisition date**	**Share capital acquired**
London Bar ApS	1 January 2020	100%
Rosie McGees	1 March 2020	(activity purchase)
Deltic Group	17 December 2020	(activity purchase)

Acquisition of Deltic
On 17 December 2020, REKOM acquired the activities in the distressed Deltic Group Ltd. which was UK's largest nightclub operators. Deltic operated a number of nightlife brands such as Pryzm, Atik, Bar & Beyond and Eden. The acquisition which included 42 venues in Scotland, Wales and England and approximately 1,300 employees, was made in line with REKOM's expansion strategy. As the UK nightlife market is one of the biggest in Europe, the acquisition of Deltic was a further step on the way for REKOM to become one of the largest nightlife groups in Europe.

Notes to the Consolidated Financial Statements

Other acquisitions
In 2020, REKOM made a few other acquisitions in line with its expansion strategy.
The acquisitions included:

- The entire share capital in London Bar ApS was acquired on 1 January 2020. The company operates one venue in Aarhus.
- All activities of Rosie McGees, which was acquired on 1 March 2020. The activities acquired includes one venue located in Copenhagen now named Proud Mary.

The net assets acquired as a result of the acquisitions made in 2020 are as follows:

DKK thousands	**Deltic**	**Other acquisitions**	**Total**
Brands	58.479	0	**58.479**
Other intangible assets	399	4.882	**5.281**
Properties	53.162	0	**53.162**
Fixtures, fittings and equipment	36.474	2.565	**39.039**
Leasehold improvements	0	10.435	**10.435**
Right-of-use assets	0	44.404	**44.404**
Other assets	0	367	**367**
Lease liabilities	0	-44.404	**-44.404**
Other liabilities	0	-1.570	**-1.570**
Deferred tax liability	-20.658	-495	**-21.153**
Net identifiable assets acquired	**127.856**	**16.184**	**144.040**
Gain on bargain purchase	-39.252	0	**-39252**
Add: Goodwill	0	8.344	**8.344**
Net assets acquired	**88.604**	**24.528**	**113.132**

Deltic was acquired during the Covid-19 pandemic, where large parts of its business had been closed since March 2020 due to the UK's Corona restrictions. Deltic was fundamentally a sound business which going into 2020 was a successful and profitable group. Following the heavy restrictions over 2020 Deltic entered into administration. As the acquisition of activities thus was from a distressed group, REKOM made a bargain purchase, and consequently a gain of DKK 39.252 thousand was at the acquisition date recognized in the income statement within special items. Goodwill arising from other acquisitions is attributable to expected strategic and synergy benefits, due to increased footprint within existing markets and expected gains from this. It will not be deductible for tax purposes.
The total purchase price amounted to DKK 113.132 thousand. Details about the consideration are as follows:

DKK thousands	**Deltic**	**Other acquisitions**	**Total**
Cash paid	88.604	24.528	**113.132**
Deferred consideration	0	0	**0**
Total purchase consideration	**88.604**	**24.528**	**113.132**

Acquisition-related costs are included in special items in the income statement for 2020 and relate to the acquisitions as follows:

DKK thousands	**Deltic**	**Other acquisitions**	**Total**
Acquisition-related costs	9.209	1.704	**10.913**

Notes to the Consolidated Financial Statements

Effect of acquisitions
As the acquisition of Deltic was made on 17 December 2020, the acquired business did not contribute with revenues or net profit to REKOM for 2020. If the acquisition had occurred on 1 January 2020, consolidated pro-forma revenue and profit for 2020 of REKOM cannot be reliably estimated as the acquisition was an activity purchase, and only a part of the distressed group was purchased. Therefore, management has no reliable estimate of what the impact of the current business would have been for 2020. Furthermore, COVID-19 makes an estimate even more unreliable.

Other acquisitions contributed revenues of DKK 7.959 thousand and net loss of DKK 1.803 thousands to REKOM from the respective acquisition dates until 31 December 2020. If the acquisition had occurred on 1 January 2020, consolidated pro-forma revenue and profit for 2020 of REKOM cannot be reliably estimated, as one acquisition was made on 1 January 2020 and the other acquisition was an activity purchase. Therefore, management has no reliable estimate of what the impact of the current business would have been for the first two months of 2020.

24 Related party transactions

The group is controlled by the following entity:

Name of entity	Type	Place of business
CataCap II K/S	Ultimate parent company	Copenhagen
CC Fly Holding II ApS	Principal shareholder	Copenhagen

Related parties with significant influence consist of the Group’s Board of Directors and Executive Management plus close relatives of these persons. Related parties also include companies over which these persons exert considerable influence. Transactions during the year comprises of share purchases, joint taxation transactions and intercompany loans.

All transactions were carried out on terms equivalent to arm’s length principles. Information about remuneration to key management personnel has been disclosed in note 5. Interests in subsidiaries are set out in note 26.

25 Fee to auditors appointed at the general meeting

In thousands DKK	2021	2020
PricewaterhouseCoopers		
Audit fee	5.302	2.916
Other assurance services	396	659
Tax advisory service	112	216
Other services	1.913	1.590
Total	**7.723**	**5.381**

Notes to the Consolidated Financial Statements

26 Interest in other entities

The group's principal subsidiaries at year end are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group.

The country of incorporation or registration is also their principal place of business.

* The Group holds control through voting rights.

Name of entity	Place of business	Ownership interests held by the group 2021	2020
Aloha Beach Bar ApS	Denmark	100%	100%
ANDYS BAR ApS	Denmark	100%	100%
Aya ApS	Denmark	100%	100%
Bar 7 ApS	Denmark	100%	100%
BFP AF 1.9.1997. KØBENHAVN ApS	Denmark	100%	100%
BFP AALBORG ApS	Denmark	100%	100%
Skaal Sønderborg ApS	Denmark	100%	100%
Bæst Bar ApS	Denmark	100%	100%
CAFÉ DA VINCI ApS	Denmark	100%	100%
CC New Mist Holding II ApS	Denmark	100%	100%
CC Stim UK Topco Limited	United Kingdom	100%	0%
- CC Stim UK Holdco Limited	United Kingdom	100%	0%
- CC Stim UK Tradeco 1 Limited	United Kingdom	100%	0%
- CC Stim UK Tradeco 2 Limited	United Kingdom	100%	0%
- CC Stim UK Tradeco 3 Limited	United Kingdom	100%	0%
- CC Stim UK Tradeco 4 Limited	United Kingdom	100%	0%
- CC Stim UK Tradeco 5 Limited	United Kingdom	100%	0%
- CC Stim UK Tradeco 6 Limited	United Kingdom	100%	0%
- CC Stim UK Tradeco 8 Limited	United Kingdom	100%	0%
- CC Stim UK Tradeco 9 Limited	United Kingdom	100%	0%
- Rekom Cardiff Limited	United Kingdom	100%	0%
- Rekom Colchester Limited	United Kingdom	100%	0%
- Rekom Ipswich Limited	United Kingdom	100%	0%
- Switch Operating Limited*	United Kingdom	20%	0%
- Switch South Limited*	United Kingdom	20%	0%
Charlottenlund Venues ApS	Denmark	100%	75%
CUCARACHA BAR ApS	Denmark	100%	100%
Dandy Cph. ApS	Denmark	100%	100%
DEN GLADE GRIS ApS	Denmark	100%	100%
Dorsia ApS	Denmark	100%	100%
El Dorado Bar ApS	Denmark	100%	100%
Farfars ApS	Denmark	100%	100%
GULDHORNENE KBH. ApS	Denmark	55%	55%
GULDHORNENE AALBORG ApS	Denmark	100%	100%
GULDHORNENE, ÅRHUS ApS	Denmark	100%	100%
H-BAR ÅRHUS ApS	Denmark	100%	100%
HEIDIS BIER BAR ODENSE ApS	Denmark	100%	100%
Heidis Bier Bar Sønderborg ApS	Denmark	100%	100%
HEIDIS BIER BAR THISTED ApS	Denmark	100%	100%
Heidi's Bier Bar Vejle ApS	Denmark	100%	100%
HEIDIS BIER BAR AALBORG ApS	Denmark	100%	100%
HEIDIS BIER BAR ÅRHUS ApS	Denmark	100%	100%
HEIDI'S BIER-BAR ApS	Denmark	100%	100%
HEIDI'S BIER-BAR SVENDBORG ApS	Denmark	100%	100%

Notes to the Consolidated Financial Statements

HIVE ApS	Denmark	100%	100%
HORNSLETH BAR ApS	Denmark	100%	100%
I Am Drinks ApS	Denmark	32%	0%
KBH Invest III ApS	Denmark	100%	100%
L.A. TEQUILA BAR ODENSE ApS	Denmark	100%	100%
LA BAR, KØBENHAVN ApS	Denmark	100%	100%
La Boucherie ApS	Denmark	100%	100%
LA Tequila Bar Aarhus ApS	Denmark	100%	100%
Little Green Door ApS	Denmark	100%	100%
London Bar ApS	Denmark	100%	100%
Loulou Århus ApS	Denmark	75%	75%
Mundo Tequila ApS	Denmark	100%	0%
Musen & Elefanten ApS	Denmark	100%	100%
Nbar ApS	Denmark	100%	100%
NightPay ApS	Denmark	100%	100%
NightPay Int. ApS	Denmark	100%	0%
No Stress Bar DK ApS*	Denmark	50%	50%
Proud Mary ApS	Denmark	100%	100%
Rabalder Bar ApS	Denmark	100%	100%
Rekom & Jyrgen Dampmøllen ApS	Denmark	100%	100%
Rekom Drift 1 ApS	Denmark	100%	100%
Rekom Drift 5 ApS	Denmark	100%	100%
Rekom Drift 6 ApS	Denmark	100%	100%
Rekom Event ApS	Denmark	100%	100%
Rekom Global Brands ApS	Denmark	100%	100%
Rekom R&D ApS	Denmark	100%	100%
Rhino Bar ApS	Denmark	100%	100%
Simpelt V ApS	Denmark	100%	100%
Sjus Bar ApS	Denmark	100%	100%
Skaal ApS	Denmark	100%	90%
Stereo Bar ApS	Denmark	100%	100%
Stereo Bar Vestergade ApS	Denmark	100%	100%
The Australian Bar Aarhus ApS	Denmark	100%	100%
The Australian Bar København ApS	Denmark	100%	100%
The Australian Bar Odense ApS	Denmark	100%	100%
The Drunken Flamingo ApS	Denmark	100%	100%
TOTDY ApS	Denmark	70%	0%
TOTDY Cph. ApS	Denmark	100%	100%
Tyrolia Bier Klub ApS	Denmark	100%	100%
Tørst Bar ApS	Denmark	100%	100%
Rekom Aalborg ApS	Denmark	100%	100%
- Andys/Sprutten ApS	Denmark	100%	100%
- Den Nordjyske Ambassade ApS	Denmark	100%	100%
- Fabrikken, Aalborg ApS	Denmark	100%	100%
- FFB Invest Aalborg ApS	Denmark	100%	100%
- Giraffen ApS	Denmark	100%	100%
- La BAR/ Tyren ApS	Denmark	100%	100%
- Mexi BAR ApS	Denmark	100%	100%
- Rabalder Bar Kolding ApS	Denmark	100%	100%
- The Drunken Flamingo, Aalborg ApS	Denmark	100%	100%
- Viggo's Værtshus ApS	Denmark	100%	100%
Rekom DK Invest ApS	Denmark	100%	100%
- Butchers, Silkeborg ApS	Denmark	100%	100%
- CRAZY DAISY, NÆSTVED ApS	Denmark	100%	100%
- Dansebar & Einstein Herning ApS	Denmark	100%	100%
- Dansebar, Roskilde ApS	Denmark	100%	100%
- ESKE'S ApS	Denmark	100%	100%
- James Bond- 007 ApS	Denmark	100%	100%

Notes to the Consolidated Financial Statements

- Kompagnibar ApS	Denmark	100%	100%
- Lola Club Frederikshavn ApS	Denmark	100%	100%
- Lola Sønderborg ApS	Denmark	100%	100%
- Mørk's Kælder ApS	Denmark	100%	100%
- PIONER BAR TØNDER ApS	Denmark	100%	100%
- PIONER BAR ESBJERG ApS	Denmark	100%	100%
- PIONER BAR VARDE ApS	Denmark	100%	100%
- Rabalder Bar Silkeborg ApS	Denmark	100%	100%
- Rustik - BAR og Natklub ApS	Denmark	100%	100%
- Temabar ApS	Denmark	100%	100%
- Temabar Viborg ApS	Denmark	100%	100%
Zwei Grosse Bierbars, Aalborg ApS	Denmark	67%	0%
- Zwei Grosse Danmark ApS	Denmark	67%	0%
- Saltlageret ApS	Denmark	67%	0%
- ZGBB, Viborg ApS	Denmark	67%	0%
- Zwei Grosse Bier Bar Horsens ApS	Denmark	67%	0%
- Zwei Grosse Bier Bar Vejle ApS	Denmark	67%	0%
- Zwei Grosse Bier Bar, Aalborg ApS	Denmark	67%	0%
- Zwei Grosse, Kolding ApS	Denmark	67%	0%
Rekom Group Norge AS	Norway	100%	100%
- Rekom Norge AS	Norway	100%	100%
- Alibi Frederikstad AS	Norway	100%	100%
- Beverly AS	Norway	100%	100%
- Brukbar Bergen AS	Norway	100%	100%
- Cafe Sting AS	Norway	100%	100%
- Dorsia Oslo AS	Norway	100%	100%
- Engene 12 Drammen AS	Norway	100%	100%
- HBB Bergen AS	Norway	100%	100%
- HBB Kristiansand AS	Norway	100%	100%
- HBB Stavanger AS	Norway	100%	100%
- HBB Trondheim AS	Norway	100%	100%
- HBB Tønsberg AS	Norway	100%	100%
- Heidis Bier BAR Oslo AS	Norway	100%	100%
- Heidis Bier BAR Drammen AS	Norway	100%	100%
- Hygge AS	Norway	100%	100%
- ISM Oslo AS	Norway	100%	100%
- Jennys AS*	Norway	50%	50%
- Johns Bar AS	Norway	100%	100%
- KJ10 Rekom AS	Norway	100%	100%
- Kulturhuset på Kaien AS	Norway	100%	100%
- La Belle Drift AS	Norway	100%	100%
- Loulou Bergen AS	Norway	100%	100%
- LouLou Stavanger AS	Norway	100%	100%
- Nightpay Norge AS	Norway	100%	100%
- Proud Mary Stavanger AS	Norway	100%	100%
- Rabalder Bar Oslo AS	Norway	100%	100%
- Rabalder Bar Stavanger AS	Norway	100%	100%
- Rekom Norge Drift 15 AS	Norway	100%	100%
- Rekom R&D NUF (Norwegian affiliate)	Norway	100%	100%
- Rekom Tromsø AS	Norway	100%	100%
- Skjenken BAR og Bakgård AS	Norway	100%	100%
- Smedasundet Servering AS	Norway	100%	100%
- Stavanger Sportscafe AS	Norway	100%	100%
- Store Høvding AS	Norway	100%	100%
- Stortorvets Gjestgiveri AS	Norway	100%	100%
- Winehouse Haugesund AS	Norway	100%	100%
Restaurationskompagniet Finland OY	Finland	100%	100%

Notes to the Consolidated Financial Statements

27 Subsequent events

No subsequent events have occurred after the balance sheet date that required adjustment to or disclosure in the consolidated financial statements

28 First time adoption of IFRS

The consolidated financial statements for the year ended 31 December 2021 are the first that REKOM has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2020 the group prepared its consolidated financial statements in accordance with the Danish Financial Statements Act ('Danish GAAP').

REKOM has prepared consolidated financial statements that comply with IFRS applicable as at 31 Decmeber 2021, together with the comparative period information for the year ended 31 December 2020. In preparing these consolidated financial statements, the group's opening balance sheet was prepared as at 1 January 2020 (date of transition to IFRS). This note explains the principal adjustments made by REKOM in restating Danish GAAP consolidated financial statements, including the balance sheet as at 1 January 2020 and the financial statements as of, and for, the year ended 31 December 2020. Except in respect of leases, as described below, there was no material impact on the cash flow statement in the adoption of IFRS.

	As at 1 January 2020			For the year ended 1 January 2020	As at 31 December 2020		
In thousands DKK	**Assets**	**Liabilities**	**Equity**	**Profit for the year**	**Assets**	**Liabilities**	**Equity**
According to the Danish Financial Statements Act	702.739	597.815	104.924	-133.357	688.086	568.723	119.363
Impact from merger - Restatement of comparative figures	0	0	0	23.621	88.651	65.876	22.775
IFRS adjustments							
Leases	544.832	544.832	0	-14.812	507.139	522.000	-14.861
Intangible assets	22.818	-2.950	25.768	9.131	44.815	9.705	35.110
Borrowings	0	0	0	1.176	0	-1.176	1.176
According to IFRS	**1.270.389**	**1.139.697**	**130.692**	**-114.241**	**1.328.691**	**1.165.128**	**163.563**

Leases

In accordance with the provisions in IFRS 1, the group has adopted IFRS 16 Leases from the date of transition. With the adoption of IFRS 16, the group recognised lease liabilities in relation to leases which under Danish GAAP were classified as operating leases. These liabilities were measured at the present value of the remaining lease liabilities as at the transition date using the incremental borrowing rates of 1 January 2020. The weighted average incremental borrowing rate applied was 6% at the date of transition. The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

On the date of transition, lease liabilities and right-of-use assets of DKK 544.832 thousands were recognised in the balance sheet. For 2020, the net impact on the consolidated income statement was a decrease in profit of DKK 14.812 thousand.

In the cash flow statement, lease payments were under Danish GAAP presented within cash flow from operating activities. Under IFRS, the principal element of lease payments are presented in cash flows from financing activities, whereas the interest element is presented as cash flows from operating activities. For 2020, the principle element of lease payments amounted to DKK 69.502 thousands, which thus has increased the cash flows from operating activites under IFRS compared to the cash flows prevously presented under Danish GAAP.

Notes to the Consolidated Financial Statements

Goodwill

As Rekom has chosen not to apply IFRS 3 Business Combinations to acquisitions of subsidiaries that occurred before 27 October 2017, the carrying amount of goodwill for these acquisitions are used in the IFRS opening balance sheet as of 1 January 2020. For acquisition of subsidiaries occurring after this date, and where the provisions of IFRS 3 have been applied, goodwill is not amortised. Under Danish GAAP, goodwill was amortised over its useful life of 10-20 years. Thus, as of 1 January 2020, previous amortisations on goodwill of DKK 22.818 thousand made under Danish GAAP are reversed. A corresponding adjustment are made to equity including an adjustment to deferred tax affecting equity positively by DKK 2.950. For 2020, amortisations on goodwill of DKK 9.131 thousand, which were recognised in the income statement under Danish GAAP, have been reversed.

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. The group has applied the following exemptions:

Cummulative currency translation differences for subsidiaries with a functional currency different from DKK are deemed to be zero as at 1 January 2020.

REKOM has used the following exemptions in respect of IFRS 16 Leases:

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 January 2020. Right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2020.

The lease payments associated with leases for which the lease term ends within 12 months of the date of transition to IFRS and leases for which the underlying asset is of low value have been recognised as an expense on either a straight-line basis over the lease term or another systematic basis.

REKOM assessed all contracts existing at 1 January 2020 to determine whether a contract contains a lease based upon the conditions in place as at 1 January 2020.

REKOM used hindsight in determining the lease term for contracts containing options to extend or terminate the lease.

Initial direct costs have been excluded from the measurement of the right-of-use asset at the date of transition to IFRS.

Parent income statement 1 January - 31 December 2021

	Note	2021 DKK	2020 DKK
Revenue	**4**	**55.207**	**45.249**
Expenses for raw materials and consumables		0	0
Other external expenses		-37.263	-32.086
Other operating income		6.413	9.672
Gross profit/loss		**24.356**	**22.835**
Staff expenses	5	-54.067	-47.616
Result before depreciation (EBITDA)		**-29.710**	**-24.781**
Depreciation, amortisation and impariment of intangible assets and property, plant and equipment	6	-6.847	-8.343
Profit/loss before financial income and expenses	3	**-36.557**	**-33.124**
Income from investments in subsidiaries		0	37.700
Financial income	7	21.708	18.980
Financial expenses	8	-37.526	-31.329
Profit/loss before tax		**-52.374**	**-7.773**
Tax on profit/loss for the year	9	11.584	7.775
Net profit/loss for the year		**-40.790**	**2**

	Note	2021 DKK	2020 DKK
Completed development projects		8.946	7.399
Acquired patents		327	368
Goodwill		52.841	56.409
Development projects in progress		5.281	0
Intangible assets	10	**67.395**	**64.176**
Land and buildings		0	0
Other fixtures and fittings, tools and equipment		2.346	2.767
Leasehold improvements		673	489
Property, plant and equipments in progress		0	0
Property, plant and equipment	11	**3.020**	**3.256**
Investments in subsidiaries	12	384.880	256.026
Long term deposits	13	426	423
Long term receivables from group entreprises		6.247	7.758
Fixed assets investments		**391.552**	**264.207**
Fixed assets		**461.967**	**331.639**
Inventories		**621**	**207**
Deffered tax assets	18	20.397	8.814
Deposits		0	0
Trade receivables		12.025	5.527
Receivables from group enterprises		221.414	270.878
Other receivables	14	948	1.834
Corporation tax receivable		0	0
Prepayments	15	1.298	672
Receivables		**256.083**	**287.725**
Cash at bank and in hand		**80.057**	**1.385**
Currents assets		**336.761**	**289.317**
Assets		**798.728**	**620.956**

Liabilities and Equity

	Note	2021 DKK	2020 DKK
Share capital		500	500
Reserve for development costs		11.097	6.905
Retained earnings		419.797	345.474
Equity	16	**431.393**	**352.879**
Mortgage loans		0	0
Credit institutions		49.275	48.095
Payables to Group Enterprises		0	55.464
Other payables		4.301	4.253
Long-term debt	19	**53.576**	**107.812**
Credit institution	19	0	37.527
Trade payables		14.234	6.663
Payables to group enterprises	19	274.738	93.898
Corporation tax		0	0
Other payables	19	24.787	22.177
Short term debt		**313.759**	**160.265**
Debt		**367.334**	**268.077**
Liabilities and equity		**798.728**	**620.956**

Statement of changes in Equity

In thousands DKK	Share capital	Reserve for development costs	Retained earnings	Total
As at 1 January 2021	**500**	**6.905**	**110.185**	**117.590**
Net effect from change of accounting policy	0	0	235.289	235.289
Adjusted 1. January 2021	**500**	**6.905**	**345.474**	**352.879**
Contribution from group	0	0	119.305	119.305
Development costs for the year	0	7.098	-7.098	0
Depreciation, amortisation and impairment for the year	0	-1.772	1.772	0
Net profit/loss for the year	0	-1.134	-39.656	-40.790
As at 31 December 2021	**500**	**11.097**	**419.797**	**431.393**

Notes to the Parent Financial Statements

1 Going concern

The continuously COVID-19 government ban on bar and nightclub activities in Denmark, Norway, Finland and UK throughout 2020 and most of the financial year 2021 have significantly negative effected the Group's revenue, earnings, cash-flow and liquidity in the years.

The Group and its lenders have in the COVID-19 period, contributed DKK 140 million to the Group through convertible loans in March 2020 and increased its facilities by DKK 85 million from its bank in April 2020. In March 2021 the Group has received an additional DKK 30 million from the shareholders and provided a credit facility of DKK 250 million (80% guarantee from the Danish Growth Fund). These additional loans were a substantial securement of the Group's financial position and have throughout 2021 not breached covenants or had a shortage of liquidity, as Rekom Nordics had most bars and Nightclubs open in September, October and November 2021.

In December 2021, a legal merger between Rekom Nordics and Rekom UK was completed. The two subgroups in the Nordics and UK are financed by two independent financing packages.

Rekom UK has a strong financial position at year end as a result of significant positive cash flows and less restrictions compared to the Nordics. The risk for a shortage of liquidity in Rekom UK is considered low. The lifting of restrictions in Denmark in January 2022, Finland and Norway in February 2022 and the government´s announcement that COVID-19 is no longer a socially critical disease has reduced the overall risk for Rekom Nordics not to be considered as going concern. Management is confident that Rekom Nordics will meet the budget. These expectations are based on management assumption that there will be no COVID-19 restrictions after February 2022. Management expects high cash generating activities and Rekom Nordics will therefore, be in compliance with all covenants in the loan agreements.

The financing of Rekom Nordics has several covenants and the most sensitives are depending on Rekom Nordics EBITDA and liquidity. Management has updated the liquidity budget for 2022 in February and prepared different scenarios on how the reopening of the Nordics will impact on revenue, EBITDA, profit, cash flow etc. Management has made several assumptions in the forecasting, including expectations for revenue, consumer behavior, government compensation, costs, rents, wages and capex etc.

The overall going concern assumption for the Group is based on the assumption that reopening in all countries will occur without restrictions on opening hours, number of guests, etc. The expected figures are sensitive to changes in these assumptions.

If COVID-19 will result in new restrictions in 2022 - management has planned measures to reduce costs and investments that will ensure sufficient liquidity and measures so the Group will be in compliance with covenants. If restrictions will be reintroduced management expect compensations from governments at the same level as prior years.

Management assesses that the Group, subgroups and the Company have sufficient liquidity and capital resources to continue their operations throughout 2022. Management therefore submits and approves the annual report for 2021 on the assessment of going concern.

2 Subsequent events

No subsequent events have occurred after the balance sheet date that required adjustment to or disclosure in the consolidated financial statements

3 Special items

	2021	2020
	KDKK	KDKK
Government compensation schemes	6.413	9.672
	6.413	**9.672**

Notes to the Parent Financial Statements

4 Revenue

	2021	2020
Geographical segments	**KDKK**	**KDKK**
Danmark	55.207	45.249
	55.207	**45.249**

5 Staff expenses

	2021	2020
	KDKK	**KDKK**
Wages and salaries	48.945	44.433
Pensions	680	827
Other social security expenses	735	677
Other staff expenses	3.707	1.679
	54.067	**47.616**

Including remuneration to the
Executive Board of:

Executive Board and Board of Director	1.701	1.343
	1.701	**1.343**

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act

Average number of employees	118	99

6 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

	2021	2020
	KDKK	**KDKK**
Amortisation of intangible assets	5.891	4.925
Depreciation of property, plant and equipment	956	967
Impairment of intangible assets	0	0
Impairment of property, plant and equipment	0	0
Gain and loss on disposal	0	2.451
	6.847	**8.343**

Notes to the Parent Financial Statements

7 Financial income

	2021	2020
	KDKK	**KDKK**
Interest received from group	21.586	18.214
Financial income	0	17
Exchange gains	122	749
	21.708	**18.980**

8 Financial expense

	2021	2020
	KDKK	**KDKK**
Interest paid to group enterprises	19.985	27.863
Financial expenses	17.438	3.045
Exchange loss	103	421
	37.526	**31.329**

9 Tax on profit/loss for the year

	2021	2020
	KDKK	**KDKK**
Current tax for the year	0	0
Deferred tax for the year	-11.584	-7.866
Adjustment of tax concerning previous years	0	91
	-11.584	**-7.775**

Notes to the Parent Financial Statements

10 Intangible assets

	Completed development projects KDKK	Acquired patents KDKK	Goodwill KDKK	Development projects in progress KDKK
Cost at 1 January	9.218	409	91.268	0
Additions for the year	3.819	0	0	5.281
Disposals for the year	0	0	-4.375	0
Transfers for the year	0	0	0	0
Cost at 31 December	**13.037**	**409**	**86.893**	**5.281**
Impairment losses and amortisation at 1 January	-1.819	-41	-34.859	0
Impairment losses for the year	0	0	0	0
Amortisation for the year	-2.272	-41	-3.578	0
Reversal of amortisation of disposals for the year	0	0	4.385	0
Impairment losses and amortisation at 31 December	-4.091	-82	-34.052	0
Carrying amount at 31 December	**8.946**	**327**	**52.841**	**5.281**
Amortised over:	**3-10 years**	**20 years**	**10-20 years**	

Development cost is measured at cost.

Development projects comprises the cost af acquisition, expenses and internal development salaries directly related to a new employee app, the further development of ERP mainly in Norway and Finland. Further development of the employee app which was launched in November 2020.

Furthermore the development projects comprises cost of development of new operational platforms to improve REKOMs business model.

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 Parent Financial Statements

11 Tangible assets

	Other fixtures, fittings and equipment	Leasehold improvements
Cost at 1 January	4.161	530
Additions for the year	470	250
Disposals for the year	0	0
Cost at 31 December	**4.631**	**780**
Impairment losses and depreciation at 1 January	-1.395	-41
Depreciation for the year	-890	-66
Impairment and depreciation of sold assets for the year	0	0
Impairment losses and depreciation at 31 December	**-2285**	**-107**
Carrying amount at 31 December	**2.346**	**673**
Depreciated over	3-5 years	3-10ears

Notes to the Parent Financial Statements

12 Investments in subsidiaries

	2021	2020
	KDKK	KDKK
Cost at 1 January	278.312	229.310
Additions for the year	134.979	47.002
Disposals for the year	-6.125	0
Cost at 31 December	**407.166**	**278.312**
Value adjustments at 1 January	-22.286	-20.737
Impairment for the year	0	-1.549
Value adjustments at 31 December	**-22.286**	**-22.286**
Carrying amount at 31 December	**384.880**	**256.026**

13 Other fixed assets investments

	Receivables from group enterprises	Deposits
Cost at 1 January	7.758	423
Additions for the year	0	3
Disposals for the year	-1.511	0
Cost at 31 December	6.247	426
Carrying amount at 31 December	**6.247**	**426**

14 Other receivables

Other receivables consist of government compensation schemes and marketing contributions.

15 Prepayments

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

16 Equity

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

17 Distribution of profit

	2021	2020
	KDKK	KDKK
Retained earnings	-40.790	2
	-40.790	**2**

Notes to the Parent Financial Statements

18 Deferred tax assets

	2021	2020
	KDKK	**KDKK**
Deferred tax asset at 1 January	8.814	-394
Amounts recognised in the income statement for the year	11.583	7.866
Amounts recognised in acquisitions	0	1.342
Deferred tax asset at 31 December	**20.397**	**8.814**

Deferred tax is allocated for all timing differences between accounting and taxation values, including differences in the book value of tangible assets, intangible assets, and the tax value of taxable deficits carried forward. Deferred tax assets are measured in the balance sheet at their expected realizable value. Recognition of the deferred tax asset and the expectation to the utilization is based on the set targets in the budget for 2022 and the projections for the following 5 years.

Notes to the Parent Financial Statements

19 Long term debt

Credit institutions		
After 5 years	0	0
Between 1 and 5 years	49.275	48.095
Long-term part	49.275	48.095
Other short-term debt to credit institutions	0	37.527
	49.275	**85.622**
Payables to group enterprises		
After 5 years	0	55.464
Long-term part	0	55.464
Other short-term debt to group enterprises	274.738	93.868
	274.738	**149.332**
Other payables		
Between 1 and 5 years	4.301	4.253
Long-term part	4.301	4.253
Other short-term payables	24.787	22.177
	29.088	**26.430**

Notes to the Parent Financial Statements

20 Contingent assets, liabilities and other financial obligations

Charges and security
The following assets have been placed
as security with bankers:

KDKK	**2021**	**2020**
Surety	122.283	72.933

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.

The company has secured a guarantee against its parent CC Fly II Holding ApS' and the Group's borrowings at Ares Credit Group. At year end this amount to DKK 797 million (DKK 710 million at 31 December 2020).

The company has secured a guarantee against Rekom Group's credit facility at Nordea. At year end this amount to DKK 0 million (DKK 38 million at 31 December 2020).

The Company has issued a letter of support to all its Danish, Norwegian and Finnish subsidiaries. The Danish entity Viggo's Værtshus ApS has not received a letter of support. The letter of support for the Danish and Finnish subsidiaries remains in force until 1 July 2023. For the Norwegian subsidiaries the letter of support remains in force until 1 July 2022.

Notes to the Parent Financial Statements

21 Related parties

Controlling interest	**Basis**
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
REKOM Group Holding ApS	Copenhagen

The Group Annual Report of REKOM Group Holding ApS' may be obtained at the following address:

Skindergade 7
1159 Copenhagen K

Notes to the Parent Financial Statements

22 Accounting policies

The Annual Report of Rekom Group A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The company has changed its accounting policies for measuring investments from the equity method to cost. The change has led to a decrease in the profit for the year for the current year by 63.258 kDKK (2020: 129.044 kDKK). In addition, it affected the company's fixed assets by 155.636 kDKK (2020: 49.698 kDKK) and the balance sheet total by 155.636 kDKK (2020: 78.325 kDKK). Equity is affected by 155.636 kDKK (2020: 235.298 kDKK). The company's cash flows are not affected by the change.

Cashflow statement

The company has chosen not to prepare a cashflow statement in reference to Danish Financial Statement Act section 86 (4), the company is included in the cashflow statement of the consolidated financial statements.

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.

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 Company.

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

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

Amortisation, depreciation and impairment losses

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

Notes to the Parent Financial Statements

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including government compensation schemes, gains and losses on the sale 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 dividend 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 projects are measured at the lower of cost less accumulated amortisation and recoverable amount. Development projects are amortised on a straight-line basis over its useful life, which is assessed at 3-10 years.

Property, plant and equipment

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

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

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

Other fixtures, fittings and equipment	3-5 years
Leasehold improvements	3-10 years

The fixed assets' residual values are determined at nil.

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.

Notes to the Parent Financial Statements

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

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, acquisitions, insurance premiums and subscriptions.

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.

Notes to the Parent Financial Statements

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

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand”.

Financial Highlights

Explanation of financial ratios

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