ANNUAL REPORT 2021

REKOM GROUP HOLDING

REKOM

REKOM at a glance

+200
VENUES

+6,400
EMPLOYEES

+15M
GUESTS ANNUALLY

6
MARKETS

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Our business will thrive once again, as the pandemic subsides, and normality is restored.

CLAUS JUEL JENSEN,
CHAIRMAN OF THE BOARD

Navigating successfully through tough times

In many ways 2021 was a difficult year for REKOM to navigate. Government lockdowns and restrictions due to the COVID-19 pandemic cast a heavy shadow over Q1 and Q2.

During Q3 we saw a full reopening in all our markets which lasted well into Q4, when new restrictions and lockdowns were enforced in Denmark, Norway, and Finland as well as in Scotland and Wales. England was the only market that didn't experience a further lockdown but was subject to increased guidance and light restrictions. The lockdowns and restrictions stretched into 2022, however, at the time of writing all restrictions have now been lifted in Denmark, England, Scotland, Wales, and Norway and we are back to normal business. The last restrictions in Finland are expected to be lifted in March.

Looking back, I am happy to be able to conclude that we have out-performed our — albeit due to the lockdowns — conservative expectations with regards to both revenue and EBITDA as well as successfully expanding the number of venues from 136 when we entered 2021, to 208 at year end.

Our revenue in Q3 and Q4 shows that even though we were all forced to change the way we live our lives due to restrictions and lockdowns, we as humans are social animals. As soon as restrictions are lifted, we thrive on being social — being together with other people.

What we witnessed as the world reopened in the summer of 2021 was that people had an immense appetite to come together and take part in social life again. Thus, we are very optimistic — in fact we are certain — that our business will thrive once again as the risk of restrictions and lockdowns subsides, and normality is restored.

FINANCIAL PERFORMANCE

REKOM achieved revenues of DKK 1,150.4M in 2021. Due to the complete lockdown in all markets in Q1 and most of Q2, the revenue was primarily realised in Q3 and the first part of Q4 (92 percent of the revenue was realised in Q3 and Q4). This Indicates that REKOM's full revenue potential at our current size is above DKK 2,000M. Operating profit before depreciation and amortisation (EBITDA) was DKK 369M, outperforming our most optimistic forecast for the year. As a result, REKOM realised a loss before taxes of DKK 20.7M in 2021 compared to a loss of DKK 183.7M in 2020. The results are considered satisfactory taking into account the government restrictions and lockdowns to our business in 2021.

REKOM'S FINANCIAL POSITION REMAINS SOLID

Overall, REKOM's financial position remains solid. The capital injections in 2020 and 2021 of DKK 289.9M from existing investors as well as from the more than 150 employee partners in combination with bank credit lines and loans, meant that our liquidity position was strong when entering 2021. This in combination with the exceptional rebound of our business in Q3 and Q4 means that our financial position remains strong going into 2022.

The capital injections and the bank credit lines have been vital in enabling REKOM to mitigate the negative economic consequences of the lockdowns and sending employees in 2020 and 2021 effectively closing our business for 18 months. In addition, they have been essential for REKOM to pursue its expansion strategy and continued investments in both employees and digitalisation.

> **Overall – and even factoring in the COVID-19 pandemic – we are very confident about the future and the potential of REKOM both short and long term.**
>
> CLAUS JUEL JENSEN,
> CHAIRMAN OF THE BOARD

Due to the government enforced lockdowns and restrictions, REKOM has also been eligible for various government compensation packages across our markets. These have varied greatly in coverage from market to market. The compensation packages have been absolutely necessary and hence it is also critical that compensation packages are reintroduced should new lockdowns and restrictions be enforced in 2022.

However, we would like to reiterate that the compensation packages at no point have covered our operational cost during lockdown and restrictions periods. As a consequence, REKOM suffered a net loss of DKK 132.8 (before tax and after compensations) in Q1 and Q2. Our positive EBITDA has in other words been realised solely from trade in Q3 and Q4 offsetting the negative EBITDA in Q1 and Q2.

Our strong financial position gave room for expansion in a market looking to consolidate

REKOM remains fully committed to its ambition of becoming a global player in the nightlife industry. In 2021 we took a huge step towards realising this ambition and we are now the largest nightlife group in Northern Europe with a strong presence in six markets and a total of 208 venues employing more than 6,400 people.

We are by far the leading nightlife group in the Nordics with 157 venues — 105 venues in Denmark, 11 in Finland and 41 in Norway including pipeline. In addition, the integration of REKOM UK — which acquired 42 venues across the UK from Deltic in 2020 (now 51 including pipeline) — into the REKOM Group means that we are now a major player in England, Scotland, and Wales as well.

During 2021 we made several strategic acquisitions in the Nordics in addition to the integration of the UK operation. These included the acquisition of the Inventum Group in Haugesund (9 venues), Zwei Grosse in Denmark (11 venues). In addition to the strategic acquisitions, REKOM also grew with 10 venues through organic growth and acquisition of standalone venues.

REKOM's expansion in 2021 has been made possible by an accelerated consolidation in the industry due to economic consequences of government lockdowns and restrictions. Due to our strong financial position, we have been a safe harbour for other groups in the industry looking to team up with REKOM.

LOOKING AHEAD

At the time of writing, it remains difficult to see exactly what 2022 will bring. However, we remain positive and expect that we will be able to put the last COVID-19 related restrictions to our business behind us in March 2022.

The performance that we witnessed in Q3 and Q4, when restrictions on our operations were lifted, also makes us confident that our fundamental business is sound and prosperous. People still want to socialise, join the party, and have those unforgettable moments we provide in nightlife.

With that in mind, our forecast for 2022 is to reach a revenue in the range of DKK 2,000-2,200M and an EBITDA in the range of DKK 475-525M.

We will also continue to expand our presence in our 6 existing as well as in new markets — should the opportunity arise — through acquisitions and organic growth. Among other things we are looking to launch our newest concept Proud Mary in Norway, and the UK and out first Heidi's Bier Bars are set to open in Wales and England. However, the risk of renewed restrictions remains a factor to the speed at which we can, and will, expand.

2022 will also be the year where we in earnest launch new revenue streams within digital and brand building, which holds great potential for REKOM to solidify its position in the industry as a versatile player.

Overall — and even factoring in the COVID-19 pandemic — we are very confident about the future and the potential of REKOM both short and long term.

The power of our people and the human desire to come together was the key to our success in 2021

As we entered 2021 the world looked bleak. Our business was hit with the worst lockdown of the COVID-19 pandemic, after a partial reopening of our industry during Q3 and Q4 of 2020. If anyone doubted that our industry would ever return to normal, I understand them.

At REKOM we know that lockdowns are temporary and that the human desire to meet and bond socially will prevail. We knew that when restrictions were finally lifted our business would rebound people meet again – colleagues, friends, and lovers. Giving us the possibility to deliver on our purpose and vision: Opening doors to friendships and unforgettable moments. That is what we live for and what makes us go to work every day.

A HISTORIC REBOUND IN BUSINESS

When lockdowns and restrictions were gradually lifted in our 6 markets in the Nordics and the UK during the summer of 2021, we witnessed a historic rebound in our business. People everywhere had built a stockpile of energy. They wanted to be together and socialize in real life – and let's be frank – party. This was especially true for the UK, where the reopening day was aptly named Freedom Day. On that and the following weeks, our venues in the UK broke all records in visits and revenue. This was reflected in all our other markets as restrictions were lifted in Finland, Norway, and Denmark.

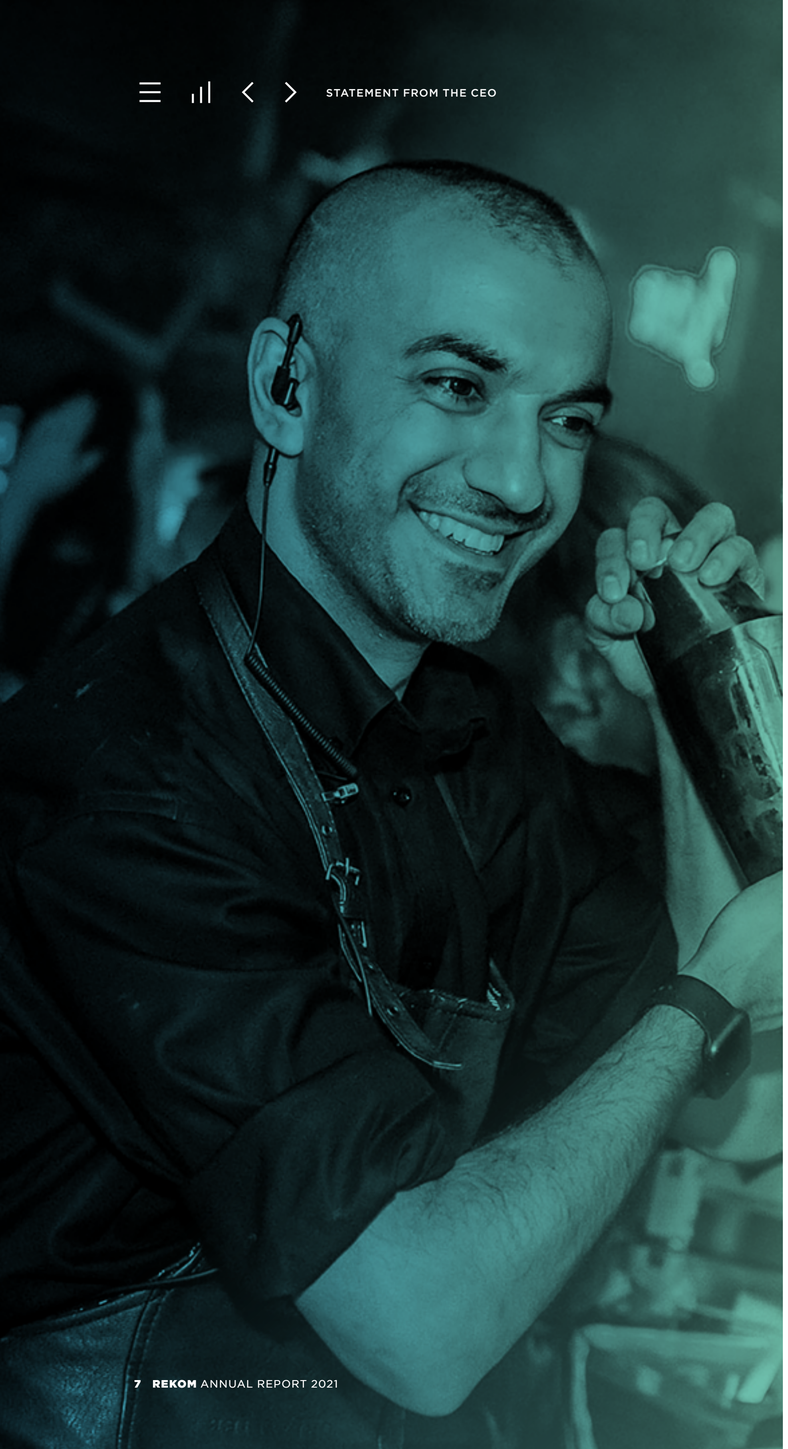
The re-opening and people's reaction to finally being able to meet again led to a long-awaited financial comeback, which exceeded our most positive forecasts. The rebound in Q3 and Q4 is the key reason that we can present a positive EBITDA of DKK 369.0M in 2021, despite the lockdowns in Q1 and Q2 as well as the renewed lockdowns introduced in December of Q4 in the Nordics as well as restrictions in Wales and Scotland.

The restrictions enforced in December 2021 stretched into January 2022. However, at the time of writing, we are back to normal operations in England, Scotland, Wales, Norway, and Denmark. And we expect the last restrictions to be lifted in Finland in March 2022.

Where some may have doubted our ability to rebound in 2021, we proved them wrong, and I think we are welcoming the rebirth of the roaring twenties when we finally put the pandemic behind us.

OUR PEOPLE REMAIN OUR MOST IMPORTANT ASSET

During 2021 we continued to invest in our people and culture – they are the foundation of our success. When the pandemic and the following lockdowns hit our markets in 2020, we decided to keep as many people as we possibly could. This committed us to large costs which we were not able to recuperate through government compensation packages – which only provided partial cover. In addition, we invested in retaining the motivation and engagement of



our employees through voluntary activities during the lockdowns.

In 2021 we saw the positive result of our belief and investment in our people. When we reopened, we had retained approximately 90 percent of our employees. While many of our competitors were and still are struggling to find qualified people, and therefore are unable to benefit fully from the rebound in our industry, we were able to run our venues at 100 percent from day one.

IN 2021 REKOM CAMPUS BROUGHT TRAINING AND COMPETENCIES TO THE HEART OF REKOM

In line with our deep focus on our employees we have continued our investment in educational offers to all our employees. In 2021 we saw our online training platform REKOM Campus gain full momentum. More than a thousand people in the Nordics have begun mandatory training and learning activities through REKOM Campus last year.

Via REKOM Campus all REKOM employees go through mandatory tutorials covering our foundation, service level as well as health and safety issues prior to beginning their first shift. The mandatory training also covers job specific functions and services.

In addition, we now off er formal education to all our venue managers and above, giving our leadership talent the possibility to gain formal competencies within business management, leadership, finance, and personal development.

It is our ambition, that our young talent track will help us recruit and train future leaders from within the industry as well as providing our young leadership talents with formal proof of their acquired skills. Formal proof they can use outside the industry or when continuing their educational path at a later stage. In 2021, 180 employees from the Nordics participated in leadership courses via REKOM Campus.

REKOM Campus also shows how far we have come with the digitisation of our internal communication, as all activities take place on our internal app REKOM Life. REKOM Life now functions as an integrated internal communication platform providing all employees with news, training modules, guidelines and internal procedures covering our operation. In the future it will also provide venue managers with updates on operations including access to all key number e.g., daily updates on revenue.

IN 2021 WE BECAME A NORTHERN EUROPEAN NIGHTLIFE GROUP, AND OUR AMBITION IS TO BECOME GLOBAL

I would like to dedicate a special thanks to our colleagues in England, Scotland, and Wales. They did a tremendous job as the UK reopened on Freedom Day, 19 July. 17 December 2021 was – to the day, one year after REKOM UK took control of most of the assets and business of the DELTIC Group – the day we could welcome our British colleagues officially to the REKOM Group and family as REKOM UK was merged into REKOM Group. The integration of the now 51 venues in the UK has made our organisation truly international, and we are now by far the largest nightlife operator in Northern Europe.

REKOM will continue to expand in the UK markets, and in doing so we will also see the introduction of well-known concepts such as Heidi's Bier Bar on the UK market. Heidi's Bier Bar will open in Cardiff in March 2022, with room for more than 800 people, and a second Heidi's is also soon to open in Birmingham. We also saw the inclusion of new groups in Norway and Denmark adding 20 venues to our business. Our ability to integrate and optimise new acquisitions through our ERP system and Business Intelligence is at the heart of our ability to deliver superior performance at record speed.

The expansion in both the UK and Norway also highlights the importance and strength of our cluster strategy. When we expand, we are always mindful that the cities we enter already have a vibrant nightlife as well as the size and the demographics for us to establish a full cluster of venues from traditional pubs and bars to nightclubs. This is evident in our new clusters in cities such as Haugesund in Norway. We will also continue to develop our clusters in key UK university cities such as Birmingham, Cardiff, and Edinburgh.

In 2022 we will continue to look for possible expansion targets in existing as well as new markets. Our ambition for 2022 is to become a truly global nightlife operator.

THINKING AHEAD

Even though the pandemic is still present, I believe – based on recent developments – that we will see an end to widespread lockdowns and restrictions in 2022. Hence, I expect a strong rebound in business which we can unleash to continue our expansion strategy not only in Europe but globally.

In 2022 we will continue to invest in our people as they remain the key to providing our guests unforgettable moments and make them want to come back to our venues. We will also continue to optimise and strengthen our ERP systems and Business Intelligence set-up to constantly be on the forefront of trends and developments in our business.

In addition, we will strengthen our focus on ESG-related issues. We are committed to the UN Global Compact initiatives as well as co-signers of local societal initiatives in our markets. We work – and have set ambitions – to promote gender equality in REKOM. We actively promote a culture where people can be who they are. We have zero tolerance towards harassment and have policies in place to ensure that should harassment occur we are able to handle it. We continue to work with authorities and other stakeholders to ensure that the nightlife becomes an even safer space for our guests and workforce than it is today, and finally we are continuously adapting our products and services to reflect the norms of the societies in which we operate.

Finally, we will take a huge leap forward in 2022 when it comes to realizing our growth strategy. Our loyalty app NightPay will become a true community app and we plan to launch the app in Norway, Finland and the UK as well as grow the number of subscribers from 55,000 (currently) to 100,000 by the end of 2022.

We will also develop our own range of branded beverages as part of our brand building strategy. Already in January 2022 we launched our first branded beverages starting with our tequila "Mundo Tequila" and a line of craft beers, Too Old To Die Young. Both of which are available in selected venues in Denmark. In addition, we have acquired a stake in "I AM Drinks", a Danish distributor of high-end champagne, rose-wines and vodka.

Thus, I am very optimistic on behalf of our business for the years to come.

Geographic Overview 2021

DENMARK

Revenue DKK M	Number of employees	Operating venues	Lease & franchise venues	Signed in pipeline
338.0	3,064	95	7	3

FINLAND

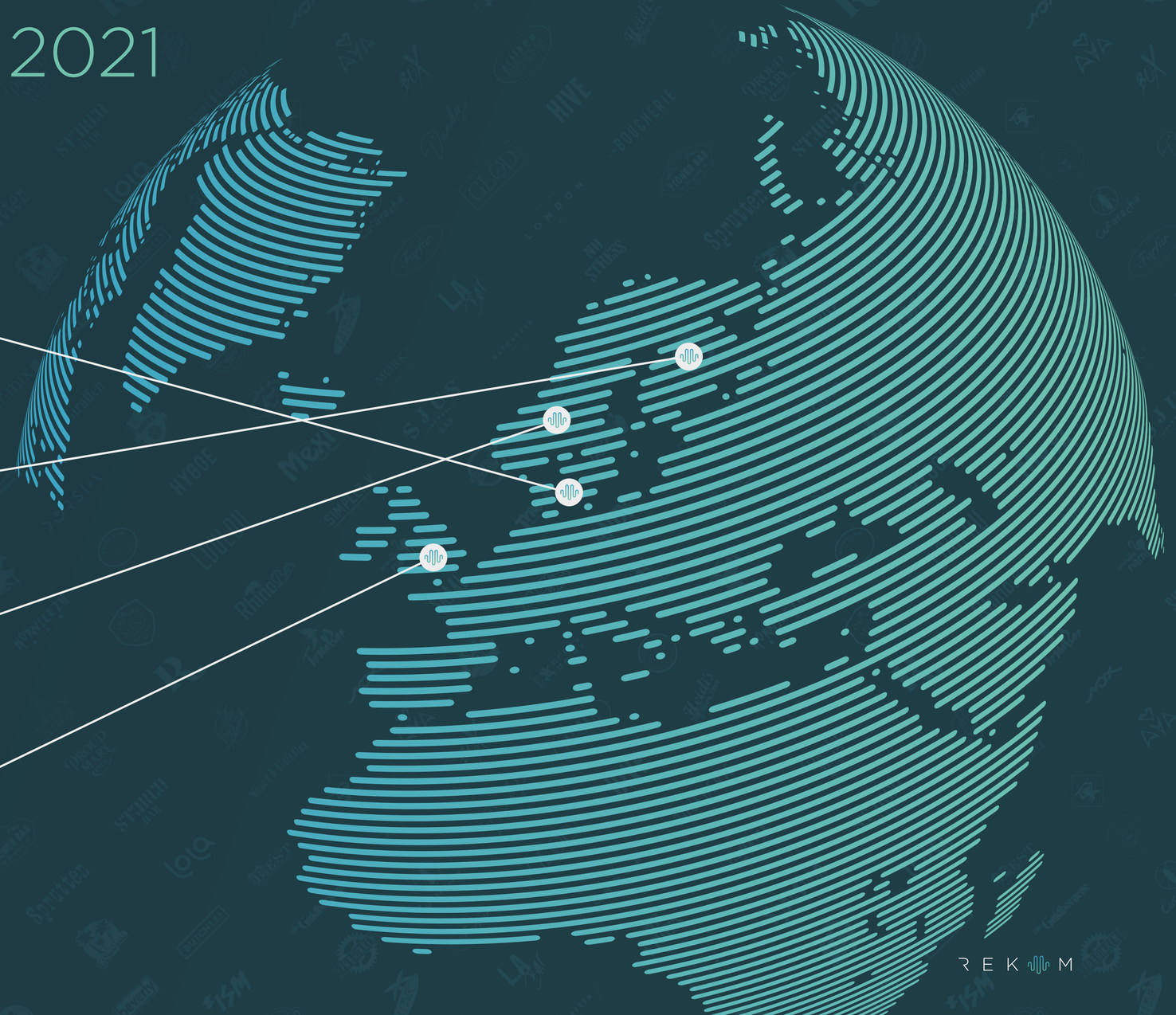
Revenue DKK M	Number of employees	Operating venues	Lease & franchise venues	Signed in pipeline
71.6	269	9	0	2

NORWAY

Revenue DKK M	Number of employees	Operating venues	Lease & franchise venues	Signed in pipeline
182.9	865	40	0	1

UK (England, Scotland, and Wales)

Revenue DKK M	Number of employees	Operating venues	Lease & franchise venues	Signed in pipeline
557.9	2,234	47	0	4



Integration of our UK operations

On December 17, 2021, precisely, one year after REKOM UK acquired the large majority of The Deltic Group – UK's largest dedicated nightlife group – from administration, the 42 venues were formally integrated into REKOM Group. The acquisition of Deltic has provided REKOM with a strong foothold in the attractive UK markets in England, Scotland, and Wales as well as a strong presence in key university cities such as Birmingham, Cardiff, and Edinburgh.

Our entrance on the UK markets also represents REKOM's first acquisition outside of the Nordics and is a testament to REKOM's ambition to become a global player in the nightlife industry. It has also cemented REKOM's position as the largest nightlife group in Northern Europe. Only one year later, it is safe to say that the acquisition has proved successful on all key parameters.

What was originally 42 venues has already grown to 51 in 2021, and REKOM expects to add a further 8 to 10 venues to the list through organic growth in 2022.

Going forward, REKOM will continue to grow its business in the UK in England, Scotland, and Wales. In 2022 we plan to open 4 new Heidi's Bier Bars in the UK. In March 2022 we will open our first Heidi's Bier Bar outside of the Nordics, in Cardiff, which will have room for nearly 800 guests – making it the largest Heidi's Bier Bar in operation. The next is Heidi's Bier Bar which is soon to open in Birmingham will have room for over 1,200 guests making it even larger than Cardiff. Also in 2022, we expect to launch our newest concept, Proud Mary in the UK, bringing our own version of the combined sports bar, meets German beer hall, and British Pub to the UK.

It is no secret that the UK late night market suffered from the COVID-19 lockdowns and restrictions. However, the rebound in the UK business – when restrictions and lockdowns were lifted on July 19, 2021 – was beyond our best expectations. Hence, the UK business played an important part in REKOM Group delivering a positive EBITDA for 2021, not least as the final restrictions in our home market Denmark were not lifted until September 2021. This also further demonstrates how our presence in multiple markets adds to our economic resilience as a business when the unexpected arises, such as when the COVID-19 pandemic hit us.

Most importantly, it has been amazing to welcome nearly 2,400 new employees to REKOM and witness their enthusiasm and eagerness to provide our guests with those unforgettable moments. In addition, it has been equally amazing to see how quickly and seamlessly they have adopted the REKOM culture to become full-fledged members of the REKOM family.

In 2022 the UK venues will be fully integrated into REKOM Group. The integration process has therefore been designed to identify the best-in-class processes, systems and procedures from across the enhanced Group to ensure that the new Group is stronger, leaner and fitter than the two parts and ever better established as a platform for international growth.

Finally, we are also planning to launch our loyalty app NightPay in the UK, as we add new functions to the app for it to become the first truly digital community app for the nightlife audience.

In other words, we have great expectations to the continued development of our operations in the UK.

REKOM IN THE UK

NUMBER OF VENUES: 51
England: 43
Scotland: 2
Wales: 6
Number of employees: 2,388

LARGEST VENUES
PRYZM Cardiff, 2,880 guests, PRYZM Watford, 2,698 guests, PRYZM Brighton, 2,502 guests PRYZM Birmingham, Bristol, Nottingham and Plymouth, each over 2,400 guests

NEXT VENUES TO OPEN
Heidi's Bier Bar, Cardiff, 800 guests and Heidi's Bier Bar, in Birmingham, 1,800 guests.

THE STORY BEHIND THE ACQUISITION IN THE UK AND THE INTEGRATION OF REKOM UK INTO THE REKOM GROUP

Pre-COVID-19, REKOM Group had looked for potential acquisitions in the UK market which is one of Europe's largest markets for the nightlife industry – with an estimated market size of more than DKK 580 billion. When the possibility of acquiring a strong and well-run group like Deltic arose, it represented an opportunity that REKOM had to act upon.

As the opportunity arose in the middle of the COVID-19 pandemic while our business was closed down and with large uncertainties as to when restrictions and lockdown would be lifted, there was need to mitigate the economic risks associated with the acquisition. Accordingly, the existing shareholders in REKOM Group established REKOM UK as a separate financial and legal entity to use as a vehicle to acquire the core of the Deltic estate from the Administrators. It was, however, always the explicit ambition to merge REKOM UK into REKOM Group as soon as possible and hence it is a great milestone to officially be able to include REKOM UK in REKOM Group within only one year.

COVID-19 restrictions cast heavy shadows over 2021, but REKOM remains positive for the future

The COVID-19 pandemic continued to torment REKOM in 2021 with large negative economic consequences due to forced lockdowns and heavy restrictions on our operations in all markets as well as leading to higher operational costs at the venues that we were able to open.

However, and more importantly, the reopening of the nightlife during the summer of 2021 and the resulting rebound in business proved that REKOM's core business remains fundamentally solid, as people's behavior have not changed because of COVID-19. Thus, REKOM is certain that the company's full potential can be unleashed as the restrictions are finally lifted and normality is restored.

LOCKDOWNS AND RESTRICTION DURING Q1 AND Q2 RESULTED IN HEAVILY REDUCED REVENUE AND ADDITIONAL COSTS

REKOM entered 2021 with all venues under government enforced lockdowns putting a total halt to operations and thus revenue. In addition, REKOM continued its policy of taking care of the employees and avoiding letting people go as a consequence of the lockdowns. This of course had negative implication on costs as government compensation packages only partially covered the salary expenses for repatriated employees as well as other expenses incurred doing lockdown. Leading to a significant net loss in Q1 and Q2. However, the investment in keeping everybody onboard also meant that approximately 90 percent of REKOM's employees were ready to come back as lockdowns were lifted. The retention rate is second to none and meant that REKOM could take full advantage of the reopening at a time where many competitors were struggling to find qualified people.

During Q2 of 2021, venues reopened successively as lockdowns and restrictions were gradually lifted. However, restrictions such as shortened opening hours as well as restrictions in capacity – including bans on standing guests and a closed dance floors – meant the reopened venues were running on reduced capacity and large part of the operation remained closed, impacting revenue negatively. In addition, REKOM incurred additional cost related to sanitation, testing of personnel, introduction of mandatory check of corona-passports having a further negative impact on EBIDTA.

Q3 AND Q4 SHOWED THE POTENTIAL OF REKOM'S CORE BUSINESS LEADING TO A POSITIVE EBITDA FOR THE FULL YEAR

In Q3 restrictions were lifted in all markets. In the UK the forced lockdown on the nightlife was lifted after 16 months of closure on July 19, which was aptly named "Freedom Day". In Norway, all restrictions on nightlife were lifted by the end of September, and in Finland restriction were lifted by the end of June. In Denmark restrictions were lifted gradually over the summer and the final restrictions were lifted on September 1, when REKOM could reopen nightclubs and dance floors, most of which had been closed for 18 months.

The reopenings put all speculation to rest that people would be less inclined to go out after COVID-19. On the contrary, COVID-19 has shown that people are social animals that thrive on going out and being with other people.

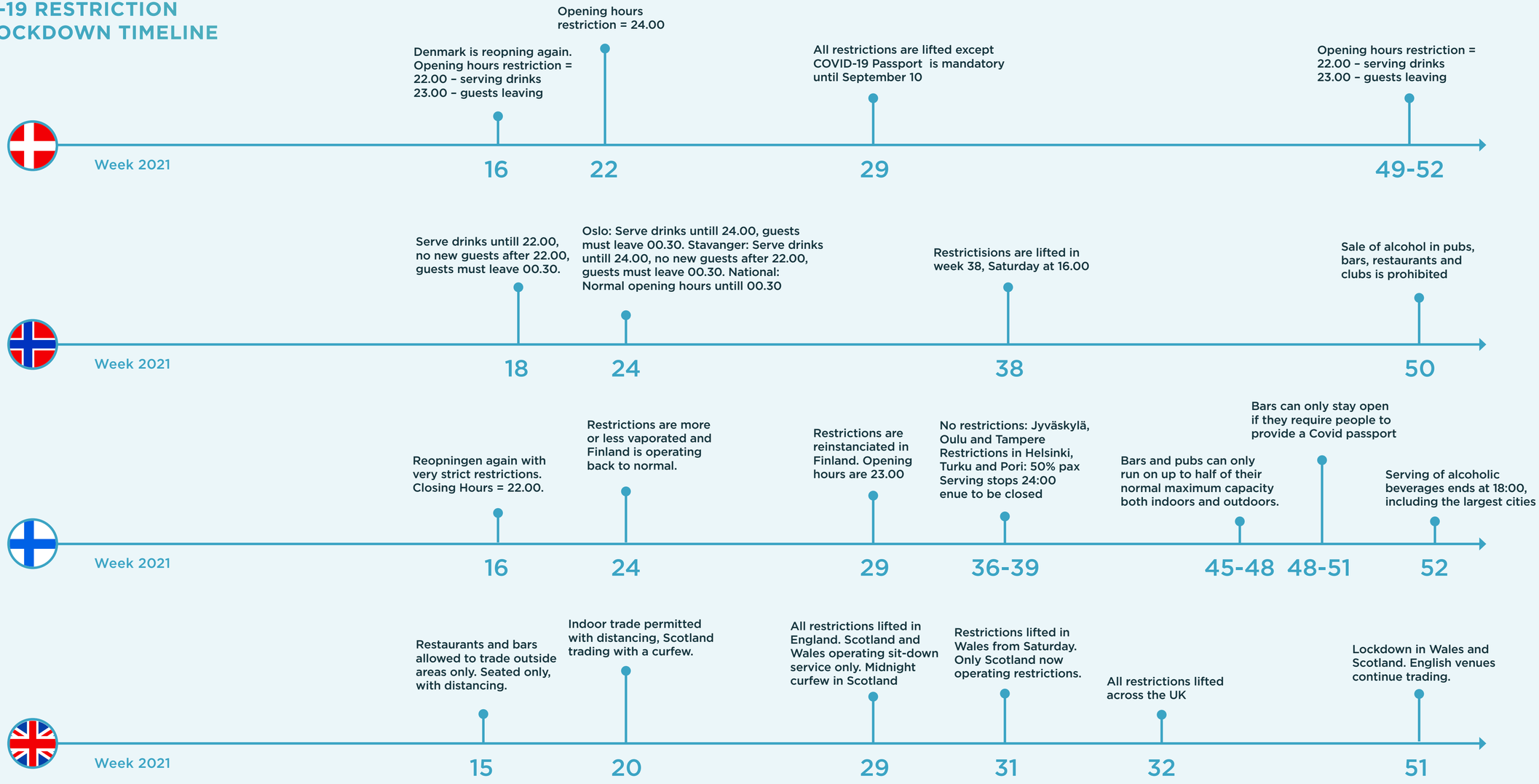
In Q3 and most of Q4 REKOM outperformed all forecasts realizing a revenue of DKK 1,150M, which is also the main reason that REKOM was able to deliver a positive EBITDA of DKK 369M for the year. This result was driven by an enormous appetite from guests to finally be able to meet again and not least by a tremendous effort by all employees, who were ready to deliver from day one when restrictions were lifted.

NEW RESTRICTION IN Q4 AND BEGINNING OF 2022 DOES NOT AFFECT REKOM'S OPTIMISM FOR 2022

Before Christmas, we witnessed the reintroduction of restrictions and lockdowns in the Nordics putting a halt to operations. At the time of writing all restrictions and lockdowns on nightclubs and dance floors have been lifted in Denmark, England, Scotland, Wales, and Norway and it is expected that the remaining restrictions will be lifted in Finland by March 2022.

The expectation is that the pandemic is coming to an end, and that there will be a return to normality from Q2 of 2022. If this projection comes true REKOM expect to see renewed surge in demand and revenue in the spring of 2022. Hence, REKOM remains very optimistic and expects to be able to deliver revenue and EBITDA at an even higher level than pre-covid.

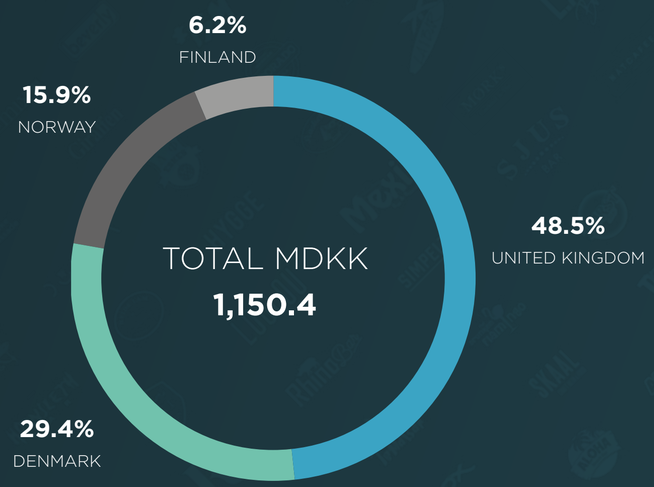
COVID-19 RESTRICTION AND LOCKDOWN TIMELINE



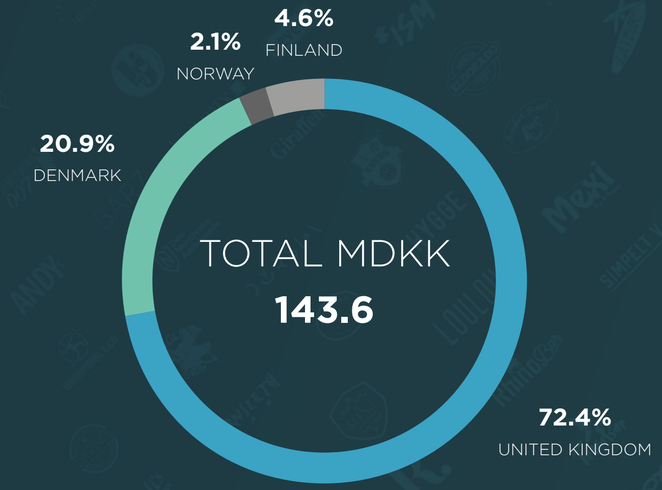
2021 Results

Financial Highlights 2021

REVENUE



EBIT



ADJUSTED FREE CASH FLOW

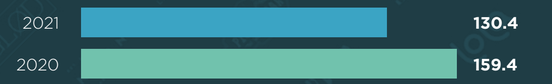
In 2021 REKOM adjusted free cash flow was DKK 507.7M up compared to 2020. This development was of course driven by lifting of lockdowns and restrictions in our markets especially in the UK.

ADJUSTED NET INTEREST BEARING DEBT (NIBD)

In 2021 REKOM reduced its net interest bearing debt with DKK 324.6M. This decrease was driven by excellent results from operation during non-restricted periods of the year and conversion of debt into equity.

INJECTED CAPITAL FROM SHAREHOLDERS (EQUITY & VENDOR LOANS)

During 2020 and 2021 REKOM has raised DKK 289.8M in further capital from shareholders through equity and vendorloans. This has been done to strengthen REKOM's financial positions during government lockdowns and restrictions due to COVID-19 and to secure growth mainly by acquiring venues from Deltic in UK.



> Even after two challenging years we are in strong position to continue our growth journey in 2022. As restrictions and lockdowns were lifted our business model proved its value and we are optimistic about the future
>
> JESPER SCHALTZ, CFO

Financial review

REKOM rebounded as restrictions were lifted and is in good shape with strong liquidity for future growth

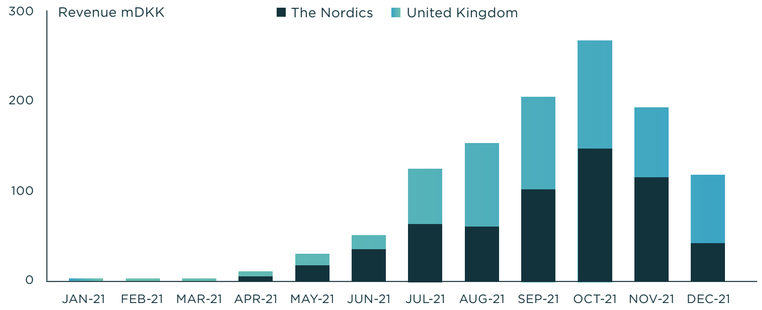
DEVELOPMENT IN REVENUE AND RESULTS FOR THE YEAR

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.

In total, REKOM realised a loss before tax of DKK 20.7M in 2021 compared to a loss of DKK 183.7M in 2020. The result must be viewed as satisfactory, due to the negative impact of lockdowns and restrictions to our business. The result was also fully expected by management.

Looking closer at the results throughout 2021, REKOM made a loss in the first six months (DKK -132.8M) and a profit in the last six months (DKK 112.1). It is also evident that the Nordic business delivered a loss in both the first half of the year (DKK -85.1M) and in the second half of the year (DKK -10.3) after received compensations. This was due to the fact that the Nordic markets were only fully open in September, October, and November, before new government restrictions and lockdowns were imposed in December.



With regard to revenue for 2021, the months of September, October and November stand out in all markets. During these three months REKOM made a revenue of 651M and an EBITDA of DKK 225M. In fact, October was the best month in REKOM's history with a revenue of DKK 262M in revenue and EBITDA of DKK 98M.

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. However, the reintroduction of lockdowns in December in the Nordics as well as light restrictions in the UK let to a drop in revenue at year end.

ALL NUMBERS IN DKK MILL	FIRST 6 MONTHS IN 2021			LAST 6 MONTHS IN 2021			RESULT 12 MONTHS IN 2021		
	NORDIC	UK	TOTAL-H1	NORDIC	UK	TOTAL-H2	NORDIC	UK	TOTAL-YEAR
Revenue	57.0	30.0	87.0	559.3	504.1	1,063.4	616.3	534.1	1,150.4
Profit/loss before tax	-85.1	-47.7	-132.8	-10.3	122.4	112.1	-95.4	74.7	-20.7

In 2022, REKOM expects to reach a revenue in the range of DKK 2,000-2,200M and an EBITDA in the range of DKK 475-525M.

The groups liquidity position is very strong at year end. Primarily, as a result of the performance in the months before December 2021, but also due to REKOM's unused credit facilities on DKK 300 million. Our liquidity position in combination with a strong pipeline of merger and acquisition opportunities means that REKOM is ready for future growth.

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.

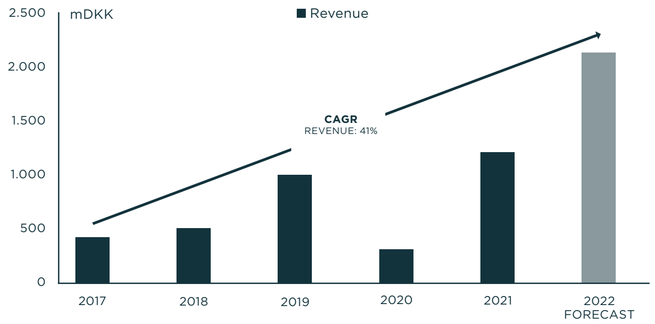
Net Interest Bearing Debt was DKK 739.9M by the end of 2021 (2020: DKK 1,064.5M). NIBD decreased by DKK 324.6M. This development was driven by the excellent results from operation during the non-restricted periods of the year.

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.



As visualised in the graph, 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".

FINANCIAL OVERVIEW

	2021	2020
Results		
Revenue	1,150,390	318,648
Gross profit	937,665	244,866
Operating profit before amortisation, deprecation and special items (EBITDA)	369,016	75,615
Special items	-16,010	19,980
EBIT	143,616	-67,910
Net financial expenses	-164,353	-115,835
Profit for the year	-27,833	-143,613
Earnings ratios		
Revenue growth	261.0%	-57.8%
Gross margin	81.5%	76.8%
EBITDA margin	32.1%	23.7%
Cash flow		
Cash flow from operating activities	441,683	-100,702
Cash flow from investing activities	-133,859	-171,988
Acquisitions of subsidiaries	-41,587	-113,012
Free cash flow	307,824	-272,690
Adjusted free cash flow	227,210	-280,507
Cash flow from financing activities	20,931	268,743
Net cash flow for the year	328,755	-3,947
Balance sheet		
Equity	353,785	142,659
Balance sheet total	2,851,948	1,969,298
Net working capital	-245,035	-18,443
Net interest-bearing debt	1,646,133	1,586,489
Adjusted net-interest bearing debt (excl. IFRS 16)	739,856	1,064,489
Invested capital	2,024,841	1,727,622
Investments in property, plant and equipment	-101,724	-58,900
Financial ratios		
Return on equity (ROE)	-1%	-8%
Return on invested capital (ROIC)	9%	-5%
Return on assets (ROA)	-1%	-7%
Solvency ratio	18%	22%
Solvency ratio excl. IFRS 16	27%	30%
Gearing ratio	4.5	-21.0
Gearing ratio excl. IFRS 16	3.2	-42.2

The financial ratios have been calculated in accordance with the recommendations of the Association of Danish Financial Analysts. Please refer to the accounting policies for definitions of terms. The financial statements for the year ended 31 December 2021 are the first that the Group has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2020 the group prepared its financial statements in accordance with IFRS 10. Therefore, there are no financial highlights before the IFRS adoption date of 1 January 2020.

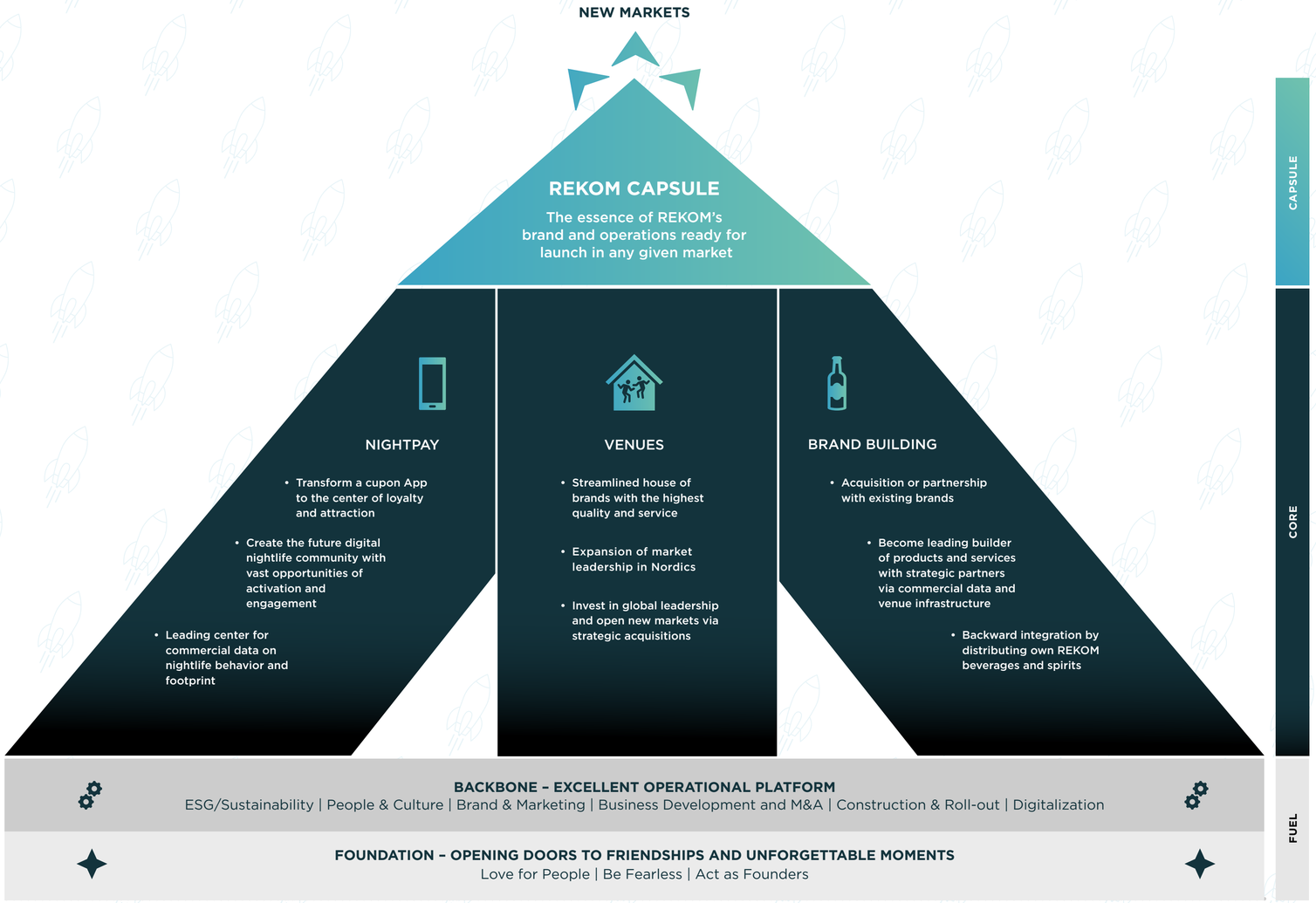
02

Our Business

REKOM's Rocket Strategy

We aim to become a global player in the nightlife industry. This requires continued growth, both organically and through the acquisition and integration of venues and groups that can supplement our business in existing and new markets. Through our determination and efforts, we are now the largest nightlife group in Northern Europe.

REKOM's "Rocket Strategy" — with its three distinct launch pillars as well as a solid backbone and foundation — embodies our ambition to become a global nightlife group through continued expansion, as well as our ambition to develop new revenues streams through Brand Building and digitalisation that diversifies and strengthens our business, making it more resilient to change.



Bringing The Rocket Strategy to life

THE THREE PILLARS: VENUES AND OPERATIONS, BRAND BUILDING AND NIGHTPAY
At the heart are our **venues** which we continue to develop and strengthen through organic growth and acquisitions. Our business is based on a multi-concept approach which enables us to build venue clusters in the cities in which we operate to provide a broad offering of opportunities, spanning from traditional bars to sports and concept bars as well as night clubs, to our key target group of people aged between 18 and 35. It is also in the centre pillar that we develop and grow our key concepts such as Heidi's Bier Bar, Rabalderbar, and our newest concept, Proud Mary. The venues under the REKOM umbrella are united in delivering a professional business, based on fairness and compliance when dealing with guests, partners, authorities, and employees; and, not least, in always working to innovate our business to deliver those unforgettable moments for our guests. This pillar is described in more detail on page 20 to 23.

Brand Building iis the second pillar in our Rocket Strategy. REKOM possesses unique insights into the ever-evolving customer trends in our key target group of people aged between 18 and 35. In addition, our venues provide us with the all-import point of sale for us to test new brands and products in the target group and as we add more venues, our position as point of sale only becomes stronger.

In 2022, we will launch our own branded tequila as well as our own range of branded craft beers at selected venues. In addition, we have acquired part ownership in "I AM Drinks", which already supplies REKOM with premium brand vodka, champagne, and rosé wines. This represents both a diversification of our business by providing new revenue streams as well as a means for lowering our costs in supplying key categories of beverages to our venues. In 2022, our guests will meet the products at our venues, but the long-term ambition is to utilise our venues as a stepping stone to bringing these products into the retail market. Our approach to brand building is described in more detail on page 24 to 26.

NightPay is the third pillar in our Rocket Strategy. NightPay is our loyalty app with more than 30,000 paying members (monthly fee of DKK 30) and a total of 55,000 members in Denmark. Our ambition for NightPay is for it to become a vehicle that can elevate our business and profitability to new levels. NightPay offers recurring business and customer loyalty in key segments. In 2022, we will launch new functions such as the ability to interact with other users, thus transforming NightPay from a loyalty app into a community app. In doing so, we will also launch NightPay in Finland, Norway and in our markets in the UK. It is our ambition to reach 100,000 paying members by the end of 2022. Our work with and ambition for NightPay is described in more detail on page 30 of this report, which also takes a closer look at our efforts to digitise our business. .

Our backbone is our strong focus on people and culture. At REKOM we are proud to say that we put “love for the people” at the center of everything we do.

OUR BACKBONE AND FOUNDATION KEEP US ON TRACK

The backbone for succeeding with our strategy is our operational platform and our cultural foundation.

At REKOM we are proud to say that we put “love for people” at the heart of everything we do and this is evident from how we meet our guests to how we treat our employees. We provide unforgettable moments and open doors for new friendships. This is our promise to our guests and ourselves. This means that we have, and will continue to, invest in our employees. In 2021, we took our investment in the education of our employees to a new level with the launch of REKOM Campus which offers mandatory online tutorials and training for all employees. In addition, all mid-level managers and above are offered formal education in business and management via accredited educational institutions. This gives our talented young leaders the opportunity to obtain formal recognition of the skills that they acquire at REKOM. Our investment in our people and culture is described in more detail on page 27 to 29.

From the very outset, we have built a strong operational backbone based on a level of digitalisation otherwise unseen in the industry. This includes the introduction of strong and streamlined ERP systems and the use of business intelligence across markets and venues. This ensures that we are constantly able to optimise our existing operations as well as integrate new acquisitions rapidly into the Group. It is this operational backbone which enables us to harvest above market margins from economies of scale and deliver a positive EBITDA while growing at the rate that we have. Our use of ERP systems, business intelligence, detailed manuals for M&A as well as our concept and venue development are described in more detail on page 20 to 23.

A further ingredient in our digitalisation. In addition to NightPay (as mentioned above) and the use of ERP systems is our own internal communications app, REKOM Life. REKOM Life is already the key communication tool for all employees in the Nordics and is set to become a management tool for all venue managers as well, where they can find information on everything from revenue to their staff’s work schedule. REKOM Life is also the access point for our REKOM Campus activities and a community app for our employees. Our investment in the digitalisation of REKOM is described in more detail on page 30 to 32.

Finally, we recognise our responsibility as markets leaders to conduct our business based on fairness and compliance when dealing with guests, partners, authorities, and employees. We want to provide a safe and responsible party for our guests and employees. Thus, also professionalising an industry which has otherwise often lagged behind due to its fragmented nature. Our commitments with regards to CSR and ESG are described in more detail on page 33 to 36 and in the governance section on page 40 to 41.

The REKOM platform to become a global player in the nightlife industry

By the end of 2021, REKOM had more than 208 venues including pipeline in six different markets (Denmark, England, Finland, Norway, Scotland, and Wales).

The 208 venues represent a growth of 72 venues compared to 2020, underlining that REKOM has continued to develop and expand its position as Northern Europe's largest nightlife group and is on track to realising its ambition to become a global player in the industry.

Despite COVID-19 lockdowns and restrictions on the business, in 2021 REKOM welcomed Inventum Group in Haugesund (9 venues), Zwei Grosse in Denmark (11 venues), and not least REKOM UK (the former Deltic Group) with 42 venues in Scotland, Wales, and England which formally became a part of the REKOM Group on 17 December 2021. In addition, REKOM added 10 venues through organic growth in our markets during 2021.

All new venues in the Nordics have been integrated successfully into the Group – ensuring that all venues take full advantage of REKOM's ERP system and business intelligence, meaning that, from day one, REKOM can optimise both revenue and costs from its acquired venues. REKOM UK will be fully integrated on the platforms during 2022

In line with the overall business strategy, REKOM will continue its growth strategy in 2022, further developing existing brands, such as Heidi's Bier Bar and Proud Mary, and through the introduction of new concepts and venues.

STRONG BUSINESS CASES BEHIND ALL MERGERS AND ACQUISITIONS ENSURE A FAST RETURN ON INVESTMENT
REKOM operates with an aggressive expansion strategy to fulfil the ambition of becoming a global player in the nightlife industry. When entering new markets and cities, decisions are always based on thorough analysis and due diligence.

REKOM's M&A team and operations work closely together according to a detailed manual for assessing potential acquisition prospects, entering new cities, or opening new venues in cities where REKOM is already present.

The manual ensures that all relevant market insights and data are considered prior to making new investments. This places REKOM in a unique position in the market and remains a key factor in REKOM's continued ability to successfully integrate new venues, while still delivering above market margins.

The key criteria for entering new cities are:

- An already vibrant nightlife
- An established demand for nightlife experiences: Cities with more than 100,000 inhabitants or more than 50,000 if a student city
- A foreseeable road to creating clusters of venues to enhance economy of scales
- Access to venues with room for +200 guests
- A return-on-investment horizon shorter than four years

The speed of expansion in a market and/or city is then further determined on the ability of existing venues to deliver on revenue and margins.

Deviations from the key criteria may occur, for instance, if REKOM acquires well-run groups with a presence in smaller cities or when establishing standalone venues for existing and proven concepts, such as Heidi's Bier Bar.

The cluster strategy is key to growth and diversification of the venues — creating unforgettable moments and places where everyone feels welcome

One of REKOM's key growth drivers is the ability to build clusters of diverse venues in the same cities. This ensures that REKOM has a strong offering available to all guests across the key customer segment (18 to 35 age group).

When entering or developing new venues in a city, REKOM always looks to ensure that potential guests are provided with a diverse and strong offering. REKOM's mission is to create unforgettable and magic moments for the target segment of young adults aged between 18 and 35, regardless of whether they are looking for a place to meet with friends after work, a date night in a cocktail-bar, or want to hit the dance floor — or a combination of all three or more on the same night.

To do this, REKOM aims to present a variety of offerings in the cities where they are present. At the same time tapping into a trend where guests are much more versatile consumers than before. Previous generations tended to identify themselves with one or two types of venues that catered to their personality. REKOM's insights show that the younger generations are much more versatile in their use of what the bar and nightlife scene is offering.

By delivering a versatile mix of venues from traditional bars, sports bars, cocktails bars and nightclubs, REKOM can build a strong and large offering in each city without cannibalising the same guests.

In essence, REKOM provides several options for our guests every night, but the organisational backend from supply to people management are embedded in the same system regardless of which option the guest chooses. This means that REKOM can harvest the advantages from economies of scale across the different venues and concepts through integrated people management, IT, supply chain and financial solutions which are second to none in the industry.

STATE-OF-THE-ART BUSINESS INTELLIGENCE AND ERP SYSTEMS PROVIDE A UNIQUE INSIGHT AND POSITION IN THE INDUSTRY

In addition to the cluster strategy, a cornerstone in REKOM's business platform is its state-of-the-art business intelligence and ERP-systems, which have been tailored to meet the specific needs of the nightlife industry.

The tailored business intelligence systems provide both Group operations and local management with daily updates on key performance indicators, such as revenue, cost of goods sold, demand for products in different categories and wages. This ensures that employee resources are allocated efficiently throughout opening hours by adjusting business to changes in customer behaviour on an almost daily basis. Likewise, the system provides operation with insights into the ever-evolving trends among its key customer segments with regards to new product trends in the key categories.

REKOM's extensive use of detailed and tailored ERP management and business intelligence, which is common in many other industries, is something not yet introduced by most other players in the nightlife industry. This is partly down to the traditionally fragmented nature of the industry and the general lack of investments in digitalisation in the industry. This provides REKOM with an edge to act faster to changes than most of the industry, thereby always ensuring that their venues are adapted to customer expectations and demand. This mitigates one of the key barriers in the industry, which has historically been characterised by venues openings that blossom, only to wither away again.

Creating successful nightlife venues is based on methodology and a strong business case

Interview with Jonathan Grumme, Chief Operating Officer at REKOM

One of REKOM's trademarks is the ability to attract and develop talent from within the organisation and form future leaders with a founder's mentality. The majority of REKOM's group management consist of what used to be - and some still are – young REKOM leaders.

REKOM's COO, Jonathan Grumme, is an example of this. Jonathan started his career as a bartender almost 20 years ago at LA Bar in Copenhagen — a bar owned by REKOM founder and CEO, Adam Falbert. Since he has worked his way through the business while also adding formal education in both business administration, operations, and leadership to his resume. As COO, Jonathan is in charge of all venues, including existing key concepts such as Heidi's Bier Bar and Proud Mary, as well as developing and maintaining new concepts and brands.

"When I enter a bar or nightclub, I instantly notice the atmosphere and setting. The guest flow, staff behaviour, mood management and the whole guest experience from A to Z. I can't help it," says Jonathan.

According to Jonathan, the industry is known for having a low entry barrier. However, making a successful scalable business over time is something completely different. That takes a meticulous methodology and a strong business platform, and the ability to deliver consistently at a high level over time.

"We have succeeded in taking the knowledge in the organisation and transform it into an operational manual on how to develop our venues to deliver those moments our guests can remember and will come back for. Add to that the knowledge of customer preferences down to local market analysis on spending preferences on nights out," explains Jonathan and adds:

"But a structured approach isn't enough. Even the most thorough manual, checklists or detailed guidelines needs an experienced leader with a solid understanding of our operations to translate this it into everyday operations to be successful."

THE REKOM MANUAL FOR ENTERING NEW CITIES AND OPENING VENUES

This approach allows Jonathan and his team to implement the cluster strategy to its full effect. They can quickly deduce the potential when entering new cities or adding new venues in cities where REKOM is already present.

"We literally have a manual that enables us to determine the business case for entering new markets all the way down to opening a new venue in a city," he says.

On top of the business case REKOM operates with concept and brand guidelines that ensure that all venues are designed to operate efficiently. The guidelines are detailed descriptions that venue managers use to ensure correct mood management, staff behaviour and guest experience to create unforgettable moments for our guests.

"Often when we acquire an existing venue or group some parts operate smoothly. One venue may be great at creating a stir about their events, others may be good at filling the dance floor, others may have an efficient bar. We ensure that all parts work together. Behind every team or activity lies a system and a procedure. When our talented leaders execute on this, it results in top performance and ensures that we are able to roll our concepts out across markets," says Jonathan.

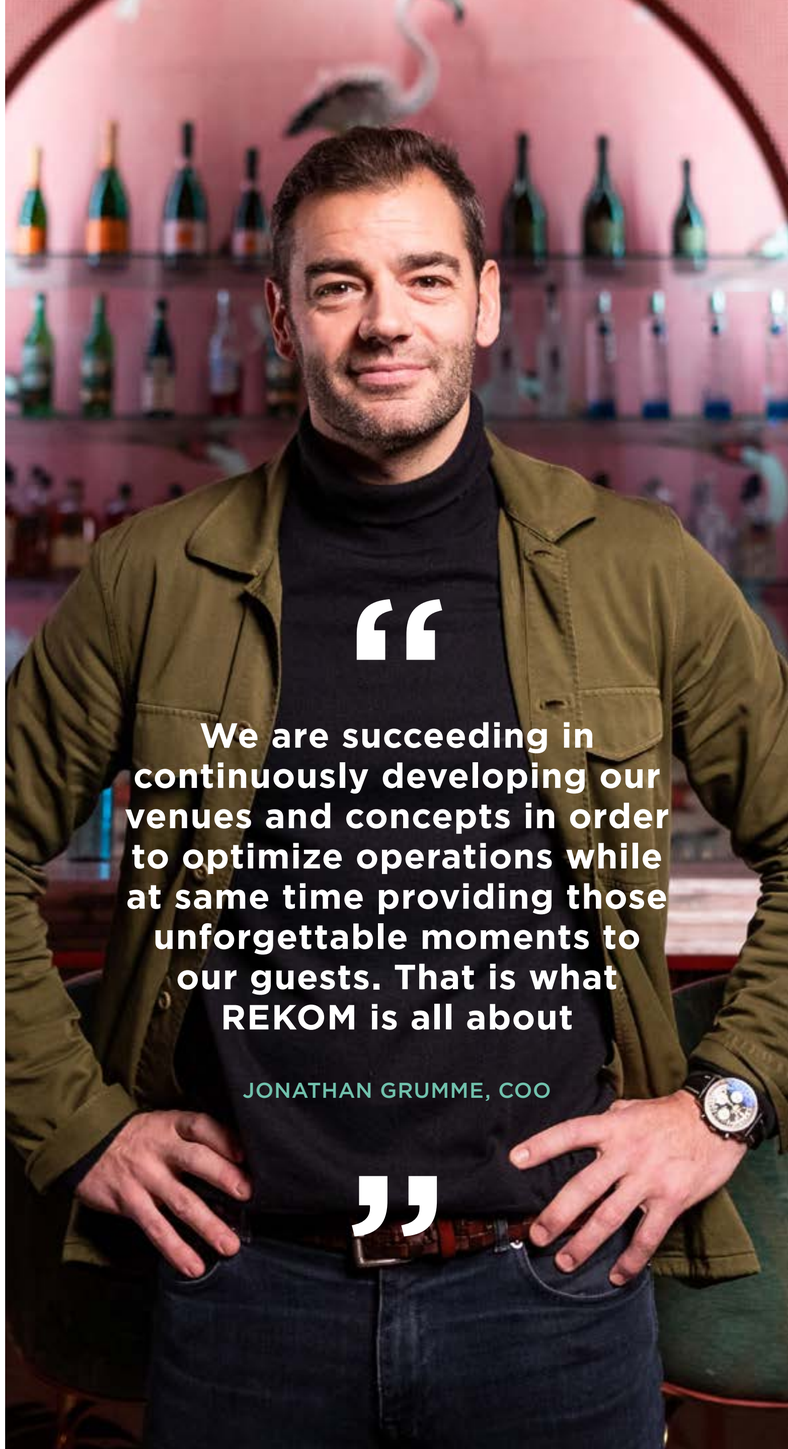
CONCEPTS AND VENUES ARE CONSTANTLY DEVELOPED AND IMPROVED

The approach was brought into play when it was decided to open a Heidi's Bier Bar in Cardiff in Wales, which will host up to 800 guests. Market analysis showed that the potential in key customer segments exists to support a Heidi's Bier Bar and the experiences from Heidi's Bier Bars in Oslo, Copenhagen and 20 other Nordic cities are being used to create the right atmosphere to make it a success.

"Heidi's in Cardiff is a great showcase that our approach is dynamic. We have continuously developed and strengthened the Heidi's Bier Bar concept throughout the years for it to become a place of great experiences and unforgettable moments in Cardiff. We are constantly learning and integrating the best ideas from the groups and venues that we buy," explains Jonathan and adds:

"Our ways of working have been fine-tuned over many years, and we will keep adjusting them as we get smarter. For instance, we have learned a lot from the Deltic Group, which was a very well-run group until it was hit by COVID-19."

According to Jonathan, others have tried to copy the REKOM ways of working. However, Jonathan still have not seen anybody come close, and even if someone should come close, one thing would still be missing — REKOM's people and culture. This provides Jonathan comfort, that as long as REKOM keep strengthening the culture and invest in people — REKOM will become the strongest platform in the industry.



HEIDI'S BIER BAR

Making the aprés-ski experience available for all, all year around

REKOM's most successful scalable concept to date is Heidi's Bier Bar. At Heidi's Bier Bar you can experience the world-famous après-ski atmosphere from the Alps all year round, whether you are in Copenhagen, Oslo, or Cardiff.

The idea for Heidi's Bier Bar came about on a skiing holiday in Austria where Adam Falbert as well as others of the original founding partners enjoyed the après-ski scene at their resort.

What they experienced was the ability of Austrian après-ski bars to create an atmosphere where everyone felt welcome. From young to old, from students to the well-off; men and women alike. A phenomenon that everybody who has been skiing in Austria will recognise.

On the way back to Denmark, plans materialised to create the same experience in Copenhagen. In 2004, the first Heidi's Bier Bar opened in Copenhagen and was instantly a resounding success. Over the years, the concept has continuously been developed, but the essence is still to create a space where people from all walks of life feel welcome and can experience that unique feeling from the Alps of togetherness and freedom.

The next Heidi's Bier Bar to open is in Cardiff which will open in March with room for 800 people. It is also the largest to-date and brings the total up to 22 Heidi's Bier Bars in four markets. The ambition is to open a further 10 Heidi's Bier Bars in 2022 and indeed we have already signed a lease for an even larger Heidi's in Birmingham in England, which, when it opens in Q2, will have capacity for 1,200 guests.

PROUD MARY

Proud Mary is one of REKOM's newest concepts. The first Proud Mary opened in a 1,200 square meters location in the heart of Copenhagen in 2020 and has room for 850 people.

Proud Mary has become an immediate success. This modern pub concept combines the atmosphere from British and Irish pubs and the German Beer Halls with the American sports bar, making it the ideal spot for people to meet and watch large sporting events as well as enjoy a great meal with friends, or for that pint after work with colleagues and friends.

The key behind Proud Mary's success in Copenhagen is the ability of the concept to change seamlessly from sports bar and dining place to a modern pub with music and dance floor — creating that important buzz that makes people want to stay. The guests already start arriving during the day and the bar attracts more people throughout the evening and night with new events and content that makes people want to see what will happen next. Hours of research has gone into creating the right atmosphere and making the change from daytime pub to vibrant nighttime bar when dance floor comes alive.

The guest turnout when the COVID-19 restrictions were gradually lifted in the summer of 2021 has made it one of the most successful launches in the history of REKOM

REKOM expects to open 6 Proud Mary venues in Denmark, Norway, Finland and the UK in 2022.

Diversifying business by building the best brands for the nightlife industry

With more than 200 venues, REKOM is Northern Europe's largest nightlife group with global ambitions. REKOM's growth strategy — the Rocket Strategy — also includes an ambition to diversify its business by taking advantage of its strong downstream access to end consumers via venues in six markets catering for a potential of up to 15 to 20 million guests on an annual basis (current size) as well as utilising REKOM's strong insights into consumer behaviour and trends among the 18 to 35 age group — the key customer segment in the nightlife.

REKOM has a rare and very valuable position in owning all the key aspects of the value chain for beverages, especially the final steps before the point-of-purchase.

REKOM's venues, with a potential of 15 million annual guests, combined with the advanced ERP systems and business intelligence as well as the loyalty platform NightPay, provides REKOM with a unique position and enormous advantages when it comes to launching new brands.

REKOM will be able to promote new brands directly to the 55,000 (current) NightPay users and through them also receive instant digital feedback on the product. In addition, REKOM's ERP systems and business intelligence will provide detailed information on the reception of the products in the venues on a day-to-day basis.

Together, this places REKOM in a position where it can create the optimal framework for presenting the brands to the precise segments in the target group and receive almost instant feedback on whether the product and market access strategy is on point, or adjustments are needed.

The first goal is for the brands to achieve a position as accepted and requested by REKOM's guests. The long-term ambition is to mature the brands and be brought to life outside of the REKOM family with the potential of creating an even larger revenue stream through the retail market.

REKOM has already launched branded beverages at selected venues

To take advantage of this position, REKOM will launch branded products developed in partnership with established players and through investments in, or acquisitions of, interesting start-ups, primarily within the beverages industry.

> **"Our strategy is to let our venues be advanced test tracks at an early stage. But our ambition is to develop brands that can become independent premium brands in their own right, ..."**
>
> **LARS MEJLGAARD,**
> **CHIEF COMMERCIAL OFFICER**

This will diversify REKOM's business, making it more resilient to change and securing new revenue streams in addition to the operation of nightlife venues and NightPay (the latter being the third pillar in the Rocket Strategy).

In 2021, REKOM entered into a partnership to develop a tequila brand — Mundo Tequila — with Mexican tequila producer Distillery La Cofradia S.A. DE C.V. 55,000 bottles of Mundo Tequila have already been shipped to Denmark and are available from selected REKOM venues in Denmark since January 2022.

In addition, REKOM also invested in the craft beer brand "Too Old To Die Young Brewing Company" in 2021.

The "Too Old To Die Young" brand has been launched in Denmark at selected venues.

Finally, just prior to year-end, REKOM acquired 33 percent of "I AM Drinks", a Danish start-up supplier of premium own branded vodka, champagne and rosé. I AM Drinks products are already available at selected REKOM venues. In 2022, REKOM expects to boost revenue in I AM Drinks by making the products widely available at REKOM's venues in Denmark and introducing the brand to other markets as well.

These three brands mark the first of several more to follow. REKOM aims to build a range of beverage brands and other products with a direct connection and relevance to the core business of operating nightlife venues.

A strong business case led to the focus on tequila

Interview with Lars Mejlgaard, Chief Commercial Officer

When REKOM chose to develop its tequila brand, Mundo, much research preceded the decision. REKOM's insights into the market on what is trending in the overall spirit category shows that tequila is currently experiencing some of the largest growth rates within the category.

This is especially true for the US, where Tequila has become a quality category in line with whisky, rum and gin. In addition, two of the largest alcohol and spirit producers have acquired a range of tequila brands, and the interest in tequila is already taking off in Europe. The best cocktail bars are now creating tequila-based cocktails.

With that in mind, it is Lars Mejlgaard's expectation that tequila will develop into a category that can be compared with rum and gin today.

"Good and strong craftsmanship as well as heritage is a mega-trend, and tequila is the perfect driver of that story. It is only possible to produce tequila in five different regions in Mexico. The best-known region is Jalisco, where our Mundo Tequila is produced. We see an unfulfilled potential of bringing those stories of craftsmanship and quality to life and building a quality perception of our tequila via our venues," says Lars.

Throughout 2021, Lars and his team have been developing the brand and its positioning. The results from several focus groups and testing with REKOM's guests has assured Lars that the potential of Mundo Tequila is significant.

"Mundo Tequila has been launched in January this year at selected venues in Denmark and after that we will launch in our other markets, proving that we can bring a new revenue stream to the REKOM business".

It is Lars Mejlgaard's expectation that tequila will develop to become a category which can be compared with rum and gin today.

MUNDO TEQUILA

The Mexican government has declared that tequila is only allowed to be produced in Mexico, and only in certain designated regions, including Jalisco, Nayarit, Guanajuato, Michoacán, and Tamaulipas.

Mundo Tequila is produced in the Jalisco region by one of the most well-respected producers in the area – Distillery La Cofradia S.A. DE C.V.

Mundo is a single-origin, small-batch tequila made from the Weber blue agave plant, or agave tequilana. It is a large, succulent plant with long, spiked leaves — similar to aloe vera. Within the core of the blue agave plant is a bulb called the piña. This bulb is baked and juiced, after which the juice undergoes ultra-slow filtration before it is fermented and finally distilled to make tequila.

REKOM has received the first 55,000 bottles and more will be made as the products is launched in England, Finland, Norway, Scotland, and Wales.

TOO OLD TO DIE YOUNG

Beer remains by far the largest category in REKOM in the Nordics, and the ambition is to present a REKOM line of branded craft beers to be sold from the venues, introducing an extra source of revenue.

In 2021, REKOM co-founded the craft beer brand and start-up: “Too Old To Die Young Brewing Company”, situated in Sønderborg, Denmark.

The company was co-founded with and is operated by Jesper Larsen, Thomas Tornøe Knudsen Dalager, Nicolai Hannibal Vest and Jakob Printzlau. Together, they have more than 40 years of experience from the industry and brand building, and they all share a deep passion for beers.

REKOM sees a huge potential in “Too Old To Die Young”. REKOM wants to expand and develop the craft beer category even further. Too Old To Die Young is doing just this by creating experimental and creative batches of craft beer.

The first batches have already been launched at selected REKOM venues.

Our people are the absolute core of our business

REKOM'S FOUNDATION READS: "AT REKOM WE MAKE SPACE FOR PEOPLE TO BE PEOPLE. WE PROVIDE UNFORGETTABLE MOMENTS AND OPEN DOORS FOR NEW FRIENDSHIPS". EVERY SINGLE PERSON WORKING AT REKOM REPRESENTS THE ABSOLUTE CORE OF REKOM'S BUSINESS AND OUR VALUES. EVERYBODY WORKS TO ENSURE THAT REKOM'S OPERATIONS DELIVER ON THE PROMISE TO THE GUESTS. THEREFORE, REKOM INVESTS HEAVILY IN THEIR EMPLOYEES, AND THIS WAS ESPECIALLY TRUE FOR 2021.

Today, REKOM has more than 6,400 employees, making the company the largest employer in the industry in Northern Europe. In 2021, REKOM welcomed more than 2,500 employees.

During 2021 more than 1,200 frontline personnel began mandatory training and learning activities through REKOM Campus. In addition, REKOM offers formal education to its venue managers and other managers, giving leadership talent the opportunity to gain formal competencies within management, operations, and finance.

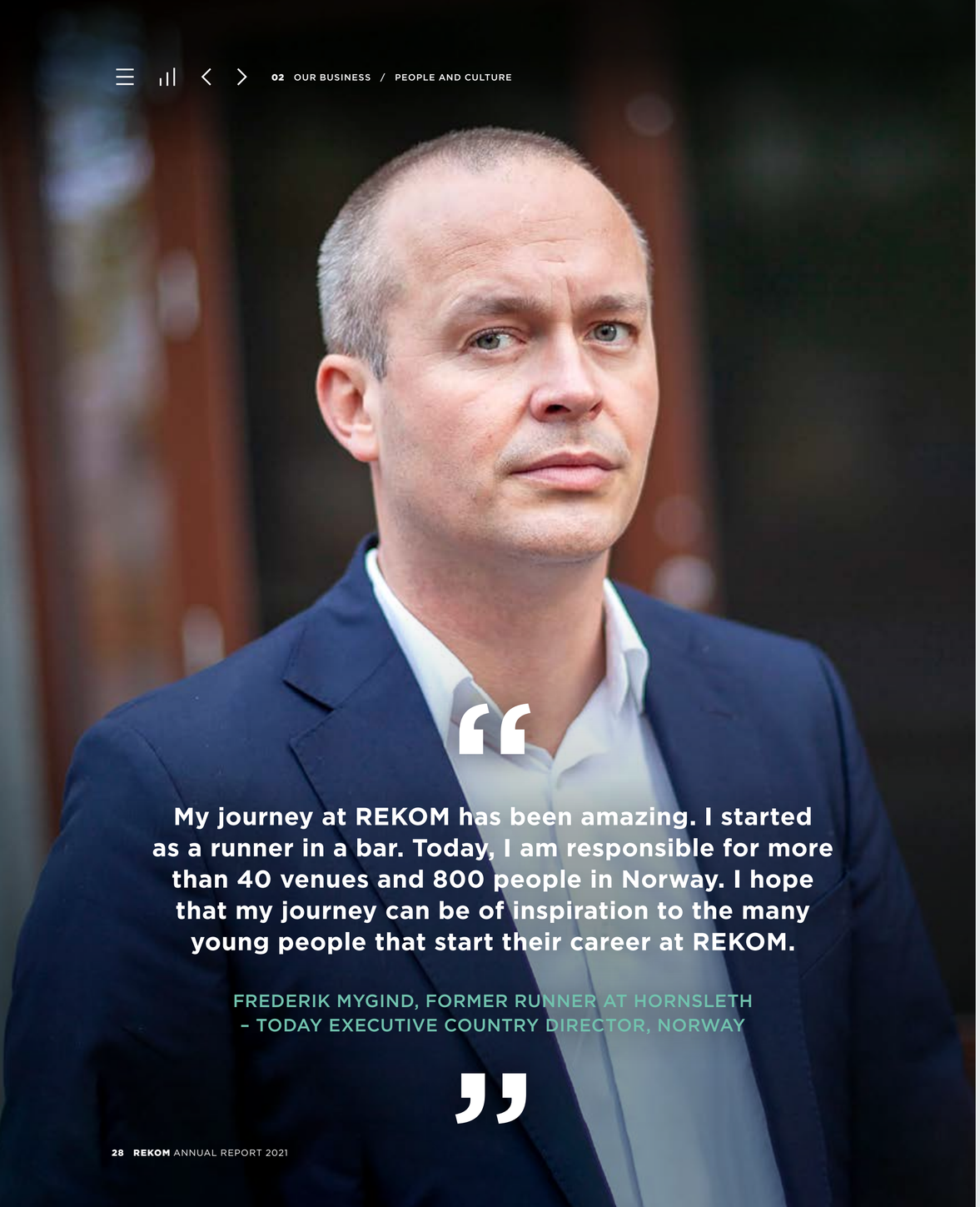
Finally, REKOM continuously measures job satisfaction and job meaningfulness by using meaningfulness quotient ("MQ") scores. In 2021, REKOM succeeded in retaining an average overall MQ score of 4.07 on a scale from 1 to 5 compared to an average of 4.09 and 4.03 in 2020 and 2019, respectively. This is a remarkable result considering that our business has suffered heavily due to lockdowns and restrictions.

REKOM IS A WORKPLACE BASED ON RESPECT AND EQUALITY

Having more than 6,400 employees — many of whom are at the beginning of their working life, either as part-time employed students or young adults in their first full-time occupation — is a huge responsibility and comes with obligations. Through REKOM's commitments to the UN Global Compact initiative, REKOM is dedicated to ensuring industry-leading workplace conditions and promoting a culture of recognition and professional development. REKOM wants every single employee to feel supported in their professional development. In addition, REKOM is also committed to improving gender equality as well as ensuring a safe and harassment-free working environment for all employees (for more on this, please also see page 33 to 35 on our CSR commitments and initiatives).

REKOM works strategically to improve equal gender representation on all leadership levels by attracting more women to an industry where men are typically over-represented. Today, more than 21 percent of mid-level managers in the Nordics are women. This group includes both venue and office managers, and REKOM continues to seek diversity when hiring new managers.

REKOM has a zero-tolerance policy to harassment thatis deeply embedded in REKOM's workplace culture, which is based on respect and equality. This is also communicated to all employees and managers through REKOM's foundation



My journey at REKOM has been amazing. I started as a runner in a bar. Today, I am responsible for more than 40 venues and 800 people in Norway. I hope that my journey can be of inspiration to the many young people that start their career at REKOM.

FREDERIK MYGIND, FORMER RUNNER AT HORNSLETH – TODAY EXECUTIVE COUNTRY DIRECTOR, NORWAY

REKOM offers formal education to its venue managers and other mid and senior level managers, providing leadership talent the opportunity to gain formal competencies within management, operations and finance.

and guidelines. Formal structures are also in place to ensure that all employees can report incidents both directly through the management layers as well as through an anonymous whistleblower scheme.

EMPLOYEE MOTIVATION IS KEY TO REKOM'S SUCCESS

REKOM measures employee purpose and motivation, and despite the COVID-19 lockdowns in both 2020 and parts of 2021, REKOM has succeeded in retaining very high levels in all parameters in 2021 compared to 2019 and 2020 (see table for more details). This shows that REKOM has succeeded in developing and maintaining an extremely strong culture as well as nurturing a working environment in which people can identify themselves and find purpose.

REKOM also sees the extremely high retention rates during and after the COVID-19 lockdowns, when approximately 90 percent of the workforce returned to REKOM, as testament to the very high levels of job satisfaction and motivation, as well as due to REKOM's willingness to invest in creating the best working conditions in the industry.

WORKING AT REKOM IS A LIFELONG EDUCATION

Another key investment in employees is REKOM Campus, which was formally launched in 2021. Through REKOM Campus, REKOM offers mandatory training to all frontline personnel as well as formal education in operations, business administration, and finance as well as personal development to all managerial levels including venue managers.

All new frontline personnel at REKOM participate in mandatory onboarding courses. This includes paid training in safety and service procedures and ensures that, before assigned their first shift, all employees are instructed how to react in critical situations and how to provide our guests with the best service. In addition to the mandatory safety training and training in our core values and culture, all employees receive job-specific internal training to develop their skill sets as part of their onboarding. The mandatory training also introduces new employees to REKOM's house rules and REKOM's foundation. Whether an employee works in Finland or in Denmark, they know how to act as a colleague and as a representative of REKOM towards guests. In 2021, more than 1,200 employees in the Nordics began mandatory training.

EDUCATING THE LEADERS OF TOMORROW

REKOM offers formal education to its venue managers and other mid and senior level managers, providing leadership talent the opportunity to gain formal competencies within management, operations and finance. The ambition is to educate the leaders of tomorrow. To reach this ambition, REKOM has entered into a partnership with officially accredited and widely respected educational academies within the hospitality industry in Denmark, Norway and Finland and is looking to enter a similar partnership in the UK. Through these partnerships REKOM offers graduate and postgraduate courses. The courses are accredited with ECTS points that can be transferred to later studies on graduate or postgraduate levels, as well as serving as formal proof of the competencies acquired at REKOM.

In 2021, 180 young leadership talents from the Nordics were enrolled in the leadership education programmes, providing them with a formalised career path in REKOM as well as ensuring them formal recognition of their competencies that can be used outside the industry should they choose to leave.

> **The investment to keep on our employees during the lockdowns was founded in a strong belief that they are our most valuable asset**
>
> ANNE HYLLESTED,
> SENIOR PEOPLE AND CULTURE DIRECTOR

Retaining our employees during COVID-19 was a long-term investment that is paying off

Interview with Anne Hyllested, Senior People and Culture Director at REKOM Group

The COVID-19 pandemic led to forced lockdowns and severe restrictions in all of REKOM's markets from March 2020. With all operations closed, REKOM decided to do everything it could (within reason) to avoid letting employees go. That meant keeping on almost all of REKOM's 4,000 employees until the restrictions were lifted during the summer and autumn of 2021 — almost 18 months later.

"The investment to keep on our employees during the lockdowns was founded in a strong belief that they are our most valuable asset. To stay true to our foundation we had an obligation to help our employees keep their spirit and motivation up during the lockdowns, especially because the many young people working at REKOM were hit hard by the lockdowns — lockdowns that not only affected their working lives but also had a major impact on their social lives and, for many of them, also their education," says Anne Hyllested, Senior People and Culture Director at REKOM.

This decision came by no means without cost as government compensation packages only partially covered the actual cost of retaining the employees. In addition, REKOM invested heavily in maintaining employee motivation through several voluntary activities including:

- Motivational seminars with external and internal guest speakers
- Online concerts with various artists
- Online meditation
- Physical activities held outside, such as walks and talks as well as winter bathing
- Q&A sessions with leadership on the future and state of the company

The online activities were organised via REKOM's own internal employee platform "REKOM-Life", which proved extremely valuable in retaining a relationship with the employees during lockdown.

"I believe that the key reason that approximately 90 percent of our employees returned to their jobs after the lockdowns – which is unheard of in our industry – was our ability to keep people motivated and engaged during the lockdowns. I also want to thank all of those in the organisation who on their accord took initiatives to privately organise corona-compliant activities for their colleagues during the lockdowns," says Anne.

To her this is testament that the initiatives worked and is testament to the fact that REKOM's employees feel part of the REKOM family and want to be a part of the journey REKOM is on. The high level of employee retention is especially noteworthy in an industry where churn is normally very high. Also, the high level of retention was the key reason that REKOM was able to take full advantage of the reopening at a time when many competitors were struggling to hire people.

"It was then that it became clear to me that REKOM is in fact one big family," says Anne.

In 2021, REKOM took giant digital leaps

Digitalisation, including NightPay, forms the third pillar in REKOM's growth strategy — the Rocket Strategy. The high priority given to digitalisation is based on the dual ambition of creating a strong digital platform for the core business as well as developing NightPay into a community app for the nightlife audience, which can become a revenue stream and a means to ensure recurring business.

From the outset, REKOM has taken the strategic decision to lead digitalisation within an industry which has otherwise been slow to adopt to digital solutions. This decision means that today, REKOM's digital platforms are unrivalled in the industry.

This includes the ERP system, which REKOM has adapted to suit the industry (as described on page 20 and 21) providing REKOM access to information on operations and customer behaviour at a speed unseen in the business.

In addition, REKOM has developed its own platforms, such as the communication and work-platform REKOM Life, REKOM Campus (the educational module integrated into REKOM Life), and soon to be launched MARCOM Digit, which will drive digital marketing and sales to a new level. Finally there is the loyalty app, NightPay, which will become the first community app for the nightlife audience.

In 2021, REKOM invested DKK 15M in digital development and REKOM expects to invest a similar amount in 2022.

REKOM LIFE – THE HEARTBEAT OF REKOM
REKOM Life is REKOM's internal communications and work platform. It has been developed by REKOM to function specifically within the nightlife industry across venues and markets.

Today, REKOM Life is the beating heart of REKOM. It serves as the communication and work platform for all employees across all markets. Through their smartphone, all employees can gain access to everything from internal news to work schedules as well as house rules and guidelines. In addition, REKOM Life also functions as the platform for REKOM's training and educational platform REKOM Campus.

In 2022 REKOM Life will also provide managers access to up-to-date information on operations, including everything from venue specific revenue and cost figures to information on concepts and workflows. In this way REKOM Life will become a driver for business development and the ongoing optimisation of operations.

LAUNCH OF MARCOM DIGIT TO STREAMLINE AND OPTIMISE DIGITAL SALES
During 2021, REKOM launched MARCOM Digit. MARCOM Digit integrates and optimises digital sales from lead-generation, CRM and retention through to venue booking experiences. MARCOM Digit is expected to be fully operational by Q2 of 2022.

MARCOM Digit is based on five pillars.

- 360° GDPR compliance including automated double opt-in emails for guests
- A guest database where user profiles are accessible to sales teams
- A communications platform with 2-way communication with guests via text message, email and Messenger
- An Automation module to create automated marketing campaigns and GDPR compliant sign-up flows.
- Push marketing through email, text messages and vouchers.

REKOM's ambition is simply to increase sales by strengthening our relationship with guests by building memorable digital experiences that convert guests through our own channels and systems.

In essence we are creating digital platforms internal or external that are all interlinked. Hence, creating a very lean IT set-up, that can utilize live information flows, to assist operations and optimization at any level in the organisation and business.

NIGHTPAY TO BECOME THE FIRST DIGITAL COMMUNITY APP FOR THE NIGHTLIFE AUDIENCE

In 2021, further investments were also made in the development of REKOM's loyalty app NightPay with the ambition of it becoming the first community app for the nightlife audience.

In 2021, NightPay reached 30,000 paying subscribers and a total of 55,000 users including membership for employees and other partners. This is above expectations, not least due to the COVID-19 lockdowns, which made the app redundant for large parts of 2021. However, the retention level during lockdowns shows the potential and the demand for a nightlife community app which offers consumer activation and engagement.

During 2022, several community functions will be rolled out on NightPay. Amongst other things it will be made possible for users to interact with each other in real time. This includes a function making it possible to buy drinks for other users. This latter function has been tested in a beta version for employees with great success.

The aim is for NightPay is to reach 100,000 subscribers in 2022 and to launch the app in Norway, Finland and the UK.

NightPay has the potential to elevate REKOM's business and profitability to a new level. It offers recurring business and guest loyalty in key segments. The app also provides REKOM with new and important insights into our guests' behaviour when they visit REKOM's venues. Through user data (based on consent), REKOM can identify trends and changes in guest behaviour even faster, thus making it even more data-driven and guest-centric. These are insights which can be used to adjust concepts and products in line with the changes identified through the app.

REKOM raised their Capability Maturity Model Integration (CMMI) score from 1.4 to 2.4 in one year

Interview with Nete Jørgensen, Senior IT Director

REKOM has a vision to use digital tools and systems to streamline operations and ensure that all employees can work as ingeniously as possible and, in effect, become a digital-first company.

To monitor the digitalisation of REKOM's business and operations, REKOM has asked consultancy company PwC to conduct an annual appraisal of REKOM's digitalisation level using the CMMI model. A model used across industries to the digital maturity level of a company.

The result of the 2021 appraisal showed that REKOM had raised its CMMI score from 1.4 in 2020 to 2.4 on a scale from 1 to 5 in 2021. This represents a major leap in the level of digitalisation and shows that REKOM is at the forefront of digitalising its business compared to its competitors. It is also testament to the fact that REKOM has accelerated its digitalisation in 2021 through continued investments in, and development of, existing and new digital tools and platforms to elevate the business.

In 2021, REKOM invested approximately DKK 15M in digital development. REKOM expects to invest a similar amount in 2022.

On the PwC appraisal, Nete Jørgensen, Senior IT Director at REKOM, says:

"The increase in digital maturity achieved in the PwC appraisal is unlike anything that I have witnessed before. It shows that the huge investments we have made are paying off — and that the combination of data and digital is becoming the main driver for all decisions taken at REKOM."

REKOM Life, REKOM Campus, and NightPay are all examples of platforms that are being developed in-house to help optimise operations, engage employees, and guests from a digital-first perspective. Similarly, the ERP and BI systems are examples of existing platforms that REKOM continuously adapts to the industry.

"We will soon have a system in place that is so accurate that when a guest orders a beer at Heidi's Bier Bar in Finland, our managers can access the information on REKOM Life via their smartphones. That creates a data-driven opportunity to react if guest behaviour starts changing and it gives valuable insights for planning operations for the coming week," says Nete.

REKOM IT & Strategy: Data ethics 2021

REKOM creates, withholds, and applies a wide range of data across its business. Those data include various aspects of data about our Guests, our employees, and metrics such as geolocation and personal information combined with behavioural data.

REKOM commits to the national and EU legal rules and regulations on data usage and storage as part of its operating model and ensures that its internal Security and Governance Policy is at all times updated and reflected in the system landscape and applications in use or supporting its business.

DATA GOVERNANCE
REKOM IT is responsible for the governance, security and policies of all applications developed and owned and all tech contracts being 3rd party vendors to REKOM Group. The department is in the direct responsibility line of the Executive Management and undergoes an annual audit.

Together with the Group Legal department, the department ensures incorporation of applicable data regulatory requirements across the system landscape and the associated data ethics. REKOM IT is responsible for ensuring the monitoring and reporting of any data ethic issues and reporting identified issues to the corresponding managerial levels within REKOM.

DATA USAGE
REKOM manages and/or processes the following data.

GUEST DATA
Information on the guest based on their sign up to our Services and Subscriptions or other similar engagement. Data on their age, empirical data of product purchases and preferred locations based on identifiable activity. All data is solely in use based on consent attainted either through the NightPay application, REKOM operated websites or 3rd party Services.

PEOPLE & CULTURE DATA
Personal data defined as salary information of all Front-Liners (part-time employees). Data is collected within the REKOM solution CAMPUS and the REKOM designed and build Identity and Access Management platform. All data is tokenized and as such encrypted as part of the onboarding process and is deactivated as part of the leaving process.

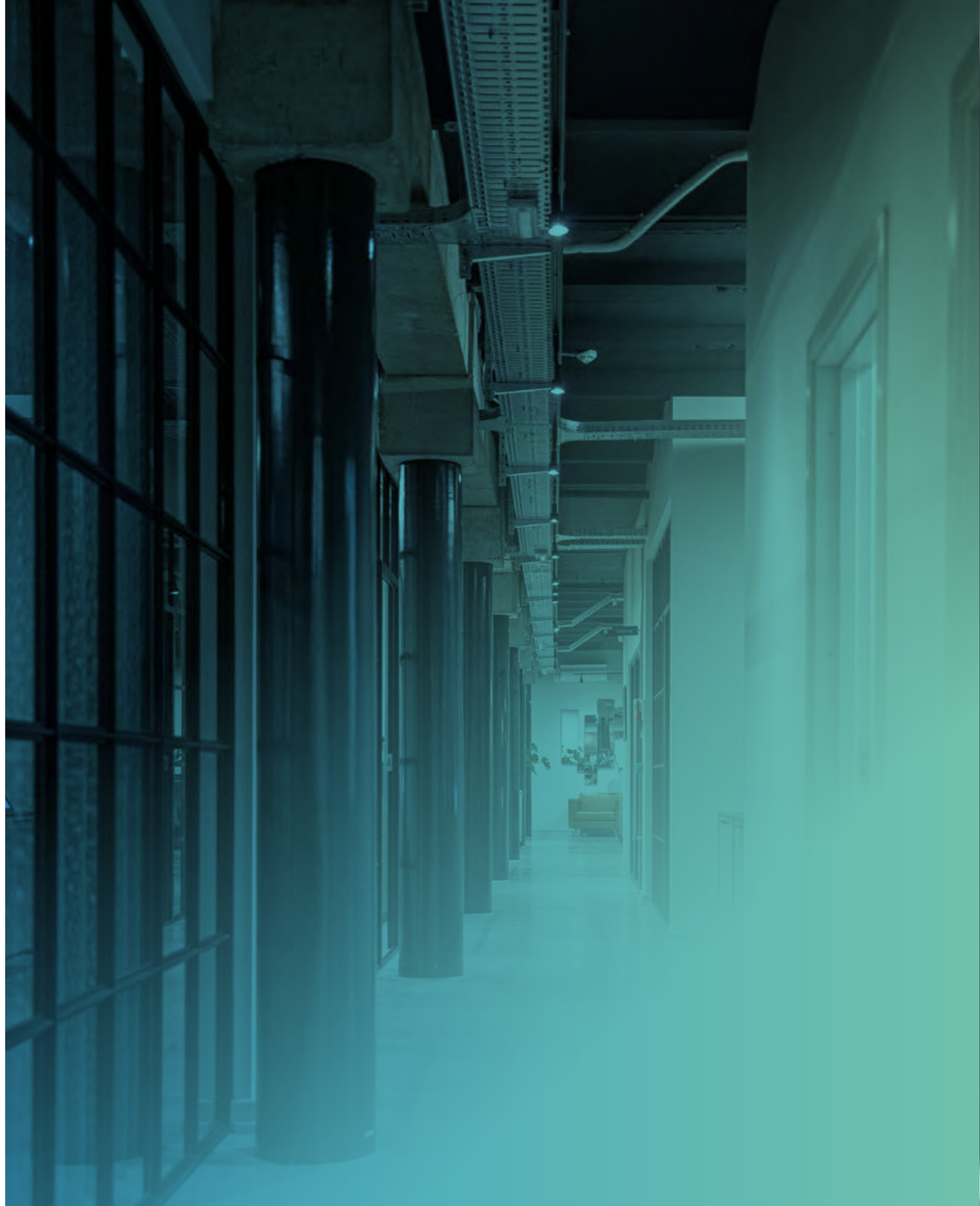
OTHER REGULAR/CONTRACTUAL DATA
Financial data processed for Operational purpose such as KPI metrics, budgeting and controlling. Data is generated via Point of Sale solutions and 3rd party vendors.

All Technology vendors must comply to the REKOM IT set of security and compliance policies.

USE OF NEW TECHNOLOGIES
All REKOM governed and owned systems are developed to support, expand and grow as part of the REKOM strategy.

The processes running across REKOM departments committed to usage of data are enabled by new technology of algorithms and automation. As REKOM matures the expectation is to enable the underlying technology stack and by that transform data into artificial Intelligence, robotics and machine learning in order to support a data-driven growth of REKOM.

USE OF PERSONAL DATA
REKOM IT is committed to secure and protect all personal data of both employees and guests across the data platforms and systems. Examples are guest engagement via mail or text or Enterprise Social messaging.



REKOM's CSR foundation

REKOM is committed to aligning its business model to the UN's global expectations of responsible business conduct.

CSR is defined as a company's responsibility to contribute to — while preventing adverse impacts on — social, environmental, and economic sustainability.

We are members of the UN Global Compact and our CSR efforts are aligned with the UN Guiding Principles for business and human rights (UNGPs), as well as the OECD Guidelines for Multinational Enterprises (OECD). The UNGPs define corporate respect for human rights as a process to identify, prevent or mitigate adverse impacts on human rights, and enable access to remedy if things go wrong. Human rights constitute the key elements of social sustainability. The OECD apply the same methodology as the UNGPs to impacts on environmental and economic sustainability.

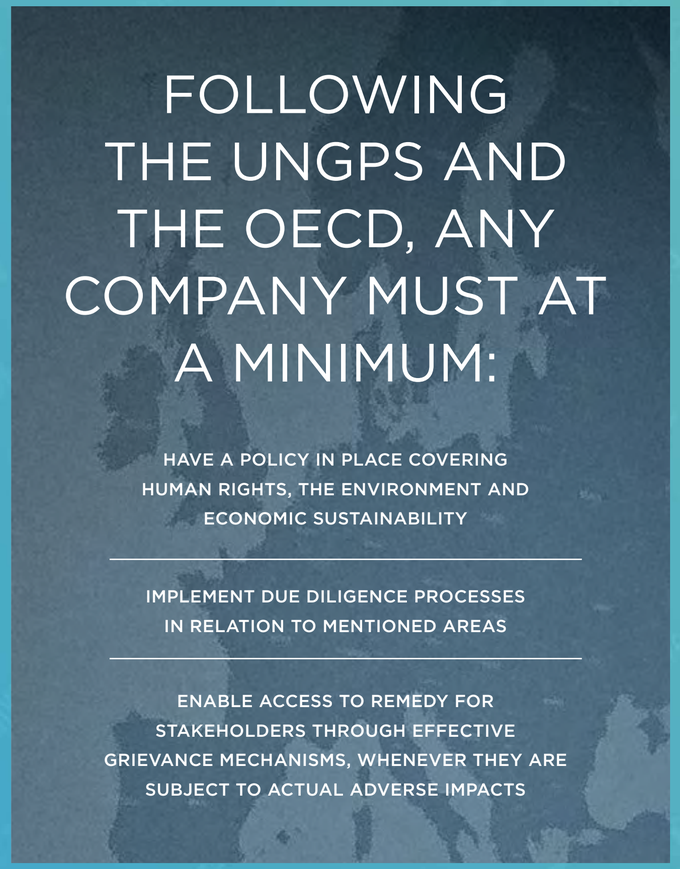
The UN Global Compact is the world's largest CSR initiative. The Global Compact outline the global framework for CSR through 10 principles concerning human rights (including the International Labour Organisations' core labour rights), the environment including climate, and anticorruption.

At REKOM, we structure our CSR efforts, covering the principles mentioned under the UN Global Compact, through the UNGPs and OECD Guidelines, because they define the contemporary, internationally-agreed minimum standard for CSR. Our approach is systematic, and principles based.

THE UNGPS AND THE OECD

Aligning our CSR efforts with the UNGPs and the OECD guides us in considering all risks of adverse impact we may have on social, environmental, and economic sustainability. With several partners in our industry, we have committed to meeting the standard as part of the first industry initiative of its kind in the world: REGA.

In 2021, REKOM developed its first representative impact assessments for the Danish part of its business. We expect to develop representative impact assessments for all countries we operate in — at present Denmark, Norway, Finland and the UK. REKOM operates more than 90 venues in Denmark alone. Our impact assessments are developed with a representative operational-level location in mind and will be shared with all locations. Each venue will be expected to consider whether differences occur at their specific location or context and adapt actions to their findings. We consider this a more pragmatic solution for REKOM's CSR approach, as we cover many small locations throughout each country that we are present in.



DUE DILIGENCE AT REKOM

REKOM conducts annual impact assessments covering all key areas under sustainable development. These are the areas covered by the Ten Principles of the UN Global Compact and referenced in the UNGPs and the OECD. Our assessments were conducted with assistance of experts from the REGA initiative. We will develop one set of representative impact assessments for every country we are present in. In our current assessments covering our Danish activities, we have identified risks of impacts in relation to 22 of 48 human rights, 4 of 20 environmental areas, and 7 of 12 economic areas.

We acknowledge, that we have identified more risk areas than most other companies in our industry would address. However, this is similar to what our colleagues, the other REGA members, identify. There are two reasons for this.

First, we consider impacts across our operations that are both severe and non-severe. The UNGPs are very clear on this point. The purpose of human rights due diligence is to identify risks of impacts before they may escalate to severe human rights impacts.

Second, we look for operational level risks. This means, we do not only consider actual impacts, i.e., issues that have gone wrong. We also, and mainly, consider risks that are prevalent to our business or operations. For most of our identified risks, we found that we were managing them well already, thereby already acting to avoid that they turn into actual, or even severe, impacts. Our impact assessments help us gain a stronger understanding of our risks, measure the effectiveness of our actions, and to continuously improve our management, where needed. In this way, we continuously act to prevent or mitigate impacts.

For instance, any company that hires security personnel will have a risk of adverse impacts on the right to liberty and security of a person, given that security personnel may restrain any person that poses risk to other guests or the personnel. At REKOM, we hire security personnel at some of our bars, to ensure a safe and good experience. Thus, we have a responsibility to ensure that all security personnel are trained in de-escalation of conflicts, minimal use of force, and that they inform any person why they may be restrained or denied re-entry to a bar. This is to ensure that our security personnel — to the largest extent possible — avoid causing impacts on the rights of our guests. One of the reasons we have security personnel is to ensure the rights of the other guests, such as the right to freedom from harassment or degrading treatment, hate speech, non-discrimination, personal security and more.

Throughout our assessments, we identify where we have risks of adverse impacts on all human rights as well as all environmental and economic areas. If we identify that we do not have a risk of causing or contributing to adverse impacts in the specific area, we will describe why we reached this conclusion. If we identify a risk, we describe the risk and what we do to prevent or mitigate it. We also introduce new actions to improve our risk management where we find it necessary. We measure the effectiveness of our actions annually. We also inform relevant stakeholders of how we manage any risk relevant to them.

In 2021 we started preparing our Code of Conduct for Employees (CoCE) which will inform our employees in greater of their responsibility to assist us in taking responsibility. The CoCE will direct attention to the risks we have identified. It will

also encourage employees to inform us if they identify risks of impacts that we may have missed, help us prevent impacts where they could occur, and contribute to our sustainable journey by assisting with good ideas on where we could improve as a business.

ACCESS TO REMEDY

No matter how diligently REKOM operates, adverse impacts will occur. REKOM will enable impacted persons to let us know if they experience adverse impacts to enable us to act appropriately and provide for access to remedy. REKOM has established a whistleblower mechanism, as required by law. However, we acknowledge that a whistleblower mechanism is primarily targeted at suspicions of violations of law and more severe incidences where person(s) involved wish to remain anonymous.

The grievance mechanisms described by the UNGPs will have the purpose of engaging potential impacted persons for a dialogue before the impacts emerge into transgressions of the law. REKOM already has an open-door policy and several avenues to engage and involve both internal and external stakeholders. In 2022 REKOM expects to analyze such existing channels of communication with potentially impacted stakeholders to decide how REKOM will best meet the eight effectiveness criteria for grievance mechanisms as outlined by the UNGPs.

RESPONSIBILITY IN BUSINESS RELATIONSHIPS

In REKOM's CSR policy, we will outline our expectations to any business relationship of ours — namely that they also align with the global minimum standard for responsible business conduct: The UNGPs and the OECD. This means REKOM will ask them to commit to responsible business conduct through a policy commitment covering human rights, the environment and economic sustainability, fully aligned with the requirements of a policy commitment as outlined in the UNGPs Principle 16. REKOM will also ask them to establish due diligence processes to identify and manage their own risks and communicate to their stakeholders how they manage these —including to REKOM. Lastly, aligned with the UNGPs, we require that they enable access to remedy through effective grievance mechanisms. Like REKOM, we will expect our business partners to require from their business relationships that they also meet the internationally agreed minimum standard. REKOM will outline our expectations in a separate Code of Conduct for Business Relationships which aims to assist our business partners in better understanding and meeting our expectations.

While our risk patterns may look different, we expect our business partners to establish the same process of identifying, preventing, or mitigating and communicating their risks, as well as enabling remedy for impacted stakeholders. We offer to share our findings both to enable transparency in value chains of risks we are linked to and to inspire our business partners with an example of an assessment. We ask them to be able to share the same level of information with us. In our eyes, this creates a level playing field for all businesses.

Where we know of severe or significant adverse impacts in our value chain, we will ask the relevant relationship to manage the risk and communicate their result to us.

STRATEGIC CSR AND DOUBLE MATERIALITY

In addition to REKOM's principles-based approach to CSR, we have in 2021 conducted a materiality assessment as part of forming our Environmental, Social and Governance ("ESG") strategy, informing us of what topics relevant to sustainability that our stakeholders view as important to us.

We have compared these findings to the topics most relevant to our business and identified the main areas for our strategic CSR focus. We have thus identified 5 areas where we wish to strategically contribute to sustainable development. These areas cover:

- Safety and Security,
- Responsible drinking,
- Our people and workplace,
- Responsible business, and
- Community relations.

We consider this a double-materiality approach. Where a principles-based process to identify all our risks assists us in preventing or mitigating any issues that could emerge, our materiality assessment has assisted us in where to focus strategically on contributions to the communities we are part of. Our principles-based approach guides our strategic effort to be industry leading as a responsible business. We collaborate with associations such as REGA, as well as the industry association Horesta, for this aim. In this way we also build community around our industry's role in a sustainable future.

Safety and security, as well as responsible drinking, constitute significant CSR elements of our industry. In addition to ensuring optimal emergency and evacuation procedures at all venues, REKOM recognizes that safety and security at our bars is much more than that. It is about preventing discrimination and harassment, both from our own staff and from our guests. It is about enabling a diverse and comfortable atmosphere for our guests, where they can enjoy a social life and a good party, without discomfort or worries of ill-treatment. We have transparent, non-discriminatory entry policies for our guests and train our staff in reacting to and preventing harassment or intimidating behaviour. Similarly, we want our guests to have fun, which also means feeling safe. To ensure a fun environment for guests, responsible drinking is important to reduce risks of conflicts or incidents. We never tolerate underage drinking.

One area we find central to our business, is to ensure industry-leading workplace conditions, and promote a culture of recognition and professional development. We want every single employee at REKOM to have a good working experience and feel supported in their professional development and goals. We always offer pay in trial periods and conduct annual employee appraisals and motivational surveys. We also encourage internal promotion and career development. For this aim, we have developed our employee training platform REKOM Academy App with a gamification setup, covering and tracking a wide range of e-learning and classroom courses (for more on our employee engagement activities and learning activities see pages 27 to 29.

Tracking progress and looking forward towards 2022 through the **ESG-strategy**

Part of REKOM's regular impact assessments forming the due diligence process consist of tracking effectiveness of our actions to prevent or mitigate adverse impacts where we identified risks.

The indicators are different from the Key Performance Indicators (KPIs), which assist REKOM in tracking overall performance and in aligning our business with sustainable development goals as well as providing our stakeholders with an overall impression of our progress.

OUR KPIS FOR 2022 ARE:

1. Approved policy commitments (approval by Board of Directors)
2. Approved Code of Conduct for Business Relationships (approval by executive management)
3. Approved Code of Conduct for Employees (approval by executive management)
4. First impact assessments conducted for UK operations (in alignment with the UNGP/OECD practise)
5. Re-assessments done for Danish operations
6. Finalized review of options to optimize existing grievance mechanisms

In addition to the above KPI's, REKOM will, in line with our ESG strategy, continue our effort to support the UN Global Compact Agenda and CSR commitments. In 2022 specific attention will be given to the following efforts:

1. ENVIRONMENT:

a. During 2022 REKOM will implement a switch to green electricity at all Nordic venues. As of 2023 all electricity supplied to REKOM's venues in the Nordic markets will be certified from renewable energy sources
b. Clean city initiatives for cleaner streets near venues

2. SOCIAL:

a REKOM will conduct Meaningfulness Survey for all employees and 360° leadership assessments for all leaders
b. REKOM will continue to focus on and invest in internal education, certifications, and policies for all employees via REKOM Campus
c. REKOM has zero tolerance for underage drinking at our venues and are working actively for the introduction of a minimum age of 18 years to be allowed to buy alcohol in Denmark — including the retail sector.
d. REKOM will continue to focus on ensuring diversity and a fair nightlife without discrimination in line with our commitments to the "Charter for a fair nightlife without discrimination" and the above mentioned REGA cooperation

3. GOVERNANCE:

a. Close cooperation with the police, municipalities, night patrols and other stakeholders to ensure an even safer nightlife for all

The above efforts all fall within REKOM's five strategic flagship initiatives in the ESG strategy. An ESG strategy with the ambition to pass on the party to the next generation in a responsible manner by lighting up the industry and always striving at leaving the venues and neighborhoods better than REKOM found them. The goal for REKOM is always to constantly find new and better alternatives for a safe and responsible party — where the guests feel free to come as they are, and where everyone feels at home.

THE FLAGSHIP INITIATIVES FOR 2022 HAVE BEEN CHOSEN BASED ON THEIR RELATIVE IMPACT ON REKOM AND THE SOCIETIES IN WHICH REKOM OPERATES. THE FIVE FLAGSHIP INITIATIVES ARE:

EMPLOYEE WELLBEING AND MEANING:
Employee wellbeing and meaning is at the heart of REKOM and is a must win battle to unleash the potential of the company both short and long term. In addition, working conditions remain a key societal issue and REKOM aims to set an industry example on this issue.

HEALTH AND NUTRITION:
REKOM recognizes that with serving alcohol comes a responsibility. REKOM only serve adults and have strict procedures to ensure that marketing activities follow the prevailing regulations in the markets that we operate in. REKOM is fully committed to a zero-tolerance policy when it comes to underage drinking and is actively pursuing a minimum age of 18 to buy alcohol in Denmark. In addition, REKOM continues to explore ways in which to introduce more non-alcoholic and low-alcoholic drinks to the menus to always be able to present quality substitutes for alcoholic beverages.

EDUCATION AND CAPACITY BUILDING:
REKOM continues to invest heavily in training as well as formal education of its employees. REKOM sees a huge potential in developing leadership talent within the organization. Thus, this has a high potential impact on REKOM. It also carries societal benefits as the competencies employees receive through training can be used outside of the industry as well. Specifically, with regards to development of young leadership talents, where REKOM has entered into cooperation with accredited educational institutions. This means that REKOM employees who pass these courses will receive ECTS point, which they can use for further education at a later stage.

ENERGY CONSUMPTIONS:
REKOM fully recognizes the importance of transforming our societies into carbon-emission-free economies. REKOM's largest direct impact on CO2-emmission is linked to the electricity usage at our venues. In 2022 REKOM will switch to green electricity supply at all our venues in the Nordics. This means that from 2023 all electricity will be certified to come from renewable energy sources.

COMMUNITY RELATIONS:
REKOM recognizes the impact that our business can have on neighbours and other stakeholders and REKOM always aims to improve the communities in which we operate. For that reason, REKOM seeks a constructive dialogue with local communities and local authorities on how our operations can become a strong contributing partner in developing the leisure and experience economy in the cities in which we operate. REKOM also collaborates actively with the authorities to make the nightlife an even safer space for guests and employees to be who they are. This, amongst other things, includes a close cooperation with both local police and other local stakeholders in making the cities in which we operate safer for all.

Contribution to society: Playing a key role in the cities and societies we operate

Interview with Group Public Affairs Director at REKOM, Lars Børsting

At the heart of REKOM's foundations is the desire to make space for people to be people. To defeat loneliness by opening doors to new friendships and unforgettable moments. According to Group Public Affairs Director at REKOM, Lars Børsting, REKOM's very foundations represent their most important contribution to society — a role that cannot be overestimated.

"We provide that free space that people need to relax, recharge, and have a good time. We give our guests the possibility to meet new friends and have unforgettable moments with other people. The restrictions in our freedom in 2020 and 2021 only reiterated the importance of the role we fulfil. We are social animals and at REKOM we facilitate people's social interaction in a safe and responsible manner," says Lars Børsting.

As REKOM continues to grow so does the company's awareness of the role they play in the cities and societies in which they operate. This is evident in REKOM's sustainable party strategy and REKOM commitment to ESG targets.

"We firmly believe that only through professionalising our industry will we be able to lessen the negative connotations of our industry and engage more positively with our surroundings. Part of this is also making our stakeholders and the wider public understand the positive role that we play in the cities in which we operate," says Lars Børsting.

According to REKOM's Policy Director, Lars Børsting, REKOM plays an important societal role on a least three parameters.

THE EXPERIENCE ECONOMY AND ATTRACTIVE CITIES:
A vibrant nightlife is a key ingredient in developing attractive cities that people want to live in and visit. As such, nightlife plays a crucial part of the value-chain in developing a strong local economy together with other leisure industries and cultural institutions.

EMPLOYMENT AND EDUCATION
REKOM is a major provider of local jobs with more than 6,400 full and part-time employees in total. REKOM's employees are often young people in their first full time position or part time jobs — often in the weekend or evening — earning money to pay for college or university studies. Many are also previously unskilled workers who through REKOM are given the chance to gain skills and experience they can use to strengthen their attachment the labour market. REKOM takes this responsibility very seriously as also evident from the investments made in the training and education of all employees and in creating a strong culture where everybody feels welcome (see pages 27 to 28).

DIRECT AND INDIRECT ECONOMIC CONTRIBUTION TO SOCIETY
REKOM is Danish owned and resident company and its economic contribution must be measured both through its direct and indirect contribution. The direct contribution consists of the corporate taxes that REKOM and their owners pay. However, as a growth company most of REKOM's earnings are reinvested in future growth creating new jobs and value to society through economic activity. Hence, it is important to understand REKOM's indirect economic contribution to society through their economic activity as well as the income taxes paid by REKOM's employees. With a revenue of more than DKK 1,100M in 2021 (which is expected to increase to between 2,000-2,200M in 2022 as covid-19 restrictions are lifted) REKOM is a major contributor to the economic activities in the cities they operate and a major source of jobs in the entire value chain from suppliers to partners.

Governance

Risk management

REKOM IS EXPOSED TO A VARIETY OF RISKS THAT INCLUDE

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

TThe 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.

Risk management

SCENARIO /CAUSE OF RISK	POSSIBLE IMPACT	ACTIONS
GOVERNMENT RESTRICTIONS DUE TO COVID-19		
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.	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.	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
FLUCTUATIONS IN EXCHANGE RATES		
REKOM is exposed to a natural currency risk, mainly in GBP and NOK but also EUR towards DKK.	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.	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.
SUPPLY CHAIN & INFLATION		
The reopening of the global economy post-COVID has caused supply chain issues that have impacted the availability of certain products.	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.	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.
MINIMUM WAGES		
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	Shortage of qualified labour risk leading to higher labour costs and cost of people-focused suppliers like security staff. Introduction of new minimum wage rates may increase cost.	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 offer to attract and keep employees 4/A wages structure that is in line with local and EU-regulation.
CYBER ATTACK & BREAKDOWNS IN IT-SYSTEMS		
REKOM's operations depend on stable IT systems to ensure both the sales process at our venues and our ERP-systems.	Prolonged breakdowns in our IT systems, whether caused by internal or external events, can have significant economic consequences.	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.
HEALTH & SAFETY		
REKOM's venues are open to the public and REKOM has a duty of care to look after its staff and its guests.	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.	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.
REGULATORY FRAMEWORK		
The nightlife industry is heavily regulated both with regards to the products we offer and how they are marketed. This is also true for the external impact of our venues including, for instance, noise.	Changes to the regulatory framework both locally and nationally may affect 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.	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.
LIQUOR LICENCES & LEASEHOLD RENTS		
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.	Changes in liquor licensing that restrict, for instance, opening hours, may have significant economic consequences for the affected venue(s)	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.

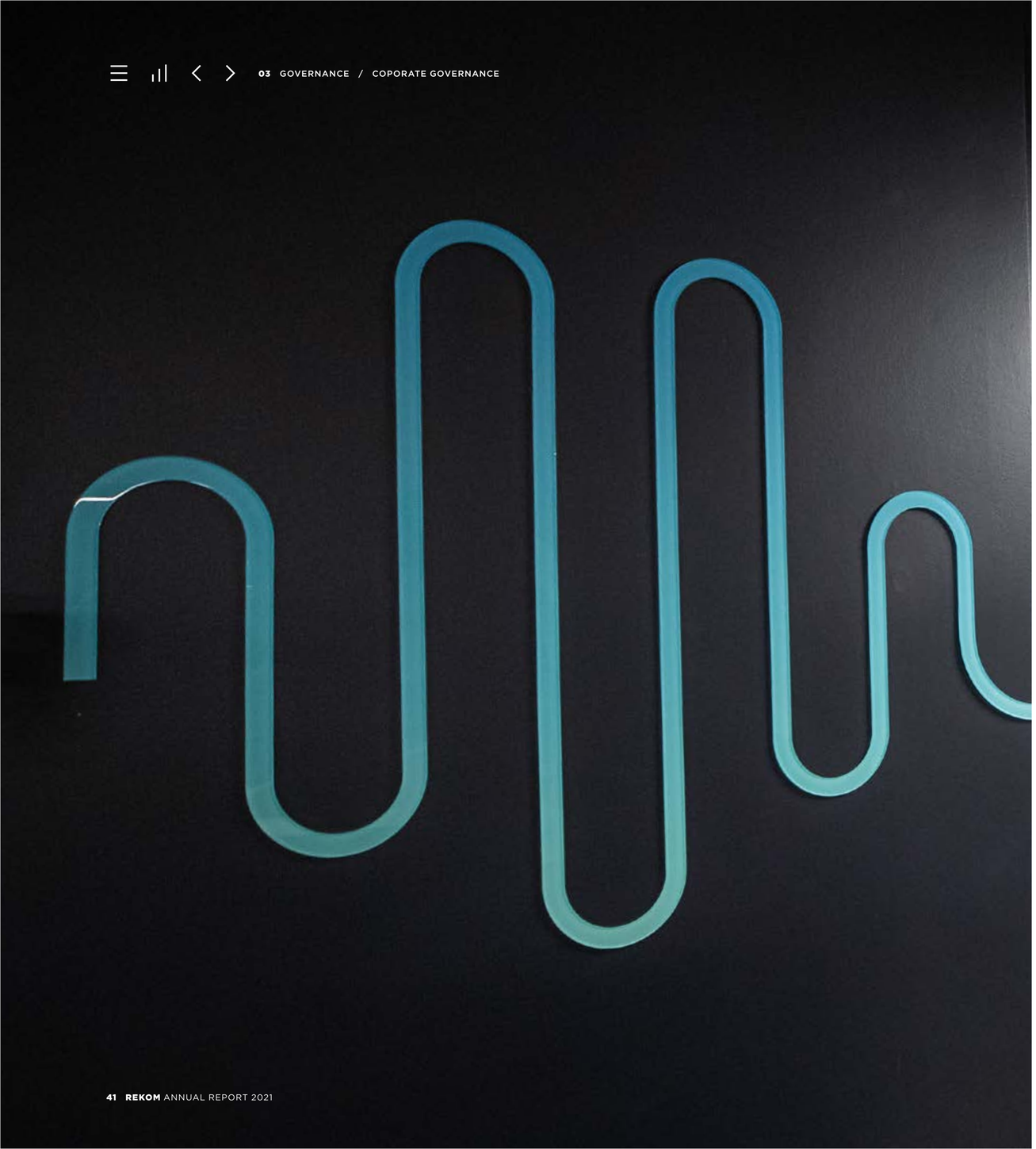
UNGPs/OECD provide for clear and structured management systems to form the basis of our engagement with sustainable development. Recovering from COVID-19, REKOM in 2021 has considerably enhanced its engagement in sustainable development, see pages 33 to 36, that includes our KPIs as well.

KEEPING ABREAST OF INCREASING REGULATION
REKOM is pleased that its efforts enable the company to meet the minimum safeguards as defined 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 recognise 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.

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 and governance

The overall responsibility and strategic management of REKOM lies with the Board of Directors (BoD), which is appointed by the shareholders. The BoD has appointed the executive management team to handle the day-to-day management of the company.

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 ownership and good corporate governance.

On this foundation, the Board of Directors and the Executive Management team have established internal procedures to ensure active, secure and value-creating management.

Likewise, the Board of Directors and the 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.

Executive management

ADAM FALBERT
Chief Executive Officer

JONATHAN GRUMME
Chief Operating Officer

JESPER SCHALTZ
Chief Financial Officer

LARS MEJLGAARD
Chief Commercial Officer

Board of Directors

	CLAUS JUEL JENSEN Chairman	VILHELM HAHN-PETERSEN Deputy Chairman	MORTEN ALBÆK Member	RASMUS LOKVIG Member	SOPHIE LOUISE KNAUER Member	ADAM NEDERBY FALBERT Member
Nominated by	CataCap	CataCap	CataCap	CataCap	CataCap	REKOM management
Selected other management duties	**Tenax Sild A/S** Chairman **Jens Møller Products ApS** Chairman **T. Hansen Gruppen A/S** Chairman **Globus Wine A/S** Board Member **Geia Food A/S** Board Member	**Airhelp Inc** Board Member **TP Aerospace Holding A/S** Board Member **G.S.V. Materieludlejning A/S** Board Member **Catacap Management A/S** Executive Management **Lyngsoe Systems A/S** Board Member	**Vertic A/S** Chairman **Designskolen Kolding** Chairman **Joe & The Juice A/S** Board Member **AART Architechts A/S** Board Member **Mercurius International** Board Member	**Lyngsoe Systems A/S** Deputy Chairman of the Board **CC Globe Holding II A/S** Deputy Chairman of the Board	**Solar A/S** Board Member **CC Globe Holding II A/S** Board Member **SKAKO A/S** Board Member **SKAKO Concrete A/S** Board Member	**Rekom R&D ApS** Chairman **NightPay ApS** Chairman **Rekom Group A/S** Executive Management **CC Mist NEW Holding II ApS** Executive Management
Member of Chairmanship	**X**	**X**				**X**

Financial statements

Consolidated Financial Statements

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CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2021

IN THOUSANDS DKK	NOTES	2021	2020
Revenue	4	1,150,390	318,648
Costs of goods sold		-212,725	-73,782
Other external expenses		-310,504	-124,141
Staff costs	5	-504,297	-230,362
Other operating income	6	246,152	185,252
Operating profit before depreciation, amortisation and special items (EBITDA)		**369,016**	**75,615**
Special items	8	-16,010	19,980
Depreciation, amortisation and impairment	7	-209,390	-163,505
Operating profit before interest and tax (EBIT)		**143,616**	**-67,910**
Financial income	9	5,388	14,399
Financial expenses	9	-169,741	-130,234
Loss before tax		**-20,737**	**-183,745**
Tax for the year	10	-7,096	40,132
Loss for the year		**-27,833**	**-143,613**
Total loss for the year is attributable to:			
Owners of Rekom Group Holding		-29,612	-142,590
Non-controlling interests		1,779	-1,023
		-27,833	**-143,613**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

IN THOUSANDS DKK	NOTES	2021	2020
Loss for the year		**-27,833**	**-143,613**
Other comprehensive income			
Items that may be reclassified to profit or loss		-	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		**-35,141**	**-135,796**
Total comprehensive income for the year is attributable to:			
Owners of Rekom Group Holding ApS		-37,385	-135,290
Non-controlling interests		2,244	-506
		-35,141	**-135,796**

CONSOLIDATED BALANCE SHEET

As at 31 December 2021

IN THOUSANDS DKK	NOTES	2021	2020	AS AT 1 JAN 2020
Assets				
Non-current assets				
Goodwill		818,678	737,259	731,792
Acquired licenses		122,655	117,553	121,682
Acquired brands		83,357	82,688	31,047
Patents		327	368	409
Completed development projects		13,287	12,939	12,440
Development projects in progress		7,232	0	6,820
Intangible assets	12	**1,045,536**	**950,807**	**904,190**
Land and buildings		1,502	1,538	1,575
Other fixtures and fittings, tools and equipment		71,528	78,247	54,635
Leasehold improvements		230,899	206,537	197,971
Property, plant and equipment in progress		33,903	5,940	2,448
Property, plant and equipment	**13**	**337,832**	**292,262**	**256,629**
Right-of-use assets	14	**886,508**	**502,996**	**544,832**
Deferred tax assets	11	13,253	32,603	0
Other non-current receivables		29,456	16,190	18,821
Total non-current assets		**2,312,585**	**1,794,858**	**1,724,472**
Current assets				
Inventories		46,590	16,679	28,379
Trade receivables	15	10,843	9,585	35,710
Receivables from group enterprises		3,953	3,650	0
Income tax receivables	10, 11	709	698	4,850
Prepayments		32,768	9,912	4,098
Other receivables		48,455	66,626	19,694
Cash and cash equivalents	18	396,045	67,290	71,237
Total current assets		**539,363**	**174,440**	**163,968**
Total assets		**2,851,948**	**1,969,298**	**1,888,440**

CONSOLIDATED BALANCE SHEET

As at 31 December 2021

IN THOUSANDS DKK	NOTES	2021	2020	AS AT 1 JAN 2020
Equity				
Share capital	19	17,635	6,059	5,923
Share premium		530,684	311,661	308,057
Reserve for treasury shares	20	-16,075	-15,118	-13,134
Foreign currency translation reserve		549	8,323	0
Retained earnings		-214,780	-185,168	-42,578
Capital and reserves attributable to owners of Rekom Group Holding ApS		**318,013**	**125,757**	**258,268**
Non-controlling interests		35,772	16,902	19,136
Total equity		**353,785**	**142,659**	**277,404**
Liabilities				
Non-current liabilities				
Vendor loans	16	209,187	308,507	150,811
Borrowings	16	831,029	782,449	659,534
Lease liabilities	14	777,352	444,817	468,868
Deferred tax liabilities	11	24,427	40,662	31,746
Other liabilities		28,401	9,327	12,849
Payables to group enterprises		6,516	3,173	0
Total non-current liabilities		**1,876,912**	**1,588,935**	**1,323,808**
Current liabilities				
Borrowings	15	89,169	37,650	22,177
Lease liabilities	13	128,925	77,183	75,964
Trade payables		103,608	28,988	63,926
Income tax liabilities	10, 11	19,465	1,628	3,594
Other liabilities		280,084	92,255	121,567
Total current liabilities		**621,251**	**237,704**	**287,228**
Total liabilities		**2,498,163**	**1,826,639**	**1,611,036**
Total liabilities and equity		**2,851,948**	**1,969,298**	**1,888,440**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

IN THOUSANDS DKK	SHARE CAPITAL	SHARE PREMIUM	RESERVE FOR TREASURY SHARES	FOREIGN CURRENCY TRANSLATION RESERVE	RETAINED EARNINGS	NON-CONTROLLING INTERESTS	TOTAL EQUITY
As at 1 January 2021	**6,059**	**311,661**	**-15,118**	**8,323**	**-185,168**	**16,902**	**142,659**
Profit for the period	0	0	0	0	-29,612	1,779	-27,833
Other comprehensive income	0	0	0	-7,774	0	466	-7,308
Total comprehensive income	**0**	**0**	**0**	**-7,774**	**-29,612**	**2,245**	**-35,141**
Non-controlling interests on acquisition of subsidiary	0	0	0	0	0	17,525	17,525
Divended	0	0	0	0	0	-900	-900
Conversion of loans	2,839	149,360	0	0	0	0	152,199
Capital increase	8,737	69,663	0	0	0	0	78,400
Purchase of treasury shares	0	0	-4,616	0	0	0	-4,616
Sale of treasury shares	0	0	3,659	0	0	0	3,659
Transactions with owners in their capacity as owners	**11,576**	**219,023**	**-957**	**0**	**0**	**16,625**	**246,267**
As at 31 December 2021	**17,635**	**530,684**	**-16,075**	**549**	**-214,780**	**35,772**	**353,785**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

IN THOUSANDS DKK	SHARE CAPITAL	SHARE PREMIUM	RESERVE FOR TREASURY SHARES	FOREIGN CURRENCY TRANSLATION RESERVE	RETAINED EARNINGS	NON-CONTROLLING INTERESTS	TOTAL EQUITY
As at 1 January 2020	**5,923**	**308,057**	**-13,134**	**0**	**-42,578**	**19,136**	**277,404**
Profit for the period	0	0	0	0	-142,590	-1023	-143,613
Other comprehensive income	0	0	0	8,323	0	-506	7,817
Total comprehensive income	**0**	**0**	**0**	**8,323**	**-142,590**	**-1,529**	**-135,796**
Non-controlling interests on acquisition of subsidiary	0	0	0	0	0	0	0
Divended	0	0	0	0	0	-705	-705
Effect of merger	40	0	0	0	0	0	40
Capital increase	95	3,604	0	0	0	0	3,699
Purchase of treasury shares	0	0	-2,384	0	0	0	-2,384
Sale of treasury shares	0	0	400	0	0	0	400
Transactions with owners in their capacity as owners	**135**	**3,604**	**-1,984**	**0**	**0**	**-705**	**1,050**
As at 31 December 2020	**6,059**	**311,661**	**-15,118**	**8,323**	**-185,168**	**16,902**	**142,659**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

IN THOUSANDS DKK	NOTES	2021	2020
Cash flows from operating activities			
Operating profit before depreciation, amortisation and special items (EBITDA)		369,016	75,615
Changes in net working capital	18	245,666	-82,693
Cash flows from operating activities before special items, financials and tax		**614,682**	**-7,078**
Special Items	8	-16,010	19,980
Interest received		5,388	22,732
Interest paid		-161,447	-135,965
Income taxes paid		-930	-371
Cash flow from operating activities (CFFO)		**441,683**	**-100,702**
Cash flows from investing activities			
Payment for acquisition of subsidiaries, net of cash acquired	24	-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	12	-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)		**307,824**	**-272,690**
Cash flows from financing activities			
Repayment of borrowings	16	-103,968	-2,895
Proceeds from borrowings	16	139,510	338,721
Repayment of lease liabilities	14	-96,716	-69,502
Proceeds from group enterprises		-303	0
Repayment of group enterprises		3,343	-1,111
Dividends paid to non-controlling interests in subsidiaries		-900	-705
Equity shareholder increase	19	78,400	3,699
Purchase of own shares		-957	-1,984
Other adjustments		2,522	2,520
Cash flow from financing activities (CFFF)		**20,931**	**268,743**
Changes in cash and cash equivalents		**328,755**	**-3,947**
Cash and cash equivalents at the beginning of the financial year	18	67,290	71,237
Cash and cash equivalents at end of year		**396,045**	**67,290**

ADJUSTED FREE CASH FLOW

For the year ended 31 December 2021

IN THOUSANDS DKK	NOTES	2021	2020
Free cash flow		307,824	-272,690
Net acquisition of subsidiaries and activities		41,587	113,012
Special items		16,010	-19,980
Repayment of lease liabilites (IFRS 16 reversed)		-138,211	-100,849
Adjusted free cash flow		**227,210**	**-280,507**

Adjusted free cash flow comprises of free cash flow adjusted for payments for acquisition of subsidiaries and activities, lease liability repayments, interests paid on lease liabilities and special items,

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of Rekom Group Holding ApS 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 Holding ApS 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 Holding ApS 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 thousand, 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 Holding ApS' functional and presentation currency.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Inventories
Inventories are measured at the lower of cost and net realisable value under the FIFO method. 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.

Other receivables
Other receivables comprise government compensation, marketing contributions and deposits.

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

Key figures
The financial ratios have been calculated in accordance with the recommendations of the Association of Danish Financial Analysts. Please see section for key definitions and terms.

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.

NOTE 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.

Significant estimates made relate to:
- Recognition of government compensation (note 6)
- Recognition of special items (note 8)
- Recognition of deferred tax assets (note 11)
- Determination of lease term (note 14)
- Impairment of goodwill (note 15)
- Business combinations (note 24)

NOTE 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 covernants 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 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 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 300 million 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.

NOTE 4 REVENUE

Disaggregation of revenue from contracts with customers
Revenue from external customers relate to the sale of goods on a retail basis and is recognized at a point in time, and is derived 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	59,911	-	318,648

ACCOUNTING POLICY

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.

NOTE 5 STAFF COSTS

IN THOUSANDS DKK	2021	2020
Wages and salaries	471,647	211,699
Pension cost, defined contribution plans	7,845	4,341
Other social security costs	9,254	7,308
Other staff costs	15,551	7,014
	504,297	**230,362**
Average number of employees	1,468	659

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

NOTE 5 STAFF COSTS (CONTINUED)

IN THOUSANDS DKK	2021	2020
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	**1,701**	**1,343**

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

ACCOUNTING POLICY

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.

NOTE 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,

2021

IN THOUSANDS DKK	NORDICS	UK	TOTAL
Government compensation	192,764	53,388	246,152

2020

IN THOUSANDS DKK	NORDICS	UK	TOTAL
Government compensation	185,252	-	185,252

ACCOUNTING POLICY

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.

SIGNIFICANT ESTIMATES AND JUDGEMENTS

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.

NOTE 7 DEPRECIATION, AMORTISATION AND IMPAIRMENT

IN THOUSANDS DKK	2021	2020
Depreciation of property, plant and equipment	48,496	40,990
Depreciation of right-of-use assets	120,939	89,907
Amortisation of intangible assets	21,858	18,797
Gain and loss on disposal	1,215	2,011
Depreciation and amortisation	**192,508**	**151,705**
Impairment of property, plant and equipment	8,011	4,538
Impairment of right-of-use assets	2,781	0
Impairment of intangible assets	6,090	7,262
Impairment	**16,882**	**11,800**
Total depreciation, amortisation and impairment	**209,390**	**163,505**

NOTE 8 SPECIAL ITEMS

Special items are used in connection with the presentation of profit or loss for the year to distinguish consolidated operating profit 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**

ACCOUNTING POLICY

Special items comprises 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.

SIGNIFICANT ESTIMATES AND JUDGEMENTS

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.

NOTE 9 FINANCIAL INCOME AND EXPENSES

IN THOUSANDS DKK	2021	2020
Financial income		
Interest income	2,279	5,606
Foreign exchange rate gains	3,109	8,793
Total financial income	**5,388**	**14,399**
Financial expenses		
Interest paid on borrowings	128,245	96,220
Interest paid on lease liabilities	41,496	31,347
Total interest expense related to financial liabilities not at fair value through profit or loss	**169,714**	**127,567**
Foreign exchange rate losses	0	2,667
Total financial expenses	**169,741**	**130,234**

ACCOUNTING POLICY

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.

NOTE 10 INCOME TAX EXPENSE

IN THOUSANDS DKK	2021	2020
Current tax		
Current tax on profits for the year	11,987	1,362
Adjustments for current tax of prior periods	-507	-2,332
Deferred tax	-4,384	-39,162
Income tax expense	**7,096**	**-40,132**

NOTE 10 INCOME TAX EXPENSE (CONTINUED)

IN THOUSANDS DKK	2021	2020
Loss before taxes	-20,737	-183,745
Reconcilliation of effective tax rate		
Tax at the Danish tax rate of 22% (2020: 22%)	4,562	40,424
Impact of foreign tax rates on the tax rate	1,339	-87
	5,901	**40,337**
Tax effects of amounts which are not deductible (taxable)		
Non-deductible expenses incl, interest deduction limitations	-17,435	-4,339
Non-taxable income	734	0
Other timing differences	4,211	6,466
Adjustments for current tax of prior periods	-507	-2,332
	-12,997	**-205**
Income tax expense	**-7,096**	**40,132**

ACCOUNTING POLICY

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.

NOTE 11 DEFERRED TAX

IN THOUSANDS DKK	2021	2020
Deferred tax at the beginning of period	-8,059	-31,746
Deferred tax recognised in the statement of profit or loss	4,384	39,162
Deferred tax recognised from business combinations	-7,889	-14,940
Deferred tax recognised directly in equity	0	0
Exchange adjustment	390	-535
Deferred tax at year end	**-11,174**	**-8,059**
Deferred tax relates to:		
Intangible assets	-61,081	-49,145
Property, plant and equipment	-10,455	-10,568
Right-of-use assets	3,801	4,143
Other assets	8,306	1,255
Other liabilities	-2,004	-6,477
Tax losses carried forward	50,259	52,733
Total	**-11,174**	**-8,059**
Of which presented as deferred tax assets	13,253	32,603
Of which presented as deferred tax liabilities	-24,427	-40,662
Deferred tax at 31 December	**-11,174**	**-8,059**
Deferred tax asset not recognised in the balance sheet	3,454	2,054

NOTE 11 DEFERRED TAX (CONTINUED)

ACCOUNTING POLICY

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise 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.

SIGNIFICANT ESTIMATES AND JUDGEMENTS

Recognition of deferred tax assets
The deferred tax assets include an amount of DKK 50.3 million (DKK 52.7 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 relates 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 assess the pandemic to be a very rare incident and as such an anormaly.

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 millon (DKK 2 million), and has 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 groups ability to use tax losses in certain juristications.

NOTE 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	731,792	133,619	35,459	409	15,447	6,820	923,546
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	**738,889**	**138,880**	**89,775**	**409**	**27,195**	**0**	**995,148**
Accumulated depreciation and impairment:	0	0	0	0	0	0	0
At 1 January 2020	0	11,937	4,415	0	3,007	0	19,358
Amortisation for the year	0	8,727	2,673	41	7,356	0	18,797
Impairment for the year	1,630	697	0	0	4,935	0	7,262
Exchange adjustment	0	-33	-1	0	0	0	-34
Impairment and amortisation of disposals	0	0	0	0	-1,042	0	-1,042
At 31 December 2020	**1,630**	**21,327**	**7,087**	**41**	**14,256**	**0**	**44,341**
Carrying amount 31 December 2020	**737,259**	**117,553**	**82,688**	**368**	**12,939**	**0**	**950,807**

NOTE 12 INTANGIBLE ASSETS (CONTINUED)

IN THOUSANDS DKK	GOODWILL	ACQUIRED LICENSES	ACQUIRED BRANDS	PATENTS	COMPLETED DEVELOPMENT PROJECTS	DEVELOPMENT PROJECTS IN PROGRESS	TOTAL
Cost:							
At 1 January 2021	738,889	138,880	89,775	409	27,195	0	995,148
Additions	0	0	0	0	8,380	7,232	15,612
Additions from business combinations	78,664	17,044	3,664	0	0	0	99,372
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	**820,313**	**157,029**	**97,616**	**409**	**35,575**	**7,232**	**1,118,174**
Accumulated depreciation and impairment:							
At 1 January 2021	1,630	21,327	7,087	41	14,256	0	44,341
Amortisation for the year	0	9,611	6,642	41	5,564	0	21,858
Impairment for the year	0	3,192	430	0	2,468	0	6,090
Exchange adjustment	5	244	100	0	0	0	349
Impairment and depreciation of disposals	0	0	0	0	0	0	0
At 31 December 2021	**1,635**	**34,374**	**14,259**	**82**	**22,288**	**0**	**72,638**
Carrying amount 31 December 2021	**818,678**	**122,655**	**83,357**	**327**	**13,287**	**7,232**	**1,045,536**

NOTE 12 INTANGIBLE ASSETS (CONTINUED)

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.

ACCOUNTING POLICY

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 cashgenerating units for the purpose of impairment testing. The allocation is made to those cashgenerating units or groups of cashgenerating 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.

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.

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

NOTE 13 PROPERTY, PLANT AND EQUIPMENT

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	250	79,109	59,450	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	-2,535	-1,729	0	-4,264
Impairment and depreciation of disposals	0	-3,255	-2,404	0	-5,659
At 31 December 2020	**286**	**98,311**	**75,817**	**0**	**174,414**
Carrying amount 31 December 2020	**1,538**	**206,537**	**78,247**	**5,940**	**292,262**

NOTE 13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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	286	98,311	75,817	0	174,414
Depreciation for the year	36	23,500	24,960	0	48,496
Impairment for the year	0	5,896	2,115	0	8,011
Exchange adjustment	0	1,932	950	0	2,882
Impairment and depreciation of disposals	0	-4,383	-2,443	0	-6,826
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**

NOTE 13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

ACCOUNTING POLICY

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

NOTE 14 LEASES

The Group 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 liabilities		
Current	128,925	77,183
Non-current	777,352	444,817
	906,277	**522,000**
Amounts recognized in the statement of profit or loss		
The statement of profit or loss shows the following amounts relating to leases:		
Depreciation charge 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 exemption	-546	-1,256
Total cash outflow for leases	141,499	102,350

NOTE 14 LEASES (CONTINUED)

ACCOUNTING POLICY

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 build-up 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.

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.

NOTE 14 LEASES (CONTINUED)

ACCOUNTING POLICY (CONTINUED)

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 thousands or 12%.

SIGNIFICANT ESTIMATES AND JUDGEMENTS

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 thousands or 7%.

NOTE 15 IMPAIRMENT TESTS

Impairment tests for goodwill
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	515,116	288,236	5,934	9,392	818,678

NOTE 15 IMPAIRMENT TESTS (CONTINUED)

2020

IN THOUSANDS DKK	DENMARK	NORWAY	FINLAND	UK	TOTAL
Goodwill	503,626	227,696	5,937	0	737,259

2021

KEY ASSUMPTIONS	DENMARK	NORWAY	FINLAND	UK
Budget				
Average growth rate in the budget period	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

KEY ASSUMPTIONS	DENMARK	NORWAY	FINLAND	UK
Budget				
Average growth rate in the budget period	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%	-

ACCOUNTING POLICY (CONTINUED)

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.

NOTE 15 IMPAIRMENT TESTS (CONTINUED)

SIGNIFICANT ESTIMATES AND JUDGEMENTS

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 wth the addition of risks relating to the CGU's including financial exposure and is calculated in accordance with IAS 36. The same assumptions has 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.

NOTE 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	396,045	67,290
	406,888	**76,875**
Financial liabilities		
Liabilities at amortised cost		
Trade payables	103,608	28,988
Borrowings	920,198	820,099
Lease liabilities	906,277	522,000
Payables to group enterprises	6,516	3,173
	1,936,599	**1,374,260**

NOTE 16 FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

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	831,029	831,029	0	782,449	782,449
Other loans	89,169	209,187	298,356	0	308,507	308,507
	89,169	**1,040,216**	**1,129,385**	**37,650**	**1,090,956**	**1,128,606**

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%.

IN THOUSANDS DKK	FIXED/FLOATING	EFFECTIVE INTEREST RATE	CURRENCY	MATURITY	CARRYING AMOUNT
Loan from credit institution	Floating	2.25% - 9.50%	DKK, NOK	2025	831,029
Term Loan	Fixed	20.00%	DKK	2022	89,169
Revolving Facility	Floating	2.00% - 4.50%	DKK	2025	0
Vendor loans	Fixed	6.00-10.50%	DKK, NOK	2025	209,187
Total borrowings at 31.12.2021					**1,129,385**
Loan from credit institution	Floating	3.00% - 7.50%	DKK	2025	782,449
Revolving Facility	Fixed	2.75%	DKK, NOK	2025	37,650
Vendor loans	Fixed	6.00-10.50%	DKK	2027-2028	308,507
Total borrowings at 31.12.2020					**1,128,606**

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 paid in full at maturity. Term Loan is repayable in full at maturity. DKK 32 million (DKK 151 million in 2020) of vendor loans are convertible on fair market value terms.

NOTE 16 FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

ACCOUNTING POLICY

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.

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.

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.

When a loan is convertible into shares, the equity conversion feature is separated from the debt host contract and accounted for separately, if the difference between the exercise price and the carrying amount of the loan could be more than insignificant.

On conversion, the loan is derecognised as a financial liability and the carrying amount of the loan immediately prior to the conversion is transferred to equity.

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.

NOTE 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).

NOTE 17 FINANCIAL RISK MANAGEMENT (CONTINUED)

At 31 December 2021, the carrying amount of the Group's interest-bearing debt carrying a floating rate amounts to DKK 831,029 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.

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 – increase of 100 basis points	0	0
Interest rate – decrease of 100 basis points	11,290	9,806

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, NOK 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 and DKK/NOK 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/NOK – change of 5 %	8,028	6,036
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 396,045 thousand (2020: DKK 29,640 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 honor 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 suficient 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 millon of revolving credit facility is available until 30 June 2022, and is guaranteed by the Danish Growth Fund.

NOTE 17 FINANCIAL RISK MANAGEMENT (CONTINUED)

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
Trade payables	103,608	0	0	103,608	103,608
Borrowings	170,680	1,055,020	1,386	1,227,086	920,198
Vendor loans	0	247,492	31,934	279,426	209,187
Payables to group enterprises	6,516	0	0	6,516	6,516
Deferred consideration*	23,748	21,334		45,082	45,082
Lease liabilities	178,401	609,137	357,696	1,145,234	906,277
At 31 December 2021	**482,953**	**1,932,983**	**391,016**	**2,806,952**	**2,190,868**
Trade payables	28,988	0	0	28,988	28,988
Borrowings	68,680	1,055,020	1,386	1,125,086	820,099
Vendor loans	0	152,317	279,426	431,743	209,187
Payables to group enterprises	3,173	0	0	3,173	3,173
Deferred consideration*	17,685	4,150		21,835	45,082
Lease liabilities	103,454	356,870	141,803	602,127	522,000
At 31 December 2020	**221,980**	**1,568,357**	**422,615**	**2,212,952**	**1,704,602**

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 the agreement.

NOTE 18 CASH FLOW SPECIFICATIONS

IN THOUSANDS DKK	2021	2020
Change in inventories	-29,911	11,700
Change in receivables	-5,943	-26,621
Change in trade payables	74,620	-34,938
Change in other liabilities	206,900	-32,834
Changes in net working capital	**245,666**	**-82,693**

IN THOUSANDS DKK	VENDOR LOANS	BORROWINGS	LEASES	TOTAL
Net debt:				
At 1 January 2020	150,811	681,711	544,832	1,377,354
Cash flows	157,696	181,025	-69,502	269,219
New leases	0	0	54,677	54,677
Foreign exchange adjustments	0	-4,359	-11,187	-15,546
Other changes *	0	-38,278	3,180	-35,098
At 31 December 2020	**308,507**	**820,099**	**522,000**	**1,650,606**
Cash flows	-103,968	139,510	-96,716	-61,174
New leases	0	0	434,424	434,424
Foreign exchange adjustments	1,534	12,465	16,602	30,601
Other changes *	3,114	-91,114	29,967	-58,033
At 31 December 2021	**209,187**	**880,960**	**906,277**	**1,996,424**

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

NOTE 18 CASH FLOW SPECIFICATIONS (CONTINUED)

ACCOUNTING POLICY

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 non-current 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.

NOTE 19 SHARE CAPITAL

The company's share capital is divided into three classes of shares, A-shares, B1-shares, B2-shares and B3-shares each of a nominal value of DKK 0.001. Each A-share shall carrying one vote and none of the B1-, B2-or B3-shares shall carry any votes.

No distribution of dividends shall be made to the B1-, B2-or B3-shareholders before A-shares have received payment in full, ie. have received re-payment of the capital invested.

Capital increase at 17.12.2021 consists of merger of REKOM UK.

The company performed a share split of 1/10 as per 17th December 2021. From where the nominal value of the A-, B1-, B2- and B3-shares changed from DKK 0.01 to DKK 0.001.

NOTE 19 SHARE CAPITAL (CONTINUED)

	2021		2020	
IN THOUSANDS DKK	**NUMBER OF SHARES ('000)**	**NOMINAL VALUE**	**NUMBER OF SHARES ('000)**	**NOMINAL VALUE**
The share capital comprise:				
Ordinary shares (fully paid)	17,635,238	0.001	605,895	0.01

IN NUMBER OF SHARES IN EACH CLASS	**A**	**B1**	**B2**	**B3**	**TOTAL**
Changes in share capital 2021					
Opening balance	564,662	36,341	4,892	0	605,895
Loan conversion	283,900	0	0	0	283,900
Capital increase at 29.10.2021	2,798				2,798
Capital increase at 23.11.2021	15,803			6,638	22,441
Share split at 17.12.2021	7,772,072	327,067	44,024	59,745	8,202,908
Capital increase at 17.12.2021	8,517,296				8,517,296
Total	**17,156,531**	**363,408**	**48,916**	**66,383**	**17,635,238**
Changes in share capital 2020					
Opening balance	556,006	36,341	0	0	592,347
Capital increase at 09.03.2020	4,656		4,892		9,548
Effect of merger	4,000				4,000
Total	**564,662**	**36,341**	**4,892**	**0**	**605,895**

DKK PER SHARE	**2021**	**2020**
Total dividend paid out for the year	0	0
Total dividend proposed for the year	0	0

ACCOUNTING POLICY

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.

Share premium
Premium on issue of shares are recognised as share premium.

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.

NOTE 20 TREASURY SHARES

NAME	SHARE CLASS	NUMBER OF SHARES ('000)	NOMINAL VALUE IN THOUSANDS DKK	ACQUISITION COST IN THOUSANDS DKK
Changes in treasury shares:				
Treasury shares at 01.01.2020	A	17,500	175	13,134
Purchase of shares at 22.01.2020	A	989	10	728
Purchase of shares at 22.01.2020	B1	746	7	105
Purchase of shares at 14.10.2020	A	158	2	119
Purchase of shares at 14.10.2020	B2	158	2	6
Purchase of shares at 16.10.2020	A	1,412	14	825
Purchase of shares at 16.10.2020	B1	448	4	12
Purchase of shares at 16.10.2020	B2	315	3	12
Purchase of shares at 13.11.2020	A	111	1	102
Purchase of shares at 17.11.2020	A	858	9	460
Purchase of shares at 17.11.2020	B1	560	6	15
Sale of shares at 17.11.2020	A	-280	-3	-248
Sale of shares at 17.11.2020	A	-466	-5	-152
Treasury shares at 31.12.2020	A	20,282	203	14,968
Treasury shares at 31.12.2020	B1	1,754	17	132
Treasury shares at 31.12.2020	B2	473	5	18
Total treasury shares at 31.12.2020		**22,509**	**225**	**15,118**

NOTE 20 TREASURY SHARES (CONTINUED)

NAME	SHARE CLASS	NUMBER OF SHARES ('000)	NOMINAL VALUE IN THOUSANDS DKK	ACQUISITION COST IN THOUSANDS DKK
Changes in treasury shares:				
Purchase of shares at 15.02.2021	A	89	1	480
Purchase of shares at 15.02.2021	B1	74	1	2
Purchase of shares at 15.02.2021	A	222	2	119
Purchase of shares at 15.02.2021	B1	224	2	6
Purchase of shares at 18.02.2021	A	623	6	470
Purchase of shares at 18.02.2021	B2	795	8	30
Purchase of shares at 30.08.2021	A	1,453	15	545
Purchase of shares at 05.11.2021	A	4,961	50	2,701
Purchase of shares at 05.11.2021	B1	1,306	13	35
Purchase of shares at 05.11.2021	B2	189	2	7
Purchase of shares at 08.11.2021	A	9	0	5
Sale of shares at 03.09.2021	A	-3,272	-33	-3,157
Sale of shares at 01.11.2021	A	-623	-6	-470
Sale of shares at 01.11.2021	B2	-795	-8	-30
Share split at 17.12.2021	A	213,691	-	-
Share split at 17.12.2021	B1	30,222	-	-
Share split at 17.12.2021	B2	5,961	-	-
Purchase of shares at 17.12.2021	A	6,812	7	208
Purchase of shares at 17.12.2021	B1	2,238	2	8
Treasury shares at 31.12.2021	A	244,247	244	15,869
Treasury shares at 31.12.2021	B1	35,818	36	183
Treasury shares at 31.12.2021	B2	6,623	7	23
Total treasury shares at 31.12.2021		**286,688**	**287**	**16,075**

Treasury shares are held for sales to employees under the Groups share programme. The shares are valued each year in accordance with the group's share programme

The company's treasury shares amount to 1.6 % of the nominal value of the share capital.

ACCOUNTING POLICY

Treasury share reserve
The reserve comprises the nominal value of treasury shares. The difference between the market price paid and the nominal value plus dividends on treasury shares is recognised directly as retained earnings in equity

NOTE 21 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. Information about the rights and preferences of each share class is provided in note # share capital. 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 the group may achieve 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 group's option in a leaver scenario. However, the group is not considered to have a present obligation to settle the shares in cash, and as such, the arrangement is classified as an equity-settled share-based payment transaction.

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.

The number of shares issued and reacquired under the arrangement to participating employees is highlighted below:

IN THOUSANDS	A-SHARES ('000)	B1-SHARES ('000)	B2-SHARES ('000)	B3-SHARES ('000)
Outstanding at 01.01.2020	**58,522**	**36,341**	**0**	**0**
Shares acquired	5,404	0	4,892	0
Shares reacquired	-3,417	-1,754	-473	0
Outstanding at. 01.01.2021	**60,509**	**34,587**	**4,419**	**0**
Shares acquired	48,531	0	795	6,638
Shares reacquired	-5,903	-1,604	-984	0
Share split	928,231	296,845	38,063	59,745
Shares acquired	1,490,421	0	0	0
Shares reacquired	-6,812	-2,238	0	0
Outstanding at 31.12.2021	**2,514,977**	**327,590**	**42,293**	**66,383**

ACCOUNTING POLICY

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.
The arrangement is classified as an equity-settled share-based payment program, for which the cost is recognized 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 recognized.

NOTE 22 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.

NOTE 23 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:

IN THOUSANDS DKK	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
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 Holding ApS are pledged in connection with the Group´s accession to the credit agreements.

The Group has secured a guarantee against 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 it's credit facility at Nordea. At year end this amounts 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.

NOTE 24 BUSINESS COMBINATIONS

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	100%
Inventum group (Norway) - Smedasundet Servering AS - Smedasundet Drift AS - Kurlturhuset på Kaien AS	1 August 2021	100%
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 brand.
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:

IN THOUSANDS DKK	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

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:

IN THOUSANDS DKK	
Cash paid	47,876
Deferred consideration	36,776
Contingent consideration	4,119
Total purchase consideration	**88,771**

NOTE 24 BUSINESS COMBINATIONS (CONTINUED)

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 considera-tion 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 1,760 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.

ACQUISITIONS 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 England, Wales and Scotland 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.

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:

IN THOUSANDS DKK	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	-39,252
Add: Goodwill	0	8,344	8,344
Net assets acquired	88,604	24,528	113,132

NOTE 24 BUSINESS COMBINATIONS (CONTINUED)

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 thousands 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 thousands. Details about the consideration are as follows:

IN THOUSANDS DKK	DELTIC	OTHER ACQUISITIONS	TOTAL
Cash paid	88,604	24,528	113,132
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:

IN THOUSANDS DKK	DELTIC	OTHER ACQUISITIONS	TOTAL
Acquisition-related costs	9,209	1,704	10,913

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 thousands 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.

NOTE 24 BUSINESS COMBINATIONS (CONTINUED)

ACCOUNTING POLICY

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.

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.

SIGNIFICANT ESTIMATES AND JUDGEMENTS

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.

NOTE 25 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 Invest 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 27.

NOTE 26 FEE TO AUDITORS APPOINTED AT THE GENERAL MEETING

IN THOUSANDS DKK	2021	2020
PricewaterhouseCoopers		
Audit fee	5,402	2,916
Other assurance services	396	659
Tax advisory service	112	216
Other services	1,913	1,590
	7,822	**5,381**

NOTE 27 INTERESTS 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.

		OWNERSHIP INTERESTS HELD BY THE GROUP	
NAME OF ENTITY	PLACE OF BUSINESS	2021	2020
CC Fly Holding II A/S	Denmark	100%	100%
Rekom Group A/S	Denmark	100%	100%
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%	100%
- CC Stim UK Holdco Limited	United Kingdom	100%	100%
- CC Stim UK Tradeco 1 Limited	United Kingdom	100%	100%
- CC Stim UK Tradeco 2 Limited	United Kingdom	100%	100%
- CC Stim UK Tradeco 3 Limited	United Kingdom	100%	100%
- CC Stim UK Tradeco 4 Limited	United Kingdom	100%	100%
- 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%

NOTE 27 INTERESTS IN OTHER ENTITIES (CONTINUED)

		OWNERSHIP INTERESTS HELD BY THE GROUP	
NAME OF ENTITY	PLACE OF BUSINESS	2021	2020
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%
HIVE ApS	Denmark	100%	100%
HORNSLETH BAR ApS	Denmark	100%	100%
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%
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%
- Mundo Tequila ApS	Denmark	100%	0%
- TOTDY ApS	Denmark	70%	70%
- I Am Drinks ApS	Denmark	32%	0%

NOTE 27 INTERESTS IN OTHER ENTITIES (CONTINUED)

NAME OF ENTITY	PLACE OF BUSINESS	OWNERSHIP INTERESTS HELD BY THE GROUP 2021	2020
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 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%
- 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%

NOTE 27 INTERESTS IN OTHER ENTITIES (CONTINUED)

NAME OF ENTITY	PLACE OF BUSINESS	OWNERSHIP INTERESTS HELD BY THE GROUP 2021	2020
- 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%	0%
- KJ10 Rekom AS	Norway	100%	100%
- Kulturhuset på Kaien AS	Norway	100%	0%
- La Belle Drift AS	Norway	100%	100%
- Loulou Bergen AS	Norway	100%	100%
- LouLou Stavanger AS	Norway	100%	0%
- Nightpay Norge AS	Norway	100%	100%
- Proud Mary Stavanger AS	Norway	100%	100%
- Rabalder Bar Oslo AS	Norway	100%	100%

NOTE 27 INTERESTS IN OTHER ENTITIES (CONTINUED)

NAME OF ENTITY	PLACE OF BUSINESS	OWNERSHIP INTERESTS HELD BY THE GROUP 2021	2020
- Rabalder Bar Stavanger AS	Norway	100%	100%
- Rekom Norge Drift 15 AS	Norway	100%	0%
- 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%	0%
- Stavanger Sportscafe AS	Norway	100%	100%
- Store Høvding AS	Norway	100%	100%
- Stortorvets Gjestgiveri AS	Norway	100%	0%
- Winehouse Haugesund AS	Norway	100%	0%
Restaurationskompagniet Finland OY	Finland	100%	100%

NOTE 28 SUBSEQUENT EVENTS

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

NOTE 29 FIRST TIME ADOPTION OF IFRS

The consolidated financial statements for the year ended 31 December 2021 are the first set of consolidated financial statements the group has prepared. The consolidated financial statements are prepared in accordance with IFRS.

The group 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.

This note explains the principles used by the Group in preparing these IFRS consolidated financial statements.

Leases
In accordance with the provisions in IFRS 1, Rekom Group Holding I has adopted IFRS 16 Leases as of 1 January 2020. With the adoption of IFRS 16, the liabilities were measured at the present value of the remaining lease payments as at the transition date using the incremental borrowing rates of 1 January 2020. The weighted average incremental borrowing rate applied was 6%. 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.

As of 1 January 2020, lease liabilities and right-of-use assets of DKK 544,832 thousands were recognised in the balance sheet.

In the cash flow statement, 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.

Goodwill
The group has chosen to apply IFRS 3 Business Combinations retrospectively to all acquisitions of subsidiaries. Accordingly, goodwill arising from these acquisitions has not been amortised but has been subject to impairment test. As at 1 January 2020, the carrying amount of goodwill which has been recognised in the balance sheet is DKK 731,792 thousands.

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.

The group 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.
- 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 a straight-line basis over the lease term.
- The group 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.
- The group 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 1 January 2020.

The group has chosen not to apply IAS 21 The Effects of Changes in Foreign Exchange Rates retrospectively to fair value adjustments and goodwill from business combinations that occurred before 1 Janury 2020. Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.

Management's Statement

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

The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in 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 opera-tions and cash flows for 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 re-sults 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

BOARD OF DIRECTORS

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

Independent Auditor's Report

TO THE SHAREHOLDERS OF REKOM GROUP HOLDING APS

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 opera-tions 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 Holding ApS 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 addi-tional requirements applicable in Denmark. Our responsibilities under those standards and require-ments 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 Re-view and, in doing so, consider whether Management's Review is materially inconsistent with the finan-cial statements or our knowledge obtained during the audit, or otherwise appears to be materially mis-stated.

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 mate-rial 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 fur-ther 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 Par-ent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the au-dit. 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 evi-dence 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 con-trol.
- 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 ef-fectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting es-timates 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 uncer-tainty 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 F. Christiansen
State Authorised
Public Accountant
mne18628

Kristian Højgaard Carlsen
State Authorised
Public Accountant
mne44112

Definition of key figures and financial ratios

Key figures and ratios are disclosed in accordance with Recommendations & Ratios published by the Danish Finance Society, except for financial ratios marked with (*) as well as adjusted figures as these are either derived or not included in the Recommendations.

KEY FIGURES

Net working capital	=	Receivables and other current operating assets less trade payables and other payables and other current operating liabilities
Net interest-bearing debt	=	Interest-bearing debt including borrowings, lease liabilities and other interest-bearing payables less cash and cash equivalents
Adjusted net interest-bearing debt	=	Net interest-bearing debt less lease liabilities
Invested capital	=	Net working capital + property, plant and equipment, right-of-use assets and intangible assets including goodwill
Net financial expenses	=	Financial income less financial expenses
Adjusted free cash flow	=	Adjusted free cash flow comprises of free cash flow adjusted for payments for acquisition of subsidiaries and activities, lease liability repayments, interests paid on lease liabilities and special items.

FINANCIAL RATIOS

Gross margin	=	$\frac{\text{Revenue - cost of goods sold * 100}}{\text{Revenue}}$
EBTDA margin	=	$\frac{\text{Operating profit before amortisation, depreciation and special items * 100}}{\text{Revenue}}$
Return on equity (ROE)	=	$\frac{\text{Profit for the year}}{\text{Average equity}}$
Return on invested capital (ROIC)	=	$\frac{\text{Operating profit before interest and tax (EBIT) less special items * 100}}{\text{Average invested capital}}$
Return on assets (ROA)	=	$\frac{\text{Profit for the year}}{\text{Average total assets}}$
Solvency ratio	=	$\frac{\text{Equity less non-controlling interests including vendor loans}}{\text{Balance sheet total}}$
Solvency ratio excl. IFRS 16	=	$\frac{\text{Equity less non-controlling interests including vendor loans}}{\text{Balance sheet total less lease liabilities}}$
Gearing ratio*	=	$\frac{\text{Net interest-bearing debt}}{\text{Operating profit before amortisation, depreciation and special items}}$
Gearing ration excl. IFRS 16*	=	$\frac{\text{Net interest-bearing debt less lease liabilities}}{\text{Operating profit before amortisation, depreciation and special items}}$

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PROFIT AND LOSS 1 JANUARY - 31 DECEMBER

IN THOUSANDS DKK	NOTES	2021	2020
General and administrative expenses		22	-93
Gross profit		**22**	**-93**
General and administrative expenses			
Amortisation and depreciations			
Operating profit		**22**	**-93**
Finance income		9,537	9,291
Finance costs	5	-16,042	-18,824
Loss before tax		**-6,483**	**-9,626**
Income tax expenses	6	80	1,475
Loss for the year		**-6,403**	**-8,151**

STATEMENT OF COMPREHENSIVE INCOME

IN THOUSANDS DKK	NOTES	2021	2020
Loss for the year		-6,403	-8,151
Other comprehensive income for the period, net of tax		**0**	**0**
Total comprehensive income for the period		**-6,403**	**-8,151**

BALANCE SHEET 31 DECEMBER

IN THOUSANDS DKK	NOTES	2021	2020
Investment in subsidiaries	7	651,642	533,000
Deferred tax asset		2,517	2,437
Total non-current assets		**654,159**	**535,437**
Intercompany		55,261	36,704
Other receivables		1	3,700
Cash and cash equivalents		10,176	19,720
Total current assets		**65,438**	**60,123**
Total assets		**719,597**	**595,560**

BALANCE SHEET 31 DECEMBER

IN THOUSANDS DKK	NOTES	2021	2020
Share capital	8	17,635	6,059
Share premium		530,684	311,661
Reserve for treasury shares		-16,075	-15,118
Retained earnings		-22,152	-15,749
Total equity		**510,092**	**286,853**
Vendor loan		209,187	308,507
Total non-current liabilities		**209,187**	**308,507**
Current income tax liabilities		0	0
Intercompany		74	0
Other payables		244	80
Total current liabilities		**318**	**80**
Total liabilities		**209,505**	**308,707**
Total equity and liabilities		**719,597**	**595,560**

STATEMENT OF CHANGES IN EQUITY

IN THOUSANDS DKK	SHARE CAPITAL	SHARE PREMIUM	RESERVE FOR TREASURY SHARES	RETAINED EARNINGS	TOTAL
Equity at 01.01.2021	**6,019**	**311,661**	**-15,118**	**-15,749**	**286,813**
Effect of merger	40	0	0	0	40
Adjusted equity at 01.01.2021	**6,059**	**311,661**	**-15,118**	**-15,749**	**286,853**
Loss for the period	0	0	0	-6,403	-6,403
Other comprehensive income	0	0	0	0	0
Total comprehensive income for the period	**0**	**0**	**0**	**-6,403**	**-6,403**
Conversion of loans	2,839	149,360	0	0	152,199
Capital increase	8,737	69,663	0	0	78,400
Purchase of treasury shares	0	0	-4,614	0	-4,614
Sale of treasury shares	0	0	3,657	0	3,657
Transactions with owners in their capacity as owners	**11,576**	**219,023**	**-957**	**0**	**229,642**
Equity at 31.12.2021	**17,635**	**530,684**	**-16,075**	**-22,152**	**510,092**

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

IN THOUSANDS DKK	NOTES	2021	2020
Cash flows from operating activities			
Operation profit for the year		22	-93
Change in net working capital	13	3,897	-3,644
Cash flows from operating activities before special items, financials and tax		**3,919**	**-3,737**
Interest income received		4,381	9,291
Interest expense paid		-11,394	-18,824
Income taxes paid/received		0	1,126
Cash flow from operating activities (CFFO)		**-3,094**	**-12,144**
Cash flows from investing activities			
Capital injection in subsidiary		-134,468	-140,000
Cash flow from investing activities (CFFI)		**-134,468**	**-140,000**
Free cash flow (FCF)		**-137,562**	**-152,144**
Cash flows from financing activities			
Cash received from merger		1,444	0
Proceeds from borrowings		30,500	157,696
Proceeds from group enterprises		18,631	12,450
Equity shareholder increase		78,400	3,699
Purchase of own shares		-957	-1,984
Cash flow from financing activities (CFFF)		**128,018**	**171,861**
Changes in cash and cash equivalents		**-9,544**	**19,717**
Cash and cash equivalents at the beginning of the financial year		19,720	3
Cash and cash equivalents, end of the year		**10,176**	**19,720**

Notes to the Parent Financial Statements

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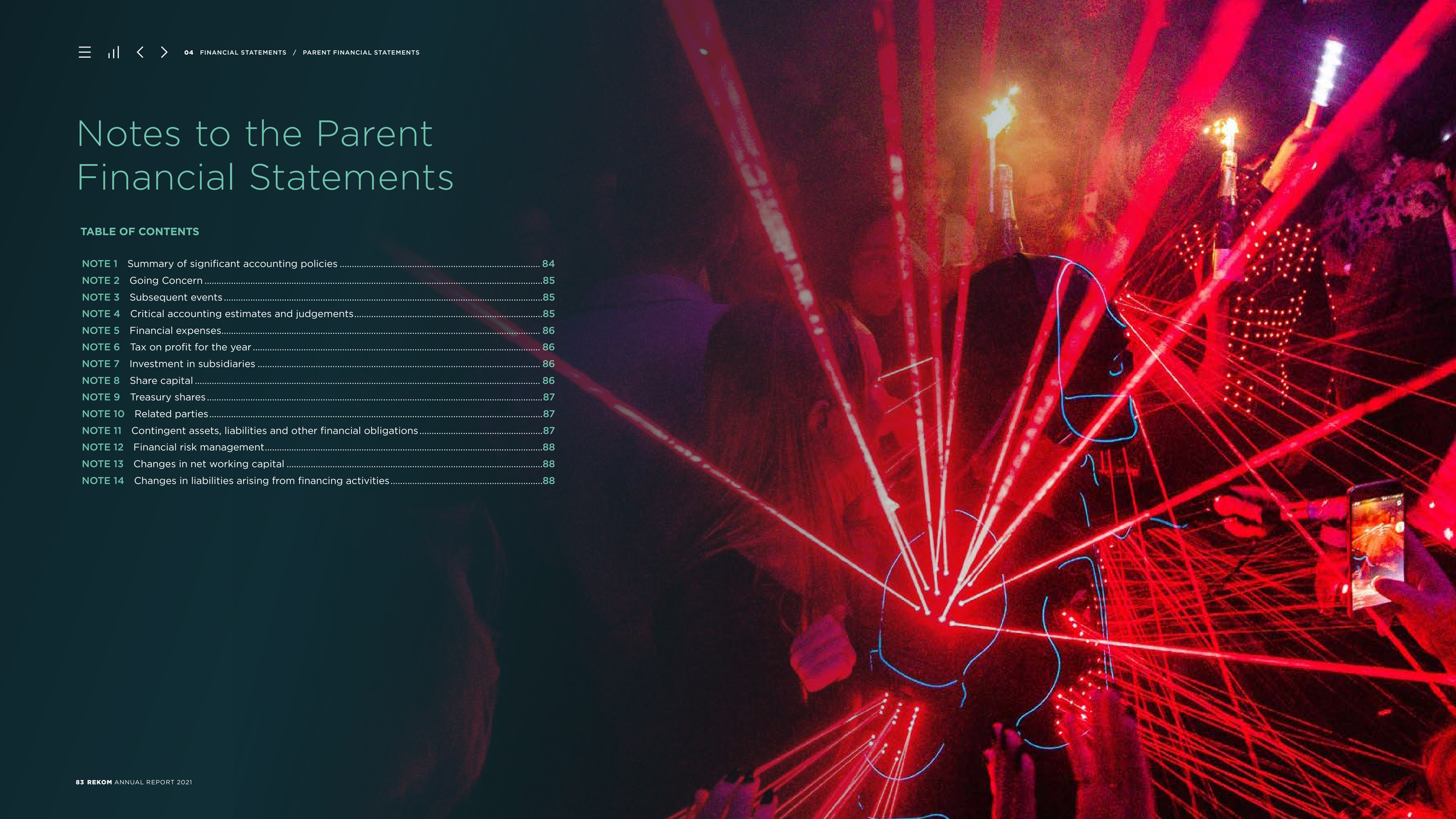

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Rekom Group Holding ApS was founded on 12 March 2018. The Financial Statements for the company, Rekom Group Holding ApS have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union as well as additional Danish disclosure requirements applying to entities of reporting class B.

The annual report is prepared according to standards and interpretations effective for financial years beginning 1 January 2020. No standards or interpretitations have been adopted early. The functional currency of the Company is DKK.

The functional currency of the Company is DKK

General information on recognition and measurement
The Financial Statements have been prepared under the historical cost method.

New standards
The IASB has issued a number of new or amended standards and interpretations effective for financial years beginning on or after 1 January 2020.

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

FOREIGN CURRENCY TRANSLATION

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.
Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs.

General and administrative expenses
General and administrative expenses include expenses relating to the Company's ordinary activities.

Finance income
Finance income comprise interest income, including receivables and transactions in foreign currencies as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Finance expenses
Finance expenses comprise interest expenses, including payables and transactions in foreign currencies as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

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

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Investments in subsidiaries
Investments in subsidiaries are measured at cost. Impairment tests are performed on subsidiaries if events or changes in circumstances indicate that their carrying amount may not be recoverable. If cost exceeds the recoverable amount measured as value-in-use, the carrying amount is written down to the recoverable amount.

Receivables
Receivables are initially recognised at fair value adjusted for any transaction costs. Subsequently, receivables are measured at amortised cost, which usually corresponds to the nominal value. Write-down is made to net realisable value to provide for expected losses.

EQUITY

Dividend distribution
Dividends are recognised as a liability at the time of adoption at the general meeting.

Share Premium
Share Premium relate to capital increases and decreases.

Treasury share revserve
The reserve comprises the nominal value of treasury shares. The difference between the market price paid and the nominal value plus dividends on treasury shares is recognised directly as retained earnings in equity

Vendor loan and other payables
Vendor loan consists of convertible debt notes measured at amortized cost. Other debt or liabilities covering trade creditors and other debt are recognised at amortized cost, which usually corresponds to the nominal value.

Statement of cash flow
The cash flow statement shows the cash flows during the year distributed on operating, investing and financing activities, changes in cash and cash equivalents at the beginning and at the end of the year.

Cash flows from operating activities are calculated using the indirect method and comprise profit for the year adjusted for non-cash items, changes in working capital, interest paid and received etc., and payments of corporate tax.

Cash flows from investing activities comprise payments in connection with acquisitions and divestment of businesses and purchase and sale of enterprises, activities and fixed asset investments as well as purchase, development, improvement, sale and short term bank debt.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, instalments on interest-bearing debt, purchase of treasury shares, and payment of dividend.

Cash and cash equivalents
In the statement of cash flows, cash and cash equivalents includes cash in hand and bank deposits.

NOTE 2 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 covernants 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 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 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 300 million 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.

NOTE 3 SUBSEQUENT EVENTS

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

NOTE 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

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

The company is also subject to risks and uncertainties that may lead to actual results differing from these estimates, both positively and negatively.

Impairment test of investments in subsidiaries
The Company tests, if there are indicators of impairment, whether investments in subsidiaries has suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units will be determined based on value-in-use calculations. These calculations require the use of estimates.

Investments in subsidiaries amounts to DKK 652 million and no impairment losses has been recognised in 2021.

Key assumptions used for impairment test of investments in subsidiaries
Following the negative impact from COVID-19 on the financial result in 2021 in its subsidiary there are indications of impairment. As a result, the carrying amount of the investments in subsidiaries is tested for impairment.

Investments in subsidiaries consist of a single cash-generating unit.

The method applied is the discounted cash flow model, which uses cash flow projections based on financial budgets approved by the board and Management covering a ten-year period. Management has based these projections on historical values of their exisiting business and expectations to future market and industry development.

A ten-year period has been used in the model as this time period aligns with the strategic time frame used by

Management. The business in which the Company operates is not a cyclical business. It is Management's opinion that no significant additional uncertainty arises from the use of a ten-year time period.

A fixed EBIT-margin is used in the model to reflect the nature of the industry in which the Company operates. The industry is non-cyclical and competion in the marketplace is high.

Cash flows during the ten-year period are discounted, and beyond the ten-year period cash flows are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the entertainment industry and similar companies.

The recoverable amount is calculated based on value-in-use. The following key assumptions are applied in the calculation:

Annual sales growth 2%, EBIT-margin – constant at 15.6%, pre-tax WACC 7.7% and growth in the terminal period of 1.0%.

A sensitivity analysis of the main assumptions in the impairment test has been carried out to identify the lowest and/or highest discount rate and the lowest growth rate for the investment.

With a sales growth of 2%, EBIT-margin – constant at 15.6%, pre-tax WACC 8.7% and 1.0% growth in the terminal period is the equity value above the booked value of the investment.

Based on the impairment test performed as at 31 December 2021, no impairment is required.

NOTE 5 FINANCIAL EXPENSES

IN THOUSANDS DKK	2021	2020
Interest expenses	-16,042	-18,824
	-16,042	**-18,824**

NOTE 6 TAX ON PROFIT FOR THE YEAR

IN THOUSANDS DKK	2021	2020
Current tax:		
Adjustment of prior year taxes	0	642
Current tax on profits for the year	0	0
Deferred tax on profit for the year and previous years	-80	-2,117
Income tax expenses for the period	**-80**	**-1,475**
Income tax expenses are specified as follows:		
Calculated 22.0% tax on profit for the year before income tax	1,426	-2,117
Effective tax rate	**1%**	**15%**

NOTE 7 INVESTMENT IN SUBSIDIARIES

IN THOUSANDS DKK	2021	2020
Cost:		
At 01.01.	533,000	393,000
Additions during the year	188,610	140,000
Disposals during the year	-69,968	0
Carrying amount 31.12.	**651,642**	**533,000**

NAME	PLACE OF REGISTERED OFFICE	VOTE	OWNERSHIP
CC Fly Holding II ApS	Copenhagen	100%	100%

NOTE 8 SHARE CAPITAL

The company's share capital is divided into three classes of shares, A-shares, B1-shares, B2-shares and B3-shares each of a nominal value of DKK 0.001. Each A-share shall carrying one vote and none of the B1-, B2-or B3-shares shall carry any votes.

No distribution of dividends shall be made to the B1-, B2-or B3-shareholders before A-shares have received payment in full, ie. have received re-payment of the capital invested.

The company performed a share split of 1/10 as per 17th December 2021. From where the nominal value of the A-, B1-, B2- and B3-shares changed from DKK 0.01 to DKK 0.001.

IN THOUSANDS	2021		2020	
THE SHARE CAPITAL COMPRISE:	NO. OF SHARES ('000)	NOMINAL VALUE PER SHARE	NO. OF SHARES ('000)	NOMINAL VALUE PER SHARE
Ordinary shares (fully paid)	17,635,238	0.001	605,895	0.01

IN NUMBER OF SHARES ('000) IN EACH CLASS	A	B1	B2	B3	TOTAL
Changes in share capital 2021					
Opening balance	564,662	36,341	4,892	0	605,895
Loan conversion	283,900	0	0	0	283,900
Capital increase at 29.10.2021	2,798				2,798
Capital increase at 23.11.2021	15,803			6,638	22,441
Share split at 17.12.2021	7,772,072	327,067	44,024	59,745	8,202,908
Capital increase at 17.12.2021	8,517,296				8,517,296
Total	**17,156,531**	**363,408**	**48,916**	**66,383**	**17,635,238**

NOTE 9 TREASURY SHARES

Treasury shares are held for sales to employees under the Groups share programme.
The shares are valued each year in accordance with the group's share programme.
The treasury shares are recognized at cost in the financial statements.
The company's treasury shares amount to 1.6 % of the nominal value of the share capital.

NAME	SHARE CLASS	NUMBER OF SHARES ('000)	NOMINAL VALUE IN THOUSANDS DKK	ACQUISITION COST IN THOUSANDS DKK
Treasury shares at 31.12.2020	A	20,282	203	14,968
Treasury shares at 31.12.2020	B1	1,754	18	132
Treasury shares at 31.12.2020	B2	473	5	18
Total treasury shares at 31.12.2020		**22,509**	**225**	**15,118**
Changes in treasury shares:				
Purchase of shares at 15.02.2021	A	89	1	480
Purchase of shares at 15.02.2021	B1	74	1	2
Purchase of shares at 15.02.2021	A	222	2	119
Purchase of shares at 15.02.2021	B1	224	2	6
Purchase of shares at 18.02.2021	A	623	6	470
Purchase of shares at 18.02.2021	B2	795	8	30
Purchase of shares at 30.08.2021	A	1,453	15	545
Purchase of shares at 05.11.2021	A	4,961	50	2,701
Purchase of shares at 05.11.2021	B1	1,306	13	35
Purchase of shares at 05.11.2021	B2	189	2	7
Purchase of shares at 08.11.2021	A	9	0	5
Sale of shares at 03.09.2021	A	-3,272	-33	-3,157
Sale of shares at 01.11.2021	A	-623	-6	-470
Sale of shares at 01.11.2021	B2	-795	-8	-30
Share split at 17.12.2021	A	213,691	-	-
Share split at 17.12.2021	B1	30,222	-	-
Share split at 17.12.2021	B2	5,961	-	-
Purchase of shares at 17.12.2021	A	6,812	7	208
Purchase of shares at 17.12.2021	B1	2,238	2	6
Treasury shares at 31.12.2021	A	244,247	244	15,869
Treasury shares at 31.12.2021	B1	35,818	36	181
Treasury shares at 31.12.2021	B2	6,623	7	25
Total treasury shares at 31.12.2021		**286,688**	**287**	**16,075**

NOTE 10 RELATED PARTIES

The company is controlled by CC Fly Invest ApS. The groups ultimate parent is CataCap II K/S.

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.

All transactions were carried out on terms equivalent to arm's length principles.

NOTE 11 CONTINGENT ASSETS, LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

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

IN THOUSANDS DKK	2021	2020
Surety	420,000	119,845

Contingent liabilities

Joint taxation
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 it's borrowing at Ares Credit Group. At year end this amounts 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 amounts to DKK 0 million (DKK 37.5 million at 31 December 2020).

NOTE 12 FINANCIAL RISK MANAGEMENT

Credit risks
Credit risks are limited to intercompany receivables, where the credit risk is considered low. No significant credit risks are tied to the Company's receivables.

Liquidity risks
The Company is not exposed to any significant liquidity risks, due to the fact that the Company's main activity is to own shares in subsidiaries.

The vendor loans expire in 2026, 2027 and 2029. Interest is rolled up until expiration. There is no current liquidity risk connected to the interest payments on these loans.

Foreign exchange risk and interest rate risk
Management consider the foreign exchange risk as immaterial due to the limited number of transactions and borrowings in foreign currency. The Company is not exposed to any significant interest rate risk as all borrowings are fixed rate loans.

Capital management
The Company's objectives when managing capital are to secure the Group's (investments in subsidiaries) ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital. Any surplus liquidity is used Management monitors the share and capital structure to ensure that the Company's capital resources support the strategic goals.

NOTE 13 CHANGES IN NET WORKING CAPITAL

IN THOUSANDS DKK	2021	2020
Changes in trade and other payables	198	56
Change in receivables from sales and other receivables	3,699	-3,700
	3,897	**-3,644**

NOTE 14 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

IN THOUSANDS DKK	2021	2020
Proceeds from borrowings	30,500	157,696
Receivables from intercompany	18,631	12,450
Capital increase	78,400	3,699
Purchase of own shares	-957	-1,984
Cash flow from financing activities at 31.12.	**126,574**	**171,861**

Board of Directors

CLAUS JUEL JENSEN
CHAIRMAN

Born 1963
Member since 2018
Affiliation: Independent

OTHER MANAGMENT DUTIES
Chairman
Rekom Group A/S
REKOM Group Holding ApS
CC Fly Holding II A/S
Tenax Sild A/S
Jens Møller Products ApS
T. Hansen Gruppen A/S
Board Member
Globus Wine A/S
Geia Food A/S
Europris ASA
PISSIFFIK A/S.
Executive Management
CJPI ApS.

VILHELM HAHN-PETERSEN
DEPUTY CHAIRMAN

Born 1960
Member since 2018
Affiliation: Non-Independent
Partner – CataCap

OTHER MANAGMENT DUTIES
Chairman
CC Green Wall Invest ApS
Luxplus CEE A/S
Luxplus WE ApS
EchoEcho ApS

DEPUTY CHAIRMAN OF THE BOARD
Rekom Group A/S
REKOM Group Holding ApS
CC Fly Holding II A/S
Atlantic HoldCo Limited
Atlantic OfferCo Limited
Aerfin Holdings Limited
Aerfin Limited
CC Toaster Holding II ApS
CC Toaster Holding I ApS
Luxplus ApS

BOARD MEMBER
Airhelp Limited
CataCap General Partner II ApS
TPA Holding II A/S
TPA Holding I A/S
TP Aerospace Holding A/S
CC Tool Invest ApS
CC Track Invest ApS
G.S.V. Holding A/S
G.S.V. Materieludlejning A/S
Lyngsoe Systems Holding A/S
Lyngsoe Systems A/S

EXECUTIVE MANAGEMENT
MYCO ApS
CataCap Mangement A/S
CataCap DM ApS
CataCap DM II ApS
CataCap OP ApS
CC II Management Invest 2017 GP ApS
CataCap General Partner I ApS
CataCap III General Partner ApS
CC Fly Invest ApS
Rekom ManCo ApS
TPA Green ManCo ApS
CC TRACK INVEST ApS
CC Toaster Invest ApS
Luxplus MIIP ApS
Globe ManCo ApS
CC Globe Invest ApS

MORTEN ALBÆK
MEMBER

Born 1975
Member since 2018
Affiliation: Independent
Founder & CEO – Voluntas Group A/S

OTHER MANAGEMENT DUTIES
Chairman
Vertic A/S
Designskolen Kolding

BOARD MEMBER
Rekom Group A/S
REKOM Group Holding ApS
CC Fly Holding II A/S,
Joe & The Juice A/S
AART Architechts A/S
Mercurius International.

OTHER ADVISORY ROLES
Member of SGL TransGroup's
Advisory Council

EXECUTIVE MANAGEMENT
A Mean Company ApS
Voluntas Group A/S
Sea Albaek Future ApS

RASMUS LOKVIG
MEMBER

Born 1978
Member since 2018
Affiliation: Non-independent
Partner – CataCap

OTHER MANAGEMENT DUTIES
Deputy Chairman of the Board
Lyngsoe Systems Holding A/S
Lyngsoe Systems A/S
CC Globe Holding I ApS
CC Globe Holding II A/S
Group Online A/S
Danaweb Internationals A/S
Plico A/S
Optimeo A/S

BOARD MEMBER
Rekom Group A/S
CC SKY Invest ApS
REKOM Group Holding ApS
CC Fly Holding II A/S
CataCap General Partner II ApS

EXECUTIVE MANAGEMENT
MNGT4 RL ApS
CataCap Management A/S
CataCap General Partner I ApS
CC II Management Invest 2017 GP ApS
CataCap III General Partner ApS
CC Fly Invest ApS
Rekom ManCo ApS
CC Globe Invest ApS
Globe ManCo ApS
CC Toaster Invest ApS
Luxplus MIIP ApS

SOPHIE LOUISE KNAUER
MEMBER

Born 1983
Member since 2019
Affiliation: Independent

OTHER MANAGEMENT DUTIES
Board Member
Rekom Group A/S
Solar A/S
REKOM Group Holding ApS
CC Fly Holding II A/S
CC Globe Holding I ApS
CC Globe Holding II A/S
SKAKO A/S
SKAKO Concrete A/S
SKAKO Vibration A/S

EXECUTIVE MANAGEMENT
Lady Invest ApS
It's a club ApS

ADAM NEDERBY FALBERT
MEMBER

Born 1976
Member since 2009
Affiliation: Non-independent
CEO/Founder – REKOM Group A/S

OTHER MANAGEMENT DUTIES
Board Member
Hyldegårdsvej 40 A/S
Power Hall A/S
Nielsen & Co. ApS
Rekom R&D ApS
Moker Ejendomme ApS
Brøggeriet ApS
Ejendommen Sølvgade 96 A/S
Havnen Lersø Parkallé 107 ApS
Havnens Bygningsudlejning A/S
K/S Strandvejen 195-199
Ejendomsselskabet Jano ApS
NightPay ApS

EXECUTIVE MANAGEMENT
Rekom Group A/S (CEO and many Executive Management positions in affiliated companies)
REKOM Group Holding ApS
CC Fly Holding II A/S
CC Mist NEW Holding II ApS
MOKER Ejendomme ApS
MOKER Venture ApS
MOKER Venture Finans ApS
Moker Venture & Geppel Invest ApS
Moker Skindergade ApS
Komplementarselskabet Strandvejen 195-199
Kultorvet 13-15 Invest ApS
REKOM CIV Komplementar ApS
ANF Enterprises ApS
Q19 Ejendomme ApS
Sølvgade Holding ApS
Allegade 4 ApS
Ejendommen Sølvgade 96 A/S
Overgade 21A ApS
Havnegade 44 ApS
MEYN Invest ApS

“

Opening doors to Friendship and unforgettable moments.
At REKOM we make place for people to be people.
We defeat loneliness by opening doors to friendships
and unforgettable moments. As a provider of fun and
happy times, we take pride in creating space for people
to connect, to laugh, and ultimately to belong.

THE REKOM FOUNDATIONS

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