CC Fly Holding II A/S

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

Annual Report for 12 March 2018 - 31 December 2018

CVR No 39 40 22 46

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

Jesper Schaltz
Chairman of the General Meeting

pwc

Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of CC Fly Holding II A/S for the financial year 12 March 2018 - 31 December 2018.

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

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

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

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

Copenhagen, 20 February 2019

Executive Board

Adam Nederby Falbert
CEO

Board of Directors

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

Independent Auditor's Report

To the Shareholder of CC Fly Holding II A/S

Opinion
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2018 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 12 March 2018 - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of CC Fly Holding II A/S for the financial year 12 March 2018 - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

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

Statement on Management's Review
Management is responsible for Management's Review.

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

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

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

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

Independent Auditor's Report

Management's responsibilities for the Financial Statements
Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.

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

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial

Independent Auditor's Report

Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

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

Hellerup, 20 February 2019
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jacob F Christiansen
State Authorised Public Accountant
mne18628

Kristian Højgaard Carlsen
State Authorised Public Accountant
mne44112

Company Information

The Company	CC Fly Holding II A/S Lavendelstræde 17 C, 4. DK-1462 Copenhagen K
	CVR No: 39 40 22 46 Financial period: 12 March 2018 - 31 December 2018 Incorporated: 12 March 2018 Financial year: 1st financial year Municipality of reg. office: Copenhagen
Board of Directors	Claus Juel Jensen, Chairman Vilhelm Eigil Hahn-Petersen Rasmus Philip Buhl Lokvig Adam Nederby Falbert Morten Nødgaard Albæk
Executive Board	Adam Nederby Falbert
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

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

	Group
	2018
	KDKK
Key figures	
Profit/loss	
Revenue	419,843
EBITDA	49,681
Operating profit/loss	-5,131
Profit/loss before financial income and expenses	-5,131
Net financials	-27,084
Net profit/loss for the year	-31,416
Balance sheet	
Balance sheet total	1,015,020
Equity	361,850
Cash flows	
Cash flows from:	
investment in property, plant and equipment	-192,166
Number of employees	603
Ratios	
Gross margin	41.7%
Profit margin	-1.2%
Return on assets	-0.5%
Solvency ratio	35.6%
Return on equity	-17.4%

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

Management's Review

Consolidated and Parent Company Financial Statements of CC Fly Holding II A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

Key activities and highlights

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

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

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

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

Development in the year

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

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

Management's Review

Outlook

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

Governance

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

Research and development

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

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

Risks

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

Market conditions

Management is expecting continued growth in 2019, cf. outlook. Growth will be dependent on both underlying market growth and the degree of competition as well as the ability to enter into new rent agreements on acceptable terms in connection with new openings.

Management's Review

Currency exposure

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

Uncertainty relating to recognition and measurement

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

Unusual events

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

Subsequent events

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

Statement of corporate social responsibility (CSR)

Business model and risk analysis

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

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

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

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

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

Management's Review

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

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

Social conditions and employee relations

Policy

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

Efforts and results

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

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

Anticorruption and bribery

Policy

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

Efforts and results

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

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

Management's Review

Human rights

Policy

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

Efforts and results

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

Environment and climate

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

Report on the Gender Composition in Management

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

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

Management

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

Management's Review

Other management levels

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

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

Management structure

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

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

Rekom's top management team consists of:

Board of Directors

Claus Juel-Jensen	**OTHER MANAGMENT DUTIES**
CHAIRMAN	***Chairman***
Born 1963 Member since 2018 Affiliation: Independent	Rekom Group A/S, CC Fly Holding I ApS, CC Fly Holding II A/S, Tenax Sild A/S, Sam Group Holding ApS, Sam Partner A/S, Jens Møller Products ApS, Wolly & Co. A/S, Wolly & Co. Holding A/S.
	Board Member
	Globus Wine A/S, Bon Appetit Group A/S, Geia Foods A/S, Skare Beef Production ApS, Skare Food A/S, Skare Meat Packers K/S, Europris A/S.
	Executive Management
	CJPI ApS

Management's Review

Vilhelm Hahn-Petersen	**OTHER MANAGMENT DUTIES**
DEPUTY CHAIRMAN	***Chairman***
Born 1960 Member since 2018 Affiliation: Non-Independent	Dime af 5. December 2018 A/S, CC Lingo Invest ApS, CC Green Wall Invest ApS
	Deputy Chairman of the Board
Partner, CataCap	Rekom Group A/S, CC Fly Holding I ApS, CC Fly Holding II A/S, Mobylife Holding A/S, Mobylife DK A/S. Mobylife AB, Mobylife AS, Mobylife OY, CC Oscar Holding I A/S, CASA A/S.
	Board Member
	Airhelp Inc., CataCap Management A/S, CataCap General Partner II ApS, Lyngsoe Systems Holding A/S, Lyngsoe Systems A/S, Skybrands Holding A/S, CC Explorer Invest ApS, CC Tool Invest ApS, G.S.V. Holding A/S, G.S.V. Materieludlejning A/S, CC Oscar Invest ApS, TPA Holding I A/S, TPA Holding II A/S, TP Aerospace Holding A/S.
	Executive Management
	Myco ApS, CataCap OP ApS, CataCap DM ApS, CataCap DM II ApS, CC II Management Invest 2017 GP ApS, CataCap Generel Partner I ApS, CC Orange Invest ApS (incl. BM), Mobylife DM ApS, CC Track Invest ApS (incl. BM), Casa ManCo ApS, TPA Green ManCo ApS, LW ManCo ApS, CC Fly Invest ApS, Rekom ManCo ApS.

Rasmus Lokvig	**OTHER MANAGEMENT DUTIES**
MEMBER	***Deputy Chairman of the Board***
Born 1978 Member since 2018 Affiliation: Non-independent	Lyngsoe Systems Holding A/S, Lyngsoe Systems A/S, Skybrands Holding A/S, Languagewire Holding A/S, Langaugewire A/S.
Partner, CataCap	***Board Member***
	Rekom Group A/S, CC Fly Holding I ApS, CC Fly Holding II A/S, CataCap Generel Partner II ApS, CC Sky Invest ApS, Skybrands A/S.
	Executive Management
	MNGT4 RL ApS, CataCap Management A/S (incl. BM), CC II Management Invest 2017 GP ApS, CataCap Generel Partner I ApS, LW ManCo ApS, Rekom ManCo ApS, CC Fly Invest ApS.

Adam Nederby Falbert

MEMBER

Born 1975
Member since 2009
Affiliation: Non-independent

CEO/Founder - REKOM Group A/S

OTHER MANAGEMENT DUTIES

Chairman

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

Board Member

Brøndbyernes I.F. Fodbold A/S, Hyldegårdsvej 40 A/S (CEO and BM), Havnens Bygningsudlejning A/S (CEO and BM - 1 BM and 1 EM position in affiliated companies), Power Hall A/S, K/S Strandvejen 195-199,

CC Fly Holding I ApS, CC Fly Holding II A/S.

Executive Management

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

Morten Albæk

MEMBER

Born 1975
Member since 2018

Affiliation: Independent
Creator - Voluntas Group A

OTHER MANAGEMENT DUTIES

Chairman

Voluntas Group A/S, Vertic A/S.

Deputy Chairman of the Board

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

Board Member

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

Executive Management

A Mean Company ApS, Sea Albaek Future ApS

Income Statement 12 March 2018 - 31 December 2018

	Note	Group 2018 KDKK 8 months	Parent 2018 KDKK 10 months
Revenue	2	**419,843**	**0**
Expenses for raw materials and consumables		-94,949	0
Other external expenses		-149,807	-6,896
Gross profit/loss		**175,087**	**-6,896**
Staff expenses	3	-125,406	0
Result before depreciation (EBITDA)		**49,681**	**-6,896**
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	4	-54,812	0
Profit/loss before financial income and expenses	1	**-5,131**	**-6,896**
Income from investments in subsidiaries		0	-13,302
Financial income	5	6,717	13,600
Financial expenses	6	-33,801	-28,288
Profit/loss before tax		**-32,215**	**-34,886**
Tax on profit/loss for the year	7	799	3,305
Net profit/loss for the year		**-31,416**	**-31,581**

Balance Sheet 31 December 2018

Assets

	Note	Group 2018 TDKK	Parent 2018 TDKK
Completed development projects		1,094	0
Acquired patents		150	0
Acquired brand		26,731	0
Acquired key money		111,415	0
Goodwill		583,379	0
Development projects in progress		9,882	0
Intangible assets	8	**732,651**	**0**
Land and buildings		1,611	0
Other fixtures and fittings, tools and equipment		37,906	0
Leasehold improvements		124,039	0
Property, plant and equipment in progress		6,625	0
Property, plant and equipment	9	**170,181**	**0**
Investments in subsidiaries	10	0	673,969
Receivables from group enterprises	11	0	142,895
Deposits	11	13,352	0
Fixed asset investments		**13,352**	**816,864**
Fixed assets		**916,184**	**816,864**
Inventories		**18,763**	**0**
Trade receivables		25,889	0
Other receivables		7,428	0
Corporation tax receivable from group enterprises		0	3,305
Prepayments	12	4,231	0
Receivables		**37,548**	**3,305**
Cash at bank and in hand		**42,525**	**15,792**
Currents assets		**98,836**	**19,097**
Assets		**1,015,020**	**835,961**

Balance Sheet 31 December 2018

Liabilities and equity

	Note	Group 2018 KDKK	Parent 2018 KDKK
Share capital		600	600
Share premium account		392,400	392,400
Retained earnings		-31,581	-31,581
Equity attributable to shareholders of the Parent Company		**361,419**	**361,419**
Minority interests		431	0
Equity	13	**361,850**	**361,419**
Provision for deferred tax	15	31,190	0
Other provisions	16	15,286	0
Provisions		**46,476**	**0**
Mortgage loans		742	0
Credit institutions		454,785	454,785
Other payables		3,870	0
Long-term debt	17	**459,397**	**454,785**
Credit institutions	17	25,584	0
Trade payables		41,186	0
Payables to group enterprises		3,475	3,475
Corporation tax		11,164	0
Other payables	17	65,888	16,282
Short-term debt		**147,297**	**19,757**
Debt		**606,694**	**474,542**
Liabilities and equity		**1,015,020**	**835,961**

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Statement of Changes in Equity

Group

	Share capital	Share premium account	Retained earnings	Equity excl. minority interests	Minority interests	Total
	KDKK	KDKK	KDKK	KDKK	KDKK	KDKK
Equity at 12 March 2018	500	0	0	500	0	500
Cash capital increase	100	392,400	0	392,500	266	392,766
Net profit/loss for the year	0	0	-31,581	-31,581	165	-31,416
Equity at 31 December 2018	**600**	**392,400**	**-31,581**	**361,419**	**431**	**361,850**

Parent

	Share capital	Share premium account	Retained earnings	Equity excl. minority interests	Minority interests	Total
	KDKK	KDKK	KDKK	KDKK	KDKK	KDKK
Equity at 12 March 2018	500	0	0	500	0	500
Cash capital increase	100	392,400	0	392,500	0	392,500
Net profit/loss for the year	0	0	-31,581	-31,581	0	-31,581
Equity at 31 December 2018	**600**	**392,400**	**-31,581**	**361,419**	**0**	**361,419**

Cash Flow Statement 12 March 2018 - 31 December 2018

	Note	Group 2018 KDKK
Net profit/loss for the year		-31,416
Adjustments	18	81,273
Change in working capital	19	19,871
Cash flows from operating activities before financial income and expenses		**69,728**
Financial income		6,717
Financial expenses		-33,800
Cash flows from ordinary activities		**42,645**
Corporation tax paid		614
Cash flows from operating activities		**43,259**
Purchase of intangible assets		-528,562
Purchase of property, plant and equipment and leasehold improvements		-192,166
Fixed asset investments made etc		-13,352
Cash flows from investing activities		**-734,080**
Repayment of mortgage loans		-39
Repayment of other long-term debt		-158,836
Raising of loans from group enterprises		3,475
Raising of other long-term debt		454,480
Minority interests		266
Cash capital increase		393,000
Other adjustments		15,110
Cash flows from financing activities		**707,456**
Change in cash and cash equivalents		**16,635**
Cash and cash equivalents at 12 March 2018		0
Cash and cash equivalents at 31 December 2018		**16,635**
Cash and cash equivalents are specified as follows:		
Cash at bank and in hand		42,525
Overdraft facility		-25,890
Cash and cash equivalents at 31 December 2018		**16,635**

Notes to the Financial Statements

		Group	Parent
		2018	2018
		KDKK 8 months	KDKK 10 months
1	**Special items**		
	Transaction cost	9,157	6,842
	One-off consulting cost	5,560	0
	Non-recurring writedowns of receivables	1,153	0
	Impairment of property, plant and equipment	8,312	0
		24,182	**6,842**

		Group	Parent
2	**Revenue**		
	Geographical segments		
	Revenue, Denmark	264,862	0
	Revenue, other Europe	154,981	0
		419,843	**0**

		Group	Parent
3	**Staff expenses**		
	Wages and salaries	113,767	0
	Pensions	1,539	0
	Other social security expenses	4,325	0
	Other staff expenses	5,775	0
		125,406	**0**
	Including remuneration to the Executive Board of:		
	Executive Board and Board of Directors	913	0
		913	**0**
	Average number of employees	**603**	**0**

Notes to the Financial Statements

	Group	Parent
	2018	2018
	KDKK	KDKK

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

Amortisation of intangible assets	30,670	0
Depreciation of property, plant and equipment	15,830	0
Impairment of intangible assets	1,375	0
Impairment of property, plant and equipment	6,937	0
	54,812	**0**

5 Financial income

Interest received from group enterprises	0	7,298
Financial income	6,717	6,302
	6,717	**13,600**

6 Financial expenses

Interest paid to parent enterprises	176	0
Financial expenses	33,625	28,288
	33,801	**28,288**

7 Tax on profit/loss for the year

Current tax for the year	-799	-3,305
	-799	**-3,305**

Notes to the Financial Statements

8 Intangible assets

Group

	Completed development projects	Acquired patents	Acquired brand	Acquired key money	Goodwill	Development projects in progress
	KDKK	KDKK	KDKK	KDKK	KDKK	KDKK
Cost at 12 March 2018	0	0	0	0	0	0
Additions for the year	1,308	150	28,300	119,614	605,443	9,882
Cost at 31 December 2018	1,308	150	28,300	119,614	605,443	9,882
Impairment losses and amortisation at 12 March 2018	0	0	0	0	0	0
Impairment losses for the year	0	0	0	1,375	0	0
Amortisation for the year	214	0	1,569	6,824	22,064	0
Impairment losses and amortisation at 31 December 2018	214	0	1,569	8,199	22,064	0
Carrying amount at 31 December 2018	**1,094**	**150**	**26,731**	**111,415**	**583,379**	**9,882**
Amortised over	10 years	20 years	10 years	10-20 years	10-20 years	10 years

Development cost is measured at cost.

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

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

Notes to the Financial Statements

9 Property, plant and equipment

Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress	Total
	KDKK	KDKK	KDKK	KDKK	KDKK
Cost at 12 March 2018	0	0	0	0	0
Additions for the year	1,635	45,589	135,792	9,932	192,948
Transfers for the year	0	985	2,322	-3,307	0
Cost at 31 December 2018	1,635	46,574	138,114	6,625	192,948
Impairment losses and depreciation at 12 March 2018	0	0	0	0	0
Impairment losses for the year	0	906	6,031	0	6,937
Depreciation for the year	24	7,762	8,044	0	15,830
Impairment losses and depreciation at 31 December 2018	24	8,668	14,075	0	22,767
Carrying amount at 31 December 2018	**1,611**	**37,906**	**124,039**	**6,625**	**170,181**
Depreciated over	50 years	3-5 years	7-10 years	0 years	

Notes to the Financial Statements

10 Investments in subsidiaries

	Parent 2018 KDKK
Cost at 12 March 2018	0
Additions for the year	687,272
Transfers for the year	0
Cost at 31 December 2018	687,272
Value adjustments at 12 March 2018	0
Net profit/loss for the year	11,386
Amortisation of goodwill	-24,689
Value adjustments at 31 December 2018	-13,303
Carrying amount at 31 December 2018	**673,969**
Remaining positive difference included in the above carrying amount at 31 December 2018	589,128

Investments in subsidiaries are specified as follows:

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

Notes to the Financial Statements

10 Investments in subsidiaries (continued)

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

Notes to the Financial Statements

10 Investments in subsidiaries (continued)

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

Notes to the Financial Statements

11 Other fixed asset investments

	Group	Parent
	Deposits	Receivables from group enterprises
	KDKK	KDKK
Cost at 12 March 2018	0	0
Additions for the year	13,352	142,895
Cost at 31 December 2018	13,352	142,895
Carrying amount at 31 December 2018	**13,352**	**142,895**

12 Prepayments

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

13 Equity

The share capital consists of 600,000 shares of a nominal value of DKK 1. No shares carry any special rights.

14 Distribution of profit

Minority interests' share of net profit/loss of subsidiaries	165	0
Retained earnings	-31,581	-31,581
	-31,416	**-31,581**

15 Provision for deferred tax

Provision for deferred tax at 12 March 2018	0	0
Addition	31,190	0
Provision for deferred tax at 31 December 2018	**31,190**	**0**

Notes to the Financial Statements

	Group 2018 KDKK	Parent 2018 KDKK

16 Other provisions

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

Other provisions	15,286	0
	15,286	**0**

17 Long-term debt

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

The debt falls due for payment as specified below:

Mortgage loans

Between 1 and 5 years	742	0
Long-term part	742	0
Within 1 year	0	0
	742	**0**

Credit institutions

After 5 years	454,785	454,785
Long-term part	454,785	454,785
Other short-term debt to credit institutions	25,584	0
	480,369	**454,785**

Other payables

Between 1 and 5 years	3,870	0
Long-term part	3,870	0
Other short-term payables	65,888	16,282
	69,758	**16,282**

Notes to the Financial Statements

	Group
	2018
	KDKK

18 Cash flow statement - adjustments

Financial income	-6,717
Financial expenses	33,801
Depreciation, amortisation and impairment losses, including losses and gains on sales	54,988
Tax on profit/loss for the year	-799
	81,273

19 Cash flow statement - change in working capital

Change in inventories	-6,376
Change in receivables	-2,278
Change in trade payables, etc	28,525
	19,871

Notes to the Financial Statements

	Group	Parent
	2018	2018
	KDKK	KDKK

20 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:

	Group 2018 KDKK	Parent 2018 KDKK
Land and buildings with a booked value of	1,611	0

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

	Group 2018 KDKK	Parent 2018 KDKK
Within 1 year	49,570	0
Between 1 and 5 years	99,004	0
After 5 years	38,684	0
	187,258	**0**

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of CC Fly Invest ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company’s liability.

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

A charge totalling DKK 90 million registered in moveable properties of some of the subsidiaries and the shares of some of the subsidiaries with a carrying amount of DKK 85 million have been provided as security for this.

The Company’s shares in Rekom Group A/S have been provided as security for accounts with financial institutions.

The Group has guarenteed DKK 95 million to financial institutions in respect of the credit facilities of subsidiaries.

The Company has guarenteed DKK 85 million to financial institutions in respect of the credit facilities of subsidiaries.

Notes to the Financial Statements

21 Related parties

	Basis
Controlling interest	
CataCap II K/S	Ultimate parent company
CC Fly Holding I ApS	Principal Shareholder

Transactions

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

22 Fee to auditors appointed at the general meeting

	Group	Parent
	2018	2018
	KDKK	KDKK
PricewaterhouseCoopers		
Audit fee	2,164	29
Other assurance engagements	300	0
Tax advisory services	703	0
Other services	1,167	0
	4,334	**29**

Notes to the Financial Statements

23 Accounting Policies

The Annual Report of CC Fly Holding II A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The Consolidated and Parent Company Financial Statements for 2018 are presented in KDKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

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

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

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

Notes to the Financial Statements

23 Accounting Policies (continued)

Business combinations

Acquisitions

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

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

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

Minority interests

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

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

Translation policies

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

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

Notes to the Financial Statements

23 Accounting Policies (continued)

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

Revenue

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

Income Statement

Revenue

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

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

Expenses for raw materials and consumables

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

Other external expenses

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

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

Amortisation, depreciation and impairment losses

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

Income from investments in subsidiaries

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

Notes to the Financial Statements

23 Accounting Policies (continued)

Financial income and expenses

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

Tax on profit/loss for the year

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

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

Balance Sheet

Intangible assets

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

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 20 years.

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

Property, plant and equipment

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

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

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

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

Notes to the Financial Statements

23 Accounting Policies (continued)

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

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

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

Investments in subsidiaries

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

The item“Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method“ under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at KDKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of deposits and receivables from group enterprises.

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable

Notes to the Financial Statements

23 Accounting Policies (continued)

value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

Receivables

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

Prepayments

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

Provisions

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

Other provisions include deffered payments and vacancy costs. Provisions are measured and recognised based on experience with deffered payments and vacancy cots.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Notes to the Financial Statements

23 Accounting Policies (continued)

Current tax receivables and liabilities

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

Financial debts

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

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

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

Cash Flow Statement

The cash flow statement shows the Group´s cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group´s cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Notes to the Financial Statements

23 Accounting Policies (continued)

Cash and cash equivalents

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

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

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