

Clear Channel Danmark A/S

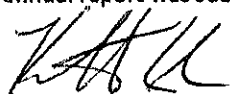
Wildersgade 8, 4., 1408 København K

Company reg. no. 13 53 76 07

Annual report

1 January - 31 December 2018

The annual report was submitted and approved by the general meeting on the 21 June 2019.



Rolf Kenneth Ek
Chairman of the meeting

Notes to users of the English version of this document:

- This document is a translation of a Danish version of the document. In the event of any dispute regarding the interpretation of any part of the document, the Danish version of the document shall prevail.
- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

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Management's report

The board of directors and the managing director have today presented the annual report of Clear Channel Danmark A/S for the financial year 1 January to 31 December 2018.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2018 and of the company's results of its activities in the financial year 1 January to 31 December 2018.


The annual report is recommended for approval by the general meeting.

København K, 21 June 2019

Managing Director

Dennis Højland Nyegaard

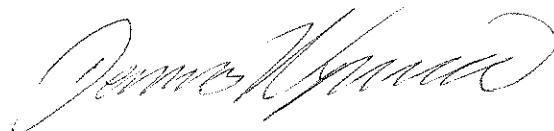
Board of directors



Rolf Kenneth Ek



Michael Peter Saunter



Dennis Højland Nyegaard

Independent auditor's report

To the shareholder of Clear Channel Danmark A/S

Opinion

We have audited the financial statements of Clear Channel Danmark A/S for the financial year 1 January to 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing 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 believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

The management's responsibilities for the financial statements

Management is responsible for the preparation of 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 Company's ability to continue as a going concern, and, when relevant, 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 Company or to cease operations, or if it has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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 in the financial statements, whether due to fraud or error, design and perform audit procedures in response 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 the 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 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 raise significant doubt on 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 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the management's review and in doing so consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or whether it otherwise appears to be materially misstated.

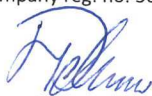
Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the Management's review.

Copenhagen, 21 June 2019

Ernst & Young

State Authorised Public Accountants
Company reg. no. 30 70 02 28



Henrik Reedtz

MNE-No.: mne 24830

Company data

The company	Clear Channel Danmark A/S Wildersgade 8, 4. 1408 København K
	Company reg. no. 13 53 76 07 Established: 2 October 1989 Domicile: Copenhagen Financial year: 1 January - 31 December
Board of directors	Rolf Kenneth Ek Michael Peter Saunter Dennis Højland Nyegaard
Managing Director	Dennis Højland Nyegaard
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4 2000 Frederiksberg

Financial highlights

DKK in thousands.	2018	2017	2016	2015	2014
Profit and loss account:					
Gross profit	41.499	36.210	38.513	27.838	30.795
Results from operating activities	-3.754	-20.494	-7.083	-43.946	-19.505
Net financials	-333	-296	-352	-1.131	-999
Results for the year	-4.087	-20.790	-7.435	-45.077	-20.504
Balance sheet:					
Balance sheet sum	61.019	53.661	59.089	56.254	72.250
Investments in the year	6.358	5.097	7.741	1.730	2.686
Equity	15.539	14.627	25.416	17.851	5.158
Employees:					
Average number of full time employees	27	28	42	62	71
Key figures in %:					
Return on assets	96,2	-44,3	-0,1	-68,4	-25,1
Equity share	25,5	27,3	43,5	31,7	7,1
Return on equity	-27,1	-103,8	-17,5	-391,8	-785,6

The key figures have been calculated as follows:

Return on assets	$\frac{\text{Profit/loss from operating activities}}{\text{Average assets} \times 100}$
Equity share	$\frac{\text{Equity, closing balance} \times 100}{\text{Assets in total, closing balance}}$
Return on equity	$\frac{\text{Results for the year} \times 100}{\text{Average equity}}$

Financial ratios are calculated in accordance with the record of the Danish finance society for terms and definitions.

Management's review

Business activities and mission

The company carries out nationwide administration and sales of advertising campaigns from urban furniture equipment, billboards, digital media and related activities.

Business review

Outdoor advertising's market share has seen a small increase from previous years to approximately 3,5% share. 2018 also saw an increase in market spend on outdoor advertising of about 11%, a very positive development for the segment and for the second year in a row.

Financial review

The year ended 31 December 2018 shows a loss of DKK -4 million compared to a loss of DKK -20,8 million in 2017.

Even though the result is still negative, the development in the result is considered satisfactory.

The balance sheet at 31 December 2018 shows an Equity of DKK 15.5 million.

The Clear Channel Group has provided funding by both an intercompany loan, a capital increase of DKK 5 million during 2018 and is providing a credit line to ensure a continued successful transformation and development of the Danish business.

Social and environmental effects

Based on current dialogue with customers, shareholders, employees, public authorities and suppliers, Clear Channel identifies the subjects and indicators that reflect the organization's key economic, environmental and social impacts. Based on these efforts, Clear Channel is able to incorporate its stakeholders' wishes for increased sustainability in the way in which it acts and communicates.

Clear Channel only uses environmentally friendly components and materials, and aims for as large a share as possible of its products to be recycled after dismantling. Therefore, the company has no negative impact on the environment.

Working closely with a number of organizations that contribute ethically and philanthropically to the society, Clear Channel endeavors to act in a positive and socially responsible manner in relation to its surrounding environment.

Post balance sheet events

No events have occurred after the financial year end which could significantly affect the assessment of the company's financial position.

Management's review

Outlook

Clear Channel Danmark A/S has delivered a satisfying development in result even though non-recurring costs has kept the result at a negative.

The company has made a strategic move in the recent years into a network with a high digital focus, which was further realized during 2018 with the build of new contracts. For 2019 the company will further develop contract portfolio on existing network and expand where strategic profitable opportunities present themselves.

Profit and loss account 1 January - 31 December

DKK in thousands.

<u>Note</u>	<u>2018</u>	<u>2017</u>
Gross profit	41.499	36.210
1 Distribution costs	-20.420	-17.588
1 Administration costs	-24.833	-39.116
Profit/loss before net financials	-3.754	-20.494
2 Financial income	106	109
3 Other financial costs	-439	-405
Profit/loss before tax	-4.087	-20.790
Tax for the year	0	0
4 Profit/loss for the year	-4.087	-20.790

Balance sheet 31 December

DKK in thousands.

Assets		
Note	2018	2017
Fixed assets		
5 Leasehold improvement	794	1.092
5 Plant and machinery	24.462	28.937
5 Fixtures and fittings, plant and equipment	271	285
5 Property, plant and equipment in progress	6.208	205
Tangible fixed assets in total	<u>31.735</u>	<u>30.519</u>
Other receivables	1.500	7.300
Financial fixed assets in total	<u>1.500</u>	<u>7.300</u>
Fixed assets in total	<u>33.235</u>	<u>37.819</u>
Current assets		
Finished goods and goods for resale	1.579	1.749
Inventories in total	<u>1.579</u>	<u>1.749</u>
Trade receivables	13.374	10.990
Receivables from group entities	5.100	0
Other receivables	917	1.157
6 Prepayments	247	145
Debtors in total	<u>19.638</u>	<u>12.292</u>
Cash	6.567	1.801
Current assets in total	<u>27.784</u>	<u>15.842</u>
Assets in total	<u>61.019</u>	<u>53.661</u>

Balance sheet 31 December

DKK in thousands.

<u>Note</u>	<u>2018</u>	<u>2017</u>
Equity and liabilities		
Equity		
7	10.550	10.500
	4.989	4.127
	<u>15.539</u>	<u>14.627</u>
Provisions		
8	16.606	12.972
	<u>16.606</u>	<u>12.972</u>
Liabilities		
9	917	1.066
	19.061	13.281
10	1.156	5.625
	7.740	6.090
	<u>28.874</u>	<u>26.062</u>
	<u>28.874</u>	<u>26.062</u>
	<u>61.019</u>	<u>53.661</u>
Equity and liabilities in total		
11 Contractual obligations and contingencies, etc.		
12 Subsequent events		
13 Related parties		

Statement of changes in equity

DKK in thousands.

	<u>Contributed capital</u>	<u>Results brought forward</u>	<u>In total</u>
Equity 1 January 2018	10.500	4.126	14.626
Cash capital increase	50	4.950	5.000
Profit or loss for the year brought forward	0	-4.087	-4.087
	<u>10.550</u>	<u>4.989</u>	<u>15.539</u>

Notes

DKK in thousands.

	<u>2018</u>	<u>2017</u>
1. Salary expenses		
Wages	19.401	15.477
Pensions	583	411
Other social security costs	89	50
	<u>20.073</u>	<u>15.938</u>

Staff costs are recognised the financial statements under the following line items:

Production costs	2.546	2.039
Distribution costs	12.352	10.055
Administrative expenses	5.175	3.844
	<u>20.073</u>	<u>15.938</u>

Average number of full-time employees	<u>27</u>	<u>28</u>
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By reference to section 98 (b) of the Danish Financial Statement Act, remuneration to the executive board is not disclosed.

2. Financial income		
Interest income, group entity	9	4
Other financial income	97	105
	<u>106</u>	<u>109</u>

3. Other financial costs		
Interest expenses, group entities	182	189
Other interest expenses	257	216
	<u>439</u>	<u>405</u>

Notes

DKK in thousands.

	<u>2018</u>	<u>2017</u>		
4. Proposed distribution of the results				
Allocated from results brought forward	-4.087	-20.790		
Distribution in total	<u>-4.087</u>	<u>-20.790</u>		
5. Property, plant and equipment				
	<u>Leasehold improvements</u>	<u>Plant and machinery</u>	<u>Other fixtures and fittings, plant and equipment</u>	<u>Property, plant and equipment under construction</u>
Cost at 1 January 2018	3.894	161.262	13.309	205
Additions	0	255	100	6.003
Disposals	0	-3.357	0	0
Cost at 31 December 2018	<u>3.894</u>	<u>158.160</u>	<u>13.409</u>	<u>6.208</u>
Depreciation and impairment losses at 1 January 2018	2.802	132.325	13.023	0
Depreciation	298	4.694	115	0
Depreciation on disposed assets	0	-3.321	0	0
Depreciation and impairment losses at 31 December 2018	<u>3.100</u>	<u>133.698</u>	<u>13.138</u>	<u>0</u>
Carrying amount at 31 December 2018	<u>794</u>	<u>24.462</u>	<u>271</u>	<u>6.208</u>

Notes

DKK in thousands.

	<u>31/12 2018</u>	<u>31/12 2017</u>
6. Prepayments		
Other prepaid expenses	247	145
	<u>247</u>	<u>145</u>

Prepayments include prepaid expenses relating to cars, leasing and rent etc.

7. Share capital		
Share capital 1 January 2018	10.500	10.400
Cash capital increase	<u>50</u>	<u>100</u>
	<u>10.550</u>	<u>10.500</u>

The share capital comprises 10,550 shares of DKK 1,000 nominal value each. All shares rank equally.

Within the latest 5 years, the following changes in the share capital have taken place:

2018: Capital increases paid in cash nom. DKK 50 tDKK at a price of 10 tDKK
2017: Capital increase paid in cash nom. DKK 100 tDKK at a price of 10 tDKK
2016: Capital increase paid in cash nom. DKK 111 tDKK at a price of 14 tDKK
2015: Capital increase paid in cash nom. DKK 1 tDKK at a price of 3.577 tDKK
2015: Capital increase paid in cash nom. DKK 1 tDKK at a price of 2.200 tDKK
2014: Capital increase paid in cash nom. DKK 1 tDKK at a price of 25.599 tDKK

8. Other provisions

Other provisions consists of provisions for claims, totalling 16.606 tDKK. The claims are expected to be settled in the coming 1-3 financial years.

9. Deferred income

Deferred income consists of payments received from customers, that may not be recognized until the subsequent financial year

917	1.066
<u>917</u>	<u>1.066</u>

Notes

DKK in thousands.

	<u>31/12 2018</u>	<u>31/12 2017</u>
10. Payables to group entities		
<p>The company has received a comfort letter from its parent company, which includes a credit facility of DKK 200 million. The company's ability to fund working capital, capital expenditures, debt service and other obligations is depending on the parent company's ability to support the company with credit facility.</p>		
11. Contractual obligations and contingencies, etc.		
Other contingent liabilities		
Guarantee commitments	1.500	4.800
Other financial obligations		
Rent and lease obligations	31.907	50.640

Operating lease liabilities

The company has one operational lease contract, included in the above obligations, which have 60 months left.

The Company has been notified of a claim for damages based on an alleged loss due to violation of Danish Law. The Company rejects the claim and will defend itself against that claim.

12. Subsequent events

No events have occurred after the financial year end which could significantly affect the assessment of the company's financial position.

Notes

DKK in thousands.

13. Related parties

Controlling interest

Majority shareholder (100 %)
Clear Channel Outdoor Holdings Inc.
San Antonio, Texas

The consolidated financial statement can be obtained at www.sec.gov

The Company have had the following transactions with related parties:

Transactions

The Company have had the following transactions with related parties:

	<u>2018</u>	<u>2017</u>
Services bought from parent company	4.101	6.888
Services bought from sister company	9.251	8.208
Services sold to sister company	991	61
Interest income from parent company	9	4
Interest expenses to parent company	182	189
Receivable from parent company	5.100	0
Debt to parent company	1.156	5.205
Debt to sister company	0	420

Accounting policies used

The annual report for Clear Channel Danmark A/S for 2018 is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class C enterprises (medium sized enterprises).

The financial statements have been prepared in accordance with the same accounting policies as last year.

Reporting currency

The financial statements are presented in Danish kroner.

Omission to present a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared, The entity's cash flows are part of the consolidated cash flow statement.

Foreign currency translation

Transactions denominated in foreign currencies are translated into Danish kroner at the exchange rates at the date of the transaction.

Monetary items denominated in foreign currencies are translated into Danish kroner at the exchange rates at the balance sheet date. Realized and unrealized exchange gains and losses are recognized in the income statement as financial income/expenses.

The profit and loss account

Revenue

Income from the sale is recognized in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliably. VAT, indirect taxes and discounts are excluded from the revenue.

Gross margin

With reference to section 32 of the Financial Statements Act, the items "Revenue" and "Production cost" are consolidated into one item called "Gross margin".

Cost of Sales

Cost of Sales includes rent to landlords, municipalities and agencies, used in generating the year's revenue. Cost of Sales also includes expenses related to production personnel and depreciation of machinery.

Distribution expenses

Distribution expenses include expenses incurred for purposes of distributing goods sold during the year and expenses related to sales campaigns, etc. Distribution expenses include expenses related to sales personnel, advertising and exhibitions and depreciation.

Accounting policies used

Administrative expenses

Administrative expenses include expenses incurred during the year in relation to the management and administration of the enterprise, including expenses related to the administration staff, executive officers, offices and depreciation.

Amortization/depreciation and write-downs

The item includes depreciation and write-downs of property, plant and equipment. Depreciation is provided using the straight-line method on the basis of the cost and the below assessment of the useful lives of the assets.

	Useful lives	Scrap values
Leasehold improvements	5 – 8 years	0
Technical equipment	15 years	0
Other fixtures and fittings, tools and equipment	3 – 5 years	0

The basis of depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the amortisation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Net financials

Financial income and expenses are recognized in the income statement at the amounts that relate to the reporting period. Net financials include interest income and expenses, realized and unrealized exchange gains and losses on foreign currency transactions.

Tax

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The balance sheet

Property, plant and equipment

Property, plant and equipment comprise leasehold improvements, plant and machinery and other fixtures, fittings, tools and equipment. Property, plant and equipment are measured at cost less accumulated depreciation and write downs.

Accounting policies used

Impairment of fixed assets

Plant and equipment and leaseholds are subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortization. Impairment tests are conducted in respect of individual assets or groups of assets generating separate cash flows when there is indication of impairment. The assets are written down to the higher of the value in use and net realizable value (recoverable amount) of the asset or group of assets if this is lower than the carrying amount. As for group of assets, impairment losses are first recognised in respect of goodwill and thereafter proportionately in respect of the other assets.

Inventories

Inventories are measured at the lower cost, measured by reference to the FIFO method, and net realizable value. Where the net realizable value is lower than cost, inventories are written down to this value.

Receivables

Receivables are measured at amortized cost, which usually corresponds to the nominal value. The value is reduced by provisions for impairment losses.

Prepayments

Prepayments recognized under "Assets" comprise prepaid expenses regarding subsequent reporting years.

Cash

Available funds comprise cash at bank and in hand.

Income taxes

Current tax charges are recognized in the balance sheet as the estimated tax charge in respect of the expected taxable income for the year, adjusted for tax on prior years' taxable income and tax paid in advance.

Provisions for deferred tax are calculated at 22 % of all temporary differences between carrying amounts and tax values, with exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income, and temporary differences on non-amortizable goodwill.

Deferred tax assets are recognized at the value at which they are expected to be utilized, either through elimination against tax on future earnings or a set off against deferred tax liabilities.

Accounting policies used

Provisions

Provisions comprise expected expenses relating to restructurings. Provisions are recognized when, at the balance sheet date, the enterprise has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions expected to be settled after more than one year after the balance sheet date are measured at the net present value of the expected payments. Other provisions are measured at net realizable value.

Financial liabilities

Financial liabilities are recognized on the raising of the loan at the proceeds received net of transaction costs incurred. Interest-bearing debt is subsequently measured at amortized cost, using the effective interest rate method. Other debt is subsequently measured at amortized cost corresponding to the nominal unpaid debt.

Deferred income

Deferred income recognized as a liability comprises payments received concerning income in subsequent reporting years.