CC Fly Holding II A/S

Skindergade 7, DK-1159 København K

Annual Report for 1 January - 31 December 2021

CVR No 39 40 22 46

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 14/3 2022

Jesper Schaltz
Chairman of the General Meeting

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of CC Fly Holding II A/S for the financial year 1 January - 31 December 2021.

The Annual Report is 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 at 31 December 2021 of the Company and of the results of the Company operations for 2021.

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

København, 24 February 2022

Executive Board

Adam Nederby Falbert
CEO

Board of Directors

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

Independent Auditor's Report

To the Shareholder of CC Fly Holding II A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of CC Fly Holding II A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies (”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 Company 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.

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, 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 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 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 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 disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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
statsautoriseret revisor
mne18628

Kristian Højgaard Carlsen
statsautoriseret revisor
mne44112

Company Information

The Company	CC Fly Holding II A/S Skindergade 7 DK-1159 København K
	Telephone: + 45 Telefon Facsimile: + 45 Telefax
	CVR No: 39 40 22 46 Financial period: 1 January - 31 December Incorporated: 12 March 2018 Municipality of reg. office: København
Board of Directors	Claus Juel Jensen , Chairman Vilhelm Eigil Hahn-Petersen Adam Nederby Falbert Morten Nødgaard Albæk Rasmus Philip Buhl Lokvig Sophie Louise Krauer
Executive Board	Adam Nederby Falbert
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Income Statement 1 January - 31 December

	Note	2021 DKK	2020 DKK
Other external expenses		118.875	-221.577
Gross profit/loss		**118.875**	**-221.577**
Financial income	3	8.200.266	18.658.757
Financial expenses	4	-56.318.713	-42.402.747
Profit/loss before tax		**-47.999.572**	**-23.965.567**
Tax on profit/loss for the year	5	4.587.959	2.059.000
Net profit/loss for the year		**-43.411.613**	**-21.906.567**

Distribution of profit

	2021 DKK	2020 DKK
Proposed distribution of profit		
Retained earnings	-43.411.613	-21.906.567
	-43.411.613	**-21.906.567**

Balance Sheet 31 December

Assets

	Note	2021	2020
		DKK	DKK
Investments in subsidiaries	6	947.632.939	828.328.000
Receivables from group enterprises		0	59.001.282
Fixed asset investments		**947.632.939**	**887.329.282**
Fixed assets		**947.632.939**	**887.329.282**
Receivables from group enterprises		27.761.886	3.162.387
Deferred tax asset		9.178.649	4.591.000
Corporation tax receivable from group enterprises		698.000	698.000
Prepayments		62.169	0
Receivables		**37.700.704**	**8.451.387**
Cash at bank and in hand		**23.728**	**23.061**
Currents assets		**37.724.432**	**8.474.448**
Assets		**985.357.371**	**895.803.730**

Balance Sheet 31 December

Liabilities and equity

	Note	2021	2020
		DKK	DKK
Share capital		600.000	600.000
Retained earnings		533.425.018	457.534.000
Equity		**534.025.018**	**458.134.000**
Credit institutions		451.214.424	402.121.727
Long-term debt	7	**451.214.424**	**402.121.727**
Trade payables		74.373	191.250
Payables to group enterprises		0	35.356.753
Other payables		43.556	0
Short-term debt		**117.929**	**35.548.003**
Debt		**451.332.353**	**437.669.730**
Liabilities and equity		**985.357.371**	**895.803.730**
Going concern	1		
Key activities	2		
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Statement of Changes in Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	600.000	274.977.000	275.577.000
Net effect from change of accounting policy	0	182.554.691	182.554.691
Adjusted equity at 1 January	600.000	457.531.691	458.131.691
Contribution from group	0	119.304.940	119.304.940
Net profit/loss for the year	0	-43.411.613	-43.411.613
Equity at 31 December	**600.000**	**533.425.018**	**534.025.018**

Notes to the Financial Statements

1 Going concern

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

The Group and its lenders have in the COVID-19 period, contributed DKK 140 million to the Group through convertible loans in March 2020 and increased its facilities by DKK 85 million from its bank in April 2020. In March 2021 the Group has received an additional DKK 30 million from the shareholders and provided a credit facility of DKK 250 million (80% guarantee from the Danish Growth Fund) 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 300million and measures so the Group will be in compliance with covenants. If restrictions will be reintroduced management expect compensations from governments at the same level as prior years.

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

2 Key activities

The company's purpose is to invest in investments in order to create a return as well as all companies that, in the opinion of the Board of Directors, are related to this.

Notes to the Financial Statements

		2021	2020
		DKK	DKK
3	**Financial income**		
	Interest received from group enterprises	8.200.266	11.239.130
	Exchange gains	0	7.419.627
		8.200.266	**18.658.757**
4	**Financial expenses**		
	Interest paid to group enterprises	5.985.598	8.807.198
	Other financial expenses	43.271.142	33.595.549
	Exchange loss	7.061.973	0
		56.318.713	**42.402.747**
5	**Tax on profit/loss for the year**		
	Current tax for the year	0	0
	Deferred tax for the year	-4.587.959	-1.921.000
	Adjustment of deferred tax concerning previous years	0	-138.000
		-4.587.959	**-2.059.000**
6	**Investments in subsidiaries**		
	Cost at 1 January	828.328.000	688.328.000
	Additions for the year	188.609.879	140.000.000
	Disposals for the year	-69.304.940	0
	Carrying amount at 31 December	**947.632.939**	**828.328.000**

Notes to the Financial Statements

7 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:

	2021	2020
	DKK	DKK
Credit institutions		
Between 1 and 5 years	451.214.424	402.121.727
Long-term part	451.214.424	402.121.727
Within 1 year	0	0
	451.214.424	**402.121.727**

8 Contingent assets, liabilities and other financial obligations

Surety	420.000	119.845

The Company has issued a letter of support to all it's 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.

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

The company has secured a guarantee against the Group'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 38 million at 31 December 2020).

Notes to the Financial Statements

9 Accounting Policies

The Annual Report of CC Fly Holding II A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The Financial Statements for 2021 are presented in DKK.

Changes in accounting policies

The company has changed its accounting policies for measuring investments from the equity method to cost. The change has led to an increase in the profit for the year for the current year by 3,370,970 (2020: 164,575,433). In addition, it affected the company's fixed assets by 168,884,680 (2020: 182,557,730) and the total balance sheet total by 168,884,680 (2020: 182,557,730). Equity is affected by 168,711,668 (2020: 182,557,730). The company's cash flows are not affected by the change.

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.

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

Notes to the Financial Statements

9 Accounting Policies (continued)

arose are recognised in financial income and expenses in the income statement.

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

Income Statement

Other external expenses

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

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

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

Impairment of fixed assets

The carrying amounts of intangible assets 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.

Notes to the Financial Statements

9 Accounting Policies (continued)

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Other fixed asset investments

Other fixed asset investments consist of receivables from group enterprises.

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 interest.

Equity

Deferred tax assets and liabilities

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

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

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

Current tax receivables and liabilities

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

Notes to the Financial Statements

9 Accounting Policies (continued)

Financial debts

Loans, such as 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.