

**a&o hostel and hotel København
Sydhavnen ApS**

Sydhavns Plads 4, 2450 København SV

Company reg. no. 40 44 15 22

Annual report

1 January - 31 December 2021

The annual report was submitted and approved by the general meeting on the 7 August 2022.

Andreas Bleeker
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

The executive board has today presented the annual report of a&o hostel and hotel København Sydhavnen ApS for the financial year 1 January to 31 December 2021.

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 at 31 December 2021 and of the company's results of its activities in the financial year 1 January to 31 December 2021.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

We recommend that the annual report be approved at the Annual General Meeting.

København SV, 7 August 2022

Executive board

Oliver Winter

Kasper Rønnow

Andreas Jozef Bleeker

Independent auditor's report

To the Shareholders of a&o hostel and hotel København Sydhavnen ApS

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 a&o hostel and hotel København Sydhavnen ApS for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("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.

Material uncertainties concerning the company's ability to continue as a going concern

It should be noted that a material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern. We refer to note 1 in the Financial Statement, where the uncertainty is disclosed.

Our opinion has not been modified in respect of this matter.

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.

Independent auditor's report

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

Based on the work we have performed, in our view, Management's Review is in accordance with the 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.

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 judgment and maintain professional skepticism 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.

Independent auditor's report

- 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.

Århus, 7 August 2022

PricewaterhouseCoopers

State Authorised Public Accountants
Company reg. no. 33 77 12 31

Mads Meldgaard

State Authorised Public Accountant
mne24826

Company information

The company

a&o hostel and hotel København Sydhavnen ApS
Sydhavns Plads 4
2450 København SV

Company reg. no. 40 44 15 22

Established: 27 March 2019

Financial year: 1 January - 31 December

Executive board

Oliver Winter
Kasper Rønnow
Andreas Jozef Bleeker

Auditors

PwC Statsautoriseret Revisionspartnerselskab
Jens Chr. Skous Vej 1
8000 Århus

Management's review

The principal activities of the company

The purpose of the company is to drive hotel operations, and any other related business.

Development in activities and financial matters

The gross loss for the year is DKK -4.872.000 against DKK -5.175.000 last year. The results from ordinary activities after tax are DKK -8.086.000 against DKK -5.495.000 last year. The management consider the results as expected.

The company has lost all of its capital, The company had it's first financial year 2019 many costs relating to the start-up. In addition to start-up costs, the financial years 2020 and 2021 have been affected by nationwide closures and restrictions due to COVID-19, which has led to a large decline in sales/profit earnings for the company. The company is focusing on increasing the earnings and profit. The management assess that the company will generate positive operations going forward and thus restore equity within a few years.

Capital resources

Please refer to note 1

Events subsequent to the financial year

After the end of the financial year, no events have occurred which could significantly impact the financial position of the company.

Income statement 1 January - 31 December

All amounts in DKK.

| <u>Note</u> | <u>2021</u> | <u>2020</u> |
|--|--------------------|-------------------|
| Gross loss | -4.871.919 | -5.175.432 |
| 2 Staff costs | -2.951.371 | -1.058.728 |
| Depreciation and impairment of property, land, and equipment | -1.422.495 | -341.879 |
| Writedown of current assets exceeding usual writedown | -33.082 | -17.127 |
| Other operating costs | 0 | 1.656 |
| Other financial income | 0 | 2.573 |
| 3 Other financial costs | -971.458 | -455.150 |
| Results before tax | -10.250.325 | -7.044.087 |
| Tax on ordinary results | 0 | 1.549.000 |
| Results for the year | -10.250.325 | -5.495.087 |
| Proposed appropriation of net profit: | | |
| Allocated from retained earnings | -10.250.325 | -5.495.087 |
| Total allocations and transfers | -10.250.325 | -5.495.087 |

Balance sheet at 31 December

All amounts in DKK.

| Assets | | |
|--|--------------------------|--------------------------|
| <u>Note</u> | <u>2021</u> | <u>2020</u> |
| Fixed assets | | |
| 4 Other plants, operating assets, and fixtures and furniture | 4.182.312 | 5.056.302 |
| Deposit | 1.809.641 | 1.809.641 |
| 5 Decoration rented premises | 10.792.309 | 8.889.754 |
| Tangible fixed assets in total | <u>16.784.262</u> | <u>15.755.697</u> |
| Fixed assets in total | <u>16.784.262</u> | <u>15.755.697</u> |
| Current assets | | |
| Raw materials and consumables | 86.094 | 290.774 |
| Inventories in total | <u>86.094</u> | <u>290.774</u> |
| Trade debtors | 2.146.601 | 1.484.788 |
| Amounts owed by group enterprises | 1.201.504 | 0 |
| Deferred tax assets | 1.549.000 | 1.549.000 |
| Other receivables | 524.562 | 1.112.594 |
| Accrued income and deferred expenses | 120.000 | 2.381 |
| Debtors in total | <u>5.541.667</u> | <u>4.148.763</u> |
| Available funds | <u>2.272.100</u> | <u>123.391</u> |
| Current assets in total | <u>7.899.861</u> | <u>4.562.928</u> |
| Assets in total | <u>24.684.123</u> | <u>20.318.625</u> |

Balance sheet at 31 December

All amounts in DKK.

| Equity and liabilities | | | |
|-------------------------------|--|--------------------|-------------------|
| <u>Note</u> | | <u>2021</u> | <u>2020</u> |
| Equity | | | |
| 6 | Contributed capital | 50.000 | 50.000 |
| 7 | Results brought forward | -11.514.286 | -1.263.961 |
| | Equity in total | -11.464.286 | -1.213.961 |
| Liabilities | | | |
| | Prepayments received from customers | 390.950 | 27.857 |
| | Trade creditors | 809.430 | 389.310 |
| | Debt to group enterprises | 32.817.254 | 19.924.629 |
| | Other debts | 2.130.775 | 1.190.790 |
| | Short-term liabilities in total | 36.148.409 | 21.532.586 |
| | Liabilities in total | 36.148.409 | 21.532.586 |
| | Equity and liabilities in total | 24.684.123 | 20.318.625 |

1 Material uncertainties concerning the enterprise's ability to continue as a going concern**8 Contingencies****9 Related parties**

Notes

All amounts in DKK.

1. **Material uncertainties concerning the enterprise's ability to continue as a going concern**

The Company has lost its share capital. Company Management expects to restore the share capital through future earnings in the Company or a capital increase. Furthermore, the parent Company has issued a letter of financial support to the Company.

The financial statement is prepared under going concern assumption. At the balance sheet date the company still presents a deficit on the balance sheet in the amount of kDKK -11,464 (2020: kDKK -1,214) which is mainly caused by the business restrictions in connection with the COVID-19 pandemic.

However, due to governmental aids that were granted to the a&o group amounting to kEUR 50,392 (thereof paid in 2021: kEUR 37,476) and the positive business outlook for the entire a&o group the company has access to sufficient funds to pay its due liabilities at any time during the forecast period. The positive outlook of the group was already confirmed in the first months of the year 2022 where we observed budget outperforming revenue increases after pandemic measures had been removed in almost all European countries.

Apart from that, the Group had already drawn 35m out of existing Revolving Credit Facility to strengthen the financial position and have obtained a waiver until September 2022 to comply with the Springing Covenant under the Senior Facility Agreement.

The management is constantly monitoring the covenant situation and there is no indication that the covenant testing which will continue in the fourth quarter of 2022 will affect the positive going concern assessment of the group.

Management assess material uncertainty exists which may cast significant doubt about the Company's ability to continue as a going concern should the Parent company fail to comply with the loan conditions from external lenders.

Management expects the Parent Company to be able to honor the new loan conditions, whereby the Parent Company has the ability to honor the letter of support in favor of a&o hostel and hotel København Sydhavnen ApS, which is why the financial statement has been prepared under the assumption of going concern.

Notes

All amounts in DKK.

| | <u>2021</u> | <u>2020</u> |
|--|-----------------------------|-----------------------------|
| 2. Staff costs | | |
| Salaries and wages | 2.866.436 | 1.039.011 |
| Other costs for social security | 84.935 | 19.717 |
| | <u>2.951.371</u> | <u>1.058.728</u> |
| Average number of employees | <u>10</u> | <u>4</u> |
| 3. Other financial costs | | |
| Financial costs, group enterprises | 796.172 | 334.883 |
| Other financial costs | 175.286 | 120.267 |
| | <u>971.458</u> | <u>455.150</u> |
| 4. Other plants, operating assets, and fixtures and furniture | | |
| Cost 1 January 2021 | 5.322.422 | 1.292.708 |
| Additions during the year | 203.341 | 4.029.714 |
| Cost 31 December 2021 | <u>5.525.763</u> | <u>5.322.422</u> |
| Amortisation and writedown 1 January 2021 | -266.120 | 0 |
| Depreciation for the year | -1.077.331 | -266.120 |
| Amortisation and writedown 31 December 2021 | <u>-1.343.451</u> | <u>-266.120</u> |
| Book value 31 December 2021 | <u>4.182.312</u> | <u>5.056.302</u> |

Notes

All amounts in DKK.

| | <u>31/12 2021</u> | <u>31/12 2020</u> |
|--|---------------------------|--------------------------|
| 5. Decoration rented premises | | |
| Cost 1 January 2021 | 8.965.513 | 80.740 |
| Additions during the year | <u>2.247.719</u> | <u>8.884.773</u> |
| Cost 31 December 2021 | <u>11.213.232</u> | <u>8.965.513</u> |
| Depreciation and writedown 1 January 2021 | -75.759 | 0 |
| Depreciation for the year | <u>-345.164</u> | <u>-75.759</u> |
| Depreciation and writedown 31 December 2021 | <u>-420.923</u> | <u>-75.759</u> |
| Carrying amount, 31 December 2021 | <u>10.792.309</u> | <u>8.889.754</u> |
| 6. Contributed capital | | |
| Contributed capital 1 January 2021 | <u>50.000</u> | <u>50.000</u> |
| | <u>50.000</u> | <u>50.000</u> |
| 7. Results brought forward | | |
| Results brought forward 1 January 2021 | -1.263.961 | 4.231.126 |
| Profit or loss for the year brought forward | <u>-10.250.325</u> | <u>-5.495.087</u> |
| | <u>-11.514.286</u> | <u>-1.263.961</u> |

Notes

All amounts in DKK.

8. Contingencies

Contingent liabilities

Rent commitments

The company has entered rent agreement with an yearly payment of k.DKK 9.697. The lease is interminable until April 2050. The rent agreement has 12 months term og notice to eliminate the contract.

Dispute

a&o hostel and hotel København Sydhavnen ApS has a dispute with a third party. It is the management's opinion that the outcome of the dispute will not affect the company's financial position.

Joint taxation

a&o hostel and hotel København Nørrebro ApS, company reg. no 37940348 being the administration company, the company is subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.

9. Related parties

The Company is included in the Group Annual Report of the Parent Company

Name: Alpha Holdings, S.á.r.l.

Place of registered office: Senningerberg, Luxembourg

Under the following adress, the consolidated figures were published.

<https://www.lbr.lu/mjracs/jsp/IndexActionNotSecured.action?time=1626187031346>

Accounting policies

The annual report for a&o hostel and hotel København Sydhavnen ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

Accounting policies

Income statement

Gross loss

The gross loss comprises the net turnover operating expenses and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Operating expenses includes costs for the purchase of expenses less discounts related to the operating.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including gains on disposal of intangible and tangible fixed assets.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Other operating costs

Other operating costs comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including losses on disposal of intangible and tangible fixed assets.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Tax of the results for the year

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.

Accounting policies

The balance sheet

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life and the residual value of the individual assets:

| | Useful life | Residual value |
|--|-------------|----------------|
| Other plants, operating assets, fixtures and furniture | 3-5 years | 0-20 % |

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Property, plant, and equipment under construction

Property, plant, and equipment under construction are measured and recognised as the total costs incurred. When the work has been completed, the total value is transferred to the relevant item under property, plant, and equipment and is amortised from the date of entry into service.

Leases

Leasing contracts are considered as operating leases. Payments in connection with operating leases and other rental agreements are recognised in the profit and loss account over the term of the contract. The company's total liabilities concerning operating leases and rental agreements are recognised under contingencies etc.

Accounting policies

Writedown of fixed assets

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries and associated enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

Decoration of rented premises

Decoration of rented premises are measured at cost with deduction of accrued depreciation. Depreciation takes place on a straight-line basis over the estimated useful life of the asset, which is set at 30 years. A scrap value of DKK 0 has been used.

Inventories

Inventories are measured at cost on basis of measured average prices. In case the net realisable value is lower than the cost, writedown takes place at this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Accrued income and deferred expenses

Accrued expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Accounting policies

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.