



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 996 834 832
Organisasjonsform: Aksjeselskap
Foretaksnavn: BRIGHT NORWAY HOLDINGS AS
Forretningsadresse: Brenneriveien 11
0182 OSLO

Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

Konsern

Mørselskap i konsern: Ja
Konsernregnskap lagt ved: Ja

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet: -

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Øyvind Larssen
Dato for fastsettelse av årsregnskapet: 29.06.2022

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 31.08.2022



Resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Annen driftsinntekt	10	-1	18
Sum inntekter		-1	18
Kostnader			
Annen driftskostnad	9	152 902	255 513
Sum kostnader		152 902	255 513
Driftsresultat		-152 903	-255 495
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap	10,11	0	7 205 771
Annen finansinntekt	11	4	17 547
Sum finansinntekter		4	7 223 318
Rentekostnad til foretak i samme konsern	11	457 904	465 551
Annen rentekostnad	11	3 901 730	4 878 878
Annen finanskostnad	11	9 791	15 823
Sum finanskostnader		4 369 425	5 360 252
Netto finans		-4 369 421	1 863 066
Ordinært resultat før skattekostnad		-4 522 324	1 607 571
Skattekostnad på ordinært resultat	8,12	7 903 249	5 974 166
Ordinært resultat etter skattekostnad		-12 425 573	-4 366 595
Årsresultat		-12 425 573	-4 366 595
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital	5	-12 425 573	-4 366 595
Sum overføringer og disponeringer		-12 425 573	-4 366 595



Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	8,12		8 715 587
Sum immaterielle eiendeler			8 715 587
Finansielle anleggsmidler			
Investeringer i tilknyttet selskap	1,2	209 267 449	209 267 449
Andre fordringer	2,3	15 519 488	17 448 163
Sum finansielle anleggsmidler		224 786 937	226 715 612
Sum anleggsmidler		224 786 937	235 431 199
Omløpsmidler			
Varer			
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		3 865	2 067
Sum bankinnskudd, kontanter og lignende	4	3 865	2 067
Sum omløpsmidler		3 865	2 067
SUM EIENDELER		224 790 802	235 433 266
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	5,6	200 000	200 000
Overkurs	5	103 423 287	103 423 287
Annen innskutt egenkapital	5	2 668 333	12 213 799
Sum innskutt egenkapital		106 291 620	115 837 086
Sum egenkapital		106 291 620	115 837 086



Balanse

Beløp i: NOK	Note	2021	2020
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	2		92 510 480
Sum annen langsiktig gjeld			92 510 480
Sum langsiktig gjeld		0	92 510 480
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	2		11 867 433
Betalbar skatt	8,12		5 442 409
Skyldige offentlige avgifter		11 820 862	9 114 997
Annen kortsiktig gjeld	3	106 678 320	660 861
Sum kortsiktig gjeld		118 499 182	27 085 700
Sum gjeld		118 499 182	119 596 180
SUM EGENKAPITAL OG GJELD		224 790 802	235 433 266



NEP Group Holdings, Inc. and Subsidiaries

Consolidated Financial Statements as of and for
the Years Ended December 31, 2021 and 2020,
and Independent Auditor's Report



NEP GROUP HOLDINGS, INC. AND SUBSIDIARIES

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of
NEP Group Holdings, Inc.
Pittsburgh, Pennsylvania

Opinion

We have audited the consolidated financial statements of NEP Group Holdings, Inc. and subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of operations and comprehensive loss, shareholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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 absolute



assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

March 30, 2022



NEP GROUP HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2021 AND 2020 (Amounts in thousands, except share and per share amounts)

	2021	2020
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 44,009	\$ 40,400
Accounts receivable—net of allowance for doubtful accounts of \$4,171 and \$3,613 at December 31, 2021 and 2020, respectively	223,653	158,917
Prepaid expenses and other current assets	<u>76,707</u>	<u>42,067</u>
Total current assets	344,369	241,384
PROPERTY, PLANT, AND EQUIPMENT—Net	701,500	765,680
OTHER ASSETS	5,087	3,456
DEFERRED TAXES	3,626	2,600
INTANGIBLES—Net	369,856	375,961
GOODWILL	<u>1,619,706</u>	<u>1,597,226</u>
TOTAL ASSETS	<u>\$3,044,144</u>	<u>\$2,986,307</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 61,338	\$ 41,710
Accrued expenses	187,179	157,820
Current portion of long-term debt	42,634	19,361
Current portion of capital lease obligations	29,998	27,449
Deferred revenue	<u>41,688</u>	<u>41,316</u>
Total current liabilities	362,837	287,656
LONG-TERM DEBT	2,202,761	2,091,626
CAPITAL LEASE OBLIGATIONS	26,848	32,487
OTHER LIABILITIES	35,345	71,778
DEFERRED TAXES	<u>15,006</u>	<u>17,442</u>
Total liabilities	<u>2,642,797</u>	<u>2,500,989</u>
COMMITMENTS AND CONTINGENCIES (Note 11)		
SHAREHOLDERS' EQUITY:		
Common stock: \$0.01 par value—authorized, 12,500,000 shares; issued 9,534,481 and 9,153,865 shares as of December 31, 2021 and 2020, respectively	96	92
Treasury stock, at cost 41,313 and 28,744 shares as of December 31, 2021 and 2020, respectively	(3,886)	(2,606)
Accumulated other comprehensive loss	(59,348)	(70,583)
Additional paid-in capital	997,616	947,436
Noncontrolling interest	406	454
Stock subscription	(950)	(950)
Retained deficit	<u>(532,587)</u>	<u>(388,525)</u>
Total shareholders' equity	<u>401,347</u>	<u>485,318</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$3,044,144</u>	<u>\$2,986,307</u>

See accompanying notes to consolidated financial statements.



NEP GROUP HOLDINGS, INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Amounts in thousands)**

	2021	2020
REVENUE	\$ 1,444,611	\$ 1,002,504
COSTS OF SERVICES, EXCLUSIVE OF DEPRECIATION AND AMORTIZATION	556,710	357,364
ENGINEERING	258,436	193,466
SELLING, GENERAL, AND ADMINISTRATIVE	355,536	291,209
DEPRECIATION AND AMORTIZATION	<u>286,064</u>	<u>298,875</u>
INCOME (LOSS) FROM OPERATIONS	(12,135)	(138,410)
INTEREST EXPENSE	135,522	133,882
OTHER (INCOME)/EXPENSE	<u>6,068</u>	<u>(6,939)</u>
LOSS BEFORE INCOME TAXES	(153,725)	(265,353)
INCOME TAX BENEFIT	<u>9,749</u>	<u>9,962</u>
NET LOSS	(143,976)	(255,391)
INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	<u>86</u>	<u>38</u>
NET LOSS ATTRIBUTABLE TO NEP GROUP HOLDINGS, INC.	(144,062)	(255,429)
UNREALIZED LOSS ON INTEREST RATE SWAP CONTRACTS—Net of tax of \$318 and \$93 for the years ended December 31, 2021 and 2020, respectively	(38,910)	(23,168)
FOREIGN TRANSLATION ADJUSTMENT	<u>50,145</u>	<u>37,414</u>
COMPREHENSIVE LOSS	<u>\$ (132,827)</u>	<u>\$ (241,183)</u>

See accompanying notes to consolidated financial statements.



NEP GROUP HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Amounts in thousands, except share amounts)

	Common Stock Shares	Common Stock Cost	Accumulated Other Comprehensive Loss	Additional Paid-In Capital	Treasury Stock Shares	Treasury Stock Cost	Stock Subscription	Noncontrolling Interest	Retained Deficit	Total
BALANCE—December 31, 2019	9,126,590	\$ 91	\$ (84,829)	\$ 938,684	2,481	\$ (253)	\$ (750)	\$ 514	\$ (133,096)	\$ 720,361
Foreign translation adjustment	-	-	37,414	-	-	-	-	-	-	37,414
Unrealized loss on interest rate swap contracts—net of \$93 tax	-	-	(23,168)	-	-	-	-	-	-	(23,168)
Common stock subscribed	(26,263)	-	-	-	-	(2,353)	(200)	-	-	(2,000)
Purchase of treasury stock	24,794	1	-	2,050	26,263	(2,353)	-	-	-	(2,353)
Issuance of capital stock	-	-	-	6,702	-	-	-	-	-	6,702
Stock-based compensation	-	-	-	-	-	-	-	(98)	-	(98)
Dividends to non-controlling interest	-	-	-	-	-	-	-	38	-	38
Income attributable to noncontrolling interest	-	-	-	-	-	-	-	-	(255,429)	(255,429)
Net loss	-	-	-	-	-	-	-	-	-	-
BALANCE—December 31, 2020	9,125,121	92	(70,583)	947,436	28,744	(2,606)	(950)	454	(388,525)	485,318
Foreign translation adjustment	-	-	50,145	-	-	-	-	-	-	50,145
Unrealized loss on interest rate swap contracts—net of \$318 tax	-	-	(38,910)	-	-	-	-	-	-	(38,910)
Common stock subscribed	-	-	-	-	-	-	-	-	-	-
Purchase of treasury stock	(12,569)	-	-	-	12,569	(1,280)	-	-	-	(1,280)
Issuance of capital stock	380,616	4	-	38,757	-	-	-	-	-	38,761
Stock-based compensation	-	-	-	11,423	-	-	-	-	-	11,423
Dividends to non-controlling interest	-	-	-	-	-	-	-	(134)	-	(134)
Income attributable to noncontrolling interest	-	-	-	-	-	-	-	86	-	86
Net loss	-	-	-	-	-	-	-	-	(144,062)	(144,062)
BALANCE—December 31, 2021	9,493,168	\$ 96	\$ (59,348)	\$ 997,616	41,313	(3,886)	(950)	\$ 406	\$ (532,587)	\$ 401,347

See a accompanying notes to consolidated financial statements.



NEP GROUP HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Amounts in thousands)

	2021	2020
OPERATING ACTIVITIES:		
Net loss	\$(143,976)	\$(255,391)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	286,064	298,875
Stock-based compensation	11,423	6,702
Amortization of debt issuance costs	8,266	7,249
Unrealized transaction loss (gain) on foreign currency denominated assets and liabilities	(675)	(16,025)
Loss on sale or disposal of fixed assets	(806)	113
Deferred income taxes	(12,140)	(13,706)
Provision for doubtful accounts	676	18
Changes in net assets and liabilities:		
Accounts receivable	(52,283)	62,077
Prepaid expenses and other assets	(31,865)	8,528
Accounts payable	23,017	(1,639)
Deferred revenue	(7,648)	14,420
Other accruals and liabilities	11,139	1,862
Net cash provided by operating activities	<u>91,192</u>	<u>113,083</u>
INVESTING ACTIVITIES:		
Capital expenditures	(180,444)	(157,879)
Acquisition of businesses, net of cash acquired of \$12,066	(71,174)	(127)
Proceeds from insurance	607	8,000
Proceeds from the sale of assets	900	698
Net cash used in investing activities	<u>(250,111)</u>	<u>(149,308)</u>
FINANCING ACTIVITIES:		
Borrowings from line of credit	283,878	275,603
Repayment of line of credit	(321,860)	(291,771)
Proceeds from debt issuance	235,000	100,000
Repayment of debt obligations	(18,789)	(17,901)
Payment of debt issuance costs	(5,047)	(6,878)
Purchase of treasury stock	(1,280)	(2,353)
Payment of contingent consideration	(541)	(2,648)
Cash dividend to noncontrolling interest	(134)	(98)
Proceeds from issuance of common stock	-	1,100
Proceeds from stock subscription	-	750
Proceeds from sale leaseback	26,500	16,863
Acquisition of non-controlling interest	-	-
Repayment of capital lease obligations	(33,475)	(28,243)
Net cash provided by financing activities	<u>164,252</u>	<u>44,424</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(1,724)</u>	<u>4,622</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,609	12,821
CASH AND CASH EQUIVALENTS—Beginning of period	<u>40,400</u>	<u>27,579</u>
CASH AND CASH EQUIVALENTS—End of period	<u>\$ 44,009</u>	<u>\$ 40,400</u>

(Continued)



NEP GROUP HOLDINGS, INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Amounts in thousands)**

	2021	2020
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest	<u>\$ 130,441</u>	<u>\$ 127,944</u>
Cash paid for taxes	<u>\$ 3,421</u>	<u>\$ 2,871</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH OPERATING, INVESTING, AND FINANCING ACTIVITIES:		
Investing—capital expenditures in current liabilities	<u>\$ 15,091</u>	<u>\$ 6,090</u>
Financing—capital leases	<u>\$ 4,921</u>	<u>\$ 6,328</u>
Financing—stock issued as consideration for acquisition	<u>\$ 38,761</u>	<u>\$ -</u>
See accompanying notes to consolidated financial statements.		(Concluded)



NEP GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (Amounts in thousands, except per share amounts)

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business—NEP Group Holdings, Inc. and its subsidiaries (collectively referred to as the “Company” or “NEP Group”) is a provider of customized solutions to the live sports and entertainment markets offering various broadcast and live event services. The Company’s engineers design live event solutions and work side-by-side with the Company’s clients to customize the Company’s solutions and provide real-time support during a broadcast or live event to ensure a seamlessly delivered production. Over time, the Company has developed a wide range of services operating inside and outside of the United States and has supported events worldwide.

Organizational History—The Company was originally founded in 1986. On December 23, 2012, ASP NEP/NCP Holdco., Inc. was acquired by funds affiliated with Crestview Partners II GP, L.P. (collectively, “Crestview”) and certain members of executive management; through this acquisition, NEP Group, Inc. was formed.

On June 24, 2016, funds affiliated with the Carlyle Group purchased a significant minority investment in NEP Group (the “Carlyle Investment”). In conjunction with the Carlyle Investment, the Company authorized and issued 3,464,081 shares of Series A Convertible Preferred Stock (“Series A Preferred Stock”) at a stated value of \$83.72 per share; resulting in \$290.0 million in aggregate proceeds to the Company. The proceeds were subsequently used to finance a dividend of \$165.0 million to the existing shareholders of Class A common stock, fund the acquisition of Broadcast Solutions Group and for other general operating purposes.

On June 24, 2017 (“the Conversion Date”), each share of Series A Convertible Preferred Stock held by Carlyle Investment was automatically converted into Class A Common Stock at a conversion price of \$83.72 per share, subject to certain anti-dilution provisions. In conjunction with the Carlyle Investment, the Carlyle Group has the right of first offer to acquire the remaining shares of NEP Group, Inc. from Crestview in 2018.

On October 19, 2018 (the “Closing Date”), NEP Group, Inc. was acquired by funds affiliated with the Carlyle Group and certain members of executive management (the “NEP Group, Inc. Acquisition”); through this acquisition, NEP Group Holdings, Inc. (“NEP Group” or the “Company”) was formed.

Summary of Significant Accounting Policies

Principles of Consolidation—The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. Such statements have been prepared in accordance with accounting principles generally accepted in the United States of America. All intercompany balances have been eliminated in consolidation.

Impact of COVID-19 on our Business—On March 11, 2020, the World Health Organization declared the novel coronavirus (known as “COVID-19”) outbreak to be a global pandemic. COVID-19 has disrupted and is expected to continue to disrupt our business, which has and could continue to materially affect



our operating results, cash flows and/or financial condition for an extended period of time. The Company began experiencing a significant decline in our operations when COVID-19 resulted in the cancellation or postponement of customer events towards the end of the first quarter of 2020 and continued throughout the remainder of the year. The decline in our operations from COVID-19 caused a material deterioration in our revenues, operating income (loss) and net income (loss) for fiscal year end 2020. During 2021, COVID-19 had less of an impact on our revenues, operating income (loss) and net income (loss) but still affected the operations of the business due to the impact on client events. COVID-19 has adversely affected global economies, financial markets and the overall environment for our business.

In response to COVID-19, we continue to remain principally focused on the safety and well-being of our employees and the customers we serve, while simultaneously taking timely, proactive measures to adapt to the current environment. We continue to modify our business model in response to the disruption caused by COVID-19 by strengthening our liquidity position, focusing on flexible, cost efficient operations and diversifying our service offerings. The Company has also worked innovatively to develop additional products and services to meet our customer's needs arising from the current environment. Additionally, we have leveraged relief provisions under the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") and other foreign governmental stimulus programs, however there were no loans received from governmental agencies as a result of these provisions. The Company has also worked with lenders to amend its Credit Agreements to waive the financial covenant ratio through December 30, 2021 (See Note 9—Long-term Debt to the accompanying Financial Statements). As of December 31, 2021, the Company is in compliance with the financial covenant ratio. While these proactive efforts were positive, the ongoing impact of COVID-19 on our longer-term operational and financial performance will depend on future developments, many of which are outside of our control, and all of which are highly uncertain and cannot be predicted.

Cash and Cash Equivalents—Cash equivalents are highly liquid investments purchased with an original maturity of 90 days or less. Cash and cash equivalents are stated at cost, which approximates fair value.

Accounts Receivable and Allowance for Doubtful Accounts—Accounts receivable are recorded at invoiced amounts. The allowance for doubtful accounts reflects the Company's best estimate of probable losses inherent in the receivable portfolio determined based on historical experience, specific allowances for known troubled accounts and other currently available evidence. The Company generally extends credit to clients without requiring collateral; however, prepayments are required from clients when a credit history has not been established. The allowance for doubtful accounts was \$4.2 million and \$3.6 million at December 31, 2021 and 2020, respectively.

Property, Plant, and Equipment—Property, plant and equipment are recorded on the basis of cost. Expenditures for renewals and improvements that extend the useful life or utility of the asset are capitalized and depreciated over the remaining useful life of the asset, and expenditures for ordinary maintenance and repairs are expensed as incurred. Depreciation is computed using the straight-line method based on the estimated useful lives of the respective assets as follows:

Furniture and fixtures	4–10 years
Computer equipment	3–5 years
Vehicles	5–8 years
Broadcast and production equipment	5–10 years



Building and leasehold improvements are depreciated over the lesser of the useful life or the remaining lease term (including required lease periods and renewals deemed to be reasonably assured) at the date of acquisition of the leasehold improvement.

Accelerated depreciation methods are utilized for income tax purposes. Upon disposal or retirement of property, plant and equipment, the cost and related accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is recognized in other income or other expense. Amortization of assets under capital leases is included in depreciation and amortization expense.

The Company monitors its long-lived assets for impairment indicators on an ongoing basis in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 360, *Property, Plant, and Equipment*. If impairment indicators exist, the Company performs the required analysis and records impairment charges, if necessary. In conducting its analysis, the Company compares the undiscounted cash flows expected to be generated from the long-lived assets to the related net book values. If the undiscounted cash flows exceed the net book value, the long-lived assets are considered not to be impaired; if the net book value exceeds the undiscounted cash flows, an impairment loss is measured and recognized and the book value of the long-lived asset is adjusted to fair value. An impairment loss is measured as the difference between the book value and the fair value of the long-lived assets. Cash flows are estimated using internal budgets based on recent sales data, projected future operational results and client commitments. Changes in economic or operating conditions impacting these estimates and assumptions could result in the impairment of long-lived assets.

Leasing Arrangements—The Company conducts its operations from leased facilities and finances certain equipment purchases through lease agreements. In cases in which the lease meets any of the following criteria at inception, as defined in ASC 840, *Leases*, the leasing arrangement is classified as a capital lease: transfer of ownership whereby the lease transfers ownership of the property by the end of the lease term; the lease contains a bargain purchase option; the lease term is equal to 75% or more of the estimated economic life of the leased property; the present value at the beginning of the lease term of the minimum lease payments, excluding that portion of payments representing executory costs (e.g., insurance, maintenance, and taxes to be paid by the lessor) equals or exceeds 90% of the excess of the fair value of the leased property to the lessor at lease inception over any related investment tax credit retained by the lessor and expected to be realized by the lessor. All of the Company's capital leases are related to broadcast equipment and vehicles. Amortization of assets recorded under capital leases is included in depreciation and amortization expense. Leases not meeting any of the aforementioned capital lease criteria are treated as operating leases.

Sale and Leaseback Transactions—The Company accounts for the sale and leaseback of broadcast equipment and vehicles in accordance with ASC 840, *Leases*. Losses on sale leaseback transactions are recognized at the time of sale if the fair value of the property sold is less than the net book value of the property. Gains on sale leaseback transactions are deferred and amortized over the remaining lease term.

Goodwill and Intangible Assets—Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets acquired. Goodwill is not amortized. Any intangibles acquired in business combinations are recorded based upon their fair value at the date of acquisition. Intangible assets with finite lives are amortized on a straight-line basis over the estimated economic lives of the assets and reviewed for impairment when indicators of potential impairment are present. Goodwill and indefinite-lived intangible assets are tested for impairment at the reporting unit level at least annually; the



Company performs its annual impairment test during the fourth quarter, as of October 1, and also tests for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The Company's reporting units include NEP Broadcast Services, NEP Live Events, and NEP Virtual Studios.

Based on impairment tests performed, the Company has not recognized an impairment of the Company's goodwill or other intangible assets during any of the periods presented herein.

Fair Value of Financial Instruments—The carrying amounts of the Company's financial instruments, including cash and cash equivalents, accounts receivable, and accounts payable, approximate fair value due to their short maturities. The carrying value of the Company's long-term debt obligations approximates fair value because they have an interest rate that varies with market interest rates.

Debt Issuance Costs—The origination costs related to the issuance of debt are recorded as a reduction to the related liability and are amortized to interest expense over the contractual term of the loan facility using the effective interest method.

Business Combinations—The Company accounts for business combinations using the acquisition method of accounting. The acquisition method of accounting requires that the purchase price, including the fair value of contingent consideration, of the acquisition be allocated to the assets acquired and liabilities assumed using the fair value determined by management at the acquisition date.

The Company generally uses the following methodologies for valuing our significant acquired tangible and intangible assets:

- **Property, Plant, and Equipment**—The Company values by estimating the replacement cost of such assets.
- **(Un)favorable Leasehold Interests**—The Company values using the market approach.
- **Tradename**—The Company uses the relief-from-royalty method, a variation of the income approach, to value trademarks and tradenames. The key assumptions for the model are forecasted net revenue, the royalty rate, the effective tax rate and the discount rate.
- **Customer Relationships and Customer Contracts**—The Company uses the multi-period excess earnings method to value customer relationships and customer contracts. The key assumptions for the model are forecasted net revenue, Earnings Before Interest, Taxes, Depreciation, and Amortization ("EBITDA"), the estimated allocation of earnings between different classes of assets, the attrition rate, the effective tax rate and the discount rate.

Derivatives and Hedging—The Company does not engage in speculative transactions for trading purposes. The Company uses derivative financial instruments in the normal course of business to manage its exposure to interest rate changes under its debt agreements, which bear interest at variable rates, and to manage its exposure to foreign currency exchange rates.

The Company records derivative instruments as either assets or liabilities in the consolidated balance sheet at their fair value. The Company has designated the interest rate swap derivative instruments as effective cash flow hedges, and changes in the fair value of these derivative instruments are recorded in accumulated other comprehensive loss on the consolidated balance sheet. See Note 16, Financial Instruments and Risk Management, for additional information about these contracts.



Foreign Currency Translation—For the Company’s foreign operations, the functional currency is the local currency. Assets and liabilities of these operations are translated at the exchange rate in effect on the balance sheet date while income and expenses are translated at the average exchange rates prevailing during the period.

Foreign currency gains and losses resulting from transactions, and the translation of consolidated financial statements are recorded in the Company’s consolidated financial statements based upon the provisions of ASC 830, Foreign Currency Matters. The effects of currency exchange rate changes on intercompany transactions and balances of a long-term investment nature are accumulated and carried as a component of accumulated other comprehensive (loss) income. The effects of currency exchange rate changes on intercompany transactions that are denominated in a currency other than an entity’s functional currency are charged or credited to earnings through other expense or other income for the period presented.

Revenue Recognition Policy (ASC 606)—Revenue is recognized when control of promised goods or services is transferred to customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. This is achieved by applying the following five-step model:

- Identification of the contract, or contracts, with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as performance obligations are satisfied

The Company’s revenue is derived principally from the following services:

- **Remote Production Services**—These services provide the Company’s clients with a mobile control room to facilitate the capture and creation of live content, including a mobile unit or fly pack equipped with the Company’s assets (e.g., cameras and related audio and video equipment) together with a NEP Group broadcast engineering team.
- **Studio Control Room Production Services**—These services include the supply and operation of studios and/or control rooms together with a NEP Group broadcast engineering team that support live and near-live format television programming for entertainment clients.
- **Video Display Services**—These services provide the Company’s clients with large-scale, modular, LED video screens and related capabilities together with a NEP Group technical display engineering team.
- **Other Media Solutions Services**—The Other Media Solutions Services are comprised of several service offerings which provide the Company’s clients with media supply chain management solutions, including media asset management, automated video content delivery and IT monitoring tools.

The Company enters into contracts to provide the above services to their customers for a specified event over a specified period of time, generally one month or less. Each event and each period of service is distinct in the context of the contract and are accounted for as a separate performance obligation. Revenues for these services are recognized over time (output method) as the services are performed and control of the services are transferred to the customer.



The Company typically incurs certain event-related direct costs for additional services required by the event that are classified as variable consideration. This variable consideration is typically passed through to the client as additional revenue with no mark-up or margin earned by the Company. To determine the transaction price, the Company estimates the variable consideration using the expected value method, based on the contract terms and the known performance during the service period. When determining if variable consideration should be constrained, the Company considers whether factors outside of its control could result in a significant reversal of revenue. In making these assessments, the Company considers the likelihood and magnitude of a potential reversal of revenue. The Company's service periods are typically of a short duration and the estimates are reassessed during each reporting period.

Revenue is recorded net of taxes collected or accrued. Sales, value-added and goods and services taxes are recorded as current liabilities until remitted to the relevant government authority.

Deferred Revenue—Deferred revenue consists of payments received in advance of revenue recognition from the Company's contracts with customers. The timing of revenue recognition may differ from the timing of payments from customers. The time between invoicing and when payment is due is not significant.

Income Taxes—The Company utilizes the asset and liability method of accounting for income taxes, which requires the recognition of deferred tax assets and liabilities for expected future consequences of temporary differences between the financial reporting and income tax basis of assets and liabilities using enacted tax rates. The Company's management makes estimates, assumptions and judgments to determine the Company's provision for income taxes and also for deferred tax assets and liabilities, and any valuation allowances recorded against the Company's deferred tax assets. The Company assesses the likelihood that its deferred tax assets will be recovered from future taxable income and, to the extent the Company believes that recovery is not likely, the Company must establish a valuation allowance.

The calculation of the Company's current provision for income taxes involves the use of estimates, assumptions and judgments while taking into account current tax laws, interpretation of current tax laws and possible outcomes of future tax audits. The effects of future changes in tax laws or rates are not anticipated. Although the Company believes its estimates, assumptions and judgments to be reasonable, any changes in tax law or its interpretation and the resolutions of potential tax audits could impact the amounts provided for income taxes in the Company's consolidated financial statements.

The calculation of the Company's deferred tax balance involves the use of estimates, assumptions and judgments while taking into account estimates of the amounts and type of future taxable income and tax laws. Actual future operating results and the underlying amount and type of income could differ materially from the Company's estimates, assumptions and judgments thereby impacting the Company's consolidated financial position and results of operations.

The Company evaluates uncertain tax positions using the recognition threshold and measurement attribute for the financial statement recognition and measurement of uncertain tax positions taken or expected to be taken in the Company's income tax return, and also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.



The Company includes interest and penalties related to unrecognized tax benefits within income tax expense in the accompanying consolidated statements of operations and comprehensive loss. The Company has not incurred any material interest or penalties related to unrecognized tax benefits in any of the periods presented.

Other Comprehensive Loss—Comprehensive loss is defined as net income and all other nonowner changes in shareholders' equity. Other comprehensive loss results from items deferred from recognition into the consolidated statements of operations and comprehensive loss. The Company follows the provisions of ASC 220, *Comprehensive Income*, for the reporting and display of comprehensive loss and its components. The Company's accumulated other comprehensive loss consists of foreign currency translation adjustments and the unrealized gain on interest rate swap contracts, net of tax. Accumulated other comprehensive loss ("AOCI") is separately presented on the Company's consolidated balance sheets as part of shareholders' equity.

Equity-Based Compensation—The Company accounts for equity-based compensation using the fair value method as set forth in the ASC 718, *Compensation—Stock Compensation*, which requires the measurement and recognition of compensation expense for all share-based payment awards based on estimated fair values. This method requires companies to estimate the fair value of stock-based compensation on the date of grant using an option pricing model. The Company estimates the fair value of each equity-based payment award on the date of grant using the Black-Scholes pricing model.

The Black-Scholes model determines the fair value of equity-based payment awards based on the fair value of the underlying common stock on the date of grant and requires the use of estimates and assumptions, which are discussed in Note 13.

Common Stock Valuation—Determining the fair value of the Company's common stock requires complex and subjective judgment and estimates. There is inherent uncertainty in making these judgments and estimates. The absence of an active market for the Company's common stock required the Company's Board of Directors to estimate the fair value of the common stock for purpose of setting the exercise price of the options and estimating the fair value of the common stock at the time options were granted based on factors such as valuations of comparable companies, the status of the Company's development and sales efforts, revenue growth, and additional objective and subjective factors relating to the Company's business. The Company performed its analysis in accordance with applicable elements of the practice aid issued by the American Institute of Certified Public Accountants' ("AICPA") Practice Guide, *Valuation of Privately Held Company Equity Securities Issues as Compensation*; with this guidance, the Company's Board of Directors exercised reasonable judgment and considered numerous and subjective factors to determine the best estimate of fair value of the Company's common stock, including the following:

Company Specific Factors

- Actual and forecasted operating and financial performance based on management's estimate
- Historical acquisition valuations of the Company
- The development and maintenance of client relationships
- Client and industry recognition
- The hiring and retention of key personnel
- The historical lack of a public market for the Company's common stock



General Economic Factors

- Industry trends and competitive environment
- Trends in client and the at-large public spending, including client and public confidence
- Overall economic indicators
- The general economic outlook

The common stock valuations have historically leveraged the historical prices paid to acquire the Company's common stock in change of ownership transactions, which were representative of fair value. The purchase price is allocated to those shares outstanding at the time of purchase to calculate the fair value of each share of common stock. This approach was applied consistently from the December 23, 2012, change in ownership forward as well as for the NEP Group, Inc. acquisition. The Company's valuation of common stock has historically been estimated utilizing a market approach. When coincident with the grant date of options, the Company has utilized the valuation ascribed in private equity change in ownership transactions.

Use of Estimates—The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet dates and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates. On an ongoing basis, management reviews its estimates based on currently available information. Changes in facts and circumstances may result in revised estimates.

Insurance Recoveries—Receipts from insurance reimbursements up to the amount of the losses recognized are considered recoveries. These recoveries are accounted for when they are probable of receipt. Insurance recoveries are not recognized prior to the recognition of the related cost. Anticipated proceeds in excess of the amount of the loss recognized in the consolidated financial statements are not recognized until all contingencies related to the insurance claim are resolved and those proceeds are realized.

A mobile unit in the United States experienced a catastrophic accident on December 31, 2019. While the accident did not cause any injuries for the Company, the mobile unit and related equipment, tractor, and trailer was rendered inoperable. The Company was insured for this incident and filed an insurance claim with its insurance provider.

During 2020, the Company and the insurance provider reached final agreement and settled the insurance claim for \$8.5 million and received all remaining proceeds from this accident claim. The resulting gain of \$7.2 million on the lost assets is included in "Other Income" and the \$0.5 million related to the business interruption claim is including in "Operating Income" in the consolidated statements of operations and comprehensive income (loss) for the year ended December 31, 2020.

Recent Accounting Pronouncements

Accounting Standards Issued Not Yet Adopted—In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. ASU No. 2016-02 requires virtually all leases, other than leases that meet the definition of a short-term lease or leases of intangible assets, to be recorded on the balance sheet with a right-of-use asset and corresponding lease liability. Leases will be classified as either operating or finance leases based on certain criteria. This classification will determine the timing and presentation of expenses on the income statement, as well as the presentation of related cash flows. In July 2018, the FASB issued ASU 2018-11, which provides companies with the option to apply the new lease standard



either at the beginning of the earliest comparative period presented or in the period of adoption. The standard and its related amendments (collectively known as “ASC 842”) is effective for the Company on January 1, 2022. The Company is currently evaluating the potential impact that implementation of this update will have on the Company’s consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASU 2016-13). The current guidance requires the allowance for doubtful accounts to be estimated based on an incurred loss model, which considers past and current conditions. ASU 2016-13 requires companies to use an expected loss model that also considers reasonable and supportable forecasts of future conditions. In November 2019, the FASB issued ASU 2019-10 which amends Topic 326 to become effective for annual periods beginning after December 15, 2022, with early adoption permitted. The standard requires a cumulative-effect adjustment to the balance sheet as of the beginning of the first reporting period in which the guidance is effective. The company is currently evaluating the potential impact that this guidance may have on the consolidated financial statements.

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* (“ASU 2020-04”), which provides temporary optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships and other transactions affected by reference rate reform if certain criteria are met. The amendments in ASU 2020-04 apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. ASU 2020-04 is currently effective and upon adoption may be applied prospectively to contract modifications made on or before December 31, 2022. The Company is currently evaluating the impact that this guidance may have on the consolidated financial statements.

In October 2021, the FASB issued ASU No. 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers* (“ASU 2021-08”), which requires entities (acquirers) to recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with ASC Topic 606. ASU 2021-08 will be effective for fiscal years, including interim periods within those fiscal years, beginning after December 15, 2022 with early adoption permitted. The Company is currently assessing the impact of the adoption of this guidance on its consolidated financial statements.

In November 2021, the FASB issued ASU No. 2021-10, *Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance* (“ASU 2021-10”), which requires entities to provide annual disclosures about transactions with a government that are accounted for by apply a grant or combination accounting model by analogy. ASU 2021-10 will be effective for fiscal years beginning after December 15, 2021 with early adoption permitted. The Company does not believe that the adoption of this guidance will have a material impact on its consolidated results of operations, cash flows, financial position or disclosures.

Adoption of New Accounting Standards—In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, which simplifies the accounting for income taxes by removing certain exceptions to the general principles in ASC 740 and also improves consistent application of and simplifies U.S. GAAP for other areas of Topic 740 by clarifying and amending existing guidance. The Company is required to adopt this guidance in the annual and interim periods for fiscal years beginning after December 15, 2021 and early adoption is permitted. The Company adopted this guidance in the annual and interim periods for the fiscal year ended



December 31, 2021. The Company finalized its assessment of the potential impact of this ASU and it does not have any material impact on its consolidated results of operations, cash flows, financial position or disclosures.

2. ACQUISITIONS

Bright—On November 10, 2021, the Company acquired the Bright Group of companies (“Bright”). Bright is a live event service provider of audio-visual services that is headquartered in Vantaa, Finland with operations in Norway and Sweden. This acquisition expands the Company’s Live Events resources throughout the Nordic region. The aggregate purchase price for Bright was approximately 314.1 million SEK, or \$36.7 million, in cash consideration, which was funded by cash on hand and borrowings under the Company’s revolving credit facility. Transaction costs of approximately \$0.7 million were incurred related to the acquisition and were included in selling, general, and administrative (“SG&A”) expenses for the year ended December 31, 2021.

The purchase price has been allocated to the assets and liabilities acquired based upon their respective fair values. Property, plant and equipment were valued at fair value by estimating the replacement cost of such assets. Acquired intangibles related to customer relationships were valued using a discounted cash flow analysis under the multi-period excess earnings method, and these intangibles are subject to impairment testing consistent with the Company’s policy. Significant assumptions were utilized in the valuation of the intangible assets acquired and were based on company-specific information and projections, which were not observable in the market and thus considered level 3 measurements as defined by U.S. GAAP. The excess of the aggregate purchase price over the fair values of the net assets acquired was recognized as goodwill of \$23.6 million. None of the goodwill is expected to be deducted for tax purposes.

Prysm, Lux and Halon—On August 1, 2021, the Company acquired a group of companies including Prysm Collective, LLC (“Prysm”), Lux Machina Consulting, Inc. (Lux) and Halon Entertainment LLC (Halon). Prysm, Lux and Halon are industry-leading companies in real-time virtual production and in-camera visual special effects (ICVFX) that are headquartered in Los Angeles, California. This acquisition expands the Company’s service offerings into virtual production and in-camera visual special effects (ICVFX). The aggregate purchase price for the combined group of companies was approximately \$50.0 million, including cash of \$15.3 million and stock consideration of \$34.7 million, which was funded by cash on hand and borrowings under the Company’s revolving credit facility. Transaction costs of approximately \$1.2 million were incurred related to the acquisition and were included in selling, general, and administrative (“SG&A”) expenses for the year ended December 31, 2021.

The purchase price has been allocated to the assets and liabilities acquired based upon their respective fair values. Property, plant and equipment were valued at fair value by estimating the replacement cost of such assets. Acquired intangibles related to customer relationships were valued using a discounted cash flow analysis under the multi-period excess earnings method, and these intangibles are subject to impairment testing consistent with the Company’s policy. Significant assumptions were utilized in the valuation of the intangible assets acquired and were based on company-specific information and projections, which were not observable in the market and thus considered level 3 measurements as defined by U.S. GAAP. The excess of the aggregate purchase price over the fair values of the net assets acquired was recognized as goodwill of \$29.9 million. None of the goodwill is expected to be deducted for tax purposes.



VISTA—On March 1, 2021, the Company acquired the VISTA Satellite Communications, Inc. (VISTA). VISTA is specialized in providing centralized production services and is headquartered in Dania Beach, Florida. This acquisition expands the Company’s service offerings in centralized production and related remote production workflows. The aggregate purchase price for VISTA was approximately \$18.8 million, including cash of \$15.1 million and stock consideration of \$3.7 million, which was funded by cash on hand and borrowings under the Company’s revolving credit facility. Transaction costs of approximately \$0.3 million were incurred related to the acquisition and were included in selling, general, and administrative (“SG&A”) expenses for the year ended December 31, 2021.

The purchase price has been allocated to the assets and liabilities acquired based upon their respective fair values. Property, plant and equipment were valued at fair value by estimating the replacement cost of such assets. Acquired intangibles related to customer contracts and customer relationships were valued using a discounted cash flow analysis under the multi-period excess earnings method, and these intangibles are subject to impairment testing consistent with the Company’s policy. Significant assumptions were utilized in the valuation of the intangible assets acquired and were based on company-specific information and projections, which were not observable in the market and thus considered level 3 measurements as defined by U.S. GAAP. The excess of the aggregate purchase price over the fair values of the net assets acquired was recognized as goodwill of \$13.8 million. None of the goodwill is expected to be deducted for tax purposes.

For the aforementioned acquisitions by the Company, the following table summarizes the fair values of the assets acquired and liabilities assumed at the date of the acquisition:

	Bright November 10, 2021	Prysm, Lux & Halon August 1, 2021	VISTA March 1, 2021
Assets:			
Current assets	\$ 14,909	\$ 8,893	\$ 598
Property, plant, and equipment	10,413	4,779	3,317
Intangible assets	3,262	24,800	4,900
Goodwill	23,555	29,919	13,766
Other long-term assets	<u>1,370</u>	<u>38</u>	<u>-</u>
Total assets acquired	<u>53,509</u>	<u>68,429</u>	<u>22,581</u>
Liabilities:			
Accounts payable	5,784	1,527	697
Deferred revenue	1,221	8,958	334
Other liabilities	<u>9,759</u>	<u>7,939</u>	<u>2,720</u>
Total liabilities assumed	<u>16,764</u>	<u>18,424</u>	<u>3,751</u>
Net assets acquired	<u>\$ 36,745</u>	<u>\$ 50,005</u>	<u>\$ 18,830</u>



Other Acquisitions—During the year ended December 31, 2021, the Company completed two acquisitions to expand the Company’s broadcast services and audio-visual service offerings internationally. The acquisitions were not individually significant. The combined purchase price of the other acquisitions completed during 2021 were approximately \$4.4 million in cash and stock issued. The other acquisitions completed during 2021 are further described in the table below:

Date of Closing	Company	Details
November 30, 2021	Loop Light	Expansion of audio visual services internationally
May 1, 2021	Stoneroods	Expansion of broadcast service offerings internationally

The operating results for each acquisition have been included in the Company’s financials since each respective date of acquisition. The effects of the business combinations were not material to the Company’s consolidated results of operations individually or in the aggregate.

3. ACCOUNTS RECEIVABLE—NET

Accounts receivable consisted of the following as of December 31, 2021 and 2020:

	2021	2020
Billed receivables	\$ 178,289	\$ 128,157
Unbilled receivables	49,535	34,373
Allowance for doubtful accounts	<u>(4,171)</u>	<u>(3,613)</u>
Accounts receivable—net	<u>\$ 223,653</u>	<u>\$ 158,917</u>

4. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consisted of the following as of December 31, 2021 and 2020:

	2021	2020
Prepaid insurance	\$ 3,868	\$ 3,225
Prepaid taxes	6,340	5,353
Prepaid deposits	31,603	5,936
Prepaid maintenance agreements	5,983	5,132
Prepaid direct cost	12,777	11,650
Prepaid other	<u>16,136</u>	<u>10,771</u>
	<u>\$ 76,707</u>	<u>\$ 42,067</u>



5. PROPERTY, PLANT, AND EQUIPMENT—NET

Property, plant, and equipment consisted of the following as of December 31, 2021 and 2020:

	2021	2020
Broadcast and production equipment	\$ 1,271,766	\$ 1,131,769
Furniture and fixtures	15,963	7,833
Building and leasehold improvements	71,633	64,345
Computer equipment	26,337	17,368
Vehicles	48,236	44,297
Construction in progress	<u>50,088</u>	<u>25,638</u>
	1,484,023	1,291,250
Accumulated depreciation	<u>(782,523)</u>	<u>(525,570)</u>
Total property, plant, and equipment—net	<u>\$ 701,500</u>	<u>\$ 765,680</u>

The Company's depreciation expense was \$256.8 million and \$271.1 million, for the years ended December 31, 2021 and 2020, respectively.

6. INTANGIBLE ASSETS—NET

Intangible assets relate primarily to those customer relationships obtained through acquisitions (see Note 1). The intangible asset amortization is recorded on a straight-line basis over the estimated useful life of each relationship with a weighted-average useful life remaining of 134 months and 145 months as of December 31, 2021 and 2020, respectively.

The following table presents the gross carrying amount, accumulated amortization, and resulting net intangibles as of December 31, 2021 and 2020:

	2021	2020
Gross carrying amount	\$ 416,237	\$ 383,275
Accumulated amortization	(88,048)	(58,772)
Foreign currency impact	<u>667</u>	<u>10,458</u>
Net intangibles	<u>\$ 328,856</u>	<u>\$ 334,961</u>
Indefinite-lived intangible assets—tradenames	<u>\$ 41,000</u>	<u>\$ 41,000</u>



The Company incurred intangible asset amortization expense of \$29.3 million and \$27.8 million, for the years ended December 31, 2021 and 2020, respectively. The estimated aggregate intangible asset amortization for the next five years and thereafter is expected to be as follows:

2022	\$ 29,999
2023	29,716
2024	29,662
2025	29,603
2026	29,603
Thereafter	<u>180,273</u>
	<u>\$ 328,856</u>

7. GOODWILL

Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets acquired (see Note 1). Goodwill is not amortized but is reviewed annually during the fourth quarter for impairment (see Note 1). The following table presents the Company's roll forward of goodwill for the years ended December 31, 2021 and 2020:

Balance—December 31, 2019	\$ 1,529,698
Adjustments ⁽¹⁾	(737)
Foreign currency adjustment	<u>68,265</u>
Balance—December 31, 2020	1,597,226
Acquisitions of businesses	71,225
Foreign currency adjustment	<u>(48,745)</u>
Balance—December 31, 2021	<u>\$ 1,619,706</u>

⁽¹⁾ In accordance with the accounting for business combinations, the Company recorded adjustments to goodwill for the effect of the changes in the provisional fair values of the assets acquired and liabilities assumed during the measurement period (up to one year from the acquisition date) as the Company obtained new information about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts recognized as of that date. These measurement period adjustments resulted in a \$1.2 million decrease in liabilities and a \$1.2 million decrease in goodwill in 2020. During 2020, the Company finalized certain net working capital calculations related to 2019 acquisitions, which resulted in additional purchase price of \$0.5 million or an increase in goodwill during 2020.



8. ACCRUED EXPENSES

Accrued expenses consisted of the following as of December 31, 2021 and 2020:

	2021	2020
Accrued direct costs	\$ 47,823	\$ 31,624
Accrued compensation	57,959	39,723
Accrued transaction costs	2,508	-
Payroll and other taxes	31,538	42,735
Accrued employee benefit costs	6,027	4,632
Accrued contingent consideration	-	341
Derivatives liability	26,317	29,734
Other accruals	15,007	9,031
Total accrued expenses	<u>\$ 187,179</u>	<u>\$ 157,820</u>

9. LONG-TERM DEBT

Long-term debt consisted of the following as of December 31, 2021 and 2020:

	2021	2020
First lien term loan—USD	\$ 1,429,355	\$ 1,206,900
First lien term loan—Euro	558,425	609,954
Second lien term loan	240,000	240,000
First lien term loan—Outside Broadcast	1,606	1,940
Revolving line of credit	16,000	67,500
Revolving line of credit—NEP Australia	20,328	22,205
Revolving line of credit—NEP New Zealand	13,680	-
Other	6	91
	<u>2,279,400</u>	<u>2,148,590</u>
Less current portion	(42,634)	(19,361)
Less debt issuance costs	<u>(34,005)</u>	<u>(37,603)</u>
Long-term portion	<u>\$ 2,202,761</u>	<u>\$ 2,091,626</u>

The Company's Credit Arrangements

On October 19, 2018, the Company entered into multiple credit agreements with a financial institution and other lenders. The credit agreements were entered into as a means to finance a portion of the NEP Group, Inc. Acquisition (see Note 1) and were comprised of a \$250.0 million revolving credit facility, a \$1,130.0 million USD first lien term loan, a \$240.0 million USD second lien term loan, and a 397.1 million EUR, or approximately \$450.3 million USD, Euro first lien term loan (the "Credit Agreements").

On August 13, 2019, the Company amended its Euro first lien term loan, increasing it by 110.0 million EUR, or approximately \$122.3 million. No other terms and conditions were modified.



On June 2, 2020, the Company amended its USD first lien term loan and entered into a New Term Facility (the “2020 Dollar Term Facility”) in an aggregate amount of \$100 million and a New Term Commitment (the “Delayed Draw Term Loans”) in an aggregate amount of \$25 million. No other terms and conditions were modified.

On September 9, 2020, the Company amended its USD first lien term loan, modifying its financial covenant. This modification included a waiver of the minimum coverage ratio covenant requirements and included the addition of a minimum liquidity covenant through December 30, 2021. As of September 30, 2021, the Company exercised the Covenant Reset Option and was in compliance with the minimum leverage coverage ratio. As a result, the waiver of the minimum coverage ratio covenant and the minimum liquidity covenant requirement were in effect from September 9, 2020 through August 31, 2021.

On February 26, 2021, the Company elected to exercise its right to borrow \$25 million on the Delayed Draw Term Loans under the 2020 Dollar Term Facility.

On November 23, 2021, the Company amended its USD first lien term loan and entered into a New Term Facility (the “2021 Dollar Term Facility”) in an aggregate amount of \$210 million. No other terms and conditions were modified.

The USD first lien term loan is payable quarterly in 27 consecutive installments of approximately \$2.8 million, beginning on March 31, 2019, through September 30, 2025 with a final payment of \$1,054 million to be made on October 20, 2025. The 2020 Dollar Term Facility under the USD first lien term loan was payable quarterly in 19 consecutive installments of approximately \$0.3 million, beginning on September 30, 2020, through March 31, 2025 with a final payment of \$95.3 million on June 2, 2025. As a result of the Delay Draw Term Loan borrowing in February 2021, the 2020 Dollar Term Facility under the USD first lien term loan is payable quarterly in 17 consecutive installments of approximately \$0.3 million, beginning on September 30, 2020, through March 31, 2025 with a final payment of \$119.2 million on June 2, 2025. The 2021 Dollar Term Facility under the USD first lien term loan is payable quarterly in 15 consecutive installments of approximately \$0.5 million, beginning on March 31, 2022, through September 30, 2025 with a final payment of \$202.1 million on October 18, 2025. The USD second lien term loan is payable in full at maturity, October 19, 2026. The amended Euro first lien term loan is payable quarterly in 25 consecutive installments of approximately 1.3 million EUR or \$1.4 million beginning on September 30, 2019, through September 30, 2025 with a final payment of 473.4 million EUR, or approximately \$530.7 million, to be made on October 20, 2025.

The combined amount of outstanding borrowings under the revolving line of credit and the letters of credit may not exceed \$250.0 million. The revolving line of credit is payable in full at maturity on October 19, 2023. The total amounts available under the revolving line of credit at December 31, 2021 and 2020, were \$220.5 million and \$171.0 million, respectively. The total amount of outstanding letters of credit as of December 31, 2021 and 2020, were \$13.5 million and \$11.5 million, respectively.

Interest is charged on the revolving credit facility, the USD first lien term loan, the 2020 Dollar Term Facility USD first lien term loan, the 2021 Dollar Term Facility USD first lien term loan and the second lien term loan at either (1) the lender’s base rate, which is the greatest of (a) the federal funds effective rate plus 0.5%, (b) the prime lending rate, and (c) the adjusted London Interbank Offered Rate (“LIBO rate”) determined on such date for a deposit in dollars with a maturity of one month plus 1% and (d) 1.00% per annum, plus an applicable margin or (2) the adjusted LIBO rate which is the greater of (a) the LIBO rate multiplied by the statutory reserve rate and (b) 0.0% for the USD first lien term loan,



1.0% of the incremental USD first lien term loan and 0.0% for the USD second lien term loan, plus an applicable margin, at the Company's discretion.

Interest on the revolving credit facility and the first lien term loans are payable quarterly for base rate loans and in one-, two-, three-, or six-month interest periods, at the Company's discretion, for LIBO rate-based loans. As of December 31, 2021 and 2020, the USD first lien term loan and the second lien term loan balances were at the LIBO rate. As of December 31, 2021, the 2020 Dollar Term Facility, the 2021 Dollar Term Facility and the revolver balances outstanding were at the LIBO rate option. As of December 31, 2020, the 2020 Dollar Term Facility and the revolver balances outstanding were at the LIBO rate option.

Interest rates for the Company's USD first lien term loan, the 2020 Dollar Term Facility, the 2021 Dollar Term Facility, the second lien term loan, and the revolving line of credit were at 3.35%, 9.25%, 6.25%, 7.10% and 3.60%, respectively, at December 31, 2021. Interest rates for the Company's USD first lien term loan, the 2020 Dollar Term Facility, the second lien term loan, and the revolving line of credit were at 3.40%, 9.25%, 7.15% and 3.64%–3.66%, respectively, at December 31, 2020.

Interest charged on the Euro first lien term loan is the greater of (a) the EURIBOR or (b) 0.00%, plus an applicable margin. Interest rates for the Company's Euro first lien term loan were 3.50% and 3.50% at December 31, 2021 and 2020, respectively.

The Credit Agreements are guaranteed on a senior basis by all of the Company's subsidiaries and are collateralized by substantially all of the assets of the Company and its subsidiaries. The Credit Agreements contain certain covenants that require the Company to maintain a minimum leverage coverage ratio. Due to the September 9, 2020 amendment, the Company amended its USD first lien term loan, which included a waiver of the minimum leverage coverage ratio requirements and included the addition of a minimum liquidity covenant through December 30, 2021. As of September 30, 2021, the Company exercised the Covenant Reset Option and was in compliance with the minimum leverage coverage ratio. As a result, the waiver of the minimum coverage ratio covenant and the minimum liquidity covenant requirement were in effect from September 9, 2020 through August 31, 2021. The credit agreements further limit declaration of dividends and additional indebtedness and contain restrictions on the transferring of assets and the transferring or encumbering of the Company's stock. The Company is currently in compliance with all financial covenants required under the Credit Agreements.

Borrowings under the Company's Credit Agreements are subject to mandatory prepayment terms in the event of a debt or equity issuance, a recovery event, asset disposition, or excess cash flows, as defined in the Credit Agreements.

Outside Broadcast Debt—In connection with the Company's acquisition of Outside Broadcast on April 29, 2015, the Company assumed Outside Broadcast's debt. As of December 31, 2021 and 2020, respectively, this debt balance is comprised of an outstanding loan with a third party financial institution.

Outside Broadcast's remaining outstanding loan balance as of December 31, 2021 and 2020 was approximately 1.4 million EUR, or \$1.6 million, and 1.6 million EUR, or \$1.9 million, respectively, and matures in November 2029. Principal and interest payments are payable quarterly. As of December 31, 2021, and 2020, the interest rate was 1.83%, respectively.



NEP Australia and New Zealand Debt—During 2015, NEP Australia entered into a credit agreement with a third-party financial institution. The credit agreement was comprised of two revolving credit facilities: 1) Facility A and 2) Facility B.

On January 31, 2019, these revolving credit facilities under this credit agreement were amended under a new three-year term. Facility A and Facility B were consolidated into a new Facility A with the aggregate balance of 28.0 million AUD or \$20.4 million at January 31, 2019. The multi-option Facility B was increased from 2.0 million AUD to 3.5 million AUD and a new overdraft facility was created (Facility C) for 2.0 million AUD. Facilities B and C are renewable annually.

In April 1, 2021, the credit agreement was amended to include two additional revolving credit facilities: 1) Facility E1 and 2) Facility E2 to facilitate borrowings in NZD. The maximum borrowing capacity under Facility E1 is 14 million AUD and Facility E2 is 6 million AUD.

The same covenants apply to the credit agreement's Australian Facility A and B as well as the New Zealand Facility E1 and E2, which are a minimum leverage ratio and interest cover ratio. Additionally, a fixed charge coverage ratio covenant was added to the credit agreement as a result of the April 2021 amendment to the credit agreement. The Company is currently in compliance with the covenants contained in these agreements.

Generally, the interest payments are payable in one, two, three, or six-month interest periods, at the Company's discretion. These loans bear interest at the Australian Bank Bill Swap Reference Rate plus an applicable margin. As of December 31, 2021, and 2020, the interest rates in effect for Facility A were approximately 1.67% and 1.66%, respectively, and the interest rate in effect for Facility E1 and E2 was 3.55%.

At December 31, 2021, Facility A had a balance of 28.0 million AUD or \$20.3 million and Facility C does not have an outstanding balance. At December 31, 2020, Facility A had a balance of 28.0 million AUD or \$21.6 million and Facility C had a balance of 0.8 million AUD or \$0.6 million. At December 31, 2021, Facility E1 had a balance of 14.0 million NZD or \$9.6 million and Facility E2 had a balance of 6.0 million NZD or \$4.1 million. The total amount of outstanding letters of credit under Facility B as of December 31, 2021, and December 31, 2020, were 3.0 million AUD, or \$2.2 million and 3.0 million AUD, or \$2.3 million, respectively.

Five-year maturities of long-term debt as of December 31, 2021 were as follows:

2022	\$ 42,634
2023	40,010
2024	29,140
2025	1,926,763
2026	240,189
Thereafter	<u>664</u>
	<u>\$ 2,279,400</u>

10. INCOME TAXES

The Company files income tax returns in the US federal jurisdiction and various state and foreign jurisdictions. The Company is responsible for paying the taxes relating to such items, including any subsequent adjustments resulting from the redetermination of such tax liabilities by the applicable taxing authorities.



Loss before income taxes as of December 31, 2021 and 2020, were as follows:

	2021	2020
United States	\$ (93,977)	\$ (130,093)
International	<u>(59,748)</u>	<u>(135,260)</u>
Loss before income taxes	<u>\$ (153,725)</u>	<u>\$ (265,353)</u>

Income tax benefit (expense) as of December 31, 2021 and 2020, consisted of the following:

	2021	2020
Current:		
Federal	\$ 269	\$ (227)
State	(152)	(312)
Foreign	<u>(2,508)</u>	<u>(3,205)</u>
Total	<u>(2,391)</u>	<u>(3,744)</u>
Deferred:		
Federal	9,440	2,803
State	4,380	(252)
Foreign	<u>(1,680)</u>	<u>11,155</u>
Total	<u>12,140</u>	<u>13,706</u>
Income tax benefits (expense)	<u>\$ 9,749</u>	<u>\$ 9,962</u>

A reconciliation of US income tax computed at the statutory rate to the effective tax rate is as follows:

	Year Ended December 31, 2021		Year Ended December 31, 2020	
	Tax Benefit (Expense)	Rate	Tax Benefit (Expense)	Rate
US federal statutory rate	\$ 32,282	21.00 %	\$ 55,732	21.00 %
Tax rate differential on foreign income	4,592	2.99	1,627	0.42
State income tax—less applicable federal income tax	2,671	1.74	5,728	2.15
Permanently disallowed deductions	1,706	1.11	(514)	(0.19)
Stock Compensation	(2,204)	(1.43)	(1,138)	(0.47)
Deferred rate change	-	-	(2,166)	(0.80)
US tax of foreign sourced income	393	0.26	1,731	0.65
Valuation allowance	(30,676)	(19.96)	(49,915)	(18.77)
Other	<u>985</u>	<u>0.64</u>	<u>(1,123)</u>	<u>-</u>
Effective tax rate	<u>\$ 9,749</u>	<u>6.30 %</u>	<u>\$ 9,962</u>	<u>4.00 %</u>

CARES ACT—On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) was signed into law. Intended to provide economic relief to those impacted by the COVID-19 pandemic, the CARES Act includes provisions, among others, addressing the carryback of net operating loss carryforwards (“NOLs”) for specific periods, refunds of alternative minimum tax credits, temporary modifications to the limitations placed on the tax deductibility of net interest expenses, and technical



amendments for qualified improvement property ("QIP"). Additionally, the CARES Act, in efforts to enhance business' liquidity, provides for refundable employee retention tax credits and the deferral of the employer-paid portion of social security taxes.

The CARES Act allows employers to defer payment of a portion of payroll taxes otherwise due on wages paid between the enactment date and December 31, 2020 and remit the deferred payroll taxes in equal amounts on December 31, 2021 and 2022. Under this provision of the CARES Act, the Company has recorded the tax impact of \$0.8 million as a deferred tax asset. The Company implemented applicable benefits of the CARES Act, such as deferring employer payroll taxes, employee retention credits and modifications to the net interest deduction limitation.

The components of net deferred tax assets and liabilities were as follows as of December 31, 2021 and 2020:

	2021	2020
Deferred tax assets:		
Accrued expenses	\$ 5,559	\$ 4,360
Deferred rent	724	399
Compensation accruals	5,872	3,915
Stock options	867	655
Transaction costs	37	1,784
Unrealized gain	1,824	(526)
Disallowed interest expense	43,273	24,087
Interest rate swap	10,941	21,408
Other	1,642	3,683
Net operating losses:		
Federal	98,610	101,591
State	18,118	17,512
Foreign	50,928	38,224
Deferred tax assets	238,395	217,092
Valuation allowance	(99,654)	(80,265)
Net deferred tax assets	138,741	136,827
Deferred tax liabilities:		
Property, plant, and equipment	(57,402)	(66,554)
Intangible assets	(92,719)	(85,115)
Total deferred tax liabilities	(150,121)	(151,669)
Net deferred tax liabilities	\$ (11,380)	\$ (14,842)

At December 31, 2021, the Company has federal, state, and foreign net operating loss carryforwards in the amount of \$455.4 million, \$279.5 million, and \$209.5 million, respectively, which are set to expire in various periods from 2022 through 2041. At December 31, 2020, the Company has federal, state, and foreign net operating loss carryforwards in the amount of \$475.5 million, \$287.1 million, and \$161.0 million, respectively, which are set to expire in various periods from 2021 through 2040.



Deferred taxes arise due to temporary differences in the basis of assets and liabilities and from net operating losses and credit carryforwards. In general, deferred tax assets represent future tax benefits to be received when certain expenses previously recognized in the Company's consolidated statements of operations and comprehensive income (loss) become deductible under applicable income tax laws, or loss and credit carryforwards are utilized. Accordingly, realization of deferred tax assets is dependent on future taxable income against which these deductions, losses, and credits can be utilized. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized.

As of December 31, 2021 and 2020, the Company maintained a valuation allowance of \$43 million and \$45 million, respectively, on US federal and state net deferred tax assets and \$56.7 million and \$35.2 million, respectively, on non-US deferred tax assets. During 2021, the Company released \$2 million of US valuation allowance in accordance with the expected reversal of deferred tax assets and liabilities. The Company maintains a valuation allowance where it has determined it is more-likely-than-not that the benefit of certain deferred tax assets will not be realized. The entire amount of the US balance of \$43 million relates to U.S. federal and state net operating losses that the Company does not believe it will generate sufficient taxable income to utilize. The non-US valuation allowances are primarily in Australia, Ireland, the United Kingdom, and the Netherlands and are related to a history of pre-tax losses.

The Company does not anticipate it will dispose of its foreign subsidiaries in the foreseeable future and therefore has not recorded deferred taxes on the difference between the financial reporting and tax basis of its investments. The Company had an overall accumulated deficit in its foreign subsidiaries as of December 31, 2017 and therefore no transition tax was incurred under the Tax Act. Certain of the Company's foreign subsidiaries with accumulated earnings that were deemed remitted under the Tax Act were not significant and are considered indefinitely reinvested. Upon actual cash distribution of these earnings, the Company may be subject to US taxation on currency gains or losses that occur between the date the earnings were deemed remitted and the date cash is distributed in the future, state income taxes and withholding taxes where applicable. We estimate that we will not incur significant additional taxes on those potential remittances.

The following is a reconciliation of the gross amounts of unrecognized income tax benefits as of December 31, 2021 and 2020:

	2021	2020
Balance—January 1	\$ 3,067	\$ 2,840
Gross increases for tax positions of prior years	124	227
Gross increases for tax positions of current year	538	-
Lapse of statute of limitations	<u>(393)</u>	<u>-</u>
Balance—December 31	<u>\$ 3,336</u>	<u>\$ 3,067</u>

As of December 31, 2021 approximately \$2.7 million of the \$3.3 million and as of December 31, 2020 approximately \$2.4 million of the 3.1 million, respectively, of unrecognized tax benefits would reduce the Company's effective tax rate if recognized.

The Company recognizes accrued interest and penalties related to unrecognized tax benefits in income tax expense. In 2021, the Company continued to accrue an insignificant amount of interest expense in income tax expense. In 2021 and 2020, approximately \$0.1 million and \$0.2 million were accrued for payment of interest and penalties.



During 2020, the Company had not identified any new uncertain tax positions for any of the acquisitions which occurred during the year. During 2021, the Company identified new uncertain tax positions related to the acquisition of the Bright Group and recorded an uncertain tax position in the amount of \$0.5 million through purchase accounting.

The statute of limitations for the Company's federal and state income tax returns is generally three years. However, to the extent there are federal and state net operating losses being carried forward from prior years, those tax years remain open under statute until the net operating loss has been utilized, upon which time the three-year statute begins. As such, the Company's federal and state tax returns that remain subject to examination would be primarily from 2004 and thereafter. The Company's foreign and state tax returns that remain subject to examination would be primarily from 2013 and thereafter for Sweden, 2018 and thereafter for Finland, from 2010 and thereafter for Australia, from 2011 and thereafter for Germany, and from 2011 and thereafter for the United Kingdom.

11. COMMITMENTS AND CONTINGENCIES

The Company leases certain facilities, office equipment, and vehicles. The Company's corporate facility is leased through Development Partners, a real estate partnership, the ownership of which is comprised of certain members of management. For the years ending December 31, 2021 and 2020 the Company made payments on the lease totaling \$0.9 million and \$1.0 million, respectively.

Rent expense for all operating leases was approximately \$50.2 million and \$44.5 million for the years ended December 31, 2021 and 2020, respectively. Additional related-party transactions are noted in Note 14.

Future minimum rent obligations for noncancelable operating leases, excluding optional renewal periods, were as follows as of December 31, 2021, and exclude landlord related taxes, common operating expenses, and contingent rent:

	Capital	Operating
2022	\$ 32,136	\$ 54,709
2023	18,324	45,840
2024	4,934	36,732
2025	3,624	29,960
2026	1,316	24,433
Thereafter	<u>-</u>	<u>200,750</u>
Total minimum lease payments	60,334	<u>\$ 392,424</u>
Less amounts representing interest	<u>(3,488)</u>	
Present value of capital lease obligations	56,846	
Less current maturities of capital lease obligations	<u>(29,998)</u>	
Capital lease obligations, long-term	<u>\$ 26,848</u>	



During the year ended December 31, 2021, the Company entered into one sale-leaseback arrangement for the purpose of financing capital expenditures. This sales leaseback transaction was as follows:

Sale Leaseback Transactions Start Date	Cash Received	Term
August 2021	<u>\$ 26,500</u>	24 months
Proceeds from sale leaseback	<u>\$ 26,500</u>	

During the year ended December 31, 2020, the Company entered into two sale-leaseback arrangements for the purpose of financing capital expenditures. These sales leaseback transactions were as follows:

Sale Leaseback Transactions Start Date	Cash Received	Term
March 2020	\$ 9,985	24 months
March 2020	<u>6,878</u>	36 months
Proceeds from sale leaseback	<u>\$ 16,863</u>	

Commitments—From time to time, the Company is involved in litigation relating to claims arising out of its operations in the ordinary course of business. As of the date hereof, the Company is not involved in any litigation that the Company believes will have a material adverse effect on its financial condition, results of operations, or liquidity.

12. SHAREHOLDERS' EQUITY

NEP Common Stock—Class A and Class B

In conjunction with the NEP Group, Inc. Acquisition, the Company was formed with the authority to issue 12,500,000 shares of Common Stock, with a par value of \$0.01 per share. Of the total Common Shares, 11,500,000 shares are designated "Class A Common Stock" and 1,000,000 shares are designated "Class B Common Stock."

As of December 31, 2021, 9,493,168 shares of Class A Common Stock were issued and outstanding. There were no shares of the Class B Common Stock issued as of December 31, 2021.

Voting Rights—Each holder of Class A Common Stock shall be entitled to one vote for each share thereof held of record by such holder on all matters on which stockholders generally are entitled to vote. Each holder of Class B Common Stock shall not be entitled to any voting powers for such shares thereof, except as (and then only to the extent) otherwise required by the laws of the State of Delaware. If a vote or consent of the holders of Class B Common Stock should at any time be required by the laws of the State of Delaware on any matter, each holder of the shares of Class B Common Stock shall be entitled to 1/1,000,000th of a vote on such matter for each share of Class B Common Stock held of record by such holder.

Liquidation Preferences—In the event of any dissolution, liquidation or winding up of the Company, the holders of Class A Common Stock shall first be entitled to receive an amount of the distributable assets of the Company equal to the aggregate amount of catch-up contributions on a pro rata proportion to the number of shares held. Secondly, each holder of shares of Class B Common Stock shall be entitled



to the pro rata portion of the remaining amount of the distributable assets after the aforementioned distribution to each of the holders of Class A Common Stock and to each holder of shares of the Class A Common Stock, the remaining amount of distributable assets not otherwise allocated to the holders of Class B Common Stock pro rata in proportion to the number of such shares held.

13. STOCK-BASED COMPENSATION

NEP Share-Based Awards—The NEP Group Holdings, Inc. Equity Incentive Plan (the “Option Plan”) provides for the grant of incentive stock options, nonqualified stock options and other share-based awards to persons or entities that provide services to the Company or its affiliates who, in the opinion of the Company’s Board of Directors, are in a position to make a contribution to the long-term success of the Company. The Option Plan initially authorized the issuance of awards up to an aggregate of 1,000,000 shares of the Company’s common stock. In August 2020, the Company’s Board of Directors amended the Option Plan to permit the issuance of an additional 300,000 shares or up to an aggregate of 1,300,000 shares of the Company’s common stock.

In accordance with ASC 718, *Compensation—Stock Compensation*, compensation expense for stock options is recorded over the vesting period based on the fair value at the date of grant. The fair value of stock options at the date of grant was calculated using the Black-Scholes model, and the assumptions are listed below:

	Year Ended December 31, 2021	Year Ended December 31, 2020
Expected dividend yield	- %	- %
Expected life (years)	6.5	6.5
Expected volatility	43.06%–46.39%	30.46%–41.67%
Risk-free interest rate	0.58%–1.40%	0.42%–1.71%
Weighted average fair value of options granted	\$ 34.14	\$ 37.65

The Black-Scholes model determines the fair value of equity-based payment awards based on the fair value of the underlying common stock on the date of grant and requires the use of estimates and assumptions, including the fair value of the Company’s common stock, exercise price of the stock option, expected volatility, expected life, risk-free interest rate, and dividend rate.

Volatility—The Company estimates the expected volatility of its stock options by taking the average historical volatility of a group of comparable publicly traded companies over a period equal to the expected life of the options; it is not practical for the Company to estimate its own volatility due to the lack of a liquid market and historical prices.

Expected Life—The expected life or term of the units was determined in accordance with existing equity agreements as the underlying units are assumed to be exercised upon the passage of time and attainment of certain operating targets.

Risk-Free Interest Rate—The risk-free interest rate is the estimated average interest rate based on US Treasury zero-coupon notes with terms consistent with the expected life of the awards.

Forfeiture Rate—The Company accounts for forfeitures of awards as they occur.

Dividend Yield—The Company has not historically paid and does not expect to pay dividends in the near future. As such, the dividend yield is 0%.



The aforementioned assumptions used in calculating the fair value of the stock options represent management judgment. As a result, if factors change and different assumptions are used, the stock-based compensation expense could be materially different in the future.

Time-Vesting Options and Class B Units

A portion of the stock options granted vest based on the passage of time (Time-vesting Options) and a portion vest based on the achievement of performance conditions (Performance-vesting Options).

Changes in the Company's time-vesting stock options were as follows:

	Time- Vesting Options	Weighted- Average Exercise Price	Weighted- Average Remaining Life (Years)
Options outstanding—December 31, 2019	317,640	101.84	-
Granted	24,502	101.84	-
Exercised	-	-	-
Forfeited	<u>(21,939)</u>	101.84	-
Options outstanding—December 31, 2020	<u>320,203</u>	101.84	8.1
Options vested and expected to vest—December 31, 2020	<u>320,203</u>	101.84	8.1
Options exercisable—December 31, 2020	<u>110,476</u>	101.84	8.0
Options outstanding—December 31, 2020	320,203	101.84	-
Granted	70,266	101.84	-
Exercised	-	-	-
Forfeited	<u>(44,778)</u>	101.84	-
Options outstanding—December 31, 2021	<u>345,691</u>	101.84	7.5
Options vested and expected to vest—December 31, 2021	<u>345,691</u>	101.84	7.5
Options exercisable—December 31, 2021	<u>156,039</u>	101.84	7.0

The Option Plan also provides for the grant of Class B Unit awards. The grant date fair value of the Class B Unit awards is determined by Management on the date of grant and approved by the Board of Directors. A portion of the Class B Unit awards vest based the passage of time (Time-vesting Class B Units) and a portion vest based on the achievement of performance conditions (Performance-vesting Class B units).



Changes in the Company's time-vesting Class B Unit awards were as follows:

	Time-Vesting Class B Units	Weighted- Average Exercise Price	Weighted- Average Remaining Life (Years)
Class B Units outstanding—December 31, 2019	320,000	101.84	-
Granted	352,000	101.84	-
Exercised	-	-	-
Forfeited	<u>(186,000)</u>	101.84	-
Class B Units outstanding—December 31, 2020	<u>486,000</u>	101.84	9.2
Class B Units vested and expected to vest—December 31, 2020	<u>486,000</u>	101.84	9.2
Class B Units exercisable—December 31, 2020	<u>58,800</u>	101.84	7.9
Class B Units outstanding—December 31, 2020	486,000	101.84	-
Granted	60,000	101.84	-
Exercised	-	-	-
Forfeited	<u>(70,000)</u>	101.84	-
Class B Units outstanding—December 31, 2021	<u>476,000</u>	101.84	8.5
Class B Units vested and expected to vest—December 31, 2021	<u>476,000</u>	101.84	8.5
Class B Units exercisable—December 31, 2021	<u>125,200</u>	101.84	8.1

Compensation expense relating to all time-vesting stock awards (employee and nonemployee) is recorded on a straight-line basis. During the years ended December 31, 2021 and 2020, compensation expense related to stock options was \$1.9 million and \$2.2 million, respectively. As of December 31, 2021 and 2020, the total unrecognized compensation cost related to time-vesting options outstanding was \$5.9 million and \$6.9 million, respectively, and is expected to be recognized over a weighted average period of 2.9 years and 3.1 years, respectively.

During the years ended December 31, 2021 and 2020, compensation expense related to Class B Units was \$9.5 million and \$4.5 million, respectively. As of December 31, 2021 and 2020, the total unrecognized compensation cost related to time-vesting Class B Units outstanding was \$26.5 million and \$33.9 million, respectively, and is expected to be recognized over a weighted average period of 3.5 years and 4.3 years, respectively.

Performance-Vesting Options and Class B Units

The Company has certain options and Class B Units that vest based on performance conditions achieved.



Changes in the Company's performance-vesting stock options were as follows:

	Performance- Vesting Options	Weighted- Average Exercise Price	Weighted- Average Remaining Life (Years)
Options outstanding—December 31, 2019	79,394	101.84	-
Granted	6,125	101.84	-
Exercised	-	-	-
Forfeited	<u>(5,468)</u>	101.84	-
Options outstanding—December 31, 2020	<u>80,051</u>	101.84	8.1
Options exercisable—December 31, 2020	<u>-</u>	-	-
Options outstanding—December 31, 2020	80,051	101.84	-
Granted	17,567	101.84	-
Exercised	-	-	-
Forfeited	<u>(11,195)</u>	101.84	-
Options outstanding—December 31, 2021	<u>86,423</u>	101.84	7.5
Options exercisable—December 31, 2021	<u>-</u>	-	-

None of the performance-vesting options vested and no stock-based compensation expense was recognized, as the performance condition was not considered probable, during the years ended December 31, 2021 and 2020, respectively. As of December 31, 2021 and 2020, the total unrecognized compensation cost related to performance-vesting options outstanding was \$3.0 million and \$2.9 million, respectively.



Changes in the Company's performance-vesting Class B Unit awards were as follows:

	Performance- Vesting Class B Units	Weighted- Average Exercise Price	Weighted- Average Remaining Life (Years)
Class B Units outstanding—December 31, 2019	80,000	101.84	-
Granted	88,000	101.84	-
Exercised	-	-	-
Forfeited	<u>(49,000)</u>	101.84	-
Class B Units outstanding—December 31, 2020	<u>119,000</u>	101.84	9.2
Class B Units exercisable—December 31, 2020	<u>-</u>	-	-
Class B Units outstanding—December 31, 2020	119,000	101.84	-
Granted	15,000	101.84	-
Exercised	-	-	-
Forfeited	<u>(15,000)</u>	101.84	-
Class B Units outstanding—December 31, 2021	<u>119,000</u>	101.84	8.5
Class B Units exercisable—December 31, 2021	<u>-</u>	-	-

None of the performance-vesting Class B Units vested and no stock-based compensation expense was recognized as the performance condition was not considered probable, during the years ended December 31, 2021 and 2020, respectively. As of December 31, 2021 and 2020, the total unrecognized compensation cost related to performance-vesting Class B Units outstanding was \$9.8 million and \$10.3 million, respectively.

14. RELATED-PARTY TRANSACTIONS

In addition to the related-party leases disclosed in Note 11, on October 20, 2018, the Company entered into a consulting agreement with its majority shareholder, The Carlyle Group. As part of this consulting agreement, the Company is to pay an annual management fee of \$2.5 million, plus expense reimbursements of up to \$0.3 million. These fees are payable in advance in equal quarterly installments. During the year ended December 31, 2021, there were no payments made under this consulting agreement. During the year ended December 31, 2020, \$0.7 million was paid. The remaining amounts owed in 2020 and 2021 for management fees were deferred as a result of the global pandemic.

During the year ended December 31, 2020, the Company entered into stock subscription agreements with certain employees and shareholders that is collateralized with a recourse note. The outstanding balance under the recourse notes was \$1.0 million at December 31, 2021.

15. EMPLOYEE BENEFIT PLAN

The Company has a 401(k) Savings Plan (the "Plan") that allows employees to contribute from their annual compensation, subject to statutory limitations. The Plan covers all full-time employees who have attained age 18 as of the first of the month following the date of hire. The Company matches up



to 2.0% of employee contributions and may make additional discretionary contributions equal to a percentage of eligible compensation. The Company's contribution remitted to the Plan during the year ended December 31, 2021, was \$2.1 million

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Risk Management Objective of Using Derivatives

The Company is exposed to certain risk arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity, and credit risk primarily by managing the amount, sources, and duration of its assets and liabilities and the use of derivative financial instruments. Specifically, the Company enters into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. The Company's derivative financial instruments are used to manage differences in the amount, timing, and duration of the Company's known or expected cash receipts and its known or expected cash payments principally related to the Company's borrowings.

Cash Flow Hedges of Interest Rate Risk

The Company's objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company primarily uses interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. During 2021 and 2020, such derivatives were used to hedge the variable cash flows associated with existing variable-rate debt.

For derivatives designated and that qualify as cash flow hedges of interest rate risk, the gain or loss on the derivative is recorded in comprehensive loss and subsequently reclassified into interest expense in the same period during which the hedged transaction affects earnings. Amounts reported in accumulated other comprehensive loss related to derivatives will be reclassified to interest expense as interest payments are made on the Company's variable-rate debt.

In April 2015, the Company assumed certain interest rate swaps through the acquisition of Mediatec. These swaps were designed as cash flow hedges and are in place to limit exposure to market risk from changes in interest rates related to certain loans and capital lease obligations. The swaps matured in March 2021. The fair value of the derivative instrument as of December 31, 2020 is immaterial to the consolidated financial statements.

In October 2018, the Company entered into a series of forward starting swaps to hedge against changes in interest rates in conjunction with the credit facility entered into as a means to finance a portion of The Carlyle Group acquisition in 2018 (see Note 9). These swaps were designed as cash flow hedges on the Company's floating-rate debt. The Company executed \$950.0 million of notional value swaps with an effective date of October 2018 and an additional 275.0 million EUR, or \$314.6 million, of notional value swaps with an effective date of December 2018. Both sets of swaps have a maturity of five years.



Credit Risk Management

The Company regularly reviews the creditworthiness of its financial counterparties and does not expect to incur a significant loss from the failure of any counterparties to perform under any agreements. The Company is not subject to any obligations to post collateral under derivative instrument contracts. Certain derivative instrument contracts entered into by the Company are governed by master agreements, which contain credit-risk-related contingent features that would allow the counterparties to terminate the contracts early and request immediate payment should the Company trigger an event of default on other specified borrowings. The Company records all derivative instruments on a gross basis in the consolidated balance sheets. Accordingly, there are no offsetting amounts that net assets against liabilities.

Fair Value of Derivative Instruments

The table below presents the fair value of the Company's derivative financial instruments as well as their classification on the consolidated balance sheets as of December 31, 2021 and 2020.

	Liability Derivatives		
	Consolidated Balance Sheet Location		
		2021	2020
Interest rate swaps	Accrued expenses and other long-term liabilities	<u>\$ 42,014</u>	<u>\$ 81,548</u>

Effect of Cash Flow Hedge Accounting on Accumulated Other Comprehensive Loss

The table below presents the effect of cash flow hedge accounting on accumulated other comprehensive loss as of December 31, 2021 and 2020.

	Amount of Loss Recognized in AOCL (Net of Tax) on Derivatives (Effective Portion)	
	2021	2020
Interest rate swaps	<u>\$ 38,910</u>	<u>\$ 23,168</u>



Effect of Cash Flow Hedge Accounting on the Consolidated Statements of Operations and Comprehensive Loss

The table below presents the effect of the Company's derivative financial instruments on the consolidated statements of operations and comprehensive loss for the years ended December 31, 2021 and 2020.

	Consolidated Income Statement Location	Amount of Loss Reclassified from AOCL into Earnings (Effective Portion)	
		December 31, 2020	December 31, 2020
Interest rate swaps	Interest expense	<u>\$ 30,408</u>	<u>\$ 25,249</u>

Fair Value Measurement

Fair value is based on the price that would be received from the sale of an identical asset or paid to transfer an identical liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy has been established that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

Level 1—Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2—Observable market-based inputs other than quoted prices in active markets for identical assets or liabilities.

Level 3—Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, as well as considers counterparty credit risk in its assessment of fair value. The Company holds certain assets and liabilities that are required to be measured at fair value on a recurring basis. These include cash and cash equivalents as well as derivative instruments.



Financial assets and liabilities carried at fair value are classified in the tables below in one of three categories described above.

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Liabilities—interest rate swap contract	\$ -	\$ 42,014	\$ -	\$ 42,014
Liabilities—contingent consideration	\$ -	\$ -	\$ -	\$ -
	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Liabilities—interest rate swap contract	\$ -	\$ 81,548	\$ -	\$ 81,548
Liabilities—contingent consideration	\$ -	\$ -	\$ 546	\$ 546

The following section describes the valuation methodology used to measure the Company's financial assets and liabilities that were accounted for at fair value:

	Level	Significant Inputs
Interest rate swap contract	2	Broker quotations, market transactions in either listed or over-the counter markets
Contingent consideration	3	Unobservable inputs that are supported by little or no market activity, which includes the probability of future payments by the seller of amounts withheld at the closing date

Overview of Valuation Methodology

As required by U.S. GAAP for fair value measurements and disclosures, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The assessment of significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and the placement within the fair value hierarchy levels. There were no transfers between Level 1 and Level 2 during the periods presented.

Contingent Consideration

The contingent consideration in the December 31, 2020 tables above represents the estimated payment related to the 2019 acquisition of the non-controlling interest of SportsTech. The net present value of the calculation for the contingent consideration included significant unobservable inputs in the assumption that the remaining payment would be made, and, therefore, the liability was classified as level 3 in the fair value hierarchy.

2020 Changes to Contingent Consideration—During the year ended December 31, 2020, the Company made payments of approximately 4.4 million NZD, or \$2.7 million for final completion to the NZ Live contingent consideration owed.



2021 Changes to Contingent Consideration—During the year ended December 31, 2021, the Company made payments of approximately 0.4 million GBP, or \$0.5 million for final completion to the SportsTech contingent consideration owed.

17. SUBSEQUENT EVENTS

The ongoing military operation in Ukraine and the related sanctions targeted against the Russian Federation may have an impact on the European economies and globally. The Company does not have any significant direct exposure to Ukraine, Russia or Belarus and is continuing to monitor its indirect effects on the general economic situation.

The Company has evaluated and disclosed subsequent events through March 30, 2022, the date these consolidated financial statements were available to be issued.

* * * * *



Årsregnskap 2021 Bright Norway Holdings AS

Årsberetning
Resultatregnskap
Balanse

Org.nr.: 996 834 832



ÅRSBERETNING 2021 BRIGHT NORWAY HOLDINGS AS

Virksomhetens art og lokalisering

Virksomhetsområdet til BRIGHT NORWAY HOLDINGS AS er investering i aksjer, og andre eiendeler i andre selskaper og foretak, samt all annen virksomhet som hermed står i forbindelse. Selskapets virksomhet er i hovedsak rettet mot det nasjonale markedet og drives fra lokaler i Oslo.

Fortsatt drift

I samsvar med regnskapslovens § 3-3 bekreftes det at forutsetningen om fortsatt drift er lagt til grunn ved utarbeidelsen av regnskapet. Selskapet ser positivt på den fremtidige utvikling.

Covid-19 rammet vår virksomhet i mars 2020 med forbud og begrensninger til å arrangere store åpne publikumsarrangementer. Restriksjonene ble gradvis lettet på sommeren 2021, men strenge restriksjoner ble gjeninnført i desember 2021. Dette hadde på nytt en negativ påvirkning for vår aktivitet i Norge. Begrensningene for arrangementer ble videreført i januar og februar 2022. Etter februar 2022 og med full gjenåpning av samfunnet har vi hatt en veldig stor økning i etterspørsel av alle våre tjenester og det er nå veldig stor aktivitet i vår virksomhet i Norge.

I november 2021 ble Bright Group kjøpt opp av Creative Technology Northern Europe AB og deres morselskap NEP Group. Bright Norway Holdings ble som følge av dette en del av Creative Technology.

Bright Norway Holdings har solgt alle sine aksjer i Bright Norway AS til selskapets eneaksjonær. Transaksjonen ble gjennomført etter aksjelovens § 3-8.

Generalforsamlingen i Bright Norway Holdings har vedtatt å fusjonere selskapene Bright Norway, Bright Norway Holdings og Creative Technology Norway. Bright Norway vil være det overtakende selskap. Forutsetningen for gjennomføring vil være at det ikke er fremsatt innsigelser fra kreditorer eller at eventuelle kreditorinnsigelser er avklart og at selskapene deretter registrerer fusjonen gjennomført.

Oversikt over utvikling av og virksomhet

Selskapet har i året hatt en stabil virksomhet med basis i normal drift. Styret mener at årsregnskapene gir en rettvise oversikt over utviklingen og resultatet av virksomheten og dets stilling ved utgangen av 2021. Selskapet har ikke drevet forsknings- eller utviklingsaktiviteter i løpet av året.

Det er tegnet en D&O forsikring for selskapet med en forsikringssum på 5 millioner Euro.



Arbeidsmiljø og likestilling

Det er ingen ansatte i selskapet. Det har ikke blitt rapportert om skader eller ulykker knyttet til selskapets virksomhet.

Selskapet har som klart mål at det råder full likestilling, være fri for all typer diskriminering og full tilgjengelighet for alle arbeidstakere/søkere på det tidspunkt dette måtte bli aktuelt.

Ytre miljø

Virksomhetens bransje medfører verken forurensning eller utslipp som kan være til skade for det ytre miljø.

Resultatdisponering

Årets resultat viser et underskudd før skattekostnad på kr 4.522.324,-. Regnskapet viser et underskudd etter skatt på kr 12.425.573,- som anvendes slik:

Overført fra annen egenkapital kr. 12.425.573,-

Oslo, den 29. juni, 2022

I styret for Bright Norway Holdings AS

Patrik Dejve
Styrets leder

Jan-Inge Ingebrigtsen
Styremedlem/Daglig Leder



Resultatregnskap

Bright Norway Holdings AS

Driftsinntekter og driftskostnader	Note	2021	2020
Annen driftsinntekt	10	-1	18
Sum driftsinntekter		<u>-1</u>	<u>18</u>
Annen driftskostnad	9	152 902	255 513
Sum driftskostnader		<u>152 902</u>	<u>255 513</u>
Driftsresultat		<u>-152 903</u>	<u>-255 495</u>
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap	10, 11	0	7 205 771
Annen finansinntekt	11	4	17 547
Rentekostnad til foretak i samme konsern	11	457 904	465 551
Annen rentekostnad	11	3 901 730	4 878 878
Annen finanskostnad	11	9 791	15 822
Resultat av finansposter		<u>-4 369 421</u>	<u>1 863 066</u>
Ordinært resultat før skattekostnad		-4 522 324	1 607 571
Skattekostnad på ordinært resultat	8, 12	7 903 249	5 974 166
Ordinært resultat		<u>-12 425 573</u>	<u>-4 366 595</u>
Årsresultat		<u>-12 425 573</u>	<u>-4 366 595</u>
Overføringer			
Overført fra annen egenkapital	5	12 425 573	4 366 595
Sum overføringer		<u>12 425 573</u>	<u>4 366 595</u>



Balanse

Bright Norway Holdings AS

Eiendeler	Note	2021	2020
Anleggsmidler			
Utsatt skattefordel	8, 12	0	8 715 587
Sum immaterielle eiendeler		<u>0</u>	<u>8 715 587</u>
Varige driftsmidler			
Finansielle anleggsmidler			
Investeringer i datterselskap	1, 2	209 267 449	209 267 449
Sum finansielle anleggsmidler		<u>209 267 449</u>	<u>209 267 449</u>
Sum anleggsmidler		<u>209 267 449</u>	<u>217 983 036</u>
Omløpsmidler			
Fordringer			
Andre kortsiktige fordringer	2, 3	15 519 488	17 448 163
Sum fordringer		<u>15 519 488</u>	<u>17 448 163</u>
Bankinnskudd, kontanter o.l.	4	3 865	2 067
Sum omløpsmidler		<u>15 523 353</u>	<u>17 450 230</u>
Sum eiendeler		<u>224 790 802</u>	<u>235 433 266</u>



Balanse

Bright Norway Holdings AS

Egenkapital og gjeld	Note	2021	2020
Innskutt egenkapital			
Aksjekapital	5, 6	200 000	200 000
Overkurs	5	103 423 287	103 423 287
Sum innskutt egenkapital		<u>103 623 287</u>	<u>103 623 287</u>
Opptjent egenkapital			
Annen egenkapital	5	2 668 333	12 213 799
Sum opptjent egenkapital		<u>2 668 333</u>	<u>12 213 799</u>
Sum egenkapital		<u>106 291 620</u>	<u>115 837 086</u>
Gjeld			
Avsetning for forpliktelser			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	2	0	92 510 480
Sum annen langsiktig gjeld		<u>0</u>	<u>92 510 480</u>
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	2	0	11 867 433
Betalbar skatt	8, 12	0	5 442 409
Skyldig offentlige avgifter		11 820 861	9 114 997
Annen kortsiktig gjeld	3	106 678 320	660 861
Sum kortsiktig gjeld		<u>118 499 182</u>	<u>27 085 700</u>
Sum gjeld		<u>118 499 182</u>	<u>119 596 180</u>
Sum egenkapital og gjeld		<u>224 790 802</u>	<u>235 433 266</u>

Oslo, 29.06.2022

Styret i Bright Norway Holdings AS

Patrik Dejve
styreleder

Jan-Inge Ingebrigtsen
styremedlem/daglig leder



Kontantstrømoppstilling

	2021	2020
Kontantstrømmer fra operasjonelle aktiviteter		
Resultat før skattekostnad	-4 522 324	1 607 571
Periodens betalte skatt	-5 442 409	-1 833 377
Inntektsført utbytte/konsernbidrag	0	-7 205 771
Endring i leverandørgjeld		-396 359
Endring i andre tidsavgrensingsposter	-5 627 237	-7 860 886
Netto kontantstrøm fra operasjonelle aktiviteter	-15 591 970	-15 688 822
Kontantstrøm fra investeringsaktiviteter		
Utbetalinger på lånefordring konsern (korts./langs.)	0	0
Innbetaling på lånefordring konsern (korts./langs.)	5 621 056	7 360 164
Netto kontantstrøm fra investeringsaktiviteter	5 621 056	7 360 164
Kontantstrømmer fra finansieringsaktiviteter		
Innbetalinger gjeld konsernselskaper	106 017 459	-6 914 294
Utbetalinger ved nedbetaling av langsiktig gjeld	-92 510 480	0
Netto endring i kassekreditt	-11 867 433	-10 759
Innbetalinger av konsernbidrag	8 333 166	15 253 688
Netto kontantstrømmer fra finansieringsaktiviteter	9 972 713	8 328 635
Netto kontantstrøm for perioden	1 799	-23
Effekt av valutakursendringer på kontanter og kontantekvivalenter	0	0
Netto endring i kontanter og kontantekvivalenter	1 799	-23
Kontanter og kontantekvivalenter ved periodens begynnelse	2 067	2 090
Kontanter og kontantekvivalenter ved periodens slutt	3 865	2 067



Regnskapsprinsipper

Årsregnskapet er satt opp i samsvar med regnskapsloven og god regnskapsskikk.

Bruk av estimater

Utarbeidelse av regnskap i samsvar med regnskapsloven krever bruk av estimater. Videre krever anvendelse av selskapets regnskapsprinsipper at ledelsen må utøve skjønn. Områder som i stor grad inneholder slike skjønnsmessige vurderinger, høy grad av kompleksitet, eller områder hvor forutsetninger og estimater er vesentlige for årsregnskapet, er beskrevet i notene.

Klassifisering av balanseposter

Eiendeler bestemt til varig eie eller bruk klassifiseres som anleggsmidler. Fordringer for øvrig klassifiseres som omløpsmidler hvis de skal tilbakebetales innen ett år. For gjeld legges analoge kriterier til grunn. Første års avdrag på langsiktige fordringer og langsiktig gjeld klassifiseres likevel ikke som omløpsmiddel og kortsiktig gjeld.

Investeringer i andre selskaper

Med unntak for kortsiktige investeringer i børsnoterte aksjer, brukes kostmetoden som prinsipp for investeringer i andre selskaper. Kostprisen økes når midler tilføres ved kapitalutvidelse, eller når det gis konsernbidrag til datterselskap. Mottatte utdelinger resultatføres i utgangspunktet som inntekt. Utdelinger som overstiger andel av opptjent egenkapital etter kjøpet føres som reduksjon av anskaffelseskost. Utbytte/konsernbidrag fra datterselskap regnskapsføres det samme året som datterselskapet avsetter beløpet. Utbytte/konsernbidrag fra andre selskaper regnskapsføres som finansinntekt når det er vedtatt.

Nedskrivning av anleggsmidler

Ved indikasjon på at balanseført verdi av et anleggsmiddel er høyere enn virkelig verdi, foretas det test for verdifall. Testen foretas for det laveste nivå av anleggsmidler som har selvstendige kontantstrømmer. Hvis balanseført verdi er høyere enn både salgsverdi og gjenvinnbart beløp (nåverdi ved fortsatt bruk/eie), foretas det nedskrivning til det høyeste av salgsverdi og gjenvinnbart beløp.

Tidligere nedskrivninger, med unntak for nedskrivning av goodwill, reverseres hvis forutsetningene for nedskrivningen ikke lenger er til stede.

Fordringer

Fordringer, både omløpsfordringer og anleggfordringer, føres opp til det laveste av pålydende og virkelig verdi. Virkelig verdi er nåverdien av forventede framtidige innbetalinger. Det foretas likevel ikke neddiskontering når effekten av neddiskontering er uvesentlig for regnskapet. Avsetning til tap vurderes på grunnlag av en individuell vurdering av de enkelte fordringer



Utenlandsk valuta

Fordringer og gjeld i utenlandsk valuta vurderes etter kursen ved regnskapsårets slutt.

Gjeld

Gjeld, med unntak for enkelte avsetninger for forpliktelser, balanseføres til nominelt gjeldsbeløp.

Skatt

Skattekostnaden i resultatregnskapet omfatter både periodens betalbare skatt og endring i utsatt skatt. Utsatt skatt beregnes med aktuell skattesats på grunnlag av de midlertidige forskjeller som eksisterer mellom regnskapsmessige og skattemessige verdier, samt eventuelt ligningsmessig underskudd til fremføring ved utgangen av regnskapsåret. Skatteøkende og skattereduserende midlertidige forskjeller som reverserer eller kan reversere i samme periode er utlignet. Oppføring av utsatt skattefordel på netto skattereduserende forskjeller som ikke er utlignet og underskudd til fremføring, begrunnes med antatt fremtidig inntjening. Utsatt skatt og skattefordel som kan balanseføres oppføres netto i balansen. Utsatt skatt regnskapsføres til nominelt beløp.

Kontantstrømoppstilling

Kontantstrømoppstillingen utarbeides etter den indirekte metoden. Kontanter og kontantekvivalenter omfatter kontanter, bankinnskudd og andre kortsiktige, likvide plasseringer som umiddelbart og med uvesentlig kursrisiko kan konverteres til kjente kontantbeløp og med gjenværende løpetid mindre enn tre måneder fra anskaffelsesdato.



Note 1 Datterselskap, tilknyttet selskap og felleskontrollert virksomhet

Investeringene i datterselskap, tilknyttet selskap og felleskontrollert virksomhet regnskapsføres etter kostmetoden.

Datterselskap	Forretnings- kontor	Eier-/ stemme- andel	Egenkap. siste år (100 %)	Resultat siste år (100 %)	Balanseført verdi
Bright Norway AS	Oslo	100 %	72 138 928	-6 850 898	209 267 449
Balanseført verdi 31.12.					209 267 449

Note 2 Fordringer og gjeld

	2021	2020
Gjeld sikret ved pant	0	92 510 480

Balanseført verdi av pantsatte eiendeler

Aksjer i Bright Norway AS	209 267 449	209 267 449
Sum	209 267 449	209 267 449

Eiendelene er i tillegg stillet som sikkerhet for :

Ubenyttet kassekreditt	0	-11 867 433
Sum	0	-11 867 433

Note 3 Mellomværende med selskap i samme konsern m.v.

	Kundefordringer		Andre fordringer	
	2021	2020	2021	2020
Foretak i samme konsern	0	0	15 519 488	17 448 163
Sum	0	0	15 519 488	17 448 163

	Annen kortsiktig gjeld		Leverandørgjeld	
	2021	2020	2021	2020
Foretak i samme konsern	0	0	0	0
Sum	0	0	0	0

Selskapet har mottatt et konsernbidrag fra Stagelab AS på NOK 3 692 381 per 31.12.2021.



Note 4 Bundne bankinnskudd, trekkrettigheter

Bundne bankinnskudd	2021	2020
Skattetrekksmidler	2 067	2 067
Trekkrettigheter	2021	2020
Ubenyttet kassekreditt	0	-11 867 433

Selskapet inngår i konsernkontoordning hvor morselskap Bright Group OY står som eier. Mellomværende per 31.12. er NOK 0.

Note 5 Egenkapital

Årets endring i egenkapital	Aksjekapital	Overkurs	Annen innskutt egenkapital	Annen egenkapital	Sum
Egenkapital 01.01.	200 000	103 423 287	0	12 213 799	115 837 086
Årets resultat	0	0	0	-12 425 573	-12 425 573
Konsernbidrag fra søsterselskap	-	-	-	2 880 108	2 880 108
Egenkapital 31.12.	200 000	103 423 287	0	2 668 334	106 291 620

Note 6 Aksjekapital og aksjonærinformasjon

Aksjekapitalen på kr. 200.000 består av 1.000 aksjer á kr. 200.

Samtlige aksjer eies av Creative Technology Northern Europe AB.

Selskapet er en del av et konsern hvor NEP Group Inc., org. nr. 80-0877943 med base i Pittsburgh, USA utarbeider konsernregnskap for det største konsernet. Konsernregnskapet er tilgjengelig fra NEP Sweden Holding AB, c/o Creative Technology Northern Europe AB, Bultgatan 31, 442 40 Kungälv.

Note 7 Pensjoner

Foretaket har ingen ansatte og er ikke pliktig til å ha tjenestepensjonsordning etter lov om obligatorisk tjenestepensjon. Foretaket har pensjonsordning som oppfyller kravene etter denne loven



Note 8 Skatt

Selskapet har en utsatt skattefordel på NOK 9 527 924 per 31.12.2021 som ikke er balanseført.

Beregning av utsatt skatt/utsatt skattefordel	2021	2020
Midlertidige forskjeller		
Aktiverte lånekostnader	0	0
Rentefradrag til fremføring	-39 616 298	-39 616 298
Netto midlertidige forskjeller	-39 616 298	-39 616 298
Underskudd til fremføring	-829 878	0
Grunnlag for utsatt skatt	-40 446 176	-39 616 298
Utsatt skattefordel/utsatt skatt	-8 898 159	
Ikke oppført utsatt skattefordel	8 898 159	-8 715 586
Utsatt skattefordel i balansen	0	-8 715 586

Grunnlag for skattekostnad, endring i utsatt skatt og betalbar skatt	2021	2020
Resultat før skattekostnad	-4 522 324	1 607 571
Permanente forskjeller	0	25 547 734
Grunnlag for årets skattekostnad	-4 522 324	27 155 305
Endring i midlertidige resultatforskjeller	0	-2 417 085
Grunnlag for betalbar skatt i resultatregnskapet	0	24 738 220
Skattepliktig inntekt (grunnlag for betalbar skatt i balansen)	0	24 738 220

Fordeling av skattekostnaden	2021	2020
Betalbar skatt på årets resultat	0	5 442 408
Sum betalbar skatt	0	5 442 408
Endring i utsatt skatt/skattefordel med gammel sats	7 903 247	531 759
Skattekostnad	7 903 247	5 974 167

Avstemming av årets skattekostnad		
Regnskapsmessig resultat før skattekostnad	-4 522 324	1 607 571
Beregnet skattekostnad	-994 911	353 666
Skattekostnad i resultatregnskapet	7 903 247	5 974 167
Differanse	8 898 159	5 620 502

Differansen består av følgende:		
Skatt av permanente forskjeller	0	5 620 502
Endring i utsatt skattefordel som ikke balanseføres	8 898 159	0
Sum forklart differanse	8 898 159	5 620 502

Betalbar skatt i balansen	2021	2020
Betalbar skatt i skattekostnaden	0	5 442 408
Skattevirkning av konsernbidrag	0	0
Betalbar skatt i balansen	0	5 442 408



Note 9 Lønnskostnader, antall ansatte, godtgjørelser, lån til ansatte mm.

Selskapet har ingen ansatte. Daglig leder er avlønnet av datterselskapet Bright Norway AS og det er ikke utbetalt noen godtgjørelse til ledelse eller styret under året. Verken styreleder eller daglig leder har noen avtaler om godtgjørelse ved opphør av arbeidsforholdet/vervet. Det er ikke gitt lån/sikkerhetsstillelse til daglig leder, styrets leder eller andre nærstående parter.

Kostnadsført godtgjørelse til revisor	2021	2020
Lovpålagt revisjon (inkl. teknisk bistand med årsregnskap)	111 302	138 403
Skatterådgivning (inkl. teknisk bistand med ligningspapirer)	-	-
Annen bistand	41 600	30 300
Sum godtgjørelse til revisor	152 902	168 703

Note 10 Transaksjoner med nærstående parter

Ytelser til ledende ansatte er omtalt i note 9, og mellomværende med konsernselskaper er omtalt i note 3. Finansinntekter og finanskostnader er omtalt i note 11.

Note 11 Spesifikasjon av finansinntekter og finanskostnader

Finansinntekter	2021	2020
Annen finansinntekt	-4	-17 547
Mottatt konsernbidrag	-	-7 205 771
Sum finansinntekter	-4	15 256 457

Finanskostnader	2021	2020
Rentekostnad til andre foretak i samme konsern	457 904	465 551
Annen finanskostnad	3 911 521	4 894 701
Sum finanskostnader	4 369 425	6 760 714

Note 12 Covid-19

Covid-19 som kom i 2020 med de forbud og begrensninger for å arrangere konserter og arrangementer med et større antall personer har hatt en negativ påvirkning på virksomheten i Norge. Vi har derfor gjort nødvendige tiltak for å begrense effekten av dette. Vi fortsetter å følge utviklingen nøye og vil implementere nødvendige tiltak for å begrense de negative konsekvensene for selskapet.

Note 13 Hendelser etter balansedagen

Generalforsamlingen i Bright Norway Holdings har vedtatt å fusjonere selskapene Bright Norway, Bright Norway Holdings og Creative Technology Norway. Bright Norway vil være det overtakende selskapet. Forutsetningen for gjennomføringen vil være at det ikke er fremsatt innsigelser fra kreditorer eller at eventuelle kreditorinnsigelser er avklart og at selskapene deretter registrerer fusjonen gjennomført.



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Årsregnskap

Signers:

Name

PATRIK DEJVE
Ingebrigtsen, Jan Inge

Method

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Date

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Til generalforsamlingen i Bright Norway Holdings AS

Uavhengig revisors beretning

Konklusjon

Vi har revidert årsregnskapet til Bright Norway Holdings AS som består av balanse per 31. desember 2021, resultatregnskap og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og noter til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening

- oppfyller årsregnskapet gjeldende lovkrav, og
- gir årsregnskapet et rettviseende bilde av selskapets finansielle stilling per 31. desember 2021, og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med de internasjonale revisjonsstandardene International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet nedenfor under *Revisors oppgaver og plikter ved revisjonen av årsregnskapet*. Vi er uavhengige av selskapet slik det kreves i lov, forskrift og International Code of Ethics for Professional Accountants (inkludert internasjonale uavhengighetsstandarder) utstedt av the International Ethics Standards Board for Accountants (IESBA-reglene), og vi har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Innhentet revisjonsbevis er etter vår vurdering tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Øvrig informasjon

Styret og daglig leder (ledelsen) er ansvarlige for informasjonen i årsberetningen. Øvrig informasjon omfatter informasjon i årsrapporten bortsett fra årsregnskapet og den tilhørende revisjonsberetningen. Vår konklusjon om årsregnskapet ovenfor dekker ikke informasjonen i årsberetningen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese årsberetningen. Formålet er å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom årsberetningen og årsregnskapet og den kunnskap vi har opparbeidet oss under revisjonen av årsregnskapet, eller hvorvidt informasjon i årsberetningen ellers fremstår som vesentlig feil. Vi har plikt til å rapportere dersom årsberetningen fremstår som vesentlig feil. Vi har ingenting å rapportere i så henseende.

Basert på kunnskapen vi har opparbeidet oss i revisjonen, mener vi at årsberetningen

- er konsistent med årsregnskapet og
- inneholder de opplysninger som skal gis i henhold til gjeldende lovkrav.

Ledelsens ansvar for årsregnskapet

Ledelsen er ansvarlig for å utarbeide årsregnskapet og for at det gir et rettviseende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik



internkontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet så lenge det ikke er sannsynlig at virksomheten vil bli avviklet.

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med ISA-ene, alltid vil avdekke vesentlig feilinformasjon som eksisterer. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon blir vurdert som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke økonomiske beslutninger som brukerne foretar basert på årsregnskapet.

For videre beskrivelse av revisors oppgaver og plikter vises det til:
<https://revisorforeningen.no/revisjonsberetninger>

Oslo, 29. juni 2022
PricewaterhouseCoopers AS

Jone Bauge
Statsautorisert revisor
(elektronisk signert)



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Revisjonsberetning

Signers:

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