
DATA/S

Lufthavnsvej 4, DK-6580 Vamdrup

**Annual Report for 1 January - 31
December 2021**

CVR No 12 65 46 93

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
26/4 2022

Halldor Sigurdarson
Chairman of the General
Meeting



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Management's Statement

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

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and of the results of the Company operations for 2021.

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

Vamdrup, 26 April 2022

Executive Board

Jesper Rungholm
CEO

Board of Directors

Halldor Sigurdarson
Chairman

Kristian Anders Hvass

Jesper Rungholm

Independent Auditor's Report

To the Shareholders of DAT A/S

Opinion

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

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

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstate-

Independent Auditor's Report

ment, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events

Independent Auditor's Report

in a manner that gives a true and fair view.

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

Trekantområdet, 26 April 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jan Bunk Harbo Larsen
statsautoriseret revisor
mne30224

Lasse Berg
statsautoriseret revisor
mne35811

Company Information

The Company

DAT A/S
Lufthavnsvej 4
DK-6580 Vamdrup

CVR No: 12 65 46 93
Financial period: 1 January - 31 December
Municipality of reg. office: Vamdrup

Board of Directors

Halldor Sigurdarson, Chairman
Kristian Anders Hvass
Jesper Rungholm

Executive Board

Jesper Rungholm

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Herredsvej 32
DK-7100 Vejle

Financial Highlights

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

	2021 TDKK	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK
Key figures					
Profit/loss					
Revenue	559.988	418.390	1.004.095	1.057.137	872.825
Operating profit/loss	-90.016	-157.477	-16.150	-73.802	1.521
Profit/loss before financial income and expenses	32.327	15.230	-9.288	-54.713	61
Net financials	-18.098	-25.111	-21.425	-5.610	3.085
Net profit/loss for the year	22.330	-4.101	-40.784	-47.526	2.488
Balance sheet					
Balance sheet total	555.736	518.028	445.510	495.287	215.017
Equity	-9.603	-31.933	-27.832	-23.047	24.479
Investment in property, plant and equipment	7.031	4.135	-19.867	277.976	2.295
Number of employees	125	160	208	284	277
Ratios					
Gross margin	21,3%	33,9%	16,5%	12,6%	18,4%
Solvency ratio	-1,7%	-6,2%	-6,2%	-4,7%	11,4%

Management's Review

Key activities

The Company's activities consist of operating fixed wing aircraft and related activities using own and leased aircraft.

Development in the year

The income statement of the Company for 2021 shows a profit of TDKK 22,330, and at 31 December 2021 the balance sheet of the Company shows negative equity of TDKK 9,603.

The Company's profit before tax was tDKK 14,229 of which tDKK 17,480 was generated from sale of two Airbus aircraft. Aircraft purchase options emerged during the year which the Company chose to exercise. Immediately after purchase, the aircraft were sold to DAT Leasing A/S, as the Group's policy is that all owned commercial aircraft are held by DAT Leasing A/S. The market values of the two aircraft were materially higher than the purchase options resulting in gains to crystallise. Had these transactions not taken place, the Company would have reported a loss before tax of tDKK 3,251. The gains have been eliminated at DAT Holding A/S's consolidated level and therefore have no impact on the Group's consolidated results and financial position.

Despite continued COVID-19 related setbacks and challenges during the year, and particularly the late-November Omicron variant, the Group was able to post both a positive result and healthy liquidity position at the end of the year. State compensation support schemes contributed largely to this result supported by the gradual and improved trading performance compared to the previous year.

There was a relative strong start to the year compared to the 4th quarter 2020. Demand and activities across scheduled services performed on a steady upward trend throughout the year until late November when Omicron impacted the market. This market downturn continued throughout December and into the early months of 2022. Charter and ACMI activity remained largely inactive in 2021 although an improvement compared to 2020.

Management's Review

Capital resources

The Company's financial performance for 2021 shows a profit before tax of DKK 14.2 mill and the equity is as of 31 December 2021 negative with DKK 9.6 mill.

Hence the Company is falling under the capital loss rules in the Danish Company's Act.

Next to equity the Group's operations is financed through external credit lines provided by the Company's bank. The credit lines are granted at Group level and hence the assessment of adequate liquidity reserves for the coming year has been made at this level.

The Group has total debt towards Sydbank amounting to DKK 169 mill as of year-end 2021. As of this DKK 45 mill is a revolving facility with annual extension, which was extended by one year in April 2021 and is expected to be renewed in April 2022 for a period of one year.

The current credit facilities are assessed to provide sufficient liquidity to secure the Groups operations in the years to come.

For 2022 the Groups budget is based on an increase in revenues of around 51% compared to 2021. Compared to prior Covid-19 (2019) a decrease of around 7% is budgeted, still tacking the Omicron effects of the pandemic into account in the budget.

The Group has in the last months of 2021 seen a monthly increase in production compared to what was seen during the first Covid-19 lock-down and reached around 40% of its comparable second half 2019 production in the last six months of 2021. The budget for 2022 is based on these assumptions seeing a further improvement in the coming months.

As of 31 March 2022, the liquidity is adequate with a short-term headroom totaling around DKK 75 mill. Being cautiously optimistic, the long-term liquidity forecast (12 months) shows a headroom of DKK 60 mill under the budgeted scenario. Whilst it is very difficult to make predictions during these unsettling times, management is of the view its budgeted scenario is reasonable. This includes scheduled instalments on loans of around DKK 31 mill during 2022.

Based on this, it is the management's assessment that the Company has the necessary capital and liquidity resources to carry through the plans for the financial year 2022. The Annual Report is therefore presented on the assumption of continued operations.

Foreign exchange risks

A large portion of the Group's income and expenses as well as external financing is settled in foreign currencies meaning that the profit may be affected by currency fluctuations. It is Group policy not to part-take in speculative currency positions.

Management's Review

Foreign branches

DAT A/S, Italy, VAT no. IT10399580967

Targets and expectations for the year ahead

Given the current challenging times it is difficult to predict what to expect for the year ahead. The general approach is to be cautious when it comes to expectations whilst integrating an element of optimism. Management's estimate is to expect a 2022 before-tax profit of approximately DKK 15 mill. However, the continued short- and medium-term impact of COVID-19 remains an omnipresent unknown, while the current geopolitical situation in Eastern Europe can have unforeseen impacts.

Statement on data ethics

We refer to the description about the data ethics of management in the consolidated financial statements for DAT Holding A/S.

Statement of corporate social responsibility

We refer to the description about Corporate Social Responsibility, hereunder human rights, social and labor conditions, climate, environment and anti-corruption in the consolidated financial statements for DAT Holding A/S.

Statement on gender composition

We refer to the description about the gender composition of management in the consolidated financial statements for DAT Holding A/S.

Income Statement 1 January - 31 December

	Note	2021 TDKK	2020 TDKK
Revenue	3	559.988	418.390
Other operating income	4	122.343	172.707
Expenses for raw materials and consumables		-527.383	-415.925
Other external expenses		-35.570	-33.277
Gross profit/loss		119.378	141.895
Staff expenses	5	-72.897	-82.039
Depreciation, amortisation and impairment of property, plant and equipment	9	-14.154	-44.626
Profit/loss before financial income and expenses		32.327	15.230
Financial income	6	5.629	4.688
Financial expenses	7	-23.727	-29.799
Profit/loss before tax		14.229	-9.881
Tax on profit/loss for the year	8	8.101	5.780
Net profit/loss for the year		22.330	-4.101

Balance Sheet 31 December

Assets

	Note	2021 TDKK	2020 TDKK
Land and buildings		3.031	3.110
Other fixtures and fittings, tools and equipment		700	1.406
Aircraft and related		193.538	202.615
Property, plant and equipment	9	197.269	207.131
Deposits		14.455	13.469
Fixed asset investments	10	14.455	13.469
Fixed assets		211.724	220.600
Raw materials and consumables		60.311	55.348
Carbon emission allowances		17.605	0
Inventories		77.916	55.348
Trade receivables		28.284	39.995
Receivables from group enterprises		52.343	37.264
Other receivables		45.894	59.634
Corporation tax receivable from group enterprises		8.101	5.780
Prepayments	11	4.865	2.779
Receivables		139.487	145.452
Cash at bank and in hand		126.609	96.628
Currents assets		344.012	297.428
Assets		555.736	518.028

Balance Sheet 31 December

Liabilities and equity

	Note	2021 TDKK	2020 TDKK
Share capital		10.000	10.000
Retained earnings		-19.603	-41.933
Equity		-9.603	-31.933
Provision for maintenance	13	16.584	15.859
Provisions		16.584	15.859
Subordinate loan capital		0	10.000
Credit institutions		63.624	40.000
Lease obligations		193.584	201.438
Other payables		9.007	9.393
Long-term debt	14	266.215	260.831
Subordinate loan capital	14	10.000	0
Credit institutions	14	5.086	29.108
Lease obligations	14	7.674	12.687
Prepayments received from customers		8.912	13.638
Trade payables		50.720	56.235
Payables to group enterprises		129.795	101.100
Other payables	14	70.353	60.503
Short-term debt		282.540	273.271
Debt		548.755	534.102
Liabilities and equity		555.736	518.028
Going concern	1		
Subsequent events	2		
Distribution of profit	12		
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Statement of Changes in Equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January	10.000	-41.933	-31.933
Net profit/loss for the year	0	22.330	22.330
Equity at 31 December	10.000	-19.603	-9.603

Notes to the Financial Statements

1 Going concern

The Company's financial performance for 2021 shows a profit before tax of DKK 14.2 mill and the equity is as of 31 December 2021 negative with DKK 9.6 mill.

Next to equity the Group's operations is financed through external credit lines provided by the Company's bank. The credit lines are granted at Group level and hence the assessment of adequate liquidity reserves for the coming year has been made at this level.

The Group has total debt towards Sydbank amounting to DKK 169 mill as of year-end 2021. As of this DKK 45 mill is a revolving facility with annual extension, which was extended by one year in April 2021 and is expected to be renewed in April 2022 for a period of one year.

The current credit facilities are assessed to provide sufficient liquidity to secure the Groups operations in the years to come.

For 2022 the Groups budget is based on an increase in revenues of around 51% compared to 2021. Compared to prior Covid-19 (2019) a decrease of around 7% is budgeted, still tacking the Omicron effects of the pandemic into account in the budget.

The Group has in the last months of 2021 seen a monthly increase in production compared to what was seen during the first Covid-19 lock-down and reached around 40% of its comparable second half 2019 production in the last six months of 2021. The budget for 2022 is based on these assumptions seeing a further improvement in the coming months.

As of 31 March 2022, the liquidity is adequate with a short-term headroom totaling around DKK 75 mill. Being cautiously optimistic, the long-term liquidity forecast (12 months) shows a headroom of DKK 60 mill under the budgeted scenario. Whilst it is very difficult to make predictions during these unsettling times, management is of the view its budgeted scenario is reasonable. This includes scheduled instalments on loans of around DKK 31 mill during 2022.

Based on this, it is the management's assessment that the Company has the necessary capital and liquidity resources to carry through the plans for the financial year 2022. The Annual Report is therefore presented on the assumption of continued operations.

2 Subsequent events

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

Notes to the Financial Statements

	2021 TDKK	2020 TDKK
3 Revenue		
Geographical segments		
Revenue, Europe	559.988	418.390
	559.988	418.390
Business segments		
Scheduled Services	491.290	323.540
Charter Services	68.331	56.208
ACMI Services	367	38.642
	559.988	418.390
4 Other operating income		
Profit on sale of fixed assets and inventory items	17.627	5.005
Profit from termination of lease agreements	0	44.472
COVID-19 support	104.716	123.230
	122.343	172.707
Included in Other operating income is the profit on sale of 2 aircraft to DAT Leasing with a profit of TDKK 17,327.		
5 Staff expenses		
Wages and salaries	67.698	75.673
Pensions	4.552	5.512
Other social security expenses	647	854
	72.897	82.039
Including remuneration to the Executive Board and Board of Directors	3.377	1.460
Average number of employees	125	160

Notes to the Financial Statements

	2021 <u>TDKK</u>	2020 <u>TDKK</u>
6 Financial income		
Other financial income	5.629	0
Exchange adjustments	<u>0</u>	<u>4.688</u>
	<u>5.629</u>	<u>4.688</u>
7 Financial expenses		
Interest paid to group enterprises	2.593	2.671
Other financial expenses	17.621	27.128
Exchange adjustments, expenses	<u>3.513</u>	<u>0</u>
	<u>23.727</u>	<u>29.799</u>
8 Tax on profit/loss for the year		
Current tax for the year	-570	2.865
Adjustment of tax concerning previous years	<u>-7.531</u>	<u>-8.645</u>
	<u>-8.101</u>	<u>-5.780</u>

Notes to the Financial Statements

9 Property, plant and equipment

	Land and buildings TDKK	Other fixtures and fittings, tools and equipment TDKK	Aircraft and related TDKK
Cost at 1 January	11.641	15.607	260.259
Additions for the year	0	35	6.996
Disposals for the year	0	0	-42.407
Cost at 31 December	<u>11.641</u>	<u>15.642</u>	<u>224.848</u>
Impairment losses and depreciation at 1 January	8.531	14.201	57.644
Depreciation for the year	79	741	13.334
Reversal of impairment and depreciation of sold assets	0	0	-39.668
Impairment losses and depreciation at 31 December	<u>8.610</u>	<u>14.942</u>	<u>31.310</u>
Carrying amount at 31 December	<u>3.031</u>	<u>700</u>	<u>193.538</u>
Including assets under finance leases amounting to	<u>0</u>	<u>0</u>	<u>185.416</u>

10 Fixed asset investments

	Deposits TDKK
Cost at 1 January	<u>14.455</u>
Cost at 31 December	<u>14.455</u>
Carrying amount at 31 December	<u>14.455</u>

11 Prepayments

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

Notes to the Financial Statements

	2021 <u>TDKK</u>	2020 <u>TDKK</u>
12 Distribution of profit		
Retained earnings	22.330	-4.101
	22.330	-4.101
13 Provision for maintenance		
Provision for maintenance	16.584	15.859
	16.584	15.859
14 Long-term debt		
Subordinate loan capital		
Between 1 and 5 years	0	10.000
Long-term part	0	10.000
Within 1 year	10.000	0
	10.000	10.000
Credit institutions		
After 5 years	16.250	21.250
Between 1 and 5 years	47.374	18.750
Long-term part	63.624	40.000
Within 1 year	3.750	0
Other short-term debt to credit institutions	1.336	29.108
Short-term part	5.086	29.108
	68.710	69.108
Lease obligations		
Between 1 and 5 years	193.584	201.438
Long-term part	193.584	201.438
Within 1 year	7.674	12.687
	201.258	214.125

Notes to the Financial Statements

14 Long-term debt (continued)

	2021 TDKK	2020 TDKK
Other payables		
Between 1 and 5 years	9.007	9.393
Long-term part	9.007	9.393
Other short-term payables	70.353	60.503
	79.360	69.896

For the subordinated loan capital it has been agreed that there are no regular instalments on the loans. The loans are irredeemable on the part of the creditor during the intervening period which runs until 30 June 2022.

15 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with bankers:

Buildings	3.031	3.110
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The following assets have been placed as security for lease obligations:

The company has provided Sydbank with a floating charge providing Sydbank with collateral in the company's receivables. The floating charge amounts to TDKK	30.000	30.000
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Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	7.967	655
Between 1 and 5 years	6.352	1.601
	14.319	2.256

Notes to the Financial Statements

	2021	2020
	TDKK	TDKK

15 Contingent assets, liabilities and other financial obligations (continued)

Other contingent liabilities

The company has provided DAT Leasing A/S with a full surety in relation to Sydbank.

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

16 Related parties

Transactions

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

Consolidated Financial Statements

Selskabet indgår i koncernrapporten for moderselskabet

Name	Place of registered office
Runway Holding ApS	Lufthavnsvej 7A, 6580 Vamdrup
DAT Holding A/S	Lufthavnsvej 4, 6580 Vamdrup

17 Fee to auditors appointed at the general meeting

According to section 96(3) of the Danish Financial Statement Act, audit fees are only specified in the consolidated financial statement for the parent company DAT Holding A/S.

Notes to the Financial Statements

18 Accounting Policies

The Annual Report of DAT A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2021 are presented in TDKK.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of DAT Holding A/S, the Company has not prepared a cash flow statement.

Recognition and measurement

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

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

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

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

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Notes to the Financial Statements

18 Accounting Policies (continued)

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

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

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

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

Segment information on revenue

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

Income Statement

Revenue

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

Notes to the Financial Statements

18 Accounting Policies (continued)

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

Expenses for raw materials and consumables

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

Other external expenses

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

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of property, plant and equipment etc.

Financial income and expenses

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

Tax on profit/loss for the year

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

The Company is jointly taxed with Danish group companies. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

18 Accounting Policies (continued)

Balance Sheet

Property, plant and equipment

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

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

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

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

Aircraft	10-20 years
Other buildings	10-30 years
Plant and machinery	10-20 years
Other fixtures and fittings, tools and equipment	3-7 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

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

Fixed asset investments

Fixed asset investments consist of deposits.

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the

Notes to the Financial Statements

18 Accounting Policies (continued)

inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

Receivables

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

Prepayments

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

Provisions

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

Deferred tax assets and liabilities

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

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

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

Current tax receivables and liabilities

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

Notes to the Financial Statements

18 Accounting Policies (continued)

Financial debts

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

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

Notes to the Financial Statements

18 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

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