
DATA/S

Lufthavnsvej 4, DK-6580 Vamdrup

Annual Report for 2022

CVR No. 12 65 46 93

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 13/6 2023

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 Financial Statements of DAT A/S for the financial year 1 January - 31 December 2022.

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 2022 of the Company and of the results of the Company operations for 2022.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Vamdrup, 13 June 2023

Executive Board

Jesper Rungholm
CEO

Board of Directors

Halldor Sigurdarson
Chairman

Kristian Anders Hvass

Jesper Rungholm

Independent Auditor's report

To the shareholder 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 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 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 2022, 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 Financial Statements Act.

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

Management's responsibilities for the Financial Statements

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

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

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

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

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

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

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

Trekantområdet, 13 June 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jan Bunk Harbo Larsen

State Authorised Public Accountant

mne30224

Lasse Berg

State Authorised Public Accountant

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 7100 Vejle |

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|---------|---------|---------|-----------|-----------|
| | TDKK | TDKK | TDKK | TDKK | TDKK |
| Key figures | | | | | |
| Profit/loss | | | | | |
| Revenue | 820,389 | 559,988 | 418,390 | 1,004,095 | 1,057,137 |
| Profit/loss of ordinary primary operations | -55,024 | -90,016 | 15,229 | -16,150 | -73,802 |
| Profit/loss before financial income and expenses | -41,746 | 32,327 | 15,229 | -9,288 | -54,713 |
| Profit/loss of financial income and expenses | 5,648 | -18,098 | -25,111 | -21,425 | -5,610 |
| Net profit/loss | -24,414 | 22,330 | -4,101 | -40,784 | -47,526 |
| Balance sheet | | | | | |
| Balance sheet total | 563,208 | 555,736 | 518,027 | 445,510 | 495,287 |
| Investment in property, plant and equipment | 47,811 | 7,031 | 4,135 | -19,867 | 277,976 |
| Equity | -34,017 | -9,603 | -31,933 | -27,832 | -23,047 |
| Number of employees | 200 | 125 | 160 | 208 | 284 |
| Ratios | | | | | |
| Gross margin | 10.6% | 21.3% | 33.9% | 16.2% | 12.0% |
| Solvency ratio | -6.0% | -1.7% | -6.2% | -6.2% | -4.7% |

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 2022 shows a loss of TDKK 24,414, and at 31 December 2022 the balance sheet of the Company shows negative equity of TDKK 34,017.

The Omicron variant remained present for the first weeks of 2022 which severely impacted the financial performance during the first quarter of the year compared to what had been anticipated. Revenue generated by Scheduled Services suffered the most with passenger numbers below expectations and yield remained low, continuing from late 2021. Likewise, charter operations suffered due to travel guidelines issued and restrictions imposed.

Planned Charter activities came to an end in late spring 2022 as intended and from thereon, is no longer a specific part of the Group's strategic lines of business. The primary reason being the unbalanced and savage EU261/2004 regulation.

Traffic figures and yield throughout the scheduled network started to improve from early spring 2022 and continued to build into the late summer and early autumn. Jet production, servicing the European ACMI market, gained momentum from early summer and was essentially at full capacity until the autumn when it severely slowed down. Regional scheduled passenger services were operated in Denmark, Norway, Finland, Germany, and Italy during 2022. Overall, the regional scheduled services performed better than pre-COVID in respect of passenger volume and yield.

The Russian invasion into Ukraine had severe negative impacts on our cost levels. The cost of fuel increased sharply and by the middle of 2022, fuel had more than doubled in cost from what it was at the beginning of the year. The Euro also took a beating against the US Dollar shortly after the war broke out and with a good portion of our cash outflows being US Dollar denominated, this also had a negative impact on our bottom-line results. Both Fuel and the Euro did regain some of their respective positions later in the year and leading up to the year-end but due to our seasonality, significant damage had already been incurred in respect of our cost base. This has not only had a serious impact on the 2022 results compared to expectations but with increasing inflation, cost increases within all our business has been unavoidable, resulting in rocketing future cost.

Two Airbus aircraft entered the fleet in summer of 2022 and a third one in early 2023. The aircraft replaced the MD aircraft that left the fleet in 2021 and will be in important part in balancing the overall business operations between ACMI and Scheduled Services.

The past year and follow-up on development expectations from last year

In 2021, the primary expectation, for the financial year of 2022, was that the revenue in the group level would increase by 51%, while the realised revenue in 2022 is approximately 39% higher than 2021. The reason for not being able to completely fulfill the expectations in 2021 is the following. COVID challenges continued into the year 2022 followed by the implications of the barbarous invasion of Ukraine were both costly but after a robust summer performance, the financial results took a drastic turn to the better, only to be knocked back down when struck by the harsh winter that followed. Overall, a marginal positive break-even financial result in 2022 and less than what was expected at the beginning of the year. Despite having just over half of the fuel consumption hedged by beginning of the year then the un-hedged part was one of the main reasons for being short to budget. As intended, the Group exited planned charter services in the spring of 2022 and has since, and into 2023, directed that capacity to the market for ACMI services.

Management's review

Capital resources

The company's financial performance for 2022 shows a loss before tax of TDKK -36,098 and the equity is as of 31 December 2022 negative with TDKK 34,017.

Aside from equity, the Group's operations are largely financed through external credit lines provided by the Group's bank. Credit lines are granted at the Group level therefore the assessment of adequate liquidity reserves for the coming year has been made at this level.

A DKK 18 mill. facility was renewed by one year in May 2022 and a DKK 27.3 mill. facility was renewed in September 2022 for a period of one year. Both facilities have been in place over the past few years but are to be renewed annually. The facilities are expected to be renewed for a further year to 2024 following the filing of the 2022 annual report. Some restructuring of long-term loan facilities took place in August 2022 with additional facilities provided and prolongment of repayment terms on part of the existing loan facilities.

As of 03 May 2023, the liquidity is adequate with a short-term headroom totaling approximately DKK 83 mill. A 12-month (to spring 2024) liquidity forecast has been prepared. At the end of the forecast period, it shows a headroom of DKK 99 mill. under an estimated working scenario. Management is of the view its estimated scenario is reasonable.

Based on this, it is management's assessment that the Group has the required capital and liquidity resources to carry through the plans for the financial year 2023. The Annual Report is therefore presented on the assumption of continued operations.

Foreign exchange risks

A large portion of the Group's income, expenses, and external financing is settled in foreign currencies which exposes profits to currency fluctuations. It is Group policy not to partake in speculative currency positions.

Targets and expectations for the year ahead

It is anticipated for the year 2023 to yield a profit before tax of approximately DKK 11 mill on the group level. The continued geopolitical situation in Europe and the war in Ukraine can have unforeseen implications. Cost across all aspects of the business is still uncapped and thus challenging to predict. Nevertheless, it is Management's view that its expectations are achievable.

External environment

DAT Group's primary environmental influence is through CO₂-emissions from aircraft operations. DAT Group seeks to reduce fuel consumption and CO₂-emission as much as possible. Among other things this is done by continuously training pilots, adjusting aircraft sizes to the number of passengers, optimizing flight height, and investing in more fuel-efficient aircraft which have lower CO₂-emissions. Every pilot is trained in fuel-efficient flight as an integrated part of their training in the Group's aircraft fleet. DAT Group continues to invest in new aircraft to achieve the optimum utilization based on the Group's activities, including the optimal utilisation related to fuel consumption. Furthermore, the Group has exited its services of planned charter services.

DAT A/S and UAB DAT LT are in the aviation industry which impacts the climate with CO₂ emissions. It has been estimated that the aviation industry is responsible for about to 3% of the EU's annual CO₂ emissions, and as a responsible airline the Group is invested in reducing its climate impact. This is achieved by utilizing aircraft relevant to the passenger load, continuous education of pilots, and investments in new aircraft and engines that have lower emissions overall.

The environmental and climate impact is being addressed by evaluating the introduction of more fuel efficient engines. There were no noise violations were reported in 2022.

Branches abroad

- DAT A/S, Italy, VAT no. IT10399580967.
- UAB DAT LT, Italy, VAT no IT10448800960.

Management's review

Statement of corporate social responsibility, cf. section 99a of the Financial Statements Act

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, cf. section 99b of the Financial Statements Act

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

Statement on data ethics, cf. section 99d of the Financial Statements Act

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

Uncertainty relating to recognition and measurement

The assessments of indications of impairment per 31 December 2022 is based on the future cash flows expected by management per 31 December 2022, which due to external uncontrollable impacts, such as the war in Ukraine, may differ from the expectations for future cash flows that management has at the time of approval of the Annual Report. Hence, after the balance sheet date there is uncertainty in recognizing and measuring the Group's investments in airplanes and associated spare parts.

Income statement 1 January - 31 December

| | Note | 2022 | 2021 |
|---|------|----------------|----------------|
| | | TDKK | TDKK |
| Revenue | 2 | 820,389 | 559,988 |
| Other operating income | 3 | 13,278 | 122,343 |
| Expenses for raw materials and consumables | | -700,995 | -527,383 |
| Other external expenses | | -45,924 | -35,570 |
| Gross profit | | 86,748 | 119,378 |
| Staff expenses | 4 | -116,853 | -72,897 |
| Earnings Before Interest Taxes Depreciation and Amortization | | -30,105 | 46,481 |
| Depreciation and impairment losses of property, plant and equipment | | -11,641 | -14,154 |
| Profit/loss before financial income and expenses | | -41,746 | 32,327 |
| Financial income | 5 | 27,385 | 5,629 |
| Financial expenses | 6 | -21,737 | -23,727 |
| Profit/loss before tax | | -36,098 | 14,229 |
| Tax on profit/loss for the year | 7 | 11,684 | 8,101 |
| Net profit/loss for the year | 8 | -24,414 | 22,330 |

Balance sheet 31 December

Assets

| | Note | 2022 TDKK | 2021 TDKK |
|---|------|----------------|----------------|
| Land and buildings | | 2,952 | 3,031 |
| Other fixtures and fittings, tools and equipment | | 2,252 | 700 |
| Airplanes | | 228,235 | 193,538 |
| Property, plant and equipment | 9 | 233,439 | 197,269 |
| Deposits | 10 | 19,888 | 14,455 |
| Fixed asset investments | | 19,888 | 14,455 |
| Fixed assets | | 253,327 | 211,724 |
| Raw materials and consumables | | 67,935 | 60,311 |
| Prepayments for goods | | 10,484 | 17,605 |
| Inventories | | 78,419 | 77,916 |
| Trade receivables | | 62,222 | 28,284 |
| Receivables from group enterprises | | 71,187 | 52,343 |
| Other receivables | | 45,138 | 45,894 |
| Deferred tax asset | 11 | 3,470 | 0 |
| Corporation tax receivable from group enterprises | | 8,214 | 8,101 |
| Prepayments | 12 | 6,974 | 4,865 |
| Receivables | | 197,205 | 139,487 |
| Cash at bank and in hand | | 34,257 | 126,609 |
| Current assets | | 309,881 | 344,012 |
| Assets | | 563,208 | 555,736 |

Balance sheet 31 December

Liabilities and equity

| | Note | 2022 TDKK | 2021 TDKK |
|--|------|----------------|----------------|
| Share capital | | 10,000 | 10,000 |
| Retained earnings | | -44,017 | -19,603 |
| Equity | | -34,017 | -9,603 |
| Other provisions | 13 | 7,130 | 16,584 |
| Provisions | | 7,130 | 16,584 |
| Subordinate loan capital | | 10,000 | 0 |
| Credit institutions | | 58,625 | 63,624 |
| Lease obligations | | 218,567 | 193,584 |
| Other payables | | 8,288 | 9,007 |
| Long-term debt | 14 | 295,480 | 266,215 |
| Subordinate loan capital | | 0 | 10,000 |
| Credit institutions | 14 | 5,815 | 5,086 |
| Lease obligations | 14 | 14,672 | 7,674 |
| Prepayments received from customers | | 12,344 | 8,912 |
| Trade payables | | 58,522 | 50,720 |
| Payables to group enterprises | | 115,628 | 129,795 |
| Payables to owners and Management | | 42 | 35 |
| Other payables | 14 | 87,592 | 70,318 |
| Short-term debt | | 294,615 | 282,540 |
| Debt | | 590,095 | 548,755 |
| Liabilities and equity | | 563,208 | 555,736 |
| Going concern | 1 | | |
| Contingent assets, liabilities and other financial obligations | 15 | | |
| Related parties | 16 | | |
| Fee to auditors appointed at the general meeting | 17 | | |
| Subsequent events | 18 | | |
| Accounting Policies | 19 | | |

Statement of changes in equity

| | Share capital | Retained earnings | Total |
|------------------------------|---------------|-------------------|----------------|
| | TDKK | TDKK | TDKK |
| Equity at 1 January | 10,000 | -19,603 | -9,603 |
| Net profit/loss for the year | 0 | -24,414 | -24,414 |
| Equity at 31 December | 10,000 | -44,017 | -34,017 |

Notes to the Financial Statements

1. Going concern

The Company's financial performance for 2022 shows a loss before tax of TDKK -36,098 and the equity is as of 31 December 2022 negative of TDKK 34,017.

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 76 mill as of year-end 2022. Thereof, DKK 45 mill is in form of two revolving facilities with annual extensions in early summer and late summer each year. One was extended in April 2022 and is expected to be renewed following the filing of the annual report in June 2023 for a period of one year. The other was extended for one year in September 2022 and is anticipated to be renewed in September this year for a period of a further one year.

The current credit facilities are assessed to provide sufficient liquidity to secure the Groups operations in the years to come. The credit facilities are classified as non-current debt in the balance sheet.

For 2023, the Groups budget is based on an increase in revenues of around 9% compared to 2022. Compared to prior Covid-19 (2019) a decrease of around 9% is budgeted which is not Covid-19 related but due to the Group shifting from its then planned charter activities to wet lease activities. The Group's production has recovered from Covid-19 implications. The budget for 2023 is based on reasonable assumptions for securing additional winter production from the winter before

As of 08 May 2023, the liquidity is adequate with a short-term headroom totalling around DKK 61 mill. Being cautiously optimistic, the long-term liquidity forecast (12 months) shows a headroom of DKK 83 mill under the budgeted scenario. Management view is that the budgeted scenario is reasonable. This includes scheduled instalments on loans of around DKK 53 mill during 2023 and new facilities of around DKK 24 mill.

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 2023. The Annual Report is therefore presented on the assumption of continued operations.

2. Revenue

Geographical segments

| | | |
|-----------------|----------------|----------------|
| Revenue, Europe | 820,389 | 559,988 |
| | <u>820,389</u> | <u>559,988</u> |

Business segments

| | | |
|--------------------|----------------|----------------|
| Scheduled Services | 611,597 | 491,290 |
| Charter Services | 42,693 | 68,331 |
| ACMI Services | 166,099 | 367 |
| | <u>820,389</u> | <u>559,988</u> |

Notes to the Financial Statements

| | 2022 | 2021 |
|--|---------------|----------------|
| | TDKK | TDKK |
| 3. Other operating income | | |
| Profit on sale of fixed assets and inventory items | 7,694 | 17,627 |
| COVID-19 support | 5,584 | 104,716 |
| | <u>13,278</u> | <u>122,343</u> |

| | 2022 | 2021 |
|---|----------------|---------------|
| | TDKK | TDKK |
| 4. Staff Expenses | | |
| Wages and salaries | 108,529 | 67,698 |
| Pensions | 7,558 | 4,552 |
| Other social security expenses | 766 | 647 |
| | <u>116,853</u> | <u>72,897</u> |
| Including remuneration to the Executive Board and Board of Directors | <u>3,069</u> | <u>3,377</u> |
| Average number of employees | <u>200</u> | <u>125</u> |

| | 2022 | 2021 |
|----------------------------|---------------|--------------|
| | TDKK | TDKK |
| 5. Financial income | | |
| Other financial income | 21,921 | 5,629 |
| Exchange gains | 5,464 | 0 |
| | <u>27,385</u> | <u>5,629</u> |

| | 2022 | 2021 |
|------------------------------------|---------------|---------------|
| | TDKK | TDKK |
| 6. Financial expenses | | |
| Interest paid to group enterprises | 3,136 | 2,593 |
| Other financial expenses | 18,601 | 17,621 |
| Exchange loss | 0 | 3,513 |
| | <u>21,737</u> | <u>23,727</u> |

Notes to the Financial Statements

| | 2022 | 2021 |
|---|----------------|---------------|
| | TDKK | TDKK |
| 7. Income tax expense | | |
| Current tax for the year | -8,214 | -570 |
| Deferred tax for the year | -3,470 | 0 |
| Adjustment of tax concerning previous years | 0 | -7,531 |
| | <u>-11,684</u> | <u>-8,101</u> |

| | 2022 | 2021 |
|-----------------------------|----------------|---------------|
| | TDKK | TDKK |
| 8. Profit allocation | | |
| Retained earnings | -24,414 | 22,330 |
| | <u>-24,414</u> | <u>22,330</u> |

9. Property, plant and equipment

| | Land and buildings | Other fixtures and fittings, tools and equipment | Airplanes |
|--|-----------------------|---|----------------|
| | TDKK | TDKK | TDKK |
| Cost at 1 January | 11,641 | 15,642 | 224,848 |
| Additions for the year | 0 | 1,845 | 45,966 |
| Cost at 31 December | <u>11,641</u> | <u>17,487</u> | <u>270,814</u> |
| Impairment losses and depreciation at 1 January | 8,610 | 14,942 | 31,310 |
| Depreciation for the year | 79 | 293 | 11,269 |
| Impairment losses and depreciation at 31 December | <u>8,689</u> | <u>15,235</u> | <u>42,579</u> |
| Carrying amount at 31 December | <u>2,952</u> | <u>2,252</u> | <u>228,235</u> |
| Including assets under finance leases amounting to | <u>0</u> | <u>0</u> | <u>219,981</u> |

Notes to the Financial Statements

10. Other fixed asset investments

| | <u>Deposits</u> TDKK |
|--------------------------------|-------------------------|
| Cost at 1 January | 14,455 |
| Additions for the year | <u>5,433</u> |
| Cost at 31 December | <u>19,888</u> |
| | |
| Carrying amount at 31 December | <u>19,888</u> |

11. Deferred tax asset

| | <u>2022</u> TDKK | <u>2021</u> TDKK |
|---|---------------------|---------------------|
| Amounts recognised in the income statement for the year | 3,470 | 0 |
| Deferred tax asset at 31 December | <u>3,470</u> | <u>0</u> |

12. Prepayments

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

13. Other provisions

| | <u>2022</u> TDKK | <u>2021</u> TDKK |
|----------------------|---------------------|---------------------|
| Aircraft maintenance | 7,130 | 16,584 |
| | <u>7,130</u> | <u>16,584</u> |

The provisions are expected to mature as follows:

| | | |
|--------------------------------------|----------|----------|
| Provisions falling due after 5 years | <u>0</u> | <u>0</u> |
|--------------------------------------|----------|----------|

Notes to the Financial Statements

14. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

| | <u>2022</u> | <u>2021</u> |
|--|----------------|----------------|
| | TDKK | TDKK |
| Subordinate loan capital | | |
| After 5 years | 0 | 0 |
| Between 1 and 5 years | 10,000 | 0 |
| Long-term part | 10,000 | 0 |
| Within 1 year | 0 | 10,000 |
| | <u>10,000</u> | <u>10,000</u> |
| Credit institutions | | |
| After 5 years | 11,250 | 16,250 |
| Between 1 and 5 years | 47,375 | 47,374 |
| Long-term part | 58,625 | 63,624 |
| Within 1 year | 5,000 | 3,750 |
| Other short-term debt to credit institutions | 815 | 1,336 |
| Short-term part | 5,815 | 5,086 |
| | <u>64,440</u> | <u>68,710</u> |
| Lease obligations | | |
| After 5 years | 0 | 0 |
| Between 1 and 5 years | 218,567 | 193,584 |
| Long-term part | 218,567 | 193,584 |
| Within 1 year | 14,672 | 7,674 |
| | <u>233,239</u> | <u>201,258</u> |
| Other payables | | |
| After 5 years | 0 | 0 |
| Between 1 and 5 years | 8,288 | 9,007 |
| Long-term part | 8,288 | 9,007 |
| Within 1 year | 0 | 0 |
| Other short-term payables | 87,592 | 70,318 |
| | <u>95,880</u> | <u>79,325</u> |

Notes to the Financial Statements

| | 2022 | 2021 |
|--|------|------|
| | TDKK | TDKK |

15. Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:

| | | |
|-----------|-------|-------|
| Buildings | 2,952 | 3,031 |
|-----------|-------|-------|

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: | 30,000 | 30,000 |
|---|--------|--------|

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

| | | |
|-----------------------|----------------|---------------|
| Within 1 year | 19,043 | 7,967 |
| Between 1 and 5 years | 68,970 | 6,352 |
| After 5 years | 89,941 | 0 |
| | <u>177,954</u> | <u>14,319</u> |

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 and disclosure of consolidated financial statements

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

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

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

Notes to the Financial Statements

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.

18. Subsequent events

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

Notes to the Financial Statements

19. Accounting policies

The Annual Report of DAT A/S for 2022 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 2022 are presented in TDKK.

Few comparative figures have been reclassified in the balance sheet in order to present the figures correctly.

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.

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

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Notes to the Financial Statements

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

Income statement

Net sales

Revenue from the 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.

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 as well as office expenses, etc.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise 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.

Financial income and expenses

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

Notes to the Financial Statements

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 Runway Holding ApS. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

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 contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

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 |

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

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

Other fixed asset investments

Other fixed asset investments consist of deposita.

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 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.

Notes to the Financial Statements

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, including the tax base of tax loss carry-forwards, 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.

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.

Financial Highlights

Explanation of financial ratios

| | |
|----------------|--|
| Gross margin | $\text{Gross profit} \times 100 / \text{Revenue}$ |
| Solvency ratio | $\text{Equity at year end} \times 100 / \text{Total assets at year end}$ |