

# Nordic Aviation Financing ApS

Stratusvej 12  
7190 Billund  
Denmark

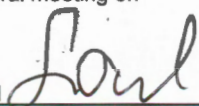
CVR no. 21 16 74 01

**Annual report for the period 1 July 2018 – 30 June 2019**

The annual report was presented and approved at the  
Company's annual general meeting on

24 October 2019

Søren Martin Overgaard  
chairman



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Nordic Aviation Financing ApS  
Annual report 2018/19  
CVR no. 21 16 74 01

## Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Nordic Aviation Financing ApS for the financial year 1 July 2018 – 30 June 2019.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

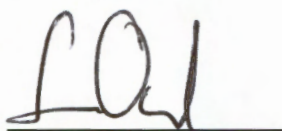
In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 30 June 2019 and of the results of the Company's operations for the financial year 1 July 2018 – 30 June 2019.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Billund, 24 October 2019

Executive Board:



Søren Martin Overgaard  
Managing Director

Board of Directors:



Søren Martin Overgaard  
Chairman



Frank Nissen Pedersen



Jette Mariann Hulgaard



## Independent auditor's report

### To the shareholders of Nordic Aviation Financing ApS

#### Opinion

We have audited the financial statements of Nordic Aviation Financing ApS for the financial year 1 July 2018 – 30 June 2019 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 30 June 2019 and of the results of the Company's operations for the financial year 1 July 2018 – 30 June 2019 in accordance with the Danish Financial Statements Act.

#### 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Management's responsibility 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 that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made 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 company 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.

## Independent auditor's report

- 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.

### Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the 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 of the Management's review.

Kolding, 24 October 2019

**KPMG**

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98



Nikolaj Møller Hansen  
State Authorised  
Public Accountant  
mne33220

**Nordic Aviation Financing ApS**  
Annual report 2018/19  
CVR no. 21 16 74 01

## **Management's review**

### **Company details**

Nordic Aviation Financing ApS  
Stratusvej 12  
7190 Billund  
Denmark

CVR no.: 21 16 74 01  
Established: 1 July 1998  
Financial year: 1 July – 30 June

### **Board of Directors**

Søren Martin Overgaard, Chairman  
Frank Nissen Pedersen  
Jette Mariann Hulgaard

### **Executive Board**

Søren Martin Overgaard, Managing Director

### **Auditor**

KPMG  
Statsautoriseret Revisionspartnerselskab  
Jupitervej 4  
6000 Kolding  
Denmark

## **Management's review**

### **Operating review**

#### **Principal activities**

The Company is engaged in letting out the property Stratusvej 12, 7190 Billund.

#### **Development in activities and financial position**

The Company's activities and financial performance during the financial year were in line with expectations.

Management considers the profit for the year satisfactory.

#### **Events after the balance sheet date**

No events materially affecting the Company's financial position have occurred subsequent to the financial year end. .

## Financial statements 1 July – 30 June

### Income statement

| USD                                  | Note | 2018/19         | 2017/18         |
|--------------------------------------|------|-----------------|-----------------|
| <b>Revenue</b>                       |      | 1,274,535       | 1,270,964       |
| Production costs                     |      | <u>-768,270</u> | <u>-778,173</u> |
| <b>Gross profit</b>                  |      | 506,265         | 492,791         |
| Administrative expenses              |      | <u>-3,960</u>   | <u>-6,337</u>   |
| <b>Operating profit</b>              |      | 502,305         | 486,454         |
| Financial expenses                   | 2    | <u>-85,794</u>  | <u>-173,457</u> |
| <b>Profit before tax</b>             |      | 416,511         | 312,997         |
| Tax on profit for the year           | 3    | <u>-91,633</u>  | <u>-68,860</u>  |
| <b>Profit for the year</b>           |      | <u>324,878</u>  | <u>244,137</u>  |
| <b>Proposed profit appropriation</b> |      |                 |                 |
| Retained earnings                    |      | <u>324,878</u>  | <u>244,137</u>  |



## Financial statements 1 July – 30 June

### Balance sheet

| USD                                  | Note | 30/6 2019               | 30/6 2018               |
|--------------------------------------|------|-------------------------|-------------------------|
| <b>ASSETS</b>                        |      |                         |                         |
| <b>Fixed assets</b>                  |      |                         |                         |
| <b>Property, plant and equipment</b> | 4    |                         |                         |
| Land and buildings                   |      | <u>8,470,463</u>        | <u>9,226,049</u>        |
| <b>Total fixed assets</b>            |      | <u>8,470,463</u>        | <u>9,226,049</u>        |
| <b>Current assets</b>                |      |                         |                         |
| <b>Receivables</b>                   |      |                         |                         |
| Deferred tax asset                   |      | <u>43,318</u>           | <u>0</u>                |
| <b>Cash at bank and in hand</b>      |      | <u>1,259</u>            | <u>3,049</u>            |
| <b>Total current assets</b>          |      | <u>44,577</u>           | <u>3,049</u>            |
| <b>TOTAL ASSETS</b>                  |      | <u><u>8,515,040</u></u> | <u><u>9,229,098</u></u> |

## Financial statements 1 July – 30 June

### Balance sheet

| USD  | Note | 30/6 2019               | 30/6 2018               |
|--|------|-------------------------|-------------------------|
| <b>EQUITY AND LIABILITIES</b>                        |      |                         |                         |
| <b>Equity</b>  |      |                         |                         |
| Contributed capital                                  |      | 200,977                 | 200,977                 |
| Revaluation reserve                                  |      | 262,618                 | 262,618                 |
| Retained earnings                                    |      | <u>4,775,274</u>        | <u>4,450,396</u>        |
| <b>Total equity</b>                                  |      | <u>5,238,869</u>        | <u>4,913,991</u>        |
| <b>Provisions</b>                                    |      |                         |                         |
| Provisions for deferred tax                          |      | <u>0</u>                | <u>10</u>               |
| <b>Total provisions</b>                              |      | <u>0</u>                | <u>10</u>               |
| <b>Liabilities other than provisions</b>             |      |                         |                         |
| <b>Non-current liabilities other than provisions</b> |      |                         |                         |
| Mortgage loans                                       | 5    | <u>2,157,765</u>        | <u>2,448,977</u>        |
| <b>Current liabilities other than provisions</b>     |      |                         |                         |
| Current portion of non-current liabilities           |      | 234,536                 | 237,170                 |
| Trade payables                                       |      | 862                     | 11,590                  |
| Payables to group entities                           |      | 664,063                 | 1,453,057               |
| Corporation tax                                      |      | 134,961                 | 159,305                 |
| Other payables                                       |      | <u>83,984</u>           | <u>4,998</u>            |
|  |      | <u>1,118,406</u>        | <u>1,866,120</u>        |
| <b>Total liabilities other than provisions</b>       |      | <u>3,276,171</u>        | <u>4,315,097</u>        |
| <b>TOTAL EQUITY AND LIABILITIES</b>                  |      | <u><u>8,515,040</u></u> | <u><u>9,229,098</u></u> |

## Financial statements 1 July – 30 June

### Statement of changes in equity

| USD                                       | Contributed<br>capital | Revaluation<br>reserve | Retained<br>earnings    | Total                   |
|---|------------------------|------------------------|-------------------------|-------------------------|
| Equity at 1 July 2018                     | 200,977                | 262,618                | 4,450,396               | 4,913,991               |
| Transferred over the profit appropriation | <u>0</u>               | <u>0</u>               | <u>324,878</u>          | <u>324,878</u>          |
| <b>Equity at 30 June 2019</b>             | <u><u>200,977</u></u>  | <u><u>262,618</u></u>  | <u><u>4,775,274</u></u> | <u><u>5,238,869</u></u> |

## Financial statements 1 July – 30 June

### Notes

#### 1 Accounting policies

The annual report of Nordic Aviation Financing ApS for 2018/19 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Reporting currency

The financial statements are presented in USD as the Company's most significant transactions are settled in USD. At the balance sheet date, the DKK/USD exchange rate was 6.56. For the year 2017/18, the DKK/USD exchange rate at the balance sheet date was 6.39.

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

### Income statement

#### Revenue

Revenue consists of rental income.

#### Production costs

Production costs, which among other things comprise depreciation and maintenance, include costs incurred in generating revenue of the year. This include direct and indirect costs of the properties.

#### Administrative expenses

Administrative expenses comprise expenses incurred during the year for the management and administration of the Group.

#### Financial income and expenses

Financial income and expenses comprise interest income and expense, realised and unrealised gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on account tax scheme, etc.

## Financial statements 1 July – 30 June

### Notes

#### 1 Accounting policies (continued)

##### Tax on profit/loss for the year

Nordic Aviation Financing ApS is taxed jointly with the parent company, Nordic Aviation Capital A/S. The current Danish corporation tax is allocated by the settlement of joint taxation contribution between the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carryforwards receive joint taxation contribution from companies that have used these losses to reduce their own taxable profits. The jointly taxed companies are taxed under the on-account tax scheme.

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

##### Property, plant and equipment

Land and buildings are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life.

The estimated useful lives are as follows:

|           |          |
|-----------|----------|
| Buildings | 20 years |
|-----------|----------|

The useful life and residual value are reassessed annually. Changes are accounted for as accounting estimates, and the effect on depreciation is recognised prospectively.

Land is not depreciated.

Depreciation is recognised in the income statement as production costs and administrative expenses, respectively.

##### Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses based on an individual assessment of receivables.

##### Equity

###### *Dividends*

The expected dividend payment for the year is disclosed as a separate item under equity.

## Financial statements 1 July – 30 June

### Notes

#### 1 Accounting policies (continued)

##### Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

##### Liabilities other than provisions

Financial liabilities and loan from group entities are recognised on the date of borrowing as net proceeds received less transaction costs incurred. In subsequent periods, the loans are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Other financial liabilities are measured at net realisable value.

##### Deferred income

Deferred income comprises payments received regarding income in subsequent years.

## Financial statements 1 July – 30 June

### Notes

| USD  | 2018/19                 | 2017/18              |                   |                                   |
|--|-------------------------|----------------------|-------------------|-----------------------------------|
| <b>2 Financial expenses</b>                            |                         |                      |                   |                                   |
| Interest expenses to group entities                    | 56,916                  | 41,992               |                   |                                   |
| Other financial costs                                  | <u>28,878</u>           | <u>131,465</u>       |                   |                                   |
|  | <u>85,794</u>           | <u>173,457</u>       |                   |                                   |
| <b>3 Tax on profit for the year</b>                    |                         |                      |                   |                                   |
| Joint taxation contribution                            | 134,961                 | 112,227              |                   |                                   |
| Deferred tax for the year                              | <u>-43,328</u>          | <u>-43,367</u>       |                   |                                   |
|  | <u>91,633</u>           | <u>68,860</u>        |                   |                                   |
| <b>4 Property, plant and equipment</b>                 |                         |                      |                   |                                   |
| USD  |                         | Land and buildings   |                   |                                   |
| Cost at 1 July 2018                                    |                         | <u>14,770,024</u>    |                   |                                   |
| Cost at 30 June 2019                                   |                         | <u>14,770,024</u>    |                   |                                   |
| Revaluations at 1 July 2018                            |                         | <u>350,157</u>       |                   |                                   |
| Revaluations at 30 June 2019                           |                         | <u>350,157</u>       |                   |                                   |
| Depreciation and impairment losses at 1 July 2018      |                         | <u>-5,894,132</u>    |                   |                                   |
| Depreciation for the year                              |                         | <u>-755,586</u>      |                   |                                   |
| Depreciation and impairment losses at 30 June 2019     |                         | <u>-6,649,718</u>    |                   |                                   |
| <b>Carrying amount at 30 June 2019</b>                 |                         | <u>8,470,463</u>     |                   |                                   |
| <b>5 Non-current liabilities other than provisions</b> |                         |                      |                   |                                   |
| USD  | Total debt at 30/6 2019 | Repayment, next year | Long-term portion | Outstanding debt after five years |
| Mortgage debt  | <u>2,392,301</u>        | <u>234,536</u>       | <u>2,157,765</u>  | <u>1,202,459</u>                  |
|  | <u>2,392,301</u>        | <u>234,536</u>       | <u>2,157,765</u>  | <u>1,202,459</u>                  |
| <b>6 Contractual obligations, contingencies, etc.</b>  |                         |                      |                   |                                   |
| <b>Other contingent liabilities</b>                    |                         |                      |                   |                                   |

The Company is jointly taxed with its parent company, Nordic Aviation Capital A/S, which serves as management company, and together with other jointly taxed group entities, the Company has joint and several liability for the payment of income taxes as well as withholding taxes on interest, royalties and dividends.

## **Financial statements 1 July – 30 June**

### **Notes**

#### **7 Mortgages and collateral**

The buildings at Stratusvej 2 and 12, title no. 2CQ Billund, Grene, at leased land with a carrying amount of USD 8,470 thousand has been provided as collateral for the Company's mortgage debt.

#### **8 Related party disclosures**

Nordic Aviation Financing ApS' related parties comprise the following:

##### **Control**

Nordic Aviation Financing ApS, Stratusvej 12, 7190 Billund, Denmark.

Nordic Aviation Capital A/S, Stratusvej 12, 7190 Billund, Denmark, holds the majority of the contributed capital in the Company

Nordic Aviation Financing ApS is part of the consolidated financial statements of Nordic Aviation Capital Designated Activity Company, Bedford Place, Henry Street, Limerick City, Ireland, which is the smallest group in which the Company is included as a subsidiary.

The consolidated financial statements of Nordic Aviation Capital Designated Activity Company can be obtained by contacting the companies at the addresses above.