

# FlexFlight ApS

Lufthavnsvej 50, 4000 Roskilde

CVR no. 27 37 67 70

## Annual report 2017

Approved at the Company's annual general meeting on 18 June 2018

Chairman:

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## Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of FlexFlight ApS for the financial year 1 January - 31 December 2017.

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 of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017.

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.

Roskilde, 18 June 2018  
Executive Board:

.....  
Christian Ejnar Honoré

.....  
Rasmus Koch Wilsom

.....  
Ran Piontek

## Independent auditor's report

### To the shareholders of FlexFlight ApS

#### Opinion

We have audited the financial statements of FlexFlight ApS for the financial year 1 January - 31 December 2017, which comprise 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 financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

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.

#### Management's responsibilities for the financial statements

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

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

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

Our objectives are to obtain reasonable assurance 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 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 the 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:

- u 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.

## Independent auditor's report

- u 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.
- u Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- u 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.
- u Evaluate the overall presentation, structure and contents of the financial statements, including the note 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 Statement Act. We did not identify any material misstatement of the Management's review.

Odense, 18 June 2018  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Søren Smedegaard Hvid  
State Authorised Public Accountant  
MNE no.: mne31450



## **Management's review**

### **Company details**

Name	FlexFlight ApS
Address, Postal code, City	Lufthavnsvej 50, 4000 Roskilde
CVR no.	27 37 67 70
Established	1 October 2003
Registered office	Roskilde
Financial year	1 January - 31 December
Executive Board	Christian Ejnar Honoré Rasmus Koch Wilsom Ran Piontek
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Englandsgade 25, P.O. Box 200, 5100 Odense C, Denmark

## Management's review

### Business review

The Company's activity is to provide taxiplane and air services, and together with WorldTicket A/S to market other airline companies in the entire world via so-called interline and codeshare. This activity facilitates the sale of flight tickets in more than 100 countries.

### Financial review

In 2017, the Company's revenue amounted to DKK 44,848,792 against DKK 13,150,381 last year. . The income statement for 2017 shows a loss of DKK 801,908 against a profit of DKK 267,502 last year, and the balance sheet at 31 December 2017 shows equity of DKK 1,108,134.

In 2017 Flexflight ApS have founded a subsidiary, Flexflight SrL in San Marino which have obtained an AOC in San Marino. The two AOC's is approved by the same group of NP's and offers the opportunity to operate commercially with several type certificates (FAA, Transport Canada, EASA). We expect to have success attracting new clients from among other off-shore registrations as, Isle of Mann, The Channel Islands, Cayman Islands who do not have the opportunity to operate commercially.

For 2018 FlexFlights ApS has a budget showing expected earnings before tax of 4,1 mio. DKK. By the end of april the revised budget shows a expected result for 2018 is earnings before tax of 1,1 mio. DKK. This is mainly due to postponement regarding some expected activities. If the budgetted activities is going to be performed in 2018 management expect to achieve the original budget for 2018.

### 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 January - 31 December

### Income statement

Note	DKK	2017	2016
	<b>Revenue</b>	44,848,792	13,150,381
	Cost of sales	-32,641,209	-6,024,709
	Other external expenses	-1,742,853	-1,040,863
	<b>Gross margin</b>	10,464,730	6,084,809
3	Staff costs	-8,776,758	-5,234,715
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-77,986	-71,753
	<b>Profit before net financials</b>	1,609,986	778,341
4	Financial income	860,718	1,431,048
5	Financial expenses	-3,254,228	-1,865,815
	<b>Profit/ loss before tax</b>	-783,524	343,574
6	Tax for the year	-18,384	-76,072
	<b>Profit/ loss for the year</b>	-801,908	267,502
	<b>Recommended appropriation of profit/ loss</b>		
	Retained earnings/ accumulated loss	-801,908	267,502
		-801,908	267,502



## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	2017	2016
	<b>ASSETS</b>		
	<b>Fixed assets</b>		
7	<b>Intangible assets</b>		
	Development projects in progress	26,600	0
		<u>26,600</u>	<u>0</u>
8	<b>Property, plant and equipment</b>		
	Land and buildings	1,199,400	1,209,520
	Other fixtures and fittings, tools and equipment	472,307	145,795
		<u>1,671,707</u>	<u>1,355,315</u>
	<b>Investments</b>		
	Investments in group entities, net asset value	1,408,623	0
	Other receivables	21,901	21,901
		<u>1,430,524</u>	<u>21,901</u>
	<b>Total fixed assets</b>	<u>3,128,831</u>	<u>1,377,216</u>
	<b>Non-fixed assets</b>		
	<b>Receivables</b>		
	Trade receivables	1,815,031	172,845
	Receivables from group entities	18,718,709	22,281,200
	Deferred tax assets	1,582,575	1,600,959
	Other receivables	6,201,431	1,730,616
	Deferred income	2,813,496	174,771
		<u>31,131,242</u>	<u>25,960,391</u>
9	<b>Cash</b>	<u>30,910,722</u>	<u>9,844,032</u>
	<b>Total non-fixed assets</b>	<u>62,041,964</u>	<u>35,804,423</u>
	<b>TOTAL ASSETS</b>	<u>65,170,795</u>	<u>37,181,639</u>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	2017	2016
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
10	Share capital	130,000	130,000
	Revaluation reserve	558,017	558,017
	Retained earnings	420,117	1,222,025
	<b>Total equity</b>	<u>1,108,134</u>	<u>1,910,042</u>
	<b>Liabilities other than provisions</b>		
	<b>Current liabilities other than provisions</b>		
	Bank debt	55,909	22,514
	Trade payables	5,736,593	1,162,594
	Income taxes payable	0	74,990
	Payables to shareholders and management	0	88
11	Other payables	57,062,633	33,986,464
	Deferred income	1,207,526	24,947
		<u>64,062,661</u>	<u>35,271,597</u>
	<b>Total liabilities other than provisions</b>	<u>64,062,661</u>	<u>35,271,597</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u>65,170,795</u>	<u>37,181,639</u>

- 1 Accounting policies
- 2 Liquidity and capital resources
- 12 Collateral

## Financial statements 1 January - 31 December

### Statement of changes in equity

DKK	Share capital	Revaluation reserve	Retained earnings	Total
Equity at 1 January 2016	130,000	558,017	-5,045,477	-4,357,460
Adjusted equity at 1 January 2016	130,000	558,017	-5,045,477	-4,357,460
Transfer through appropriation of profit	0	0	267,502	267,502
Contribution from group	0	0	6,000,000	6,000,000
<b>Equity at 1 January 2017</b>	130,000	558,017	1,222,025	1,910,042
Transfer through appropriation of loss	0	0	-801,908	-801,908
<b>Equity at 31 December 2017</b>	130,000	558,017	420,117	1,108,134

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of FlexFlight ApS for 2017 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

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

#### Income statement

##### Revenue

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

##### Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

##### Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

##### Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

##### Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Land and buildings	50 years
Other fixtures and fittings, tools and equipment	3-5 years

##### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

##### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

### Balance sheet

#### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

#### Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

#### Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

#### Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

#### Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; 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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

#### Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities 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 over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

#### Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 2 Liquidity and capital resources

For 2018 FlexFlights ApS has a budget showing expected earnings before tax of 4,1 mio. DKK. By the end of april the revised budget shows a expected result for 2018 is earnings before tax of 1,1 mio. DKK. This is due to postponement of some expected activities.

If the budgetted activities is performed in 2018 management expect to achieve the original budget for 2018.

DKK	2017	2016
<b>3 Staff costs</b>		
Wages/salaries	8,041,722	4,942,476
Pensions	143,421	59,637
Other social security costs	79,245	71,066
Other staff costs	512,370	161,536
	<u>8,776,758</u>	<u>5,234,715</u>
Average number of full-time employees	<u>14</u>	<u>9</u>
<b>4 Financial income</b>		
Interest receivable, associates	238,183	115,044
Exchange adjustments	610,919	1,308,745
Other financial income	11,616	7,259
	<u>860,718</u>	<u>1,431,048</u>
<b>5 Financial expenses</b>		
Exchange adjustments	3,170,045	1,862,867
Other financial expenses	84,183	2,948
	<u>3,254,228</u>	<u>1,865,815</u>
<b>6 Tax for the year</b>		
Estimated tax charge for the year	0	74,990
Deferred tax adjustments in the year	18,384	1,082
	<u>18,384</u>	<u>76,072</u>
<b>7 Intangible assets</b>		
DKK		<b>Development projects in progress</b>
Additions in the year		<u>26,600</u>
Cost at 31 December 2017		<u>26,600</u>
<b>Carrying amount at 31 December 2017</b>		<u>26,600</u>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 8 Property, plant and equipment

DKK	Land and buildings	Other fixtures and fittings, tools and equipment	Total
Cost at 1 January 2017	505,975	223,934	729,909
Additions in the year	0	402,378	402,378
Disposals in the year	0	-30,000	-30,000
Cost at 31 December 2017	505,975	596,312	1,102,287
Revaluations at 1 January 2017	744,025	0	744,025
Revaluations at 31 December 2017	744,025	0	744,025
Impairment losses and depreciation at 1 January 2017	40,480	78,139	118,619
Amortisation/depreciation in the year	10,120	67,866	77,986
Reversal of amortisation/depreciation and impairment of disposals	0	-22,000	-22,000
Impairment losses and depreciation at 31 December 2017	50,600	124,005	174,605
<b>Carrying amount at 31 December 2017</b>	<b>1,199,400</b>	<b>472,307</b>	<b>1,671,707</b>
Depreciated over	50 years	3-5 years	

#### 9 Cash

DKK 6m has been deposited as security for a cooperation with a partner.

#### 10 Share capital

Analysis of changes in the share capital over the past 5 years:

DKK	2017	2016	2015	2014	2013
Opening balance	130,000	130,000	126,000	126,000	126,000
Capital increase	0	0	4,000	0	0
	130,000	130,000	130,000	126,000	126,000

DKK	2017	2016
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#### 11 Other payables

Prepayments for flight tickets	56,083,845	33,160,902
Other accrued expenses	978,788	825,562
	57,062,633	33,986,464

Of other payables DKK 56,083,845 (2016: DKK 33,160,902 ) relates to prepayments for flight tickets which were not due for payment to the airline companies on 31 December 2017.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 12 Collateral

The Company is included in national joint taxation with Worldticket A/S as the administrative company and together with the other jointly taxed companies, the Company has joint and several unlimited liability for total income taxes as of the financial year 2012.

As of 1 July 2012, the Company and the other jointly taxed companies have joint and several unlimited liability for any obligation to withhold tax on interest, royalties and dividends.

The group expects a high tax income during the next two-three years.

The company has issued a letter of support to the related company Worldticket A/S undertaking among other things to provide the capital and liquidity needed.

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“Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument.”

## Christian Ejnar Honoré

Direktionsmedlem

På vegne af: FlexFlight

Serienummer: PID:9208-2002-2-388268709164

IP: 77.89.46.52

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NEM ID 

## Rasmus Koch Wilsom

Direktionsmedlem

På vegne af: FlexFlight

Serienummer: PID:9208-2002-2-253332818717

IP: 109.57.153.89

2018-06-19 14:20:24Z

NEM ID 

## Ran Piontek

Direktionsmedlem

På vegne af: FlexFlight

Serienummer: PID:9208-2002-2-765190515713

IP: 87.59.203.22

2018-06-19 17:21:25Z

NEM ID 

## Søren Smedegaard Hvid

Statsautoriseret revisor

På vegne af: EY

Serienummer: CVR:30700228-RID:1256831000710

IP: 87.50.18.46

2018-06-19 21:09:47Z

NEM ID 

## Lars Bloch

Dirigent

På vegne af: FlexFlight

Serienummer: PID:9208-2002-2-691838499761

IP: 176.23.224.195

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