

# FlexFlight ApS

Lufthavnsvej 50, 4000 Roskilde

CVR no. 27 37 67 70



## Annual report 2016

Approved at the annual general meeting of shareholders on 20 June 2017

Chairman:

.....  
Lars Bloch



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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 2016.

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 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016.

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, 20 June 2017  
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 2016, which comprise an 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 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016 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 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 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 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 skepticism 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.
- 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.

## Independent auditor's report

- 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 conclusion is 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 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 our procedures, 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, 20 June 2017

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28

Søren Smedegaard Hvid  
State Authorised Public Accountant



## 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

### Management commentary

#### 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 2016, the Company's revenue amounted to DKK 13,150,381 against DKK 21,246,776 last year. The income statement for 2016 shows a profit of DKK 267,502 against DKK 758,452 last year, and the balance sheet at 31 December 2016 shows equity of DKK 1,910,043.

#### Material misstatements

Material misstatements have been identified in the financial statements in the fiscal year 2014. The error relates to the completeness, accuracy and valuation of prepayments of flight tickets and deferred tax. The errors have been restated in the financial highlights, in the balance sheet and in the notes. The errors have the following impact on the comparative figures for 2015:

Other payables are underestimated by DKK 7,9 million (costs are attributable to previous years)

Current tax and deferred tax assets are underestimated by DKK 1.6 million (relate to previous years)

Equity at January 1st 2015 is affected by the restatement by DKK 6.3 million

#### 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 for the period 1 January - 31 December

### Income statement

Note	DKK	2016	2015
	Revenue	13,150,381	21,246,776
	Cost of sales	-6,024,709	-11,277,197
	Other external expenses	-1,040,863	-2,727,196
	Gross margin	6,084,809	7,242,383
2	Staff costs	-5,234,715	-6,111,543
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-71,753	-20,626
	Profit before net financials	778,341	1,110,214
3	Financial income	1,431,048	502,513
4	Financial expenses	-1,865,815	-635,396
	Profit before tax	343,574	977,331
5	Tax for the year	-76,072	-218,879
	Profit for the year	267,502	758,452
	Recommended appropriation of profit		
	Retained earnings	267,502	758,452
		267,502	758,452



Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	<u>2016</u>	<u>2015</u>
	ASSETS		
	Fixed assets		
6	Property, plant and equipment		
	Land and buildings	1,209,520	1,219,640
	Other fixtures and fittings, tools and equipment	<u>145,795</u>	<u>81,078</u>
		<u>1,355,315</u>	<u>1,300,718</u>
	Investments		
	Other receivables	<u>21,901</u>	<u>21,901</u>
		<u>21,901</u>	<u>21,901</u>
	Total fixed assets	<u>1,377,216</u>	<u>1,322,619</u>
	Non-fixed assets		
	Receivables		
	Trade receivables	172,845	596,529
	Receivables from group entities	22,281,200	1,737,470
	Deferred tax assets	1,600,959	1,602,041
	Other receivables	1,730,616	2,518,070
	Deferred income	<u>174,771</u>	<u>83,731</u>
		<u>25,960,391</u>	<u>6,537,841</u>
	Cash	<u>9,844,032</u>	<u>18,203,486</u>
	Total non-fixed assets	<u>35,804,423</u>	<u>24,741,327</u>
	TOTAL ASSETS	<u>37,181,639</u>	<u>26,063,946</u>

## Financial statements for the period 1 January - 31 December

### Balance sheet

Note	DKK	<u>2016</u>	<u>2015</u>
	EQUITY AND LIABILITIES		
	Equity		
7	Share capital	130,000	130,000
	Share premium account	0	0
	Revaluation reserve	558,017	558,017
	Retained earnings	<u>1,222,026</u>	<u>-5,045,476</u>
	Total equity	<u>1,910,043</u>	<u>-4,357,459</u>
	Liabilities		
	Current liabilities		
	Bank debt	22,514	80,959
	Trade payables	1,162,593	1,154,994
	Income taxes payable	74,990	0
	Payables to shareholders and management	88	158
8	Other payables	33,986,464	29,102,942
	Deferred income	<u>24,947</u>	<u>82,352</u>
		<u>35,271,596</u>	<u>30,421,405</u>
	Total liabilities other than provisions	<u>35,271,596</u>	<u>30,421,405</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>37,181,639</u></u>	<u><u>26,063,946</u></u>

1 Accounting policies

9 Collateral

## Financial statements for the period 1 January - 31 December

### Statement of changes in equity

DKK	Share capital	Share premium account	Revaluation reserve	Retained earnings	Total
Equity at 1 January 2015	126,000	0	558,017	-574,754	109,263
Correction of fundamental error	0	0	0	-6,225,174	-6,225,174
Adjusted equity at 1 January 2015	126,000	0	558,017	-6,799,928	-6,115,911
Capital increase	4,000	996,000	0	0	1,000,000
Transfer through appropriation of profit	0	0	0	758,452	758,452
Transferred from share premium account	0	-996,000	0	996,000	0
Equity at 1 January 2016	130,000	0	558,017	-5,045,476	-4,357,459
Transfer through appropriation of profit	0	0	0	267,502	267,502
Contribution from group	0	0	0	6,000,000	6,000,000
Equity at 31 December 2016	130,000	0	558,017	1,222,026	1,910,043

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of FlexFlight ApS for 2016 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.

#### Material misstatements

Material misstatements have been identified in the financial statements in the fiscal year 2014. The error relates to the completeness, accuracy and valuation of prepayments of flight tickets and deferred tax. The errors have been restated in the financial highlights, in the balance sheet and in the notes. The errors have the following impact on the comparative figures for 2015:

Other payables are underestimated by DKK 7.9 million (costs are attributable to previous years)

Current tax and deferred tax assets are underestimated by DKK 1.6 million (relate to previous years)

Equity at January 1th 2015 is affected by the restatement by DKK 6.3 million

#### 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 statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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 subsidiaries. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

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.

##### 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.

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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.

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 for the period 1 January - 31 December

### Notes to the financial statements

DKK	2016	2015	
2 Staff costs			
Wages/salaries	4,942,476	5,739,180	
Pensions	59,637	108,624	
Other social security costs	71,066	53,941	
Other staff costs	161,536	209,798	
	<u>5,234,715</u>	<u>6,111,543</u>	
Average number of full-time employees	<u>9</u>	<u>10</u>	
3 Financial income			
Interest receivable, associates	115,044	0	
Exchange adjustments	1,308,745	470,508	
Other financial income	7,259	32,005	
	<u>1,431,048</u>	<u>502,513</u>	
4 Financial expenses			
Exchange adjustments	1,862,867	632,810	
Other financial expenses	2,948	2,586	
	<u>1,865,815</u>	<u>635,396</u>	
5 Tax for the year			
Estimated tax charge for the year	74,990	0	
Deferred tax adjustments in the year	1,082	218,879	
	<u>76,072</u>	<u>218,879</u>	
6 Property, plant and equipment			
DKK	Land and buildings	Other fixtures and fittings, tools and equipment	Total
Cost at 1 January 2016	505,975	97,584	603,559
Additions in the year	0	126,350	126,350
Cost at 31 December 2016	<u>505,975</u>	<u>223,934</u>	<u>729,909</u>
Value adjustments at 1 January 2016	744,025	0	744,025
Value adjustments at 31 December 2016	<u>744,025</u>	<u>0</u>	<u>744,025</u>
Impairment losses and depreciation at 1 January 2016	30,360	16,506	46,866
Amortisation/depreciation in the year	10,120	61,633	71,753
Impairment losses and depreciation at 31 December 2016	<u>40,480</u>	<u>78,139</u>	<u>118,619</u>
Carrying amount at 31 December 2016	<u>1,209,520</u>	<u>145,795</u>	<u>1,355,315</u>
Amortised over	<u>50 years</u>	<u>3-5 years</u>	

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 7 Share capital

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

DKK	2016	2015	2014	2013	2012
Opening balance	130,000	126,000	126,000	126,000	126,000
Capital increase	0	4,000	0	0	0
	<u>130,000</u>	<u>130,000</u>	<u>126,000</u>	<u>126,000</u>	<u>126,000</u>

DKK	2016	2015
8 Other payables		
Prepayments for flight tickets	33,160,902	20,589,637
Other accrued expenses	825,562	8,513,305
	<u>33,986,464</u>	<u>29,102,942</u>

Of other payables DKK 33,160,902 (2015: DKK 20,589,637) relates to prepayments for flight tickets which were not due for payment to the airline companies on 31 December 2016.

#### 9 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 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.