DAT Holding A/S

Lufthavnsvej 4, DK-6580 Vamdrup

Annual Report for 2023

CVR No. 27 49 35 72

The Annual Report was presented and adopted at the Annual General Meeting of the company on 23/5 2024

Halldor Sigurdarson
Chairman of the general meeting

Contents

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of DAT Holding A/S for the financial year 1 January - 31 December 2023.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2023.

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

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

Vamdrup, 23 May 2024

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 Holding A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of DAT Holding A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("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 Group 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 Consolidated Financial Statements and the Parent Company 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 consolidated financial statements and parent company 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 Group´s and the Parent 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 Group or the Parent 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 Group´s and the Parent 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 Group´s and the Parent 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 Group and the Parent 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Independent Auditor's report

Trekantområdet, 23 May 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jan Bunk Harbo Larsen
State Authorised Public Accountant
mne30224

Company information

The Company	DAT Holding A/S Lufthavnsvej 4 DK-6580 Vamdrup CVR No: 27 49 35 72 Financial period: 1 January - 31 December Municipality of reg. office: Kolding
Board of Directors	Halldor Sigurdarson, chairman Kristian Anders Hvass Jesper Rungholm
Executive Board	Jesper Rungholm
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Herredsvej 32 DK-7100 Vejle

Group Chart

Company	Residence	Ownership
DAT Holding A/S	**Vamdrup, Denmark**	
DAT A/S	Vamdrup, Denmark	100%
DAT Leasing A/S	Vamdrup, Denmark	100%
DAT LT, UAB	Kaunas, Lithuania	100%

Financial Highlights

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

	Group				
	2023	2022	2021	2020	2019
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	1,034,168	795,896	573,647	428,307	1,007,650
Gross profit	338,408	227,107	211,151	255,811	329,241
Profit/loss of ordinary primary operations	73,658	-20,287	-73,715	-162,530	29,106
Profit/loss of financial income and expenses	-24,251	-580	-25,708	-17,454	-37,155
Net profit/loss for the year	50,059	4,983	3,580	4,450	14,926
Balance sheet					
Balance sheet total	1,050,683	906,709	892,388	888,530	871,088
Investment in property, plant and equipment	96,126	132,907	84,282	45,992	58,122
Equity	230,903	181,682	176,699	173,122	168,877
Cash flows					
Cash flows from:					
- operating activities	224,089	70,599	93,962	121,643	-2,357
- investing activities	-83,032	-112,998	-14,260	-17,750	40,213
- financing activities	-34,249	-25,549	-48,117	-2,491	-31,322
Change in cash and cash equivalents for the year	106,808	-67,948	31,585	101,402	6,534
Number of employees	323	330	237	342	562
Ratios					
Gross margin	32.7%	28.5%	36.8%	59.7%	32.7%
Profit margin	8.2%	0.3%	7.5%	4.4%	5.4%
Return on assets	8.1%	0.3%	4.8%	2.1%	6.2%
Solvency ratio	22.0%	20.0%	19.8%	19.5%	19.4%
Return on equity	24.3%	2.8%	2.0%	2.6%	9.2%

Management's review

Key activities

The Group's activities consist of two airlines and related activities using both owned and leased aircraft, as well as, trading of aircraft and parts.

Development in the year

The income statement of the Group for 2023 shows a profit of TDKK 50,059, and at 31 December 2023 the balance sheet of the Group shows a positive equity of TDKK 230,903.

General business resumed to normality with no direct COVID implication for the full year. Yield across the network of Scheduled Services improved year-on-year, in particular during the first few months of 2023, and the number of passengers carried per flight exceeded the 2022 level. The activity level within the Schedule Services segment was, as in years before, reasonably stable throughout the year although there was seasonality impact with in frequency with the winter months having 48 daily flights on average and the summer months having 56 daily flights on average. Overall flight activity dropped from the year before, largely because of a combination of discontinued, as well as reduced frequency on, routs in Denmark. Scheduled services performed mostly to expectations.

Jet production, servicing ACMI markets in Europe and Asia, had a slow start to the year with aircraft mostly sitting idle until the spring and only a handful of flights operated. This changed dramatically to the better from early on in April and into June and then continued throughout the summer season into early winter. Some of the aircraft carried on under Wet lease contracts into the winter and some continue into this coming spring. Demand for Ad-hoc services on short notice was much higher than it has been before and the aircraft dedicated for Ad-hocs and to service internally as back-up was almost in full production from early summer until end of the summer season. Performance and results from both ACMI and Ad-hoc services exceeded expectations.

The severe negative impacts in 2022 caused by the Russian invasion into Ukraine eased somewhat in 2023. Price of fuel came back down and the US Dollar recovered although it continued throughout the year 2023 to be at a historical strong level. Strong US Dollar works against the Company as a good portion of our cash outflows are US Dollar denominated and thus negatively impacts the bottom-line results.

One Airbus aircraft entered the fleet in early 2023. The active operating fleet consisted of 14 ATR aircraft, 6 Airbus aircraft, and 1 Citation aircraft. One further Airbus aircraft joined the fleet in early 2024.

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

In 2022,the primary expectations, for the financial year of 2023, was that the revenue at the group level would increase by 16% from the year before. The realised revenue in 2023 was however approximately 30% higher than in 2022. The reason for the greater than initially expected revenue increase was because of the combination of (i) ACMI and Ad-hoc activities being higher than was envisaged, and (ii) better selling prices achieved than anticipated. These resulted in a robust financial performance starting from the spring and until end of the summer season. Until then, the financial performance was disappointing, albeit expected. Whilst the winter 2023 was loss making, it was notably better than the harsh winter before it. Overall, a reasonable financial result with profit with a net profit margin of 8.2%.

Capital resources

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.

The Group has total debt towards Sydbank amounting to DKK 140 mill as of year-end 2023. Thereof, DKK 45 mill is in form of two revolving facilities with annual extensions during the summer time each year. Additional facilities were provided during the year. One in relation to past aircraft improvements and the other against future of aircraft and engines.

As of April 2024, the liquidity is adequate with a short-term headroom totalling around DKK 144 mill. Being cautiously optimistic, the long-term liquidity forecast (12 months) shows a headroom of DKK 112 mill under the budgeted scenario. Management view is that the budgeted 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 2024. 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 2024 to yield a profit before tax of approximately DKK 45 mill at 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 remains uncapped and thus challenging to predict. A key to meeting the profit target is to deliver smooth, reliable, and on-time operations. One very important element to achieving that is to have all required resources available which is why the timing of both recruitment and the successful completion of training of flight crew personnel can play a crucial role. 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 did in 2022 exit its services of planned charter services and is not intending to resume such 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 2023.

Branches abroad

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

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

The Group's corporate social responsibility (CSR) is necessary to lead a sustainable business, and the Group strives in all its activities to operate socially responsible, not only within flight operations but also in relation to general management and broader activities related to flight operations. Throughout the years the Group has continuously worked on establishing a range of policies and guidance material related to its CSR, especially within environmental and climate-related aspects as well as overall safety in all areas.

The Group's business model focuses on two areas: scheduled flights, and flights for other airlines (ACMI). Ad-hoc and short-series charters will be operated but not multi series of seasonal charter flights. Operations are primarily based in the European market with a focus on the Nordic region. Some ACMI activities take place outside of this area as well as outside of Europe. DAT sells tickets under its own brand direct to passengers as well as in the business-to-business markets. There is no exposure to markets or customers that infringe upon human rights nor are there signs that suppliers do not adhere to human rights.

Due to the nature of the Group's activities, there are environmental risks and impacts related to the operations. The large amount of energy needed for planes to get, and stay, airborne creates a big environmental risk as one of the most carbon-intensive form of travel. Environmental and climate aspects have been incorporated into the business through operational procedures and strategic focus on addressing CO2 emissions. Fuel consumption is monitored and thereby carbon footprint. In 2023 we reduced our fuel carbon consumption by 24.7% from 2022 (including flights operating under the Group's call signs). This is attributed mainly to our withdrawal from operating planned charter series as well as redirecting so of the aircraft capacity from Scheduled Services to ACMI services. The Group is working on a fleet renewal plan with the aim of replacing aircraft with those more fuel efficient. This initiative will continue in the future. The Airbus fleet was expanded in 2022 as a replacement for the Group's more fuel-intensive MD aircraft that were disposed of in 2021. Crew are trained to minimize fuel usage throughout our operations while maintaining full compliance with aviation regulations, for both environmental and cost optimization. In 2020 DAT A/S announced its intention to join the Air Transport Climate Fund (i.e. Luftfartens Klimafond), whose intentions were to facilitate the industry's green transition and contribute to Denmark's climate goals. This fund has since been discontinued due to a change in focus within the Danish government.

The Group's cooperation is built upon trust and respect. We treat all – customers, suppliers, employees, and colleagues alike – as we ourselves wish to be treated. Such behavior requires that we regard all humans as equal with a right to equal treatment and respect regardless of race, color, gender, age, nationality, religion, or political or sexual orientation. The Group respects international law regarding human rights and will react to violations of these laws.

Employees face many potential hazards on the job, from strains assisting passengers with luggage to, falls on wet surfaces, to more severe injuries in cases of emergency landings. There are defined social and employment conditions within the Group to ensure a productive and safe environment. There are regular activities to promote the physical and psychological environments as well as employees' welfare. One stated goal of the Group is a high level of health and safety regarding the physical and psychological working environments. This is seen through the Group's focus on sickness levels, alcohol and smoking policies, safety and security policies, random testing for psychoactive substances, a peer support program for flight crew, and the requirements regarding continuous health checks for its flight crew.

We have regular evaluations of the Group's alcohol and smoking policies, as well as a triennial evaluation among all staff of the Group's working environment. There is a Safety Management System to ensure the security and safety of the airlines which follows a bottom-up approach that builds on reports from colleagues to the safety system.

Management's review

The working environment has in 2023 been evaluated through several initiatives, both formal and informal. Formal initiatives include: Working Environmental Committee, Safety Action Groups, and Safety Review Board meetings. Within DAT A/S a formal Working Environment Committee solicits input from personnel and addresses specific issues. A triannual risk assessment is completed surveying the work environment and health and safety of the following employee groups: flight crew, mechanics, and administrative staff. The triannual assessment is not done in the same year for all employee groups. The operational environment is regularly evaluated through quarterly and biannual Safety Action Groups (i.e. Peer Support, Fatigue, and Flight and Airworthiness). These initiatives will continue in the future. Issues are brought forward to mid-management from both anonymous and identifiable front-line personnel reports through the Safety Management System. Finally, biannual Safety Review Board meetings address matters that require upper management involvement, most often raised from Safety Action Group meetings. Finally, ad-hoc informal meetings are held with front-line personnel to address either timely or less pressing matters. An example of a formal initiative implemented in 2022 include improving accommodation providers in a training location for flight crew and an informal initiative include liaising with flight crew regarding a route's timetable to align commercial and operational aspects. This initiative have continued in 2023, and will further continue into future years. The significant reduction in work and various initiatives implemented to reduce costs throughout the year may impact evaluations in the future, but at the same time, may be an opportunity to improve efficiency (e.g. long flying days but not impacting fatigue due to reduced working days.

The Group's handbooks are readily available and ensure that all colleagues can quickly find information regarding the Group's policies and other relevant information. The current business environment is not conducive to corruption risks and therefore no anti-corruption policy has been put in place. This policy does not exist because the Group is not directly exposed to corruption issues in its transactions, neither directly nor through suppliers. The Group does declare in its purchase conditions that it will not pay any rebate, commission, salary or any remuneration or reward, indirectly or in any form whatsoever to any officer, employee, agent, or representative employed by or on behalf of the Group.

The Group does not have a formal policy concerning human rights. Such a policy is not in place as the Group is not directly exposed to severe human rights' issues, neither directly nor through suppliers, as far as the Group is aware. The Group respects international law regarding human rights' issues and will react accordingly should the Group be made aware of any breach, either directly or through suppliers.

Statement on gender composition, cf. section 99b of the Financial Statements Act

DAT Holding A/S, DAT Leasing A/S, and DAT A/S have the same board of directors. In 2023, the board of directors was below the targeted goal of 40% female. There has been no change in board directors during the year and as of writing, the current ratio is 0% female. It should be noted that qualifications are always prioritized above gender. It is the Group's intention to re-equalise its male-to-female representation and its board of directors by 2025.

The broader management team currently consists of 100% men and 0% women. Should one take a wider perspective and consider flight crew composition there are gender ratios of varying degrees. The Group acknowledges diversity as a source of competitive advantages and, therefore, wants to secure an equal gender distribution at the broader management team and flight crew level. As stated previously, qualifications are prioritized compared to other factors and the Group does not discriminate during its hiring or promotion of colleagues. To work towards achieving the goal of increasing the number of the underrepresented gender on the board, DAT Holding A/S focuses on following the policy, when there is to be a replacement. Active work has been done in 2023 with the policy to increase the share of the underrepresented gender in the coming years, to reach the targets by 2025.

Management's review

	2023
Top management	
Total number of members	3
Underrepresented gender %	0%
Target figure %	40%
Year for meeting target	2025
Other management levels	
Total number of members	1

Qualifications are prioritized when hiring, however ensuring a wide-ranging applicant pool is important to the Group. The policy for gender equalisation is a two-pronged approach. Internal candidates of all genders are encouraged to apply for management positions. External job postings are placed in industry-specific outlets, in addition to, female-focused outlets if available and relevant to the management position at hand. Since the broader management team of DAT Holding A/S consists of one person, the company is exempt from stating the proportion of the underrepresented gender and from setting targets and policies for the broader management team.

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

The Group does not apply advanced technologies, such as Artificial Intelligence or machine learning in relation to data management. Data used in relation to customers and employees is sufficiently managed in accordance with GDPR legislation and internal policies for privacy and data security. Given the required management of data, the Group has assessed that a separate policy is not necessary. The Group will evaluate whether a policy is needed on a continuous basis.

In 2023, the Group followed up on its data security by commissioning a report to test the vulnerability from social engineering attacks as well as for penetration tests to be performed against several of its resources. The tests concluded in 2023 and will be followed up on in 2025.

Uncertainty relating to recognition and measurement

The assessments of indications of impairment per 31 December 2023 is based on the future cash flows expected by management per 31 December 2023, 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	Group		Parent company	
		2023	2022	2023	2022
		TDKK	TDKK	TDKK	TDKK
Revenue	2	1,034,168	795,896	0	0
Other operating income	3	14,562	22,984	104	587
Direct expenses		-661,580	-520,855	0	0
Other external expenses		-48,742	-70,918	-439	-201
Gross profit		**338,408**	**227,107**	**-335**	**386**
Staff expenses	4	-148,744	-161,335	0	0
Depreciation and impairment losses of property, plant and equipment		-104,655	-63,075	0	0
Profit/loss before financial income and expenses		**85,009**	**2,697**	**-335**	**386**
Income from investments in subsidiaries		0	0	51,308	5,685
Income from investments in associates		1,342	-1,229	1,342	-1,229
Financial income	5	11,643	27,527	118	136
Financial expenses	6	-37,236	-26,878	-3,105	-8
Profit/loss before tax		**60,758**	**2,117**	**49,328**	**4,970**
Tax on profit/loss for the year	7	-10,699	2,866	731	-113
Net profit/loss for the year	8	**50,059**	**4,983**	**50,059**	**4,857**

Balance sheet 31 December

Assets

	Note	Group		Parent company	
		2023	2022	2023	2022
		TDKK	TDKK	TDKK	TDKK
Land and buildings		2,873	2,952	0	0
Other fixtures and fittings, tools and equipment		3,612	3,572	0	0
Aircraft and related		546,038	561,621	0	0
Property, plant and equipment	9	**552,523**	**568,145**	**0**	**0**
Investments in subsidiaries	10	0	0	317,863	269,181
Investments in associates	11	1,342	0	1,342	0
Deposits	12	21,234	19,888	0	0
Fixed asset investments		**22,576**	**19,888**	**319,205**	**269,181**
Fixed assets		**575,099**	**588,033**	**319,205**	**269,181**
Raw materials and consumables		77,576	69,550	0	0
Carbon emission allowances		18,922	10,484	0	0
Inventories		**96,498**	**80,034**	**0**	**0**
Trade receivables		90,417	74,451	0	0
Receivables from group enterprises		29,880	14,515	0	0
Other receivables		63,952	64,044	0	4,137
Corporation tax receivable from group enterprises		0	0	731	0
Prepayments	13	10,820	8,423	0	0
Receivables		**195,069**	**161,433**	**731**	**4,137**
Current asset investments	14	**20**	**20**	**0**	**0**
Cash at bank and in hand		**183,997**	**77,189**	**8,960**	**4,793**
Current assets		**475,584**	**318,676**	**9,691**	**8,930**
Assets		**1,050,683**	**906,709**	**328,896**	**278,111**

Balance sheet 31 December

Liabilities and equity

		Group		Parent company	
	Note	2023	2022	2023	2022
		TDKK	TDKK	TDKK	TDKK
Share capital		11,111	11,111	11,111	11,111
Reserve for net revaluation under the equity method		0	0	220,085	170,203
Reserve for exchange rate conversion		-4	-16	0	0
Retained earnings		219,796	169,737	-293	-482
Equity attributable to shareholders of the Parent Company		**230,903**	**180,832**	**230,903**	**180,832**
Minority interests		0	850	0	0
Equity		**230,903**	**181,682**	**230,903**	**180,832**
Provision for deferred tax	15	26,907	43,975	0	0
Provisions relating to investments in group enterprises		0	0	17,280	24,017
Other provisions	16	37,845	7,130	0	0
Provisions		**64,752**	**51,105**	**17,280**	**24,017**
Subordinate loan capital		46,000	46,000	46,000	46,000
Credit institutions		114,960	119,148	0	0
Lease obligations		24,816	218,568	0	0
Payables to group enterprises		5,000	5,000	5,000	5,000
Other payables		10,134	8,288	0	0
Long-term debt	17	**200,910**	**397,004**	**51,000**	**51,000**

Balance sheet 31 December

Liabilities and equity

		Group		Parent company	
	Note	2023	2022	2023	2022
		TDKK	TDKK	TDKK	TDKK
Credit institutions	17	26,216	42,942	0	0
Lease obligations	17	192,722	14,672	0	0
Prepayments received from customers		6,040	12,344	0	0
Trade payables		89,929	91,772	0	0
Payables to group enterprises	17	1,745	374	27,329	22,061
Payables to owners and Management		42	42	0	0
Corporation tax		11,045	70	0	113
Payables to group enterprises relating to corporation tax		15,458	4,812	0	0
Deposits		2,023	0	0	0
Other payables	17	208,629	109,890	2,384	88
Deferred income	18	269	0	0	0
Short-term debt		**554,118**	**276,918**	**29,713**	**22,262**
Debt		**755,028**	**673,922**	**80,713**	**73,262**
Liabilities and equity		**1,050,683**	**906,709**	**328,896**	**278,111**

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Statement of changes in equity

Group

	Share capital	Reserve for exchange rate conversion	Retained earnings	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	11,111	-16	169,737	180,832	850	181,682
Exchange adjustments	0	12	0	12	0	12
Other equity movements	0	0	0	0	-850	-850
Net profit/loss for the year	0	0	50,059	50,059	0	50,059
Equity at 31 December	**11,111**	**-4**	**219,796**	**230,903**	**0**	**230,903**

Parent company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	11,111	170,203	-482	180,832
Exchange adjustments	0	12	0	12
Net profit/loss for the year	0	49,870	189	50,059
Equity at 31 December	**11,111**	**220,085**	**-293**	**230,903**

Cash flow statement 1 January - 31 December

		Group	
	Note	2023	2022
		TDKK	TDKK
Result of the year		50,059	4,983
Adjustments	19	132,027	46,209
Change in working capital	20	73,742	26,508
Cash flow from operations before financial items		**255,828**	**77,700**
Financial income		11,643	27,521
Financial expenses		-37,236	-26,648
Cash flows from ordinary activities		**230,235**	**78,573**
Corporation tax paid		-6,146	-7,974
Cash flows from operating activities		**224,089**	**70,599**
Purchase of property, plant and equipment		-96,125	-110,765
Fixed asset investments made etc		-4,099	-2,233
Sale of property, plant and equipment		17,192	0
Cash flows from investing activities		**-83,032**	**-112,998**
Repayment of mortgage loans		0	-230
Repayment of loans from credit institutions		-20,914	-6,221
Reduction of lease obligations		-15,702	31,982
Repayment of payables to group enterprises		1,371	-46,903
Repayment of other long-term debt		1,846	-4,177
Other equity entries		-850	0
Cash flows from financing activities		**-34,249**	**-25,549**
Change in cash and cash equivalents		**106,808**	**-67,948**
Cash and cash equivalents at 1 January		77,209	145,151
Exchange adjustment of current asset investments		0	6
Cash and cash equivalents at 31 December		**184,017**	**77,209**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		183,997	77,189
Current asset investments		20	20
Cash and cash equivalents at 31 December		**184,017**	**77,209**

Notes to the Financial Statements

1. Going concern

The Group's financial performance for 2023 shows a profit before tax of TDKK 60.758 and the equity is as of 31 December 2023 positive of TDKK 230.903.

Next to equity the Group's operations is financed through external credit lines provided by the Group'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 140 mill as of year-end 2023. Thereof, DKK 45 mill is in form of two revolving facilities with annual extensions during the summer time each 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 2024, the Group's budget is based on an increase in revenues of around 13% compared to 2023. The revenue growth is expected to be generated from the newly added Airbus aircraft that joined the fleet in early 2024, better utilisation of an Airbus aircraft that was under long-term maintenance in 2023, and improved yield (including PSO contributions) from before. The budget for 2024 is based on some assumptions for securing additional winter production from the winter before.

As of April 2024, the liquidity is adequate with a short-term headroom totalling around DKK 144 mill. Being cautiously optimistic, the long-term liquidity forecast (12 months) shows a headroom of DKK 112 mill under the budgeted scenario. Management view is that the budgeted scenario is reasonable. This includes scheduled instalments on loans of around DKK 20 mill during 2024, new facilities against aircraft investments, and the refinancing of aircraft related purchase options.

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 2024. The Annual Report is therefore presented on the assumption of continued operations.

2. Revenue

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
Geographical segments				
Revenue, Europe	1,034,168	795,896	0	0
	1,034,168	**795,896**	**0**	**0**
Business segments				
Scheduled Services	561,589	599,647	0	0
Charter Services	39,475	58,898	0	0
ACMI Services	433,104	137,351	0	0
	1,034,168	**795,896**	**0**	**0**

Notes to the Financial Statements

3. Other operating income

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
Profit on sale of fixed assets	7,590	6,886	0	0
Profit on sale of inventory	5,176	7,694	0	0
Salary refund	1,278	2,233	0	0
COVID-19 support	414	5,584	0	0
Other income	104	587	104	587
	14,562	**22,984**	**104**	**587**

4. Staff Expenses

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
Wages and salaries	137,665	149,669	0	0
Pensions	6,957	7,558	0	0
Other social security expenses	4,122	4,108	0	0
	148,744	**161,335**	**0**	**0**
Including remuneration to the Executive Board and Board of Directors	**2,137**	**3,118**	**0**	**0**
Average number of employees	**323**	**330**	**0**	**0**

5. Financial income

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
Other financial income	5,510	22,063	118	136
Exchange gains	6,133	5,464	0	0
	11,643	**27,527**	**118**	**136**

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
6. Financial expenses				
Interest paid to group enterprises	3,105	0	3,105	0
Other financial expenses	34,131	23,289	0	8
Exchange adjustments, expenses	0	3,589	0	0
	37,236	**26,878**	**3,105**	**8**

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
7. Income tax expense				
Current tax for the year	26,565	4,947	-731	113
Deferred tax for the year	-17,068	-7,813	0	0
Adjustment of tax concerning previous years	1,202	0	0	0
	10,699	**-2,866**	**-731**	**113**

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
8. Profit allocation				
Reserve for net revaluation under the equity method	0	0	49,870	7,236
Minority interests' share of net profit/loss of subsidiaries	0	126	0	0
Retained earnings	50,059	4,857	189	-2,379
	50,059	**4,983**	**50,059**	**4,857**

Notes to the Financial Statements

9. Property, plant and equipment
Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Aircraft and related
	TDKK	TDKK	TDKK
Cost at 1 January	11,641	29,287	1,186,905
Additions for the year	0	1,561	94,564
Disposals for the year	0	0	-8,348
Cost at 31 December	11,641	30,848	1,273,121
Impairment losses and depreciation at 1 January	8,689	25,713	625,284
Impairment losses for the year	0	0	8,195
Depreciation for the year	79	1,523	99,602
Reversal of impairment and depreciation of sold assets	0	0	-1,254
Reversal for the year of previous years impairment losses	0	0	-4,744
Impairment losses and depreciation at 31 December	8,768	27,236	727,083
Carrying amount at 31 December	**2,873**	**3,612**	**546,038**
Including assets under finance leases amounting to	0	0	209,618

	Parent company	
	2023	2022
	TDKK	TDKK

10. Investments in subsidiaries

	2023 TDKK	2022 TDKK
Cost at 1 January	64,945	64,945
Additions for the year	4,099	0
Cost at 31 December	69,044	64,945
Value adjustments at 1 January	170,219	164,534
Exchange adjustment	12	0
Net profit/loss for the year	46,564	7,266
Change in intercompany profit on inventories	4,744	-1,581
Value adjustments at 31 December	221,539	170,219
Equity investments with negative net asset value amortised over receivables	10,000	10,000
Equity investments with negative net asset value transferred to provisions	17,280	24,017
Carrying amount at 31 December	**317,863**	**269,181**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Ownership
DAT A/S	Vamdrup, Denmark	100%
DAT Leasing A/S	Vamdrup, Denmark	100%
DAT LT, UAB	Kaunas, Lithuania	100%

11. Investments in associates

	Group 2023	Group 2022	Parent company 2023	Parent company 2022
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	2,796	5,996	2,796	5,996
Disposals for the year	0	-3,200	0	-3,200
Cost at 31 December	2,796	2,796	2,796	2,796
Value adjustments at 1 January	-2,796	-1,567	-2,796	-1,567
Net profit/loss for the year	2,236	-4,016	2,236	-4,016
Reversals for the year of revaluations in previous years	-894	2,787	-894	2,787
Value adjustments at 31 December	-1,454	-2,796	-1,454	-2,796
Carrying amount at 31 December	**1,342**	**0**	**1,342**	**0**

Investments in associates are specified as follows:

Name	Place of registered office	Ownership
Nordic Regional Airlines AB	Stockholm, Sweden	60%

12. Other fixed asset investments

Group

	Deposits
	TDKK
Cost at 1 January	19,888
Exchange adjustment	59
Additions for the year	1,287
Cost at 31 December	21,234
Carrying amount at 31 December	**21,234**

13. Prepayments

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

14. Fair values

	Value adjustment, income statement	Fair value at 31 December
	TDKK	TDKK
Group		
Securities	0	20

15. Provision for deferred tax

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
Deferred tax liabilities at 1 January	43,975	51,787	0	0
Amounts recognised in the income statement for the year	-17,068	-7,812	0	0
Deferred tax liabilities at 31 December	**26,907**	**43,975**	**0**	**0**

16. Other provisions

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
Provision for maintenance	37,845	7,130	0	0
	37,845	**7,130**	**0**	**0**

17. 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:

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
Subordinate loan capital				
After 5 years	0	0	0	0
Between 1 and 5 years	46,000	46,000	46,000	46,000
Long-term part	46,000	46,000	46,000	46,000
Within 1 year	0	0	0	0
	46,000	**46,000**	**46,000**	**46,000**
Credit institutions				
After 5 years	9,319	13,105	0	0
Between 1 and 5 years	105,641	106,043	0	0
Long-term part	114,960	119,148	0	0
Within 1 year	25,221	5,000	0	0
Other short-term debt to credit institutions	995	37,942	0	0
	141,176	**162,090**	**0**	**0**
Lease obligations				
After 5 years	0	0	0	0
Between 1 and 5 years	24,816	218,568	0	0
Long-term part	24,816	218,568	0	0
Within 1 year	192,722	14,672	0	0
	217,538	**233,240**	**0**	**0**
Payables to group enterprises				
After 5 years	0	0	0	0
Between 1 and 5 years	5,000	5,000	5,000	5,000
Long-term part	5,000	5,000	5,000	5,000
Other short-term debt to group enterprises	1,745	374	27,329	22,061
	6,745	**5,374**	**32,329**	**27,061**

17. Long-term debt

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
Other payables				
After 5 years	0	0	0	0
Between 1 and 5 years	10,134	8,288	0	0
Long-term part	10,134	8,288	0	0
Other short-term payables	208,629	109,890	2,384	88
	218,763	**118,178**	**2,384**	**88**

18. Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

19. Cash flow statement - Adjustments

	Group	
	2023	2022
	TDKK	TDKK
Financial income	-11,643	-27,527
Financial expenses	37,236	26,878
Depreciation, amortisation and impairment losses, including losses and gains on sales	97,065	48,495
Income from investments in associates	-1,342	1,229
Tax on profit/loss for the year	10,699	-2,866
Exchange adjustments	12	0
	132,027	**46,209**

Notes to the Financial Statements

20. Cash flow statement - Change in working capital

	Group 2023 TDKK	Group 2022 TDKK
Change in inventories	-16,464	-346
Change in receivables	-33,636	-19,234
Change in other provisions	30,715	-9,454
Change in trade payables, etc	93,127	55,542
	73,742	**26,508**

21. Contingent assets, liabilities and other financial obligations

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
Charges and security				
The following assets have been placed as security with bankers:				
Buildings	2,874	2,952	0	0
Company charge of nominally TDKK 191.635 provide security in aircraft with a booked value of	546,038	561,621	0	0
DAT A/S 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	0	0
Rental and lease obligations				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	42,957	19,043	0	0
Between 1 and 5 years	134,646	68,970	0	0
After 5 years	10,758	89,941	0	0
	188,361	**177,954**	**0**	**0**

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
21. Contingent assets, liabilities and other financial obligations				
Other contingent liabilities				
DAT Leasing A/S has provided Runway Leasing ApS a guarantee obligation related to a loan with a booked value of	108,560	0	0	0

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

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

The Danish 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 Danish 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.

22. Related parties and disclosure of consolidated financial statements

	Basis
Controlling interest	
Runway Holding ApS	Vamdrup, Denmark

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:

Name	Place of registered office
Runway Holding ApS	Vamdrup, Denmark

	Group	
	2023	2022
	TDKK	TDKK
23. Fee to auditors appointed at the general meeting		
PricewaterhouseCoopers		
Audit fee	618	761
Tax advisory services	627	200
Non-audit services	49	146
	1,294	**1,107**

24. Subsequent events

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

Notes to the Financial Statements

25. Accounting policies

The Annual Report of DAT Holding A/S for 2023 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 Consolidated Financial Statements and the Parent Company Financial Statements for 2023 are presented in TDKK.

Adjustment of comparative figures

Few comparative figures have been reclassified in the balance sheet in order to present the figures correctly. It has no effect on the equity or the fair view of the Annual Report.

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.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, DAT Holding A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquistition of subsidiaries.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

Notes to the Financial Statements

Leases

Leases in terms of which the Group 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 Group.

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

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

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses 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.

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 Group´s risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income statement

Revenue

Revenue from the sale of goods and services are recognised when the risks and rewards relating to the goods and services 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 Group.

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

Direct expenses

Direct expenses primarily include operating expenses for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales as well as office expenses, etc.

Staff expenses

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

Amortisation, depreciation and impairment losses

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

Notes to the Financial Statements

Other operating income and expenses

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

Income from investments in subsidiaries and associates

The items "Income from investments in subsidiaries" and "Income from investments in associates" in the income statement include the proportionate share of the profit for the year.

Financial income and expenses

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

Tax on profit/loss for the year

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

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

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
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.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised and measured under the equity method.

The items “Investments in subsidiaries” and “Investments in associates” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries and associates is transferred upon distribution of profit to “Reserve for net revaluation under the equity method“ under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries and the associates.

Subsidiaries and associates with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of raw materials and consumables equals landed cost.

Receivables

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

Prepayments

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

Current Asset Investments

Current Asset Investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group 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 liabilities

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.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Notes to the Financial Statements

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand" and "Current asset investments". "Current asset investments" consist of short-term securities with an insignificant risk of value changes that can readily be turned into cash.

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Gross margin	Gross profit x 100 / Revenue
Profit margin	Profit/loss of ordinary primary operations x 100 / Revenue
Return on assets	Profit/loss of ordinary primary operations x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity