

# North Air Logistics A/S

Amager Strandvej 418, 2., 2770 Kastrup

CVR no. 28 98 42 51

## Annual report 2019

Approved at the Company's annual general meeting on 27 May 2020

Chairman:



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

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of North Air Logistics A/S for the financial year 1 January - 31 December 2019.

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 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019.

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

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

Copenhagen, 27 May 2020  
Executive Board:

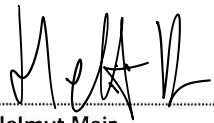


Henrik Spove  
CEO

Board of Directors:



Vikram Singh  
Chairman



Helmut Mair



Henrik Spove

## Independent auditor's report

To the shareholders of North Air Logistics A/S

### Opinion

We have audited the financial statements of North Air Logistics A/S for the financial year 1 January - 31 December 2019, 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 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We 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:

- ▶ 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

- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the 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.

Copenhagen, 27 May 2020

ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Lissen Fagerlin Hammer  
State Authorised Public Accountant  
mne27747



Simon Blendstrup  
State Authorised Public Accountant  
mne44060

## Management's review

### Company details

Name	North Air Logistics A/S
Address, Postal code, City	Amager Strandvej 418, 2., 2770 Kastrup
CVR no.	28 98 42 51
Established	31 August 2005
Registered office	Tårnby
Financial year	1 January - 31 December
Website	<a href="http://www.northairlogistics.com">www.northairlogistics.com</a>
Telephone	+45 32 52 73 00
Telefax	+45 32 52 74 00
Board of Directors	Vikram Singh, Chairman Helmut Mair Henrik Spove
Executive Board	Henrik Spove, CEO
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

### Management commentary

#### Business review

The Company's main activity is provision of air freight.

#### Financial review

The income statement for 2019 shows a profit of DKK 5,708,578 against a profit of DKK 6,608,385 last year, and the balance sheet at 31 December 2019 shows equity of DKK 7,412,589.

#### Events after the balance sheet date

No significant events have occurred subsequent to the financial year-end.

The outbreak of Covid-19 has indeed affected the business. At this stage it is not possible to predict whether it overall will have a positive or negative impact on the result for 2020.

## Financial statements 1 January - 31 December

### Income statement

Note	DKK	2019	2018
	Revenue	13,577,247	12,776,678
	Other external expenses	-3,510,597	-2,108,291
	Gross profit	10,066,650	10,668,387
2	Staff costs	-5,604,124	-5,343,877
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-3,409	-5,707
	Profit before net financials	4,459,117	5,318,803
	Income from investments in group entities	2,288,851	2,543,781
3	Financial income	34,565	95
	Financial expenses	-81,202	-72,714
	Profit before tax	6,701,331	7,789,965
4	Tax for the year	-992,753	-1,181,580
	Profit for the year	5,708,578	6,608,385
	Recommended appropriation of profit	4,500,000	6,600,000
	Proposed dividend recognised under equity	1,208,578	8,385
	Retained earnings	5,708,578	6,608,385

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	2019	2018
	ASSETS		
	Fixed assets		
5	Intangible assets		
	Acquired intangible assets	0	0
		0	0
6	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	43,914	10,065
		43,914	10,065
7	Investments		
	Investments in group entities	205,231	205,231
	Other receivables	270,914	53,211
		476,145	258,442
	Total fixed assets	520,059	268,507
	Non-fixed assets		
	Receivables		
	Trade receivables	5,262,762	6,112,492
	Receivables from group entities	8,361,827	8,517,033
	Deferred tax assets	4,992	6,550
	Joint taxation contribution receivable	30,053	0
	Other receivables	43,463	30,364
	Deferred income	71,492	84,255
		13,774,589	14,750,694
	Cash	2,015,314	1,418,549
	Total non-fixed assets	15,789,903	16,169,243
	TOTAL ASSETS	16,309,962	16,437,750



## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	<u>2019</u>	<u>2018</u>
	EQUITY AND LIABILITIES		
	Equity		
8	Share capital	500,000	500,000
	Retained earnings	2,412,589	1,204,011
	Dividend proposed for the year	4,500,000	6,600,000
	Total equity	<u>7,412,589</u>	<u>8,304,011</u>
	Liabilities other than provisions		
9	Non-current liabilities other than provisions		
	Other payables	212,826	0
		<u>212,826</u>	<u>0</u>
	Current liabilities other than provisions		
	Trade payables	3,038,077	5,125,739
	Payables to group entities	4,590,213	596,478
	Income taxes payable	20,516	1,182,279
	Other payables	1,035,741	1,229,243
		<u>8,684,547</u>	<u>8,133,739</u>
	Total liabilities other than provisions	<u>8,897,373</u>	<u>8,133,739</u>
	TOTAL EQUITY AND LIABILITIES	<u>16,309,962</u>	<u>16,437,750</u>

- 1 Accounting policies
- 10 Contractual obligations and contingencies, etc.
- 11 Collateral
- 12 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Retained earnings	Dividend proposed for the year	Total
Equity at 1 January 2019	500,000	1,204,011	6,600,000	8,304,011
Transfer through appropriation of profit	0	1,208,578	4,500,000	5,708,578
Dividend distributed	0	0	-6,600,000	-6,600,000
Equity at 31 December 2019	500,000	2,412,589	4,500,000	7,412,589

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of North Air Logistics A/S for 2019 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.

Pursuant to section 110 of the Danish Financial Statements Act, consolidated financial statements are not prepared.

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

#### Reporting currency

The financial statements are presented in Danish kroner (DKK).

#### Foreign currency translation

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

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

#### Income statement

##### Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the rendering of services includes primarily commission earned at the date of acquiring the right.

Revenue is measured net of all types of discounts/rebates granted. Also, revenue is measured net of VAT and other indirect tax charged on behalf of third parties.

##### 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 pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

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

Acquired intangible assets	5 years
Other fixtures and fittings, tools and equipment	3-5 years

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

##### Profit from investments in subsidiaries

The item includes dividends received from subsidiaries in so far as the dividends do not exceed the accumulated earnings in the subsidiary in the period of ownership.

##### 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 and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the management company.

##### Balance sheet

##### Intangible assets

Other intangible assets include development projects and other acquired intangible rights.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

##### 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.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Investments in subsidiaries

Investments in subsidiaries are measured at cost. Dividends received which exceed the accumulated earnings in the subsidiary in the period of ownership are accounted for as a cost reduction.

##### Impairment of fixed assets

Every year, intangible assets are reviewed for impairment. Where there are indications of impairment, an impairment test is performed for each individual cash flow generating asset or cash flow generating group of assets, respectively. The carrying amount of impaired assets is reduced to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount). Where an impairment loss is recognised on a group of assets, a loss will be allocated to the assets on a pro rata basis.

##### Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired, in which case the carrying amount is reduced to the net realisable value.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

##### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

##### Cash

Cash comprises cash balances and bank balances.

##### 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

Other liabilities are measured at net realisable value.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Deferred income

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

DKK	2019	2018
2 Staff costs		
Wages/salaries	4,888,246	4,791,192
Pensions	476,403	313,271
Other social security costs	93,550	178,627
Other staff costs	145,925	60,787
	5,604,124	5,343,877
Average number of full-time employees	10	9
3 Financial income		
Interest receivable, group entities	28,606	0
Other financial income	5,959	95
	34,565	95
4 Tax for the year		
Estimated tax charge for the year	991,161	1,182,272
Deferred tax adjustments in the year	1,592	-692
	992,753	1,181,580
5 Intangible assets		
DKK		Acquired intangible assets
Cost at 1 January 2019		557,836
Cost at 31 December 2019		557,836
Impairment losses and amortisation at 1 January 2019		557,836
Impairment losses and amortisation at 31 December 2019		557,836
Carrying amount at 31 December 2019		0

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 6 Property, plant and equipment

DKK	Other fixtures and fittings, tools and equipment
Cost at 1 January 2019	72,611
Additions in the year	37,258
Cost at 31 December 2019	109,869
Impairment losses and depreciation at 1 January 2019	62,546
Amortisation/depreciation in the year	3,409
Impairment losses and depreciation at 31 December 2019	65,955
Carrying amount at 31 December 2019	43,914

#### 7 Investments

Name	Domicile	Interest
Subsidiaries		
North Air Logistics AB	Sweden	100.00%
North Air Logistics OY	Finland	100.00%
DKK	2019	2018

#### 8 Share capital

Analysis of the share capital:

500 shares of DKK 1,000.00 nominal value each	500,000	500,000
	500,000	500,000

The Company's share capital has remained DKK 500,000 over the past 5 years.

#### 9 Non-current liabilities other than provisions

Of the long-term liabilities, DKK 0 falls due for payment after more than 5 years after the balance sheet date.

#### 10 Contractual obligations and contingencies, etc.

##### Other contingent liabilities

The Company is jointly taxed with other Danish group entities and is jointly and severally liable, together with the other jointly taxed group entities, for payment of income taxes as from the income year 2013 and withholding taxes on interest, royalties and dividends falling due for payment on or after 1 July 2012.

##### Other financial obligations

Rent and lease liabilities include a rent obligation and other leases totalling DKK 162 thousand (2018: DKK 157 thousand), equalling 1-2 years' rent.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 11 Collateral

As part of a financing agreement on group level, the shares in the subsidiary, North Air Logistics AB, have been pledged to Deutsche Bank AG.

The Company has not provided any other security or other collateral in assets at 31 December 2019.

#### 12 Related parties

##### Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
World Freight Company International SAS	France	Zone de Fret 4 Roissytech, 3 Rue du Cercle, 95723 Roissy CDG, France

##### Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

<u>Name</u>	<u>Domicile</u>
World Freight Company SAS	Zone de Fret 4 Roissytech, 3 Rue du Cercle, 95723 Roissy CDG, France