# *Runway Holding ApS*

Lufthavnsvej 7A, DK-6580 Vamdrup

# Annual Report for 1 January - 31 December 2021

CVR No 31 59 32 47

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 26/4 2022

Halldor Sigurdarson
Chairman of the General Meeting

# Contents

# Management's Statement

The Executive Board has today considered and adopted the Annual Report of Runway Holding ApS for the financial year 1 January - 31 December 2021.

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 2021 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2021.

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

Vamdrup, 26 April 2022

**Executive Board**

Jesper Rungholm

Kirsten Rungholm

# Independent Auditor's Report

To the Shareholders of Runway Holding ApS

**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 2021 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 2021 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Runway Holding ApS for the financial year 1 January - 31 December 2021, 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 Financials 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.

# Independent Auditor's Report

**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 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 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 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 Company's and the Group'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 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

# Independent Auditor's Report

audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

- 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.

Trekantområdet, 26 April 2022
**PricewaterhouseCoopers**
Statsautoriseret Revisionspartnerselskab
*CVR No 33 77 12 31*

| | |
|---|---|
| Jan Bunk Harbo Larsen | Lasse Berg |
| statsautoriseret revisor | statsautoriseret revisor |
| mne30224 | mne35811 |

# Company Information

| | |
|---|---|
| **The Company** | Runway Holding ApS<br>Lufthavnsvej 7A<br>DK-6580 Vamdrup<br><br>CVR No: 31 59 32 47<br>Financial period: 1 January - 31 December<br>Municipality of reg. office: Vamdrup |
| **Executive Board** | Jesper Rungholm<br>Kirsten Rungholm |
| **Auditors** | PricewaterhouseCoopers<br>Statsautoriseret Revisionspartnerselskab<br>Herredsvej 32<br>DK-7100 Vejle |

# Financial Highlights

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

| | Group | | | | |
|---|---|---|---|---|---|
| | 2021 | 2020 | 2019 | 2018 | 2017 |
| | TDKK | TDKK | TDKK | TDKK | TDKK |
| **Key figures** | | | | | |
| **Profit/loss** | | | | | |
| Revenue | 573.647 | 428.307 | 1.007.650 | 1.071.422 | 890.933 |
| Gross profit/loss | 212.060 | 256.514 | 329.181 | 333.913 | 324.034 |
| Profit/loss before financial income and expenses | 44.131 | 19.480 | 54.255 | 40.125 | 24.885 |
| Net financials | -26.528 | -17.075 | -37.198 | -34.385 | 20.418 |
| Net profit/loss for the year | 2.513 | 3.921 | 15.303 | 1.161 | 35.054 |
| **Balance sheet** | | | | | |
| Balance sheet total | 852.250 | 900.162 | 871.888 | 952.420 | 639.615 |
| Equity | 228.737 | 226.222 | 222.507 | 207.204 | 206.284 |
| **Cash flows** | | | | | |
| Cash flows from: | | | | | |
| - operating activities | 94.810 | 121.370 | -4.099 | 62.544 | 78.140 |
| - investing activities | -14.261 | -17.750 | 40.630 | -50.320 | -33.693 |
| including investment in property, plant and equipment | -84.282 | -45.992 | -57.705 | -175.139 | -69.696 |
| - financing activities | -48.136 | 6.513 | -38.535 | -32.907 | -49.474 |
| Change in cash and cash equivalents for the year | 32.413 | 110.133 | -2.004 | -20.683 | -5.027 |
| Number of employees | 237 | 342 | 562 | 454 | 438 |
| **Ratios** | | | | | |
| Gross margin | 37,0% | 59,9% | 32,7% | 31,2% | 36,4% |
| Profit margin | 7,7% | 4,5% | 5,4% | 3,7% | 2,8% |
| Return on assets | 5,2% | 2,2% | 6,2% | 4,2% | 3,9% |
| Solvency ratio | 26,8% | 25,1% | 25,5% | 21,8% | 32,3% |
| Return on equity | 1,1% | 1,7% | 7,1% | 0,6% | 18,6% |

See the description under accounting policies.

# Management's Review

### Key activities

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

The Company's activities comprise holding shares in subsidiaries.

### Development in the year

The income statement of the Group for 2021 shows a profit of TDKK 2,513, and at 31 December 2021 the balance sheet of the Group shows equity of TDKK 228,737.

Management is pleased with the financial results.

Despite continued COVID-19 related setbacks and challenges during the year, and particularly the late-November Omicron variant, the Group was able to post both a positive result and healthy liquidity position at the end of the year. State compensation support schemes contributed largely to this result supported by the gradual and improved trading performance compared to the previous year.

There was a relative strong start to the year compared to the 4th quarter 2020. Demand and activities across scheduled services performed on a steady upward trend throughout the year until late November when Omicron impacted the market. This market downturn continued throughout December and into the early months of 2022. Charter and ACMI activity remained largely inactive in 2021 although an improvement compared to 2020.

#### *Foreign exchange risks*

A large portion of the Group's income and expenses as well as external financing is settled in foreign currencies meaning that the profit may be affected by currency fluctuations. It is Group policy not to part-take in speculative currency positions.

#### *Foreign branches*

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

### Targets and expectations for the year ahead

Given the current challenging times it is difficult to predict what to expect for the year ahead. The general approach is to be cautious when it comes to expectations whilst integrating an element of optimism. Management's estimate is to expect a 2022 before-tax profit of approximately DKK 15 mill. However, the continued short- and medium-term impact of COVID-19 remains an omnipresent unknown, while the current geopolitical situation in Eastern Europe can have unforeseen impacts.

# Management's Review

**Capital resources**

The Group's financial performance for 2021 shows a profit before tax of DKK 17.6 mill and the equity is as of 31 December 2021 positive with DKK 228.7 mill.

Next to equity the Group's operations is financed through external credit lines provided by the Company'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 169 mill as of year-end 2021. As of this DKK 45 mill is a revolving facility with annual extension, which was extended by one year in April 2021 and is expected to be renewed in April 2022 for a period of one year.

The current credit facilities are assessed to provide sufficient liquidity to secure the Groups operations in the years to come.

For 2022 the Groups budget is based on an increase in revenues of around 51% compared to 2021. Compared to prior Covid-19 (2019) a decrease of around 7% is budgeted, still tacking the Omicron effects of the pandemic into account in the budget.

The Group has in the last months of 2021 seen a monthly increase in production compared to what was seen during the first Covid-19 lock-down and reached around 40% of its comparable second half 2019 production in the last six months of 2021. The budget for 2022 is based on these assumptions seeing a further improvement in the coming months.

As of 31 March 2022, the liquidity is adequate with a short-term headroom totaling around DKK 75 mill. Being cautiously optimistic, the long-term liquidity forecast (12 months) shows a headroom of DKK 60 mill under the budgeted scenario. Whilst it is very difficult to make predictions during these unsettling times, management is of the view its budgeted scenario is reasonable. This includes scheduled instalments on loans of around DKK 31 mill during 2022.

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 2022. The Annual Report is therefore presented on the assumption of continued operations.

# Management’s Review

### Impact on the external environment

DAT Group's primary environmental influence is through $CO_2$-emissions from aircraft operations. DAT Group seeks to reduce fuel consumption and $CO_2$-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 $CO_2$-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.

DAT A/S and UAB DAT LT are in the aviation industry which impacts the climate with $CO_2$ emissions. It is estimated that the aviation industry (pre-COVID-19) is responsible for up to 3% of the EU’s annual $CO_2$ 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.

Due to the significant reduction in operations post-COVID-19 the environmental and climate impact was reduced. The emissions on Danish domestic operations were offset according to the current initiative. At the same time, no noise violations were reported in 2021.

### Statutory statement on CSR in accordance with section 99A of the Danish 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). Charter flights are also offered but with the strategic decision to exit this business area, it has become less of a strategic part of the business model and by summer 2022 it is envisaged that only ad-hoc charters 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. Limited activities take place outside of this area. 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 our activities, our operations compose somewhat risk to the environment. Environmental and climate aspects have been incorporated into the business through operational procedures and strategic focus on addressing $CO_2$ emissions. We monitor our fuel consumptions and therefore carbon footprint. In 2021 we reduced our $CO_2$ consumption to what it was in the year before the pandemic’s out-break in early 2020 with the 2021 consumption being at 52% of what it was in 2019.

# Management's Review

Large part of it was because of COVID-19 and travel restrictions. Exiting the charter flights will however continue to allow us to further proportionally reduce $CO_2$ emissions. The Group is working on fleet renewal plan with the aim of replacing aircraft for more fuel efficient aircraft. In 2021, the Group's MD aircraft were disposed of and in 2022 replaced by young and more emission friendly Airbus aircraft. Both for the environment as well as for cost optimisation, we train crew to minimise the use of fuel in our operations to the extent possible whilst still being in full compliance with aviation related regulations. In 2020 DAT A/S announced its intention to join the Air Transport Climate Fund (i.e. Luftfartens Klimafond), whose intentions are to facilitate the industry's green transition and contribute to Denmark's climate goals.

Social and employment conditions in the Group have defined policies to ensure a productive and safe environment. The current business environment is not conducive to corruptions risks and therefore no anti-corruption policy has been put in place.

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.

The Group continuously has activities to promote the physical and psychological environments as well as employees' welfare.

The Group does not have a formal policy concerning human rights. This policy does not exist because 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.

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, and the requirements regarding continuous health checks for its flight crew.

There are evaluations of the Group's alcohol and smoking policies and 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.

The Group's handbooks ensure that new colleagues can quickly find information regarding the Group's policies and other relevant information.

The working environment is evaluated through several initiatives. 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. The most recent risk assessment was completed in Q1 of 2021. In addition, the operational environment is regularly evaluated through Safety Action Groups (e.g. Fatigue). In 2021 the working environment revealed no significant areas of concern. The focus on cost control means that only urgent areas will be addressed going forward. 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 does not have a formal policy concerning anticorruption. 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.

**Report on the gender representation in management, as required in section 99B of the Danish Financial Statements Act**

DAT Holding A/S, DAT Leasing A/S, and DAT A/S have the same board of directors. In 2021, 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 at its board of directors by 2024.

The broader management team currently consists of 100% men and 0% women. Should one take a wider perspective and consider flight crew composition the Group has 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 or 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.

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.

Report on data ethics, as required in section 99D of the Danish Financial Statements Act

The Group does not apply advanced technologies, such as AI 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 2021, the Group commissioned reports on its data security to test the vulnerability from social engineering attacks as well as for penetration tests to be performed against several of its resources. The tests will conclude in 2022 following which the Group will take recommended actions, if any.

**Subsequent events**

Management deems the ongoing consequences of COVID-19 to be an event that continues after the balance sheet date and therefore constitutes a non-regulatory event for the Group. Furthermore, the war against Ukraine may have serious impact to the outcome of 2022 and beyond although at the date of this report there have been no material adverse implications beyond the immediate fuel price spike.

This means, among other things, that the assessments of indications of impairment per 31 December 2021 is based on the future cash flows expected by management per 31 December 2021, which may differ from the expectations for future cash flows that management has at the time of approval of the annual report.

Despite the above consequences of COVID-19, the war against Ukraine, and as described in note 1 "Going concern" as well in the paragraph "Capital resources" in the management's review, management still considers the capital and liquidity resources to be adequate to secure the operations for the financial year 2022.

No further events have occurred after the balance sheet date that materially affect the Group's net financial position.

# Income Statement 1 January - 31 December

| | Note | Group 2021 TDKK | Group 2020 TDKK | Parent 2021 TDKK | Parent 2020 TDKK |
|---|---|---|---|---|---|
| **Revenue** | 3 | **573.647** | **428.307** | **2.068** | **887** |
| Other operating income | | 117.092 | 181.307 | 0 | 0 |
| Expenses for raw materials and consumables | | -412.804 | -305.665 | 0 | 0 |
| Other external expenses | | -65.875 | -47.435 | -709 | -182 |
| **Gross profit/loss** | | **212.060** | **256.514** | **1.359** | **705** |
| Staff expenses | 4 | -72.897 | -112.131 | 0 | 0 |
| Depreciation, amortisation and impairment of intangible assets and property, plant and equipment | 5 | -95.032 | -124.903 | 0 | 0 |
| **Profit/loss before financial income and expenses** | | **44.131** | **19.480** | **1.359** | **705** |
| Income from investments in subsidiaries | | 0 | 0 | 2.874 | 4.419 |
| Income from investments in associates | | 1.229 | -219 | 0 | 0 |
| Financial income | 6 | 5.634 | 18.854 | 0 | 729 |
| Financial expenses | 7 | -33.391 | -35.710 | -713 | -350 |
| **Profit/loss before tax** | | **17.603** | **2.405** | **3.520** | **5.503** |
| Tax on profit/loss for the year | 8 | -15.090 | 1.516 | -1.145 | -1.611 |
| **Net profit/loss for the year** | | **2.513** | **3.921** | **2.375** | **3.892** |

# Balance Sheet 31 December

## Assets

| | | Group | | Parent | |
|---|---|---|---|---|---|
| | Note | 2021 | 2020 | 2021 | 2020 |
| | | TDKK | TDKK | TDKK | TDKK |
| Land and buildings | | 3.031 | 3.403 | 0 | 0 |
| Other fixtures and fittings, tools and equipment | | 2.571 | 4.734 | 0 | 0 |
| Airplanes | | 500.273 | 574.762 | 0 | 0 |
| **Property, plant and equipment** | 9 | **505.875** | **582.899** | **0** | **0** |
| Investments in subsidiaries | 10 | 0 | 0 | 175.997 | 172.513 |
| Investments in associates | 11 | 4.429 | 0 | 0 | 0 |
| Receivables from group enterprises | 12 | 0 | 0 | 51.000 | 51.000 |
| Deposits | 12 | 14.455 | 13.469 | 0 | 0 |
| **Fixed asset investments** | | **18.884** | **13.469** | **226.997** | **223.513** |
| **Fixed assets** | | **524.759** | **596.368** | **226.997** | **223.513** |
| **Inventories** | 13 | **79.688** | **56.179** | **0** | **0** |
| Trade receivables | | 44.864 | 40.291 | 0 | 0 |
| Receivables from group enterprises | | 0 | 0 | 33.014 | 27.870 |
| Other receivables | | 41.317 | 60.828 | 0 | 0 |
| Deferred tax asset | 17 | 591 | 19.824 | 0 | 0 |
| Prepayments | 14 | 5.665 | 3.719 | 0 | 73 |
| **Receivables** | | **92.437** | **124.662** | **33.014** | **27.943** |
| **Shares** | 15 | **14** | **741** | **0** | **731** |
| **Cash at bank and in hand** | | **155.352** | **122.212** | **3.134** | **8.656** |
| **Currents assets** | | **327.491** | **303.794** | **36.148** | **37.330** |
| **Assets** | | **852.250** | **900.162** | **263.145** | **260.843** |

# Balance Sheet 31 December

## Liabilities and equity

| | Note | Group 2021 | Group 2020 | Parent 2021 | Parent 2020 |
|---|---|---|---|---|---|
| | | TDKK | TDKK | TDKK | TDKK |
| Share capital | | 127 | 127 | 127 | 127 |
| Reserve for net revaluation under the equity method | | 0 | 0 | 122.335 | 119.476 |
| Other statutory reserves | | -16 | -14 | -16 | -14 |
| Retained earnings | | 227.879 | 225.502 | 105.544 | 106.026 |
| **Equity attributable to shareholders of the Parent Company** | | **227.990** | **225.615** | **227.990** | **225.615** |
| Minority interests | | 747 | 607 | 0 | 0 |
| **Equity** | | **228.737** | **226.222** | **227.990** | **225.615** |
| Provision for deferred tax | 17 | 52.378 | 64.739 | 0 | 0 |
| Other provisions | 18 | 16.584 | 15.859 | 0 | 0 |
| **Provisions** | | **68.962** | **80.598** | **0** | **0** |
| Credit institutions | | 133.713 | 151.187 | 0 | 0 |
| Lease obligations | | 193.584 | 201.438 | 0 | 0 |
| Payables to owners and Management | | 3.500 | 7.000 | 0 | 0 |
| Other payables | | 9.007 | 9.393 | 0 | 0 |
| **Long-term debt** | 19 | **339.804** | **369.018** | **0** | **0** |

# Balance Sheet 31 December

## Liabilities and equity

| | | Group | | Parent | |
|---|---|---|---|---|---|
| | Note | 2021 | 2020 | 2021 | 2020 |
| | | TDKK | TDKK | TDKK | TDKK |
| Credit institutions | 19 | 34.598 | 48.507 | 0 | 0 |
| Lease obligations | 19 | 7.674 | 12.687 | 0 | 0 |
| Prepayments received from customers | | 8.912 | 13.638 | 0 | 0 |
| Trade payables | | 56.108 | 60.079 | 0 | 0 |
| Payables to group enterprises | | 0 | 0 | 29.860 | 22.584 |
| Payables to owners and Management | 19 | 3.983 | 3.983 | 3.983 | 3.983 |
| Corporation tax | | 9.195 | 8.620 | 1.274 | 8.620 |
| Deposits | | 2.060 | 2.285 | 0 | 0 |
| Other payables | 19 | 92.217 | 74.525 | 38 | 41 |
| **Short-term debt** | | **214.747** | **224.324** | **35.155** | **35.228** |
| **Debt** | | **554.551** | **593.342** | **35.155** | **35.228** |
| **Liabilities and equity** | | **852.250** | **900.162** | **263.145** | **260.843** |

| | |
|---|---|
| Going concern | 1 |
| Subsequent events | 2 |
| Distribution of profit | 16 |
| Contingent assets, liabilities and other financial obligations | 22 |
| Related parties | 23 |
| Fee to auditors appointed at the general meeting | 24 |
| Accounting Policies | 25 |

# Statement of Changes in Equity

## Group

| | Share capital | Reserve for net revaluation under the equity method | Other statutory reserves | Retained earnings | Equity excl. minority interests | Minority interests | Total |
|---|---|---|---|---|---|---|---|
| | TDKK | TDKK | TDKK | TDKK | TDKK | TDKK | TDKK |
| Equity at 1 January | 127 | 0 | -14 | 225.502 | 225.615 | 607 | 226.222 |
| Exchange adjustments | 0 | 0 | -2 | 0 | -2 | 0 | -2 |
| Cash capital increase | 0 | 0 | 0 | 0 | 0 | 4 | 4 |
| Net profit/loss for the year | 0 | 0 | 0 | 2.377 | 2.377 | 136 | 2.513 |
| **Equity at 31 December** | **127** | **0** | **-16** | **227.879** | **227.990** | **747** | **228.737** |

## Parent

| | Share capital | Reserve for net revaluation under the equity method | Other statutory reserves | Retained earnings | Equity excl. minority interests | Minority interests | Total |
|---|---|---|---|---|---|---|---|
| Equity at 1 January | 127 | 119.476 | -14 | 106.026 | 225.615 | 0 | 225.615 |
| Exchange adjustments | 0 | 0 | -2 | 0 | -2 | 0 | -2 |
| Net profit/loss for the year | 0 | 2.859 | 0 | -482 | 2.377 | 0 | 2.377 |
| **Equity at 31 December** | **127** | **122.335** | **-16** | **105.544** | **227.990** | **0** | **227.990** |

# Cash Flow Statement 1 January - 31 December

| | Note | Group 2021 TDKK | Group 2020 TDKK |
|---|---|---|---|
| Net profit/loss for the year | | 2.513 | 3.921 |
| Adjustments | 20 | 128.673 | 143.646 |
| Change in working capital | 21 | -1.022 | -7.983 |
| **Cash flows from operating activities before financial income and expenses** | | **130.164** | **139.584** |
| Financial income | | 5.634 | 18.854 |
| Financial expenses | | -33.389 | -35.701 |
| **Cash flows from ordinary activities** | | **102.409** | **122.737** |
| Corporation tax paid | | -7.599 | -1.367 |
| **Cash flows from operating activities** | | **94.810** | **121.370** |
| Purchase of property, plant and equipment | | -84.282 | -45.992 |
| Fixed asset investments made etc | | -5.417 | 2.178 |
| Sale of property, plant and equipment | | 75.438 | 26.064 |
| **Cash flows from investing activities** | | **-14.261** | **-17.750** |
| Repayment of mortgage loans | | 0 | -773 |
| Repayment of loans from credit institutions | | -31.383 | 0 |
| Reduction of lease obligations | | -12.867 | -14.384 |
| Repayment of other long-term debt | | -3.886 | 0 |
| Raising of loans from credit institutions | | 0 | 16.583 |
| Raising of loans from group enterprises | | 0 | 24 |
| Raising of other long-term debt | | 0 | 5.063 |
| **Cash flows from financing activities** | | **-48.136** | **6.513** |
| **Change in cash and cash equivalents** | | **32.413** | **110.133** |
| Cash and cash equivalents at 1 January | | 122.953 | 12.820 |
| **Cash and cash equivalents at 31 December** | | **155.366** | **122.953** |
| Cash and cash equivalents are specified as follows: | | | |
| Cash at bank and in hand | | 155.352 | 122.212 |
| Current asset investments | | 14 | 741 |
| **Cash and cash equivalents at 31 December** | | **155.366** | **122.953** |

# Notes to the Financial Statements

## 1 Going concern

The Group's financial performance for 2021 shows a profit before tax of DKK 17.6 mill and the equity is as of 31 December 2021 positive with DKK 228.7 mill.

Next to equity the Group's operations is financed through external credit lines provided by the Company'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 169 mill as of year-end 2021. As of this DKK 45 mill is a revolving facility with annual extension, which was extended by one year in April 2021 and is expected to be renewed in April 2022 for a period of one year.

The current credit facilities are assessed to provide sufficient liquidity to secure the Groups operations in the years to come.

For 2022 the Groups budget is based on an increase in revenues of around 51% compared to 2021. Compared to prior Covid-19 (2019) a decrease of around 7% is budgeted, still tacking the Omicron effects of the pandemic into account in the budget.

The Group has in the last months of 2021 seen a monthly increase in production compared to what was seen during the first Covid-19 lock-down and reached around 40% of its comparable second half 2019 production in the last six months of 2021. The budget for 2022 is based on these assumptions seeing a further improvement in the coming months.

As of 31 March 2022, the liquidity is adequate with a short-term headroom totaling around DKK 75 mill. Being cautiously optimistic, the long-term liquidity forecast (12 months) shows a headroom of DKK 60 mill under the budgeted scenario. Whilst it is very difficult to make predictions during these unsettling times, management is of the view its budgeted scenario is reasonable. This includes scheduled instalments on loans of around DKK 31 mill during 2022.

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 2022. The Annual Report is therefore presented on the assumption of continued operations.

## 2 Subsequent events

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

# Notes to the Financial Statements

| | Group | | Parent | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | TDKK | TDKK | TDKK | TDKK |

## 3 Revenue

**Geographical segments**

| | Group 2021 TDKK | Group 2020 TDKK | Parent 2021 TDKK | Parent 2020 TDKK |
|---|---|---|---|---|
| Revenue, Europe | 573.647 | 428.307 | 2.068 | 887 |
| | **573.647** | **428.307** | **2.068** | **887** |

**Business segments**

| | Group 2021 TDKK | Group 2020 TDKK | Parent 2021 TDKK | Parent 2020 TDKK |
|---|---|---|---|---|
| Scheduled Services | 474.491 | 317.474 | 0 | 0 |
| Charter services | 90.811 | 72.891 | 0 | 0 |
| ACMI Services | 8.345 | 37.942 | 0 | 0 |
| Other income | 0 | 0 | 2.068 | 887 |
| | **573.647** | **428.307** | **2.068** | **887** |

## 4 Staff expenses

| | Group 2021 TDKK | Group 2020 TDKK | Parent 2021 TDKK | Parent 2020 TDKK |
|---|---|---|---|---|
| Wages and salaries | 67.698 | 102.845 | 0 | 0 |
| Pensions | 4.552 | 5.512 | 0 | 0 |
| Other social security expenses | 647 | 854 | 0 | 0 |
| Other staff expenses | 0 | 2.920 | 0 | 0 |
| | **72.897** | **112.131** | **0** | **0** |
| **Including remuneration to the Executive Board and Board of Directors** | **3.744** | **1.460** | **949** | **0** |
| **Average number of employees** | **237** | **342** | **0** | **0** |

# Notes to the Financial Statements

| | Group | | Parent | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | TDKK | TDKK | TDKK | TDKK |
| **5 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment** | | | | |
| Depreciation of property, plant and equipment | 69.110 | 50.590 | 0 | 0 |
| Impairment of property, plant and equipment | 25.922 | 74.313 | 0 | 0 |
| | **95.032** | **124.903** | **0** | **0** |
| **6 Financial income** | | | | |
| Other financial income | 5.634 | 729 | 0 | 729 |
| Exchange adjustments | 0 | 17.727 | 0 | 0 |
| Exchange gains | 0 | 398 | 0 | 0 |
| | **5.634** | **18.854** | **0** | **729** |
| **7 Financial expenses** | | | | |
| Other financial expenses | 22.791 | 34.828 | 713 | 31 |
| Exchange adjustments, expenses | 7.087 | 563 | 0 | 0 |
| Exchange loss | 3.513 | 319 | 0 | 319 |
| | **33.391** | **35.710** | **713** | **350** |
| **8 Tax on profit/loss for the year** | | | | |
| Current tax for the year | 15.224 | 17.474 | 286 | 227 |
| Deferred tax for the year | 6.883 | -11.710 | 0 | 0 |
| Adjustment of tax concerning previous years | -7.017 | -7.280 | 859 | 1.384 |
| | **15.090** | **-1.516** | **1.145** | **1.611** |

# Notes to the Financial Statements

## 9 Property, plant and equipment

**Group**

| | Land and buildings | Other fixtures and fittings, tools and equipment | Airplanes |
|---|---|---|---|
| | TDKK | TDKK | TDKK |
| Cost at 1 January | 14.314 | 24.976 | 1.100.627 |
| Exchange adjustment | -1 | -3 | -4 |
| Additions for the year | 0 | 335 | 67.913 |
| Disposals for the year | 0 | -703 | -120.818 |
| Cost at 31 December | 14.313 | 24.605 | 1.047.718 |
| Impairment losses and depreciation at 1 January | 10.910 | 20.243 | 525.865 |
| Exchange adjustment | -1 | -2 | -3 |
| Impairment losses for the year | 0 | 0 | 25.922 |
| Depreciation for the year | 373 | 2.174 | 68.007 |
| Reversal of impairment and depreciation of sold assets | 0 | -381 | -72.346 |
| Impairment losses and depreciation at 31 December | 11.282 | 22.034 | 547.445 |
| **Carrying amount at 31 December** | **3.031** | **2.571** | **500.273** |
| Including assets under finance leases amounting to | 0 | 264 | 194.402 |

# Notes to the Financial Statements

| | Parent | |
|---|---|---|
| | 2021 | 2020 |
| | TDKK | TDKK |
| **10 Investments in subsidiaries** | | |
| Cost at 1 January | 53.051 | 53.051 |
| Additions for the year | 23 | 0 |
| Cost at 31 December | 53.074 | 53.051 |
| Value adjustments at 1 January | 119.462 | 115.056 |
| Exchange adjustment | -2 | -13 |
| Net profit/loss for the year | 2.875 | 4.419 |
| Value adjustments at 31 December | 122.335 | 119.462 |
| Equity investments with negative net asset value amortised over receivables | 588 | 0 |
| **Carrying amount at 31 December** | **175.997** | **172.513** |

Investments in subsidiaries are specified as follows:

| Name | Place of registered office | Votes and ownership |
|---|---|---|
| DAT Holding A/S | Vamdrup, Denmark | 100% |
| DAT A/S | Vamdrup, Denmark | 100% |
| DAT Leasing A/S | Vamdrup, Denmark | 100% |
| UAB DAT LT | Kaunas, Lithuania | 85% |
| UAB KUN Hangar LT | Kaunas, Lithuania | 100% |
| RSB Asset Trading Limited | Nicosia, Cyprus | 51% |

# Notes to the Financial Statements

| | Group | | Parent | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | TDKK | TDKK | TDKK | TDKK |
| **11 Investments in associates** | | | | |
| Cost at 1 January | 2.796 | 2.796 | 0 | 0 |
| Additions for the year | 3.200 | 0 | 0 | 0 |
| Cost at 31 December | 5.996 | 2.796 | 0 | 0 |
| Value adjustments at 1 January | -2.796 | -2.577 | 0 | 0 |
| Net profit/loss for the year | 8.368 | -219 | 0 | 0 |
| Reversals for the year of revaluations in previous years | -7.139 | 0 | 0 | 0 |
| Value adjustments at 31 December | -1.567 | -2.796 | 0 | 0 |
| **Carrying amount at 31 December** | **4.429** | **0** | **0** | **0** |

Investments in associates are specified as follows:

| Name | Place of registered office | Ownership |
|---|---|---|
| Nordic Regional Airlines AB | Stockholm, Sweden | 60% |
| Global Travel Scandinavia ApS | Copenhagen, Denmark | 50% |

## 12 Other fixed asset investments

| | Group | Parent |
|---|---|---|
| | Deposits | Receivables from group enterprises |
| | TDKK | TDKK |
| Cost at 1 January | 13.469 | 51.000 |
| Additions for the year | 986 | 0 |
| Cost at 31 December | 14.455 | 51.000 |
| **Carrying amount at 31 December** | **14.455** | **51.000** |

# Notes to the Financial Statements

| | Group | | Parent | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | TDKK | TDKK | TDKK | TDKK |

## 13 Inventories

| | | | | |
|---|---|---|---|---|
| Raw materials and consumables | 60.848 | 56.179 | 0 | 0 |
| Carbon emission allowances | 18.840 | 0 | 0 | 0 |
| | **79.688** | **56.179** | **0** | **0** |

## 14 Prepayments

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

## 15 Current asset investments

| | | | | |
|---|---|---|---|---|
| Shares | 14 | 741 | 0 | 731 |
| | **14** | **741** | **0** | **731** |

## 16 Distribution of profit

| | | | | |
|---|---|---|---|---|
| Reserve for net revaluation under the equity method | 0 | 0 | 2.857 | 6.997 |
| Minority interests' share of net profit/loss of subsidiaries | 136 | 29 | 0 | 0 |
| Retained earnings | 2.377 | 3.892 | -482 | -3.105 |
| | **2.513** | **3.921** | **2.375** | **3.892** |

## 17 Provision for deferred tax

| | | | | |
|---|---|---|---|---|
| Provision for deferred tax at 1 January | 44.915 | 56.617 | 0 | 0 |
| Amounts recognised in the income statement for the year | 6.872 | -11.702 | 0 | 0 |
| **Provision for deferred tax at 31 December** | **51.787** | **44.915** | **0** | **0** |

# Notes to the Financial Statements

| | Group | | Parent | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | TDKK | TDKK | TDKK | TDKK |
| **18 Other provisions** | | | | |
| Provision for maintenance | 16.584 | 15.859 | 0 | 0 |
| | **16.584** | **15.859** | **0** | **0** |

## 19 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 2021 TDKK | Group 2020 TDKK | Parent 2021 TDKK | Parent 2020 TDKK |
|---|---|---|---|---|
| **Credit institutions** | | | | |
| After 5 years | 16.250 | 0 | 0 | 0 |
| Between 1 and 5 years | 117.463 | 151.187 | 0 | 0 |
| Long-term part | 133.713 | 151.187 | 0 | 0 |
| Within 1 year | 21.750 | 18.000 | 0 | 0 |
| Other short-term debt to credit institutions | 12.848 | 30.507 | 0 | 0 |
| Short-term part | 34.598 | 48.507 | 0 | 0 |
| | **168.311** | **199.694** | **0** | **0** |
| **Lease obligations** | | | | |
| Between 1 and 5 years | 193.584 | 201.438 | 0 | 0 |
| Long-term part | 193.584 | 201.438 | 0 | 0 |
| Within 1 year | 7.674 | 12.687 | 0 | 0 |
| | **201.258** | **214.125** | **0** | **0** |
| **Payables to owners and Management** | | | | |
| Between 1 and 5 years | 3.500 | 7.000 | 0 | 0 |
| Long-term part | 3.500 | 7.000 | 0 | 0 |
| Other short-term debt to owners and Management | 3.983 | 3.983 | 3.983 | 3.983 |
| | **7.483** | **10.983** | **3.983** | **3.983** |

# Notes to the Financial Statements

## 19 Long-term debt (continued)

| | Group | | Parent | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | TDKK | TDKK | TDKK | TDKK |
| **Other payables** | | | | |
| Between 1 and 5 years | 9.007 | 9.393 | 0 | 0 |
| Long-term part | 9.007 | 9.393 | 0 | 0 |
| Other short-term payables | 92.215 | 74.524 | 38 | 41 |
| | **101.222** | **83.917** | **38** | **41** |

## 20 Cash flow statement - adjustments

| | Group | |
|---|---|---|
| | 2021 | 2020 |
| | TDKK | TDKK |
| Financial income | -5.634 | -18.854 |
| Financial expenses | 33.391 | 35.710 |
| Depreciation, amortisation and impairment losses, including losses and gains on sales | 85.874 | 128.213 |
| Tax on profit/loss for the year | 15.090 | -1.516 |
| Other adjustments | -48 | 93 |
| | **128.673** | **143.646** |

## 21 Cash flow statement - change in working capital

| | | |
|---|---|---|
| Change in inventories | -23.509 | 12.571 |
| Change in receivables | 12.993 | -24.461 |
| Change in other provisions | 725 | 15.860 |
| Change in trade payables, etc | 8.769 | -11.953 |
| | **-1.022** | **-7.983** |

# Notes to the Financial Statements

## 22 Contingent assets, liabilities and other financial obligations

| | Group 2021 | Group 2020 | Parent 2021 | Parent 2020 |
|---|---|---|---|---|
| | TDKK | TDKK | TDKK | TDKK |
| **Charges and security** | | | | |
| The following assets have been placed as security for lease obligations: | | | | |
| The company has provided Sydbank with a floating charge providing Sydbank with collateral in the company´s receivables. The floating charge amounts to TDKK | 30.000 | 30.000 | 0 | 0 |
| The following assets have been placed as security with bankers: Company charge of nominally TDKK 186.149 provide security in airplanes with a booked value of | 322.769 | 369.164 | 0 | 0 |
| **Rental and lease obligations** | | | | |
| Lease obligations under operating leases. Total future lease payments: | | | | |
| Within 1 year | 8.096 | 663 | 0 | 0 |
| Between 1 and 5 years | 6.610 | 1.601 | 0 | 0 |
| | **14.706** | **2.264** | **0** | **0** |

**Other contingent liabilities**

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

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

The 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 by the Group amounts to TDKK 8.620. Moreover, the 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.

# Notes to the Financial Statements

## 23 Related parties

**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.

## 24 Fee to auditors appointed at the general meeting

| | Group | | Parent | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | TDKK | TDKK | TDKK | TDKK |
| **PricewaterhouseCoopers** | | | | |
| Audit fee | 294 | 286 | 10 | 10 |
| Tax advisory services | 212 | 56 | 14 | 10 |
| Other services | 70 | 87 | 10 | 10 |
| | **576** | **429** | **34** | **30** |

# Notes to the Financial Statements

## 25 Accounting Policies

The Annual Report of Runway Holding ApS for 2021 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 and Parent Company Financial Statements for 2021 are presented in TDKK.

### 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, Runway Holding ApS, 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.

# Notes to the Financial Statements

**25 Accounting Policies** (continued)

**Business combinations**

***Pooling of interests***

Intragroup business combinations are accounted for under the pooling-of-interests method. Under this method, the two enterprises are combined at carrying amounts, and no differences are identified. Any consideration which exceeds the carrying amount of the acquired enterprise is recognised directly in equity. The pooling-of-interests method is applied at the date of acquisition, and comparative figures have not been restated.

**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 acquisition of subsidiaries.

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

**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. Exchange differences 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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

# Notes to the Financial Statements

**25 Accounting Policies** (continued)

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 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 sales and sale of goods is recognised when the risks and rewards relating to the goods 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.

### Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

### Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution 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 amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

# Notes to the Financial Statements

**25 Accounting Policies** (continued)

### 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 changes in deferred tax for the year. The tax attributable to the profit for the 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 raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

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:

| | |
|---|---|
| Other buildings | 10 - 30 years |
| Plant and machinery | 10 - 20 years |
| Other fixtures and fittings, tools and equipment | 5 years |

# Notes to the Financial Statements

**25 Accounting Policies** (continued)

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

### Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and 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.

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. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

# Notes to the Financial Statements

**25 Accounting Policies** (continued)

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 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.

# Notes to the Financial Statements

**25 Accounting Policies** (continued)

**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 debts**

Loans, such as mortgage loans and 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.

# 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

**25 Accounting Policies** (continued)

### 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 | $\frac{\text{Gross profit x 100}}{\text{Revenue}}$ |
| Profit margin | $\frac{\text{Profit before financials x 100}}{\text{Revenue}}$ |
| Return on assets | $\frac{\text{Profit before financials x 100}}{\text{Total assets}}$ |
| Solvency ratio | $\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$ |
| Return on equity | $\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$ |