Runway Holding ApS

Lufthavnsvej 7A, DK-6580 Vamdrup

Annual Report for 1 January - 31 December 2019

CVR No 31 59 32 47

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 16/9 2020

Martin Jensen
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 Runway Holding ApS 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 and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2019 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2019.

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

Vamdrup, 16 September 2020

Executive Board

Jesper Rungholm	Kirsten Rungholm

Board of Directors

Martin Julius Klejs Jensen Chairman	Jesper Rungholm	Kirsten Rungholm
Andrea Rungholm	Albert Rungholm	Robert 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 2019 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 2019 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 2019, 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' 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 requirements. 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 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, 16 September 2020
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 Lufthavnsvej 7A DK-6580 Vamdrup CVR No: 31 59 32 47 Financial period: 1 January - 31 December Municipality of reg. office: Vamdrup
Board of Directors	Martin Julius Klejs Jensen, Chairman Jesper Rungholm Kirsten Rungholm Andrea Rungholm Albert Rungholm Robert Rungholm
Executive Board	Jesper Rungholm Kirsten Rungholm
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Herredsvej 32 DK-7100 Vejle

Financial Highlights

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

	Group				
	2019	2018	2017	2016	2015
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	1.007.650	1.071.422	890.933	792.890	644.220
Gross profit/loss	329.176	333.913	324.034	309.406	253.866
Profit/loss before financial income and expenses	54.250	40.125	24.885	49.248	42.778
Net financials	-37.198	-34.385	20.418	-25.324	-32.140
Net profit/loss for the year	15.298	1.161	35.054	22.800	6.751
Balance sheet					
Balance sheet total	871.888	952.420	639.615	665.128	673.902
Equity	222.507	207.204	206.284	171.501	143.395
Cash flows					
Cash flows from:					
- operating activities	-4.099	62.544	78.140	99.898	89.348
- investing activities	40.630	-50.320	-33.693	-18.405	-180.657
including investment in property, plant and equipment	-57.705	-175.139	-69.696	-76.340	-187.633
- financing activities	-38.535	-32.907	-49.474	-49.636	80.291
Change in cash and cash equivalents for the year	-2.004	-20.683	-5.027	31.857	-11.018
Number of employees	562	454	438	416	393
Ratios					
Gross margin	32,7%	31,2%	36,4%	39,0%	39,4%
Profit margin	5,4%	3,7%	2,8%	6,2%	6,6%
Return on assets	6,2%	4,2%	3,9%	7,4%	6,3%
Solvency ratio	25,5%	21,8%	32,3%	25,8%	21,3%
Return on equity	7,1%	0,6%	18,6%	14,5%	4,7%

For definitions, see under accounting policies.

Management's Review

Consolidated and Parent Company Financial Statements of Runway Holding ApS for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The Consolidated and Parent Company Financial Statements have been prepared under the same accounting policies as last year.

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 2019 shows a profit of TDKK 15,298, and at 31 December 2019 the balance sheet of the Group shows equity of TDKK 222,507.

Improvement in core business activities enabled the Group to post enhanced results from the year prior. The results are a testament to all the hard work and effort delivered by all personnel across the Group to turn the business into a long standing sustainable operation. Quite some work is still required and this is to continue in the months ahead. Overall, a fair performance given the challenges presented.

Special risks - operating risks and financial risks

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 enter into 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

Initial plans for 2020 indicated continued improvement from the year prior with expectations of solid operating results being posted. The Covid-19 pandemic has however since significantly altered those expectations with management current estimate showing a loss of around DKK 4 mill. before tax. This best estimate includes DKK 68 mill. Governmental grants receivable. The uncertainty surrounding the immediate and medium-term impact of Covid-19 remains challenging to comprehend.

Management's Review

Capital resources

The Group's financial performance for 2019 shows a profit before tax of TDKK 17,052 and the equity is as of 31 December 2019 positive with TDKK 222,507.

Next to equity the Group's operations is financed through external credit lines provided by the Groups'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 debt was restructed in December 2019 where a new agreement was reached with Sydbank totaling DKK 225 mill. At that time this new bank agreement was assessed to provide sufficient liquidity to secure the Groups operations in the years to come.

In March 2020 the Covid-19 pandemic caused a significant drop in the Group's operations as most of the Group's services was stopped due to regulatory requirements. This caused a significant pressure on the Group's short term liquidity position. To recover the Group entered an additional DKK 40 mill. debt agreement with Sydbank as well as reached agreements with certain suppliers on deferral of payments.

For 2020 the Groups post Covid-19 best estimate is based on a decline in revenues compared to 2019 of around 60% where off around 53% has been achieved as of 30 June 2020. Hence 47% of the best estimate production needs to be covered during the second half of 2020.

The Group has in the months since the lock-down of countries was abandoned seen a monthly increase in production and has in August had a production of 2/3 of the budget prior to Covid-19. The Covid-19 best estimate is based on these assumptions seeing a further improvement in the coming months.

As of 31 August 2020, the liquidity is adequate with a short-term headroom totalling around DKK 100 mill. The long-term liquidity forecast (12 months) also shows a headroom at the best estimate scenario of DKK 30 mill. and at a downside scenario of DKK 15 mill. The downside scenario has a 20% drop in direct flight contribution from scheduled services recognized compared to the above mentioned best estimate scenario.

Based on this, it is the management's assessment that the Group has the necessary capital and liquidity resources to carry through the plans for the financial year 2020. The Annual Report is therefore presented on the assumption of continued operations.

Management’s Review

Impact on the external environment

The DAT Group's primary environmental influence is through CO_2-emissions from the aircraft. 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. All pilots have been 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 in order to achieve the optimum utilization based on the group's activities, including the optimal utilization related to fuel consumption.

Statutory statement on CSR in accordance with section 99A of the Danish Financial Statements Act

The firm’s corporate social responsibility (CSR) is necessary to lead a sustainable business, and the firm 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 firm 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 firm’s business model focuses on three areas: scheduled flights, charter flights, and flights for other airlines (ACMI). The firm operates primarily in the European market with a focus on the Nordic region. Operations do take place outside of this area in a limited capacity. The firm sells tickets under its own brand and in the business-to-business markets. The firm does not have exposure to markets or customers that infringe upon human rights. There are no signs that suppliers do not adhere to human rights. Environmental and climate aspects have been incorporated into the firm through operational procedures and strategic focus on addressing CO_2 emissions. Social and employment conditions in the firm 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.

Our cooperation is built upon trust and respect. We treat all – customers, suppliers, and colleagues – 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. We respect international law regarding human rights and will react to violations of these laws.

We continuously have activities to promote the physical and psychological environments and colleagues’ welfare.

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

Management's Review

DAT A/S is in the aviation industry which impacts the climate with CO2 emissions. It is estimated that the aviation industry is responsible for up to 3% of the EU's annual CO2 emissions, and as a responsible airline DAT A/S 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.

In 2019 the airline 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.

One stated goal of the firm is a high level of health and safety with regard to the physical and psychological working environments. This is seen through the firm'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 firm's alcohol and smoking policies and the firm's working environment. There is a Safety Management System to ensure the security and safety of the airline which follows a bottom-up approach that builds on reports from colleagues to the safety system.

The DAT Employee Handbook was published to ensure that new colleagues are able to quickly find information regarding the firm's policies and other relevant information.

The firm does not have a formal policy concerning anticorruption. This policy does not exist because the firm is not directly exposed to corruption issues in its transactions, neither directly nor through suppliers. The firm 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 firm.

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 2019 the board of directors was 50% female, thereby fulfilling the goal of 40%. One female board member left the board mid-2020 and as of writing the current ratio is 33% female. It should be noted that qualifications are always prioritized above gender.

The broader management team currently consists of 88% men and 12% women. Should one take a wider perspective and also 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.

Management's Review

Uncertainty relating to recognition and measurement

The assessments of indications of impairment per 31 December 2019 is based on the future cash flows expected by management per 31 December 2019, which due to Covid-19 differ from the expectations for future cash flows that management has at the time of approval of the Annual Report. Hence subsequent to the balance sheet date there is significant uncertainty in recognizing and measuring the company's investments in airplanes and associated spareparts.

Subsequent events

The consequences of Covid-19, where many governments around the world have decided to "Shut down of countries" is of great importance to the world economy. Management considers the consequences of Covid-19 to be an event that arose after the balance sheetdate and therefore constitutes a non-regulatory event for the company.

This means, among other things, that the assessments of indications of impairment per 31 December 2019 is based on the future cash flows expected by management per 31 December 2019, 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 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 2020.

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

Income Statement 1 January - 31 December

	Note	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
		TDKK	TDKK	TDKK	TDKK
Revenue	4	**1.007.650**	**1.071.422**	**0**	**0**
Other operating income		25.209	62.027	0	0
Expenses for raw materials and consumables		-618.231	-716.502	0	0
Other external expenses		-85.452	-83.034	-61	-1
Gross profit/loss		**329.176**	**333.913**	**-61**	**-1**
Staff expenses	5	-217.982	-241.990	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	6	-56.944	-51.798	0	0
Profit/loss before financial income and expenses		**54.250**	**40.125**	**-61**	**-1**
Income from investments in subsidiaries		0	0	14.172	456
Income from investments in associates		-1.528	-1.245	-39	-154
Financial income	7	138	961	0	2.281
Financial expenses	8	-35.808	-34.101	-4	-374
Profit/loss before tax		**17.052**	**5.740**	**14.068**	**2.208**
Tax on profit/loss for the year	9	-1.754	-4.579	480	-480
Net profit/loss for the year		**15.298**	**1.161**	**14.548**	**1.728**

Balance Sheet 31 December

Assets

		Group		Parent Company	
	Note	2019	2018	2019	2018
		TDKK	TDKK	TDKK	TDKK
Land and buildings		6.274	6.486	0	0
Other fixtures and fittings, tools and equipment		8.791	7.260	0	0
Airplanes		676.153	752.149	0	0
Property, plant and equipment	10	**691.218**	**765.895**	**0**	**0**
Investments in subsidiaries	11	0	0	168.107	153.935
Investments in associates	12	219	3.492	0	1.785
Receivables from group enterprises	13	0	0	51.000	51.000
Deposits	13	15.647	15.341	0	0
Fixed asset investments		**15.866**	**18.833**	**219.107**	**206.720**
Fixed assets		**707.084**	**784.728**	**219.107**	**206.720**
Inventories	14	**68.750**	**58.944**	**0**	**0**
Trade receivables		46.045	62.646	0	0
Receivables from group enterprises		0	0	12.388	7.967
Receivables from associates		24	62	0	62
Other receivables		20.400	16.190	0	0
Deferred tax asset	18	1.466	1.533	0	0
Corporation tax		1.367	0	1.367	0
Prepayments	15	13.932	13.493	0	0
Receivables		**83.234**	**93.924**	**13.755**	**8.029**
Shares	16	**11**	**10**	**0**	**0**
Cash at bank and in hand		**12.809**	**14.814**	**656**	**614**
Currents assets		**164.804**	**167.692**	**14.411**	**8.643**
Assets		**871.888**	**952.420**	**233.518**	**215.363**

Balance Sheet 31 December

Liabilities and equity

		Group		Parent Company	
	Note	2019	2018	2019	2018
		TDKK	TDKK	TDKK	TDKK
Share capital		127	127	127	127
Reserve for net revaluation under the equity method		0	1.892	112.479	102.778
Retained earnings		221.610	205.170	109.131	104.284
Equity attributable to shareholders of the Parent Company		**221.737**	**207.189**	**221.737**	**207.189**
Minority interests		770	15	0	0
Equity		**222.507**	**207.204**	**221.737**	**207.189**
Provision for deferred tax	18	58.083	55.963	0	0
Provisions		**58.083**	**55.963**	**0**	**0**
Mortgage loans		735	774	0	0
Credit institutions		112.761	145.683	0	0
Lease obligations		207.845	222.588	0	0
Payables to owners and Management		7.000	7.000	0	0
Other payables		4.330	0	0	0
Long-term debt	19	**332.671**	**376.045**	**0**	**0**

Balance Sheet 31 December

Liabilities and equity

		Group		Parent Company	
	Note	2019	2018	2019	2018
		TDKK	TDKK	TDKK	TDKK
Mortgage loans	19	38	38	0	0
Credit institutions	19	70.350	60.940	0	0
Lease obligations	19	20.664	20.206	0	0
Prepayments received from customers		19.292	44.382	0	0
Trade payables		79.208	115.199	0	0
Payables to group enterprises		0	0	4.098	24
Payables to owners and Management	19	3.983	3.982	3.983	3.982
Corporation tax		1.123	3.937	3.663	4.142
Other payables	19	63.969	64.524	37	26
Short-term debt		**258.627**	**313.208**	**11.781**	**8.174**
Debt		**591.298**	**689.253**	**11.781**	**8.174**
Liabilities and equity		**871.888**	**952.420**	**233.518**	**215.363**

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Statement of Changes in Equity

Group

	Share capital	Reserve for net revalua-tion under the equity method	Retained earnings	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	127	1.892	209.969	211.988	15	212.003
Net effect of correction of material misstatements	0	0	-4.799	-4.799	0	-4.799
Adjusted equity at 1 January	127	1.892	205.170	207.189	15	207.204
Net profit/loss for the year	0	-1.892	16.440	14.548	755	15.303
Equity at 31 December	**127**	**0**	**221.610**	**221.737**	**770**	**222.507**

Moderselskab

	Share capital	Reserve for net revalua-tion under the equity method	Retained earnings	Equity excl. minority interests	Minority interests	Total
Equity at 1 January	127	107.577	104.284	211.988	0	211.988
Net effect of correction of material misstatements	0	-4.799	0	-4.799	0	-4.799
Adjusted equity at 1 January	127	102.778	104.284	207.189	0	207.189
Net profit/loss for the year	0	9.701	4.847	14.548	0	14.548
Equity at 31 December	**127**	**112.479**	**109.131**	**221.737**	**0**	**221.737**

Cash Flow Statement 1 January - 31 December

	Note	Group 2019	Group 2018
		TDKK	TDKK
Net profit/loss for the year		15.298	1.161
Adjustments	20	73.188	42.702
Change in working capital	21	-56.915	41.488
Cash flows from operating activities before financial income and expenses		**31.571**	**85.351**
Financial income		138	-580
Financial expenses		-35.808	-22.227
Cash flows from operating activities		**-4.099**	**62.544**
Purchase of property, plant and equipment		-57.705	-175.139
Fixed asset investments made etc		0	-2.846
Sale of property, plant and equipment		98.335	127.665
Cash flows from investing activities		**40.630**	**-50.320**
Repayment of mortgage loans		-739	0
Repayment of loans from credit institutions		-23.511	-33.970
Reduction of lease obligations		-14.285	1.063
Cash flows from financing activities		**-38.535**	**-32.907**
Change in cash and cash equivalents		**-2.004**	**-20.683**
Cash and cash equivalents at 1 January		14.824	36.000
Exchange adjustment of current asset investments		0	-493
Cash and cash equivalents at 31 December		**12.820**	**14.824**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		12.809	14.814
Current asset investments		11	10
Cash and cash equivalents at 31 December		**12.820**	**14.824**

Notes to the Financial Statements

1 Going concern

The Group’s financial performance for 2019 shows a profit before tax of TDKK 17,052 and the equity is as of 31 December 2019 positive with TDKK 222,507.

Next to equity the Group's operations is financed through external credit lines provided by the Groups’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 debt was restructed in December 2019 where a new agreement was reached with Sydbank totaling DKK 225 mill. At that time this new bank agreement was assessed to provide sufficient liquidity to secure the Groups operations in the years to come.

In March 2020 the Covid 19 pandemic caused a significant drop in the Group’s operations as most of the Group’s services was stopped due to regulatory requirements. This caused a significant pressure on the Group’s short term liquidity position. To recover the Group entered an additional DKK 40 mill. debt agreement with Sydbank as well as reached agreements with certain suppliers on deferral of payments.

For 2020 the Groups post Covid 19 best estimate is based on a decline in revenues compared to 2019 of around 60% where off around 53% has been achieved as of 30 June 2020. Hence 47% of the best estimate production needs to be covered during the second half of 2020.

The Group has in the months since the lock down of countries was abandoned seen a monthly increase in production and has in August had a production of 2/3 of the budget prior to Covid 19. The Covid 19 best estimate is based on these assumptions seeing a further improvement in the coming months.

As of 31 August 2020, the liquidity is adequate with a short term headroom totalling around DKK 100 mill. The long term liquidity forecast (12 months) also shows a headroom at the best estimate scenario of DKK 30 mill. and at a downside scenario of DKK 15 mill. The downside scenario has a 20% drop in direct flight contribution from scheduled services recognized compared to the above mentioned best estimate scenario.

Based on this, it is the management's assessment that the Group has the necessary capital and liquidity resources to carry through the plans for the financial year 2020. The Annual Report is therefore presented on the assumption of continued operations.

2 Uncertainty relating to recognition and measurement

The assessments of indications of impairment per 31 December 2019 is based on the future cash flows expected by management per 31 December 2019, which due to Covid 19 differ from the expectations for future cash flows that management has at the time of approval of the Annual Report. Hence subsequent to the balancesheet date there is significant uncertainty in recognizing and measuring the company's investments in airplanes and associated spareparts.

Notes to the Financial Statements

3 Subsequent events

The consequences of Covid 19, where many governments around the world have decided to "Shut down of countries" is of great importance to the world economy.

Management considers the consequences of Covid 19 to be an event that arose after the balance sheet date and therefore constitutes a non regulatory event for the company.

This means, among other things, that the assessments of indications of impairment per 31 December 2019 is based on the future cash flows expected by management per 31 December 2019, 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 and as described in note 1 "Going concern" as well in theparagraph "Capital resources" in the management's review, management still considers the capital and liquidityresources to be adequate to secure the operations for the financial year 2020.

4 Revenue

	Group		Parent Company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
Geographical segments				
Revenue, Europe	1.007.650	1.071.422	0	0
	1.007.650	**1.071.422**	**0**	**0**
Business segments				
Scheduled Services	464.564	371.982	0	0
Charter services	362.433	524.963	0	0
ACMI Services	180.653	174.477	0	0
	1.007.650	**1.071.422**	**0**	**0**

Notes to the Financial Statements

		Group		Parent Company	
		2019	2018	2019	2018
		TDKK	TDKK	TDKK	TDKK
5	**Staff expenses**				
	Wages and salaries	202.152	220.411	0	0
	Pensions	9.933	19.531	0	0
	Other social security expenses	2.261	2.048	0	0
	Other staff expenses	3.636	0	0	0
		217.982	**241.990**	**0**	**0**
	Including remuneration to the Executive Board	**1.394**	**1.357**	**0**	**0**
	Average number of employees	**562**	**454**	**0**	**0**
6	**Depreciation, amortisation and impairment of intangible assets and property, plant and equipment**				
	Amortisation of intangible assets	0	3.366	0	0
	Depreciation of property, plant and equipment	56.901	58.374	0	0
	Impairment of property, plant and equipment	43	-9.942	0	0
		56.944	**51.798**	**0**	**0**
7	**Financial income**				
	Interest received from group enterprises	0	0	0	1.338
	Interest received from associates	0	34	0	34
	Other financial income	30	927	0	909
	Exchange gains	108	0	0	0
		138	**961**	**0**	**2.281**

Notes to the Financial Statements

	Group		Parent Company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
8 Financial expenses				
Other financial expenses	28.324	19.326	4	374
Exchange adjustments, expenses	4.962	12.701	0	0
Exchange loss	2.522	2.074	0	0
	35.808	**34.101**	**4**	**374**

9 Tax on profit/loss for the year

Current tax for the year	-480	480	-480	480
Deferred tax for the year	2.353	3.970	0	0
Adjustment of tax concerning previous years	-203	-15	0	0
Adjustment of deferred tax concerning previous years	84	144	0	0
	1.754	**4.579**	**-480**	**480**

Notes to the Financial Statements

10 Property, plant and equipment

Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Airplanes
	TDKK	TDKK	TDKK
Cost at 1 January	12.253	21.491	1.138.137
Net effect from merger and acquisition	3.321	300	0
Additions for the year	508	4.882	52.315
Disposals for the year	0	-843	-105.958
Cost at 31 December	16.082	25.830	1.084.494
Impairment losses and depreciation at 1 January	8.844	14.797	385.570
Net effect from merger and acquisition	243	150	0
Impairment losses for the year	0	-410	0
Depreciation for the year	721	2.859	53.324
Impairment and depreciation of sold assets for the year	0	0	-1.321
Reversal of impairment and depreciation of sold assets	0	-304	-27.976
Reversal for the year of previous years' impairment losses	0	-53	-1.256
Impairment losses and depreciation at 31 December	9.808	17.039	408.341
Carrying amount at 31 December	**6.274**	**8.791**	**676.153**
Including assets under finance leases amounting to	0	711	228.203

Notes to the Financial Statements

	Parent Company	
	2019	2018
	TDKK	TDKK

11 Investments in subsidiaries

	2019 TDKK	2018 TDKK
Cost at 1 January	53.051	53.051
Additions for the year	0	0
Cost at 31 December	53.051	53.051
Value adjustments at 1 January	100.884	100.411
Exchange adjustment	29	17
Net profit/loss for the year	14.143	3.822
Reversals for the year of revaluations in previous years	0	-3.366
Value adjustments at 31 December	115.056	100.884
Carrying amount at 31 December	**168.107**	**153.935**

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%

	Group		Parent Company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK

12 Investments in associates

	Group 2019 TDKK	Group 2018 TDKK	Parent Company 2019 TDKK	Parent Company 2018 TDKK
Cost at 1 January	2.843	47	47	47
Additions for the year	0	2.796	0	0
Disposals for the year	-47	0	-47	0
Cost at 31 December	2.796	2.843	0	47

Notes to the Financial Statements

12 Investments in associates (continued)

	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
	TDKK	TDKK	TDKK	TDKK
Value adjustments at 1 January	649	2.152	1.738	2.152
Disposals for the year	0	0	-1.738	0
Exchange adjustment	0	96	0	94
Net profit/loss for the year	-1.488	-1.245	0	-154
Revaluations for the year, net	-1.738	0	0	0
Other equity movements, net	0	-354	0	-354
Value adjustments at 31 December	-2.577	649	0	1.738
Carrying amount at 31 December	**219**	**3.492**	**0**	**1.785**

Investments in associates are specified as follows:

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

13 Other fixed asset investments

	Group	Parent Company
	Deposits	Receivables from group enterprises
	TDKK	TDKK
Cost at 1 January	15.341	51.000
Exchange adjustment	306	0
Cost at 31 December	15.647	51.000
Impairment losses at 31 December	0	0
Carrying amount at 31 December	**15.647**	**51.000**

Notes to the Financial Statements

	Group		Parent Company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK

14 Inventories

Raw materials and consumables	68.750	58.944	0	0
	68.750	**58.944**	**0**	**0**

15 Prepayments

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

16 Current asset investments

Shares	11	10	0	0
	11	**10**	**0**	**0**

17 Distribution of profit

Reserve for net revaluation under the equity method			9.701	5.255
Retained earnings			4.847	-3.527
			14.548	**1.728**

18 Provision for deferred tax

Provision for deferred tax at 1 January	54.430	50.454	0	0
Amounts recognised in the income statement for the year	2.353	3.976	0	0
Amounts recognised in equity for the year	-166	0	0	0
Provision for deferred tax at 31 December	**56.617**	**54.430**	**0**	**0**

Notes to the Financial Statements

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		Parent Company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
Mortgage loans				
After 5 years	583	622	0	0
Between 1 and 5 years	152	152	0	0
Long-term part	735	774	0	0
Within 1 year	38	38	0	0
	773	**812**	**0**	**0**
Credit institutions				
After 5 years	4.506	29.708	0	0
Between 1 and 5 years	108.255	115.975	0	0
Long-term part	112.761	145.683	0	0
Within 1 year	37.784	29.513	0	0
Other short-term debt to credit institutions	32.566	31.427	0	0
Short-term part	70.350	60.940	0	0
	183.111	**206.623**	**0**	**0**
Lease obligations				
After 5 years	0	180.417	0	0
Between 1 and 5 years	207.845	42.171	0	0
Long-term part	207.845	222.588	0	0
Within 1 year	20.664	20.206	0	0
	228.509	**242.794**	**0**	**0**
Payables to owners and Management				
Between 1 and 5 years	7.000	7.000	0	0
Long-term part	7.000	7.000	0	0
Other short-term debt to owners and Management	3.983	3.982	3.983	3.982
	10.983	**10.982**	**3.983**	**3.982**

Notes to the Financial Statements

19 Long-term debt (continued)

	Group		Parent Company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
Other payables				
Between 1 and 5 years	4.330	0	0	0
Long-term part	4.330	0	0	0
Other short-term payables	63.969	64.524	37	26
	68.299	**64.524**	**37**	**26**

	Group	
	2019	2018
	TDKK	TDKK

20 Cash flow statement - adjustments

Financial income	-138	-17
Financial expenses	35.808	35.264
Depreciation, amortisation and impairment losses, including losses and gains on sales	35.764	48.428
Tax on profit/loss for the year	1.754	4.579
Gain/loss on the sale of non-current assets	0	-45.552
	73.188	**42.702**

21 Cash flow statement - change in working capital

Change in inventories	-9.806	-3.219
Change in receivables	11.708	-35.764
Change in trade payables, etc	-58.817	80.471
	-56.915	**41.488**

	Group		Parent Company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK

22 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:

As security for mortgage debt to Nykredit of DKK 773 thousand, the company has provided owner´s mortgage amounting to DKK 1,100 thousand secured upon buildings at a carrying value of TDKK	1.201	1.260	0	0

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	20.000	0	0

The following assets have been placed as security with bankers:

Company charge of nominally TDKK 192.901 provide security in airplanes with a booked value of	424.709	504.075	0	0

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:				
Within 1 year	5.998	0	0	0
Between 1 and 5 years	2.256	0	0	0
	8.254	**0**	**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.

Notes to the Financial Statements

22 Contingent assets, liabilities and other financial obligations (continued)

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 0. 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.

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 Company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
PricewaterhouseCoopers				
Audit fee	280	0	10	0
Tax advisory services	55	0	10	0
Other services	85	0	10	0
	420	**0**	**30**	**0**
EY				
Audit fee	0	308	0	15
Other assurance engagements	0	7	0	0
Other services	0	166	0	40
	0	**481**	**0**	**55**
	420	**481**	**30**	**55**

Notes to the Financial Statements

25 Accounting Policies

The Annual Report of Runway Holding ApS for 2019 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 2019 are presented in TDKK.

Correction of material misstatements

During the financial year three material misstatements in the comparative figures were discovered and corrected. The net effect of correction of material misstatements has in accordance with Danish GAAP been booked directly on the equity instead of in the profit and loss accounts. The misstatements consist of:

- Incorrect classification of two leasing contracts, which had to be classified as a financial lease and recognized on the balance sheet as fixed assets and debt accordingly. The Group entered these agreements in 2018, so the comparative figures have been corrected. The impact on equity is net TDKK 1,203 after tax.

- Incorrect provision for CO2 quotas, which was due to the fact that the price of the quotas was assessed too low when the provision was made in 2018. The impact on equity is net TDKK 2,992 after tax.

- Sale of an aircraft with an accounting profit of TDKK 3,010 was booked in 2018. However, thesale did not take place, as it was a security against loan and not a sale. The impact on equity isnet TDKK 3,010 after tax.

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.

Notes to the Financial Statements

25 Accounting Policies (continued)

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.

Business combinations

Uniting of interests

Intragroup business combinations are accounted for under the uniting-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 uniting-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.

Notes to the Financial Statements

25 Accounting Policies (continued)

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.

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.

25 Accounting Policies (continued)

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.

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.

Notes to the Financial Statements

25 Accounting Policies (continued)

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. All indirectly attributable borrowing expenses are recognised in the income statement.

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

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.

Notes to the Financial Statements

25 Accounting Policies (continued)

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.

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.

Notes to the Financial Statements

25 Accounting Policies (continued)

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.

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.

Notes to the Financial Statements

25 Accounting Policies (continued)

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.

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.

Notes to the Financial Statements

25 Accounting Policies (continued)

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	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$