Runway Holding ApS

Lufthavnsvej 7A, DK-6580 Vamdrup

Annual Report for 2022

CVR No. 31 59 32 47

The Annual Report was presented and adopted at the Annual General Meeting of the company on 22/6 2023

Halldor Sigurdarson
Chairman of the general meeting

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Contents

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Management's statement

The Executive Board has today considered and adopted the Consolidated Financial Statements and Parent Company Financial Statements of Runway Holding ApS for the financial year 1 January - 31 December 2022.

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 2022 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2022.

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

We recommend that the Consolidated Financial Statements and Parent Company Financial Statements be adopted at the Annual General Meeting.

Vamdrup, 22 June 2023

Executive Board

Jesper Rungholm Kirsten Rungholm

Independent Auditor's report

To the shareholder 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 2022 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 2022 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 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group´s and the Parent Company´s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group´s and the Parent Company´s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group´s and the Parent Company´s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditor's report

Trekantområdet, 22 June 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jan Bunk Harbo Larsen
State Authorised Public Accountant
mne30224

Lasse Berg
State Authorised Public Accountant
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
Executive Board	Jesper Rungholm Kirsten Rungholm
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Herredsvej 32 7100 Vejle

Financial Highlights

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

	Group				
	2022	2021	2020	2019	2018
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	795,896	573,647	428,307	1,007,650	1,071,422
Gross profit/loss	190,388	212,060	256,514	329,181	333,913
Profit/loss before financial income and expenses	9,532	44,131	19,480	54,255	40,125
Profit/loss of financial income and expenses	-1,880	-26,528	-17,075	-37,198	-34,385
Net profit/loss	9,673	2,513	3,921	15,303	1,161
Balance sheet					
Balance sheet total	910,209	852,250	900,162	871,888	952,420
Investment in property, plant and equipment	84,282	45,992	45,992	57,705	175,139
Equity	238,412	228,737	226,222	222,507	207,204
Cash flows					
Cash flows from:					
- operating activities	23,617	94,810	121,370	-4,099	62,544
- investing activities	-133,270	-14,261	-17,750	40,630	-50,320
- financing activities	39,116	-48,136	6,513	-38,535	-32,907
Change in cash and cash equivalents for the year	-70,537	32,413	110,133	-2,004	-20,683
Number of employees	330	237	342	562	454
Ratios					
Gross margin	23.9%	37.0%	59.9%	32.7%	31.2%
Profit margin	1.2%	7.7%	4.5%	5.4%	3.7%
Return on assets	1.0%	5.2%	2.2%	6.2%	4.2%
Solvency ratio	26.2%	26.8%	25.1%	25.5%	21.8%
Return on equity	4.1%	1.1%	1.7%	7.1%	0.6%

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 2022 shows a profit of TDKK 9,673, and at 31 December 2022 the balance sheet of the Group shows positive equity of TDKK 238,412.

Management is satisfied with the financial results.

The Omicron variant remained present for the first weeks of 2022 which severely impacted the financial performance during the first quarter of the year compared to what had been anticipated. Revenue generated by Scheduled Services suffered the most with passenger numbers below expectations and yield remained low, continuing from late 2021. Likewise, charter operations suffered due to travel guidelines issued and restrictions imposed.

Planned Charter activities came to an end in late spring 2022 as intended and from thereon, is no longer a specific part of the Group's strategic lines of business. The primary reason being the unbalanced and savage EU261/2004 regulation.

Traffic figures and yield throughout the scheduled network started to improve from early spring 2022 and continued to build into the late summer and early autumn. Jet production, servicing the European ACMI market, gained momentum from early summer and was essentially at full capacity until the autumn when it severely slowed down. Regional scheduled passenger services were operated in Denmark, Norway, Finland, Germany, and Italy during 2022. Overall, the regional scheduled services performed better than pre-COVID in respect of passenger volume and yield.

The Russian invasion into Ukraine had severe negative impacts on our cost levels. The cost of fuel increased sharply and by the middle of 2022, fuel had more than doubled in cost from what it was at the beginning of the year. The Euro also took a beating against the US Dollar shortly after the war broke out and with a good portion of our cash outflows being US Dollar denominated, this also had a negative impact on our bottom-line results. Both Fuel and the Euro did regain some of their respective positions later in the year and leading up to the year-end but due to our seasonality, significant damage had already been incurred in respect of our cost base. This has not only had a serious impact on the 2022 results compared to expectations but with increasing inflation, cost increases within all our business has been unavoidable, resulting in rocketing future cost.
Two Airbus aircraft entered the fleet in summer of 2022 and a third one in early 2023. The aircraft replaced the MD aircraft that left the fleet in 2021 and will be in important part in balancing the overall business operations between ACMI and Scheduled Services.

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

In 2021,the primary expectation, for the financial year of 2022, was that the revenue in the group level would increase by 51%, while the realised revenue in 2022 is approximately 39% higher than 2021. The reason for not being able to completely fulfill the expectations in 2021 is the following. COVID challenges continued into the year 2022 followed by the implications of the barbarous invasion of Ukraine were both costly but after a robust summer performance, the financial results took a drastic turn to the better, only to be knocked back down when struck by the harsh winter that followed. Overall, a marginal positive break-even financial result in 2022 and less than what was expected at the beginning of the year. Despite having just over half of the fuel consumption hedged by beginning of the year then the un-hedged part was one of the main reasons for being short to budget. As intended, the Group exited planned charter services in the spring of 2022 and has since, and into 2023, directed that capacity to the market for ACMI services.

Management's review

Capital resources

The Group's financial performance for 2022 shows a profit before tax of TDKK 7,652 and the equity is as of 31 December 2022 positive with TDKK 236,022.

Aside from equity, the Group's operations are largely financed through external credit lines provided by the Group's bank. Credit lines are granted at the Group level therefore the assessment of adequate liquidity reserves for the coming year has been made at this level.

A DKK 18 mill. facility was renewed by one year in May 2022 and a DKK 27.3 mill. facility was renewed in September 2022 for a period of one year. Both facilities have been in place over the past few years but are to be renewed annually. The facilities are expected to be renewed for a further year to 2024 following the filing of the 2022 annual report. Some restructuring of long-term loan facilities took place in August 2022 with additional facilities provided and prolongment of repayment terms on part of the existing loan facilities.

As of 03 May 2023, the liquidity is adequate with a short-term headroom totaling approximately DKK 83 mill. A 12-month (to spring 2024) liquidity forecast has been prepared. At the end of the forecast period, it shows a headroom of DKK 99 mill. under an estimated working scenario. Management is of the view its estimated scenario is reasonable.

Based on this, it is management's assessment that the Group has the required capital and liquidity resources to carry through the plans for the financial year 2023. The Annual Report is therefore presented on the assumption of continued operations.

Foreign exchange risks

A large portion of the Group's income, expenses, and external financing is settled in foreign currencies which exposes profits to currency fluctuations. It is Group policy not to partake in speculative currency positions.

Targets and expectations for the year ahead

It is anticipated for the year 2023 to yield a profit before tax of approximately DKK 11 mill. The continued geopolitical situation in Europe and the war in Ukraine can have unforeseen implications. Cost across all aspects of the business is still uncapped and thus challenging to predict. Nevertheless, it is Management's view that its expectations are achievable.

External environment

DAT Group's primary environmental influence is through CO2-emissions from aircraft operations. DAT Group seeks to reduce fuel consumption and CO2-emission as much as possible. Among other things this is done by continuously training pilots, adjusting aircraft sizes to the number of passengers, optimizing flight height, and investing in more fuel-efficient aircraft which have lower CO2-emissions. Every pilot is trained in fuel-efficient flight as an integrated part of their training in the Group's aircraft fleet. DAT Group continues to invest in new aircraft to achieve the optimum utilization based on the Group's activities, including the optimal utilisation related to fuel consumption. Furthermore, the Group has exited its services of planned charter services.

DAT A/S and UAB DAT LT are in the aviation industry which impacts the climate with CO2 emissions. It has been estimated that the aviation industry is responsible for about to 3% of the EU's annual CO2 emissions, and as a responsible airline the Group is invested in reducing its climate impact. This is achieved by utilizing aircraft relevant to the passenger load, continuous education of pilots, and investments in new aircraft and engines that have lower emissions overall.

The environmental and climate impact is being addressed by evaluating the introduction of more fuel efficient engines. There were no noise violations were reported in 2022.

Branches abroad

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

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

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

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

Due to the nature of the Group's activities the operations have an environmental impact. Environmental and climate aspects have been incorporated into the business through operational procedures and strategic focus on addressing CO2 emissions. Fuel consumption is monitored and thereby carbon footprint. In 2022 we reduced our fuel carbon consumption to a similar amount the year prior the pandemic's out-break in early 2020 with the 2022 consumption being at 51% of what it was in 2019 (including flights operating under the Group's call signs). This is attributed mainly to our withdrawal from operating planned charter series. The Group is working on a fleet renewal plan with the aim of replacing aircraft with those more fuel efficient. The Airbus fleet was expanded in 2022 as a replacement for the Group's more fuel-intensive MD aircraft that were disposed of in 2021. Crew are trained to minimize fuel usage throughout our operations while maintaining full compliance with aviation regulations, for both environmental and cost optimization. In 2020 DAT A/S announced its intention to join the Air Transport Climate Fund (i.e. Luftfartens Klimafond), whose intentions were to facilitate the industry's green transition and contribute to Denmark's climate goals. This fund has since been discontinued due to a change in focus within the Danish government.

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

There are defined social and employment conditions within the Group to ensure a productive and safe environment. There are regular activities to promote the physical and psychological environments as well as employees' welfare. One stated goal of the Group is a high level of health and safety regarding the physical and psychological working environments. This is seen through the Group's focus on sickness levels, alcohol and smoking policies, safety and security policies, random testing for psychoactive substances, a peer support program for flight crew, and the requirements regarding continuous health checks for its flight crew.

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

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

The Group's handbooks are readily available and ensure that all colleagues can quickly find information regarding the Group's policies and other relevant information.

The current business environment is not conducive to corruption risks and therefore no anti-corruption policy has been put in place. This policy does not exist because the Group is not directly exposed to corruption issues in its transactions, neither directly nor through suppliers. The Group does declare in its purchase conditions that it will not pay any rebate, commission, salary or any remuneration or reward, indirectly or in any form whatsoever to any officer, employee, agent, or representative employed by or on behalf of the Group.

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

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

DAT Holding A/S, DAT Leasing A/S, and DAT A/S have the same board of directors. In 2022, 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 there are gender ratios of varying degrees. The Group acknowledges diversity as a source of competitive advantages and, therefore, wants to secure an equal gender distribution at the broader management team and flight crew level. As stated previously, qualifications are prioritized compared to other factors and the Group does not discriminate during its hiring or promotion of colleagues.

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.

Management's review

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

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

In 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 concluded in 2022 and will be followed up on in 2023.

Uncertainty relating to recognition and measurement

The assessments of indications of impairment per 31 December 2022 is based on the future cash flows expected by management per 31 December 2022, which due to external uncontrollable impacts, such as the war in Ukraine, may differ from the expectations for future cash flows that management has at the time of approval of the Annual Report. Hence, after the balance sheet date there is uncertainty in recognizing and measuring the Group’s investments in airplanes and associated spare parts.

Income statement 1 January - 31 December

	Note	Group		Parent company	
		2022	2021	2022	2021
		TDKK	TDKK	TDKK	TDKK
Revenue	2	795,896	573,647	1,772	2,068
Other operating income	3	25,764	117,092	0	0
Expenses for raw materials and consumables		-544,417	-412,804	0	0
Other external expenses		-86,855	-65,875	-542	-709
Gross profit		**190,388**	**212,060**	**1,230**	**1,359**
Staff expenses	4	-116,854	-72,897	0	0
Depreciation and impairment losses of property, plant and equipment	5	-64,002	-95,032	0	0
Profit/loss before financial income and expenses		**9,532**	**44,131**	**1,230**	**1,359**
Income from investments in subsidiaries		0	0	7,300	2,874
Income from investments in associates		-1,229	1,229	0	0
Financial income	6	27,527	5,634	349	0
Financial expenses	7	-28,178	-33,391	-541	-713
Profit/loss before tax		**7,652**	**17,603**	**8,338**	**3,520**
Tax on profit/loss for the year	8	2,021	-15,090	-306	-1,145
Net profit/loss for the year	9	**9,673**	**2,513**	**8,032**	**2,375**

Balance sheet 31 December

Assets

	Note	Group 2022 TDKK	Group 2021 TDKK	Parent company 2022 TDKK	Parent company 2021 TDKK
Land and buildings		27,309	3,031	0	0
Other fixtures and fittings, tools and equipment		3,572	2,571	0	0
Airplanes		561,621	500,273	0	0
Property, plant and equipment	10	**592,502**	**505,875**	**0**	**0**
Investments in subsidiaries	11	0	0	182,781	175,997
Investments in associates	12	0	4,429	0	0
Receivables from group enterprises	13	0	0	51,000	51,000
Deposits	13	19,888	14,455	0	0
Fixed asset investments		**19,888**	**18,884**	**233,781**	**226,997**
Fixed assets		**612,390**	**524,759**	**233,781**	**226,997**
Inventories	14	**80,034**	**79,688**	**0**	**0**
Trade receivables		63,079	44,864	0	0
Receivables from group enterprises		0	0	41,863	33,014
Other receivables		61,581	41,317	0	0
Deferred tax asset	16	0	591	0	0
Corporation tax receivable from group enterprises		0	0	4,812	0
Prepayments	15	8,296	5,665	0	0
Receivables		**132,956**	**92,437**	**46,675**	**33,014**
Current asset investment		**36**	**14**	**16**	**0**
Cash at bank and in hand		**84,793**	**155,352**	**3,054**	**3,134**
Current assets		**297,819**	**327,491**	**49,745**	**36,148**
Assets		**910,209**	**852,250**	**283,526**	**263,145**

Balance sheet 31 December

Liabilities and equity

		Group		Parent company	
	Note	2022	2021	2022	2021
		TDKK	TDKK	TDKK	TDKK
Share capital		127	127	127	127
Reserve for net revaluation under the equity method		0	0	129,635	122,335
Other statutory reserves		-16	-16	-16	-16
Retained earnings		235,911	227,879	106,276	105,544
Equity attributable to shareholders of the Parent Company		**236,022**	**227,990**	**236,022**	**227,990**
Minority interests		2,390	747	0	0
Equity		**238,412**	**228,737**	**236,022**	**227,990**
Provision for deferred tax	16	43,975	52,378	0	0
Other provisions	17	7,130	16,584	0	0
Provisions		**51,105**	**68,962**	**0**	**0**
Mortgage loans		16,375	0	0	0
Credit institutions		119,148	137,374	0	0
Lease obligations		218,568	193,584	0	0
Payables to owners and Management		0	3,500	0	0
Other payables		8,288	9,007	0	0
Long-term debt	18	**362,379**	**343,465**	**0**	**0**

Balance sheet 31 December

Liabilities and equity

	Note	Group 2022	Group 2021	Parent company 2022	Parent company 2021
		TDKK	TDKK	TDKK	TDKK
Credit institutions	18	44,329	30,937	0	0
Lease obligations	18	14,672	7,674	0	0
Prepayments received from customers		12,344	8,912	0	0
Trade payables		69,785	56,108	0	0
Payables to group enterprises		0	0	39,149	29,860
Payables to owners and Management		4,025	3,983	3,983	3,983
Corporation tax		4,948	9,195	4,328	1,274
Deposits		0	2,060	0	0
Other payables	18	108,210	92,217	44	38
Short-term debt		**258,313**	**211,086**	**47,504**	**35,155**
Debt		**620,692**	**554,551**	**47,504**	**35,155**
Liabilities and equity		**910,209**	**852,250**	**283,526**	**263,145**

Going concern	1
Contingent assets, liabilities and other financial obligations	21
Related parties	22
Fee to auditors appointed at the general meeting	23
Subsequent events	24
Accounting Policies	25

Statement of changes in equity

Group

	Share capital	Other statutory reserves	Retained earnings	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	127	-16	227,879	227,990	747	228,737
Exchange adjustments	0	0	0	0	2	2
Net profit/loss for the year	0	0	8,032	8,032	1,641	9,673
Equity at 31 December	**127**	**-16**	**235,911**	**236,022**	**2,390**	**238,412**

Parent company

	Share capital	Reserve for net revaluation under the equity method	Other statutory reserves	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	127	122,335	-16	105,544	227,990
Net profit/loss for the year	0	7,300	0	732	8,032
Equity at 31 December	**127**	**129,635**	**-16**	**106,276**	**236,022**

Cash flow statement 1 January - 31 December

	Note	Group 2022 TDKK	Group 2021 TDKK
Result of the year		9,673	2,513
Adjustments	19	44,270	128,673
Change in working capital	20	-19,868	-1,022
Cash flow from operations before financial items		**34,075**	**130,164**
Financial income		27,521	5,634
Financial expenses		-27,941	-33,389
Cash flows from ordinary activities		**33,655**	**102,409**
Corporation tax paid		-10,038	-7,599
Cash flows from operating activities		**23,617**	**94,810**
Purchase of property, plant and equipment		-131,037	-84,282
Fixed asset investments made etc		-2,233	-5,417
Sale of property, plant and equipment		0	75,438
Cash flows from investing activities		**-133,270**	**-14,261**
Repayment of mortgage loans		16,145	0
Repayment of loans from credit institutions		-4,834	-31,383
Reduction of lease obligations		31,982	-12,867
Repayment of other long-term debt		-4,177	-3,886
Cash flows from financing activities		**39,116**	**-48,136**
Change in cash and cash equivalents		**-70,537**	**32,413**
Cash and cash equivalents at 1 January		155,366	122,953
Exchange adjustment of current asset investments		0	0
Cash and cash equivalents at 31 December		**84,829**	**155,366**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		84,793	155,352
Current asset investments		36	14
Cash and cash equivalents at 31 December		**84,829**	**155,366**

Notes to the Financial Statements

1. Going concern

The Group's financial performance for 2022 shows a profit before tax of TDKK 7,652 and the equity is as of 31 December 2022 positive of TDKK 236,022.

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 76 mill as of year-end 2022. Thereof, DKK 45 mill is in form of two revolving facilities with annual extensions in early summer and late summer each year. One was extended in April 2022 and is expected to be renewed following the filing of the annual report in June 2023 for a period of one year. The other was extended for one year in September 2022 and is anticipated to be renewed in September this year for a period of a further one year.

The current credit facilities are assessed to provide sufficient liquidity to secure the Groups operations in the years to come. The credit facilities are classified as non-current debt in the balance sheet.

For 2023, the Groups budget is based on an increase in revenues of around 9% compared to 2022. Compared to prior Covid-19 (2019) a decrease of around 9% is budgeted which is not Covid-19 related but due to the Group shifting from its then planned charter activities to wet lease activities. The Group's production has recovered from Covid-19 implications. The budget for 2023 is based on reasonable assumptions for securing additional winter production from the winter before

As of 08 May 2023, the liquidity is adequate with a short-term headroom totalling around DKK 61 mill. Being cautiously optimistic, the long-term liquidity forecast (12 months) shows a headroom of DKK 83 mill under the budgeted scenario. Management view is that the budgeted scenario is reasonable. This includes scheduled instalments on loans of around DKK 53 mill during 2023 and new facilities of around DKK 24 mill.

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 2023. The Annual Report is therefore presented on the assumption of continued operations.

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
2. Revenue				
Geographical segments				
Revenue, Europe	795,896	573,647	1,772	2,068
	795,896	**573,647**	**1,772**	**2,068**
Business segments				
Scheduled Services	599,647	474,491	0	0
Charter services	58,898	90,811	0	0
ACMI Services	137,351	8,345	0	0
Other income	0	0	1,772	2,068
	795,896	**573,647**	**1,772**	**2,068**

Notes to the Financial Statements

3. Other operating income

	Group 2022	Group 2021	Parent company 2022	Parent company 2021
	TDKK	TDKK	TDKK	TDKK
Profit on sale of fixed assets and inventory items	19,593	9,463	0	0
COVID-19 Support	5,584	107,629	0	0
Subsidy	587	0	0	0
	25,764	**117,092**	**0**	**0**

4. Staff Expenses

	Group 2022	Group 2021	Parent company 2022	Parent company 2021
	TDKK	TDKK	TDKK	TDKK
Wages and salaries	108,529	67,698	0	0
Pensions	7,558	4,552	0	0
Other social security expenses	767	647	0	0
	116,854	**72,897**	**0**	**0**
Including remuneration to the Executive Board and Board of Directors	**3,722**	**3,744**	**604**	**949**
Average number of employees	**330**	**237**	**0**	**0**

5. Depreciation and impairment losses of property, plant and equipment

	Group 2022	Group 2021	Parent company 2022	Parent company 2021
	TDKK	TDKK	TDKK	TDKK
Depreciation of property, plant and equipment	62,421	69,110	0	0
Impairment of tangible assets	1,581	25,922	0	0
	64,002	**95,032**	**0**	**0**

Notes to the Financial Statements

6. Financial income

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
Interest received from group enterprises	0	0	349	0
Other financial income	22,063	5,634	0	0
Exchange gains	5,464	0	0	0
	27,527	**5,634**	**349**	**0**

7. Financial expenses

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
Other financial expenses	24,589	22,791	541	713
Exchange adjustments, expenses	3,589	7,087	0	0
Exchange loss	0	3,513	0	0
	28,178	**33,391**	**541**	**713**

8. Income tax expense

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
Current tax for the year	5,792	15,224	306	286
Deferred tax for the year	-7,813	6,883	0	0
Adjustment of tax concerning previous years	0	-7,017	0	859
	-2,021	**15,090**	**306**	**1,145**

Notes to the Financial Statements

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK

9. Profit allocation

Reserve for net revaluation under the equity method	0	0	7,300	2,857
Minority interests' share of net profit/loss of subsidiaries	1,641	136	0	0
Retained earnings	8,032	2,377	732	-482
	9,673	**2,513**	**8,032**	**2,375**

10. Property, plant and equipment

Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Airplanes
	TDKK	TDKK	TDKK
Cost at 1 January	14,313	24,605	1,047,718
Additions for the year	25,284	2,204	130,703
Disposals for the year	0	-183	-7,551
Cost at 31 December	39,597	26,626	1,170,870
Impairment losses and depreciation at 1 January	11,282	22,034	547,445
Exchange adjustment	0	10	0
Impairment losses for the year	0	0	1,581
Depreciation for the year	1,006	1,192	60,223
Reversal of impairment and depreciation of sold assets	0	-182	0
Impairment losses and depreciation at 31 December	12,288	23,054	609,249
Carrying amount at 31 December	**27,309**	**3,572**	**561,621**
Including assets under finance leases amounting to	0	0	219,981

Notes to the Financial Statements

	Parent company	
	2022	2021
	TDKK	TDKK
11. Investments in subsidiaries		
Cost at 1 January	53,074	53,051
Additions for the year	40	23
Cost at 31 December	53,114	53,074
Value adjustments at 1 January	122,335	119,462
Exchange adjustment	0	-2
Net profit/loss for the year	7,300	2,875
Value adjustments at 31 December	129,635	122,335
Equity investments with negative net asset value amortised over receivables	32	588
Carrying amount at 31 December	**182,781**	**175,997**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	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%

12. Investments in associated companies

	Group 2022 TDKK	Group 2021 TDKK	Parent company 2022 TDKK	Parent company 2021 TDKK
Cost at 1 January	5,996	2,796	0	0
Additions for the year	0	3,200	0	0
Disposals for the year	-3,200	0	0	0
Cost at 31 December	2,796	5,996	0	0
Value adjustments at 1 January	-1,567	-2,796	0	0
Net profit/loss for the year	-4,016	8,368	0	0
Reversals for the year of revaluations in previous years	2,787	-7,139	0	0
Value adjustments at 31 December	-2,796	-1,567	0	0
Carrying amount at 31 December	**0**	**4,429**	**0**	**0**

Investments in associates are specified as follows:

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

Notes to the Financial Statements

13. Other fixed asset investments

Group

	Deposits
	TDKK
Cost at 1 January	14,455
Additions for the year	5,433
Cost at 31 December	19,888
Carrying amount at 31 December	**19,888**

Parent company

	Receivables from group enterprises
	TDKK
Cost at 1 January	51,000
Cost at 31 December	51,000
Carrying amount at 31 December	**51,000**

	Group		**Parent company**	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK

14. Inventories

Raw materials and consumables	69,550	60,848	0	0
Carbon emission allowances	10,484	18,840	0	0
	80,034	**79,688**	**0**	**0**

15. Prepayments

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

16. Provision for deferred tax

	Group 2022 TDKK	Group 2021 TDKK	Parent company 2022 TDKK	Parent company 2021 TDKK
Deferred tax liabilities at 1 January	51,787	44,915	0	0
Amounts recognised in the income statement for the year	-7,812	6,872	0	0
Deferred tax liabilities at 31 December	**43,975**	**51,787**	**0**	**0**
Recognised in the balance sheet as follows:				
Assets	0	591	0	0
Provisions	43,975	52,378	0	0
	43,975	**51,787**	**0**	**0**

17. Other provisions

	Group 2022 TDKK	Group 2021 TDKK	Parent company 2022 TDKK	Parent company 2021 TDKK
Provision for maintenance	7,130	16,584	0	0
	7,130	**16,584**	**0**	**0**

The provisions are expected to mature as follows:

Provisions falling due after 5 years	0	0	0	0

Notes to the Financial Statements

18. 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	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
Mortgage loans				
After 5 years	0	0	0	0
Between 1 and 5 years	16,375	0	0	0
Long-term part	16,375	0	0	0
Within 1 year	0	0	0	0
	16,375	**0**	**0**	**0**
Credit institutions				
After 5 years	13,105	16,250	0	0
Between 1 and 5 years	106,043	121,124	0	0
Long-term part	119,148	137,374	0	0
Within 1 year	5,000	3,750	0	0
Other short-term debt to credit institutions	39,329	27,187	0	0
Short-term part	44,329	30,937	0	0
	163,477	**168,311**	**0**	**0**
Lease obligations				
After 5 years	0	0	0	0
Between 1 and 5 years	218,568	193,584	0	0
Long-term part	218,568	193,584	0	0
Within 1 year	14,672	7,674	0	0
	233,240	**201,258**	**0**	**0**

Payables to owner and Management

After 5 years	0	0	0	0
Between 1 and 5 years	0	3,500	0	0
Long-term part	0	3,500	0	0
Within 1 year	42	0	0	0
Other short-term debt to owners and Management	3,983	3,983	3,983	3,983
Short-term part	4,025	3,983	3,983	3,983
	4,025	**7,483**	**3,983**	**3,983**

Other payables

After 5 years	0	0	0	0
Between 1 and 5 years	8,288	9,007	0	0
Long-term part	8,288	9,007	0	0
Other short-term payables	108,210	92,217	44	38
	116,498	**101,224**	**44**	**38**

19. Cash flow statement - Adjustments

	Group	
	2022	2021
	TDKK	TDKK
Financial income	-27,527	-5,634
Financial expenses	28,178	33,391
Depreciation, amortisation and impairment losses, including losses and gains on sales	44,409	85,874
Income from investments in associates	1,229	-1,229
Tax on profit/loss for the year	-2,021	15,090
Exchange adjustments	2	0
Other adjustments	0	1,181
	44,270	**128,673**

Notes to the Financial Statements

	Group	
	2022	2021
	TDKK	TDKK

20. Cash flow statement - Change in working capital

Change in inventories	-346	-23,509
Change in receivables	-41,110	12,993
Change in other provisions	-9,454	725
Change in trade payables, etc	31,042	8,769
	-19,868	**-1,022**

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK

21. Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:				
Land and buildings with a carrying amount of	2,952	3,031	0	0
The following assets have been placed as security with bankers:				
Company charge of nominally TDKK 191,635 provide security in airplanes with a booked value of	579,236	322,769	0	0
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

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:				
Within 1 year	19,043	8,096	0	0
Between 1 and 5 years	68,970	6,610	0	0
After 5 years	89,941	0	0	0
	177,954	**14,706**	**0**	**0**

Notes to the Financial Statements

Other contingent liabilities

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

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

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable by the Group amounts to DKK 4,947,801. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Group's liability.

22. 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.

23. Fee to auditors appointed at the general meeting

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
PricewaterhouseCoopers				
Audit fee	776	294	15	10
Tax advisory services	222	212	22	14
Non-audit services	163	70	17	10
	1,161	**576**	**54**	**34**

24. Subsequent events

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

25. Accounting policies

The Annual Report of Runway Holding ApS for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2022 are presented in TDKK.

Few comparative figures have been reclassified in the balance sheet in order to present the figures correctly.

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.

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.

Notes to the Financial Statements

Minority interests

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

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

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

Net sales

Revenue from the 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 the consolidated revenue for the year.

Notes to the Financial Statements

Other external expenses

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

Staff expenses

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

Amortisation, depreciation and impairment losses

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

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 . The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

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

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 property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries and associates

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

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

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

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

Other fixed asset investments

Other fixed asset investments consist of deposits.

Inventories

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

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

The cost of raw materials and consumables equals landed cost.

Receivables

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

Prepayments

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

Current Asset Investments

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

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

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial 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.

Notes to the Financial Statements

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.

Financial Highlights

Explanation of financial ratios

Gross margin	Gross profit x 100 / Revenue
Profit margin	Profit before financials x 100 / Revenue
Return on assets	Profit before financials x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity