
TP Aerospace Holding A/S

Stamholmen 165 R, DK-2650 Hvidovre

Annual Report for 1 January - 31 December 2019

CVR No 31 60 34 20

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
29/5 2020

Peter Ryttergaard
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of TP Aerospace Holding A/S for the financial year 1 January - 31 December 2019.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2019 of the Company and of the results of the Company operations for 2019.

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

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

Hvidovre, 25 May 2020

Executive Board

Thomas Daniel Ibsø

Peter Jørgen Lyager

Nikolaj Lei Jacobsen

Board of Directors

Jens Flemming Jensen
Chairman

Peter Ryttergaard
Deputy Chairman

Andrew Hoad

Jesper Abildskov Blom

Vilhelm Eigil Hahn-Petersen

Michael John Humphreys

Nina Fisker Olesen

Independent Auditor's Report

To the Shareholder of TP Aerospace Holding A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of TP Aerospace Holding A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these 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 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 financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent Auditor's Report

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

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

Hellerup, 25 May 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Torben Jensen
State Authorised Public Accountant
mne18651

Thomas Baunkjær Andersen
State Authorised Public Accountant
mne35483

Company Information

The Company

TP Aerospace Holding A/S
Stamholmen 165 R
DK-2650 Hvidovre

CVR No: 31 60 34 20
Financial period: 1 January - 31 December
Incorporated: 9 July 2008
Financial year: 11st financial year
Municipality of reg. office: Hvidovre

Board of Directors

Jens Flemming Jensen, Chairman
Peter Ryttergaard
Andrew Hoad
Jesper Abildskov Blom
Vilhelm Eigil Hahn-Petersen
Michael John Humphreys
Nina Fisker Olesen

Executive Board

Thomas Daniel Ibsø
Peter Jørgen Lyager
Nikolaj Lei Jacobsen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

Key activities

The Company's main activity is to act as a holding company of group subsidiaries as well as to exercise management activities in relation to these enterprises.

Development in the year

The income statement of the Company for 2019 shows a profit of TUSD 3,005, and at 31 December 2019 the balance sheet of the Company shows equity of TUSD 43,258.

Subsequent events

For information regarding events after the balance sheet date a reference is made to note 1.

Income Statement 1 January - 31 December

	Note	2019 USD'000	2018 USD'000
Gross profit/loss		-3.246	10.355
Staff expenses	2	-3.237	-2.807
Profit/loss before financial income and expenses		-6.483	7.548
Income from investments in subsidiaries		8.293	8.037
Financial income	3	3.438	3.566
Financial expenses	4	-3.308	-7.386
Profit/loss before tax		1.940	11.765
Tax on profit/loss for the year	5	1.065	-925
Net profit/loss for the year		3.005	10.840

Distribution of profit

Proposed distribution of profit

Reserve for net revaluation under the equity method	8.293	8.037
Retained earnings	-5.288	2.803
	3.005	10.840

Balance Sheet 31 December

Assets

	Note	2019 USD'000	2018 USD'000
Software		138	0
Intangible assets	6	138	0
Other fixtures and fittings, tools and equipment		7	0
Property, plant and equipment	7	7	0
Investments in subsidiaries	8	37.928	29.687
Fixed asset investments		37.928	29.687
Fixed assets		38.073	29.687
Receivables from group enterprises		66.736	68.585
Other receivables		76	25
Deferred tax asset		80	52
Corporation tax		1.441	0
Prepayments		532	843
Receivables		68.865	69.505
Cash at bank and in hand		13	28
Currents assets		68.878	69.533
Assets		106.951	99.220

Balance Sheet 31 December

Liabilities and equity

	Note	2019 USD'000	2018 USD'000
Share capital		313	313
Reserve for net revaluation under the equity method		35.589	27.357
Retained earnings		7.356	11.329
Equity	9	43.258	38.999
Provisions relating to investments in group enterprises		209	200
Provisions		209	200
Bank loans		37.617	38.727
Long-term debt	10	37.617	38.727
Bank loans	10	1.182	0
Trade payables		452	177
Payables to group enterprises		23.793	19.940
Corporation tax		0	920
Other payables		440	257
Short-term debt		25.867	21.294
Debt		63.484	60.021
Liabilities and equity		106.951	99.220
Subsequent events	1		
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Statement of Changes in Equity

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	USD'000	USD'000	USD'000	USD'000
Equity at 1 January	313	27.357	11.329	38.999
Exchange adjustments relating to foreign entities	0	-61	0	-61
Group contribution	0	0	1.315	1.315
Net profit/loss for the year	0	8.293	-5.288	3.005
Equity at 31 December	313	35.589	7.356	43.258

Notes to the Financial Statements

1 Subsequent events

The implications of COVID-19 with many governments across the world deciding to “close down their countries” will have great impact on the global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the Company.

COVID-19 is expected to have a negative effect on the Group's revenue, EBITDA and net profit compared to last year, for the subsidiaries where the Company directly or indirectly have ownership. The reason for this, is the global decline in the aviation industry in general and number of aircrafts in operation.

Currently, it is not possible to accurately estimate the size of the negative COVID-19 impact for the financial year 2020.

In April and May 2020, the Group has received a capital increase of USD 12 million and added a new credit facility of USD 8 million. Based on this, management considers the Company's capital resources to be adequate.

	2019 USD'000	2018 USD'000
2 Staff expenses		
Wages and salaries	3.062	2.668
Pensions	129	109
Other social security expenses	17	13
Other staff expenses	29	17
	3.237	2.807
Average number of employees	20	16
3 Financial income		
Interest received from group enterprises	2.816	2.146
Other financial income	3	0
Exchange gains	619	1.420
	3.438	3.566

Notes to the Financial Statements

	2019 <u>USD'000</u>	2018 <u>USD'000</u>
4 Financial expenses		
Interest paid to group enterprises	953	651
Other financial expenses	2.355	6.680
Exchange loss	0	55
	<u>3.308</u>	<u>7.386</u>
5 Tax on profit/loss for the year		
Current tax for the year	-1.373	920
Deferred tax for the year	-28	-33
Adjustment of tax concerning previous years	336	38
	<u>-1.065</u>	<u>925</u>
6 Intangible assets		
		<u>Software</u> USD'000
Cost at 1 January		0
Additions for the year		138
Cost at 31 December		<u>138</u>
Impairment losses and amortisation at 1 January		<u>0</u>
Impairment losses and amortisation at 31 December		<u>0</u>
Carrying amount at 31 December		<u>138</u>
Amortised over		<u>3 years</u>

Notes to the Financial Statements

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment <u>USD'000</u>
Cost at 1 January	0
Additions for the year	<u>7</u>
Cost at 31 December	<u>7</u>
Impairment losses and depreciation at 1 January	<u>0</u>
Impairment losses and depreciation at 31 December	<u>0</u>
Carrying amount at 31 December	<u>7</u>
Depreciated over	<u>3-5 years</u>

Notes to the Financial Statements

	2019 USD'000	2018 USD'000
8 Investments in subsidiaries		
Cost at 1 January	2.130	2.115
Additions for the year	0	15
Cost at 31 December	2.130	2.130
Value adjustments at 1 January	27.357	18.988
Exchange adjustment	-61	332
Net profit/loss for the year	8.293	8.248
Adjustment for intercompany profit	0	-211
Value adjustments at 31 December	35.589	27.357
Equity investments with negative net asset value transferred to provisions	209	200
Carrying amount at 31 December	37.928	29.687

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
TP Aerospace Solutions ApS	Hvidovre, Denmark	100%
TP Aerospace Pro ApS	Hvidovre, Denmark	100%
TP Aerospace Asia Pte. Ltd.	Singapore	100%
TP Aerospace Americas Corp.	Las Vegas, US	100%
TP Aerospace Technics LLC	Orlando, US	100%
TP Aerospace Technics NV LLC	Las Vegas, US	100%
TP Aerospace Technics GmbH	Norderstadt, Germany	100%
TP Aerospace Asia Technics Pte. Ltd.	Singapore	100%
TP Aerospace Malaysia Sdn. Bhd.	Kuala Lumpur, Malaysia	100%
TP Aerospace Technics FZE	Dubai, UAE	100%
TP Aerospace Technics Pty Ltd.	Melbourne, Australia	100%
TP Aerospace Technics UK Ltd.	United Kingdom	100%
TP Aerospace (Thailand) Co., Ltd.	Bangkok, Thailand	100%
TP Aerospace Technics Russia	Moscow, Russia	100%

Notes to the Financial Statements

9 Equity

The share capital is broken down as follow:

	<u>Number</u>	<u>Nominal value</u> USD'000
Share capital, formation of the company (2008)	125	27
Share capital, capital increase (2016)	1.875	<u>286</u>
		<u>313</u>

10 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:

	<u>2019</u> USD'000	<u>2018</u> USD'000
Bank loans		
Between 1 and 5 years	37.617	<u>38.727</u>
Long-term part	<u>37.617</u>	38.727
Within 1 year	1.182	<u>0</u>
	<u>38.799</u>	<u>38.727</u>

Notes to the Financial Statements

11 Contingent assets, liabilities and other financial obligations

Charges and security

The Company has pledged the shares in TP Aerospace Pro ApS and TP Aerospace Solutions ApS as security for bank debt, as well as group companies' bank commitments.

Guarantee obligations

TP Aerospace Holding A/S has provided a guarantee for the Parent Company TPA Holding I A/S' bank debt as well as a guarantee for the subsidiaries TP Aerospace PRO ApS and TP Aerospace Solutions ApS' bank debt.

Furthermore TP Aerospace Holding A/S has provided a guarantee for all of the foreign subsidiaries' bank debt.

Other contingent liabilities

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 is disclosed in the Annual Report of CC Green Wall Invest ApS, which is the management company of the joint taxation purposes. 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 un-earned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

12 Related parties

Basis

Controlling interest

CataCap I K/S	Ultimate capital owner, 28 %
TPA Holding I A/S	Capital owner, 100%

CataCap I K/S ultimately controls the majority of the votes in the Group, due to specific rights in the ownership agreement between the parties.

Transactions

All transactions with related parties have occurred on normal market conditions in the financial year 2019.

Consolidated Financial Statements

Name and registered office of the Parents preparing consolidated financial statements for the smallest and largest group:

<u>Name</u>	<u>Place of registered office</u>
TPA Holding I A/S	Hvidovre

The Group Annual Report of TPA Holding I A/S may be obtained at the following address:

TPA Holding I A/S
Stamholmen 165 R
DK-2650 Hvidovre
Danmark

Notes to the Financial Statements

13 Accounting Policies

The Annual Report of TP Aerospace Holding A/S for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2019 are presented in TUSD. The exchange rate is 6,65 as of 31 December 2019 and 6,51 as of 31 December 2018.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of TPA Holding I A/S, the Company has not prepared consolidated financial statements.

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.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Notes to the Financial Statements

13 Accounting Policies (continued)

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Other external expenses

Other external expenses comprise expenses for premises, administration cost as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of other operating income/expenses and other external expenses.

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 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 Company, including gains and losses on the sale of property, plant and equipment.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes 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.

Notes to the Financial Statements

13 Accounting Policies (continued)

Tax on profit/loss for the year

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

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

Balance Sheet

Intangible assets

Software are measured at the lower of cost less accumulated amortisation and recoverable amount. Software are amortised over the expected lifetime estimated to 3 years.

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.

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 fixtures and fittings, tools and equipment	3-5	years
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Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of leasehold improvements 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.

Notes to the Financial Statements

13 Accounting Policies (continued)

Investments in subsidiaries

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

The item “Investments in subsidiaries” 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 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.

Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

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.

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.

Notes to the Financial Statements

13 Accounting Policies (continued)

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 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.

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