Deloitte.

Kirk Aviation A/S

Havneøen 1
7100 Vejle
CVR No. 31786347

Annual report 2022

The Annual General Meeting adopted the annual report on 27.04.2023

Martin Deppe Mørup
Chairman of the General Meeting

Contents

Entity details

Entity

Kirk Aviation A/S

Havneøen 1

7100 Vejle

Business Registration No.: 31786347

Registered office: Vejle

Financial year: 01.01.2022 - 31.12.2022

Board of Directors

Kim Gulstad, chairman

Andreas Færk

Bettina Winther Christensen

Executive Board

Martin Deppe Mørup, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Kirk Aviation A/S for the financial year 01.01.2022 - 31.12.2022.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Vejle, 27.04.2023

Executive Board

Martin Deppe Mørup
CEO

Board of Directors

Kim Gulstad
chairman

Andreas Færk

Bettina Winther Christensen

Independent auditor's report

To the shareholder of Kirk Aviation A/S

Opinion

We have audited the financial statements of Kirk Aviation A/S for the financial year 01.01.2022 - 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity 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.

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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 of the management commentary.

Aarhus, 27.04.2023

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Thomas Rosquist Andersen
State Authorised Public Accountant
Identification No (MNE) mne31482

Søren Marquart Alsen
State Authorised Public Accountant
Identification No (MNE) mne40040

Management commentary

Primary activities

The key activities of the company is to operate business within trade and industry, including aircraft leasing, and other related activities.

Development in activities and finances

The income statement of the company for 2022 shows a profit of USD 8,874,822 and at 31 December 2022 the balance sheet of the company shows equity of USD 27,062,081.

In 2022 aircraft leasing activity has gradually been ceased. The Aeroplanes are being marketed for sale.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2022

	Notes	2022 USD	2021 USD
Gross profit/loss		**(1,244,239)**	**1,858,362**
Depreciation, amortisation and impairment losses	1	(328,008)	(4,478,467)
Operating profit/loss		**(1,572,247)**	**(2,620,105)**
Income from investments in group enterprises		11,624,320	(11,430,122)
Income from investments in associates		369,361	(5,832,787)
Other financial income	2	2,917	8,369
Other financial expenses	3	(51,171)	(7,733)
Profit/loss before tax		**10,373,180**	**(19,882,378)**
Tax on profit/loss for the year	4	(1,498,358)	2,791,225
Profit/loss for the year		**8,874,822**	**(17,091,153)**
Proposed distribution of profit and loss			
Extraordinary dividend distributed in the financial year		10,100,000	9,052,000
Retained earnings		(1,225,178)	(26,143,153)
Proposed distribution of profit and loss		**8,874,822**	**(17,091,153)**

Balance sheet at 31.12.2022

Assets

	2022 USD	2021 USD
Aeroplanes	4,040,702	4,512,709
Property, plant and equipment	**4,040,702**	**4,512,709**
Investments in group enterprises	22,496,838	21,772,518
Investments in associates	1,591,900	1,069,209
Deferred tax	264,590	1,751,881
Financial assets	**24,353,328**	**24,593,608**
Fixed assets	**28,394,030**	**29,106,317**
Receivables from group enterprises	244	0
Other receivables	4,859	236,892
Receivables	**5,103**	**236,892**
Cash	**25,287**	**238,496**
Current assets	**30,390**	**475,388**
Assets	**28,424,420**	**29,581,705**

Equity and liabilities

	Notes	2022 USD	2021 USD
Contributed capital		1,892,183	1,892,183
Retained earnings		25,169,898	26,466,243
Equity		**27,062,081**	**28,358,426**
Trade payables		42,383	27,864
Payables to group enterprises		1,205,049	3,623
Income tax payable		11,067	1,113,855
Other payables		103,840	77,937
Current liabilities other than provisions		**1,362,339**	**1,223,279**
Liabilities other than provisions		**1,362,339**	**1,223,279**
Equity and liabilities		**28,424,420**	**29,581,705**
Contingent liabilities	5		

Statement of changes in equity for 2022

	Contributed capital USD	Retained earnings USD	Total USD
Equity beginning of year	1,892,183	26,466,242	28,358,425
Extraordinary dividend paid	0	(10,100,000)	(10,100,000)
Value adjustments	0	(71,166)	(71,166)
Profit/loss for the year	0	8,874,822	8,874,822
Equity end of year	**1,892,183**	**25,169,898**	**27,062,081**

Notes

1 Depreciation, amortisation and impairment losses

	2022 USD	2021 USD
Depreciation of property, plant and equipment	0	1,191,177
Impairment losses on property, plant and equipment	328,008	3,287,290
	328,008	**4,478,467**

2 Other financial income

	2022 USD	2021 USD
Financial income from group enterprises	(2,982)	8,055
Other interest income	1,624	0
Exchange rate adjustments	4,275	314
	2,917	**8,369**

3 Other financial expenses

	2022 USD	2021 USD
Financial expenses from group enterprises	47,155	7,172
Exchange rate adjustments	3,880	385
Other financial expenses	136	176
	51,171	**7,733**

4 Tax on profit/loss for the year

	2022 USD	2021 USD
Current tax	11,067	1,113,855
Change in deferred tax	1,487,291	(3,905,080)
	1,498,358	**(2,791,225)**

5 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where KIRK KAPITAL A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

Accounting policies

Reporting class
This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Financial Statements for 2022 are presented in USD, which is the functional currency of the Company. At 31 December 2022 the USD/DKK exchange rate is 697.22. The corresponding exchange rate at 31 December 2021 was 656.12.

Consolidated financial statements
Referring to section section 110 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement
The Financial Statements have been prepared under the historical cost method.

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 as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Foreign currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

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 receivables or the debt arose are recognised in financial income and expenses in the income statement.

Income statement

Gross profit or loss
Gross profit or loss comprises revenue, other operating income and external expenses.

Revenue
Revenue from the lease of aeroplanes is recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses
Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, sales and office supplies etc.

Depreciation, amortisation and impairment losses
Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Income from investments in group enterprises
Income from investments in group enterprises comprises dividends etc received from the individual group enterprises in the financial year.

Income from investments in associates
Income from investments in associates comprises dividends etc received from the individual associates in the financial year.

Other financial income
Other financial income comprises dividends received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with Parent Company and all Danish group enterprises. The tax effect of the joint taxation with the subsidiaries is allocated to enterprises showing profits or losses in proportion to their taxable income (income allocation with credit for tax losses).

Balance sheet

Property, plant and equipment

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Aeroplanes	9 years

Impairment of fixed assets

The carrying amounts of 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, an impairment test is carried out to determine whether the recoverable amounts is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannout be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Investments in group enterprises
Investments in group enterprises are recognised and measured according to 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 to cover the negative balance of the enterprise is recognised in provisions.

Investments in associates
Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the associates’ equity value plus unamortised goodwill and plus or minus unrealised pro rata intra-group profits and losses. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in associates.

Investments in associates fall within the definitions of both participating interests and associates, yet in the financial statements they have been presented as investments in associates because this designation reflects more accurately the Company’s involvement in the relevant entities.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Cash
Cash comprises bank deposits.

Dividend
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.