
SAS Ground Handling Denmark A/S

c/o Terminal 3, Københavns Lufthavn 3,
Kastrup Tværvej B4
2770 Kastrup

Annual Report for 2019/20

CVR No 32 33 90 26

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
19/4 - 2021

Uffe Krempel
Chairman

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Management's Statement

The Executive and Supervisory Boards have today considered and adopted the Annual Report of SAS Ground Handling Denmark A/S for the financial year 1 November 2019 – 31 October 2020 (2019/20).

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 October 2020 of the Company and of the results of the Company operations for 2019/20.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Company, of the results for the year and of the financial position of the Company as well as a description of the most significant risks and elements of uncertainty facing the Company.

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

Kastrup, 19 April 2021

Executive Board

Hans Henrik Spangenberg
CEO

Board of Directors

Kjetil Håbjørg
Chairman

Annika Gerlach

Lars Wigelstorp
Andersen

Nikolaj Riber-Pedersen
Staff Representative

Malene Schioldan
Staff Representative

Independent auditor's report

To the shareholder of SAS Ground Handling Denmark A/S

Opinion

We have audited the financial statements of SAS Ground Handling Denmark A/S for the financial year 1 November 2019 - 31 October 2020 comprising income statement, balance sheet, statement of changes in equity and notes, including 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 Company's assets, liabilities and financial position at 31 October 2020 and of the results of the Company's operations and cash flows for the financial year 1 November 2019 - 31 October 2020 in accordance with the Danish Financial Statements Act.

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 rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matters in the financial statements

Without modifying our opinion we draw attention to note 1 where Management explain their assessment of the Company's capital resources, including the expected need for further liquidity, support letter received from the parent Company and the underlying assumptions as to why Management assess the Company's liquidity position as sufficient at least until the approval of the financial statements for 2020/21.

Management's responsibility 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 that 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 as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these financial statements.

Independent auditor's report

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 company 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.
- 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.

Independent auditor's report

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

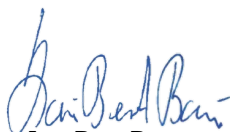
Based on the work we have performed; we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 19 April 2021

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98



Lau Bent Baun
State Authorised
Public Accountant
mne26708



Martin Eiler
State Authorised
Public Accountant
mne32271

Company Information

The Company

SAS Ground Handling Denmark A/S
c/o terminal 3
Københavns Lufthavn 3
Kastrup Tværvej B4
2770 Kastrup

CVR No: 32 33 90 26

Financial period: 1 November - 31 October

Incorporated: 27 June 2013

Financial year: 7th financial year

Municipality of reg. office: Tårnby

The Company is ISO 14001 Certified

Supervisory Board

Kjetil Håbjørg, Chairman
Annika Gerlach
Lars Wigelstorp Andersen
Nikolaj Riber-Petersen
Malene Schioldan

Executive Board

Hans Henrik Spangenberg

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø

Financial Highlights

The development of the Company is described by the following financial highlights:

	2019/20 <u>(12 mths)</u> TDKK	2018/19 <u>(12 mths)</u> TDKK	2017/18 <u>(12 mths)</u> TDKK	2016/17 <u>(12 mths)</u> TDKK	2015/16 <u>(12 mths)</u> TDKK
<u>Key figures</u>					
<u>Profit/loss</u>					
Revenue	566.932	1.208.075	1.138.208	1.123.460	1.179.461
Profit/loss before financial income and expenses	-268.545	35.018	-7.579	-19.659	-353
Net financials	-393	-7	-264	-144	-113
Net profit/loss for the year	-266.165	27.308	-5.705	-15.448	-270
<u>Balance sheet</u>					
Balance sheet total	228.859	328.252	284.118	297.595	319.972
Equity	46.432	132.597	105.289	110.994	126.442
Investment in property, plant and equipment	3.716	900	2.602	5.678	259
<u>Ratios</u>					
Profit margin	Neg.	2,9%	Neg.	Neg.	Neg.
Return on assets	Neg.	11,4%	Neg.	Neg.	Neg.
Solvency ratio	20,3%	40,4%	37,1%	37,3%	39,5%
Return on equity	Neg.	23,0%	Neg.	Neg.	Neg.
Number of employees average	1.372	1.488	1.479	1.520	1.591

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts, 2015. For definitions, see under accounting policies.

Management's Review

Main activity

The main activities of the company are ground handling (passenger and baggage) and air freight cargo handling in Denmark.

Development in the year

The financial result after tax for the year 2019/20 showed a loss of MDKK 266,2 (2018/19 showed a profit of MDKK 27,3) which is considered highly unsatisfactory.

Compared to our previous financial period the result declined significantly which can be contributed to the Corona Pandemic which from March 2020 resulted in an almost total halt of air traffic which in turn caused our revenue to decline by 53 percent. We were able to mitigate parts of this effect by reducing cost. During the year it was decided to reduce the workforce in order prepare for a significant reduction in air traffic not only short term but also more long term as it was expected that the return to the pre-Corona traffic level could take a long time. Consequently, the workforce was reduced by approximately 40%. Total cost amounted to MDKK 179,9.

The Company has received DKK 188,4 million in compensations from the available Government Aid packages.

Capital resources

Following SAS Ground Handling A/S' loss in FY 2019/20 the parent Company has during FY 2019/20 contributed DKK 180 million in Equity and so far, further DKK 55 million in FY 2020/21. With the current outlook for FY 2020/21 Management expect that further capital injection is required to ensure sufficient capital in order for the Company to meet its financial obligations.

Management has consequently prepared a forecast in March 2021 going 12 months forward in order to assess the period until the annual report for FY 2020/21 is approved. In the forecast, a further need for capital injection was identified. The forecast is based on index assumptions assessed by SAS and our assessment of other customers. The forecast was presented to the board of SAS AB on the 17. March 2021 and the board approved to support the Company with the capital injection requested by the Management in SAS Ground Handling A/S.

Still, at the signing of the financial statement for 2019/20, we are in the middle of the pandemic hence there continue to be a very high uncertainty and it is extremely difficult to predict the short-, mid- and long-time future for the airline industry and SAS Ground Handling. Furthermore, there are several external factors out of our control that can impact the future for the Company, the SAS Group and the industry, such as but not limited to, political decisions, travel restrictions, demand for travel, airport limitations and both domestic and international vaccination rates.

The Management monitors both internal and external factors very closely despite a very low visibility, high uncertainty and the market being highly volatile and take actions to meet the demand in the market. This could also include attracting new customers to the company.

Management's Review

In the event the production ramp-up volume is slightly slower than anticipated, leading to slower recovery, the revenue will be lower. It is however expected that this scenario can be partly mitigated by utilizing the current furlough scheme in place from July until the end of December 2021, Government support schemes such as fixed cost compensation, other saving measures as well as the Company's cash buffer.

If, however the ramp-up is significantly slower than anticipated a further support from the owners is necessary. The owner's ability to provide further support is depending on similar risks as described above.

On the basis of the above, the Management assess the going concern assumption is met.

Risks

When we are handling aircrafts there is a risk of incurring damage to the aircraft. Likewise, we handle airfreight and risks damaging or losing goods. The company is insured against such risks.

One customer constitutes a significant part of the total revenue.

Corporate social responsibility

As part of the SAS Group, please refer to the SAS Group's Sustainability Report for 2019/20, which can be found on the following link:

<https://www.sasgroup.net/en/category/sustainability/>

Gender balance in management

Board of directors

The Board of Directors appreciates the strength of having a diverse and broadly composed board representation. However, the pool and its relevance to actual vacant positions will always be depending on the specific requirements and characteristics of the positions as well as competences and interest for the positions. The SAS Group Management has undertaken activities to support a balanced gender representation which will affect the Board of Directors equally and hence the Board of Directors of SAS Ground Handling Denmark A/S have worked towards having both genders represented on its Board of Directors. The goal was specifically to ensure that at least 1 out of 3 members elected by the General Assembly was of the underrepresented gender, a goal that was achieved in 2018.

Management

Similar to the Board of Directors, management appreciates the strength of having a diverse and broadly composed management representation, including the representation of both genders. However, the pool and its relevance to actual available positions will always depend on the specific requirements and characteristics of the positions as well as interest and competences for the position.

SAS Ground Handling Denmark A/S considers itself subject to the "Policy for board representation of the

Management's Review

underrepresented sex” as adopted by SAS Group Management on 20 October 2014.

Under this Policy and given the current pool of gender representation in relevant positions, it is a target to ensure a representation of the underrepresented gender by at least 20 % to increase to around 40% by 2020.

To ensure this goal the SAS Group has:

1. Adopted the “SAS Recruitment Policy 2015” under which “our selection is always based on merits; this means selecting the candidate who best fits the competence profile whilst considering SAS’ overall diversity aims [under the SAS Code of Conduct]”.
2. Initiated a people/talent review process, which calibrates and sets the performance and potential of leaders and senior specialists. In this process, we also evaluate which high potentials we have and how the planned succession looks like, i.e. whether we have appointed successors to critical positions, including whether women are among them (women being the underrepresented sex in the SAS Group).
3. Established a mentoring scheme under which SAS Group’s General Management (GM) mentors seven staff members of which three are women and encourage them and other mentees to pursue management positions. A corresponding mentor/mentee scheme has been established outside this group.

Today, SAS Ground Handling Denmark A/S is represented by 2 women on the Board, 3 women are in general management and 8 women are in mid-level management. The process of adapting the overall Policy for board representation of the underrepresented sex is a continuous process. Progress has been made in so far that initiatives to raise the number of potential female candidates for management positions have been taken and continue to be driven. The work with this type of diversity is ongoing, however it must be taken into account that the entire process is highly dependent on the interest of the relevant candidates who have the relevant skill sets.

Unusual events

The financial position at 31 October 2020 of the Company and the results of the activities of the Company for the financial year for 2019/20 was significantly affected by the Corona pandemic which have seriously influenced the financial performance negatively.

External environment

The Company is not to any significant degree influenced by any external environmental factors. We continuously strive to ensure that our environmental footprint is improved by implementing green solutions where possible, i. e. increasing our use of electrical equipment where possible and selecting

Management's Review

suppliers with a green profile.

Expectations for the year ahead

The continued influence from the Corona pandemic where strict travel restrictions have had and continue to have a significant influence on the air traffic, will continue to influence the market and 2020/21 is expected to also be a tough year. We do however believe that air traffic will increase during the year, although not to prior corona levels. We consequently expect to also realize a negative result for the financial year 2020/21, however significantly lower than 2019/20.

Subsequent events

The Company has received further DKK 55 million in capital contribution from the shareholder to mitigate losses incurred in FY2020/21.

The Board of SAS AB approved 17 March 2021 to support the Company with the capital injection requested by the Management in SAS Ground Handling A/S.

In December 2020, the company entered into a new contract with Jettime.

Income Statement 1 November – 31 October

	<u>Note</u>	<u>1/11 2019 - 31/10 2020</u> TDKK	<u>1/11 2018 - 31/10 2019</u> TDKK
Revenue		566.932	1.208.075
Other operating income	2	188.404	0
Other operating expenses		-57	-7
Other external expenses		<u>-187.436</u>	<u>-278.814</u>
Gross profit/loss		567.843	929.254
Staff expenses	3	-832.998	-891.186
Depreciation and impairment of property, plant and equipment		<u>-3.390</u>	<u>-3.050</u>
Profit/loss before financial income and expenses		-268.545	35.018
Financial income	4	22	111
Financial expenses	5	<u>-415</u>	<u>-118</u>
Profit/loss before tax		-268.938	35.011
Tax on profit/loss for the year	6	<u>2.773</u>	<u>-7.703</u>
Net profit/loss for the year		<u>-266.165</u>	<u>27.308</u>

Distribution of profit/loss

Proposed distribution of profit/loss

Retained earnings	<u>-266.165</u>	<u>27.308</u>
	<u>-266.165</u>	<u>27.308</u>

Balance Sheet 31 October

Assets

	<u>Note</u>	<u>31/10 2020</u> TDKK	<u>31/10 2019</u> TDKK
Plant and machinery		7.507	9.222
Other fixtures and fittings, tools and equipment		4.206	1.687
Leasehold improvements		<u>2.911</u>	<u>3.390</u>
Property, plant and equipment	7	<u>14.624</u>	<u>14.299</u>
Deposit		<u>3</u>	<u>3</u>
Fixed asset investments	8	<u>3</u>	<u>3</u>
Fixed assets		<u>14.627</u>	<u>14.302</u>
Trade receivables		10.011	33.112
Receivables from group enterprises	1	159.714	256.348
Other receivables		25.371	5.718
Deferred tax asset	9	6.331	3.557
Prepayments		<u>10.296</u>	<u>12.842</u>
Receivables		<u>211.723</u>	<u>311.577</u>
Cash at bank and in hand		<u>2.509</u>	<u>2.373</u>
Currents assets		<u>214.232</u>	<u>313.950</u>
Assets		<u>228.859</u>	<u>328.252</u>

Balance Sheet 31 October

Liabilities and equity

	<u>Note</u>	<u>31/10 2020</u> TDKK	<u>31/10 2019</u> TDKK
Share capital		500	500
Retained earnings		<u>45.932</u>	<u>132.097</u>
Equity		<u>46.432</u>	<u>132.597</u>
Accrued pension obligations	10	577	1.063
Other provisions	11	<u>106.896</u>	<u>20.000</u>
Provisions		<u>107.473</u>	<u>21.063</u>
Prepayments received from customers		92	101
Trade payables		25.275	26.664
Payables to group enterprises		8.988	13.974
Tax liability		0	11.794
Other payables		<u>40.599</u>	<u>122.059</u>
Short-term debt		<u>74.954</u>	<u>174.592</u>
Debt		<u>182.427</u>	<u>195.655</u>
Liabilities and equity		<u>228.859</u>	<u>328.252</u>
Capital resources	1		
Contingent assets, liabilities and other financial obligations	12		
Related parties and Group information	13		
Fee to the auditor elected by the general Assembly	14		
Subsequent events	15		

Statement of Changes in Equity

	<u>Share capital</u> TDKK	Retained <u>earnings</u> TDKK	<u>Total</u> TDKK
Equity at 1 November 2019	500	132.097	132.597
Capital contribution		180.000	180.000
Net profit/loss for the year	<u>0</u>	<u>-266.165</u>	<u>-266.165</u>
Equity at 31 October 2020	<u>500</u>	<u>45.932</u>	<u>46.432</u>

Notes to the Financial Statements

1 Capital resources

Following SAS Ground Handling A/S' loss in FY 2019/20 the parent Company has during FY 2019/20 contributed DKK 180 million in Equity and so far, further DKK 55 million in FY 2020/21. With the current outlook for FY 2020/21 Management expect that further capital injection is required to ensure sufficient capital in order for the Company to meet its financial obligations.

Management has consequently prepared a forecast in March 2021 going 12 months forward in order to assess the period until the annual report for FY 2020/21 is approved. In the forecast, a further need for capital injection was identified. The forecast is based on index assumptions assessed by SAS and our assessment of other customers. The forecast was presented to the board of SAS AB on the 17. March 2021 and the board approved to support the Company with the capital injection requested by the Management in SAS Ground Handling A/S.

Still, at the signing of the financial statement for 2019/20, we are in the middle of the pandemic hence there continue to be a very high uncertainty and it is extremely difficult to predict the short-, mid- and long-time future for the airline industry and SAS Ground Handling. Furthermore, there are several external factors out of our control that can impact the future for the Company, the SAS Group and the industry, such as but not limited to, political decisions, travel restrictions, demand for travel, airport limitations and both domestic and international vaccination rates.

The Management monitors both internal and external factors very closely despite a very low visibility, high uncertainty and the market being highly volatile and take actions to meet the demand in the market. This could also include attracting new customers to the company.

In the event the production ramp-up volume is slightly slower than anticipated, leading to slower recovery, the revenue will be lower. It is however expected that this scenario can be partly mitigated by utilizing the current furlough scheme in place from July until the end of December 2021, Government support schemes such as fixed cost compensation, other saving measures as well as the Company's cash buffer.

If, however the ramp-up is significantly slower than anticipated a further support from the owners is necessary. The owner's ability to provide further support is depending on similar risks as described above.

On the basis of the above, the Management assess the going concern assumption is met.

Notes to the Financial Statements

2 Other operating income

The Company has applied for and received compensation from the available Government Aid packages in the amount of DKK 188.4 million.

	1/11 2019 - 31/10 2020 TDKK	1/11 2018 - 31/10 2019 TDKK
3 Staff expenses		
Wages and salaries	744.780	786.042
Pensions	68.193	82.548
Other social security expenses	<u>20.025</u>	<u>22.596</u>
	<u>832.998</u>	<u>891.186</u>
Average number of employees	<u>1.372</u>	<u>1.488</u>

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

4 Financial income

Exchange rate	<u>22</u>	<u>130</u>
	<u>22</u>	<u>130</u>

5 Financial expenses

Bank charges	68	94
Interest expenses	49	24
Interest expenses from group enterprises	0	0
Exchange rate	<u>298</u>	<u>19</u>
	<u>415</u>	<u>137</u>

6 Tax on profit/loss for the year

Actual tax for the year	0	11.794
Deferred tax for the year	2.773	-2.919
Adjustment of tax concerning previous years	<u>0</u>	<u>-1.172</u>
	<u>2.773</u>	<u>7.703</u>

Notes to the Financial Statements

7 Property, plant and equipment

	<u>Plant and machinery</u> TDKK	<u>Other fixtures and fittings, tools and equipment</u> TDKK	<u>Leasehold improvements</u> TDKK
Cost at 1 November	17.758	6.814	6.006
Additions for the year	282	3.334	100
Disposals for the year	<u>0</u>	<u>0</u>	<u>0</u>
Cost at 31 October	<u>18.040</u>	<u>10.148</u>	<u>6.106</u>
Impairment losses and depreciation at 1 November	8.536	5.127	2.616
Depreciation for the year	1.996	815	579
Reversal of impairment and depreciation of sold assets	<u>0</u>	<u>0</u>	<u>0</u>
Impairment losses and depreciation at 31 October	<u>10.532</u>	<u>5.942</u>	<u>3.195</u>
Carrying amount at 31 October	<u>7.508</u>	<u>4.206</u>	<u>2.911</u>

8 Fixed asset investments

	<u>Deposit</u> TDKK
Cost at 1 November 2019	3
Cost at 31 October 2020	<u>3</u>
Carrying amount at 31 October 2020	<u>3</u>

Notes to the Financial Statements

	<u>31/10 2020</u> TDKK	<u>31/10 2019</u> TDKK
9 Provision for deferred tax		
Pension Obligations	127	234
Restructuring Obligations	23.517	4.400
Bad debt	0	69
Tangible fixed assets	-400	-1.146
Net operating loss carryovers	30.451	0
Not-recognized	<u>-47.365</u>	<u>0</u>
	<u>6.330</u>	<u>3.557</u>
Deferred tax asset 1 November	3.557	639
Recognized in income statement	<u>2.773</u>	<u>2.918</u>
Deferred tax asset as at 31 October	<u>6.330</u>	<u>3.557</u>
The company has a tax asset of DKK 47 million as at 31 October 2020 which has not been recognized as utilization is considered uncertain within a maximum of 5 years.		
10 Accrued pension obligations		
Accrued pension obligation primo	1.063	1.438
Disposal for the year	<u>-486</u>	<u>-375</u>
Total	<u>577</u>	<u>1.063</u>
11 Other provisions		
Restructuring provision at 1 November	20.000	0
Provisions for the year	179.895	20.000
Utilization	-83.494	0
Released	<u>-9.505</u>	<u>0</u>
Total	<u>106.896</u>	<u>20.000</u>

Notes to the Financial Statements

12 Contingent assets, liabilities and other financial obligations

	<u>31/10 2020</u> TDKK	<u>31/10 2019</u> TDKK
Rental agreements and leases		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	25.243	45.540
Between 1 and 5 years	<u>50.723</u>	<u>132.848</u>
	<u>75.966</u>	<u>178.388</u>

Contingent liabilities

The Company is jointly taxed with all controlled Danish companies within the SAS Group. The Danish group companies are jointly and severally liable for tax on the Group's jointly taxed income.

The Company has entered into a defined contribution pension plans with the employees. In connection with termination of employment, certain employee groups are entitled to severance payment calculated as the capitalized value of the remaining contributions in the period to originally agreed retirement date. In the event of the Company no longer being part of SAS Group, payment is due for these employees. The maximum obligation of the Company is approximately MDKK 5.8, of which MDKK 0,6 is provided in the balance sheet.

In connection with the work force reduction during the financial year the Company has received a number of complaints from now former employees (via unions) claiming unfair termination. Management believes that the terminations have been handled in accordance with Danish labour law. The Management assess that the provision as at 31 October 2020 is sufficient also to address possible liabilities in this respect. Framing in "Afskedigelsesnævnet" is yet to be set.

13 Related parties and Group information

Controlling interest

Related parties with controlling interest comprises SAS AB, Frösundaviks Allé 1, 195 87 Stockholm, Sweden.

Transactions

Transactions with related parties are done at market conditions.

Consolidated Financial Statements

SAS Ground Handling Denmark A/S is included in the consolidated Financial Statements of SAS AB, Stockholm. The consolidated accounts are available at:

<https://www.sasgroup.net/en/category/investor-relations/financial-reports/>

Notes to the Financial Statements

14 Fee to the auditor elected by the general Assembly

The fee to the auditor is not disclosed in accordance with the Danish Financial Statement Act section 96(3).

15 Subsequent events

The Company has received further DKK 55 million in capital contribution from the shareholder to mitigate losses incurred in FY2020/21.

The Board of SAS AB approved 17 March 2021 to support the Company with the capital injection requested by the Management in SAS Ground Handling A/S.

In December 2020, the company entered into a new contract with Jetttime.

Accounting Policies

Basis of Preparation

Financial Statements of SAS Ground Handling Denmark A/S for 2019/20 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. Financial Statements are presented in TDKK.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of SAS AB, the Company has not prepared a cash flow statement.

Recognition and measurement

Revenue is recognized in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortized cost as recognized. Moreover, all expenses incurred to achieve the earnings for the year are recognized in the income statement.

Assets are recognized 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 recognized 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.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Financial Statements Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognized 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 approximated value 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 Company.

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.

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Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses 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 transaction date rates 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

Segment information is presented in respect of revenue distributed on business segment based on the Company's risks and returns and its internal financial reporting system. The Company has only one business segment; ground handling and only one geographical market as the Company only operates in Denmark

Revenue

Revenue consists of ground handling and cargo revenue, which is core business of SAS Ground Handling Denmark A/S as well as other revenue, which consist of peripheral sources of income.

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

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries, pension and social security costs.

Depreciation and impairment losses

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

Accounting Policies

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the enterprise, including gains and losses on the sale of property, plant and equipment.

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 all controlled Danish companies within the SAS Group. The actual Danish taxation is allocated between the jointly taxed companies in accordance with to their taxable income (full allocation with reimbursement concerning taxable loss).

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. In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

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

Accounting Policies

Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	5-40 years

The residual value and the useful life of an asset is reviewed at the end of each reporting period.

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

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. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Prepayments

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

Pensions

The Company has entered into a defined contribution pension plans with employees. In connection with termination of employment, certain employee groups are entitled to severance payment calculated as the capitalized value of the remaining contributions in the period to originally agreed retirement date. In the event of the Company no longer being part of SAS Group, payment is due for these employees.

Other provisions

Provisions comprise anticipated costs of restructuring expenses. Provisions are recognized when, as a result of past events, the Company has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at value in use.

Accounting Policies

Equity

Dividend

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability at the date of declaration by the annual general meeting.

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 recognized in the income statement.

Prepayments received from customers

Prepayments received from customers comprises payments received in respect of income in subsequent years.

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognized 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 recognized as an interest expense in the income statement over the loan period.

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

Accounting Policies

Financial Highlights

Explanation of financial ratios

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