

CityJet A/S

Kystvejen 2-4
2770 Kastrup
CVR No. 34576890

Annual report 2020

The Annual General Meeting adopted the
annual report on 23.04.2021

Eugene Quigley

Chairman of the General Meeting

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Entity details

Entity

CityJet A/S

Kystvejen 2-4

2770 Kastrup

CVR No.: 34576890

Registered office: Tårnby

Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Patrick Anthony Byrne, Chairman

Eugene Quigley

Hugh Gerard Rodgers

Executive Board

Eugene Quigley, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of CityJet A/S for the financial year 01.01.2020 - 31.12.2020.

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 31.12.2020 and of the results of its operations and cash flows for the financial year 01.01.2020 - 31.12.2020.

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.

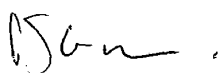
Copenhagen, 23.04.2021

Executive Board



Eugene Quigley
CEO

Board of Directors



Patrick Anthony Byrne
Chairman



Hugh Gerard Rodgers



Eugene Quigley

Independent auditor's report

To the shareholders of CityJet A/S

Opinion

We have audited the financial statements of CityJet A/S for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement 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 31.12.2020 and of the results of its operations and cash flows for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 of 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.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, concerning the company's ability to continue as a going concern. During the period, international events such as COVID-19 have cast material uncertainty over the aviation industry. These conditions, along with the other matters as set forth in Note 1, indicate that material uncertainties exist that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in this regard.

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.

Copenhagen, 23.04.2021

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556



Jan Larsen

State Authorised Public Accountant

Identification No (MNE) mne16541

Management commentary

Financial highlights

	2020 DKK'000	2019 DKK'000	2018 DKK'000	2016/17 DKK'000	2015/16 DKK'000
Key figures					
Revenue	103,324	120,660	219,942	537,302	605,979
Gross profit/loss	84,278	105,467	130,319	143,536	156,043
Operating profit/loss	(14,690)	1,155	17,692	(14,391)	(37,079)
Net financials	(153)	(736)	2,243	(102)	(115)
Profit/loss for the year	(15,415)	491	15,533	(13,320)	(28,999)
Total assets	34,432	33,900	60,789	61,041	199,774
Equity	4,034	19,449	18,958	3,425	(27,648)
Average number of employees	214	181	180	219	258
Ratios					
Gross margin (%)	81.57	87.41	59.25	26.71	25.75
Net margin (%)	(14.92)	0.41	7.06	(2.48)	(4.79)
Equity ratio (%)	11.72	57.37	31.19	5.61	(13.84)

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Gross margin (%):

Gross profit/loss * 100

Revenue

Net margin (%):

Profit/loss for the year * 100

Revenue

Equity ratio (%):

Equity * 100

Total assets

Primary activities

The Primary activities of CityJet A/S involve the staffing of aircraft, owned by the parent entity, CityJet DAC. The Financial statements cover the period of 1 January 2020 to 31 December 2020.

Development in activities and finances

The Company realised revenue of DKK 103.3 million, for the period. The Income Statement for the period shows a loss of DKK 15.4 million. Net assets for the period were DKK 4.0 million.

Outlook

CityJet A/S meets its financial and working capital requirements through its intercompany agreement with CityJet DAC, as CityJet A/S sole customer.

During the period, international events such as COVID-19 have impacted the aviation industry significantly. Additionally, a loss of DKK 17,442,000 was recognised in 2020 due to the write down of uncollectable receivables from group enterprises, as a result of a restructuring process for the parent company.

COVID-19 has had a significant effect on the entire aviation industry, including the CityJet group.

In March 2020, several governments announced that all unnecessary travel to the whole world was discouraged. The outbreak of coronavirus and the new travel guidelines have had a devastating negative impact on the company's revenue.

Although air traffic has resumed to a certain extent, at the time of the presentation of the financial statements, it is still too uncertain to assess when air travel activity will return to normal levels.

As a result, it is not possible to assess with sufficient accuracy the potential future scope and the precise impact on the Company's revenue and earnings for the whole of 2021.

The group is closely following the situation. CityJet DAC and CityJet A/S feel confident there will be continued demand for regional aircraft ACMI operations as these provide a more cost effective solution for our customers when facing reduced demand. CityJet also has a close working relationship with its customer and is confident of their future viability.

These conditions indicate that material uncertainties exist that may cast significant doubt on the company's ability to continue as going concern.

The CityJet DAC, parent company, directors have prepared future cashflow projections at the group level based on contracts with an external customer and the new CityJet group structure. These future cashflow projections indicate that the company will continue to be able to realise its assets and meet their liabilities in the normal course of business as they fall due for a period of at least twelve months from the date the directors approve these financial statements.

On the basis of these plans, the directors consider it appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that may arise if the company were unable to continue as going concern.

Particular risks

The Company's business and financial risks are, in all material respects, linked to CityJet DAC, which is the

Company's primary customer and owner.

Environmental performance

The Company continuously strives to reduce the environmental impacts of its operations, particularly in the form of fuel-saving measures during flights. As a product of operating CityJet DAC's aircraft, CityJet A/S emits greenhouse gases, notably carbon dioxide, nitrous oxide, sulphur oxides and water vapour. Through our business model of operating convenient point to point services we reduce distance of customer's trips, particularly compared to a flag carrier hub and spoke system. CityJet DAC has an active fuel efficiency programme and is continually investigating the use of new technologies to make further savings in fuel burn.

Statutory report on corporate social responsibility

Business model

The Primary activities of CityJet A/S involve the staffing of aircraft, owned by the parent entity, CityJet DAC.

Social Considerations

The Company generally wants to act with social commitment and responsibility. We do not believe there is any material risk of having a negative impact on social conditions.

Human rights

As we are involved in the provision of staff to our parent entity, we do not believe there is any material risk of negatively affecting the human rights of our employees, customers or other stakeholders concerning, for example, health, nondiscrimination and privacy issues.

Anti-corruption

We do not believe that we are considerably exposed to risks of corruption and bribery in connection with our primary activities.

Statutory report on the underrepresented gender

Our current board of directors consists of three people with our goal for underrepresented gender being a female/male split of 33/66%. At 31.12.2020 we have not reached our goal for the underrepresented gender as the board of directors consists of three males. The reason for not reaching our goal is that management, at 31.12.2020, have not been able to set a board of directors who could meet both the expected qualifications and our goal for underrepresented gender.

Events after the balance sheet date

There were no significant events after the balance sheet date.

Impact of COVID-19

The spread of COVID-19 and the related travel restrictions and social distancing measures implemented throughout the world have significantly reduced demand for air travel. This reduction in demand has led to a reduction in CityJet aircraft flying for SAS and other ACMI partners; this in turn has resulted in the consolidation of our crew bases and reduction in staff at a group level.

Since a portion of the consideration we receive under our ACMI agreements is fixed, the impact to CityJet will be partially mitigated or offset. In addition, we have limited exposure to fluctuations in passenger traffic, ticket and fuel prices. While the fixed contract consideration remains mostly unchanged, the variable revenue based on number of block hours was significantly reduced at the beginning of 2020, and is expected to remain this way at least the first half of 2021. We have taken steps to reduce costs at a group level and are availing of government

assistance, where available, to reduce the net cash outflow for the company.

Income statement for 2020

	Notes	2020 DKK'000	2019 DKK '000
Revenue		103,324	120,660
Other operating income	3	16,411	1,302
Cost of sales		(3,926)	7
Other external expenses		(31,531)	(16,502)
Gross profit/loss		84,278	105,467
Staff costs	4	(98,968)	(104,312)
Operating profit/loss		(14,690)	1,155
Other financial expenses	5	(153)	(736)
Profit/loss before tax		(14,843)	419
Tax on profit/loss for the year	6	(572)	72
Profit/loss for the year	7	(15,415)	491

Balance sheet at 31.12.2020

Assets

	Notes	2020 DKK'000	2019 DKK'000
Receivables from group enterprises		16,606	25,810
Deferred tax	8	35	201
Other receivables		6,796	3,414
Receivables		23,437	29,425
Cash		10,995	4,475
Current assets		34,432	33,900
Assets		34,432	33,900

Equity and liabilities

	Notes	2020 DKK'000	2019 DKK'000
Contributed capital	9	600	600
Retained earnings		3,434	18,849
Equity		4,034	19,449
Trade payables		8,843	383
Payables to group enterprises		3,981	0
Tax payable		406	0
Other payables		17,168	14,068
Current liabilities other than provisions		30,398	14,451
Liabilities other than provisions		30,398	14,451
Equity and liabilities		34,432	33,900
Going concern	1		
Events after the balance sheet date	2		
Unrecognised rental and lease commitments	10		
Related parties with controlling interest	11		
Transactions with related parties	12		
Group relations	13		

Statement of changes in equity for 2020

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	600	18,849	19,449
Profit/loss for the year	0	(15,415)	(15,415)
Equity end of year	600	3,434	4,034

Cash flow statement for 2020

	Notes	2020 DKK'000	2019 DKK'000
Operating profit/loss		(14,690)	1,155
Working capital changes		21,363	1,140
Cash flow from ordinary operating activities		6,673	2,295
Financial expenses paid		(153)	(736)
Taxes refunded/(paid)		0	(513)
Cash flows from operating activities		6,520	1,046
Free cash flows generated from operations and investments before financing		6,520	1,046
Increase/decrease in cash and cash equivalents		6,520	1,046
Cash and cash equivalents beginning of year		4,475	3,429
Cash and cash equivalents end of year		10,995	4,475
Cash and cash equivalents at year-end are composed of:			
Cash		10,995	4,475
Cash and cash equivalents end of year		10,995	4,475

Notes

1 Going concern

CityJet A/S meets its financial and working capital requirements through its intercompany agreement with CityJet DAC, as CityJet DAC is CityJet A/S sole customer.

During the period, international events such as COVID-19 have impacted the aviation industry significantly. Additionally, a loss of DKK 17.442.000 was recognized in 2020 due to the write down of uncollectable receivables from group enterprises, as a result of a restructuring process for the parent company.

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The group is closely following the situation. CityJet DAC and CityJet A/S feel confident there will be continued demand for regional aircraft ACMI operations as these provide a more cost effective solution for our customers when facing reduced demand. CityJet also has a close working relationship with its customer and is confident of their future viability.

These conditions indicate that material uncertainties exist that may cast significant doubt on the company's ability to continue as a going concern.

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On the basis of these plans, the directors consider it appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that may arise if the company were unable to continue as a going concern.

2 Events after the balance sheet date

There were no significant events after the balance sheet date.

Impact of COVID-19

The spread of COVID-19 and the related travel restrictions and social distancing measures implemented throughout the world have significantly reduced demand for air travel. This reduction in demand has led to a

reduction in CityJet aircraft flying for SAS and other ACMI partners; this in turn has resulted in the consolidation of our crew bases and reduction in staff at a group level.

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3 Other operating income

Other operating income includes government reimbursement of payroll related expenses due to COVID-19 in the amount of DKK 14,5 million in 2020. No such corresponding amount exists in 2019.

4 Staff costs

	2020 DKK'000	2019 DKK'000
Wages and salaries	91,452	94,326
Pension costs	5,716	8,574
Other social security costs	1,855	1,359
Other staff costs	(55)	53
	98,968	104,312
Average number of full-time employees	214	181

Remuneration for the Executive Board and the Board of Directors amounts to DKK 0 as these boards are remunerated by the Parent, CityJet DAC.

5 Other financial expenses

	2020 DKK'000	2019 DKK'000
Exchange rate adjustments	6	685
Other financial expenses	147	51
	153	736

6 Tax on profit/loss for the year

	2020 DKK'000	2019 DKK'000
Current tax	406	0
Change in deferred tax	166	112
Adjustment concerning previous years	0	(184)
	572	(72)

7 Proposed distribution of profit and loss

	2020 DKK'000	2019 DKK'000
Retained earnings	(15,415)	491
	(15,415)	491

8 Deferred tax

	2020 DKK'000	2019 DKK'000
Changes during the year		
Beginning of year	201	313
Recognised in the income statement	(166)	(112)
End of year	35	201

9 Share capital

	Number	Par value DKK'000	Nominal value DKK'000
Common share	600,000	1	600
	600,000		600

10 Unrecognised rental and lease commitments

	2020 DKK'000	2019 DKK'000
Liabilities under rental or lease agreements until maturity in total	19,425	5,063

11 Related parties with controlling interest

Ultimate Parent:
CityJet Holdings Ltd.
PO Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Immediate Parent:
CityJet DAC
Swords Business Campus
Balheary Road
Swords
Co. Dublin
Ireland

CityJet DAC, Swords Business Campus Balheary Road, Swords, CO Dublin, Ireland wholly owns the shares of the Entity and thus has control over the Entity

12 Transactions with related parties

	Parent DKK'000
Revenue	101
Receivables	14

13 Group relations

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

CityJet DAC
Swords Business Campus
Balheary Road
Swords
Co. Dublin
Ireland

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these financial statements are consistent with those applied last year. Certain reclassifications with the profit and loss statement were made in the current year, which have no impact on the results of the year.

Recognition and measurement

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.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Revenue

Revenue from provision of crew services to CityJet DAC is recognised when the services are provided. Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

Cost of sales comprise direct and indirect costs incurred to generate revenue. Operating costs primarily comprise lease and maintenance costs relating to the Company's leased aircraft as well as aircraft insurance, etc.

Other external expenses

Other external costs comprise distribution costs and costs related to sales, advertising, administration, office premises, etc.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

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.

Balance sheet**Receivables**

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

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.

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.

Cash

Cash comprises cash in hand and bank deposits.

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.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and taxes paid.

Cash flows from investing activities comprise payments in connection with activities and fixed asset investments, and purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital

and related costs, and the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash.