
AviationCloud A/S

Englandsgade 25, DK-5000 Odense C

Annual Report for 1 January - 31 December 2021

CVR No 34 60 63 82

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
1 /7 2022

Natalia Mikhailovna
Gorbacheva
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 AviationCloud A/S for the financial year 1 January - 31 December 2021.

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 2021 of the Company and of the results of the Company operations for 2021.

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.

Odense, 1 July 2022

Executive Board

Kim Lantz

Board of Directors

Natalia Mikhailovna Gorbacheva

Cecilia Larsson

Natalie Nell Rorem

Independent Auditor's Report

To the Shareholders of AviationCloud 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 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of AviationCloud A/S for the financial year 1 January - 31 December 2021, 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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 misstate-

Independent Auditor's Report

ment, 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.
- 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

Independent Auditor's Report

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.

Trekantområdet, 1 July 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Lars Almskou Ohmeyer
State Authorised Public Accountant
mne24817

Jørn Viggo Jørgensen
Certified Accountant
mne3043

Company Information

The Company

AviationCloud A/S
Englandsgade 25
DK-5000 Odense C

CVR No: 34 60 63 82

Financial period: 1 January - 31 December

Municipality of reg. office: Odense

Board of Directors

Natalia Mikhailovna Gorbacheva
Cecilia Larsson
Natalie Nell Rorem

Executive Board

Kim Lantz

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Herredsvej 32
DK-7100 Vejle

Management's Review

Key activities

The purpose of the company is to make available flight related IT services to either own developed integrators or integrators to be re-sold from relevant providers.

Development in the year

The income statement of the Company for 2021 shows a profit of DKK 2,050,121, and at 31 December 2021 the balance sheet of the Company shows equity of DKK 8,945,396.

Income Statement 1 January - 31 December

	Note	2021 DKK	2020 DKK
Gross profit/loss		37,630,935	27,195,742
Staff expenses	2	-33,597,224	-23,977,108
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-560,074	-343,716
Profit/loss before financial income and expenses		3,473,637	2,874,918
Financial income		45	0
Financial expenses	3	-806,096	-814,690
Profit/loss before tax		2,667,586	2,060,228
Tax on profit/loss for the year	4	-617,465	-490,533
Net profit/loss for the year		2,050,121	1,569,695

Distribution of profit

Proposed distribution of profit

Retained earnings	2,050,121	1,569,695
	2,050,121	1,569,695

Balance Sheet 31 December

Assets

	Note	2021 DKK	2020 DKK
Completed development projects		388,779	525,967
Intangible assets	5	388,779	525,967
Other fixtures and fittings, tools and equipment		582,246	281,952
Leasehold improvements		2,469,278	0
Prepayments for property, plant and equipment		3,649,068	0
Property, plant and equipment		6,700,592	281,952
Other receivables		1,330,617	454,419
Fixed asset investments		1,330,617	454,419
Fixed assets		8,419,988	1,262,338
Trade receivables		72,611	84,917
Receivables from group enterprises		7,530,275	7,294,920
Other receivables		818,497	366,800
Deferred tax asset	6	0	6,663
Prepayments		747,910	25,378
Receivables		9,169,293	7,778,678
Cash at bank and in hand		8,243,803	7,624,996
Currents assets		17,413,096	15,403,674
Assets		25,833,084	16,666,012

Balance Sheet 31 December

Liabilities and equity

	Note	2021 DKK	2020 DKK
Share capital		500,000	500,000
Retained earnings		8,445,396	6,395,276
Equity		8,945,396	6,895,276
Provision for deferred tax	6	29,101	0
Provisions		29,101	0
Payables to group enterprises		1,610,325	1,610,325
Other payables		0	1,286,433
Long-term debt	7	1,610,325	2,896,758
Trade payables		6,292,177	186,694
Payables to group enterprises	7	1,033,276	445,879
Corporation tax		531,500	539,373
Other payables	7	7,391,309	5,702,032
Short-term debt		15,248,262	6,873,978
Debt		16,858,587	9,770,736
Liabilities and equity		25,833,084	16,666,012
Subsequent events	1		
Contingent assets, liabilities and other financial obligations	8		
Accounting Policies	9		

Statement of Changes in Equity

	<u>Share capital</u> DKK	<u>Retained earnings</u> DKK	<u>Total</u> DKK
Equity at 1 January	500,000	6,395,275	6,895,275
Net profit/loss for the year	0	2,050,121	2,050,121
Equity at 31 December	500,000	8,445,396	8,945,396

Notes to the Financial Statements

1 Subsequent events

Past the balance sheet date, the company has entered an agreement of selling its intellectual property rights (IPR). This agreement is expected to significantly affect the income statement for 2022.

	2021 DKK	2020 DKK
2 Staff expenses		
Wages and salaries	32,047,738	23,412,335
Other social security expenses	248,501	181,139
Other staff expenses	1,300,985	383,634
	<u>33,597,224</u>	<u>23,977,108</u>
Average number of employees	<u>37</u>	<u>27</u>

3 Financial expenses

Interest paid to group enterprises	42,687	42,687
Other financial expenses	84,477	19,332
Exchange loss	678,932	752,671
	<u>806,096</u>	<u>814,690</u>

4 Tax on profit/loss for the year

Current tax for the year	581,701	576,578
Deferred tax for the year	35,764	-86,045
	<u>617,465</u>	<u>490,533</u>

5 Intangible assets

Completed development projects
<u>DKK</u>

Development projects relate to the development of the Company's existing software products. The software is being used in the present market to the Company's existing customers.

Notes to the Financial Statements

	2021 DKK	2020 DKK
6 Provision for deferred tax		
Provision for deferred tax at 1 January	-6,663	79,382
Amounts recognised in the income statement for the year	35,764	-86,045
Provision for deferred tax at 31 December	29,101	-6,663

7 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:

Payables to group enterprises

Between 1 and 5 years	1,610,325	1,610,325
Long-term part	1,610,325	1,610,325
Other short-term debt to group enterprises	1,033,276	445,879
	2,643,601	2,056,204

Other payables

Between 1 and 5 years	0	1,286,433
Long-term part	0	1,286,433
Other short-term payables	7,391,309	5,702,032
	7,391,309	6,988,465

8 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

The company has signed a lease where the rent amounts to TDKK 16.217 in the non-cancellable period.

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. 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 unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

9 Accounting Policies

The Annual Report of AviationCloud A/S for 2021 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 2021 are presented in DKK.

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.

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.

Notes to the Financial Statements

9 Accounting Policies (continued)

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

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

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution 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 revenue, expenses for raw materials and consumables 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 intangible assets and property, plant and equipment.

Notes to the Financial Statements

9 Accounting Policies (continued)

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.

Balance Sheet

Intangible assets

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition. Development costs are amortised on a straight-line basis over its useful life, which is assessed at 10 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 2 - 5 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and 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.

Notes to the Financial Statements

9 Accounting Policies (continued)

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

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.

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.