
AviationCloud A/S

Møllekajen 7, DK-5000 Odense C

Annual Report for 2023

CVR No. 34 60 63 82

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 28/6 2024

Natalia Mikhailovna
Gorbacheva
Chairman of the
general meeting



Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company information	4
Financial Highlights	5
Management's Review	6
Financial Statements	
Income Statement 1 January - 31 December	7
Balance sheet 31 December	8
Statement of changes in equity	10
Notes to the Financial Statements	11

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 2023.

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 2023 of the Company and of the results of the Company operations for 2023.

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, 28 June 2024

Executive Board

Kim Reidar Lantz
Manager

Board of Directors

Natalia Mikhailovna Gorbacheva
Chairman

Natalie Nell Rorem

Cecilia Larsson

Independent Auditor's report

To the shareholder 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 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 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 2023, 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 Financial 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 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.

Independent Auditor's report

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 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, 28 June 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Henrik Junker Andersen
State Authorised Public Accountant
mne42818

Jørn Viggo Jørgensen
Certified Accountant
mne3043

Company information

The Company	AviationCloud A/S Møllekajen 7 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, chairman Natalie Nell Rorem Cecilia Larsson
Executive Board	Kim Reidar Lantz
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Herredsvej 32 DK-7100 Vejle

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2023	2022	2021	2020	2019
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	81,694	62,752	42,724	30,402	27,382
Gross profit	70,075	107,450	37,631	27,196	22,273
Profit/loss of primary operations	7,650	60,331	3,474	2,875	4,568
Profit/loss of financial income and expenses	-1,657	-1,495	-806	-815	-49
Net profit/loss for the year	4,454	45,829	2,050	1,570	3,742
Balance sheet					
Balance sheet total	74,847	81,627	25,833	15,907	11,008
Investment in property, plant and equipment	1,820	47	6,419	334	116
Equity	59,228	54,774	8,945	6,895	5,326
Number of employees	75	55	37	0	0
Ratios					
Gross margin	85.8%	171.2%	88.1%	89.5%	81.3%
Profit margin	9.4%	96.1%	8.1%	9.5%	16.7%
Return on assets	10.2%	73.9%	13.4%	18.1%	41.5%
Solvency ratio	79.1%	67.1%	34.6%	43.3%	48.4%
Return on equity	7.8%	143.8%	25.9%	25.7%	108.3%

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 2023 shows a profit of DKK 4,453,778, and at 31 December 2023 the balance sheet of the Company shows a positive equity of DKK 59,227,945.

The 2023 result meets the expectations.

Targets and expectations for the year ahead

Profit expectations for the coming years are positive and the expectations is a profit before financial income and expenses at the same level as 2023.

Research and development

Research is ongoing to develop and improve the products of the Group.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 January - 31 December

	Note	2023	2022
		DKK	DKK
Gross profit	1	70,075,474	107,450,221
Staff expenses	2	-60,590,016	-45,817,069
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		-1,835,360	-1,301,867
Profit/loss before financial income and expenses		7,650,098	60,331,285
Financial income		293,231	9,326
Financial expenses	3	-1,950,523	-1,504,153
Profit/loss before tax		5,992,806	58,836,458
Tax on profit/loss for the year	4	-1,539,028	-13,007,687
Net profit/loss for the year		4,453,778	45,828,771

Balance sheet 31 December

Assets

	Note	2023	2022
		DKK	DKK
Other fixtures and fittings, tools and equipment		1,328,195	1,202,180
Leasehold improvements		5,233,705	5,545,708
Prepayments for property, plant and equipment		0	0
Property, plant and equipment	5	6,561,900	6,747,888
Other receivables		1,089,760	1,045,052
Fixed asset investments		1,089,760	1,045,052
Fixed assets		7,651,660	7,792,940
Receivables from group enterprises		64,678,892	65,576,119
Other receivables		602,369	381,989
Prepayments		133,213	62,184
Receivables		65,414,474	66,020,292
Cash at bank and in hand		1,781,259	7,813,658
Current assets		67,195,733	73,833,950
Assets		74,847,393	81,626,890

Balance sheet 31 December

Liabilities and equity

	Note	2023	2022
		DKK	DKK
Share capital		500,000	500,000
Retained earnings		58,727,945	54,274,167
Equity		59,227,945	54,774,167
Provision for deferred tax	6	150,982	96,377
Provisions		150,982	96,377
Payables to group enterprises		1,610,325	1,610,325
Long-term debt	7	1,610,325	1,610,325
Trade payables		0	1,153,481
Payables to group enterprises	7	487,457	746,694
Corporation tax		1,484,445	12,925,535
Other payables		11,886,239	10,320,311
Short-term debt		13,858,141	25,146,021
Debt		15,468,466	26,756,346
Liabilities and equity		74,847,393	81,626,890
Contingent assets, liabilities and other financial obligations	8		
Subsequent events	9		
Accounting Policies	10		

Statement of changes in equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
	DKK	DKK	DKK
Equity at 1 January	500,000	54,274,167	54,774,167
Net profit/loss for the year	0	4,453,778	4,453,778
Equity at 31 December	<u>500,000</u>	<u>58,727,945</u>	<u>59,227,945</u>

Notes to the Financial Statements

	2023	2022
	DKK	DKK
1. Special items		
Gain on sale of fixed assets	0	54,758,288
	0	54,758,288

	2023	2022
	DKK	DKK
2. Staff Expenses		
Wages and salaries	57,114,247	42,680,028
Other social security expenses	94,514	346,295
Other staff expenses	3,381,255	2,790,746
	60,590,016	45,817,069

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

Average number of employees	75	55
-----------------------------	----	----

	2023	2022
	DKK	DKK
3. Financial expenses		
Interest paid to group enterprises	42,687	39,130
Other financial expenses	525,901	87,631
Exchange loss	1,381,935	1,377,392
	1,950,523	1,504,153

	2023	2022
	DKK	DKK
4. Income tax expense		
Current tax for the year	1,484,423	12,940,411
Deferred tax for the year	54,605	67,276
	1,539,028	13,007,687

Notes to the Financial Statements

5. Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improve- ments
	DKK	DKK
Cost at 1 January	2,640,174	6,279,241
Additions for the year	1,129,881	690,070
Cost at 31 December	<u>3,770,055</u>	<u>6,969,311</u>
Impairment losses and depreciation at 1 January	1,437,994	899,306
Depreciation for the year	1,003,866	836,300
Impairment losses and depreciation at 31 December	<u>2,441,860</u>	<u>1,735,606</u>
Carrying amount at 31 December	<u>1,328,195</u>	<u>5,233,705</u>
	<u>2023</u>	<u>2022</u>
	DKK	DKK

6. Provision for deferred tax

Deferred tax liabilities at 1 January	96,377	29,101
Amounts recognised in the income statement for the year	54,605	67,276
Deferred tax liabilities at 31 December	<u>150,982</u>	<u>96,377</u>

Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	DKK	DKK
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		
After 5 years	0	0
Between 1 and 5 years	<u>1,610,325</u>	<u>1,610,325</u>
Long-term part	<u>1,610,325</u>	<u>1,610,325</u>
Other short-term debt to group enterprises	<u>487,457</u>	<u>746,694</u>
	<u>2,097,782</u>	<u>2,357,019</u>

8. Contingent assets, liabilities and other financial obligations

Rental and lease obligations

The company has signed a lease where the rent amounts to TDKK 8,170 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.

9. Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Notes to the Financial Statements

10. Accounting policies

The Annual Report of AviationCloud A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023 are presented in DKK.

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 AviationCloud Holding ApS, the Company has not prepared a cash flow statement.

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

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

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 transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

Notes to the Financial Statements

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 expenses for premises, sales as well as office expenses, etc.

Gross profit

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

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

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

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

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

Notes to the Financial Statements

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

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

Balance sheet

Intangible fixed 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.

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

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 - 10 years
Leasehold improvements	2 - 10 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 and investments 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.

Prepayments

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

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Notes to the Financial Statements

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. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured 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.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial liabilities

Loans 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.

Financial Highlights

Explanation of financial ratios

Return on assets	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$