

Scanaviation A/S
Amager Landevej 147 B
2770 Kastrup
CVR no. 35 25 43 90
Annual report for 2022
(10th Financial year)

Adopted at the annual general
meeting on 12. April 2023

Mikkel Esbjerg
chairman

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Statement by management on the annual report

The supervisory board and executive board have today discussed and approved the annual report of Scanaviation A/S for the financial year 1 January - 31 December 2022.

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 company's financial position at 31 December 2022 and of the results of the company's operations for the financial year 1 January - 31 December 2022.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Kastrup, 12 April 2023

Executive board

Kai Hans Jensen

Supervisory board

Finn Rasmussen
chairman

Mikkel Esbjerg

Jens Hammer Sørensen

Independent auditor's report

To the shareholder of Scanaviation A/S

Opinion

We have audited the financial statements of Scanaviation A/S for the financial year 1 January - 31 December 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2022 and of the results of the company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements, that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as management determines is necessary to enable the preparation of the 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.

Independent auditor's report

- 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.

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, we conclude that 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 of management's review.

Taastrup, 12 April 2023

JH Revision
Godkendt Revisionspartnerselskab
CVR no. 55 39 97 19

Martin Santino Lo Turco
statsautoriseret revisor
MNE no. mne35467

Company details

The company

Scanaviation A/S
Amager Landevej 147 B
2770 Kastrup

CVR no.: 35 25 43 90

Reporting period: 1 January - 31 December 2022

Incorporated: 6 June 2013

Domicile: Tårnby

Supervisory board

Finn Rasmussen, chairman
Mikkel Esbjerg
Jens Hammer Sørensen

Executive board

Kai Hans Jensen

Auditors

JH Revision
Godkendt Revisionspartnerselskab
Kingosvej 3
2630 Taastrup

Management's review

Business review

The main activity consist of repair and maintenance of aircraft engines, aluminum and composite propellers.

Financial review

The company's income statement for the year ended 31 December 2022 shows a profit of DKK 3.087.609, and the balance sheet at 31 December 2022 shows equity of DKK 7.440.368.

The composite propeller shop which was re-started in 4th. quarter of 2021 has been running in full throughout the whole year of 2022. It is our expectation this will continue in 2023. The number of employees have therefore been increased. Connected to this the average age in the staff has been lowered significant.

The year has been very much affected by price increases and lack or delayed delivery of parts from suppliers. The company has therefore used some cash-flow to ensure parts being in stock in house.

The result for 2022 is to be considered as very satisfactory.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Expected development of the company, including specific prerequisites and uncertainties

Again in 2023 the propeller programme will be extended to include even more types of composite propellers.

The company expect in 2023 an increase in the activity.

The company continue in 2023 to secure the US dollar exchange rate by using hedging instruments.

Hereto the company will in 2023 have focus on a decreased amount in stock and work in process.

Accounting policies

The annual report of Scanaviation A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, as well as provisions applying to reporting class C entities.

The accounting policies applied are consistent with those of last year.

The annual report for 2022 is presented in DKK

Pursuant to sections §110 subsection 1, of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits 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 from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Accounting policies

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue less costs of raw materials and consumables and other external expenses.

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Revenue from services that include repair and servicing of aircraft engines and propellers is recognised as the services are provided. The customer takes over all significant risks and obligations when aircraft components are finalized and invoiced, comprising the risk of aircraft components until the shipment.

Income from customised products is recognised as production is carried out, implying that revenue corresponds to the selling price of contracts completed in the year (percentage-of-completion method). This method is applied where the total income and expenses relating to the contract and the stage of completion at the balance sheet date can be estimated reliably and it is probable that future economic benefits will flow to the Company.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised at the costs incurred insofar as they are likely to be recovered.

Raw materials and consumables

Costs of raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

Accounting policies

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

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. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities, liabilities and foreign currency transactions, amortisation of financial assets and liabilities and surcharges and allowances under the Danish Tax Prepayment Scheme, etc.

Income from investments in subsidiaries

The proportionate share of the profit/loss for the year of subsidiaries is recognised in the company's income statement after full elimination of intra-group profits/losses.

Tax on profit/loss for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Accounting policies

Balance sheet

Intangible assets

Development projects, patents and licences

Development costs comprise costs, wages/salaries and amortisation losses that are directly and indirectly attributable to the company's development activities.

Developments projects recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually five years.

Gains and losses on the disposal of development projects, patents and licences are determined as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Tangible assets

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	2-10 years	0-30 %

Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses, respectively.

Accounting policies

Investments in subsidiaries

Investments in subsidiaries are measured at the proportionate share of the net asset value of the entities, calculated on the basis of the group's accounting policies, plus or less unrealised intra-group gains or losses and plus or less any remaining value of positive or negative goodwill stated according to the purchase method.

Net revaluations of investments in subsidiaries, associates and participating interests are taken to the net revaluation reserve according to the equity method in so far as that the carrying amount exceeds the cost. Dividends from subsidiaries which are expected to be declared before the annual report of Scanaviation A/S is adopted are not taken to the net revaluation reserve.

Other securities and investments, fixed assets

Investments are measured at fair value.

Deposits are not depreciated.

Impairment of fixed assets

The carrying amount of intangible assets, items of property, plant and equipment and investments in subsidiaries, associates and participating interests is tested annually for impairment, other than what is reflected through normal amortisation and depreciation.

Where there is evidence of impairment, an impairment test is performed for each individual asset or group of assets. Write-down is made to the lower of the recoverable amount and the carrying amount.

The recoverable amount is the higher of the net present value and the value in use less expected costs to sell. The net present value is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets and the anticipated net cash flows from the disposal of the asset or group of assets after the end of their useful life.

Accounting policies

Stocks

Stocks are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

The net realisable value of stocks is calculated as the expected selling price less direct costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured by reference to the stage of completion at the balance sheet date and the expected aggregate income from the individual work in progress. The stage of completion is determined as the share of the expenses incurred relative to the expected total expenses for the individual work in progress.

Where the selling price of work in progress cannot be estimated reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual work in progress is recognised in the balance sheet under receivables or payables. Net assets comprise the sum of work in progress where the selling price of the work performed exceeds invoicing on account. Net liabilities comprise the sum of work in progress where invoicing on account exceeds the selling price.

Selling costs and costs incurred in securing contracts are recognised in the income statement as incurred.

Accounting policies

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and deposits at banks.

Equity

Reserve for development costs

An amount corresponding to capitalised development costs is recognised in the reserve. The reserve is reduced as development costs are amortised.

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method in the company's financial statements comprises net revaluation of investments in subsidiaries, participating interests and associates relative to the cost.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Liabilities

Liabilities are measured at amortised cost, which is usually equivalent to nominal value.

Income statement 1 January 2022 - 31 December 2022

	Note	2022 DKK	2021 DKK
Gross profit		21.547.576	14.131.266
Staff costs	1	-16.117.695	-13.109.709
Resultat før af- og nedskrivninger		5.429.881	1.021.557
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-970.650	-429.732
Other operating costs	2	0	-16.448
Profit/loss before net financials		4.459.231	575.377
Income from investments in subsidiaries		-12.762	-43.887
Financial income	3	5.428	0
Financial costs	4	-558.865	-214.267
Profit/loss before tax		3.893.032	317.223
Tax on profit/loss for the year	5	-805.423	-43.209
Profit/loss for the year		3.087.609	274.014
Reserve for net revaluation under the equity method		-12.762	-43.887
Retained earnings		3.100.371	317.901
		3.087.609	274.014

Balance sheet at 31 December 2022

	Note	2022 DKK	2021 DKK
Assets			
Completed development projects		672.135	801.563
Intangible assets	6	672.135	801.563
Other fixtures and fittings, tools and equipment	7	2.811.695	2.115.480
Tangible assets		2.811.695	2.115.480
Investments in subsidiaries	8	52.716	65.478
Deposits		61.792	61.792
Fixed asset investments		114.508	127.270
Total non-current assets		3.598.338	3.044.313
Raw materials and consumables		7.244.659	4.146.516
Stocks		7.244.659	4.146.516
Trade receivables		6.400.575	5.134.792
Contract work in progress	9	3.126.644	1.383.589
Other receivables		36.826	85.405
Corporation tax		0	21.000
Prepayments		188.680	141.526
Receivables		9.752.725	6.766.312
Cash at bank and in hand		320.685	377.804
Total current assets		17.318.069	11.290.632
Total assets		20.916.407	14.334.945

Balance sheet at 31 December 2022

	Note	2022 DKK	2021 DKK
Equity and liabilities			
Share capital		1.800.000	1.800.000
Reserve for net revaluation under the equity method		47.716	60.478
Reserve for development expenditure		524.265	625.219
Retained earnings		5.068.387	1.867.061
Equity		7.440.368	4.352.758
Provision for deferred tax		712.195	387.362
Total provisions		712.195	387.362
Subordinate loan capital		700.000	700.000
Other payables		1.072.217	1.561.358
Total non-current liabilities	10	1.772.217	2.261.358
Banks		4.779.847	2.186.018
Trade payables		1.776.339	1.408.230
Prepayments received recognised in debt	9	93.819	947.027
Payables to subsidiaries		72.566	31.018
Corporation tax		480.590	0
Other payables		3.788.466	2.761.174
Total current liabilities		10.991.627	7.333.467
Total liabilities		12.763.844	9.594.825
Total equity and liabilities		20.916.407	14.334.945

Statement of changes in equity

	Share capital	Reserve for net revalua- tion under the equity method	Reserve for development expenditure	Retained earnings	Total
Equity at 1 January 2022	1.800.000	60.478	625.219	1.867.062	4.352.759
Transfers, reserves	0	0	-100.954	100.954	0
Net profit/loss for the year	0	-12.762	0	3.100.371	3.087.609
Equity at 31 December 2022	1.800.000	47.716	524.265	5.068.387	7.440.368

Notes

	<u>2022</u>	<u>2021</u>
	DKK	DKK
1 Staff costs		
Wages and salaries	15.035.559	12.400.389
Pensions	699.068	502.933
Other social security costs	383.068	206.387
	<u>16.117.695</u>	<u>13.109.709</u>
Average number of employees	<u>32</u>	<u>26</u>
2 Other operating costs		
Loss on sale of assets	<u>0</u>	<u>16.448</u>
	<u>0</u>	<u>16.448</u>
3 Financial income		
Other financial income	<u>5.428</u>	<u>0</u>
	<u>5.428</u>	<u>0</u>

Notes

	<u>2022</u>	<u>2021</u>
	DKK	DKK
4 Financial costs		
Other financial costs	558.865	214.267
	<u>558.865</u>	<u>214.267</u>
5 Tax on profit/loss for the year		
Current tax for the year	480.590	0
Deferred tax for the year	324.833	43.209
	<u>805.423</u>	<u>43.209</u>
6 Intangible assets		
		Completed development projects
Cost at 1 January 2022		982.895
Additions for the year		67.151
Transfers for the year		0
Cost at 31 December 2022		<u>1.050.046</u>
Impairment losses and amortisation at 1 January 2022		181.332
Amortisation for the year		196.579
Impairment losses and amortisation at 31 December 2022		<u>377.911</u>
Carrying amount at 31 December 2022		<u>672.135</u>

Notes

7 Tangible assets

	Other fixtures and fittings, tools and equipment
Cost at 1 January 2022	4.127.212
Additions for the year	1.570.285
Disposals for the year	-100.000
Cost at 31 December 2022	<u>5.597.497</u>
Impairment losses and depreciation at 1 January 2022	2.011.731
Depreciation for the year	774.071
Impairment losses and depreciation at 31 December 2022	<u>2.785.802</u>
Carrying amount at 31 December 2022	<u><u>2.811.695</u></u>

Notes

	2022 DKK	2021 DKK
8 Investments in subsidiaries		
Cost at 1 January 2022	5.000	5.000
Cost at 31 December 2022	5.000	5.000
Revaluations at 1 January 2022	60.478	104.365
Net profit/loss for the year	-12.762	-43.887
Revaluations at 31 December 2022	47.716	60.478
Carrying amount at 31 December 2022	52.716	65.478

Investments in subsidiaries are specified as follows:

Name	Registered office	Ownership interest
Scanaviation GmbH	Bremen	100%

	2022 DKK	2021 DKK
9 Contract work in progress		
Work in progress, selling price	9.618.450	5.819.477
Work in progress, payments received on account	-6.585.625	-5.382.915
	3.032.825	436.562
Recognised in the balance sheet as follows:		
Contract work in progress under assets	3.126.644	1.383.589
Prepayments received under liabilities	-93.819	-947.027
	3.032.825	436.562

Notes

10 Long term debt

	Debt at 1 January 2022	Debt at 31 December 2022	Instalment next year	Debt outstanding after 5 years
Subordinate loan capital	700.000	700.000	0	700.000
Other payables	1.561.358	1.072.217	0	1.072.217
	2.261.358	1.772.217	0	1.772.217

11 Contingent liabilities

The company has contingent liabilities for a total amount of T.DKK 965.

12 Mortgages and collateral

The company has provided company charge of DKK 6 million for the company's bank arrangements with Nykredit. The company charge includes intangible property rights, inventories, trade receivables and operating equipment with a book value of T.DKK 16.624.

Kai Hans Jensen

Navnet returneret af dansk NemID var:
Kai Hans Jensen
Direktør
ID: 9208-2002-2-470990951475
Tidspunkt for underskrift: 13-04-2023 kl.: 09:03:45
Underskrevet med NemID

NEM ID

Mikkel Esbjerg

Navnet returneret af dansk MitID var:
Mikkel Esbjerg
Bestyrelsesmedlem
ID: c8e0aa57-d9cc-4921-a8bd-a59760ec9764
Tidspunkt for underskrift: 13-04-2023 kl.: 08:51:41
Underskrevet med MitID

Mit 

Jens Hammer Sørensen

Navnet returneret af dansk MitID var:
Jens Hammer Sørensen
Bestyrelsesmedlem
ID: 50891d29-2200-4cc1-85d8-1b2248499ec6
Tidspunkt for underskrift: 13-04-2023 kl.: 08:55:19
Underskrevet med MitID

Mit 

Finn Rasmussen

Navnet returneret af dansk MitID var:
Finn Rasmussen
Bestyrelsesformand
ID: 7e77f40f-fd8c-419d-8189-a2bd9eccb8f2
Tidspunkt for underskrift: 14-04-2023 kl.: 09:39:17
Underskrevet med MitID

Mit 

Martin Santino Lo Turco

Navnet returneret af dansk NemID var:
Martin Santino Lo Turco
statsautoriseret revisor
ID: 44732704
Tidspunkt for underskrift: 14-04-2023 kl.: 09:41:20
Underskrevet med NemID

NEM ID

Mikkel Esbjerg

Navnet returneret af dansk MitID var:
Mikkel Esbjerg
Dirigent
ID: c8e0aa57-d9cc-4921-a8bd-a59760ec9764
Tidspunkt for underskrift: 14-04-2023 kl.: 10:23:44
Underskrevet med MitID

Mit 