

ANNUAL REPORT
1. januar - 31. december 2018

Norwegian Pilot Services Denmark ApS
c/o Norwegian Air Shuttle
Lufthavnsboulevarden 6
2770 Kastrup

CVR nr. 36553065

Submitter:

Sønderup I/S
Statsautoriserede revisorer
CVR no. 31824559

**Presented and approved at the company's ordinary
general meeting 29. May 2019**

Chairman

Helga Bollmann Leknes



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Management's Statement on the Annual Report

The management have today considered and approved the annual report for Norwegian Pilot Services Denmark ApS for the financial year 1 January to 31 December 2018.

The annual report is presented in accordance with the Danish Financial Statements Act.

In the managements opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2018 and of its financial performance for the financial year 1 January to 31 December 2018.

We recommend the annual report for approval at the annual general meeting.

Kastrup, 29. May 2019

Executive Board



Lars Rolf Rønnev

Board of Directors:



Helga Bollmann Leknes
Chairman



Sofia Katarina Finneng



Anne-Helen Stenberg

Independent Auditor's Report

To the shareholders of Norwegian Pilot Services Denmark ApS

Opinion

We have audited the Financial Statements of Norwegian Pilot Services Denmark ApS for the financial year 1 January - 31 December 2018, which comprise the income statement, balance sheet 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 December 2018 and of the results of its operations and cash flows for the financial year 1 January - 31 December 2018 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.

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.

Independent Auditor's Report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism 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 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.

Independent Auditor's Report

In connection with our audit of the financial statements, our responsibility is to read 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 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 Statement Act. We did not identify any material misstatement of management commentary.

Copenhagen, 29. May 2019

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No33963556


Jens Sejer Pedersen
State Authorised Public Accountant
mne/4986

Management Report

Main activities

The company's main activity is to recruit and hire staff and offering services related to the aviation industry.

Uncertainty in recognition and measurement

There have been no uncertainties regarding recognition or measurement in the annual report.

Unusual circumstances

It is not considered to be unusual circumstances that have affected recognition or measurement.

Development in activities and economic conditions

The result for 2018 shows a profit of TDKK 436 against TDKK 3.111 in 2017. The balance sheet shows an equity of TDKK 6.164.

Management considers the profit for the year to be satisfactory.

Expected development

Management expects a profit for the financial year 2019 on level with the current year.

Knowledge resources

In order to continue to ensure the company's competitiveness, the necessary resources are used to maintain the company's competences.

External environment

The company's environmental policy is based on compliance with the legal requirements.

Significant events after the balance sheet date

No significant events have occurred after the end of the financial year.

Development in gross- and key figures

	2018	2017	2016	2015
PROFIT & LOSS				
Revenue	191.962	141.851	126.880	100.524
Direct operating costs	-12.567	-8.077	-7.340	-6.682
Gross margin	179.396	133.774	119.539	93.842
Administration	-3.906	-2.672	-5.981	-3.075
Staff costs	-174.093	-127.134	-106.300	-95.099
Earnings contribution	1.397	3.968	7.258	-4.332
Financial income	1.546	4.029	1.630	1.097
Financial costs	-2.349	-3.998	-2.449	-457
Profit/-loss before tax	594	3.999	6.439	-3.692
Tax for the year	-158	-888	-628	0
Net profit/-loss for the year	436	3.111	5.811	-3.692
BALANCE SHEET				
Current assets	83.708	35.836	32.151	39.399
TOTAL ASSETS	83.708	35.836	32.151	39.399
Equity	6.164	5.728	2.617	-3.195
Short-term part of long-term liabilities	77.544	30.108	29.535	42.593
TOTAL LIABILITIES	83.708	35.836	32.151	39.399
KEY FIGURES				
Operating margin	93,5	94,3	94,2	93,4
Contribution margin	0,7	2,8	5,7	-4,3
Return Of Investment - ROI	0,5	8,7	18,1	-9,4
Return Of Equity - ROE	7,1	54,3	222,1	115,6
Solvency ratio	7,4	16,0	8,1	-8,1

Accounting principles applied

The annual report for Norwegian Pilot Services Denmark ApS 2018 has been prepared in accordance with the Danish Financial Statements Act for class C companies.

The income statement is presented by type of expenditure and the balance sheet is presented in account from. The measurement currency used is Danish kroner. All other currencies are considered foreign currency.

The company has not prepared cash flow statement, according to ÅRL §86. Reference is made to the cash flow statement for the Group.

The accounting principles were applied consistently with the principles of last year's financial reporting.

General information on recognition and measurement

Income is recognized in the income statement as earned, including any value adjustments of financial assets and liabilities. Furthermore, all costs, including amortisation/depreciation and write-downs, are recognized in the income statement.

Assets are recognized in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of the assets can be measured reliably.

Liabilities are recognized in the balance sheet when it is probable that future economic benefits will flow out of the company, and the value of the liabilities can be measured reliably.

The first recognition measures assets and liabilities at cost. Subsequently, assets and liabilities will be measured individually in respect of each accounting item as described below.

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 statement

Gross profit

In pursuance of section 32 (1) of the Danish Financial Statements Act, the first item in the income statement is the gross profit. The item gross profit is the result of revenue, cost of sales, other external cost and other operating income.

Revenue

Revenue from the sale of services is recognized in the income statement as performed, if the income can be determined reliably and is expected to be received. Revenue is recognized ex. VAT and net of discounts in connection with the sale. Revenue corresponds to the market value of the work in progress (production method).

Accounting principles applied

Other external costs

Other external cost comprise costs for distribution, sales, advertising, administration etc.

Staff expenses

Staff expenses contains salaries and wages, including holiday payment, pensions and other social security costs etc. to the company's employees. In staff expenses are received subsidies from public authorities, deducted.

Financial items

Financial income and expenses are recognized in the income statement with the amounts relating to the financial year. The financial items comprise interest income and expense, realized and unrealized exchange rate, gains and losses resulting from transactions in foreign currencies and surcharges and refunds regarding corporation tax.

Tax for the year

The company is jointly taxed with other group companies. The current corporation tax is divided between the jointly taxed companies pro rata to their taxable incomes. The parent company functions as the management company for the joint taxation and handles the tax payments to the danish tax authorities.

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognized in the income statement by the portion attributable to the profit for the year and recognized directly on equity by the portion attributable to entries directly on equity.

Balance sheet

Receivables

Receivables are measured at amortized cost, which usually corresponds to the nominal value. Value is reduced by provisions for bad debts.

Dividend

Proposed dividend for the financial year is recognized as a separate component of the equity. Proposed dividends are recognized as a liability at the time of adoption.

Tax payable and deferred tax

Current tax liabilities and current tax assets are recognized in the balance sheet as tax calculated on the taxable income allocated with the current tax rate, and adjusted for tax on prior years taxable income and prepaid taxes.

Deferred tax is measured by the liability method concerning temporary differences between the carrying value and tax value of assets and liabilities, calculated based on the planned use of the assets and settlement of the obligation, respectively.

Accounting principles applied

Deferred tax assets, including the tax value of tax losses allowed for carry-forward, are measured at the value at which the asset is expected to be realisable, either through elimination in tax on future earnings or through offsetting in deferred tax liabilities in the same legal tax unit. Any deferred net tax assets are measured at their net realisation values.

Deferred tax is measured based on the tax rules and tax rates applicable in pursuance of the legislation in force on the balance sheet date when the deferred tax is expected to become payable as current tax. Changes in deferred tax due to change in tax rates is recognized in the income statement.

Liabilities

Financial liabilities are recognized when loans are raised as the proceeds is received less transaction costs paid. In the subsequent periods, the financial liabilities are measured at cost corresponding to the capitalised value using the effective interest rate so that the difference between the proceeds and the nominal value are recognised in the income statement over the period of the loan.

Other liabilities are measured at amortised cost corresponding to the nominal value.

Conversion of foreign currency

Transactions in foreign currencies are converted at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognized in the income statement as a financial income or expense. If the foreign exchange position is considered to hedge future cash flows, the unrealised exchange adjustments are recognized directly in the equity.

Accounts receivable, payable and other monetary items in foreign currencies that are not settled on the balance sheet date are converted at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the receivable or payable is recognized in the income statement as financial income or expenses.

Development in gross- and key figures.

Key figures are calculated as follows:

Operating margin (Gross margin in % of revenue)

Contribution margin (Earnings contribution in % of revenue)

Return of Investment ROI (Result before financial items x 100 / total assets)

Return Of Equity ROE (Result for the year x 100 / equity (average))

Solvency ratio (Equity end of year x 100 / total assets end of year)

Income statement 1 January - 31 December

Note	2018	2017
Gross profit	175.489.471	131.102.141
1. Staff costs	<u>-174.092.546</u>	<u>-127.134.128</u>
OPERATING PROFIT	<u>1.396.925</u>	<u>3.968.013</u>
Other financial income	1.546.279	4.029.361
2. Other financial costs	<u>-2.349.242</u>	<u>-3.998.214</u>
PROFIT/-LOSS BEFORE TAX	<u>593.962</u>	<u>3.999.160</u>
Tax for the year	<u>-157.863</u>	<u>-887.986</u>
NET PROFIT/-LOSS FOR THE YEAR	<u>436.099</u>	<u>3.111.174</u>
Appropriation of profit		
Retained earnings	<u>436.099</u>	<u>3.111.174</u>
Total appropriation	<u>436.099</u>	<u>3.111.174</u>

Balance sheet 31 December

Note	2018	2017
ASSETS		
Receivables from group companies	83.131.581	11.867.605
Other receivables	576.160	6.336
Total receivables	83.707.741	11.873.941
Cash funds	0	24.106.162
Total cash funds	0	24.106.162
TOTAL CURRENT ASSETS	83.707.741	35.980.103
TOTAL ASSETS	83.707.741	35.980.103

Balance sheet 31 December

Note	2018	2017
EQUITY AND LIABILITIES		
Share capital	497.000	497.000
Retained earnings	5.666.853	5.230.754
TOTAL EQUITY	6.163.853	5.727.754
Other credit institutions	46.840.377	0
Suppliers of goods and services	0	22.751
Payables to group companies	1.103.495	6.734.284
Payable joint taxation contribution	120.874	887.986
Other payables	29.479.142	22.607.328
Total short-term liabilities	77.543.888	30.252.349
TOTAL LIABILITIES	77.543.888	30.252.349
TOTAL EQUITY AND LIABILITIES	83.707.741	35.980.103

- 3. Main activity
- 4. Contingencies
- 5. Consolidation
- 6. Transactions with related parties

Equity specification

	2018	2017
Share capital		
Beginning of year	497.000	497.000
End of year	497.000	497.000
Retained earnings		
Beginning of year	5.230.754	2.119.580
Transferred from net profit	436.099	3.111.174
End of year	5.666.853	5.230.754
Equity end of year	6.163.853	5.727.754

Notes

	2018	2017
1. Staff costs		
Salaries	149.528.291	108.915.887
Pension costs	23.265.056	17.572.459
Other social security costs	1.299.199	645.782
Total staff costs	174.092.546	127.134.128
Persons employed on average	159	103
2. Other financial costs		
Interest expence to affiliate companies	-425.324	-401.358
Other financial costs	-1.923.918	-3.596.856
	-2.349.242	-3.998.214

3. Main activity

The company's main activity is to recruit and hire staff and offering services related to the aviation industry.

4. Contingencies

The company participates in a Danish joint taxation arrangement in which Norwegian Air Rescources ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for income taxes etc for the jointly taxed companies and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

5. Consolidation

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

Ultimate parent:

Norwegian Air Shuttle ASA
Oksenøyveien 3
1366 Lysaker
Norway

Parent:

Norwegian Air Resources Ltd.
Dublin Airport
Ireland

Notes

6. Transactions with related parties

Only non-arm's-length related party transactions are disclosed in the financial statements. However, no such transactions have taken place during the year.

Related parties with controlling influence:

Norwegian Air Resources Ltd., Dublin Airport, Ireland

Norwegian Air Shuttle ASA, Oksenøyveien 3, 1366 Lysaker, Norway