JT3H ApS

Teglholm Alle 15, DK-2450 København SV

Annual Report for 2018/19

CVR No 37 30 42 39

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 30/10 2019

Lars Thuesen
Chairman of the General Meeting

Contents

Management’s Statement

The Executive Board has today considered and adopted the Annual Report of JT3H ApS for the financial year 1 September 2018 - 31 August 2019.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In my opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 August 2019 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2018/19.

In my opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

I recommend that the Annual Report be adopted at the Annual General Meeting.

Kastrup, 30 October 2019

Executive Board

Lars Thuesen

Independent Auditor’s Report

To the Shareholder of JT3H ApS

Opinion
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 August 2019 and of the results of the Group’s and the Parent Company’s operations and of consolidated cash flows for the financial year 1 September 2018 - 31 August 2019 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of JT3H ApS for the financial year 1 September 2018 - 31 August 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows (”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 Group 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. 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 Consolidated Financial Statements and the Parent Company 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.

Independent Auditor's Report

Management's responsibilities for the Financial Statements
Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and 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 Group or 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 and the Group'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 Group's and 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 Group and 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Hellerup, 30 October 2019
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jacob F Christiansen statsautoriseret revisor mne18628	Jakob Thisted Binder statsautoriseret revisor mne42816

Company Information

The Company	JT3H ApS Teglholm Alle 15 DK-2450 København SV CVR No: 37 30 42 39 Financial period: 1 September - 31 August Incorporated: 15 December 2015 Municipality of reg. office: Copenhagen
Executive Board	Lars Thuesen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

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

	Group		
	2018/19	2017/18	2016/17
	MDKK	MDKK	MDKK
Key figures			
Profit/loss			
Revenue	1,444	1,130	1,459
Gross profit/loss	286	218	374
Operating profit/loss	984	773	-4
Profit/loss before financial income and expenses	39	8	9
Net financials	-7	-5	4
Net profit/loss for the year	30	3	12
Balance sheet			
Balance sheet total	415	189	242
Equity	-270	-434	-450
Cash flows			
Cash flows from:			
- operating activities	113	-37	-133
- investing activities	-20	16	39
including investment in property, plant and equipment	3	7	7
- financing activities	-4	-4	116
Change in cash and cash equivalents for the year	74	-26	22
Number of employees	397	373	583
Average number of Boeing 737 aircraft	8.4	6.3	12.0
Average number of ATR aircraft	0	0	7
Number of Boeing 737 aircraft, year end	10	6	8
Number of ATR aircraft, year end	0	0	3
Ratios			
Gross margin	19.8%	19.3%	25.6%
Profit margin	2.7%	0.7%	0.6%
Return on assets	9.4%	4.2%	3.7%
Solvency ratio	-65.1%	-229.6%	-186.0%
Return on equity	N/A	N/A	N/A

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Principal activities

The Group is solely engaged in the Business-to-Business market offering air transport solutions primarily for:

- Nordic tour operators who are offered full charter aircraft
- Other European airlines who are offered short-, medium- and long-term capacity solutions (primarily ACMI) as well as ad-hoc flights
- Other short-term and medium-term air transport solutions

Development in activities and financial matters

The financial year 2018/19 – The Group's fourth operating year – was the second financial year following the successful turnaround completed in 2017.

In line with Jet Time's Core Business Plan 2020, the key focus in the financial year 2018/19 has been on controlled growth, as well as continued focus on optimization of the core business (i.e. Boeing Charter passenger flights in Europe and Boeing ACMI assignments for larger airlines in Europe) and continued focus on optimization of long term profitability.

During 2018/19, the Group has successfully implemented a contract with its largest customer TUI Nordic allocating more short-haul European charter production to the Group. The growth was gradually phased in, with one aircraft in November 2018 (Copenhagen base) and one aircraft in May 2019 (Helsinki base). On a full year basis, the growth is corresponding to full production on two Boeing 737 NG aircraft. This growth has a positive impact on revenue and asset utilization (i.e. aircraft and crew utilization), leading to an improvement of operational profitability.

Furthermore, as a result of the unified Boeing 737 NG aircraft fleet (an element of the turnaround) and other optimization initiatives the Group has succeeded to further reduce its technical costs per flight hour, which is also contributing to an improvement of operational profitability.

Finally, the year was positively impacted by the grounding of all Boeing MAX aircraft worldwide, which in turn increased the demand for available ACMI aircraft capacity from March 2019 and onwards. Hence, it was possible for the Group to deploy its available Boeing 737 NG capacity at attractive rates, especially in the Spring 2019 season. Consequently, the grounding of Boeing MAX aircraft has contributed to an extraordinary improvement of the financial result for 2018/19.

The total flight production in 2018/19 amounted to 33,771 block hours compared to 28,454 in 2017/18. The average number of employees went up from 373 employees in 2017/18 to 397 in 2018/19. At the end of 2018/19, the Group had 425 employees compared to 350 at the end of 2017/18. And finally, at the end of 2018/19 the Group had a fleet of 10 Boeing 737 NG aircraft compared to 6 at the end of 2017/18.

Management's Review

The Group's consolidated revenue in 2018/19 was DKK 1,444 million compared to DKK 1,130 million in 2017/18. The Group showed a profit before tax of DKK 32 million in 2018/19, which compares to a profit before tax of DKK 3 million in 2017/18. At year end 2018/19, the Group showed negative equity of DKK 270 million compared to negative equity of DKK 434 million at the end of 2017/18. Cash at bank and in hand was DKK 127 million at year end 2018/19 compared to DKK 53 million at the end of 2017/18.

The total balance sheet increased from DKK 189 million in 2017/18 to DKK 415 million in 2017/18. A significant part of this increase comes from increase in provisions for future maintenance mainly related to the import of additional aircraft.

In light of the successful focus on controlled growth and optimization of the core business; and in light of the extraordinary impact from the grounding of Boeing MAX aircraft, Management consider the result before tax of DKK 32 million for 2018/19 as satisfactory.

Business segments and markets

The completion of the turnaround in 2017 has resulted in a significant reduction of complexity and risk.

The Jet Time Core Business Plan 2020 with its two key business segments Boeing Charter and Boeing ACMI has successfully contributed to controlled growth and optimization of the Group's traditional core business, which in turn has established a stable foundation for a sustainable and profitable Jet Time going forward.

Of the two key business segments, Boeing Charter is by far the biggest. The share of revenue and the share of production (block hours) from Boeing Charter was 94% and 89% respectively in 2018/19, and the Group is a leading player in Nordic charter market with approx. 500,000 roundtrip charter passengers (25% increase compared to 2017/18), comprising 50% Danish passengers and 30% Swedish passengers and 20% Finnish passengers. The market share in Denmark is approx. 22%, in Sweden approx. 9% and in Finland approx. 14%. The average share of the total charter production across Denmark, Sweden and Finland is approx. 14%.

Market share is defined as the Group's share of the total charter production in the Nordic region, comprising insourced charter production (charter tour operators own airlines) and outsourced charter production.

In the Boeing Charter segment, passengers from the following brands are serviced: TUI, Apollo, Bravo Tours, Club La Santa, Spies Rejser, Tjäreborg, Ving, Gislev Rejser, Atlantis Rejser etc.

Thomas Cook Northern Europe with the underlying brands Spies Rejser, Ving and Tjäreborg - one of the Group's Boeing Charter customers, representing approx. 8% of the Boeing Charter revenue – is a part of the Thomas Cook Group. Thomas Cook Northern Europe is in continued operation and hence, not part of the bankruptcy of the Thomas Cook parent company and some of the Thomas Cook Group companies.

Management's Review

The Boeing ACMI customers include SAS, Norwegian, Finnair, air greenland, Transavia etc.

Preparations for the future strategic direction are initiated

With Jet Time Core Business Plan 2020 coming to an end, Management has introduced Jet Time core2explore strategy plan 2025 with continued focus on expansion and optimization of core business, in combination with a parallel focus on developing new higher margin aviation services and products as well as exploring new business areas.

The Jet Time core2explore 2025 strategy is pursuing to transform our "more than just a flight" airline into a "more than just an airline" aviation partner, and thereby enable us to build a sustainable future through agile aviation solutions with our partners.

On this basis, it is our belief that Jet Time core2explore strategy 2025 will contribute to a further improvement of long term profitability and a sustainable future for the Group.

Capital resources and liquidity

Equity at 31 August 2018 was negative DKK 434 million. During the financial year 2018/19, equity has been improved with DKK 164 million leading to an equity at 31 August 2019 of negative DKK 270 million.

The Group has obtained extension to September 2021 of all existing loans from shareholders and lenders at balance date 31 August 2019, ensuring the Group the liquidity resources required to restore a sound business and positive earnings going forward.

The framework of agreements on financing comprises the following at 31 August 2019:

- Drawn long term loans from shareholders, DKK 100 million;
- Undrawn revolving credit facility from shareholders, DKK 25 million;
- Other drawn long term loans, DKK 90 million, off which DKK 50 million rank subordinate to other creditors.

The above loans are totaling DKK 215 million (DKK 190 million loans are drawn at the balance sheet date), of which subordinated loans amount to DKK 50 million. All of the above loans are expiring in September 2021. No interest is payable on these loans except on the undrawn revolving credit facility of DKK 25 million, which carries an interest rate of 10% p.a. on any drawn balance only (no commitment fee or other fees).

In addition to the above framework of agreements on financing, the Group has a mortgage loan in a hangar with an external credit institution, the balance of this loan was DKK 3 million as of the balance sheet date.

Management's Review

In Management's assessment, the liquidity contributed by the above financing agreements is sufficient to finance the Group's operation and it is Management's expectation that all loan terms also will be complied with in the financial year 2019/20.

Moreover, in Management's assessment the above financing agreements are providing the basis required to follow Jet Time core2explore 2025 strategy with positive earnings in 2019/20 and beyond.

Finally, the current lenders have expressed their continued support of the Group if Jet Time core2explore 2025 strategy is otherwise followed.

The Group's capital resources and liquidity is further described in note 1 (page 30).

Investments

The Group's investments for the year were DKK 10 million in total, comprising of import or modification of operationally leased aircraft, DKK 9 million as well as investments in assets under construction, DKK 1 million.

Risks

Price risks

The Group's use of jet fuel implies a particular risk due to the significant fluctuations to which the market for jet fuel is subject to. The Group aims at hedging the fuel prices by entering into hedging contracts corresponding to more than 90% of its consumption.

As a main rule, the Group enters into long-term flight agreements with charter companies. Hedging of fuel prices is made either by the Group at the time of contracting with the charter companies or by the charter companies as a few customers carry the full price risk on fuel.

Foreign currency risks

Purchase of jet fuel as well as lease- and aircraft related expenses are mainly settled in USD. This means that profit/loss for the year, cash flows and equity are influenced by the USD exchange rate development.

It is the Group policy to hedge commercial currency risks. Hedging is primarily performed by natural hedge (balancing the Group's USD costs with USD income and/or assets), and by means of forward exchange contracts and options to hedge expected costs in USD within the coming 12 months. Speculative forward exchange contracts are not made.

Management's Review

Credit risks

The Group's credit risks relate primarily to financial assets recognized in the balance sheet.

The Group does not have significant credit risks relating to one single customer or liaison as trading conditions request prepayment from the customer before operating flights.

Recognition & measurement

The principles for recognition & measurement are described in the accounting policies in note 28.

Subsequent events

No events have occurred after the balance sheet date, which affect the Annual Report or the Group's financial position.

Outlook

Based on the successful optimization of the core business and the controlled growth as well as the extraordinary impact from the grounding of Boeing MAX aircraft experienced in 2018/19, the Group expects a profit for 2019/20 at a slightly lower level than 2018/19; and a profit at a slightly higher level for 2020/21.

Corporate Social Responsibility

The Group is in a growth phase and will over the coming years be increasing its production and add more aircraft to the fleet.

However, the Group is at the same time well aware that the aviation industry must become more sustainable – and that the Group as an airline holds a responsibility to contribute to this development.

The Group will therefore in the coming financial year 2019/2020 implement a CSR strategy focusing on the three pillars Planet, People and Profit with clear goals and commitments towards 2025 and onwards.

The strategy will address the Group's impact as an airline by looking at the most significant CSR risks related to the Group's operation.

As part of its CSR focus, the Group will take inspiration from UN's Sustainable Development Goals with specific focus on Goal 12, 8 and 3, which are the goals mostly linked to Jet Time's core business and where the Group has the biggest impact. Moreover, Jet Time's ISO 14001:2015 certification will form basis for the structured work with the airline's Corporate Social Responsibility.

Management's Review

Corporate Social Responsibility (continued)

The Group's annual reporting on the Group's policies, actions and results in relation to its social responsibility is made on the basis of the airline's primary CSR risks as well as its strategic focus on Planet, People and Profit with description of the airline's underlying policies and guidelines.

Planet, People, Profit

The Group has a societal impact as employer, purchaser and producer of air transport solutions. At the same time, the Group has as an airline a climate and environmental impact, most significantly through fossil fuels and consequent CO_2 emissions into the atmosphere.

The Group will strive to continually improve within the areas of climate and the environment, as well as taking charge of social responsibility. Sustainable growth and development also assumes continuously striving for sustainable profitability and financial growth.

The Group has therefore structured the sustainability work through three pillars Planet, People and Profit, each focusing on the airline's environmental, societal and financial impact and responsibilities.

To protect the planet, its people and the Group as business, the Group must contribute to mitigating the Group's impact on climate changes and global warming. Likewise, the Group must share this strategy transparently internally as well as externally to ensure trust in the Group's brand and sustainability performance.

Planet

As an airline, the Group is aware of its responsibility to reduce the Group's environmental impact. The Group is therefore committed to ***continuously work towards a more sustainable air traffic*** with specific goals and projects to minimize the airline's carbon footprint.

People

When the Group sends an aircraft on the wings, the airline is responsible for the many passengers, employees and suppliers involved in its production and value chain. The Group is therefore committed to ***take care of our passengers, employees and everyone else involved in the Group's production and value chain***.

Management's Review

Corporate Social Responsibility (continued)

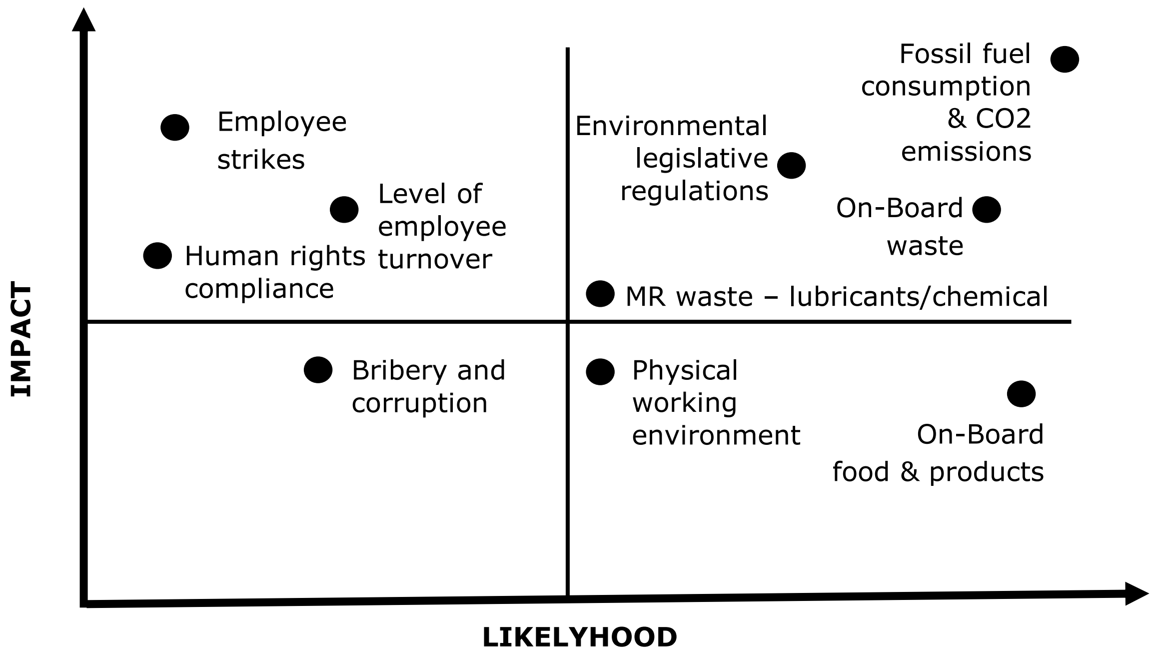
Profit

The company Jet Time is a privately owned company JT3H. However, this profit should not be made at the expense of the environment, integrity and moral behavior - and that is why ***the Group is committed to generate sustainable profit for the long term.***

Risk Matrix

In relation to corporate social responsibility, the Group has assessed the potential negative impact of the airline's operation on climate and environment, social conditions, employee conditions, human rights and anti-corruption.

Through this assessment, 10 potential CSR risks affiliated to the Group's production or to the Group's suppliers and products have been identified. These risks will be addressed individually throughout the report.



1. Environmental legislative regulations
2. Fossil fuel consumptions & CO2 emissions
3. On-Board waste
4. MR waste – lubricants/chemicals
5. On-board food & products
6. Employee strikes
7. Level of employee turnover
8. Physical working environment
9. Human Rights compliance
10. Bribery and corruption

Management's Review

Corporate Social Responsibility (continued)

PLANET

Aircraft operations are said to account for more than 95% of the total environmental impact of an airline where emissions from fossil fuels, production related waste, chemicals and lubricants pose a potential environmental risk.

The Group ensures compliance with relevant environmental legislation through the airline's Environmental Management System. The Environmental Management System is continuously evaluated in order to ensure effectiveness of the system and the ongoing activities.

The Group has over the years initiated a number of activities to continuously improve environmental effort. In the coming financial year, these efforts will be formalized in the Group's coming CSR strategy that will hold measurable goals for environmental focus areas.

The Group's primary focus will be to minimize greenhouse gas emissions and other environmental impacts. The key performance indicator for the Group's operations and activities is defined as a more efficient fuel operation, lowering the overall CO_2 emissions per passenger seat of the Group's production.

No severe incidents breaching any environmental permits were reported in the financial year 2018/2019.

1. Environmental legislative regulations

The airline industry is under pressure with increasing legislative demands to mitigate the environmental impact of flight operation. It is therefore a priority for the Group to be at the forefront of new legislation by increasing the important focus on mitigation of the airline's environmental impact.

The Group has an Environmental Policy that is communicated to all employees, contractors and suppliers. Moreover, the Group has an Environmental Management System (EMS) developed to manage significant environmental aspects to limit the impact on the environment.

Since 2014, the Group has worked with environmental management under the ISO 14001:2015 certification. The ISO 14001:2015 contributes with process demands and tools that among other things ensure a systematic effort to reduce fuel consumption and the emission of greenhouse gasses. Moreover, the ISO 14001:2015 provides the group with tools for environmental management in general throughout the entire production and organization.

The Group's Security Manager is in charge of monitoring the airline's ISO 14001:2015 certification as well as the Group established CO_2 reduction targets. In cooperation with the Environmental Committee, the Security Manager carries out the commitments of CO_2 reduction and compliance with environmental related legislation and measures the outcome of the different projects and initiatives.

Management’s Review

Development and Results in 2018/2019

In the financial year 2018/2019, the Group has initiated the development of a CSR strategy that addresses the airline’s impact on planet and people, ensuring a long-term sustainable profit, mitigating legislative risks and keeping the airline at the forefront of new legislation.

Corporate Social Responsibility (continued)

The initial work with the Group’s CSR strategy was at the end of the 2018/2019 financial year almost completed, and the first projects and initiatives will be rolled out at the start of the 2019/2020 financial year.

To ensure impact in the Group’s organization and production, the relevant parts of the CSR strategy have been placed in the respective departments and teams of relevance who are now working on the practical implementation of projects and initiatives such as reduction of CO2 and reduction of single-use plastic.

The Group’s internal ISO organization has been established as an integral and governing part of the work with the Group’s CSR strategy and its goals and commitments.

2. Fossil fuel consumptions & CO2 emissions

The work on the necessary improvement measures to achieve lower fuel consumption and CO2 emissions is an integrated part of the Group’s environmental management system certified according to ISO 14001:2015.

Reducing carbon dioxide is a pivotal aspect of the Group’s environmental focus, as this by far is the single most relevant environmental denominator for the Group and the airline industry in general. In relation to our CO2 emission, the Group is registered and reported by the regulations in EU Decree 2003/87EC where airlines can choose to register and report their CO2 emission. In this connection, the Group has a goal of reducing the annual carbon dioxide emission from the Group’s fleet by 0.25 % annually.

However, this goal will with the implementation of the Group’s CSR strategy in the 2019/2020 financial year be increased significantly with a more ambitious 2025 goal. A taskforce of cross-organizational specialists has in the 2018/2019 financial year been appointed to work strategically with selected initiatives to lower the weight of the aircraft and reduce fuel consumption and consequent CO2 emissions.

Development and Results in 2018/2019

In the financial year 2018/2019, the Group has furthered several initiatives to reduce the CO2 emissions from the airline’s fleet.

Management's Review

Fleet Renewal:

At year-end, the Group operated six B737-700 and four B737-800 aircraft. In the financial year 2018/2019, the Group has added three aircraft to the fleet of the type B737-800, which has a larger capacity than the B737-700 aircraft and can thus produce more effectively on one single aircraft, transporting more passengers at the time.

Continuous Aerodynamic, Weight and Efficiency Improvement:

The Group works continually to modify its aircraft to utilize more advanced technology, improve aerodynamics and reduce weight. All of the Group's aircraft are for example mounted with winglets, which improves up-thrust and optimizes fuel economy, cutting off 3-4% of the fuel consumption of an aircraft.

In the 2018/2019 financial year, the Group has signed leasing agreements for two B737-800 aircraft with split scimitar winglets that cut of an additional 2-3 % of the aircraft fuel consumption. These two aircraft will enter into the Group's production in the start of 2020.

Corporate Social Responsibility (continued)

To lower fuel consumption and thus CO2 emissions, the Group works continuously to lower the weight of the aircraft in the airline's fleet. An example of weight reduction is the change in cabin light that all of the Group's B737-700 have been through in 2018 and 2019. The fluorescent light tubes have been changed in all of the Group's aircraft to a modernized LED light system, taking off approximately 30 kg from each aircraft. In addition, the LED light has a longer duration than fluorescent light tubes, and have in that way less impact on the environment. This weight reduction has in the past financial year resulted in an annual reduction of CO2 equivalent to approximately 72 tons.

CO2 Reductions

After the unification of the Group's fleet to B737 NG aircraft, the Group has seen a considerable reduction of CO2 emissions per used seat compared to previous years. Due to the addition of more B737-800 aircraft in the Group's fleet, the overall CO2 emissions have gone up, however, the utilization of capacity has been increased, which means that more passengers have been transported per flight. This means that the Group in the financial year 2018/19 has managed to reach an annual CO2 reduction of 6.73 percentage points per used seat per flight compared to the financial year 2017/18, as shown in the development from 97.07% to 90.34%.

Financial year	Actual emission [Kg]	Actual Airborne Hours	Actual CO2 per Ab Hour [Kg/Hour]	Annual reduction Target	Annual CO2 per Ab Hour target	Actual Development CO2 per Ab Hour	Actual seats used per. year	Actual kg CO2 per. used seat	Year on year target	Actual Development CO2 per Used seat vs. previous year
2017/ 2018	189,555,962	24,780	7,650	0.25%	7,619	101.13%	814,943	233	99.50%	97.07%
2018/ 2019	219,068,212	27,979	7,830	0.25%	7,631	103.51%	1,011,962	216	99.25%	90.34%

3. On-Board waste

Waste generated in connection with the Group's flight operation has a potential, negative impact on the environment.

Minimizing and handling waste more sustainably will be one of the primary focus of the Group's coming CSR strategy.

Development and Results in 2018/2019

In the financial year 2018/2019 there has been a focus on minimizing paper consumption through more digitalization.

In connection with the development towards a more electronically based communication, less paper has in the financial year 2018/2019 been used on board the Group's aircraft with the introduction of an Electronic Flightbag as replacement of paper manuals.

This means, that two digital tablets holding the same information have replaced approximately 20 kg of paper in each cockpit of the Group's 10 aircraft. This saves a significant amount of production related paper waste, just as it has lowered the weight of the aircraft, reducing the annual CO2 emission with approximately 48 tons CO2.

To further systematize and optimize the handling of the Group's on-board waste, a task group with key operational expertise has in the financial year 2018/2019 been appointed to develop improvement initiatives to reduce this environmental impact. This work will serve as foundation for goals and activities in the Group's CSR strategy.

4. Maintenance Repair (MR) waste – lubricants/chemicals

The Group has its own Technical Department in CPH airport with service of the airline's aircraft.

In this connection, the Group's mechanics handle different types of waste that can pose a health risk. Likewise, the waste has a potential negative impact on the environment if not handled correctly.

To mitigate these risks, the Group has contracted with the environmental service partner Stena Recycling, who ensures correct storage and disposable of problematic waste and chemicals.

Corporate Social Responsibility (continued)

Development and Results in 2018/2019

To strengthen sustainable recycling of waste, further measures have been taken in the financial year 2018/2019, where for example containers for hard plastic have been installed in the Group's Technical Department to enhance the recycling potential of plastic material waste.

There have in the financial year 2018/2019 been no reports of incidents involving problematic waste and chemicals related to the Group's own aircraft maintenance.

No significant spillages have been reported in connection with technical maintenance of the Group's aircraft in the financial year 2018/2019.

5. On-board food & products

The Group serves close to a million meals on board the airline's aircraft each year. In this context, the products we choose to serve to our customers each have an impact on the environment.

Development and Results in 2018/2019

In the financial year 2018/2019, the work to implement a "No red meat" policy has been initiated.

The first result of this initiative has been to replace 24 ton of beef in the Group's hot meal menus on departures from Copenhagen and Sweden with chicken, which is a meal with much less environmental impact than beef.

This change in protein has resulted in a CO_2 reduction of approximately 4000 ton CO_2 with regards to production of the meal.

Further steps to reduce the environmental impact of the Group's on-board food and products will be taken as part of the Group's CSR strategy.

PEOPLE

As an employer, the Group is responsible for ensuring decent work conditions and a healthy working environment.

The Group has a 'Health and Safety and Environment Policy' as well as a 'Health and Safety and Environment Committee'. The Committee ensures compliance with policies on health, safety and environmental aspects.

The Group is in close dialogue with union representatives to prevent labor right violations. Should a potential labor violation occur in relation to an employee's employment, the Group will cooperate with the relevant union representative to reach a fair conclusion of the matter.

Management's Review

Corporate Social Responsibility (continued)

The Group's Employee Handbook contains a general corporate policy applying to all employees.

Moreover, the Group has adopted a 'Just Culture' policy that applies to the entire Group. This implies that all employees have access to a reporting tool by means of which all potential safety issues may be reported anonymously and without consequence, which promotes openness about errors and incidents. In that way, a safer working environment with focus on communication and openness is ensured.

As a buyer, the Group uses the services of a number of subcontractors – also in countries where a safe and healthy working environment can be challenged. The Group will therefore in the coming financial year strengthen the airline's demands to specific contractors by a the Group's Code of Conduct that demands decent working conditions for anyone involved in the work for the Group.

6. Employee strikes

Strikes among employees of the airline can potentially have a major impact on the Group's ability to live up to its customer promise and the service experience expected of the airline's passengers.

Since the start-up of Jet Time in 2006, there have been no strikes among any of Jet Time's employee groups.

However, to mitigate this potential risk, the Group has a number of policies relating to working environment and working conditions. Moreover, six different groups of employees are in the Group covered by collective agreements, and employees engaged in the same activities are guaranteed the same working conditions, making all employees covered by local collective agreements.

Cooperation with the six unions in the Group takes place within the framework of national laws and agreements affecting the unit concerned.

Development and Results in 2018/2019

The Group did not in the financial year 2018/19 receive any complaints from employees or others in relation to potential violation of labor rights and the Group has not experienced any strikes or strike warnings among any of the airline's employee groups.

Management's Review

Corporate Social Responsibility (continued)

7. Level of Employee Turnover

A high employee turnover rate is a potential risk with a high degree of impact on any business and airline.

To mitigate this risk, the Group strives to create a decent working environment with opportunities, professional development and orderly working conditions.

As part of ensuring a healthy working environment for the Group's employees, the Group strives to secure the framework for a good work/life balance, for example by a predictable work-pattern for the flight crew that gives the better options to plan their private life.

Being an airline, the safety of the Group's employees and customers is a top-priority for the Group. The Group is certified to fly under the international safety standard IOSA, whose auditors regularly inspect safety in the various functions of the Group.

Development and Results in 2018/2019

The Group did not experience more absence among the Group's employees in the 2018/19 financial year compared to the years before, and among administrative staff and cabin crew, absence due to sickness declined. Likewise, the number of bought days from the airline's crew has in the 2018/19 financial year retained the low level of the previous financial year, which was at an all-time low.

Number of bought days

Employees	**Financial year 2016/2017**	**Financial year 2017/2018**	**Financial year 2018/2019**
Cabin Crew	710	486	432
Pilots	1035	348	370

Absence due to sickness

Employees	**Financial year 2017/2018**	**Financial year 2018/2019**	**Change**
All	3.2%	2.7%	- 0.5%
Cabin Crew	5.5%	4.2%	- 1.3%
Pilots	2.8%	2.8%	0.0%

Management's Review

Corporate Social Responsibility (continued)

8. Physical Working Environment

Some of the Group's employee groups are more exposed to a challenging physical working environment than others. That is first of all the case for the airline's Flight Crew who work in a small cockpit and a narrow cabin. Secondly, the Mechanics of the Group's Technical Department are exposed to hard physical labor with heavy lifts and manual work in the physical space of an aircraft.

To ensure that all employee groups are represented in a forum with focus on their particular type of work, all employee groups are represented in an official Working Environment Group.

In addition, the Group offers a health insurance to all employees based in Denmark. The health insurance offers resources within therapists, stress and rehabilitation experts and ergonomic specialists and ensures free and quick access to treatment of a large number of injuries and health problems.

Development and Results in 2018/2019

In the financial year 2018/2019, efforts have been made to improve the physical working environment and improve the overall working conditions in all parts of the Group's organization.

A Better Diet:

In connection with the Group's internal Workplace Assessment from February 2018 (APV), one of the major key points were the crew meals. Both Danish Cabin and Cockpit Crew expressed a wish for more variation, larger portions and more greens. These three wishes have in the financial year 2018/2019 been accommodated with a new crew meal set-up for Danish crew with effect from May 28, 2019.

A Warmer Workplace:

In connection with the Group's internal Workplace Assessment from February 2018, it also became apparent that the delivered the Group's uniform coat was not warm enough. An alternative coat suited for the Nordic winter climate was in November 2018 added to the Group's uniform program, thus improving the physical working environment of the Group's crew in the winter months.

Improved Facilities:

As part of the Group's yearly cycle of work in the Work Environment Group, the physical working environment is assessed. In this assessment, it has become evident that the changing rooms and bathing facilities in the Hangar of the Group's Technical Department were below standard. These facilities have in the 2018/2019 financial year been improved significantly and are now considered acceptable.

Active Deskwork

Also in the annual cycle of work in the Work Environment Group, it was decided to mitigate some of the risks connected to sedentary deskwork, which is the primary work form in the Group's Administrative divisions. The month of February 2019 was therefore chosen as a month of physical

Management's Review

Corporate Social Responsibility (continued)

activity in the Administration at the Group's headquarter, where a 'stair climbing' competition encouraged employees to use the stairs rather than the elevator.

Likewise, the administrative employee representatives in the Work Environment Group invited throughout February 2019 all administrative employees to join in for rubber band exercise for approximately 10 minutes to stretch the muscles two days a week.

9. Human Rights Compliance

The Group has no specific policies on human rights. As operator in the Nordic region, we have previously deemed compliance with human rights as a given.

By being an operator in the Nordic region, which is characterized by a high degree of protection of human rights, the risk that the Group's activities have a negatively impact on human rights is considered low. Consequently, a separate policy on human rights has not been deemed necessary. We do, however, always comply with all relevant legislation both locally and globally.

However, as a buyer, the Group uses the services of a number of subcontractors – also in countries where compliance with Human Rights can be more questionable than in the Nordic Region. The Group will therefore in the coming financial year strengthen the airline's demands to specific subcontractors by the Group's Code of Conduct that demand compliance with Human Rights.

Likewise, work to ensure human right compliance in our own operation will be taken as part of our CSR strategy, where a cross-organizational taskforce has already started this work.

Development and Results in 2018/2019

No human rights violations have been reported in the financial year 2018/2019.

PROFIT

As a for-profit corporation, the Group has a responsibility to ensure profitable business, comply with legal requirements and maintain a high standard of business ethics as well as ensuring compliance with national policies and laws on financial stability.

The highest possible return is generated by the best possible resource management and utilization of the airline's human and financial assets, and the Group's CSR focus on Profit is therefore closely bound to that of Planet and People.

A greener flight with reduced fuel consumption leads to lower fuel costs and reduces the charges for CO2 emissions.

Management's Review

Corporate Social Responsibility (continued)

An absolute prerequisite for a sustainable profit is legislative compliance in all aspects of the Group's operation. This is ensured through the Group's Safety & Compliance Unit as well as the Group's Legal Department.

All aspects of the Group's work towards long-term profitability are disclosed in the Group's Annual Report 2018/2019.

Partner cooperation is a pivotal aspect of the Group's core business. The Group has therefore in the financial year 2018/2019 signed an updated Code of Conduct for SAS, ensuring that the Group lives up to SAS' supplier CSR demands. Likewise, the Group has reaffirmed a similar commitment to the travel group TUI. The Group's coming CSR strategy ensures that the Group is aligned with the CSR strategies and demands of our primary partners.

The Group promotes equal treatment of all employees and job applicants. The Group believes that an equal representation of gender among employees and Management is important to the overall sustainability and development of the Group.

Development and Results in 2018/2019

Board of Directors

At the end of the financial year 2018/19, the Group's Board of Directors comprised of two male non-owners members and one male owner.

The Group has a target of by 2023 to have at least one person of each gender represented on the Group's Board of Directors.

The Group has not in the financial year 2018/2019 reached the target of gender representation on the Board, as there have been no changes, additions or recruitments for the Group's Board in this period.

The Group's Senior Management

The Group's Senior Management is defined by the Groups's Executive Team – consisting of the CEO, CFO, VP Commercial/CCO, VP Technical, VP Flight Operations and VP Management Support. At the end of the financial year 2018/2019, the Executive Team consisted of five male and one female member.

The Group has an ambition to, by 2023, increase female representation in the Group's Senior Management by at least one more female member of the Group's Executive Team.

The Group has not reached this target of increased female representation among the Group's Executive Team in the financial year 2018/2019, as there have been no changes, additions or recruitments for the Group's Senior Management team in this period.

Management's Review

Corporate Social Responsibility (continued)

The Group initiated in the financial year 2016/2017 internal leadership training among the Group's mid-level managers with the ambition of qualifying both male and female employees to enter the Senior Management. This training has in the 2018/2019 financial year been further developed and implemented to a wider group with also Functional Leaders and Specialists. Furthermore, the Group strives to always have both genders represented in the final interview round when selecting new hires.

The current ratio in the Group's mid-level management by the end of the 2018/2019 financial year is 72% male and 28% female, which is a slight improvement compared to the year before where the ratio was 73% male and 27% female.

10. Bribery and Corruption

The Group has no specific policies on anti-corruption, and as operator in the Nordic region, we have previously deemed the risk of bribery and corruption low.

Due to the fact that the Group's main activities take place in the Nordic region, in which local authorities demand full compliance with legislation on anti-corruption, it is management's assessment that the risk that the Group becomes involved with corruption or bribery is limited. Therefore, we have not developed an anti-corruption policy, but we do at all times act in accordance with the law.

As a buyer, the Group uses the services of a number of subcontractors – also in countries where bribery and corruption is more common than in the Nordic Region. The Group will therefore in the coming financial year strengthen the airline's demands to specific subcontractors by a the Group's Code of Conduct that demand focus on bribery and anti-corruption.

Likewise, work to ensure that there is no bribery and corruption in our own operation will be taken as part of our CSR strategy, where a cross-organizational taskforce has already started this work.

There have been no legal actions for anti-competitive behavior, anti-trust or monopoly practices reported in the financial year 2018/2019.

Income Statement 1 September - 31 August

	Note	Consolidated 2018/19 TDKK	Consolidated 2017/18 TDKK	Parent Company 2018/19 TDKK	Parent Company 2017/18 TDKK
Revenue	2	**1,443,508**	**1,130,465**	**0**	**0**
Production costs		-945,753	-771,086	0	0
Lease costs		-110,058	-55,305	0	0
Other external expenses		-101,250	-86,508	-101	-3
Gross profit/loss		**286,447**	**217,566**	**-101**	**-3**
Staff expenses	3	-242,141	-207,417	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-5,709	-8,575	0	0
Other operating income	4	0	5,983	0	0
Profit/loss before financial income and expenses		**38,597**	**7,557**	**-101**	**-3**
Financial income	5	997	111	3,166	0
Financial expenses	6	-7,734	-4,943	-3,166	0
Profit/loss before tax		**31,860**	**2,725**	**-101**	**-3**
Tax on profit/loss for the year	7	-1,551	-80	0	0
Net profit/loss for the year		**30,309**	**2,645**	**-101**	**-3**

Balance Sheet 31 August

Assets

		Consolidated		Parent Company	
	Note	2018/19	2017/18	2018/19	2017/18
		TDKK	TDKK	TDKK	TDKK
Software		2,778	4,350	0	0
Intangible assets	8	**2,778**	**4,350**	**0**	**0**
Land and buildings		6,024	6,990	0	0
Other fixtures and fittings, tools and equipment		270	807	0	0
Leasehold improvements		818	1,183	0	0
Property, plant and equipment in progress		962	2,049	0	0
Modification of leased aircraft		10,271	2,928	0	0
Property, plant and equipment	9	**18,345**	**13,957**	**0**	**0**
Investments in subsidiaries	10	0	0	0	0
Receivables from group enterprises	11	0	0	100,000	100,000
Deposits	11	46,415	33,219	0	0
Receivable future maintenance	11,12	144,538	3,255	0	0
Fixed asset investments		**190,953**	**36,474**	**100,000**	**100,000**
Fixed assets		**212,076**	**54,781**	**100,000**	**100,000**
Inventories		**7,561**	**6,505**	**0**	**0**
Trade receivables		4,801	6,898	0	0
Other receivables	13	11,987	34,769	0	18,481
Receivable future maintenance		26,257	9,262	0	0
Corporation tax		0	922	0	0
Prepayments	14	25,473	23,351	0	0
Receivables		**68,518**	**75,202**	**0**	**18,481**
Cash at bank and in hand	15	**126,823**	**52,879**	**88**	**88**
Currents assets		**202,902**	**134,586**	**88**	**18,569**
Assets		**414,978**	**189,367**	**100,088**	**118,569**

Balance Sheet 31 August

Liabilities and equity

		Consolidated		Parent Company	
	Note	2018/19	2017/18	2018/19	2017/18
		TDKK	TDKK	TDKK	TDKK
Share capital		50	50	50	50
Retained earnings		-270,148	-434,341	-123	-22
Equity		**-270,098**	**-434,291**	**-73**	**28**
Provision for deferred tax	16	0	0	0	0
Provisions for aircraft maintenance	17	238,076	62,367	0	0
Other provisions	18	22,820	17,101	0	0
Provisions		**260,896**	**79,468**	**0**	**0**
Credit institutions		2,077	2,660	0	0
Other loan agreements		190,000	375,474	100,000	118,481
Long-term debt	19	**192,077**	**378,134**	**100,000**	**118,481**
Credit institutions	19	701	701	0	0
Prepayments received from customers		76,590	53,117	0	0
Trade payables		70,798	61,025	25	0
Payables to group enterprises		0	0	74	0
Corporation tax		1,404	0	0	0
Other payables	20	82,610	51,213	62	60
Short-term debt		**232,103**	**166,056**	**161**	**60**
Debt		**424,180**	**544,190**	**100,161**	**118,541**
Liabilities and equity		**414,978**	**189,367**	**100,088**	**118,569**

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Statement of Changes in Equity

Consolidated

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 September	50	-434,341	-434,291
Contribution from group	0	147,777	147,777
Value adjustment, hedging of future purchase and sale of fuel and foreign currency	0	-13,893	-13,893
Net profit/loss for the year	0	30,309	30,309
Equity at 31 August	**50**	**-270,148**	**-270,098**

Parent Company

	Share capital	Retained earnings	Total
Equity at 1 September	50	-22	28
Net profit/loss for the year	0	-101	-101
Equity at 31 August	**50**	**-123**	**-73**

The share capital consists of 50,000 shares of a nominal value of DKK 1. No shares carry any special rights.

There have been no changes in the share capital during the last 3 years.

Cash Flow Statement 1 September - 31 August

	Note	Consolidated 2018/19	2017/18
		TDKK	TDKK
Net profit/loss for the year		30,309	2,645
Adjustments	26	-1,104	23,900
Change in working capital	27	91,035	-59,156
Cash flows from operating activities before financial income and expenses		**120,240**	**-32,611**
Financial income		997	111
Financial expenses		-7,734	-4,943
Cash flows from ordinary activities		**113,503**	**-37,443**
Corporation tax paid		-143	553
Cash flows from operating activities		**113,360**	**-36,890**
Purchase of intangible assets and property, plant and equipment		-11,326	-2,636
Change in property, plant and equipment under construction		-962	-2,049
Fixed asset investments made etc		-13,202	-14,564
Sale of property, plant and equipment		3,649	11,890
Sale of fixed asset investments etc		2,224	23,206
Cash flows from investing activities		**-19,617**	**15,847**
Repayment of loans from credit institutions		-583	-1,258
Loan from shareholders		0	20,000
Group contribution		147,777	0
Other loan agreements		-166,993	-23,237
Cash flows from financing activities		**-19,799**	**-4,495**
Change in cash and cash equivalents		**73,944**	**-25,538**
Cash and cash equivalents at 1 September		52,879	78,417
Cash and cash equivalents at 31 August		**126,823**	**52,879**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		126,823	52,879
Cash and cash equivalents at 31 August		**126,823**	**52,879**

Notes to the Financial Statements

1 Capital resources and liquidity

The realized profit after tax in 2018/19 amounts to DKK 30 million and equity at 31 August 2019 was negative with 270 million.

The Group has obtained extension to September 2021 of all existing loans from shareholders and lenders, ensuring the Group the liquidity resources required to restore a sound business and positive earnings.

The framework of agreements on financing comprises the following at 31 August 2019:

- Drawn long term loans from shareholders, DKK 100 million;
- Undrawn line of credit facility from shareholders, DKK 25 million;
- Other drawn long term loan agreements, DKK 90 million, off which DKK 50 million rank subordinate to other creditors.

The above loans are totaling DKK 215 million (DKK 190 million loans are drawn at the balance sheet date), of which subordinated loans amount to DKK 50 million. All of the above loans are expiring in September 2021 and no interest is payable on these loans, except on the undrawn revolving credit facility of 25 million, which carries an interest rate of 10% p.a. on any drawn balance only (no commitment fee or other fees). In addition to the above framework of agreements on financing, the Group has a mortgage loan in a hangar with an external credit institution, the balance of this loan was DKK 3 million as of the balance sheet date.

In Management's assessment, the liquidity contributed by the above financing agreements is sufficient to finance the Group's operation and it is Management's expectation that all loan terms also will be complied with in the financial year 2019/20. Moreover, in Management's assessment the above financing agreements are providing the basis required to follow Jet Time Core Business Plan 2020 and the new Jet Time core2explore strategy plan 2025 with positive earnings in 2019/20 and beyond.

In its nature, the budgets prepared are subject to uncertainty, and variations in operations etc. may result in additional liquidity being required. In Management's assessment, such additional financing may be obtained if the Jet Time Core Business Plan 2020 and the Jet Time core2explore 2025 strategy is otherwise followed. Further, the Group's lenders have given a Letter of Intent expressing the continued support by extension of the repayments of the loans under certain conditions.

For the order of good sake, the above-mentioned matters indicates that the Group has significantly reduced its uncertainties and risks. On this basis, we believe that the budget for 2019/20 and the business plan for 2019/20 and onwards provide a realistic basis for a profitable Jet Time.

Therefore, the financial statements are prepared under the assumption of going concern.

Notes to the Financial Statements

1 Capital resources and liquidity (continued)

Capital loss

As stated above, more than 50% of the share capital has been lost. Thus, the Group is comprised with the rules on capital loss in the Danish Companies Act. In Management's assessment, the Group will be able to restore equity through own operation in the long run based on the above.

	Consolidated		Parent Company	
	2018/19	2017/18	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK
2 Revenue				
Business areas				
Charter and ad hoc	1,357,672	1,077,813	0	0
ACMI	85,836	52,652	0	0
	1,443,508	**1,130,465**	**0**	**0**
3 Staff expenses				
Wages and salaries	218,750	185,053	0	0
Pensions	20,603	19,411	0	0
Other social security expenses	2,788	2,953	0	0
	242,141	**207,417**	**0**	**0**
Including remuneration to the Executive Board and Board of Directors of:				
Executive Board	8,918	6,140	0	0
Board of Directors	240	248	0	0
	9,158	**6,388**	**0**	**0**
Average number of employees	**397**	**373**	**0**	**0**

Notes to the Financial Statements

	Consolidated		Parent Company	
	2018/19	2017/18	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK

4 Other operating income

Gain from sale of fixed assets	0	5,983	0	0
	0	**5,983**	**0**	**0**

5 Financial income

Interest income, credit institutes	0	55	2,302	0
Other financial income	133	56	0	0
Exchange adjustments	864	0	864	0
	997	**111**	**3,166**	**0**

6 Financial expenses

Interest expenses, credit institutes	316	382	0	0
Other financial expenses	3,780	558	2,302	0
Exchange adjustments, expenses	3,638	4,003	864	0
	7,734	**4,943**	**3,166**	**0**

7 Tax on profit/loss for the year

Current tax for the year	1,547	-1,058	0	0
Deferred tax for the year	4	1,138	0	0
	1,551	**80**	**0**	**0**

Notes to the Financial Statements

8 Intangible assets

Consolidated

	Software
	TDKK
Cost at 1 September	9,631
Cost at 31 August	9,631
Impairment losses and amortisation at 1 September	5,281
Amortisation for the year	1,572
Impairment losses and amortisation at 31 August	6,853
Carrying amount at 31 August	**2,778**

9 Property, plant and equipment

Consolidated

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress	Modification of leased aircraft
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 September	12,430	6,432	1,826	2,049	18,346
Additions for the year	0	0	0	962	9,277
Disposals for the year	0	0	0	0	-1,714
Transfers for the year	0	0	0	-2,049	2,049
Cost at 31 August	12,430	6,432	1,826	962	27,958
Impairment losses and depreciation at 1 September	5,440	5,625	643	0	15,418
Depreciation for the year	966	537	365	0	2,383
Impairment and depreciation of sold assets for the year	0	0	0	0	-114
Impairment losses and depreciation at 31 August	6,406	6,162	1,008	0	17,687
Carrying amount at 31 August	**6,024**	**270**	**818**	**962**	**10,271**

Gain from sale of aircraft owned by the Group is included in Other income, DKK 2.4 million.

Notes to the Financial Statements

10 Investments in subsidiaries

	Parent Company	
	2018/19	2017/18
	TDKK	TDKK
Cost at 1 September	0	0
Cost at 31 August	0	0
Value adjustments at 1 September	0	0
Exchange adjustment	0	17
Net profit/loss for the year	30,309	2,648
Fair value adjustment of hedging instruments for the year	-13,893	13,306
Revaluations of the year, net	-16,416	-15,971
Value adjustments at 31 August	0	0
Carrying amount at 31 August	**0**	**0**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Jet Time A/S, Amager Strandvej 390-392, DK-2770 Kastrup	Denmark	100%

11 Other fixed asset investments

	Consolidated		Parent Company
	Deposits	Receivable future maintenance	Receivables from group enterprises
	TDKK	TDKK	TDKK
Cost at 1 September	33,219	3,255	100,000
Exchange adjustment	2,218	0	0
Additions for the year	13,202	141,454	0
Disposals for the year	-2,224	-171	0
Cost at 31 August	46,415	144,538	100,000
Carrying amount at 31 August	**46,415**	**144,538**	**100,000**

Notes to the Financial Statements

12 Receivable future maintenance

	Consolidated		Parent Company	
	2018/19	2017/18	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK
Within 1 year	144,538	3,255	0	0
Between 1 and 5 years	26,257	9,262	0	0
After 5 years	0	0	0	0
	170,795	**12,517**	**0**	**0**

13 Other receivables

Other receivables consists of positive value of hedging of future purchase and sales of fuel, CO2 quotas and foreign currency. Furthermore other receivables consist of short-term loans, VAT, deposits for fuel hedging etc.

14 Prepayments

Prepayments consist of prepaid expenses concerning leases, fuel and other prepaid production costs.

15 Cash at bank and in hand

	Consolidated		Parent Company	
	2018/19	2017/18	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK
Free cash	125,298	51,279	88	88
Deposited as security for forward exchange transactions etc	1,525	1,600	0	0
	126,823	**52,879**	**88**	**88**

Notes to the Financial Statements

16 Provision for deferred tax

	Consolidated		Parent Company	
	2018/19	2017/18	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK
Adjustment regarding profit for the year	0	-1,138	0	0
Tax loss carry-forward	0	1,138	0	0
	0	**0**	**0**	**0**

The Group has an unrecognised deferred tax asset of DKK 102 million in 2018/19.

17 Provision, aircraft maintenance

	Consolidated		Parent Company	
	2018/19	2017/18	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK
Comprises:				
Provision for future aircraft maintenance	209,911	30,857	0	0
Provision for obligation to return	28,165	31,510	0	0
	238,076	**62,367**	**0**	**0**
Provision at 1 September	62,367	117,681	0	0
Utilised during the year/disposals	-72,347	-74,596	0	0
Provision for the year	248,056	19,282	0	0
	238,076	**62,367**	**0**	**0**
Within 1 year	50,805	25,588	0	0
Between 1 and 5 years	172,402	36,061	0	0
After 5 years	14,869	718	0	0
	238,076	**62,367**	**0**	**0**

18 Other provisions

Other provisions include provision for delay costs and for retention bonus to customers.

Notes to the Financial Statements

19 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:

	Consolidated		Parent Company	
	2018/19	2017/18	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK
Credit institutions				
After 5 years	0	0	0	0
Between 1 and 5 years	2,077	2,660	0	0
Long-term part	2,077	2,660	0	0
Within 1 year	701	701	0	0
	2,778	**3,361**	**0**	**0**
Other loan agreements				
Between 1 and 5 years	190,000	375,474	100,000	118,481
Long-term part	190,000	375,474	100,000	118,481
Within 1 year	0	0	0	0
	190,000	**375,474**	**100,000**	**118,481**

Payments due within 1 year are recognised in current liabilities.
Other liabilities are recognised in non-current liabilities other than provisions.

20 Other payables

Deposited as security for future fuel hedging	0	7,013	0	0
Holiday pay and other staff-related payables	37,558	22,716	0	0
CO2 quotas	2,986	1,937	0	0
Other accrued expenses	42,066	19,547	62	60
	82,610	**51,213**	**62**	**60**

Notes to the Financial Statements

	Consolidated		Parent Company	
	2018/19	2017/18	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK

21 Distribution of profit

Retained earnings	30,309	2,645	-101	-3
	30,309	**2,645**	**-101**	**-3**

22 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:				
Within 1 year	140,832	73,324	0	0
Between 1 and 5 years	354,695	152,713	0	0
	495,527	**226,037**	**0**	**0**
Total obligations are grouped as follows:				
Aircraft leases	493,954	202,385	0	0
Rental of property, hangar, etc	13,186	16,652	0	0
Other leases	6,508	7,000	0	0

In addition, the Group has signed leases for aircraft which will be delivered during the next financial year with a combined lease obligation of additional DKK 204 million.

Notes to the Financial Statements

22 Contingent assets, liabilities and other financial obligations (continued)

Other contingent liabilities

The Group has issued priority mortgage of DKK 10.5 million with a remaining balance of DKK 2.7 million to a credit institution for a debt, secured in a building with a carrying amount of DKK 7 million.

The Group has issued second mortgage of DKK 40 million to a shareholder for a debt of DKK 55 million, secured in the same building.

The Group has issued collateral of DKK 10 million in an aircraft to a shareholder for a debt of DKK 25 million.

As per balance sheet date the Group has an undrawn line of credit facilities of a total amount of DKK 25 million.

The Group has provided an unlimited guarantee in favour of the Finnish subsidiary.

23 Related parties

	Basis
Controlling interest	
Lars Thuesen	IC King Street St. James London SW1Y 6QG United Kingdom

Reference is made to note 1 for transactions with related parties.

Notes to the Financial Statements

24 Fee to auditors appointed at the general meeting

	Consolidated		Parent Company	
	2018/19	2017/18	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK
PricewaterhouseCoopers				
Audit fee	1,313	950	25	50
Other assurance engagements	0	50	0	0
Tax advisory services	205	170	10	0
Other services	269	971	39	0
	1,787	**2,141**	**74**	**50**

25 Hedging transactions

The Group have entered into contracts to hedge the Group's future transactions concerning purchase of fuel. As compared to the forward price at the balance sheet date, the contracts have a negative value of DKK 2.9 million, net. The positive net value has been recognised in equity.

Fuel hedging transactions at 31 August 2019 break down as follows:	
Fuel Hedges, MDKK	2.9
Value of hedging transaction, Payment / maturity, 0 - 14 months	72.9

26 Cash flow statement - adjustments

	Consolidated	
	2018/19	2017/18
	TDKK	TDKK
Financial income	-997	-111
Financial expenses	7,734	4,943
Depreciation, amortisation and impairment losses, including losses and gains on sales	7,641	5,974
Tax on profit/loss for the year	629	80
Other adjustments	-16,111	13,014
	-1,104	**23,900**

Notes to the Financial Statements

27 Cash flow statement - change in working capital

	Consolidated	
	2018/19	2017/18
	TDKK	TDKK
Change in inventories	-1,056	3,786
Change in receivables	-154,002	18,750
Change in other provisions	181,428	-53,088
Change in trade payables, etc	64,665	-28,604
	91,035	**-59,156**

Notes to the Financial Statements

28 Accounting Policies

The Annual Report of JT3H ApS for 2018/19 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2018/19 are presented in TDKK.

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.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, JT3H ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Notes to the Financial Statements

28 Accounting Policies (continued)

Business combinations

Acquisitions

Enterprises acquired or formed during the year are recognised in the Consolidated Financial Statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated income statement until the date of disposal. Comparative figures are not restated for acquisitions or disposals.

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

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.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Notes to the Financial Statements

28 Accounting Policies (continued)

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognized asset or liability, are recognized in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets and liabilities, are recognized in other receivables or other payables and in equity. If the future transaction results in recognition of assets or liabilities, amounts previously recognized in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously recognized in equity are recognized in the income statement in the period in which the hedged item affects the profit/loss for the year.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognized in the income statement on a regular basis.

Revenue

The Group is engaged in charter flights for package tour operators, ACMI flights on short- or long-term agreements with other airlines as well as cargo flights.

Segment information is disclosed in note 3.

Income Statement

Revenue

Revenue is recognized based on completed flights, including income related to the flights.

Production and lease costs

The Group has entered into agreements on operating leases of aircraft. Payments relating to operating leases are recognized in the income statement over the term of the lease.

Production costs comprise e.g. costs of fuel, charges in connection with air transport and other costs of maintenance and operation of the aircraft fleet.

Notes to the Financial Statements

28 Accounting Policies (continued)

Other external expenses

Other external expenses comprise rent and related costs, IT costs, travelling expenses, training and education costs, administrative expenses and marketing, etc.

Staff expenses

Staff costs comprise wages, salaries, pension and social security costs to own staff. To the extent major maintenance work is performed in-house on our own Aircraft staff costs are capitalized.

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 income comprise income from secondary activities including gain/loss from sales of fixed assets.

Income from investments in subsidiaries

The proportionate share of the results after tax of the individual group entities is recognized in the income statement of the Parent Company after full elimination of intra-group profits/losses.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies as well as extra payments and repayment under the on account tax scheme, etc.

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.

Notes to the Financial Statements

28 Accounting Policies (continued)

Balance Sheet

Intangible assets

Software is measured at cost less accumulated amortisation and impairment losses.

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

Amortisation is provided on a straight-line basis over the assets' expected useful lives. The expected useful lives are 3-8 years.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognized in the income statement as amortisation.

Property, plant and equipment

Aircraft, modifications of aircraft as well as major maintenance work on aircraft on finance leases, buildings, leasehold improvements, fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and 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.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

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:

Buildings and installations: 10-15 years
Leasehold improvements: 3-5 years
Other fixtures and fittings, tools and equipment: 3-5 years
Modifications, leased aircraft: Remaining term of the lease, however not exceeding 5 years
Aircraft: According to production intensity over a period of up to 8 years with an expected residual value

Depreciation period and residual value are reassessed annually.

Notes to the Financial Statements

28 Accounting Policies (continued)

Gains and losses on the disposal of property, plant and equipment are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognized in the income statement as other income.

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.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

Investments in group entities are measured at the proportionate share of the entities' net asset values calculated in accordance with the Group's accounting policies minus or plus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the acquisition method.

Investments in group entities with negative net asset values are measured at DKK 0 (nil), and any amounts owed are written down if the amount owed is irrecoverable. If the Parent Company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognized under provisions.

Net revaluation of investments in group entities is recognized in the reserve for net revaluation according to the equity method in equity to the extent that the carrying amount exceeds cost. Dividends from group entities which are expected to be adopted before the approval of the Annual Report of JT3H ApS are not recognized in the reserve for net revaluation.

On acquisition of enterprises, the purchase method is applied.

Deposits

Deposits are initially recognized at cost. Subsequently, deposits denominated in foreign currencies are measured at the exchange rate at the balance sheet date.

Notes to the Financial Statements

28 Accounting Policies (continued)

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value. Where the net realisable value is lower than the cost, inventories are written down to this lower value.

The net realisable value of inventories is determined as the selling price less costs of completion and costs incurred to effect the sale, taking into account marketability, obsolescence and developments in the expected selling price.

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

Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses after an individual assessment of receivables.

Receivable future maintenance comprises the contribution made to lessors for future maintenance work which is recognized to the extent that the payments are expected to be reimbursed at the time of incurrence of future maintenance costs.

Prepayments

Prepayments comprise prepaid expenses concerning costs incurred concerning subsequent financial years.

Equity

Net revaluation of investments in subsidiaries is recognized at cost in the reserve for net revaluation according to the equity method.

The reserve is eliminated in case of losses, realisation of investments or a change in accounting estimates.

Dividend

Proposed dividends for the year are recognized as a liability at the date when they are adopted at the Annual General Meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Provisions

Provision for aircraft maintenance comprises a provision for future maintenance work on aircraft on operating leases as well as provision for the costs of returning aircraft on operating leases.

Notes to the Financial Statements

28 Accounting Policies (continued)

Other provisions primarily comprise the costs of a few pending lawsuits, without material affect on the Annual Report or the Company's financial position.

Provisions are initially recognized at cost and are subsequently measured at net realisable value or value in use.

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

Financial liabilities are recognized at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognized in the income statement over the term of the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises negative goodwill, see the description of consolidation practice, as well as consideration for warrants.

Notes to the Financial Statements

28 Accounting Policies (continued)

Cash Flow Statement

The cash flow statement shows the Group´s cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group´s cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities which are subject to an insignificant risk of changes in value.

The cash flow statement cannot be immediately derived from the published financial records.

Notes to the Financial Statements

28 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$