
AviationCloud Holding ApS

Englandsgade 25, DK-5000 Odense C

Annual Report for 1 January - 31 December 2017

CVR No 37 30 45 22

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
1 /3 2018.

Christopher Tyson Weihs
Chairman



pwc

Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Company Information	
Company Information	5
Management's Review	6
Financial Statements	
Income Statement 1 January - 31 December	7
Balance Sheet 31 December	8
Statement of Changes in Equity	10
Notes to the Financial Statements	11

Management's Statement

The Executive Board has today considered and adopted the Annual Report of AviationCloud Holding ApS for the financial year 1 January - 31 December 2017.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2017 of the Company and of the results of the Company operations for 2017.

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

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

Odense, 1 March 2018

Executive Board

Christopher Tyson Weihs

Brian Hall Clarke

Jason Andrew Miller

Kim Lantz

Henrik Møller Hansen

Independent Auditor's Report

To the Shareholder of AviationCloud Holding ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of AviationCloud Holding ApS for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' 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 Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

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

Independent Auditor's Report

ment, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events

Independent Auditor's Report

in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Trekantområdet, 1 March 2018

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Lars Almskou Ohmeyer
State Authorised Public Accountant
mne24817

Jørn Viggo Jørgensen
Certified Accountant
mne3043

Company Information

The Company

AviationCloud Holding ApS
Englandsgade 25
DK-5000 Odense C

CVR No: 37 30 45 22

Financial period: 1 January - 31 December

Municipality of reg. office: Odense

Executive Board

Christopher Tyson Weihs

Brian Hall Clarke

Jason Andrew Miller

Kim Lantz

Henrik Møller Hansen

Auditors

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

Herredsvej 32

DK-7100 Vejle

Management's Review

Key activities

The purpose of the company is to own intangible assets and investments in subsidiaries.

Development in the year

The income statement of the Company for 2017 shows a loss of DKK 384,776, and at 31 December 2017 the balance sheet of the Company shows equity of DKK 30,595,977.

Subsequent events

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

Income Statement 1 January - 31 December

	Note	2017 DKK	2016 DKK
Gross profit/loss		-121,895	-175,479
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-477,204	-443,760
Profit/loss before financial income and expenses		-599,099	-619,239
Financial income	1	176,832	42,687
Financial expenses	2	-71,025	-238,384
Profit/loss before tax		-493,292	-814,936
Tax on profit/loss for the year	3	108,516	151,049
Net profit/loss for the year		-384,776	-663,887

Distribution of profit

Proposed distribution of profit

Retained earnings		-384,776	-663,887
		-384,776	-663,887

Balance Sheet 31 December

Assets

	Note	2017 DKK	2016 DKK
Completed development projects		300,985	334,429
Acquired other similar rights		3,549,976	3,993,736
Intangible assets		3,850,961	4,328,165
Investments in subsidiaries	4	27,433,500	27,433,500
Receivables from group enterprises		1,551,925	1,763,200
Fixed asset investments		28,985,425	29,196,700
Fixed assets		32,836,386	33,524,865
Other receivables		1,129	67,722
Deferred tax asset		0	10,523
Corporation tax		196,364	144,526
Receivables		197,493	222,771
Cash at bank and in hand		887,722	10,271,654
Currents assets		1,085,215	10,494,425
Assets		33,921,601	44,019,290

Balance Sheet 31 December

Liabilities and equity

	Note	2017 DKK	2016 DKK
Share capital		58,260	58,260
Reserve for development costs		0	334,429
Retained earnings		30,537,717	30,588,064
Equity		30,595,977	30,980,753
Provision for deferred tax		149,891	0
Provisions		149,891	0
Trade payables		41,500	23,500
Payables to group enterprises		3,134,233	3,704,671
Other payables		0	9,310,366
Short-term debt		3,175,733	13,038,537
Debt		3,175,733	13,038,537
Liabilities and equity		33,921,601	44,019,290
Contingent assets, liabilities and other financial obligations	5		
Accounting Policies	6		

Statement of Changes in Equity

	<u>Share capital</u> DKK	<u>Retained earnings</u> DKK	<u>Total</u> DKK
Equity at 1 January	58,260	30,922,493	30,980,753
Net profit/loss for the year	0	-384,776	-384,776
Equity at 31 December	58,260	30,537,717	30,595,977

Notes to the Financial Statements

	2017 DKK	2016 DKK
1 Financial income		
Interest received from group enterprises	42,687	42,687
Other financial income	134,145	0
	<u>176,832</u>	<u>42,687</u>
2 Financial expenses		
Interest paid to group enterprises	70,800	87,173
Other financial expenses	225	86
Exchange loss	0	151,125
	<u>71,025</u>	<u>238,384</u>
3 Tax on profit/loss for the year		
Current tax for the year	-195,364	-140,526
Deferred tax for the year	86,848	-10,523
	<u>-108,516</u>	<u>-151,049</u>

Notes to the Financial Statements

	2017 DKK	2016 DKK
4 Investments in subsidiaries		
Cost at 1 January	27,433,500	0
Additions for the year	<u>0</u>	<u>27,433,500</u>
Cost at 31 December	<u>27,433,500</u>	<u>27,433,500</u>
Value adjustments at 1 January	<u>0</u>	<u>0</u>
Value adjustments at 31 December	<u>0</u>	<u>0</u>
Carrying amount at 31 December	<u>27,433,500</u>	<u>27,433,500</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
AviationCloud A/S	Odense	500.000	100%	3,316,893	2,191,270

5 Contingent assets, liabilities and other financial obligations

There are no security and contingent liabilities at 31 December 2017.

Notes to the Financial Statements

6 Accounting Policies

The Annual Report of AviationCloud Holding ApS for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The Financial Statements for 2017 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

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

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

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

Notes to the Financial Statements

6 Accounting Policies (continued)

Income Statement

Revenue

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

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

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Amortisation, depreciation and impairment losses

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

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Notes to the Financial Statements

6 Accounting Policies (continued)

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.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Patents, licences and other similar rights are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents, licences and other similar rights are amortised over the expected useful lives of the assets; however not exceeding 10 years.

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

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

Impairment of fixed assets

The carrying amounts of intangible assets 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 measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Receivables

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

Notes to the Financial Statements

6 Accounting Policies (continued)

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

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