
Menzies Aviation Denmark Lounges A/S

c/o Copenhagen Airport, Terminal 2,
Lufthavnsboulevard 6, DK-2770 Kastrup

Annual Report for 1 January - 31 December 2019

CVR No 38 00 94 78

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
5 /10 2020

Miguel-Einar Gomez
Sjunnesson
Chairman of the General
Meeting

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Menzies Aviation Denmark Lounges A/S for the financial year 1 January - 31 December 2019.

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 2019 of the Company and of the results of the Company operations for 2019.

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

Kastrup, 5 October 2020

Executive Board

Thomas Hoff Andersson

Board of Directors

Miguel-Einar Gomez Sjunnesson
Chairman

Neil John Freeman

Thomas Hoff Andersson

Independent Auditor's Report

To the Shareholder of Menzies Aviation Denmark Lounges A/S

Opinion

We have audited the Financial Statements of Menzies Aviation Denmark Lounges A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Emphasis of matter in the financial statements

We draw attention to note 1 to the financial statements, which describes the material uncertainty associated with the consequences of the Covid-19 pandemic and thus the uncertainty with regards to when the activity level will increase to a higher level. We have not modified our opinion in respect of this matter.

Management's responsibilities for the Financial Statements

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

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

Independent Auditor's Report

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance as to 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 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 the 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 note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent Auditor's Report

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.

Copenhagen, 5 October 2020

EY

Godkendt Revisionspartnerselskab

CVR No 30 70 02 28

Ole Hedemann

statsautoriseret revisor

mne14949

Company Information

The Company

Menzies Aviation Denmark Lounges A/S
c/o Copenhagen Airport, Terminal 2
Lufthavnsboulevard 6
DK-2770 Kastrup

CVR No: 38 00 94 78

Financial period: 1 January - 31 December

Incorporated: 2 September 2016

Municipality of reg. office: Tårnby

Board of Directors

Miguel-Einar Gomez Sjunnesson, Chairman
Neil John Freeman
Thomas Hoff Andersson

Executive Board

Thomas Hoff Andersson

Auditors

EY
Godkendt Revisionspartnerselskab
Dirch Passers Allé 36
DK-2000 Frederiksberg

Income Statement 1 January - 31 December 2019

	<u>Note</u>	<u>2019</u> DKK	<u>2018</u> DKK
Gross profit/loss		9.676.036	8.612.808
Staff expenses	3	-4.514.563	-4.106.463
Depreciation and impairment of property, plant and equipment	4	<u>-1.097.417</u>	<u>-1.015.392</u>
Profit/loss before financial income and expenses		4.064.056	3.490.953
Financial expenses	5	<u>-66.628</u>	<u>-130.193</u>
Profit/loss before tax		3.997.428	3.360.760
Tax on profit/loss for the year	6	<u>-880.791</u>	<u>-825.655</u>
Net profit/loss for the year		<u>3.116.637</u>	<u>2.535.105</u>

Distribution of profit

Proposed distribution of profit

Retained earnings	<u>3.116.637</u>	<u>2.535.105</u>
	<u>3.116.637</u>	<u>2.535.105</u>

Balance Sheet at 31 December 2019

Assets

	Note	2019 DKK	2018 DKK
Plant and machinery		242.029	275.800
Other fixtures and fittings, tools and equipment		607.835	692.649
Leasehold improvements		7.007.285	7.986.117
Property, plant and equipment	7	7.857.149	8.954.566
Deposits		800.000	800.000
Fixed asset investments	8	800.000	800.000
Fixed assets		8.657.149	9.754.566
Trade receivables		1.495.782	1.426.201
Receivables from group enterprises		6.232.854	2.867.316
Prepayments		333.554	492.734
Receivables		8.062.190	4.786.251
Cash at bank and in hand		3.918.368	4.642.555
Currents assets		11.980.558	9.428.806
Assets		20.637.707	19.183.372

Balance Sheet at 31 December 2019

Liabilities and equity

	Note	2019 DKK	2018 DKK
Share capital		500.000	500.000
Retained earnings		5.405.354	2.288.717
Equity		5.905.354	2.788.717
Provision for deferred tax		771.234	548.950
Provisions		771.234	548.950
Other payables		23.269	0
Long-term debt	9	23.269	0
Trade payables		322.624	945.374
Payables to group enterprises		11.917.777	13.621.199
Payables to group enterprises relating to corporation tax		658.507	0
Other payables	9	1.038.942	1.279.132
Short-term debt		13.937.850	15.845.705
Debt		13.961.119	15.845.705
Liabilities and equity		20.637.707	19.183.372
Subsequent events	1		
Key activities	2		
Contingent assets, liabilities and other financial obligations	10		
Related parties	11		
Accounting Policies	12		

Statement of Changes in Equity

	<u>Share capital</u> DKK	<u>Retained earnings</u> DKK	<u>Total</u> DKK
Equity at 1 January 2019	500.000	2.288.717	2.788.717
Net profit/loss for the year	0	3.116.637	3.116.637
Equity at 31 December 2019	500.000	5.405.354	5.905.354

Notes to the Financial Statements

1 Subsequent events

Menzies Aviation Denmark Lounges A/S, which provides services to the aviation industry, is affected by COVID-19 (Corona virus) with registered revenue reductions. There is material uncertainty associated with the consequences of the Covid-19 pandemic and thus the uncertainty with regards to when the activity level will increase to a higher level.

It is the opinion of management that the company has the financial strength in order to continue its operations in the foreseeable future. The parent company has issued a letter of support in order to secure the company adequate resources in order to meet the liabilities in the coming twelve month.

2 Key activities

The Company provides lounge services to passengers at Copenhagen airport.

3 Staff expenses

	<u>2019</u> DKK	<u>2018</u> DKK
Wages and salaries	4.077.094	3.753.000
Pensions	329.747	293.993
Other social security expenses	<u>107.722</u>	<u>59.470</u>
	<u>4.514.563</u>	<u>4.106.463</u>
Average number of employees	<u>11</u>	<u>10</u>

4 Depreciation and impairment of property, plant and equipment

Depreciation of property, plant and equipment	<u>1.097.417</u>	<u>1.015.392</u>
	<u>1.097.417</u>	<u>1.015.392</u>

5 Financial expenses

Interest paid to group enterprises	12.455	79.511
Other financial expenses	<u>54.173</u>	<u>50.682</u>
	<u>66.628</u>	<u>130.193</u>

Notes to the Financial Statements

	2019	2018
	DKK	DKK
6 Tax on profit/loss for the year		
Current tax for the year	658.507	276.705
Deferred tax for the year	222.241	457.958
Adjustment of deferred tax concerning previous years	43	90.992
	880.791	825.655

7 Property, plant and equipment

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	DKK	DKK	DKK	DKK
Cost at 1 January 2019	337.714	848.142	9.704.199	10.890.055
Cost at 31 December 2019	337.714	848.142	9.704.199	10.890.055
Impairment losses and depreciation at 1 January 2019	61.914	155.493	1.718.082	1.935.489
Depreciation for the year	33.771	84.814	978.832	1.097.417
Impairment losses and depreciation at 31 December 2019	95.685	240.307	2.696.914	3.032.906
Carrying amount at 31 December 2019	242.029	607.835	7.007.285	7.857.149

8 Fixed asset investments

	Deposits
	DKK
Cost at 1 January 2019	800.000
Cost at 31 December 2019	800.000
Carrying amount at 31 December 2019	800.000

Notes to the Financial Statements

9 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:

	<u>2019</u> DKK	<u>2018</u> DKK
Other payables		
Between 1 and 5 years	23.269	0
Long-term part	23.269	0
Other short-term payables	1.038.942	1.279.132
	<u>1.062.211</u>	<u>1.279.132</u>

10 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Rental obligation	2.746.591	4.014.248
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Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Menzies Aviation (Denmark) A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax and tax on royalty and interest payments. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

11 Related parties

	Basis
Controlling interest	
Menzies Aviation Plc., United Kingdom	Parent Company

Consolidated Financial Statements

The company is included in the group annual report of the Parent Company

<u>Name</u>	<u>Place of registered office</u>
John Menzies Plc. (largest group)	
Menzies Aviation Plc. (smallest group)	Hounslow, United Kingdom

The Group Annual Report of John Menzies Plc. (largest group) may be obtained at the following address:

www.johnmenziesplc.com

Notes to the Financial Statements

12 Accounting Policies

The Annual Report of Menzies Aviation Denmark Lounges A/S for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The Financial Statements for 2019 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.

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.

Income Statement

Revenue

Income from the sale of services is recognised in revenue when the service has been carried out and the revenue can be reliably measured. Revenue from fixed fee contracts is typically recognised over the term of the contract.

Notes to the Financial Statements

12 Accounting Policies (continued)

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 cost for distribution, sale, advertising, administration, premises, bad debt losses, operating leases, etc.

Gross profit/loss

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

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses including holiday allowance and pensions, and other social security costs, etc., for the Company's employees. Refunds received from public authorities are deducted from staff costs.

Depreciation and impairment losses

Depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest income and expense, charges in respect of finance leases, realised and unrealised gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds 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.

The Company is jointly taxed with Danish group enterprises. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

12 Accounting Policies (continued)

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

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:

Plant and machinery	3-20	years
Other fixtures and fittings, tools and equipment	3-5	years
Leasehold improvements	10	years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is tested annually for evidence of impairment other than the decrease in value reflected by amortisation/depreciation. Impairment tests are conducted on individual assets or groups of assets when there is evidence of impairment. Assets are written down to the lower of the carrying amount and the recoverable amount.

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the net present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Fixed asset investments

Fixed asset investments consist of Deposits. Deposits is measured at cost.

Notes to the Financial Statements

12 Accounting Policies (continued)

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses when there is objective evidence that a receivable or a portfolio of receivables has been impaired. If there is objective evidence that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

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, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities 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.

Notes to the Financial Statements

12 Accounting Policies (continued)

Liabilities

Financial liabilities comprising amounts owed to credit institutions, trade payables and payables to group enterprises are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value, which is typically nominal value.