ANNUAL REPORT 2018.

WHEELS AND BRAKES

- IT'S THAT SIMPLE

TPAerospace

TPA Holding I A/S
Stamholmen 165 R, DK-2650 Hvidovre
CVR No 38 47 34 92
Date of the Annual General Meeting: 19th of March 2019
Chairman of the Annual General Meeting: Peter Ryttergaard

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Chapter 1

OVERVIEW

THE ECONOMICS OF SAFETY

Keeping aircraft in the air is the only way our customers can keep their business profitable.
When a plane is grounded, it costs an operator thousands of dollars: And with growing airport traffic, many operators experience narrower time slots for take-off and landing and cannot risk the significant fines incurred for late departures.

To be deemed airworthy, an aircraft is checked after every flight, every 36 hours, every week, or at another fixed interval. Wheels and brakes are a critical part of these rigorous examinations. Vital to the take-off and landing of every flight and all tarmac traffic, these expensive elements are the highest cost drivers of all airframe components and require the most frequent removal and replacement: They represent a major challenge for all operators, particularly due to the many separate processes and logistic challenges required to effectively handle the job in hand.
At TP Aerospace, we understand these challenges. Our business is solving them.

As the leading aftermarket wheel and brake provider in the commercial aviation industry, we can confidently handle every operator's day-to-day requirements and AOG (Aircraft on Ground) situations from one of our growing number of strategic locations around the globe. We are certified to the highest quality standards throughout our organization and carry the largest ready-to-go wheel and brake inventory in the market.

Basically, we keep our customers' aircraft in the air and minimise costly AOG by providing wheels and brakes anytime, anywhere. It's that simple.

SMOKE SCREEN

That puff of smoke you see when a tyre hits the runway is less dramatic than it appears, when it comes to tyre wear. In reality, it's the tight turns and manoeuvers made on the tarmac that cause the most abrasion.

YOU'RE GROUNDED

Aircraft on Ground, or AOG, is an aviation term indicating that a maintenance issue is serious enough to prevent an aircraft from flying. Acquiring and fitting parts is time-sensitive as the aircraft must be put back into service as quickly as possible to prevent delays or cancellations.

2018 RESULTS

28%

Revenue increase
to USD 110.7 million

43%

EBITDA* increase
to USD 40.6 million

37%

EBITDA* margin
up 4.0%-points from 2017

26%

EBIT* increase
to USD 18.7 million

590

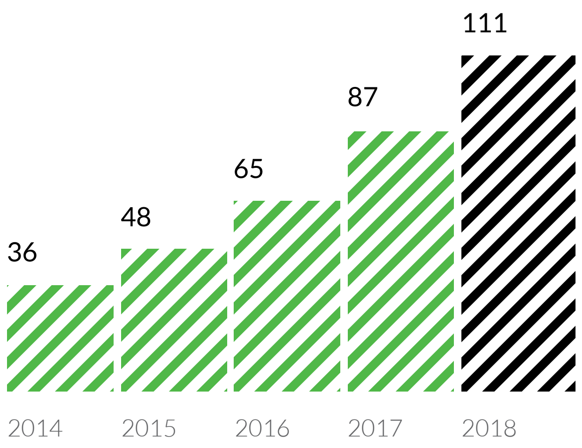
Aircraft on contract
up from 352 at year end 2017

450

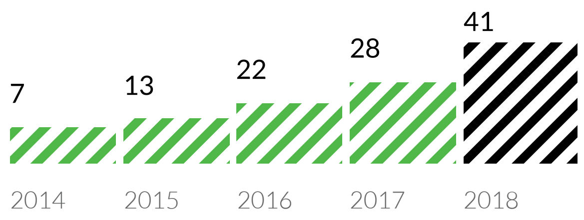
Unique customers
in 75 countries

*Before special items

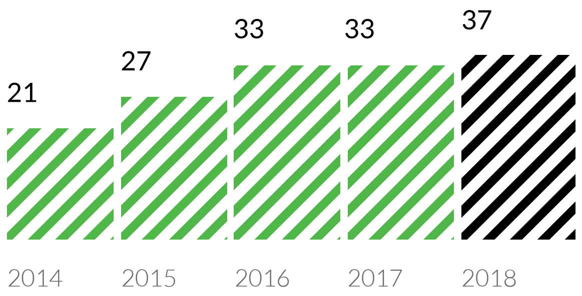
Revenue
(USDm)



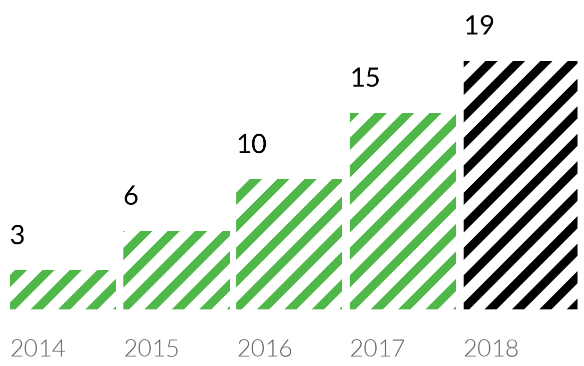
EBITDA*
(USDm)



EBITDA margin*
(%)



EBIT*
(USDm)



*Before special items / *Note: Treatment of comparison figures is explained in the section "Financial highlights and key figures"*

FINANCIAL HIGHLIGHTS AND KEY FIGURES

	2018	2017	2016	2015	2014
INCOME STATEMENT (USDm)					
Revenue	110.7	86.6	65.4	47.8	35.9
Revenue growth (%)	27.9%	32.4%	36.8%	32.9%	-3.8%
Gross profit	58.8	43.0	31.5	19.4	13.3
Gross profit margin (%)	53.1%	49.7%	48.2%	40.6%	37.1%
EBITDA before special items	40.6	28.3	21.8	12.9	7.4
EBITDA margin before special items (%)	36.7%	32.7%	33.3%	27.1%	20.6%
EBITA before special items	19.0	15.0	10.1	6.3	2.8
EBITA margin before special items (%)	17.2%	17.4%	15.4%	13.1%	7.7%
EBIT before special items	18.7	14.8	10.1	6.3	2.8
EBIT margin before special items (%)	16.9%	17.1%	15.4%	13.1%	7.7%
Special items	3.2	5.1	0.0	0.0	0.0
EBIT after special items	15.4	9.6	10.1	6.3	2.8
EBIT margin after special items (%)	14.0%	11.1%	15.4%	13.1%	7.7%
Profit before tax	12.4	5.0	9.5	5.9	2.3
Net profit for the year	9.9	3.3	7.0	4.6	1.6
Net profit for the year (%)	8.9%	3.8%	10.7%	9.6%	4.4%
BALANCE SHEET (USDm)					
Total assets	180.5	132.7	63.0	37.0	21.6
Equity	86.3	66.5	21.4	15.1	10.2
Net interest-bearing debt	61.9	51.7	28.7	14.3	6.9
Invested capital	103.8	71.9	50.8	29.9	16.1
Net working capital	69.6	46.0	32.6	24.8	13.8
Total aircraft components	93.5	63.5	48.1	26.7	14.9

	2018	2017	2016	2015	2014
CASH FLOW (USDm)					
Cash flow from operating activities	-8.0	-13.8	1.2	-5.5	-0.4
Cash flow from investment activities	-21.8	-74.3	-15.7	-1.9	-2.2
Cash flow from financing activities	31.8	88.3	14.8	7.6	2.6
Net cash flow	2.0	0.2	0.4	0.1	0.0
Free cash flow	-29.8	-88.1	-14.5	-7.4	-2.7
EMPLOYEES					
Number of employees (end of year)	269	234	177	124	75
FINANCIAL RATIOS					
Return on invested capital excluding goodwill (ROIC) (%)	32.2%	35.5%	32.1%	32.3%	65.8%
Net interest-bearing debt to EBITDA	1.5x	1.8x	1.3x	1.1x	0.9x
Equity ratio (%)	47.8%	50.1%	34.0%	40.9%	47.1%
Return on Equity (ROE) (%)	13.0%	7.5%	38.3%	36.3%	16.7%

The changes in the legal structure of the Group in connection with CataCap and other investors assuming majority ownership of the Group on 27 April 2017 as well as the Group's adoption of the financial reporting framework IFRS, complicate the direct comparison of the 2017 and 2018 performance to previous years, where Danish GAAP was the financial reporting framework.

To provide transparency, the above reflects a pro forma overview of Group key figures with estimated full year 2017 figures and an estimated restatement of the 2014 to 2016 figures to IFRS.

Definitions of financial highlights and ratios are provided in the section "Other information".

2018 IN A FLASH

5 years in Singapore

2018 marked the 5th anniversary of our office and facility in Singapore.

Building

The foundation was laid for our new facility in Orlando. By year-end, the construction was almost ready for moving in.

New CFO

In early 2018, we welcomed Nikolaj Lei Jacobsen as Group CFO of TP Aerospace.

10 year anniversary

In the summer, we officially marked our 10th anniversary which was celebrated with our customers and colleagues from all around the world.

Largest contract to date

We secured the biggest contract to date in terms of fleet size with the cargo airline West Atlantic, covering an initial 46 aircraft.

Green Sunrise

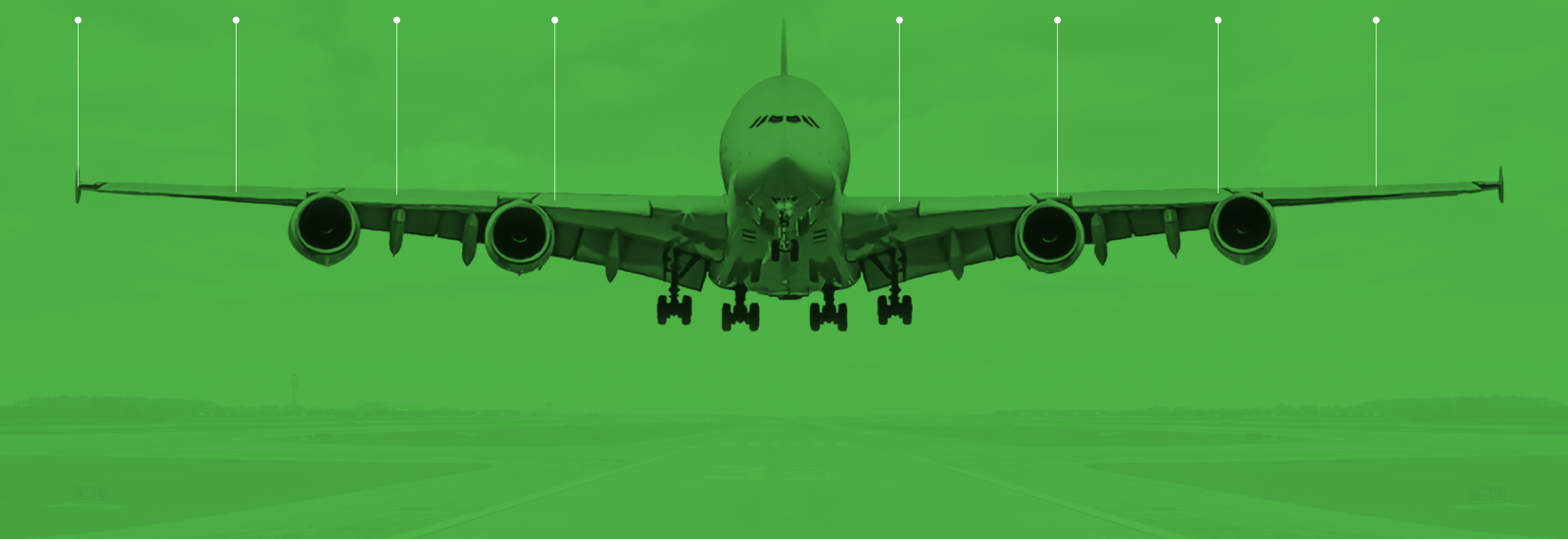
A new and ambitious growth strategy was launched and initiated under the name "Green Sunrise".

Increased presence

We set up facilities in Malaysia and the United Kingdom. Both facilities were approved and operational in early 2019.

New facility in Hamburg

Our biggest MRO facility located just north of Hamburg, Germany was moved to a new and larger building in the area, with state of the art production lines.



CHAIRMAN INSIGHT

2018 was yet another successful year for TP Aerospace, as we achieved our best results ever on both revenue and profitability. Again, we significantly outgrew the underlying market growth and cemented our strong value proposition to support our customers on wheels and brakes.

Revenue amounted to USD 110.7m compared to USD 86.6m in 2017, resulting in a growth of 27.9%. This was driven by both the Trading Division and the Program Division, which grew by 28.9% and 29.8%, respectively. Earnings also grew significantly amounting to an EBITDA before special items of USD 40.6m, which was USD 12.3m above the 2017 figure. EBITDA margin before special items increased by 4.0 percentage points to 36.7% compared to 32.7% in 2017. Profit before tax for 2018 showed a USD 7.3m increase amounting to USD 12.2m compared to USD 5.0m for 2017. In 2018 we invested significantly in having the right composition and level of aircraft components to deliver on our Green Sunrise strategy. This impacted ROIC which was 32.2% in 2018 compared to 35.5% in 2017.

The growth of our Program Division was particularly impressive, increasing the amount of aircraft on contract, from 352 in 2017 to 590. We also signed the largest contract to date by fleet size with West Atlantic covering an initial 46 aircraft with operations across Northern Europe – confirmation that TP Aerospace's value offering is in high demand in the industry. Our global reach also expanded, selling to airline customers in more than 75 countries, through our Program and Trading Divisions, while continuing to move into new territories and increasing our market share.

A year and a half into the new ownership structure after the private equity fund CataCap joined TP Aerospace as majority owner, we have proven our ability to maintain impressive growth while keeping costs under control. This is partially due to a strong focus from Executive Management on recruiting the right competencies with the skills and attitude to fit the organization, and partially due to the harmonious strategic match between the new owners and the founders, where I experience CataCap as much more than a traditional investor; more so, they act as a trusted business partner that supports the founders in their ambitions and vision for the company.

Walking into the TP Aerospace headquarters, you have no doubt that you are walking into a company and a team that is driven by more than the mere holding of a job. There is an unusually strong dedication amongst the team members and a piercing set of values; they are innovative in their way of thinking, they are leaders and professionals, and most importantly: they have fun! This is what sets TP Aerospace apart and makes me proud to be part of the team.

I also see the values represented in how we position ourselves in a broader external context and in how we approach our social responsibility as a business. We take responsibility for our role in society - a fact confirmed by our strong commitment to and support of the UN Global Compact which continues to contribute to position our responsibility efforts in a global as well as in an industry context. With a business model that contributes to a sustainable development through the reuse of parts to enable global trade and movement, we continue to look for ways to innovate and rethink our business procedures, to ensure greater integration between our business strategy and social and economic progress.

Solid market growth and a significant untapped market potential lay the foundations for a bright future. But for us, growth goes beyond market position, brand recognition and financial figures; we want the societies around us to grow with us as we continue to grow our footprint, presenting our value proposition to new markets and new customers. We are most definitely in it for the long run.

Flemming Jensen,
Chairman

LETTER FROM THE FOUNDERS

2018 has been another very successful year for us – just like the past nine. However, this year has been particularly special as we celebrated 10 years in business.

We are extremely proud of the impressive results TP Aerospace has achieved again this year – all based on our original premise of delivering simple solutions within wheels and brakes. But we've only made it this far thanks to the stakeholders, business partners and customers who have supported and worked with us – and through the dedication and hard work that our colleagues around the world have once again shown this year.

To celebrate our 10th anniversary, and to say a personal thank you for the tireless energy everybody has put into TP Aerospace, we travelled the world to celebrate this important milestone with all our team members at each facility. The trip took us to the US, Europe, the Middle East and Asia Pacific, and it was exhilarating to see the green TP Aerospace colour and culture everywhere we went. We would also like to take this opportunity to say thank you to everyone around the globe for arranging and participating in this celebration. It was one of the most important and moving experiences of our lives. There is no doubt that TP Aerospace has one of the most dedicated, diverse and well-functioning teams you could ever find in a business environment.

Looking at where we are today, it's hard to believe that 10 years ago we were just a handful of people in a cramped office outside Copenhagen, a location that has since grown to become our company's Headquarters.

And to think it was just 5 years ago that we had the first meeting with our future Director of Sales & Business Development, in a small rented meeting room in Singapore... Now, here we are looking at a full-scale Asia Pacific operation handling thousands of units a year; a set-up that supports key customers with plans to expand in the region with new sites in the coming years. In fact, 2 years ago we had no idea that we would eventually have one of our most dedicated and efficient facilities in Melbourne, Australia.

So, we have come a long way. And we owe our employees around the world our warmest thanks and appreciation for all the achievements we have celebrated together on our journey; There's a special TP culture and commitment we see that's hard to define, but which is so authentic and true to our origins, which represents who we are as individuals, our ideas and ambitions, while still reflecting our personal love for our business.

It is precisely this unique culture, ambition and commitment which we see in our global team that will make the next 10 years even more successful and fun as we work towards a Green Sunrise.

Peter Lyager, CEO
Thomas Ibsø, President

TP AEROSPACE IN BRIEF

Who We Are

TP Aerospace increases safety at the most crucial points of any flight – landing and take-off.

In less than 10 years, we have grown from a small start-up operation in Denmark, to the world's leading supplier of aftermarket wheels and brakes in the aviation industry, currently with seven facilities around the world. Every day, we work to keep aircraft in the air.

In a rapidly growing and dynamic industry, airlines are often faced with complex operations. But we keep it simple for our customers. Operating in the aftermarket, we acquire used serviceable wheels and brakes from various sources, repair them at one of our in-house MRO facilities and store them in strategically located warehouses around the world, where they are ready for immediate delivery to our airline customers whenever and wherever they need it. This can be through both our Program and Trading Divisions.

MRO

In the aerospace industry, Maintenance, Repair & Overhaul, or MRO, is widely used to describe aircraft maintenance activity. The vital role MRO plays in keeping supply chains running smoothly can be underestimated and unappreciated. The capacity to routinely maintain, repair, and overhaul components and the diligent monitoring of inventory and systems means supply chains are optimized to better deliver products to customers on time and wherever they are required.

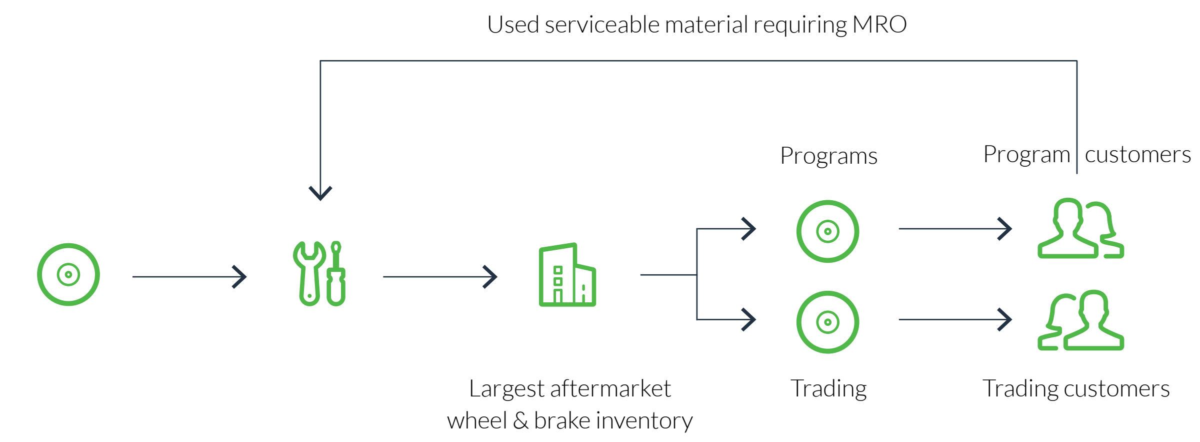
Sourcing
TP Aerospace acquires used serviceable wheels & brakes in the aftermarket from various sources.

In-house MRO
Acquired parts are repaired/ overhauled at own MRO shops.

Inventory
Overhauled/ repaired parts are stored at TP Aerospace's own inventory facilities.

Sales
All parts are sold to airlines through two divisions, Trading and Programs.

Customers
Airworthy wheels & brakes are sold to airlines all over the world.



The company was founded in 2008 in Copenhagen, Denmark by Thomas Ibsø and Peter Lyager and was fully-owned by the two founders until the spring of 2017, when the Danish private equity firm CataCap acquired majority stakes in TP Aerospace. Today, CataCap, together with co-investors Schroder Adveq and Danica, holds majority ownership of 80% while the remaining 20% is still held by the two founders who also constitute the company's Executive Management team together with the CFO. This ownership structure enables TP Aerospace to continuously unleash growth potential while also strengthening the company's strategic and operational competencies.

OUR GLOBAL TEAM

** ( ) indicates change in employee count from 2017*

10 YEARS OF STRONG VALUES

Our values are at the heart of our business. They are the key to ensuring consistent TP Aerospace customer experience and value at any contact point in the world. As we expand our business, it is these values that will attract, empower and retain the best talent wherever we go. This is because our success is based on the people we can trust to deliver, anywhere, anytime.

Stay Curious

There are always alternatives: the way you've always done it, or a fresh approach. At TP Aerospace we always explore the path less travelled to find a better, smarter way. Our way of working already challenges the status quo, but to stay ahead and keep moving in the right direction we must always keep our eyes open for new opportunities to set new standards for our industry. We do this by allowing ourselves to think big and take chances when we feel a change makes sense. The trick is to stay curious.

Be focused

We are a niche player and our field of play is narrow. As experts in wheels and brakes we are deeply interested and highly focused on every detail of our work. The devil is in the details and quality is paramount to us, as it has a direct impact on the reliability and safety of our products. By listening closely and collaborating with our customers, we develop solutions and processes that are finely tuned to our partners' needs.

Lead

As a company, we are world leaders in providing wheels and brakes. We maintain this position by being proactive, taking responsibility for everything we do and pulling together as a team. As individuals, we do the same: We are good at getting things done, we do not dwell on things but speak up and move on – and most importantly we recognise each other for our efforts. At TP Aerospace we respect each other's talents and are always willing to learn. That's how we become leaders.

Keep it simple

Our business is complex, but for us complexity exists to be simplified. We pride ourselves in providing elegant, smart solutions to even the most complicated challenges. Why? Because this makes it easy for our customers to do business with us. By being flexible in our approach, sharing knowledge to find the best solution and going the extra mile, nothing is too hard to figure out. Wheels and brakes anywhere, anytime. Simple, right?

Have fun

Our customers like to deal with us, and our partners enjoy working with us. There is a good reason for this; it is because we are good at getting along with people and being professional while making work interesting and fun. That does not happen by itself, though. It takes a conscious decision every day for each one of us – to actively create a good atmosphere: Participate in our social activities; laugh at yourself; go for a run; celebrate the successes and milestones - having fun is important!

FINANCIAL REVIEW 2018

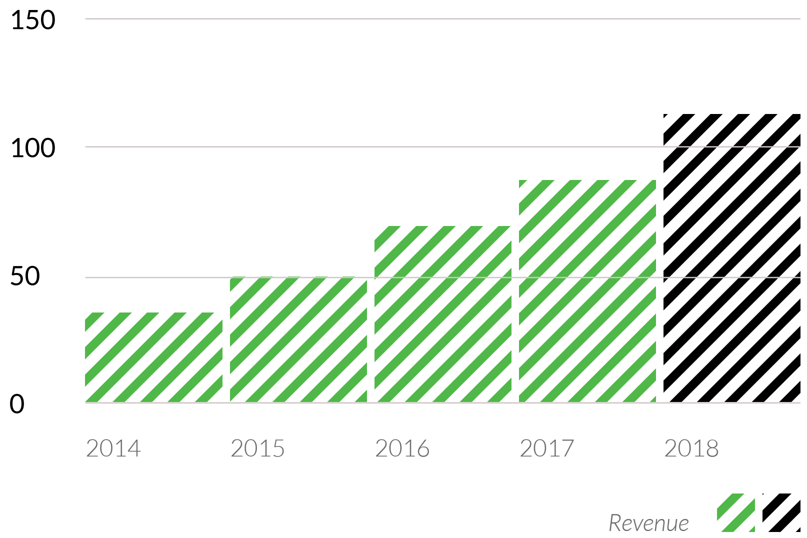
TP Aerospace achieved its best result ever on both revenue and earnings in 2018. This was accomplished by entering new markets and winning new customers in both Programs and Trading driven by our strong value proposition in these two Divisions.

Income statement

Revenue for 2018 showed a 27.9% increase and amounted to USD 110.7m compared to USD 86.6m in 2017.

The Program Division grew by 29.8% to USD 52.9m with EMEA being the largest market growing by 18.9%. APAC and the Americas grew by 49.7% and 47.7%, respectively.

Revenue
(USDm)



Growth was driven by the full year effect of programs signed in 2017, new programs signed in 2018 and the addition of more aircraft or platforms to existing contracts. Existing customers contributed with 60% of the growth, whereas new customers contributed with 40% of the growth. In 2018, close to 240 additional aircraft were added to the Program Division portfolio increasing the total to 590 aircraft. By the end of 2018, this was equally divided between our two different program types.

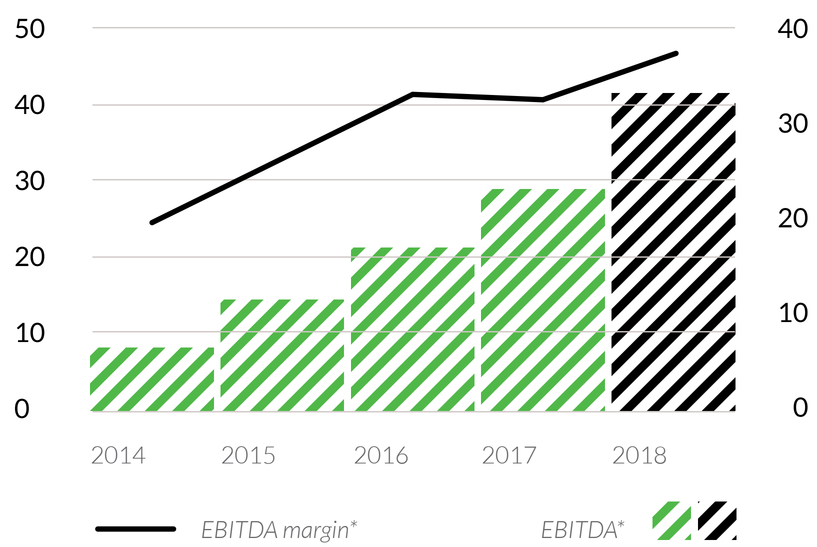
The Trading Division grew by 28.9% to USD 55.4m driven especially by EMEA and APAC growing by 30.5% and 41.1%, respectively. The Americas grew by 6.7%. The strong growth in the Trading Division was driven by both increasing market share in existing markets and expansion into new markets. In 2018, the Trading Division sold aircraft components in more than 70 countries, and the average order value increased by 17%.

Gross profit for 2018 was USD 15.8m above the 2017 figure and amounted to USD 58.8m. Gross profit margin increased by 3.4 percentage points compared to the 2017 margin and ended the year at 53.1%. The development was driven by both the Trading and Program Divisions. The Trading Division improved gross margin by more than 2 percentage points, especially driven by EMEA and the Americas as a result of having the right aircraft component composition across key platforms to fulfil market demand. The gross margin in the Program Division improved by more than 2 percentage points as a result of a change in the ratio between our two different program types.

Staff costs amounted to USD 18.1m compared to USD 14.7m in 2017, an increase of 23.5%. However, despite investing substantially in the business to support volume growth in both the Program and Trading Divisions combined with resource investments to support the Green Sunrise strategy, the staff cost relative to revenue improved by 0.6 percentage point.

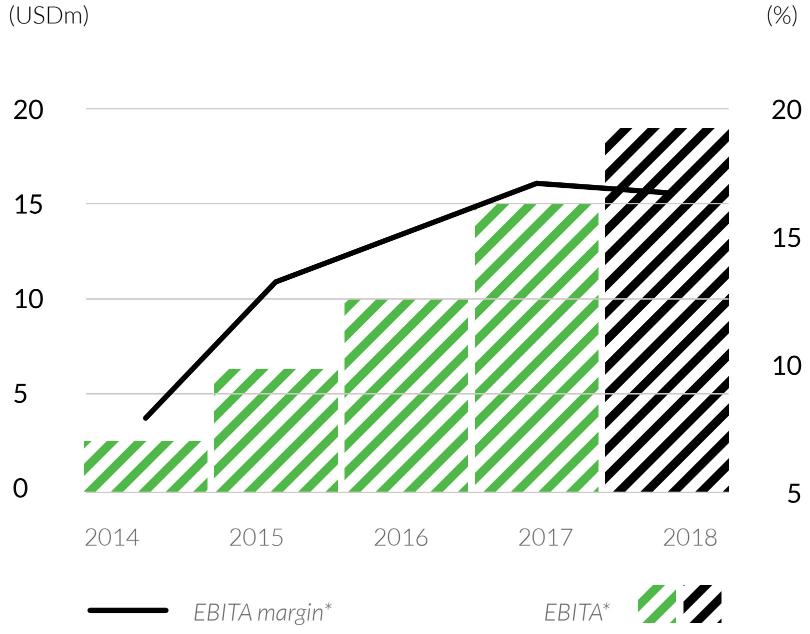
Earnings before interest, tax, depreciation and amortization before special items (EBITDA before special items) for 2018 showed a USD 12.3m increase and amounted to USD 40.6m compared to USD 28.3m in 2017. The higher earnings related primarily to the Trading Division in EMEA and the Americas, and to the favourable ratio effect in the Program Division combined with scalable staff costs. The EBITDA margin before special items increased by 4.0 percentage points to 36.7% compared to 32.7% in 2017.

EBITDA & EBITDA margin*
(USDm) (%)



*Before special items

EBITA & EBITA margin*



Earnings before interest, tax and amortization before special items (EBITA before special items) for 2018 amounted to USD 19.0m, which was USD 4.0m above the 2017 figures. The EBITA margin before special items was on par with last year at 17.2%.

Earnings before interest and tax before special items (EBIT before special items) for 2018 amounted to USD 18.7m, which was USD 3.9m above the 2017 figures. The EBIT margin before special items was on par with last year and was equal to 16.9%.

Special items amounted to USD 3.2m, compared to USD 5.1m in 2017, and included non-recurring expenses related to the roll-out of the Green Sunrise strategy, management and organization restructuring as well as moving the MRO shop in Hamburg.

Net financials for 2018 amounted to USD 3.1m compared to USD 4.6m in 2017 driven by an exchange rate gain on a loan denominated in Danish Kroner as a result of the appreciating United States dollar at the end of 2017 compared to year-end 2018. Interest expense in 2018 came to USD 4.0m compared to USD 3.0m in 2017. The increase was driven by increased net interest-bearing debt obtained to finance the additional investments in aircraft components which increased by USD 30.0m compared to 2017.

Profit before tax for 2018 showed a USD 7.3m increase amounting to USD 12.4m compared to USD 5.0m for 2017.

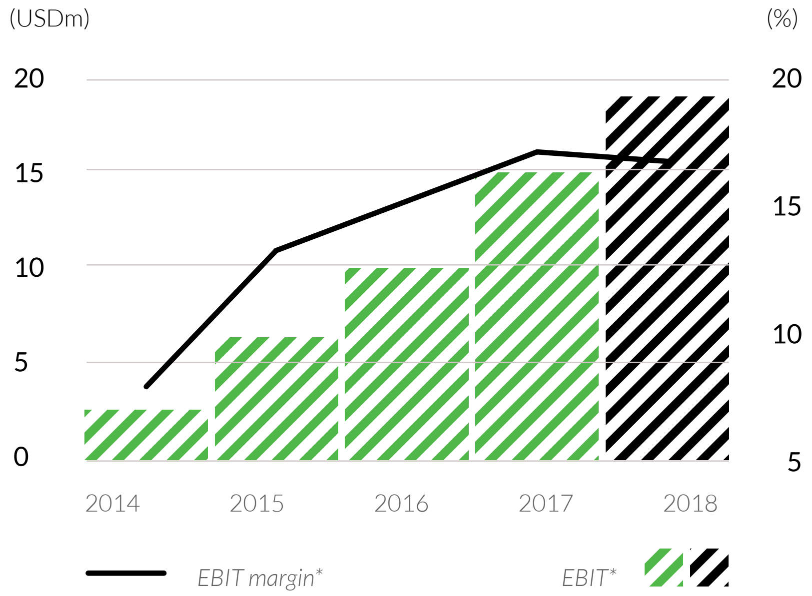
Tax on the profit for 2018 was an expense of USD 2.5m, which corresponds to an effective tax rate of 19.8%.

Net profit for the year amounted to USD 9.9m, which is a USD 6.6m improvement on the net profit of USD 3.3m realized in 2017.

Assets

At December 31 2018, TP Aerospace's total assets amounted to USD 180.5m, compared to USD 132.7m in 2017. The increase of USD 47.8m was mainly driven by an increase in total aircraft components of USD 30.0m, of which USD 8.1m was treated as financial assets and USD 21.9m as inventory (accounting treatment is further explained in the section "Consolidated Financial Statements" under notes). Other drivers of asset increase were early adoption of IFRS16 (leases) amounting to USD 8.2m in leasing assets, increased receivables of USD 5.2m and capacity and productivity investments in the Technical Division of USD 3.2m. The increase in aircraft components was to support the future growth expectations in the Green Sunrise strategy.

EBIT & EBIT margin*



*Before special items

Net working capital

Net working capital was USD 69.6m, or 62.9% of revenue, compared to USD 46.0m, or 53.1%, in 2017. The increase was driven by investments in aircraft components to support the Green Sunrise strategy.
Total aircraft components ended at USD 93.5m, or 84.5% of revenue, compared to USD 63.5m, or 73.4% in 2017. Again, this was driven by a conscious investment in having the right composition of aircraft components to support the Green Sunrise strategy.

Equity

Total equity amounted to USD 86.3m at December 31 2018, compared to USD 66.5m a year earlier, equal to an increase in equity of USD 19.8m. This was mainly driven by the 2018 result of USD 9.9m combined with a capital injection of USD 9.6m from the shareholders of TPA Holding II A/S.

Net debt

The interest-bearing debt amounted to 61.9m or 1.5x 2018 EBITDA*, compared to USD 51.7m, or 1.8x 2017 EBITDA* at December 31 2017.

Return on invested capital (ROIC)

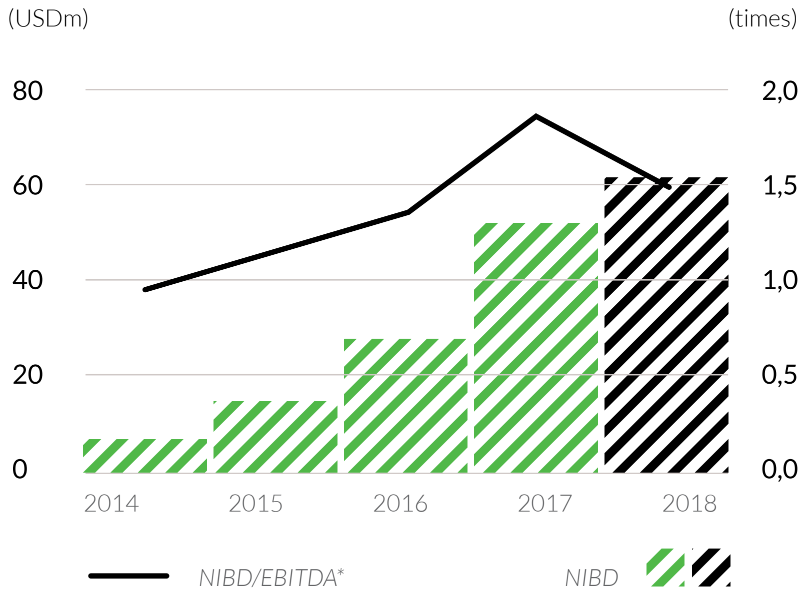
The return on invested capital excluding goodwill was 32.2%, compared to 35.5% in 2017, due to increased invested capital. Invested capital excluding goodwill increased to USD 103.8m, compared to USD 71.9m at December 31 2017, driven mainly by increase in aircraft components to support the Green Sunrise strategy.

Cash flow

Cash flow from operating activities was USD -8.0m, compared to USD -13.8m in 2017. Before changes in aircraft components this was equal to USD 13.8m in 2018 compared to USD -1.0m in 2017. The increase was mainly driven by improved EBITDA. Cash flow used for operational investing activities was USD -21.8m, or 19.7% of revenue, compared to -74.3m in 2017. The 2017 figure was impacted by USD 70.0m relating to the acquisition of TP Aerospace Holding. Disregarding payments relating to the 2017 acquisition, the 2017 cash flow from operating investing activities was equal to USD -4.2m. The decrease was mainly driven by early adoption of the IFRS16, increase in aircraft core unit assets and investments in the Trading Division.

Free cash flow amounted to USD -29.8m compared to USD -88.1m in 2017. Free cash flow before change in aircraft components, the impact of IFRS16, and adjusted for the TP Aerospace Holding acquisition was equal to USD 10.8m compared to USD -2.6m in 2017. The improvement was driven by increased EBITDA and counterbalanced by slightly increased investments in the Technical Division to support the Green Sunrise strategy.

NIBD & NIBD/EBITDA*



*Before special items

WITH THE GREEN SUNRISE, WE ARE SIGNIFICANTLY EXPANDING OUR GLOBAL REACH AND FURTHER CEMENTING OUR STRONG VALUE PROPOSITION. THANKS TO THE TRULY PASSIONATE EMPLOYEES BEHIND THE COMPANY, I HAVE NO DOUBT THAT WE WILL SUCCEED.

Nikolaj Lei Jacobsen,
CFO

Chapter 2

BUSINESS

2

OUR STRATEGY - GREEN SUNRISE

We are becoming truly global.

We are becoming truly global. In 2018, we launched our new growth strategy, Green Sunrise, with a clear vision of being the No. 1 choice for aftermarket wheels and brakes. The plan is set: within the next few years, TP Aerospace will more than double our global presence with approximately 10 new locations around the world.

This is not growth simply for growth's sake. Our business model builds on a high level of flexibility and reliability towards our customers, and we now deem it necessary to expand our global presence to keep up with market demands and to continue to deliver on our simple promise of wheels and brakes anywhere anytime.

With new sites in Asia Pacific, Americas and Europe we will be able to better support our customers through physical proximity and increased insight into local culture and conditions.

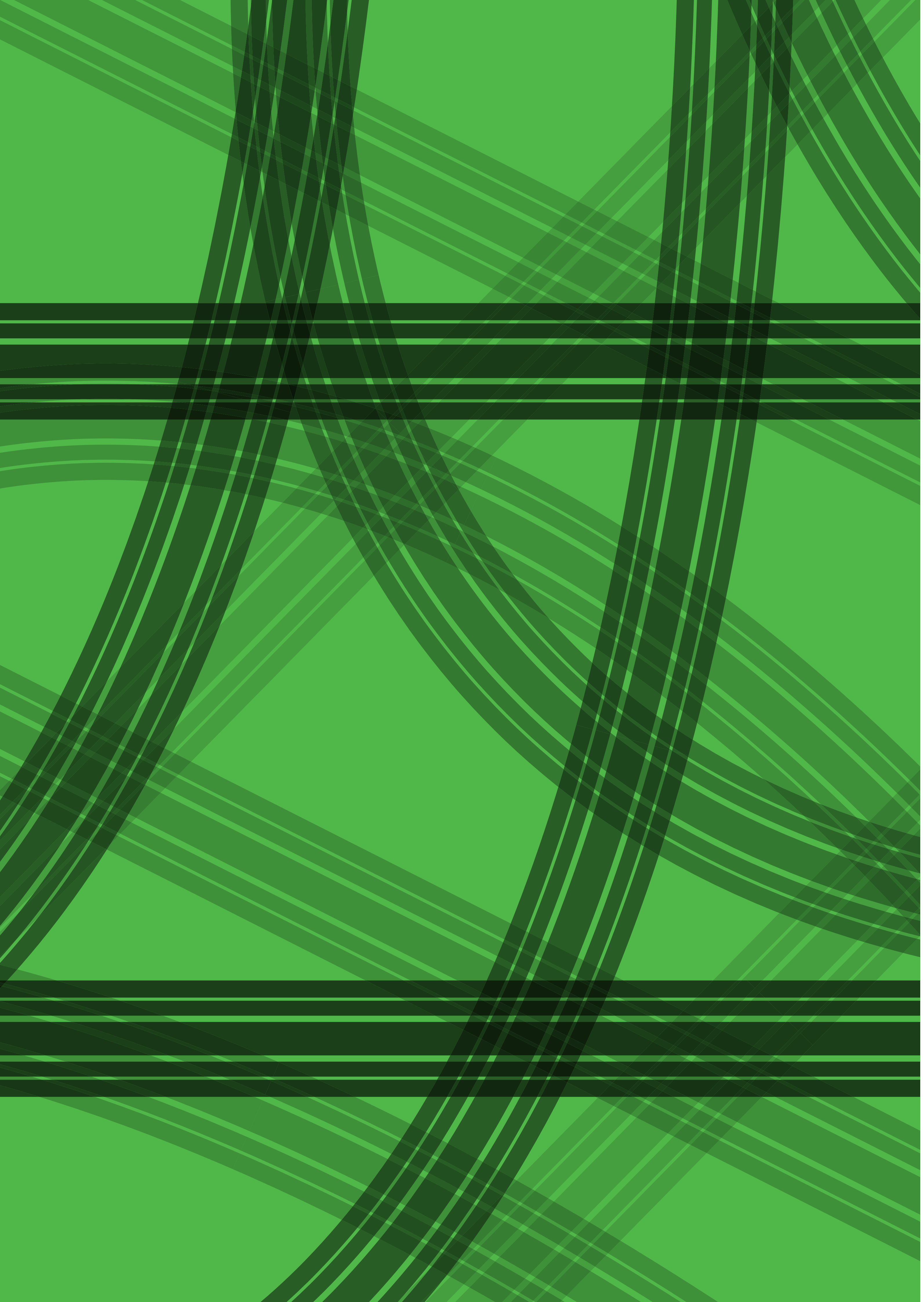
However, an ambitious growth strategy requires a strong internal focus, and we believe that as we grow, our people grow with us – taking their experience and way of working to new territories to create a global brand that shares our guiding principles and entrepreneurial spirit wherever in the world you meet us. At the core of our strategy lies a commitment to ensure that we have the right preconditions for attracting, developing and retaining the best skills in the industry all over the world.

Already in 2018, we took the first important steps as we set up MRO facilities in Malaysia and the United Kingdom, both of which are expected to be fully operational in early 2019.

We are confidently moving forward with our strategy and have already laid the foundations for other sites that we expect to launch in 2019, including Moscow and Bangkok. As the Green Sunrise continues to spread, by 2020 we expect that TP Aerospace will be able to support its customers from more than twice the number of locations than before the launch of the strategy.

THE ENTIRE WORLD IS A MARKET POTENTIAL, SO TO EXPAND OUR BUSINESS WHILE MAINTAINING THE HIGHEST POSSIBLE SERVICE LEVEL, WE NEED TO BE CLOSER TO OUR CUSTOMERS.

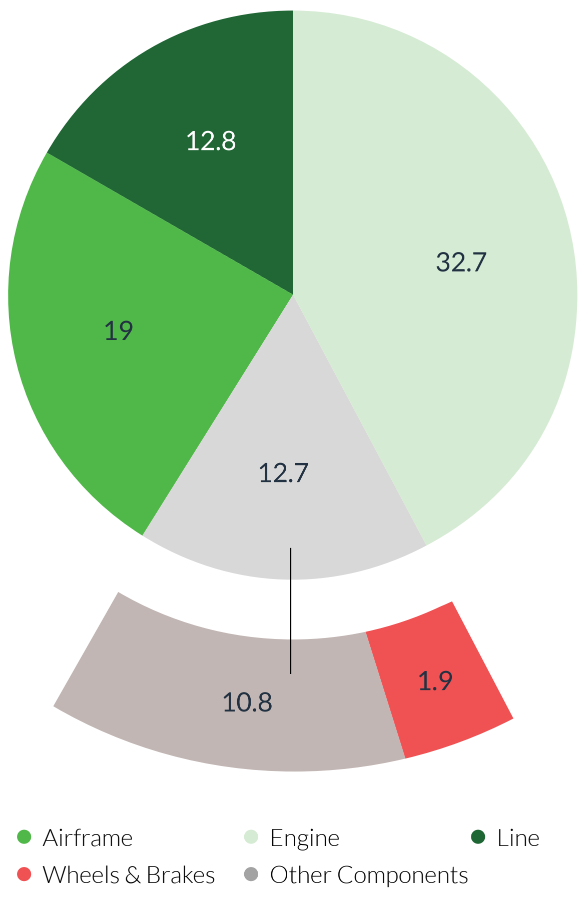
Thomas Ibsø,
President



MARKET OUTLOOK

While Green Sunrise strengthens our service and relationship to customers, our expansion will also allow us to tap into relatively untouched markets around the world, where we see substantial potential for expanding our value proposition.

2018 MRO market by segment (USD bn)

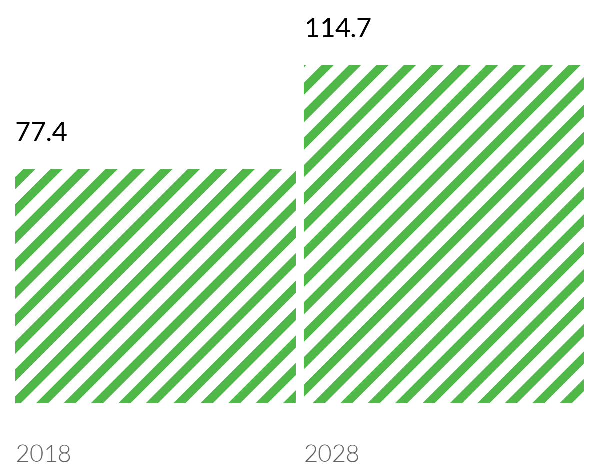


Source: Oliver Wyman + ICF

Additionally, we will be in a stronger position to keep up with the forecasted growth of global aviation.

With the global commercial fleet expected to increase significantly in the next ten years (increasing from 26,307 to 37,978 aircraft), the consequent demand for MRO services is expected to increase significantly from USD 77.4bn in 2018 to USD 114.7bn in 2028. A considerable amount of this covers components, of which the wheel and brake MRO market is estimated at USD 1.9bn. This shows significant untapped market possibilities for TP Aerospace and clearly supports the Green Sunrise strategy.

Global MRO market forecast (USD bn)



PROGRAM DIVISION

70%

Growth in aircraft on contract

In TP Aerospace's Program Division, we offer operators tailor-made solutions through full-service and all-inclusive programs, governed by a guaranteed service level and unlimited warranty.

We offer two types of programs that mainly differ in payment and exchange structure, ensuring that all programs are designed to accommodate our customers' short and long-term requirements, while fully complying with their maintenance budget.

Our strategic decision to increase focus on our program offerings is paying off, and we are seeing an increasing share of the company's total revenue coming from Programs.

At year-end 2018, the Program Division supported 590 aircraft via 81 operators, spanning both passenger and freighter operations, national flag carriers, low cost carriers and new starters, with an average fleet size of 5 aircraft and fleets ranging from 1 to around 50 aircraft.

FLAT-RATE PROGRAMS

Our fully-integrated, all-inclusive and plug'n'play cost-per-landing concept where the customer pays a fixed rate per landing.

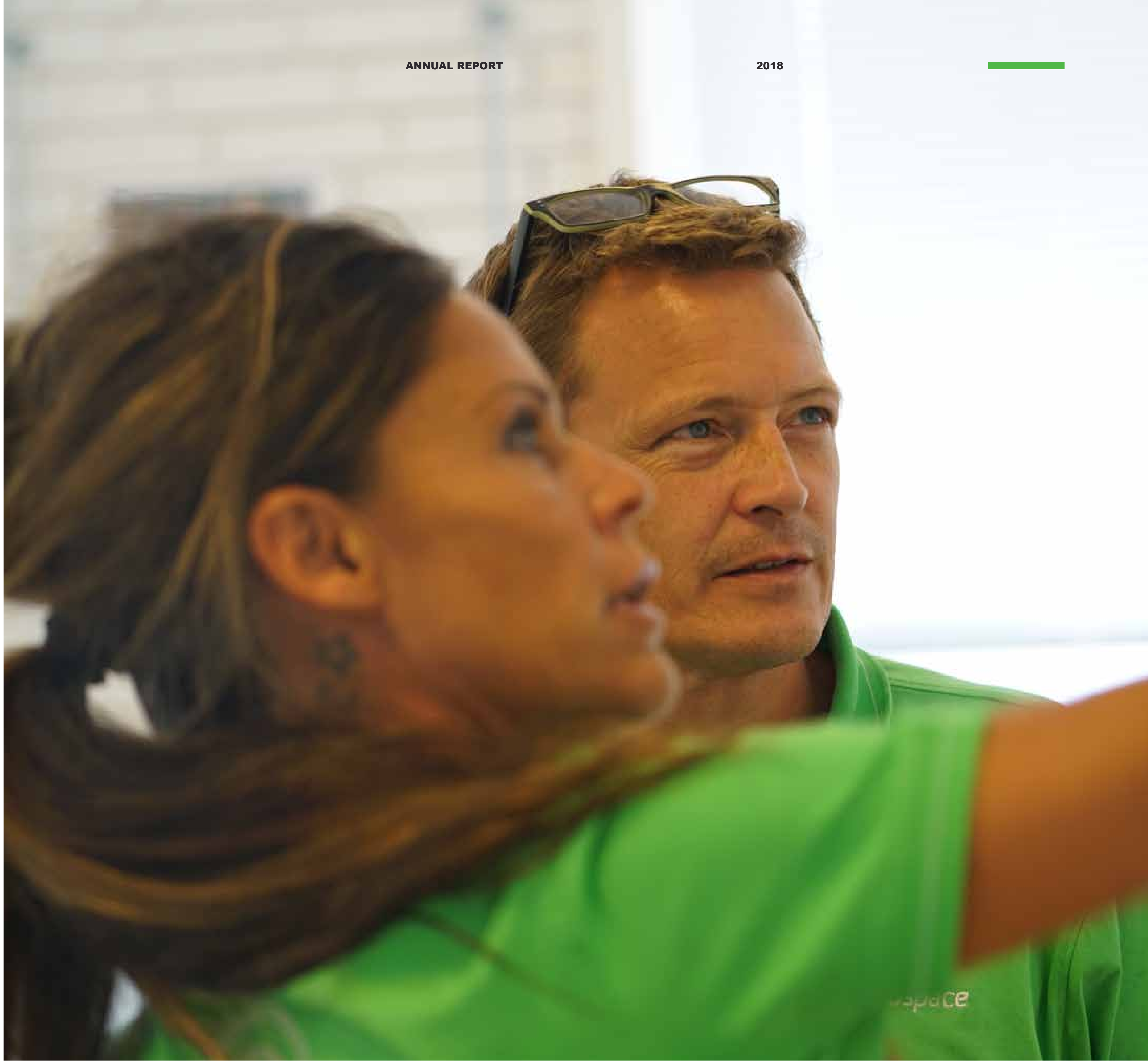
FOR-LESS PROGRAMS

The less integrated all-inclusive concept where the customer pays a fixed fee per exchange event.

A YEAR OF GLOBAL ALIGNMENT

To meet the growing global demand for our services and to deliver on the Green Sunrise strategy, our Program Division has worked intensively to align its global operations.
On the sales side, the division added key resources to its sales team while also working closely together with the Trading Division to align TP Aerospace's global sales force.

Following a restructuring of the day-to-day operations team in 2017, we have continued working on redefining the work scope within the different areas of Program Management to ensure the best utilization of the technical and operational skills within the global team. Additionally, we have committed significant resources to building a robust Sales and Operational Planning (S&OP) process that unites the different departments, including Sales, Program Management, Technics and Finance.



A SHARP EYE ON THE PIPELINE

61%

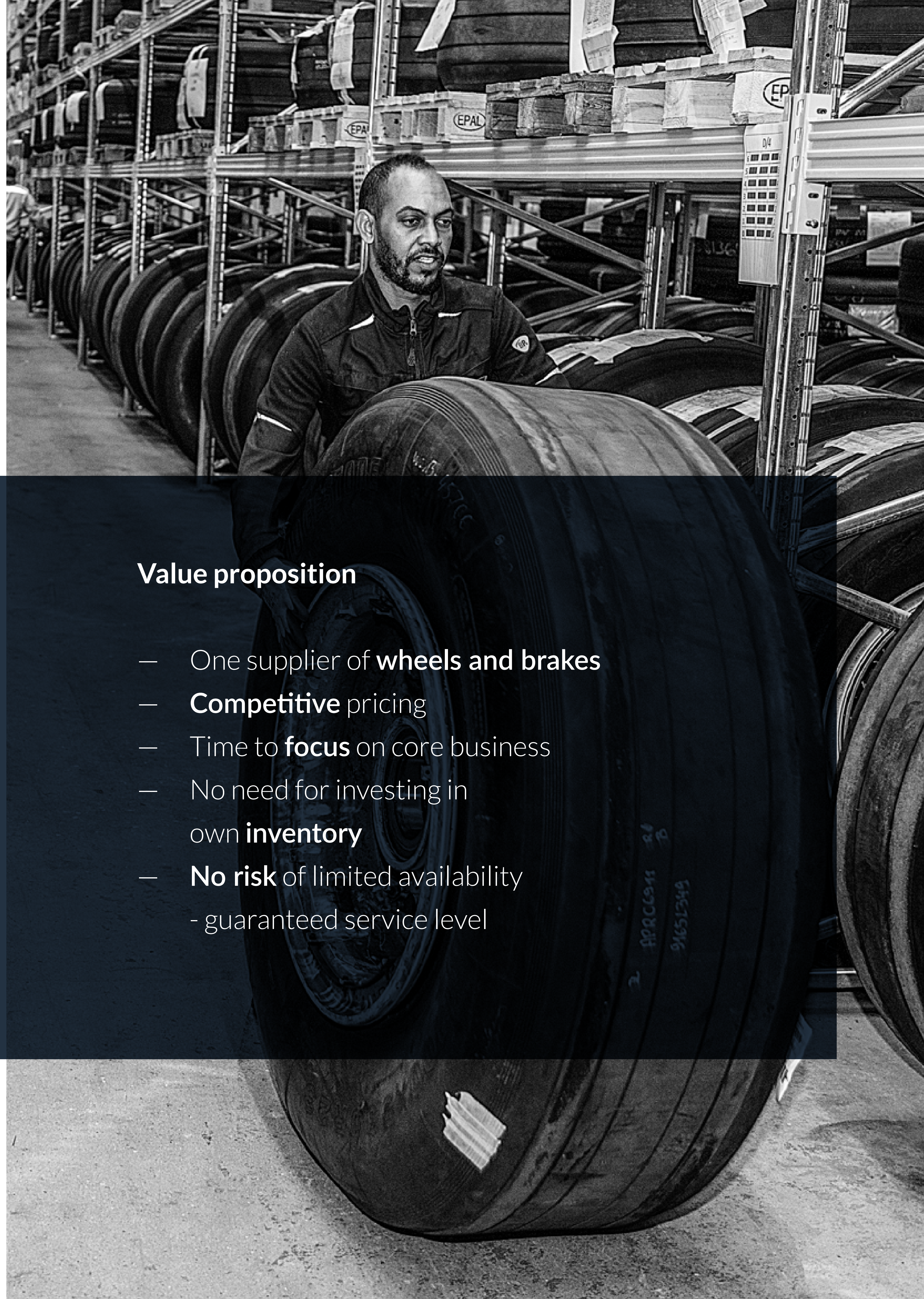
Increase in no. of aircraft in pipeline from 2017 to 2018

During 2017, a new tool for managing our sales pipeline tool was developed as an integrated part of our core sales strategy. Its purpose was to establish a systematic approach to the expansion of our concept and to enable growth. Throughout 2018, we continued the implementation and further development of the pipeline tool, which has helped us to both streamline and ease administration processes as well as handle the significantly increasing number of requests for proposals from customers in a timely manner.

The Pipeline Management tool covers the management of new potential opportunities, as well as add-ons from our existing customer portfolio.

Furthermore, the tool has proven essential and very effective for planning purposes within day-to-day program management and asset management. The technical teams in our MRO facilities also make great use of the tool to ensure the right inventory, capacity and capability is available at the right sites at the right time. Combined, these factors enable TP Aerospace to have the fastest and smoothest implementation phase possible for new customers, while ensuring that our service remains at the highest level possible.

PROGRAMS IN BRIEF



Facts

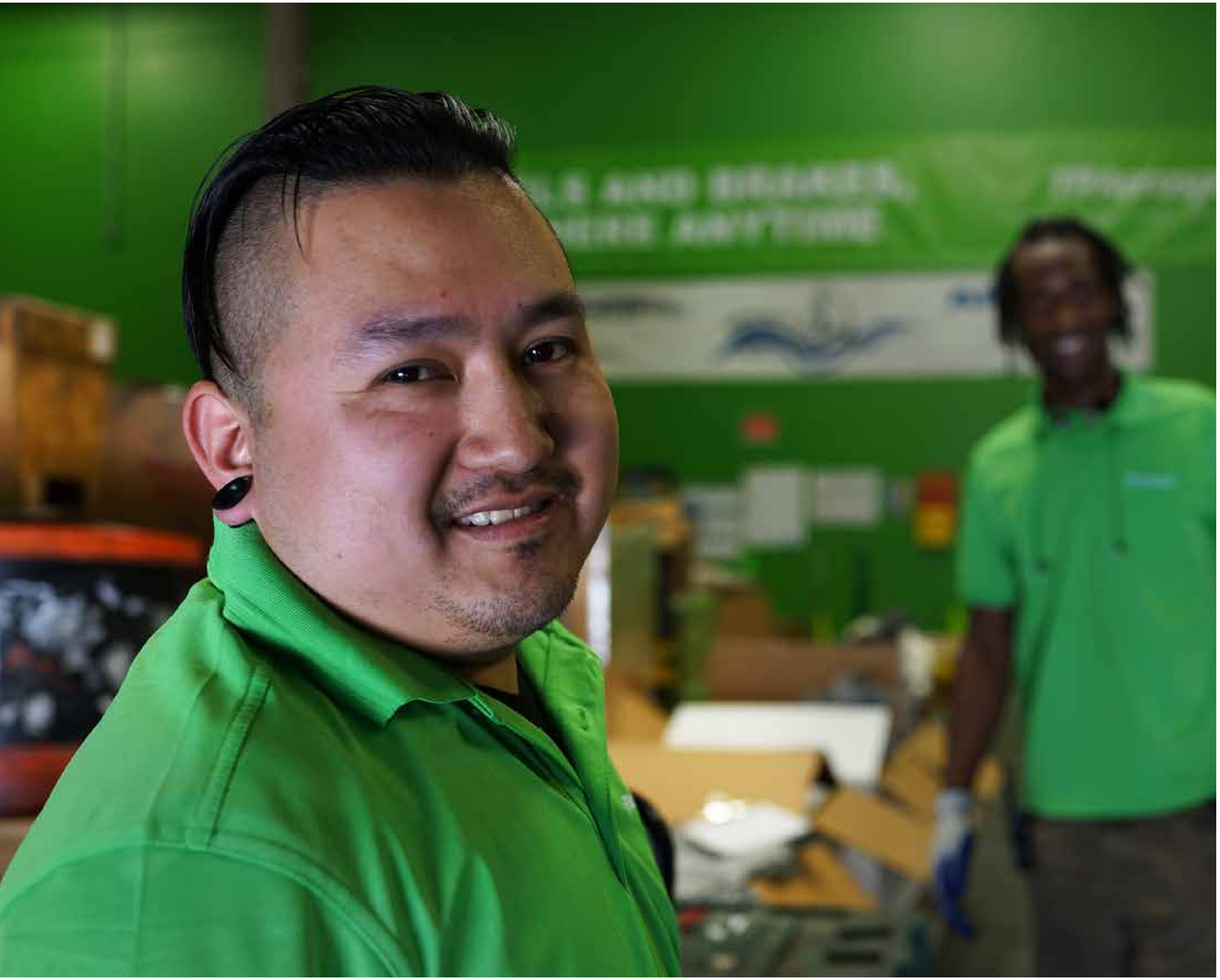
- **30% growth** in revenue
- **29 new programs** signed
- Increase of **68%** in aircraft on contract
- **260,000** Flat-Rate program landings supported
- Entry into **11 new** countries

Value proposition

- One supplier of **wheels and brakes**
- **Competitive** pricing
- Time to **focus** on core business
- No need for investing in own **inventory**
- **No risk** of limited availability - guaranteed service level

WE ARE EXPERIENCING A GROWING DEMAND FOR OUR MOST INTEGRATED PROGRAM SOLUTION, AND IN 2018 WE SUPPORTED A TOTAL OF 260,000 LANDINGS THROUGH THIS PROGRAM TYPE - AN INCREASE OF 43% FROM 2017.

Philip Hansen,
Global Programs Director



TRADING DIVISION

With the largest ready-to-go inventory in the aftermarket, TP Aerospace's Trading Division has earned the position as the leading aftermarket supplier of aircraft wheels and brakes on outright and ad-hoc exchange basis, catering to routine and AOG deliveries.

In 2018, we reached double-digit growth of 29% from USD 43m in 2017 to USD 55m. However, the success of our Trading Division cannot be measured in revenue alone; we must also consider factors such as customer mix and recurring customers, which not only reflect the availability of parts, but also quality and service levels. 53% of the customers who purchased from us in 2018 was recurring customers who also purchased from us in 2017. Additionally, 72% of the total revenue was sold directly to airline customers of which 59% was from recurring customers.

With almost 200 airlines, leasing companies and external MROs among our customers and an additional 700 companies in the pipeline, we are currently strengthening our organization by restructuring the global sales force and adding key resources. This is to ensure that we are in the best position to support current and future customers and maintain a high service level.

STOCKING UP TO MEET SALES DEMAND

The true uniqueness of our trading offering is the availability of parts across platforms and regions. Over the years, TP Aerospace has built a strong position through intensive sourcing and networking with suppliers from the wheels and brakes aftermarket. By constantly following market forecasts and key trends, our Group Asset Management Department sets the direction for sourcing parts and allocating inventory to the various divisions and regions. We find that it is our extensive expertise in understanding market supply and demand that has led to us earning our market position.

During 2018, our global stock level increased significantly as we invested in stock for key aircraft platforms to support future growth of both the Trading and Program Divisions. Our stock level remains unmatched by any other provider in the market and now numbers over 1,000 shipsets. This means that at any given time, we are able to fully equip 1,000 aircraft with wheels and brakes.

However, our rapid growth increases pressure on our asset management efforts to continue to secure sufficient units from the aftermarket to support our growing customer portfolio.

Guided by the Group Asset Management strategy, our global sales team plays a vital role in seeking out surplus wheels and brakes from various aftermarket sources, including airlines, teardown companies and traders. Entering 2019, we will strengthen efforts to align our sourcing strategy globally and undertake initiatives to gain access to previously untapped markets.

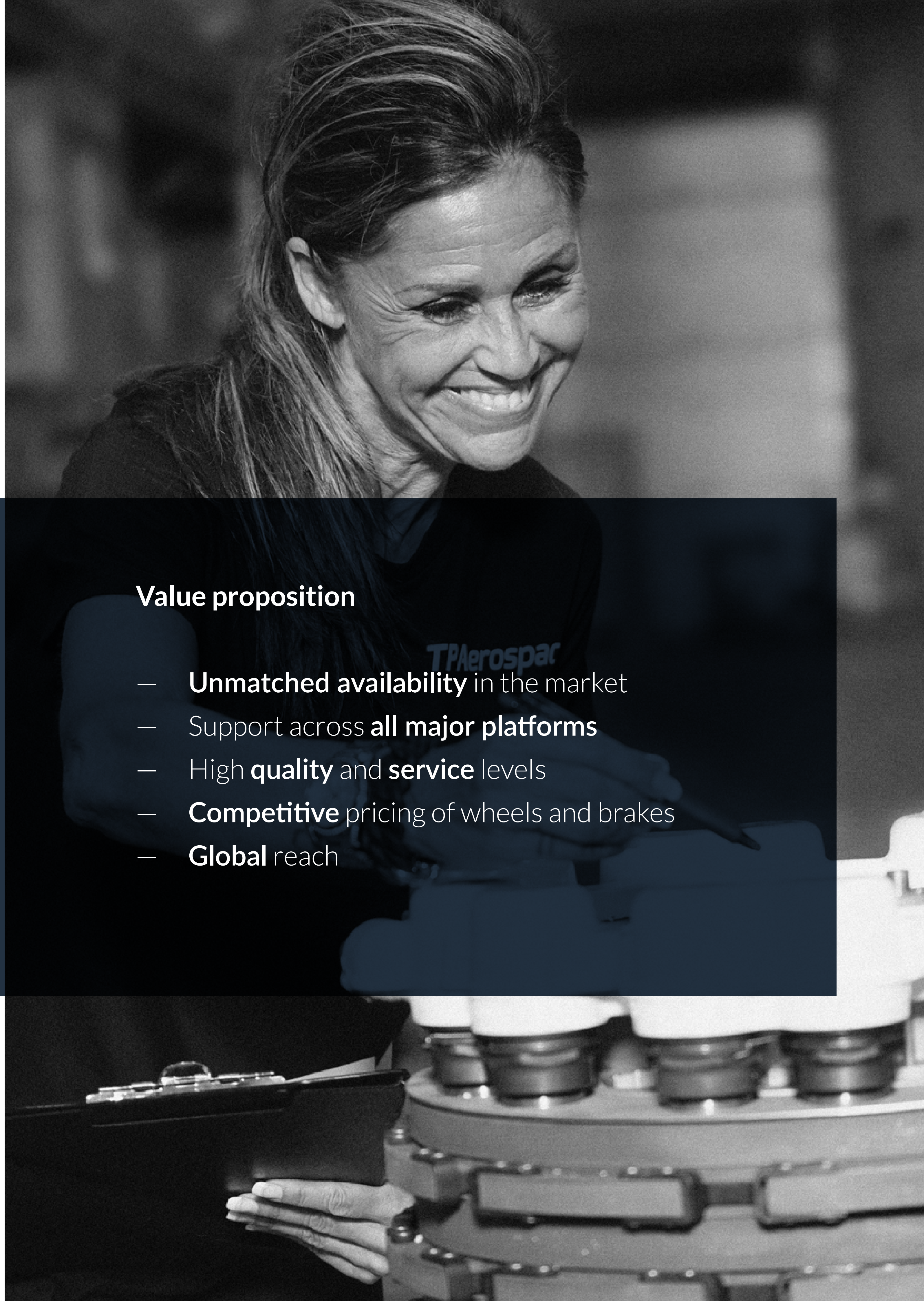
OPTIMIZING TO ACCOMMODATE GROWTH

Throughout 2018, we undertook several initiatives to optimize our procedures and bolster our team for the projected growth of TP Aerospace, to ensure that we continue to deliver a high quality service to our customers.

Firstly, we initiated a digitalisation project with the implementation of business intelligence software and a new advanced Customer Relationship Management (CRM) tool. Through increased focus on data quality and availability, we seek to create greater transparency throughout our Trading Division and take on a more data-driven sales approach, ultimately delivering even better service and a wider product offering to our customers. Both systems are scheduled to be fully operational in 2019.

Additionally, we carried out a reorganization of our global sales team. This involved the appointment of an accountable Sales Director in each of our three main regions. With these in place to guide their local sales teams, who all possess in-depth knowledge of local conditions, culture and market dynamics, we will be able to enhance the local adaptation of our global strategy, allowing us to share our value proposition with a wider customer base.

TRADING IN BRIEF



Facts

- **29% growth** in revenue
- A total of **1,481 orders**
- **72%** of revenue sold directly to airlines
- More than **3,000** wheels and brakes sold
- Average order value increased by **17%**

Value proposition

- **Unmatched availability** in the market
- Support across **all major platforms**
- High **quality** and **service** levels
- **Competitive** pricing of wheels and brakes
- **Global** reach

TECHNICAL DIVISION

From our current six fully operational MRO facilities, our Technical Division conducts repairs and overhauls on all part numbers to support the Programs and Trading Divisions' sales efforts. All facilities are strategically located around the world to support the demand from each region and to secure optimal proximity to our customers.

In 2018, our MROs maintained more than 20,000 units globally equal to an increase of 13% compared to 2017. For 2018, this corresponds to having maintained more than 1,500 shipsets.

Being in one of the most regulated industries in the world, it is necessary that we have the required certifications to operate as a wheel and brake service provider. Our Technical division is therefore accredited by all major authorities in each region, including the European Aviation Safety Agency (EASA), the Federal Aviation Authorities (FAA) and the civil aviation authorities in Singapore, China, Australia, Thailand and Canada.

EXPANDING OUR GLOBAL FOOTPRINT

With the launch of the Green Sunrise strategy we plan to open approximately ten new MRO facilities around the world within the next few years. Through proximity, increased visibility and market penetration, these new facilities will support customers locally to improve efficiency. The facilities will also allow us to unlock previously inaccessible opportunities for both our Trading and our Programs Divisions all over the world, and thus new facilities are planned in all three main regions with the majority in Asia Pacific to accommodate the growing market outlook for this region.

During 2018, we added the first two new facilities to our global MRO network, as we established ourselves in the East Midlands in the United Kingdom and in Kuala Lumpur, Malaysia. Both facilities are expected to receive their approvals in the beginning of 2019 and are expected to be fully operational within the first few months of the year. While our Malaysia facility will initially support current customers in the area, our United Kingdom based MRO facility will support newly secured programs.

STREAMLINED AND SMARTER PROCESSES

Our goal is to maintain the highest quality standards. Simple. Whilst we already have this in place, it is now our aim to increase our output by reducing service time with new procedures in our workshops. This is to fulfil the needs of the Programs and Trading Divisions: As they expand into larger or new territories, we can deliver on the growth they demand, providing them with all the services they require.

In 2018, our Technical Division embarked on a project focusing on the automatization of processes in the production area and the installation of new highly efficient equipment in our facilities, the ultimate goal being a common set-up across all our MRO facilities worldwide.

We also worked closely together with our main supplier of specialist equipment and machinery on an innovation project to devise processes that allow us to work smarter. During the next year, we will roll out these processes in our existing MRO facilities around the world to create a global standard. We can then perform with the same level of quality at any of our global locations to ensure consistently high product quality.

ULTIMATELY, OUR CUSTOMERS' CUSTOMERS ARE OUR CUSTOMERS

Maintaining a consistent workflow at our workshops is vital to maximizing the output of our facilities and reducing downtime. That's what keeps our customers' planes flying. We're always aware of their customers on an aircraft or at the gate – and our responsibility to give them the highest level of service that gets them in the air on time.

THE BRAINS OF THE OPERATION

To support our growth in the EMEA, a new MRO facility has been opened in Hamburg. It serves as a Knowledge Centre and Innovation Lab with more than 80 technicians and back-office staff trialling and testing new procedures. Officially opening in March 2019, it is designed to scale up as demand increases.

A PEERLESS PAPER-FREE PERFORMANCE

We have developed a paperless system for the workshop – to simplify processes and store data to document our work. It also allows us to compare best practice between shops around the world. The paperless system has already been approved by the Civil Aviation Safety Authority and EASA, and our work has resulted in our processes becoming the benchmark for achieving approval of a paperless system by EASA.

PEOPLE & CULTURE

All our employees around the world are considered important members of the Global Green Team. Without our people, their skills and their commitment to TP Aerospace and the roles we play in the global aviation industry, we could not have earned the market position we have today.

This year we have seen major changes to our organisation as a result of our continued growth and the launch of Green Sunrise. In 2018 our global headcount rose from 234 to 269 people; some at our newly established facilities and others at our regional centres of excellence or headquarters - all ready to take on the responsibility of our future growth.

With the introduction of more specialist roles in areas such as Finance, S&OP and Business Development, we have also made significant changes to our organisational structure.

But the fast growth puts higher demands on us to establish the exact right processes and procedures for managing the global growing workforce, for developing our people and for ensuring that our global organizational structure is well prepared for growth.
During 2018, we implemented a global HR system, which has given us increased transparency throughout the entire organization. A key tool for managing all aspects of the employee lifecycle, from recruiting and onboarding to training and development to offboarding, it also secures more detailed and up to date information for HR reporting and budgeting.

Total headcount	Number of different nationalities	Average age
269	**42**	**45**

ATTRACTING, DEVELOPING AND RETAINING THE RIGHT TALENT

Operating in an industry where we are constantly competing for the best talent in the market, the continuous training and development of our employees is among our top priorities.

With our high growth rate, the ability to attract and retain talent all around the world is absolutely essential. That's why we focus closely on our internal and external employer branding to position ourselves as one of the best employers in the industry.

During 2018, we laid the foundations for initiatives we will carry out in early 2019. These include a global process for conducting regular development and performance reviews with all our employees. Designed to strengthen employee engagement, it will ensure that we keep developing our people. Most of our locations will conduct their first reviews in the spring of 2019, with remaining sites coming on board later in the year.

In the first half of 2019, we will also conduct our first global workplace assessment to review ourselves as a workplace and identify any potential risks to the physical and psychological wellbeing of our employees.

In future, in our industry in particular, we will see a strong need for skilled technicians, due to a shortage of engineers and technicians in aviation. We are therefore working to develop our internal talent pipeline and taking on a responsibility to train young people to become part of our industry. In 2019 we are also initiating a trainee program in our technical division. This program will initially be rolled out at our biggest MRO shop in Hamburg but will potentially be implemented at our other facilities as well.

OUR GLOBAL TEAM HAS GROWN MORE THAN 115% OVER THE PAST THREE YEARS. WITH THIS RAPID GROWTH AS WELL AS THE HIGH LEVEL OF DIVERSITY AMONGST OUR PEOPLE, IT IS OUR FIRST PRIORITY TO BUILD AN INCLUSIVE WORK CULTURE THAT ENABLES US TO CONTINUE TO ATTRACT AND RETAIN TOP TALENT.

Julie Løkkegaard,
Global HR Manager

Chapter 3

GOVERNANCE

CORPORATE GOVERNANCE

Our principles for good corporate governance are based on our Articles of Association and governed by our Board of Directors and our Executive Management team.

We align our corporate governance efforts with the "Recommendations on Corporate Governance" issued by the Danish Committee on Corporate Governance. This is achieved by maintaining an ongoing dialogue with our owners and other stakeholders, by reporting results on a quarterly basis and facilitating an ongoing strategic development process that creates value for our stakeholders.

Furthermore, as our majority owner, CataCap is a member of the Danish Venture Capital and Private Equity Association (DVCA), TP Aerospace must comply with the guidelines issued by the DVCA available at the DVCA's website www.dvca.dk. The guidelines released in June 2008, with subsequent modifications, recommend extended coverage of a number of factors in annual reports, including corporate governance, financial risk, employee relations and strategy.

RISK MANAGEMENT

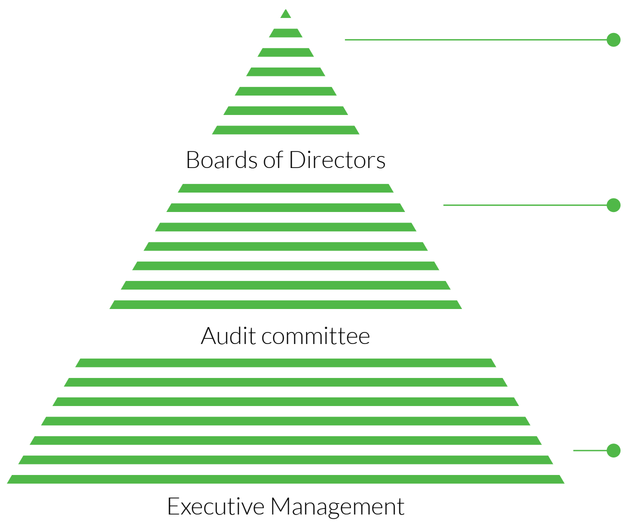
At TP Aerospace, risk management is an integral part of decision-making with a view to reducing uncertainty in reaching our business objectives.

With a risk policy and procedures in place, we have a systematic approach to the efficient management of risk, letting us identify risk early and proactively work to prevent an increase in exposure.

Risk is continuously identified and monitored by the Executive Management and presented to the Audit Committee who monitors the company's risk management procedures.

Identified risk is assessed based on its potential impact on our business and the likelihood of the risk materializing. The most significant risk is reported to the Board of Directors.

Risk Management Structure



- Approval of Risk Management Policy
- Review of essential risk areas

- Monitoring of risk management procedures and the development of key risks
- Reporting to the Board on compliance with Risk Management Policy
- Monitoring of the Executive Management's reporting to the Board concerning the development in the most essential risks

- Approval of Risk Management Policy
- Review of essential risk areas

The key risk areas related to TP Aerospace's business are listed below, and categorised as high, medium or low risk based on an assessment of likelihood and potential impact on our business. Whereas medium risk is actively managed as part of our daily operations, high risk is immediately mitigated and continuously followed up on. Low risk is continuously monitored to follow potential changes to the risk level.

Risk	Level	Description of risk	Risk control measures
Component availability	● (Medium)	Lack of available piece parts and wheels and brakes in the aftermarket could have an impact on our business model.	Our continuously strengthened market position enables us to cooperate closely with key stakeholders in the industry to ensure sufficient influx of components.
IT security	● (Medium)	Disruptions to our IT systems, especially cyber attacks, pose a risk to our business and our industry in general.	Continuous improvements of procedures pertaining to cyber security, i.e. through Cyber Security Training, threat assessments and contingency plans. To mitigate potential implications of an attack, we have a strong disaster recovery procedure in place.
Market risk	● (Low)	The risk of losses in financial positions arising from movements in market prices and competition.	Our highly diversified customer and fleet portfolio limits the potential impact of the risk.
Liquidity risk	● (Low)	The risk of not being able to meet our future cash flow needs.	We have secured a sufficient capital position to meet the current and future cash flow needs of the Green Sunrise strategy.
Credit risk	● (Low)	The risk of incurring a financial loss if a customer or counterparty fails to fulfil their contractual obligations.	Our highly diverse and fragmented customer portfolio, as well as continuous risk assessments that allows us to take the necessary precautions, ensure that the potential impact remains low.
Currency risk	● (Low)	TP Aerospace's functional currency is USD, and currency risk from operations is mainly towards DKK and EUR.	The typical exposure towards currencies other than USD is minor with DKK being the largest.
Oil prices	● (Low)	High oil prices can have an impact on airlines' operating costs and profitability.	The potential impact for TP Aerospace is considered low due to limited correlation between oil prices and demand for MRO services.

KEY RISK

- ● Low risk
- ● Medium risk
- ● High risk

Risk	Level	Description of risk	Risk control measures
Qualified employees	● (High)	With our growth plans and a projected shortage of skilled engineers and mechanics in our industry, we are at risk of facing an expertise gap, a drop in skill levels and an increase in operating costs resulting from higher wages.	Through a strongly rooted culture and value proposition, we are continuously engaging in initiatives to strengthen our employer brand, and to become one of the top employers in the industry. We strive to leverage our internal skills and identify gaps through initiatives such as Development & Performance Reviews, global workplace assessments and training. Additionally, we also maintain a strong focus on building our internal talent pipeline through trainee programs in our technical division and succession planning.
MRO Capacity	● (Low)	The risk of our MRO capacity not meeting market demands or our sales level.	With the launch of our growth strategy, we plan to mitigate the risk by establishing approximately ten new MRO facilities around the world. Through our S&OP process, we also continuously assess the short- and long-term capacity needs in each region.
Occupational Health & Safety	● (High)	The safety of our people is our highest priority, as incidences could have serious consequences for our people, operations and reputation. The biggest safety risk lies within our MRO shops.	Through our safety management system, we work to manage safety risks in the workplace by conducting regular risk assessments of the different work stations, implementing new policies and procedures and by increasing employees' awareness of safety issues.
Asset security	● (Low)	Damage to our stock could potentially have a critical financial impact on our business	Our assets and liabilities are generally covered by insurances taken out with first-class insurance companies. We always strive to secure certain safety margins to avoid serious financial consequences from an incident or casualty.
Safety	● (Low)	Hull losses as well as liability for passenger injuries, environmental and third-party damage caused by aircraft accidents related to TP Aerospace.	We live up to the highest quality and safety standards of some of the world's most recognized aviation authorities including the FAA and EASA. In case of an incident, our Aviation Liability Insurance provides coverage for financial damages.
Customer Concentration	● (Low)	The risk of being dependent on a limited number of key customers	We have a fragmented customer portfolio, which is continuously assessed to mitigate risk.

QUALITY MANAGEMENT

As a leader in the wheels and brake aftermarket, it is our responsibility to deliver reliable, safe and quality products and services, and thus, quality is an integrated part of our business and cannot be considered independently from our operations.

We are committed to continuously strengthening our quality culture to consistently meet and exceed our customers' expectations.

We continue to raise the bar for quality and safety in aviation; we do so by identifying the challenges in the industry and adopting best practices, allowing us to develop and improve our company's processes to ensure compliance with applicable regulation and customer requirements. We pride ourselves in how our commitment to quality is embedded in our company culture: a culture that empowers employees at all levels of the organization to proactively get involved and contribute to quality and safety management.

At TP Aerospace, it is our policy to be certified to the highest quality standards in the industry. Our Part 145 approvals combined with our AS9120 Rev. B accreditations allow us to drive and strengthen Quality management and achieve goals.

CORPORATE RESPONSIBILITY

We are committed to responsible business conduct and consider it part of our DNA to take responsibility for how our operations influence our surroundings. For us, this means we have made responsibility part of our day-to-day business and undertaken initiatives to incorporate economic, social and environmental concerns into our business activities.

Acknowledging that we operate in a growing industry that impacts the environment in several ways, we have designed our corporate responsibility strategy to continuously assess and optimize our operations and procedures to minimize the impact of our business activities. With a clear vision in mind, we continue to place high expectations upon ourselves to conduct business with the highest level of integrity and ethical, environmental and social awareness, within all areas of our business model as described on page 21.

Since 2017, we've been signatory to the UN Global Compact, the world's largest voluntary initiative within corporate responsibility. With this step, we are committed to aligning our business strategy and operations with ten universally accepted principles within human rights, labour, environment and anti-corruption - and to take action to advance broader societal goals. Based on the principles of the UN Global Compact, we developed a global Corporate Responsibility Policy in 2017, which forms a framework for decision making throughout TP Aerospace, and we continuously strive to strengthen the level of integration between the policy and our everyday operations.

Based on our corporate responsibility strategy from 2017, our key efforts and targets are defined within the following areas which are described further on the following pages:

- Human rights, including labour rights
- Health & safety at work
- Climate & environment
- Anti-corruption

UN GLOBAL COMPACT
COMMUNICATION ON PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

This section serves as our Communication on Progress to the UN Global Compact and meets the requirements of the Danish Financial Statements Act section 99a and 99b.

HUMAN AND LABOUR RIGHTS

Our policy

We respect the human rights including labour rights of all people within our sphere of influence, whether they are part of TP Aerospace or of our general value chain.

Our policy builds on the UN Guiding Principles on Business and Human Rights (UNGP). We use these guidelines as a framework for understanding human rights in a business context, and we continuously conduct human rights due diligence to help address potential human rights risk linked to our business activities. The process includes steps to, 1) identify and assess potential adverse impacts, 2) take action to prevent and mitigate risk and impacts, 3) track actions and ensure we follow up on potential risk and actual impacts, and 4) communicate our impacts and actions to affected stakeholders.

We recognize diversity as a quality in itself that develops different views, ideas and analyses. It is therefore our policy to actively promote a diverse workforce and to eliminate discrimination of any diversity traits, including gender, nationality, personal and professional experience, cultural background and other diversity factors. Among other things, we must always strive towards a more equal gender representation in our global workforce.

With the future expansion of TP Aerospace into new countries, we must also have processes in place to assess the human rights risk in each country, to ensure that we comply with existing labour legislation all over the world while also living up to the minimum standards for respecting human rights as they are outlined in the UNGPs.

Outside the TP Aerospace company itself, in our value chain, we must also assess how our operations and our products affect the people within our value chain.

Our actions

At the core of our work with diversity and inclusion lies a fundamental value of respect: Respect for other people and for their differences, and within TP Aerospace, continuous efforts are made to promote this value and to eliminate any kind of harassment or discrimination.

Our industry and area of expertise are traditionally relatively male-dominated, but we continuously strive for a more balanced gender representation throughout the

company. Majority of our efforts are focused around the recruiting of new employees, to ensure we appeal to women in our job ads and that our hiring managers are provided with the right tools to avoid bias in the selection process.

In 2018 we hired a new member of our Executive Management team, during which process we had strong focus on identifying and interviewed qualified candidates of both genders. As we in TP Aerospace always choose candidates solely based on skills, expertise and organisational fit and regardless of gender, a male candidate was hired the position.

Within our value chain, we are currently assessing opportunities for engaging in a deeper dialogue with business partners to ensure that our business relationships do not conflict with our ethical guidelines.

In 2019, a whistleblower scheme will be established to allow for anonymous reporting of any potential adverse impacts our business may have on human rights around the world.

Key risk

Due to the nature of our business, we recognise a risk of not being objective in recruiting procedures, thus contributing to create an industry culture not reflecting the surrounding world. Consequently, we also risk being biased in identifying internal candidates for higher level positions.

Additionally, with our highly diverse workforce comes a risk of people neglecting to respect and recognise each other's differences, leading to discriminatory behaviour.

Within our value chain, we risk purchasing goods from suppliers or selling services to customers who do not actively promote respect for human rights.

Indicators

We aim to increase the number of applicants of the lesser represented gender in the specific position or department, and we internally follow up on our progress in this area.

We further wish to achieve a reasonable representation of both genders within the global management team, as well as on the Board of Directors.

Our target is that the gender composition within the global management team should represent the overall gender profile of our general global workforce.

Within the Board of Directors, our target is to have minimum one female member by 2020.

Performance

At year-end 2018, 18% of our global workforce was female and 82% male. To compare, 20% of the global management team was female. Thus, we are satisfied with our ability to promote the lesser represented gender in management positions, however, we acknowledge the challenge we face in our industry to attract female talent.

Within the Board of Directors and the Executive Management, there were no changes to the gender composition and the members are all male.

HEALTH & SAFETY AT WORK

Our policy

Our employees must always feel safe at work; they should never worry about being involved in an accident at work or being physically or psychologically worn out because of their job.

We consider safety in the workplace a fundamental right and prerequisite for well-being and job satisfaction.

Our actions

At all our locations, we continuously engage our employees in discussions regarding safety issues, and we use safety representatives among the workforce to promote safe procedures.

In our MRO facilities, we conduct regular safety reviews of all workstations, and share findings and knowledge between our sites. Our key efforts relate to the continuous training of employees in high risk positions.

We undertake a variety of different initiatives at our sites to also promote health within TP Aerospace, including the offering of professional health assessments through external partners as well as social activities revolving around physical exercise.

Key risk

A key risk relates to the occupational accident in our workshop, where our employees work with heavy components and machinery daily.

Indicators

We define targets for the maximum number of lost time injuries per 1 million hours worked.
In 2019, we will conduct our first global workplace assessment, which will provide us with data on our employees' overall job satisfaction and rating of TP Aerospace as a workplace, which will enable us to define targets and follow the development in employee job satisfaction throughout our global operations.

Performance

No lost time injuries were recorded in 2018.

ENVIRONMENT & CLIMATE

Our policy

We want to contribute to sustainable development, and we have committed ourselves to continuously asses and optimize our processes and procedures to minimize the environmental impact of our operations.

Our actions

During the year, we continued our efforts to reduce our environmental footprint, focusing on reducing our carbon emissions and securing proper waste management.

Most of our energy consumption derives from our MRO facilities. As part of our strategy, we continue to evaluate opportunities for converting to renewable energy at all our facilities and to optimize general production procedures to reduce electricity use. During 2018, we launched an MRO automatization project, which entails the installation of new and more efficient equipment in our facilities, ultimately allowing us to work not only smarter but also reduce our energy use.

The transportation of goods between TP Aerospace and our customers as well as between sites is outsourced to third party freight companies. To reduce gasses emitted in our value chain as a direct cause of our operations, we continue to work to optimise our logistics procedures without compromising our commitment to our customers. During the year, our focus was on increasing the use of sea freight rather than higher impact transportation modes, such as air and ground freight.

To ensure proper waste management procedures throughout our global operations, we are currently working to integrate our scrapping policy into our quality management procedures.

Key risk

The key risk relates to the level of CO2 emissions deriving from our operations. Due to the nature of our business, our greatest carbon footprint derives from indirect emissions from two main sources: electricity used at our facilities and transportation of parts.

Another key environmental risk relates to waste management and the potential impacts of scrapping heavy components, such as wheels and brakes when they reach end of life.

Indicators

We are working to establish an efficient procedure for measuring total energy consumption in proportion to our activity. Similarly, we are working with our freight contractors to strengthen the data foundation for the level of emissions deriving from our transport operations as well as on the proportion of transactions that is transported by air. Based on this data, we will be able to monitor the effect of our efforts and define realistic yet ambitious targets to ensure we reduce our environmental impact.

Performance

Due to the dynamic nature of our business, changing to significantly slower transportation modes requires major changes to our daily operations, and thus the work continues into 2019 to find sustainable solutions to this challenge.

In general, we experience an increased awareness regarding energy consumption amongst our employees, and we look forward to having quantitative data to support this assertion.

ANTI-CORRUPTION

Our policy

High business ethics is at the core of how we conduct business, and we want to supply high-quality products to a market characterized by fair competition. Thus, we have a zero tolerance towards corruption and bribery, even when taking a stand on the matter may result in commercial losses.

Our actions

We are committed to compliance with all anti-corruption laws, which can be challenging in a constantly changing regulatory environment. We must always comply with the global minimum standards as well as with local regulations in the areas in which we operate.

We continuously work to integrate our Corporate Responsibility Policy, which is aligned with the principles of the United Nations Convention against Corruption along with various national laws, including the UK Bribery Act, into our day-to-day business. The policy is made operational in our global Code of Conduct, which provides guidance to employees on how to avoid being involved in any corrupt or unethical practices.

Demands for facilitation payments remain a challenge in some of the markets we serve, and in 2018 we continued our efforts to increase awareness and understanding of the illegality of such payments.

In 2019, we will implement a whistleblower scheme to allow stakeholders to anonymously report concerns of compliance violations and illegal and unethical behaviour by someone within our organisation.

Key risk

Our greatest anti-corruption risk relates to non-compliance and bribery, mainly facilitation payments. Whereas compliance risk derives from our highly global operations, causing us to be subject to a variety of legislation schemes, bribery risk often arises when officials demand an extra fee to allow our goods to clear customs. This is a big challenge in certain cultures where facilitation payments are not considered bribery.

Indicators

We have a clear aim of avoiding any kind of violation of anti-corruption rules and legislation.

Performance

TP Aerospace was not involved in any compliance violations in 2018.

BOARD OF DIRECTORS

Flemming Jensen
Chairman,
Born 1959, Appointed by CataCap, Member since 2017
Flemming holds the position of CEO of DSB, the Danish Railways, but brings almost 30 years' experience from aviation. He is a trained pilot from the Royal Danish Air Force and spent almost 10 years as a fighter pilot. He entered the commercial aviation industry in the 80's, first with Sterling Airways and later SAS as Captain and Chief Pilot, respectively. Before joining DSB in 2015, Flemming had held the position of COO of SAS for several years.

Peter Ryttergaard
Deputy Chairman,
Born 1970, Appointed by CataCap, Member since 2017
Peter is a partner in the Danish private equity fund CataCap and has a strong operational background. He holds an Executive MBA from the Cranfield School of Management and a Master's in accounting from Copenhagen Business School. Throughout his career, he has gained extensive experience within private equity, but has also gained insight into the aviation industry as CFO of FLS Aerospace/SR Technics UK.

Andrew Hoad
Member,
Born 1963, Appointed by CataCap, Member since 2017
Andrew is an aviation veteran having been in the industry for more than half his life. He is particularly strong in the technical elements of aviation and holds a degree in Mechanical Engineering. Throughout his more than 30 years in the industry, Andrew has held various positions within Rolls-Royce, Cathay Pacific Airways/HAECO in Hong Kong and FLS Aerospace. Most recently, he comes from 14 years as Senior Vice President, Engineering of Emirates in Dubai.

Jesper Blom
Member,
Born 1969, Appointed by Peter Lyager and Thomas Ibso through their respective holding companies, Member Since 2017
Jesper is currently the CFO of Andersen Biler - the largest car retailer in Zealand, Denmark, and has worked with TP Aerospace as an auditor and advisor before joining the Board of Directors. He holds a degree as a Chartered Accountant and has been with both KPMG and Deloitte, and having worked as an auditor and advisor for e.g. Air Greenland, ST Aerospace, Aviator and the former Maersk Air, Jesper knows his way around aviation.

Vilhelm Hahn-Petersen
Member,
Born 1960, Appointed by CataCap, Member since 2017
Vilhelm is a partner in the Danish private equity fund CataCap and he is experienced in strategic and operational management from both the Danish and international business environments. He holds a degree in political science from Aarhus University and has several years' experience from the aviation industry, first as CEO of FLS Aerospace and later as COO of easyJet.

Michael Humphreys
Member,
Born 1964, Appointed by CataCap, Member since 2018
Since obtaining a BSc. in Aeronautics and Astronautics from the University of Southampton, Michael has held a number of senior executive positions in aircraft MRO providers including CEO of FLS Aerospace, EVP of Component services at SR Technics and, most recently, President of Airinmar. Through more than 30 years' experience from the commercial aviation aftermarket, Michael has obtained strong skills in strategy and business development.

EXECUTIVE MANAGEMENT

Peter Lyager
CEO,
Born 1971
Peter has held the position as CEO since the company's start in 2008. After completing his military service with the Royal Danish Navy, Peter acquired a B.Sc. in Economics and Business Administration from Copenhagen Business School. Today, he has 20 years of experience from the aviation industry and has held various positions at Leki Aviation and Deloitte prior to founding TP Aerospace.

Thomas Ibsø
President,
Born 1975
As founder, Thomas has held the position as President since 2008. He entered the aviation industry after completing his military service with the Danish Artillery Regiment. He has more than 20 years' industry experience, where his main focus has been on aftermarket sales and business development across a broad range of aviation products lines.

Nikolaj Lei Jacobsen
CFO,
Born 1983
Nikolaj joined TP Aerospace as CFO in March 2018 and has a strong background in corporate finance and strategy. He holds a MSc in Business Administrations from Aarhus University, and is an International Finance Graduate from Novozymes. After more than five years in different finance positions, he spent three years with Chr. Hansen in the position of Finance Director and Divisional CFO, before embarking on a career in aviation with TP Aerospace.

Chapter 4

FINANCIAL STATEMENT

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Chapter 4

CONSOLI-DATED FINANCIAL STATEMENTS

KEY FIGURES

	2018 USD'000	2017 (8 months) USD'000
Financial highlights		
Profit and loss accounts		
Revenue	110,722	64,427
Gross profit	58,755	31,820
Operating profit before special items	18,679	11,115
Operating profit after special items	15,447	6,434
Net financials	-3,090	-3,684
Profit for the period	9,904	1,601
Balance sheet		
Non-current assets	92,281	73,866
Investments in tangible assets	40,694	13,138
Total assets	180,482	132,662
Total equity	86,307	66,497
Cash flows		
Net cash flow from operating activities	-7,991	-1,107
Net cash flow from investing activities	-21,771	-82,624
Cash flow from financing activities	31,754	84,529
Empolyees		
Average number of employees	252	220
Key Ratios		
Gross margin -%	53%	49%
Operating profit before special items margin -%	17%	17%
Operating profit after special items margin -%	14%	10%
Return on equity -%	11.5%	2.4%
Equity ratio -%	47.8%	50.1%

TPA Holding I A/S was established at 8 March 2017, the consolidated figures for the financial year 2017 includes only the period 27 April - 31 December 2017.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS 1 JANUARY - 31 DECEMBER

	Notes	2018 USD'000	2017 (8 months) USD'000
Revenue	3	110,722	64,427
Cost of sales		-44,541	-28,279
Other external expenses		-7,426	-4,328
Gross profit		**58,755**	**31,820**
Staff costs	4	-18,136	-10,266
Depreciation, amortisation and impairment losses	5	-21,940	-10,439
Operating profit before special items		**18,679**	**11,115**
Special items	7	-3,232	-4,681
Operating profit after special items		**15,447**	**6,434**
Finance income	8	2,385	540
Finance costs	9	-5,476	-4,224
Profit before tax		**12,357**	**2,750**
Tax on profit for the year	10	-2,453	-1,149
Profit for the period		**9,904**	**1,601**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 1 JANUARY - 31 DECEMBER

	Notes	2018 USD'000	2017 (8 months) USD'000
Profit for the period		9,904	1,601
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of subsidaries -net		276	-247
Fair value changes for the year, cash flowhedge	23	68	66
Income tax relating to these items		-15	-15
Other comprehensive income for the period, net of tax		**329**	**-196**
Total comprehensive income for the period		**10,233**	**1,405**

CONSOLIDATED BALANCE SHEET 31 DECEMBER

	Notes	2018 USD'000	2017 USD'000
Intangible assets	11	49,047	49,396
Property, plant and equipment	12, 13	43,234	24,470
Total non-current assets		**92,281**	**73,866**
Inventory	15	64,543	42,715
Trade receivables	16	15,966	14,072
Receivables from group enterprises		253	0
Other receivables		2,837	728
Prepayments		1,738	410
Cash		2,863	871
Total current assets		**88,201**	**58,796**
Total assets		**180,482**	**132,662**

CONSOLIDATED BALANCE SHEET 31 DECEMBER

	Notes	2018 USD'000	2017 USD'000
Share capital	18	651	651
Share premium		64,441	64,441
Reserve for exchange rate translation		29	-247
Reserve for cash flow hedges		104	51
Retained earnings		21,082	1,601
Total equity		**86,307**	**66,497**
Borrowings	19	60,101	30,079
Lease liability	13, 19	6,478	0
Provisions	20	1,077	618
Deferred tax liabilities	14	876	840
Total non-current liabilities		**68,532**	**31,537**
Borrowings	19	3,530	21,721
Lease liability	13, 19	2,036	0
Trade payables		12,750	8,596
Current income tax liabilities		2,867	994
Payables to group enterprises		1,770	0
Other payables		2,282	2,212
Prepayments from customers		408	1,105
Total current liabilities		**25,643**	**34,628**
Total liabilities		**94,174**	**66,165**
Total equity and liabilities		**180,482**	**132,662**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital USD'000	Share premium USD'000	Reserve for exchange rate translation USD'000	Reserve for cash flow hedges USD'000	Retained earnings USD'000	Total USD'000
Equity at 27.04.2017	73	0	0	0	0	73
Profit for the period 27.04.2017 - 31.12.2017	0	0	0	0	1,601	1,601
Fair value change in the year, cashflow hedges	0	0	0	51	0	51
Exchange differences regarding subsidiaries in another currency	0	0	-247	0	0	-247
Total comprehensive income for the period	0	0	-247	51	1,601	1,405
Transactions with owners in their capacity as owners						
Capital increase	578	64,441	0	0	0	65,019
Total transactions with owners in their capacity as owners	578	64,441	0	0	0	65,019
Equity at 31.12.2017	**651**	**64,441**	**-247**	**51**	**1,601**	**66,497**
Profit for the period 01.01.2018 - 31.12.2018	0	0	0	0	9,904	9,904
Fair value change in the year, cashflow hedges	0	0	0	53	0	53
Exchange differences regarding subsidiaries in another currency	0	0	276	0	0	276
Total comprehensive income for the period	0	0	276	53	9,904	10,233
Transactions with owners in their capacity as owners						
Group contribution	0	0	0	0	9,577	9,577
Total transactions with owners in their capacity as owners	0	0	0	0	9,577	9,577
Equity at 31.12.2018	**651**	**64,441**	**29**	**104**	**21,082**	**86,307**

CONSOLIDATED CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	Notes	2018 USD'000	2017 USD'000
Operating profit after special items		15,447	6,434
Depreciations and amortisations	28	3,356	1,034
Change in net working capital	26	-23,124	-4,214
Cash flows from primary operating activities		-4,321	3,254
Interests paid		-3,090	-1,670
Income taxes paid		-580	-2,691
Net cash flow from operating activities		**-7,991**	**-1,107**
Payment for acquisition of subsidiary, net of cash acquired		0	-70,036
Payments for property, plant and equipment		-11,130	-12,588
Lease asset and other non-cash changes		-10,641	0
Net cash flow from investing activities		**-21,771**	**-82,624**
Proceeds from borrowings	27	12,147	19,437
Proceeds from intergroup borrowings		1,517	0
Share capital and capital increase		0	65,092
Group contribution		9,577	0
Lease liability		8,513	0
Cash flow from financing activities		**31,754**	**84,529**
Net cash flow for the year		**1,992**	**798**
Cash and cash equivalents, beginning of the year		871	73
Cash and cash equivalents at end of the year		**2,863**	**871**

NOTES

1. ACCOUNTING POLICIES

TPA Holding I A/S was founded on 8 March 2017. TP Aerospace Holding A/S was acquired on 27 April 2017.

The consolidated accounts include the parent company TPA Holding I A/S and subsidiaries in which TPA Holding I A/S directly or indirectly holds more than 50% of the voting rights or otherwise has a controlling interest.

The Consolidated Financial Statements for TPA Holding I A/S have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union as well as additional Danish disclosure requirements applying to entities of reporting class C (large).

Early adoption of standards

The annual report is prepared according to standards and interpretations effective for financial years beginning on 1 January 2018. The Group has early adopted IFRS 16 "Leasing", which mandatory should have been adopted 1 January 2019. The adoption of IFRS 16 has affected EBIDTA with USD 1,865k, EBT with USD -278k, fixed assets with USD 8,234k and non-current liabilities with USD 8,513k. Due to the exemptions in IFRS 16 for early adoption, no changes have been made to the comparative figures.

General information on recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Change in accounting estimates

Change of method for estimating impairment of trading inventory
The group has changed methods for estimating provisions for impairment of units on Trading inventory. The new method is based on comparison of the book value and internal market data for net realisable value per part number. Provision for impairment is made when the book value per part number, is above the net realisable value. The new method is implemented and effective from 01.01.2018.

It replaces the previous method, where impairment was estimated through a generic and systematic linear principle.

The change in estimate have affected 2018 by increasing EBITDA and Inventory with USD 2,100k, tax cost with USD 462k and increasing equity with USD 1,638k.

Change of method for estimating core values
The group has changed methods for estimating core values in CFR and LFL programmes. The new method estimates core value to be the standard cost of the initial purchase. The new method is implemented and effective from 01.01.2018. Impairment is evaluated once a year.

It replaces the previous method, where core values were written down in accordance with an historic cost price model. Core values of units purchased prior to 01.01.2018, has not been changed, but will undergo the same yearly impairment test as under the new method.

The change in estimate have affected 2018 by increasing EBITDA with USD 1,567k, Tax expenses with USD 345k, Fixed Assets with USD 1,567k and Equity with USD 1,222k.

New standards

The IASB has issued a number of new or amended standards and interpretations effective for financial years beginning after 1 January 2018. There are no IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

As mentioned in the section "early adoption of standards", the group has adopted IFRS 16 with effect for the financial year beginning 1 January 2018.

Basis of consolidation

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

On consolidation, elimination is made of intra-group income and costs, shareholdings, intra-group balances and dividend and realised and unrealised profits or losses on transactions between the consolidated companies.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

Foreign currency translation

Functional and presentation currency
Items in the financial statements of each of the reporting companies of the Group are measured in the currency of the primary economic environment in which the company operates (the functional currency).

The financial statements are presented in Dollars (USD), due to the Group's international activities, which is also the parents functional currency. The financial statements have been rounded to the nearest thousand.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs.

Group companies
The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
b) Income and expenses for each income statement are translated at average exchange rates; and
c) All resulting exchange differences are recognised in other comprehensive income.
Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets

and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group.

Identifiable assets, liabilities and contingent liabilities of acquired businesses are measured initially at fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Revenue

In the trading business revenues consist of sale of repaired or overhauled wheels and brakes to different types of aircrafts. In the program business the group delivers repaired or overhauled wheels or brakes to its customers either as a service (CFR) or as sale of the repaired or overhauled wheel or brakes (LFL). In the program business, the group exchanges the core units of the wheel or brake (core asset) with its customers core unit and the sale therefore consists of the repair or overhaul of the wheel or brake. Other revenue consists of leasing out wheels and brakes to aircrafts and of maintenance, repair or overhaul of wheels or brakes for customers (MRO).

Sale of goods in trading, LFL business and MRO

Sale are recognized at a point in time, when control of the wheels or brakes has transferred to the customer, being when they are delivered to the customer and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the wheels and brakes are handed over to the customer at the company's shop or when the customer takes delivery from an in-house stock of parts and thereby accepts the products in accordance with the sales contract. In the MRO business revenue is recognized, when the maintanence, repair or overhaul is finalised, delivered and invoiced to the customer.

There is no volume discounts or other variable payments in these contracts and no element of financing. Revenue are therefore recognized with the amount specified in the contract. A receivable is recognized at this point, as this is the point in time where the sales transaction is unconditional, because only the passage of time is required before the payment is due.

Sale of services in the CFR business

The CFR business provides services in the form of repair and overhaul of wheels and brakes. Revenue from providing services is recognized over time in the period in which the services are rendered. In the CFR business, the service is delivered over the period, where the customer uses the wheels and brakes on its planes. Revenue is recognized based on the amount of cycles (landings) the customers has inurred with the wheels and brakes in the given period.

Any increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

The group fulfil their performance obligations upon delivery at one point in time or over a short period of time. The payment terms follow the industry and are individually negotiated. No contracts have a significant financing element and no contracts comprise variable consideration elements. The group has no obligations for returns and refunds.

Cost of sales of goods

Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs. Such costs include amounts for the restoration liability the Group has for the customer owned assets that could be included in some CFR programs (mutual pools), based on an estimate of the expected expenses.

Other external expenses

Other external expenses include expenses relating to the Group's ordinary activities, including expenses for premises, stationery, office supplies, marketing costs, losses on receivables, etc. This also includes write-downs of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to intangible assets and property, plant and equipment comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives if the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Special items

Special items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

Finance income

Finance income comprises interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Finance expenses

Finance expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Income tax and deferred tax

The company is jointly taxed with the parent company CC Green Wall Invest ApS and other Danish companies. The Danish income tax payable is allocated between the jointly taxed Danish companies based on their proportion of taxable income (full absorption including reimbursement of tax deficits). The jointly taxed companies are taxed under the Danish Tax Payment Scheme. Additions, deductions and allowances are recognised under financial income or financial costs.

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGU's, or groups of CGU's, that is expected to benefit from the synergies of the combination. Each unit or group

of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Customer Contracts

The customer contracts were acquired as part of a business combination. They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line based on the timing of projected cash flows of the contracts over their estimated useful lives of 10 years.

Impairment of non-financial assets

Intangible assets that have an indefinite useful life (Goodwill) are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairment of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Property, plant and equipment

Leasehold improvements, assets held for lease and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation.

Cost comprise acquisition price and costs directly related to the acquisition until such time as the assets are ready for use.

Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values over their estimated useful lives, as follows:

Leasehold improvements	3-5 years
Other fixtures and fittings, tools and equipment	3-20 years
Assets held for lease-out	20 years
Buildings	20 years
Core units for wheels and brakes, included in other fixtures and fittings	20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses arising from disposal of property, plant and equipment are calculated as the difference between the sales price less sales costs and the carrying amount at the time of sale. Gains and losses are recognised in the profit and loss account as other operating income or other operating costs.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. An impairment loss is recognised in the income statement when the impairment is identified.

Leases and lease obligations

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease obligation
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and restoration costs.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor.

Inventories

Inventories are measured at the lower of cost on the basis of standard cost price and net realisable value.
Cost consists of purchase price plus delivery cost.

Cost prices of goods sold are calculated based on the sales price (or the estimated sales price for group internal sales) and the assumed fixed gross margin. The net realisable value of the inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are initially recognised at fair value adjusted for any transaction costs. Subsequently, receivables are measured at amortised cost, as the receivables are assets held for collection of cash flows, where the cash flows represents solely payments of principal and interest. Amortised cost usually corresponds to the nominal value. Write-down is made to net realisable value to provide for expected losses.

For trade receivables the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Prepayments

Prepayments comprise incurred costs related to CFR program activities and prepayments in advance for subsequent financial years. Prepayments are measured at cost.

Equity

Reserve for exchange rate translation

The reserve for exchange adjustments consists of exchange rate differences that occur when translating the foreign subsidiaries financial statements from their functional currency into the Group's presentation currency. On disposal of the net investment, the reserve for exchange adjustments of that foreign subsidiary is recognised in the income statement. Reduction of a net investment in a foreign operation which does not result in loss of control is not treated as a disposal.

Reserve for cash flow hedges

The reserve for hedge accounting consists of the effective portion of gains and losses on hedging instruments designated as cash flow hedges.

Dividend distribution

Dividends are recognised as a liability at the time of adoption at the general meeting.

Provisions

Lending of assets included in the programs by customers (mutual pool) occasionally in connection with the CFR program activities. In case that these programs end, the Company must return similar assets in the same condition as when the lending took place. The provisions include an amount counterbalancing the restoration liability based on an estimate of the expected expenses. The liability is recognised during the application period of the lend assets. The provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Borrowings

Borrowings are initially recognised at fair value, net of transaction expenses incurred. Borrowings are subsequently measured at amortised cost. Any differences between the proceeds and the redemption value are recognised in the income statement over the period of the borrowings using the effective interest method.

Other liabilities

Other debt or liabilities covering trade creditors and other debt are recognised at amortized cost, which usually corresponds to the nominal value.

Prepayments received from customers (contract liabilities)

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed. Contract liabilities represent mainly obligations in relation to CFR programmes where there may be an obligation to maintain, repair and overhaul (MRO) customer owned units.

Statement of cash flow

The cash flow statement shows the consolidated cash flows during the year distributed on operating, investing and financing activities, changes in cash and cash equivalents at the beginning and at the end of the year.

Cash flows from operating activities are calculated using the indirect method and comprise profit for the year adjusted for non-cash items, changes in working capital, interest paid and received etc., and payments of corporate tax.

Cash flows from investing activities comprise payments in connection with acquisitions and divestment of businesses and purchase and sale of enterprises, activities and fixed asset investments as well as purchase, improvement and sale, etc. of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases, and short term bank debt.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares, and payment of dividend.

Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand and bank deposits.

Consolidated Key Figures

The key figures and financial ratios have been prepared on a consolidated basis. The financial ratios have been calculated in accordance with the following definitions:

- Gross margin is calculated as the gross profit divided by net revenue.
- Operating profit before special items margin is calculated as the operating profit before special items margin divided by net revenue.
- Operating profit after special items margin is calculated as the operating profit after special items margin divided by net revenue.
- Return on equity is calculated as the profit or loss for the year after tax divided by the equity.
- Equity ratio is calculated as the equity divided by the total assets.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

The judgments, estimates and assumptions made are based on historical experience and other factors that Management considers to be reliable, but which by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise. The most critical judgments, estimates and assumptions for the individual items are described below.

The Group is also subject to risks and uncertainties that may lead to actual results differing from these estimates, both positively and negatively.

Business combinations

Upon acquisition of enterprises, the assets and liabilities of the acquired enterprise are recognised under the acquisition method in accordance with IFRS 3. The most important assets acquired comprise goodwill, customer relations, inventories and receivables. No active market exists for the major part of the acquired assets and liabilities, which applies particularly to acquired intangible assets. Therefore, Management prepares an estimate of the fair value of the acquired assets, liabilities and contingent liabilities. Depending on the nature of the item, the stated fair value may be subject to uncertainty and may subsequently be adjusted. Unallocated purchase prices (positive amounts) are recognised in the balance sheet as goodwill attributable to groups of cash-generating units. Management prepares estimates when determining cash-generating units.

Customer relations

The value of customer relations and the expected useful life are assessed based on long-term and stable relations with the customers and the expected related profitability.

The measurement is based on the expected cash flows from customer relations, costs relating to invested capital, the tax effect and a calculated discount rate.

The carrying amount of customer relations is USD 2,908k at 31 December 2018.

Impairment test of goodwill

The Group annually tests whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1.

The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

The estimates and assumptions are based on historical experience and other factors, such as management but as by nature it is uncertain and unpredictable. Due to the risks and uncertainties which the group is subject to, actual outcomes may differ from the estimates made.

Goodwill amounts to USD 46,139k and no impairment losses has been recognised in 2018. Information on the impairment test are disclosed and described in note 11.

Property, plant and equipment (depreciation period)

The Group recognises its core units as property, plant and equipment with respect to core units included as part of the Group's programme activities. Core units used for the Group's programme activities are subject to impairment during their useful lives that ends, at the same time as the aircraft platform it services, is terminated.

The depreciation period has been determined at 20 years for these core units. Management's estimate of the expected useful lives is based on historical experience and market data factors, but is naturally subject to uncertainty.
The depreciation periods for core units are reassessed every year.

Costs for maintenance, repair and overhaul (MRO) of wheels and brakes are capitalised as part of fixed assets related to the enterprises' CFR programme activities and are depreciated over three months in respect of the wheels and eight months in respect of the brakes.

The deprecation periods have been determined based on an estimated average useful life for wheels and brakes, respectively.

The depreciation periods for maintenance, repair and overhaul (MRO) are reassessed every year.

Provisions

Lending of assets included in the programs by customers (mutual pool) occasionally occur in connection with the CFR program activities. In case that these programs end, the Company must return similiar assets in the same condition as when the lending took place. The provisions for such restoration liabilities include an amount counterbalancing the expected expenses. The amount is based on an estimate.

Revenue

Revenue related to programs are recognised as a service exclusive of the value of the core assets that are exchanged during delivery within the program as they are considered exchange of assets of similar nature and value. Cost of the delivered core asset is transferred for recognition as cost of the core asset received.

For assets to be included in programs, the allocation of total cost between the core element and the MRO element, respectively, is determined at the first exchange based on an estimate.

The sales value of the CFR programs is recognised concurrently with the customer's use of the asset delivered (per cycle). Cost related to CFR programs are depreciated over the expected average period until the next exchange calculated for wheels and brakes in all CFR programs, this period is based on an estimate.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

	2018 USD'000	2017 (8 months) USD'000
The group has recognised the following amounts of revenue in the statement of profit and loss:		
Revenue from contracts with customers	107,156	62,237
Other revenue, lease revenue	3,566	2,190
Total	**110,722**	**64,427**

	Trading	Programmes		MRO & Leasing	
		LFL	CFR		Total
2018	USD'000	USD'000	USD'000	USD'000	USD'000
Revenue from contracts with customers	55,372	22,582	26,745	6,023	110,722
Total	**55,372**	**22,582**	**26,745**	**6,023**	**110,722**
Timing of revenue recognition					
At point in time	55,372	22,582	0	2,457	80,411
Over time	0	0	26,745	3,566	30,311
Total	**55,372**	**22,582**	**26,745**	**6,023**	**110,722**

	Trading	Programmes		MRO & Leasing	
		LFL	CFR		Total
2017 (8 months)	USD'000	USD'000	USD'000	USD'000	USD'000
Revenue from contracts from customers	32,784	14,838	12,700	4,105	64,427
Total	**32,784**	**14,838**	**12,700**	**4,105**	**64,427**
Timing of revenue recognition					
At point in time	32,784	14,838	0	1,915	49,537
Over time	0	0	12,700	2,190	14,890
Total	**32,784**	**14,838**	**12,700**	**4,105**	**64,427**

	Europe	USA	Asia	Total
2018	USD'000	USD'000	USD'000	USD'000
Revenue from contracts from customers	67,261	20,967	18,928	107,156
Other revenue, lease revenue	3,469	20	77	3,566
Total	**70,730**	**20,987**	**19,005**	**110,722**
Timing of revenue recognition				
At point in time	47,737	20,140	12,535	80,411
Over time	22,993	848	6,470	30,311
Total	**70,730**	**20,987**	**19,005**	**110,722**
2017 (8 months)				
Revenue from contracts from customers	41,348	11,795	9,094	62,237
Other revenue, lease revenue	2,101	71	18	2,190
Total	**43,449**	**11,866**	**9,112**	**64,427**
Timing of revenue recognition				
At point in time	31,078	10,991	5,553	47,622
Over time	12,371	875	3,559	16,805
Total	**43,449**	**11,866**	**9,112**	**64,427**

There was no revenue recognised in the current reporting period that relates to performance obligations that were satisfied in a prior year.

	2018 USD'000	2017 (8 months) USD'000
The group has recognised the following revenue-related contract liabilities:		
Contract liabilities - Programme, CFR		
Opening balance	618	618
Net additions	459	0
Closing balance	**1,077**	**618**

There were no significant changes in the contract liability balances during the reporting period.
Revenue recognised that was included in the contract liability balance at the beginning of the period:

	2018 USD'000	2017 (8 months) USD'000
Programme, CFR	0	0
Total	**0**	**0**

The Group has not realised any contract liability costs in the period.

4. STAFF COSTS

	2018 USD'000	2017 (8 months) USD'000
Wages and salaries	16,296	10,018
Pensions	422	322
Other social security costs	1,508	842
Other staff costs	1,210	0
Transfered to special items	-1,300	-1,466
Total	**18,136**	**9,715**
Average number of employees	252	220

Key Management Compensation

Key Management includes Board of Directors and Executive Board. The compensation paid or payables to key management for employee services is shown below:

	2018 USD'000	2017 (8 months) USD'000
Wages and salaries	901	383
Pensions	38	19
Long term Bonus	0	0
Other staff costs	1	7
Executive board	**940**	**409**
Remuneration of management in total:		
Executive Board	940	409
Board of Directors	167	32
Total	**1,107**	**441**

Shares program

In 2018 Employees, management and board of TP Aerospace have been offered the opportunity to purchase shares in TPA Green Manco ApS, which is a shareholder of TP Aerospace group. The participants acquired the shares at an estimated market price. If an employee leaves the group before an exit, the company has an option to buy the shares back at an estimated market price. Because the program does not have any negative effect on the company, no expense is recognized in the income statement.

The following table shows the number of shares granted and outstanding at the beginning and end of the reporting period:

Number of shares	2018
As at 1 January	0
Granted during the year	195,544
As at 31 December	**195,544**

5. AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES

	2018 USD'000	2017 (8 months) USD'000
Amortisation	349	233
Depreciation	21,591	10,206
Total	**21,940**	**10,439**

6. AUDIT FEES

	2018 USD'000	2017 (8 months) USD'000
PwC		
Statutory audit	106	98
Tax assurance services	66	0
Other services	191	187
Total	**363**	**285**
Other auditors		
Statutory audit	15	15
Other services	0	8
Total	**15**	**23**

7. SPECIAL ITEMS

	2018 USD'000	2017 (8 months) USD'000
Cost associated to acquisition of the TPA group	0	2,269
Non-recurring writedowns of inventories and receivables	0	730
Net losses related to new operations in Vegas and Dubai	0	1,193
One-off consulting cost to improve group technical operations	0	489
Net losses related to new operations in UK, Thailand, Malaysia and Russia	1,057	0
Non-recurring restructuring of the organisation including management	1,365	0
Moving and upgrading MRO shop in Hamburg	810	0
Total	**3,232**	**4,681**

8. FINANCIAL INCOME

	2018 USD'000	2017 (8 months) USD'000
Interest income	15	1
Exchange rate adjustments	2,371	539
Total	**2,385**	**540**

9. FINANCIAL EXPENSES

	2018 USD'000	2017 (8 months) USD'000
Interest expenses	4,049	1,740
Interest to group companies	35	0
Exchange rate adjustments	1,392	2,484
Total	**5,476**	**4,224**

10. TAX ON PROFIT FOR THE YEAR

	2018 USD'000	2017 (8 months) USD'000
Current tax:		
Current tax on profits for the year	2,840	857
Current tax on profits for previous years	-423	0
Total current tax expense	**2,417**	**857**
Deferred tax:		
Temporary differences	36	292
Total deferred tax assets	**36**	**292**
Income tax expenses for the period	**2,453**	**1,149**
Income tax expenses are specified as follows:		
Calculated 22.0% tax on profit for the year before income tax	2,719	605
Tax effects of:		
Higher/lower tax rate in subsidiaries	45	157
Tax of profits for previous years	-423	0
Tax on other comprehensive income	15	15
Non-deductable expenses	98	372
Total	**2,453**	**1,149**
Effective tax rate	20%	42%

11. INTANGIBLE ASSETS

	Goodwill USD'000	Customer contracts USD'000	Total USD'000
Cost:			
At 27.04.2017	0	0	0
Additions through business combinations	46,139	3,490	49,629
At 31.12.2017	46,139	3,490	49,629
Amortisation and impairment:			
At 27.04.2017	0	0	0
Amortisation for the year	0	233	233
At 31.12.2017	0	233	233
Carrying amount 31.12.2017	**46,139**	**3,257**	**49,396**
Cost:			
At 01.01.2018	46,139	3,490	49,629
At 31.12.2018	46,139	3,490	49,629
Amortisation and impairment:			
At 01.01.2018	0	233	233
Amortisation for the year	0	349	349
At 31.12.2018	0	582	582
Carrying amount 31.12.2018	46,139	2,908	49,047

Impairment test for goodwill

Goodwill is monitored by management at the level of TPA Holding I A/S as one CGU.

The group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of the entity is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a nine-year period.

Cash flows beyond the nine-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which the entity operates.

Key assumptions, long term growth rate and discount rate used in the value-in-use calculations are as follows:

Assumptions at 31.12.2018	
Average sales growth (% annual growth rate) from year 2019 to year 2027	9.9%
EBITA margin (%)	18.0%
Marginal tax rate (%)	22.0%
Long term growth rate (%)	2.0%
Pre-tax discount rate (%)	7.5%
Assumptions at 31.12.2017	
Average sales growth (% annual growth rate) from year 2018 to year 2026	8.0%
EBITA margin (%)	20.0%
Marginal tax rate (%)	22.0%
Long term growth rate (%)	2.5%
Pre-tax discount rate (%)	7.2%

Description of assumptions

Average sales growth is the average annual growth rate over the nine-year forecast period. It is based on past performance and management's expectations of market development.

The development of average sales is expected to be realised based on all the Group's activities, Programs, Trading and MRO and is supported by a documented increasing level of activity with the Group's existing customers and the expectation that new customers will be gained in the budget period. In 2019 and onwards, the Group will invest heavily in being able to meet the requirements and demands of existing and potential new customers.

Industry analyses show that the global aircraft fleet will increased by 3-4 per cent a year up to 2028 and that the airline companies is expected to spend more than USD 2 billion each year on the replacement and maintenance of the wheels and brakes of their aircrafts, which also supports Management's expectations for the average growth rate.

EBITA margin is the average margin as a percentage of revenue over the nine-year forecast period. It is based on the current sales margin levels and expectations to sales mix and the expectation that the budgeted increasing level of activity will have a positive spill-over effect on the Company's EBITA margin.

Marginal tax rate is the expected rate over the nine-year forecast period. It is based on current Danish tax legislation.

Sensitivity to changed assumptions

The calculated value in use of the cash-generating unit is considerably higher than the carrying amount, and the prepared impairment test shows that goodwill and customer relations are not impaired. In Management's opinion, no reasonable likely change to the above-mentioned assumptions will imply that the carrying amount of the cash-generating unit will exceed the value in use significantly.

12. PROPERTY, PLANT AND EQUIPMENT

2018	Land and buildings USD'000	Other fixtures and fittings, tools and equipment USD'000	Leasehold improvements USD'000	Other fixtures and fittings, tools and equipment in progress USD'000	Total USD'000
Cost:					
At 27.04.2017	0	0	0	0	0
Additions through business combinations	148	20,441	309	1,198	22,096
Additions during the year	0	12,919	219	0	13,138
Disposals during the year	0	-9,551	0	0	-9,551
Reclassifications	0	1,198	0	-1,198	0
At 31.12.2017	148	25,007	528	0	25,683
Amortisation and impairment:					
At 27.04.2017	0	0	0	0	0
Exchange differences	0	8	0	0	8
Depreciation for the year	8	10,123	75	0	10,206
Reversal regarding disposals	0	-9,001	0	0	-9,001
At 31.12.2017	8	1,130	75	0	1,213
Carrying amount 31.12.2017	**140**	**23,877**	**453**	**0**	**24,470**
Cost:					
At 01.01.2018	148	25,007	528	0	25,683
Exchange differences	0	126	0	0	126
Additions during the year	10,041	29,581	1,072	0	40,694
Disposals during the year	0	-13,573	-110	0	-13,683
Reclassifications	0	0	0	0	0
At 31.12.2018	10,189	41,141	1,490	0	52,820
Amortisation and impairment:					
At 01.01.2018	8	1,130	75	0	1,213
Depreciation for the year	1,812	19,664	115	0	21,591
Reversal regarding disposals	0	-13,108	-110	0	-13,218
At 31.12.2018	1,820	7,686	81	0	9,586
Carrying amount 31.12.2018	**8,369**	**33,455**	**1,409**	**0**	**43,234**

13. LEASES

Amounts recognised in the balance sheet

The balance show the following amounts relating to leases:

	Land and buildings USD'000	Total USD'000
Right-of-use assets		
Carrying amount 1 January 2018	0	0
Effect of adoption of IFRS 16	3,950	3,950
Corrected carrying amount 1 January 2018	3,950	3,950
Additions	6,091	6,091
Depreciation for the year	-1,806	-1,806
Carrying amount 31 December 2018	8,235	8,235

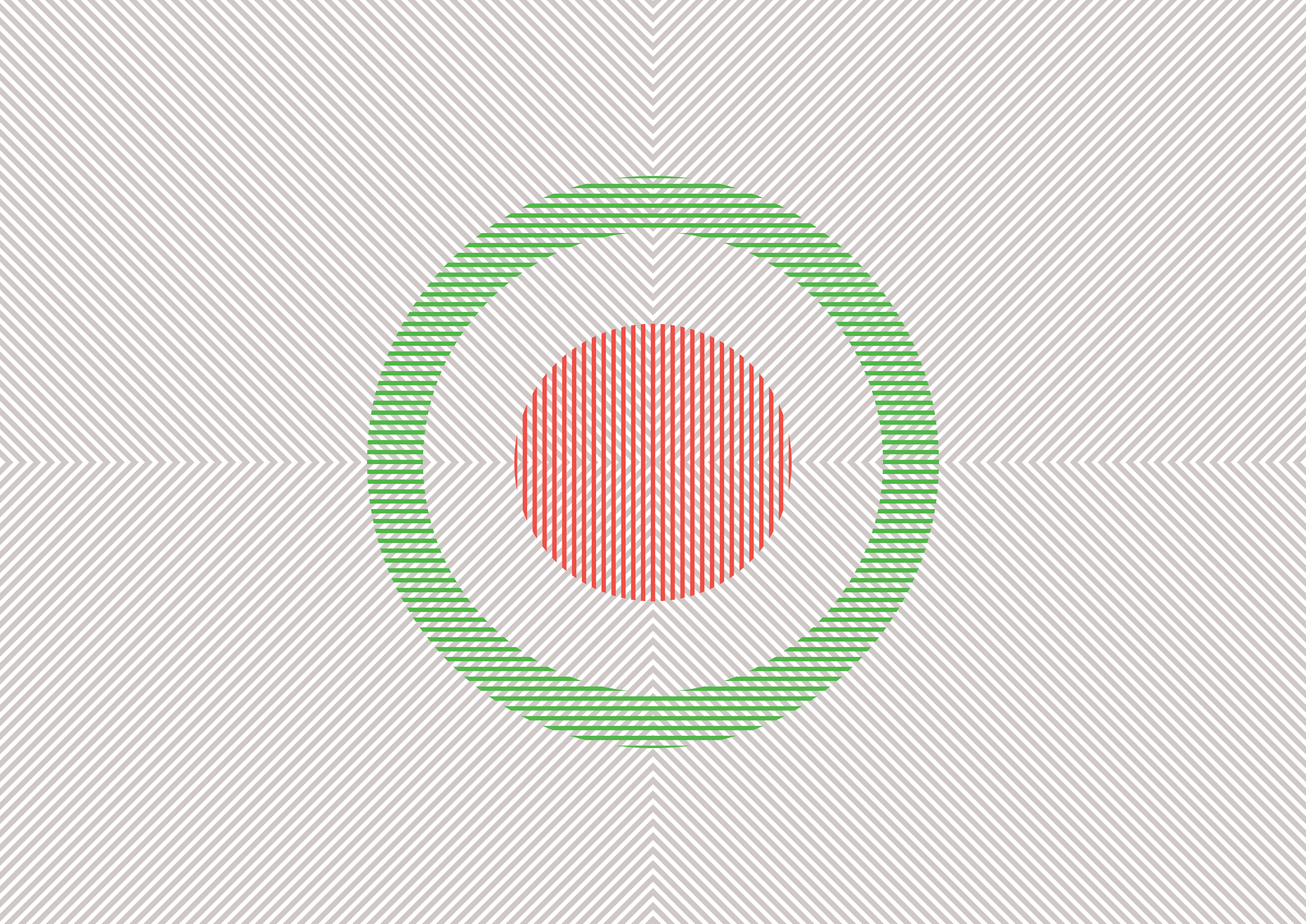
	2018 USD'000
Lease liability	
Non-current	6,478
Current	2,036
Total	**8,513**

Right-of-use assets not recognised in the balance sheet under the two exemption rules, short-term and low-value leases, amounts to USD 65k.

Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2018 USD'000
Depreciation charge of right-of-use assets	
Land and buildings	1,806
Total	**1,806**
Interest expense	
Expenses relating to leases	335
Total	**335**



14. DEFERRED TAX

	2018 USD'000	2017 (8 months) USD'000
Deferred tax at 01.01.2018	-840	0
Additions through business combinations	0	-548
Deferred tax reccognised in the income statement	-36	-292
Deferred tax at 31.12.2018	**-876**	**-840**
Deferred tax relates to:		
Intangible assets	-378	-440
Property, plant and equipment	-796	-586
Provisions	237	136
Amortisation costs	61	28
Other liabilities	0	22
Total	**-876**	**-840**
Of which presented as deferred tax liabilities	876	840

15. INVENTORIES

	2018 USD'000	2017 (8 months) USD'000
Finished goods	65,905	44,812
Total inventories	**65,905**	**44,812**
Less: Provision for inventory reserves	-1,362	-2,097
Total net inventories	**64,543**	**42,715**

The cost of inventories recognised as an expense and included in 'Cost of sales' amounted to USD 39,609k.

Provision for inventory reserves amounts to USD 1,362k at 31 December 2018. Provision for inventory reserves are carried out based on a write-down model used by the Group as a whole. The write-down principles are based on comparison of the book value per part number and internal market data for net realisable value. Write-downs of inventories are made when the book value is above net realisable value.

16. TRADE RECEIVABLES

	2018 USD'000	2017 (8 months) USD'000
Trade receivables and other receivables at 31.12.2018	17,455	15,129
Less provision for impairment of trade receivables	-1,489	-1,057
Trade receivables net	**15,966**	**14,072**
Movement on the Group provision for impairment of trade receivables are as follows:		
Opening balances	1,057	863
Allowances during the year	601	441
Reversed allowances	-169	-247
Impairment of trade receivables at 31.12.2018	**1,489**	**1,057**
Allocation of receivables past due but not impaired by maturity period are as follows:		
Up to 30 days	3,572	2,830
Between 31 and 90 days	2,022	1,219
More than 90 days	1,786	1,367
Overdue net receivables at 31.12.2018	**7,380**	**5,416**

Expected credit losses

The group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information. The credit risk is generally considered immaterial.

17. FAIR VALUES

Financial instruments measured at fair value can be divided into three levels:

Level 1 - Quoted prices in active markets for identical assets or liablilities

Level 2 - Inputs other than quoted prices included in level 1 that are observable for the asset or liability

Level 3 - Inputs for the asset or liability that are not based on observable market data.

The fair value of bank borrowings does not differ significantly from the carrying amount. The fair value of derivatives are calculated on level 2 in the fair value hierarchy using direct quotes.

Fair value measurements at 31 December 2018

	Quoted prices (Level 1) USD'000	Significant other observable inputs (Level 2) USD'000	Significant unobservable inputs (Level 3) USD'000	Total USD'000
Interest rate swap	0	134	0	134
Interest rate cap	0	-36	0	-36
As at 31.12.2018	**0**	**98**	**0**	**98**

Fair values are approximately the same as the carrying amounts.

18. SHARE CAPITAL

The share capital comprise 4,449,950 shares of a nominal value of USD 0.15 each. No shares carry any special rights.

	Number of shares	Nominal value USD'000
Changes in share capital:		
Share capital at 08.03.2017	500,000	73
Capital increase at 27.04.2017	3,949,950	578
Share capital at 31.12.2018	**4,449,950**	**651**

Capital management
The group's objectives when managing capital are to secure the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital. Any surplus liquidity is used to reduce debt.

The board of directors monitors the share and capital structure to ensure that the group's capital resources support the strategic goals.

19. BORROWINGS

The borrowings comprise of acquisition related loans as well as revolving facilities to fund the ongoing operations. There are covenants attached to the loan facilities.

	Effective interest rate	Currency	Maturity	Carrying amount
Loan from credit institution	3.0% - 3.5%	DKK, USD	27 April 2022	17,973
Term Loan	3.25% - 3.75%	USD	27 April 2022	15,134
Revolving Facility	3.0% - 3.5%	DKK, EUR, USD	27 April 2022	18,693
Total bank borrowings at 31.12.2017				**51,800**
Loan from credit institution	3.0% - 3.5%	DKK, USD	26 November 2022	31,220
Term Loan	3.25% - 3.75%	USD	26 May 2022	12,371
Revolving Facility	3.0% - 3.5%	DKK, EUR, USD	26 November 2022	20,040
Total bank borrowings at 31.12.2018				**63,631**

Loan from credit institutions and revolving facilities are structured with commitment cancellation to reflect the Green Sunrise strategy.

Loan from credit institutions starts repayment as of 26 May 2020 and is paid in full at maturity.

Term Loan is repayable in installments as of 27 April 2019 to 26 May 2022.

Revolving facilities starts repayment as of 26 may 2022 and is paid in full at maturity.

20. PROVISIONS

Lending of assets included in the programs by customers (mutual pool) occasionally occur in connection with the CFR program activities. In case that these programs end, the Group must return similar assets in the same condition as when the lending took place. The provisions include an amount counterbalancing the restoration liability based on an estimate of the expected expenses. The liability is recognised during the application period of the lend assets.

	2018 USD'000	2017 USD'000
Provisions at 01.01.2018	618	618
Additions during the year	459	0
Provisions at 31.12.2018	**1,077**	**618**

21. RELATED PARTIES

The group is controlled by TPA Holding II ApS. The groups ultimate parent is CataCap I K/S. "Key management compensation" is disclosed in note 4.

The following transactions were carried through with related parties:

	2018 USD'000	2017 USD'000
Transactions with CataCap I K/S:		
Cost from CataCap I K/S	0	13
Total	**0**	**13**
Transactions with CC Green Wall Invest ApS:		
Proceeds from borrowings	9,483	0
Repayment of borrowings	9,230	0
Total	**18,713**	**0**
Transactions with TPA Holding II A/S:		
Formation of company	0	73
Capital increase	0	65,019
Proceeds from borrowings	1,244	0
Group contribution	9,577	0
Interest expenses on borrowings	35	0
Total	**10,855**	**65,092**

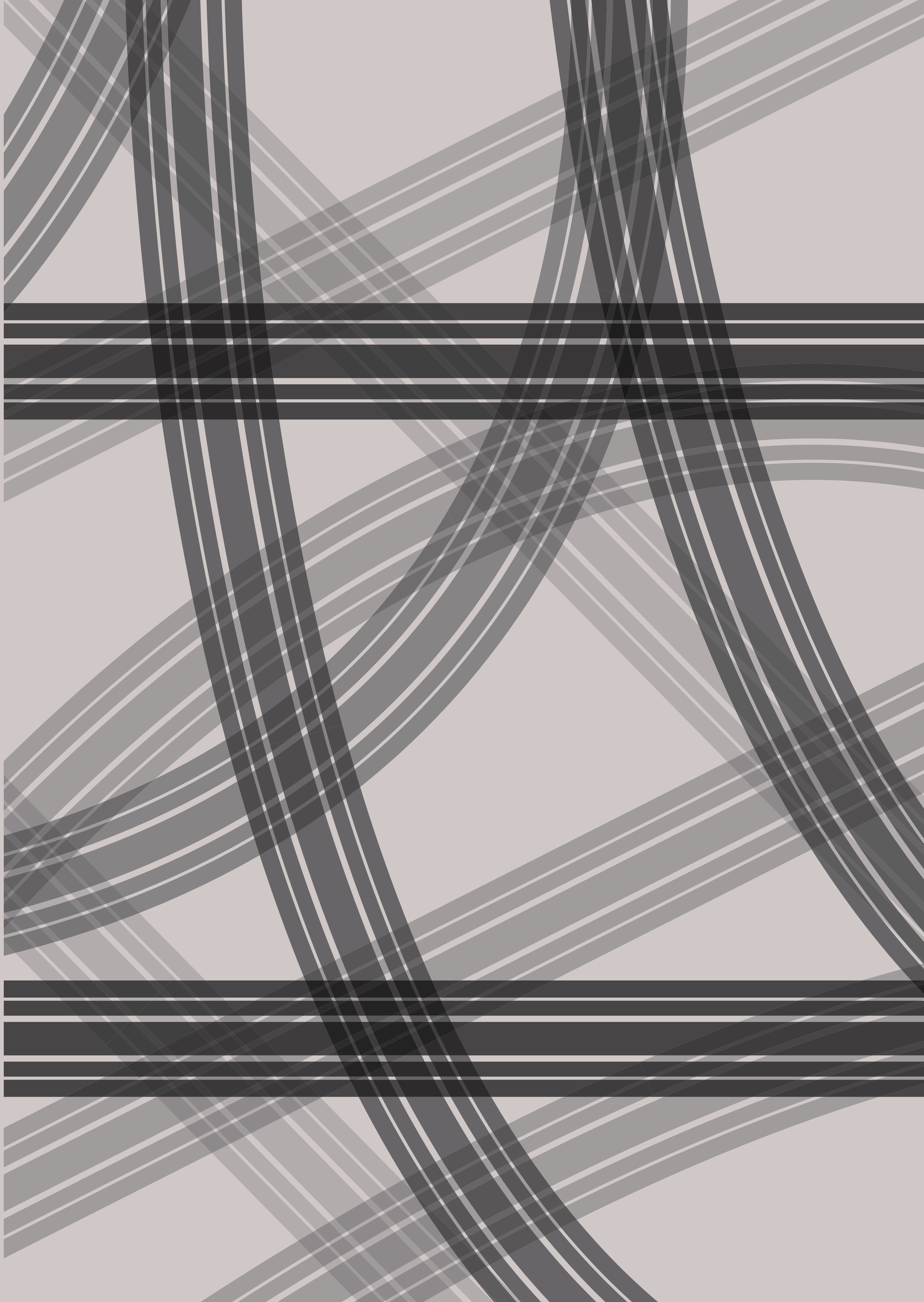
22. COMMITMENTS AND CONTINGENT LIABILITIES

Contingent liabilities

Joint taxation
The group companies are jointly and severally liable for tax on the jointly taxed incomes etc. for the Danish companies of the TP Aerospace Group. The total amount of corporation tax payable is desclosed in the Annual Report of CC Green Wall Invest ApS, 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, tax on royalty payments and tax on unearned income. Any subsequent adjustment of corporation taxes and withholding taxes may increase the Groups liability.

Charges and security
As security for borrowings, as well as group companies' bank commitments, security in share capital, inventory, tangible assets and goodwill, regarding the Group companies TP Aerospace PRO ApS, TP Aerospace Solutions ApS, TP Aerospace Holding A/S and TPA Holding I A/S nominal USD 1.4m, is effective.

Guarantee obligations
The Group has issued a guarantee of payment between the Danish Group companies TP Aerospace PRO ApS, TP Aerospace Solutions ApS, TP Aerospace Holding A/S and TPA Holding I A/S and the Groups credit institutions.



23. FINANCIAL RISK MANAGEMENT

Financial risk factors

The group's activities expose it to a variety of financial risks: currency risk, interest risk, credit risk and liquidity risk. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

The Financial risks of the group are managed centrally. The overall risk management guidelines and policies have been approved by the board of directors. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. Group management manages contracts and risk exposures in accordance with the guidelines and policies and reports to the board of directors on a regular basis.

Market risk

Foreign exchange risk

As a consequence of the Group's structure, most net sales and expenditure in foreign currency are set off against each other, so that the Group is not exposed to major exchange-rate risks.

The groups revenue and expenses are mostly in the functional currency of the operating entity creating a natural currency hedge. Consequently, the group treasury's risk management policy is not to hedge foreign exchange rate risks.

The main borrowings are in USD or DKK. Board of Directors have decided not to hedge borrowings in DKK and the groups main currency risk is therefore related to loan in DKK.

Sensitivity analysis

The group is primarily exposed to changes in DKK/USD exchange rate. The sensitivity of profit or loss to changes in the exchange rates arises mainly from expenses and loans in DKK.

Impact on post tax profit	2018 USD'000	2017 USD'000
DKK/USD exchange rate – increase 10%	3,470	3,037
DKK/USD exchange rate – decrease 10%	-4,241	-3,447

All other variables are held constant.

Interest rate risk

The group's interest rate risk arises from long-term borrowings related to the acquisitions. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest rate risk. Group policy is to hedge as a minimum 67% of the cash flow interest rate risk on the term loan A. The Group uses internest rate swaps to hedge this risk.

Sensitivity analysis

Profit or loss is sensitive to higher/lower interest from borrowings and fair value changes of interest rate derivatives as a result of changes in interest rates. The sensibility analysis are calculated after the impact of the hedging instruments.

Impact on post tax profit	2018 USD'000	2017 USD'000
Interest rates – increase by 100 basis points	510	64
Interest rates – decrease by 100 basis points	-510	64

All other variables are held constant.

Credit risks

Credit risk is managed on group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. For accounts over a certain size group management has to be consulted.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. For banks and financial institutions, only independently rated parties with a high credit rating are accepted. For customers individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

The maximum exposure corresponds to the carrying amount of receivables. Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

The group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses below also incorporate forward looking information. The creditrisk is generally considered immaterial.

23. FINANCIAL RISK MANAGEMENT

Hedging

The group's activities expose it to foreign currency risk and interest rate risk. In order to minimise any adverse effects on the financial performance of the group, derivative financial instruments, such as interest rate swaps are used to fix variable future cash flows. These instruments reduce the uncertainty of interest payments. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

Hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. The effective portion of the change in the fair value of the hedging instrument is deferred into the cash flow hedge reserve through OCI and will be recognised in profit or loss when the hedged item affects profit or loss. This will effectively result in recognising interest expense at a fixed interest rate for the hedged loans.

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt and the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the reporting period.

As the critical terms of the interest rate swap contracts and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the value of the interest rate swap contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying interest rates. The main source of hedge ineffectiveness in these hedge relationships is the effect of the counterparty and the Group's own credit risk on the fair value of the interest rate swap contracts, which is not reflected in the fair value of the hedged item attributable to the change in interest rates.

No other sources of ineffectiveness emerged from these hedging relationships.

The following tables detail various information regarding interest rate swap contracts outstanding at the end of the reporting period and their related hedged items. Interest rate swap contract assets and liabilities are included in the 'Other receivables' and 'Other payables' line items in the consolidated statement of financial position respectively.

There was no ineffectiveness during 2018 in relation to the interest rate swaps.

	Notional principal USD'000	**Amount recognised in OCI USD'000**	**Fair value USD'000**
Interest rate swaps - cash flow hedge	12,371	53	105
As at 31.12.2018	**12,371**	**53**	**105**

Derivative financial instruments – interest rate swaps	**2018 USD'000**	**2017 USD'000**
Carrying amount (Asset)	134	66
Maturity Date	26 May 2022	27 April 2022
Hedge ratio	67%	67%
Weighted average hedged rate for the year	1.79%	1.79%

Liquidity

Cash flow forecasting is performed on group level by management. Management monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the group does not breach borrowing limits or covenants (where applicable) or any of its borrowing facilities. Such forecasting takes into consideration the group's debt financing plans and covenant compliance.

The group has undrawn borrowing facilities of USD 18.7m that may be available for future operating activities and to settle capital commitments.

The table below analyses the group's non-derivative and derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

For floating rate borrowings, the rate at the balance sheet date has been applied.

Non-derivatives	**Less than 1 year USD'000**	**1-5 years USD'000**	**>5 years USD'000**	**Total USD'000**
As at 31.12.2017				
Borrowings	25,258	33,587	0	58,845
Lease liability	0	0	0	0
Trade payables	0	0	0	0
Other payables	3,144	172	0	3,316
Total	**28,402**	**33,759**	**0**	**62,161**
As at 31.12.2018				
Borrowings	5,813	66,681	0	72,494
Lease liability	2,036	5,441	1,037	8,513
Trade payables	12,750	0	0	12,750
Other payables	2,123	159	0	2,282
Total	**22,721**	**72,281**	**1,037**	**96,039**

24. FINANCIAL ASSETS AND LIABILITIES

The group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model with the objective of collecting the contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

	2018 USD'000	2017 USD'000
Financial assets		
Financial assets at amortised cost:		
Trade receivables	15,966	14,072
Other receivables	2,837	728
Prepayments	1,738	410
Cash	2,863	871
Financial assets at fair value over other comprehensive income:		
Interest rate swaps	134	66
Total	**23,538**	**16,147**
Financial liabilities		
Financial liabilities at amortised cost:		
Borrowings	63,631	51,800
Lease liability	8,513	0
Trade payables	12,750	8,596
Other payables	2,282	2,212
Prepayments from customers	408	1,105
Financial liabilities at fair value over profit and loss:		
Interest rate caps	36	61
Total	**87,620**	**63,774**

The carrying amount of the Group's financial assets at Fair Value Through Profit & Loss as disclosed in note 23 best represents their respective maximum exposure to credit risk. The Group holds no collateral over any of these balances.

25. EVENTS AFTER THE BALANCE SHEET DATE

No events have occurred after the balance sheet date of importance to the Annual Report.

26. CHANGES IN NET WORKING CAPITAL

No events have occurred after the balance sheet date of importance to the Annual Report.

	2018 USD'000	2017 USD'000
Changes in inventories	-21,829	-4,960
Changes in trade receivables	-1,894	-3,126
Changes in other receivables and prepayments	-3,436	4,062
Changes in trade payables, other payables and prepayments from customers	4,035	-190
Total	**-23,124**	**-4,214**

27. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2018 USD'000	2017 USD'000
Proceeds from borrowings	12,147	19,437
Repayment of borrowings	0	0
Total	**12,147**	**19,437**

28. DEPRECIATIONS AND AMORTISATIONS

	2018 USD'000	2017 USD'000
Depreciations and amortizations from Note 5	21,940	10,439
Depreciations related to MRO	-18,584	-9,405
Total	**3,356**	**1,034**

Depreciation relating to MRO on the CFR activities has a direct impact on the Group's cash flows, and are therefore adjusted in the cash flow statement for the financial year 2018.

29. EXEMPTION OPTION OF TP AEROSPACE TECHNICS GMBH ACCORDING TO § 264 PAR. 3 GERMAN COMMERCIAL CODE (HGB)

The German subsidiary TP Aerospace Technics GmbH made use of the exemption option in accordance with § 264 par. 3 HGB (German Commercial Code) concerning the obligation to prepare notes and a management report as well as to audit and to disclosure the annual financial statements and the management report for fiscal year 2018.

Chapter 4

PARENT COMPANY FINANCIAL STATEMENTS

PROFIT AND LOSS (PARENT COMPANY) 1 JANUARY - 31 DECEMBER

	Notes	2018 USD'000	2017 (8 months) USD'000
General and administrative expenses		-50	-15
Operating profit		**-50**	**-15**
Finance income	3	585	7,774
Finance costs	4	-979	-8,009
Profit before income tax		**-444**	**-250**
Income tax expenses	5	94	55
Profit for the period		**-350**	**-195**

STATEMENT OF COMPREHENSIVE INCOME (PARENT COMPANY) 1 JANUARY - 31 DECEMBER

	Notes	2018 USD'000	2017 (8 months) USD'000
Profit for the period		-350	-195
Fair value changes for the year, cash flowhedge		68	66
Income tax relating to these items		-15	-15
Other comprehensive income for the period, net of tax		**53**	**51**
Total comprehensive income for the period		**-297**	**-144**

BALANCE SHEET (PARENT COMPANY) 31 DECEMBER

	Notes	2018 USD'000	2017 USD'000
Investment in subsidiaries	6	74,560	64,983
Deferred tax asset	7	9	9
Financial assets		**74,569**	**64,992**
Total non-current assets		**74,569**	**64,992**
Receivables from group enterprises	10	11,900	15,165
Other receivables		134	66
Income tax receivable		79	32
Receivables		**12,113**	**15,263**
Cash		**4**	**2**
Total current assets		**12,117**	**15,265**
Total assets		**86,686**	**80,257**
Share capital	8	651	651
Share premium		64,441	64,441
Reserve for cash flow hedges		104	51
Retained earnings		9,032	-195
Total equity		**74,228**	**64,948**
Borrowings	9	8,832	15,134
Total non-current liabilities		**8,832**	**15,134**
Borrowings		3,539	0
Other payables		87	175
Total current liabilities		**3626**	**175**
Total liabilities		**12,458**	**15,309**
Total equity and liabilities		**86,686**	**80,257**

STATEMENT OF CHANGES IN EQUITY (PARENT COMPANY)

	Share capital USD'000	Share premium USD'000	Reserve for cash flow USD'000	Retained earnings USD'000	Total USD'000
Equity at 08.03.2017	73	0	0	0	73
Profit for the period 08.03.2017 - 31.12.2017	0	0	0	-195	-195
Fair value change in the year	0	0	51	0	51
Other comprehensive income	0	0	0	0	0
Total comprehensive income for the period	**0**	**0**	**51**	**-195**	**-144**
Transactions with owners in their capacity as owners					
Capital increase	578	64,441	0	0	65,019
Equity at 31.12.2017	**651**	**64,441**	**51**	**-195**	**64,948**
Profit for the period 01.01.2018 - 31.12.2018	0	0	0	-350	-350
Fair value change in the year	0	0	53	0	53
Total comprehensive income for the period	**0**	**0**	**53**	**-350**	**-297**
Transactions with owners in their capacity as owners					
Group contribution	0	0	0	9,577	9,577
Equity at 31.12.2018	**651**	**64,441**	**104**	**9,032**	**74,228**

CASH FLOW STATEMENT (PARENT COMPANY) 1 JANUARY - 31 DECEMBER

	Notes	2018 USD'000	2017 USD'000
Operating proft		-50	-15
Change in net working capital	13	-19	15
Impairment losses on investments in subsidiaries		0	7,347
Cash flows from primary operating activities		-69	7,347
Interests received		0	0
Interests paid		-989	-453
Net cash flow from operating activities		**-1,058**	**6,894**
Payment for acquisition of subsidiary, net of cash acquired		0	-71,512
Net cash flow from investing activities		**0**	**-71,512**
Proceeds from borrowings		0	14,833
Repayment of borrowings		-2,822	0
Intergroup borrowings		-5,695	-15,378
Group contribution		9,577	0
Share capital and capital increase		0	65,092
Cash flow from financing activities		**1,060**	**64,547**
Net cash flow for the year		2	-71
Cash and cash equivalents, beginning of the year		2	73
Cash and cash equivalents, end of the year		**4**	**2**

NOTES

Notes

1. ACCOUNTING POLICIES

The Financial Statements for the parent company, TPA Holding I ApS have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union as well as additional Danish disclosure requirements applying to entities of reporting class C (large).

The annual report is prepared according to standards and interpretations effective for financial years beginning on 1 January 2018. No standards or interpretitations have been adopted early.

The parent company has the same accounting policies for recognition and measurement as Group. The parent company's accounting policies deviate from the Group's accounting policies as described below. For a detailed description of the group's accounting policies please refer to the consolidated financial statements, Note 1.

The functional currency of the parent Company is USD. The financial statement have been rounded to the nearest thousand.

Dividend

Dividend from investments in subsidiaries are recognised as income in the parent company profit and loss account in the year where the dividens are declared.

Investments in subsidiaries

Investments in subsidiaries are measured at cost.

Impairment tests are performed on subsidiaries if events or changes in circumstances indicate that their carrying amount may not be recoverable. If cost exceeds the recoverable amount, the carrying amount is written down to the recoverable amount.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

The judgments, estimates and assumptions made are based on historical experience and other factors that Management considers to be reliable, but which by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise. The most critical judgments, estimates and assumptions for the individual items are described below.

The company is also subject to risks and uncertainties that may lead to actual results differing from these estimates, both positively and negatively.

Impairment of investment in subsidiary

The group tests, if there are indicators of impairment, whether investment in subsidiary has suffered any impairment, in accordance with the accounting policy. The recoverable amounts of cash-generating units will be determined based on value-in-use calculations. These calculations require the use of estimates.

For a description of other significant accounting estimates, assumptions and uncertainties please refer to the consolidated financial statements, stated in note 2.

It is the managements judgement that no critical accounting estimates and judgements are made with regards to the accounting principles of the parent company, except for the above described.

3. FINANCIAL INCOME

	2018 USD'000	2017 (8 months) USD'000
Dividend received from subsidiaries	0	7,347
Interest income from group enterprises	585	427
Total	**585**	**7,774**

4. FINANCIAL EXPENSES

	2018 USD'000	2017 (8 months) USD'000
Impairment losses on investments in subsidiaries	0	7,347
Interest expenses	921	602
Interest expenses from group enterprises	0	0
Other financial expenses	58	60
Total	**979**	**8,009**

5. TAX ON PROFIT FOR THE YEAR

	2018 USD'000	2017 (8 months) USD'000
Current tax:		
Current tax on profits for the year	-94	-46
Total current tax expense	**-94**	**-46**
Deferred tax:		
Origination and reversal of temporary differences	0	-9
Total deferred tax assets	**0**	**-9**
Income tax expenses for the period	**-94**	**-55**
Income tax expenses are specified as follows:		
Calculated 22.0% tax on profit for the year before income tax	-98	-55
Tax effects of:		
Adjustments in respect of prior years	4	0
Total	**-94**	**-55**
Effective tax rate	22%	22%

6. INVESTMENT IN SUBSIDIARIES

	2018 USD'000	2017 (8 months) USD'000
Cost:		
At 01.01.2018	72,330	0
Additions during the year	9,577	72,330
At 31.12.2018	81,907	72,330
Impairment:		
At 01.01.2018	7,347	0
Impairment charge	0	7,347
At 31.12.2018	7,347	7,347
Carrying amount 31.12.2018	**74,560**	**64,983**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Vote and ownership
TP Aerospace Holding A/S	Hvidovre	100%
TP Aerospace Solutions ApS	Hvidovre	100%
TP Aerospace PRO ApS	Hvidovre	100%
TP Aerospace Asia Pte. Ltd.	Singapore	100%
TP Aerospace Americas Corp	Las Vegas, US	100%
TP Aerospace Technics LLC	Orlando, US	100%
TP Aerospace Technics NV LLC	Las Vegas, US	100%
TP Aerospace Technics GmbH	Quickborn, Germany	100%
TP Aerospace Asia Technics Pte. Ltd.	Singapore	100%
TP Aerospace Malaysia Sdn. Bhd.	Asia	100%
TP Aerospace Technics FZE	Dubai, UAE	100%
TP Aerospace Technics Pty Ltd.	Melbourne, Australia	100%
TP Aerospace Technics UK LTD.	United Kingdom	100%

7. DEFERRED TAX

	2018 USD'000	2017 (8 months) USD'000
Deferred tax at 01.01.2018	9	0
Deferred tax reccognised in the income statement	0	9
Deferred tax 31.12.2018	**9**	**9**
Deferred tax relates to:		
Amortisation cost, Bank debt	9	9
Total	**9**	**9**

8. SHARE CAPITAL

For a specification of share capital please refer to the consolidated financial statements, Note 18.

9. BORROWINGS

For a specification of the Company's borrowings, please refer to the consolidated financial statements, Note 19.

10. RELATED PARTIES

The company is controlled by TPA Holding II ApS. The company's ultimate parent is CataCap I K/S. "Key management compensation" is disclosed in note 4.

The following transactions were carried through with related parties:

	2018 **USD'000**	**2017** **(8 months)** **USD'000**
Transactions with CC Green Wall Invest ApS:		
Proceeds from borrowings	32	0
Total	**32**	**0**
Transactions with TPA Holding II A/S:		
Formation of company	0	73
Capital increase	0	65,019
Group contribution	9,577	0
Total	**9,577**	**65,092**
Transactions with TP Aerospace Holding A/S:		
Acquisition of TP Aerospace Holding A/S	0	71,488
Dividend received	0	7,347
Interest income	585	427
Proceeds from borrowings	-3,882	7,529
Group contribution	-9,577	0
Cost to TP Aerospace Holding A/S	0	681
Cost from TP Aerospace Holding A/S	0	818
Total	**-12,874**	**88,290**

Expected credit losses – Receivables from group enterprises

At year end TPA Holding I A/S had receivables from group enterprises on USD 11,900k (2017: USD 15,165k). The impairment provision on the receivables from group enterprises are considered as immaterial.

11. COMMITMENTS AND CONTINGENT LIABILITIES

Contingent liabilities

Joint taxation

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc. for the Danish companies of the TP Aerospace Group. The total amount of corporation tax payable is desclosed in the Annual Report of CC Green Wall Invest ApS, 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, tax on royalty payments and tax on unearned income. Any subsequent adjustment of corporation taxes and withholding taxes may increase the Groups liability.

Charges and security

As security for bank loans, as well as group companies' bank commitments, security in share capital regarding the subsidiary TP Aerospace Holding A/S nominal USD 0.3m, is effective.

Guarantee obligations

TPA Holding I A/S has issued a guarantee of payment between the Parent Company TPA Holding II A/S and Nordea Danmark, Filial af Nordea Bank AB (publ), Sverige.

Furthermore TPA Holding I A/S has issued a guarantee of payment between the subsidiaries TP Aerospace PRO ApS, TP Aerospace Solutions ApS and TP Aerospace Holding A/S and Nordea Danmark, Filial af Nordea Bank AB (publ), Sverige.

12. EVENTS AFTER THE BALANCE SHEET

No events have occurred after the balance sheet date of importance to the Annual Report.

13. CHANGES IN NET WORKING CAPITAL

	2018 USD'000	2017 (8 months) USD'000
Changes in other receivables	68	0
Changes in trade and other payables	-88	15
Total	**-19**	**15**

14. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2018 USD'000	2017 (8 months) USD'000
Cash flow from financing activities at 01.01.2018	15.134	0
Proceeds from borrowings	0	15.134
Repayment of borrowings	-2,565	0
Cash flow from financing activities at 31.12.2018	**12.569**	**15.134**

15. CAPITAL MANAGEMENT

For a description of capital mangement please refer to the consolidated financial statements, Note 18.

Chapter 4

SIGNATURES

MANAGEMENT'S STATEMENT

The Boards of Directors and the Executive Board have today considered and adopted the Annual Report of TPA Holding I A/S for the financial year 01.01.2018 - 31.12.2018.

The Consolidated Financial Statements and the Parent Company Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and further requirements in the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Group and the Parent Company, and of the results of the Group and the Parent Company's operations and cash flows for the financial year 01.01.2018 - 31.12.2018.

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.

Hvidovre, 19 February 2019

Executive Board

Peter Jørgen Lyager

Thomas Daniel Ibsø

Board of Directors

Flemming Jensen
Chairman

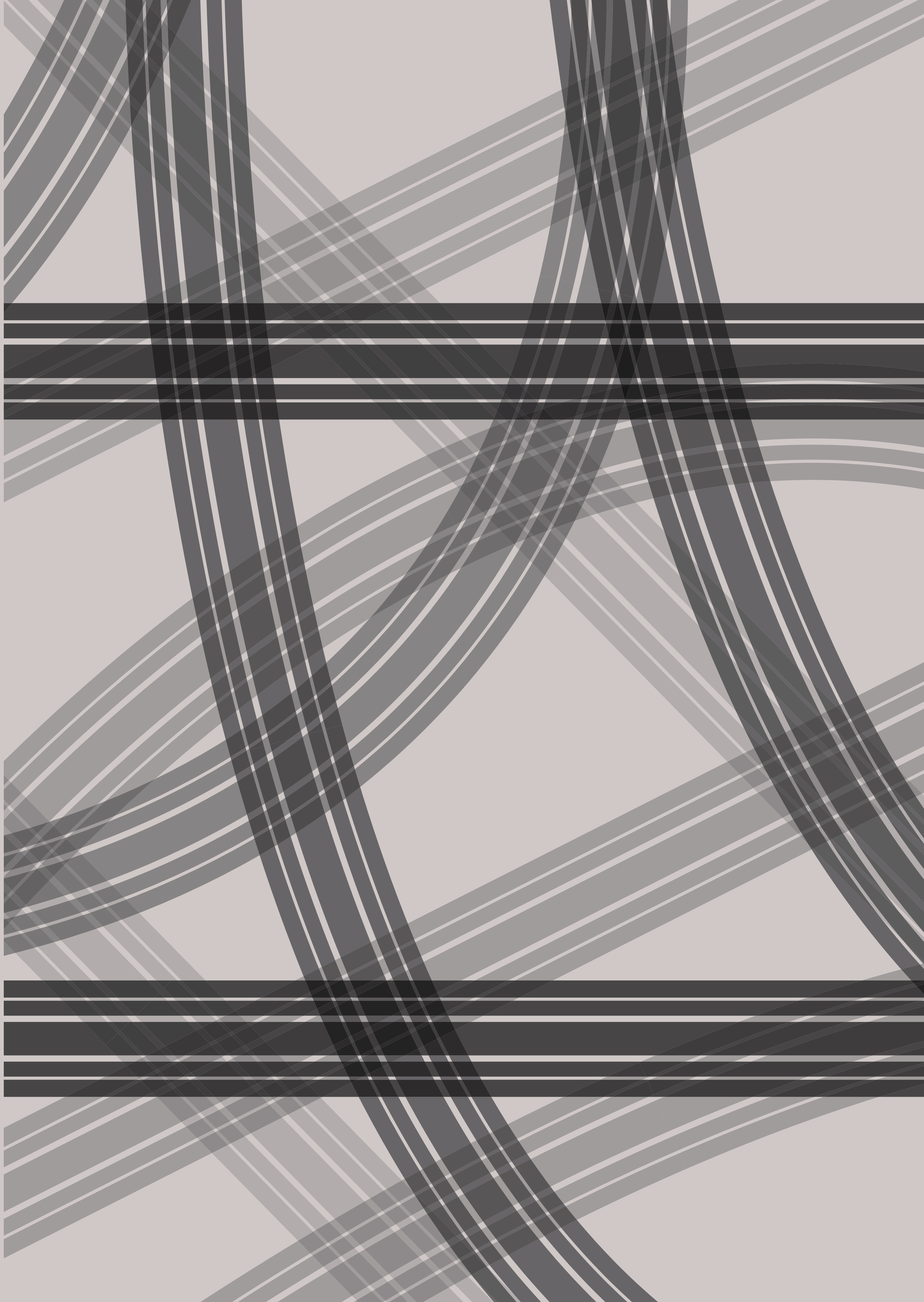
Peter Ryttergaard
Deputy Chairman

Andrew Hoad

Jesper Abildskov Blom

Vilhelm Eigil Hahn-Petersen

Michael Humphreys



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
TPA Holding I A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2018 and of the results of the Group's and Parent Company's operations and cash flows for the financial year 01.01.2018 - 31.12.2018 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements for the financial year 01.01.2018 - 31.12.2018 of TPA Holding I A/S, which comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for both the Group and the Parent Company ("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 Statement 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 Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in 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 Parent 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 Parent 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent 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 Group's and the Parent 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 Parent 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, 19 February 2019

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Torben Jensen
State Authorised Public Accountant
mne18651

Thomas Baunkjær Andersen
State Authorised Public Accountant
mne35483

Chapter 5

OTHER INFORMATION

DEFINITION OF KEY FIGURES AND FINANCIAL RATIOS

Definition	Description
EBITDA	Earnings before interest, tax, depreciation, amortisation and impairment losses as well as profit from sale of property, plant and equipment and amortisation of intangible assets.
EBITDA margin	EBITDA as a % of net revenue.
EBIT	Earnings before interest and tax.
EBIT margin	EBIT as a percentage of net revenue.
Net interest-bearing debt	Mortgage debt and debt to credit institutions less cash at bank and in hand, interest-bearing current investments and receivables.
Net working capital	Inventories + receivables - current liabilities except for corporation tax receivable/payable as well as mortgage debt and debt to credit institutions.
Invested capital	Equity, including minority interests + net interest-bearing debt at year-end
Free cash flow	Cash flow from operating activities less net investments in property, plant and equipment and plus dividends from associates.
Return on invested capital excluding goodwill (ROIC)	EBITDA before special items as a percentage of average invested capital, excluding goodwill.
Net interest-bearing debt/ EBITDA before special items	The ratio of net interest-bearing debt at year end to EBITDA.
Equity ratio	Equity at year end as a percentage of total assets.
Return on equity (ROE)	Consolidated profit after tax as a percentage of average equity.
Aircraft components	Wheel and brake components regardless of accounting treatment including piece parts.
Special items	See Special items note under the "Financial Statements" section.

ADDITIONAL MANAGEMENT DUTIES OF THE BOARD

Flemming Jensen

Company	Function
TPA Holding I A/S	Chairman
TPA Holding II A/S	Chairman
TP Aerospace Holding A/S	Chairman
DSB	Executive Management
Copenhagen Industry Employer Confederation	Board member
The Confederation of Danish Industry	Member of the central board

Peter Ryttergaard

Company	Function
Ryttergaard Invest A/S	Executive Management
Buldus ejendomme ApS	Executive Management
Investeringsselskabet af 27/12 1985 ApS	Executive Management
Kjærulff Pedersen A/S	Board Member
CataCap Management A/S	Board Member
CataCap OP ApS	Executive Management
CataCap DM ApS	Executive Management
CataCap DM II ApS	Executive Management
CC II Management Invest 2017 GP ApS	Executive Management
CATACAP GENERAL PARTNER I ApS	Executive Management
CataCap General Partner II ApS	Board Member
CC Orange Invest ApS	Board Member
Mobylife Holding A/S	Board Member
Mobylfie DM ApS	Executive Management
Mobylife DK A/S	Board Member
Mobylife AB	Board Member
Mobylife AS	Board Member
Mobylife OY	Board Member
CC Track Invest ApS	Board Member
CC Explorer Invest ApS	Board Member
HB-Care Holding A/S	Board Member
HB-Care A/S	Board Member
HB-Care Leasing ApS	Board Member
CC Sky Invest ApS	Board Member

ADDITIONAL MANAGEMENT DUTIES OF THE BOARD

Peter Ryttergaard

Company	Function
Skybrands Holding A/S	Chairman
CC Tool Invest ApS	Board Member
G.S.V. Holding A/S	Deputy Chairman
G.S.V. Materieludlejning A/S	Deputy Chairman
CC Oscar Invest ApS	Board Member
CC Oscar Holding I A/S	Board Member
CASA A/S	Board Member
Casa ManCo ApS	Executive Management
CC Green Wall Invest ApS	Board Member
TPA Holding I A/S	Deputy Chairman
TPA Holding II A/S	Deputy Chairman
TP Aerospace Holding A/S	Deputy Chairman
TPA Green ManCo ApS	Executive Management
CC Lingo Invest ApS	Board Member
LW ManCo ApS	Executive Management
CC Fly Invest ApS	Executive Management
Rekom ManCo ApS	Executive Management

Jesper Blom

Company	Function
Anden A/S	Board member
Andersens Biler A/S	Board member
Andersen Biler A/S - Gladsaxe	Board member
Artha Holding A/S	Board member
Artha Kapital forvaltning Fondsmæglerskab A/S	Board member
Ejendomsselskabet Energivej 2 A/S	Board member
Ferdinand Holding 2017 ApS	Executive Management
TP Aerospace Holding A/S	Board member
TPA Holding I A/S	Board member
TPA Holding II A/S	Board member
Andersen Bolig A/S	Executive Management
Andersen Bolig A/S	Board member
JF Ejendomme A/S	Board member
Andersen Invest Holding ApS	Board member

ADDITIONAL MANAGEMENT DUTIES OF THE BOARD

Andrew Hoad

Company	Function
TPA Holding I A/S	Board Member
TPA Holding II A/S	Board Member
TP Aerospace Holding A/S	Board Member
TD Aerospace (UK) Ltd	Executive Management

Michael Humphreys

Company	Function
TPA Holding I A/S	Board Member
TPA Holding II A/S	Board Member
TP Aerospace Holding A/S	Board Member
GHF Advisory Ltd.	Executive Management

Vilhelm Hahn-Petersen

Company	Function
Myco ApS	Executive Management
Dime af 5. december 2018 A/S	Chairman
Airhelp Inc.	Board Member
CataCap Management A/S	Board Member
CataCap OP ApS	Executive Management
CataCap DM ApS	Executive Management
CataCap DM II ApS	Executive Management
CC II Management Invest 2017 GP ApS	Executive Management
CATACAP GENERAL PARTNER I ApS	Executive Management
CataCap General Partner II ApS	Board Member
CC Orange Invest ApS	Board Member
Mobylife Holding A/S	Deputy Chairman
Mobylfie DM ApS	Executive Management
Mobylife DK A/S	Deputy Chairman
Mobylife AB	Deputy Chairman
Mobylife AS	Deputy Chairman
Mobylife OY	Deputy Chairman
CC Track Invest ApS	Board Member
Lyngsoe Systems Holding A/S	Board Member
Lyngsoe Systems A/S	Board Member
Skybrands Holding A/S	Board Member
CC Explorer Invest ApS	Board Member
CC Tool Invest ApS	Board Member
G.S.V. Holdiing A/S	Board Member

ADDITIONAL MANAGEMENT DUTIES OF THE BOARD

Vilhelm Hahn-Petersen

Company	Function
G.S.V. Materieludlejning A/S	Board Member
CC Oscar Invest ApS	Board Member
CC Oscar Holding I A/S	Deputy Chairman
CASA A/S	Deputy Chairman
Casa ManCo ApS	Executive Management
CC Green Wall Invest ApS	Chairman
TPA Holding I A/S	Board Member
TPA Holding II A/S	Board Member
TP Aerospace Holding A/S	Board Member
TPA Green ManCo ApS	Executive Management
CC Lingo Invest ApS	Chairman
LW ManCo ApS	Executive Management
Rekom Group A/S	Deputy Chairman
CC Fly Invest ApS	Executive Management
CC Fly Holding I ApS	Deputy Chairman
CC Fly Holding II A/S	Deputy Chairman
Rekom ManCo ApS	Executive Management

COMPANY DETAILS

The Company

TPA Holding I A/S
c/o TP Aerospace
Stamholmen 165R
2650 Hvidovre
Telephone: +45 8993 9929

CVR no.: 38473492
Registered in Hvidovre
Financial period:
1 January - 31 December 2018

Website: www.tpaerospace.com
Email: sales@tpaerospace.com

Board of Directors

Flemming Jensen
Peter Ryttergaard
Andrew Hoad
Jesper Blom
Vilhelm Hahn-Petersen
Michael Humphreys

Executive Management

Peter Lyager
Thomas Ibsø
Nikolaj Lei Jacobsen

Auditor

PricewaterhouseCoopers
Statsaut. Revisionspartnerselskab
Strandvejen 44
2900 Hellerup
Denmark

CVR no.: 33771231