Aviator Airport Partner ApS

Vestvej 4, DK-2770 Kastrup

Annual Report for 2022

CVR No. 38 98 80 50

The Annual Report was presented and adopted at the Annual General Meeting of the company on 16/6 2023

Jo Alex Tanem
Chairman of the general meeting

Contents

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Financial Statements of Aviator Airport Partner ApS for the financial year 1 January - 31 December 2022.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and of the results of the Company operations for 2022.

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

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Kastrup, 16 June 2023

Executive Board

Jens Bo Hansen
MD/Managing Director

Board of Directors

Jo Alex Tanem Chairman	Jens Bo Hansen	Magnus Söderberg

Independent Auditor's report

To the shareholder of Aviator Airport Partner ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company´s operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Aviator Airport Partner ApS for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

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

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

Independent Auditor's report

Auditor’s responsibilities for the audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company´s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company´s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Hellerup, 16 June 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

René Otto Poulsen
State Authorised Public Accountant
mne26718

Anders Røjleskov
State Authorised Public Accountant
mne28699

pwc

Company information

The Company	Aviator Airport Partner ApS Vestvej 4 DK-2770 Kastrup CVR No: 38 98 80 50 Financial period: 1 January - 31 December Municipality of reg. office: Tårnby
Board of Directors	Jo Alex Tanem, chairman Jens Bo Hansen Magnus Söderberg
Executive Board	Jens Bo Hansen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2022	2021	2020	2019	2018
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit/loss	174,330	116,374	1,184	7,081	1,685
Profit/loss before financial income and expenses	-6,033	1,937	-8,657	-11,375	-6,650
Profit/loss of financial income and expenses	-3,815	-3,678	-234	-1,111	-328
Net profit/loss	-9,932	1,006	-8,138	-9,882	-5,450
Balance sheet					
Balance sheet total	68,926	69,612	30,296	38,289	47,853
Investment in property, plant and equipment	3,394	549	-3,917	1,286	10,650
Equity	-32,345	-22,413	-23,419	-15,281	-5,400
Number of employees	297	184	11	16	12
Ratios					
Return on assets	-8.8%	2.8%	-28.6%	-29.7%	-13.9%
Solvency ratio	-46.9%	-32.2%	-77.3%	-39.9%	-11.3%
Return on equity	36.3%	-4.4%	42.1%	95.6%	201.9%

In connection with acquisition of ground handling activities Aviator Airport Services Denmark A/S in bankcruptcy the comparative figures for 2020, 2019 and 2018 have not been restated.

Management's review

Key activities

The company's purpose is to operate and participate in ground handling and lounge business at airports, and other business related to aviation in accordance with the Board's specification.

Development in the year

The income statement of the Company for 2022 shows a loss of MDKK 9,9, and on 31 December 2022 the balance sheet of the Company shows negative equity of MDKK 32,3.

As per 1 January 2021 the company acquired the ground handling activities from Aviator Airport Services Denmark AS under bankruptcy.

The activities in 2022 was negatively impacted by COVID-19. The number of flights continue to be lower than compared to pre-COVID-19. The company utilized the government support schemes for fixed cost compensation.

Management assess result for the year to be unacceptable but as expected due to the negative effects from COVID-19

The past year and follow-up on development expectations from last year

Last year management expected a slightly lower loss compared to 2021. The result in 2022 was a loss before tax of MDKK -9.8 compared to MDKK -1.7 in 2021 and thus the expectations were not reached in 2022. The result for 2021 were impacted by recognition of a negative excess value of MDKK 13 regarding acquisition of the ground handling activities. Adjusted hereof the result last year were MDKK -14.7 compare to MDKK -9.8 in 2022 and thus improved compared to last year.

Capital resources

The activities in 2022 were impacted by the effects of COVID-19, and the activities in 2023 are expected to still be impacted compared to pre-COVID-19, but the number of flights and passengers are raising. The Company has generated sufficient liquidity to cover the cash-needs since the summer 2021 and this is expected to continue the coming year. In addition, the Company is a part of the cash-pool in the Aviator Group. Management of the Company expects that cash will be supplied, if necessary, if no major setbacks related to the Pandemic or alike are seen during next year. No formal binding agreement regarding cash contribution from the parent company has been issued and therefore funding for operating during next year cannot be guaranteed.

The Company has a group internal loan of MDKK 44.5 which is due in 2024. However, the loan can be call with a 30 days notice and thus the loan is classified as short term liability. Management has no indication of that the loan will be called before time and do not expect this to happen based on information from group management, cf. note 1.

The negative equity is expected reestablished by improved financial results in the years ahead.

Operating risks

Strikes can affect the Company's capability to deliver negatively over a shorter period of time.

Market risks

The aviation industry may be severely affected by external events such as terrorist threats or political instability. The war in Ukraine and the high inflation may have a negative effect on the aviation industry.

A new wave of COVID-19 resulting in lock-downs and decrease in the number of flights and passengers are also a server risk.

Liquidity risks

The increasing prices and inflation may have a negative effect on the Company's liquidity.

The Company has a group loan of MDKK 44.5 which is due in 2024 but can be called before time with a 30 days notice cf. note 1. The possibility to call the loan before time is a liquidity risk for the Company even though management expect the risk to be very low.

Todays increasing competition and the increasing prices in the airline industry could result in airlines collapsing, which may affect the Company in the form of losses.

Strategy and objectives

The Company aims to provide customers with high, stable quality of delivery, with the help of knowledgeable and motivated employees, thereby creating the preconditions for good profitability. Furthermore, the Company aims to enhance the position as a strong player in the lounge market in Copenhagen – delivering quality lounge services that exceeds customer expectations.

Targets and expectations for the year ahead

The number of guests in the lounge are expected to reach 100% of pre-COVID level in 2023. The number of turns is expected to reach 84% of pre-COVID-19 level in 2023. Management expects the result for 2023 to be significantly improved compared to 2022 in the level MDKK -5 - MDKK 0.

External environment

The Company works to reduce negative effects on both environment and working environment under the conditions that the Company operate. Copenhagen Airport has set out a strategy to reduce negative environmental impact. The Company goes along that strategy and will during the coming years seek to reduce negative environmental impact.

Uncertainty relating to recognition and measurement

Impairment test of goodwill has been made – and no need for write-downs are identified by Management based on the present expectations. However the key assumptions for the impairment test are related to the expected ability of the Company to sustain and improve earnings as well as to achieve future growth.
These assumptions are subject to some uncertainty, and non-realization may lead to future impairment. We refer to note 2 in the Financial Statements.

Management has recognized a deferred tax asset of MDKK 2.8 based on Management's expectations for future positive taxable incomes and the jointly taxed companies' expected utilization of joint taxation losses. Management's expectations for future positive taxable incomes are based on budgets and forecasts for the coming years. Consequently, the recognition of the deferred tax asset of MDKK 2.8 is subject to uncertainty as the recognition is based on Management's best estimate of budgeted taxable incomes and the jointly taxed companies' expected utilization of joint taxation losses.

Subsequent events

We refer to note 18 in the Financial Statements.

Income statement 1 January - 31 December

	Note	2022	2021
		DKK	DKK
Gross profit		**174,329,938**	**116,373,787**
Staff expenses	4	-174,108,635	-107,650,991
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		-6,253,888	-6,785,521
Profit/loss before financial income and expenses		**-6,032,585**	**1,937,275**
Financial income	5	310,504	300,712
Financial expenses	6	-4,125,008	-3,978,492
Profit/loss before tax		**-9,847,089**	**-1,740,505**
Tax on profit/loss for the year	7	-84,760	2,746,687
Net profit/loss for the year	8	**-9,931,849**	**1,006,182**

Balance sheet 31 December

Assets

	Note	2022	2021
		DKK	DKK
Goodwill		12,678,807	17,289,282
Intangible assets	9	**12,678,807**	**17,289,282**
Plant and machinery		3,897,648	4,251,067
Other fixtures and fittings, tools and equipment		2,786,341	570,320
Leasehold improvements		975,034	1,130,600
Property, plant and equipment	10	**7,659,023**	**5,951,987**
Deposits		2,333,678	2,162,970
Fixed asset investments		**2,333,678**	**2,162,970**
Fixed assets		**22,671,508**	**25,404,239**
Trade receivables		24,521,488	24,685,603
Receivables from group enterprises		847,511	2,704,841
Other receivables	11	1,499,637	10,754,710
Deferred tax asset	12	2,800,000	2,884,760
Prepayments	13	1,026,801	554,126
Receivables		**30,695,437**	**41,584,040**
Cash at bank and in hand		**15,558,873**	**2,624,090**
Current assets		**46,254,310**	**44,208,130**
Assets		**68,925,818**	**69,612,369**

Balance sheet 31 December

Liabilities and equity

	Note	2022	2021
		DKK	DKK
Share capital		50,000	50,000
Retained earnings		-32,394,687	-22,462,838
Equity		**-32,344,687**	**-22,412,838**
Other provisions	14	6,977,458	6,947,458
Provisions		**6,977,458**	**6,947,458**
Lease obligations		1,470,055	0
Other payables		470,111	2,062,902
Long-term debt	15	**1,940,166**	**2,062,902**
Lease obligations	15	170,059	0
Prepayments received from customers		109,053	81,046
Trade payables		12,023,932	6,016,708
Payables to group enterprises		46,845,108	51,728,176
Other payables	15	33,204,729	25,188,917
Short-term debt		**92,352,881**	**83,014,847**
Debt		**94,293,047**	**85,077,749**
Liabilities and equity		**68,925,818**	**69,612,369**

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Statement of changes in equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	50,000	-22,462,838	-22,412,838
Net profit/loss for the year	0	-9,931,849	-9,931,849
Equity at 31 December	**50,000**	**-32,394,687**	**-32,344,687**

The negative equity is expected reestablished by improved financial results in the years ahead.

Notes to the Financial Statements

1. Going concern

The Company is still affected by COVID-19 and the decline in air traffic compared to before COVID-19. Management expects increased activity in 2023 going towards a normalization in the coming years.

Management expects an increased improvement in earnings based on the outlook for 2023. According to the updated forecast management expects a positive cash-flow/EBITA. The Company has a group internal loan of MDKK 44.5 which is due in 2024. However, the loan can be called with a 30 days' notice and thus the loan is classified as short-term liability. Management has no indication that the loan should be called before time and do not expect this to happen based on information from group management. Based hereon management assesses, that there are sufficient cash resources for the activities at least for the coming year.

Management assesses the expected development in the outlook for 2023 to be realistic and realizable. However, the Company is dependent on a continued normalization of the air traffic which could be significantly affected by further escalation of the Ukraine-crisis, negatively development of economics in Europe, rise in inflation etc. Should normalization of the air traffic not develop as expected as a result hereof there could be some uncertainty to the Company's ability to continue as a going concern.

2. Uncertainty relating to recognition and measurement

The impairment test made for the Company's Goodwill is based on expected future net cash flows. The recoverable amount exceeds the carrying amount on 31 December 2022. The key assumptions are related to the expected ability of the Company to sustain and improve earnings as well as to achieve future growth. These assumptions are subject to some uncertainty, and non-realization may lead to future impairment.

Management has recognized a deferred tax asset of MDKK 2.8 based on Management's expectations for future positive taxable incomes and the jointly taxed companies' expected utilization of joint taxation losses. Management's expectations for future positive taxable incomes are based on budgets and forecasts for the coming years. Consequently, the recognition of the deferred tax asset of MDKK 2.8 is subject to uncertainty as the recognition is based on Management's best estimate of budgeted taxable incomes and the jointly taxed companies' expected utilization of joint taxation losses.

3. Other operating income

	2022 DKK	2021 DKK
COVID-19 compensation regarding fixed costs	1,600,000	10,959,082
COVID-19 compensation regarding salaries	0	7,885,601
Negative excess value from acquisition of ground handling activites	0	12,988,164
Profit due to departure of machinery and equipments	123,357	0
	1,723,357	**31,832,847**

Notes to the Financial Statements

4. Staff Expenses

	2022	2021
	DKK	DKK
Wages and salaries	155,925,273	97,093,901
Pensions	12,955,880	7,454,559
Other social security expenses	2,668,440	1,863,782
Other staff expenses	2,559,042	1,238,749
	174,108,635	**107,650,991**

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

Average number of employees	**297**	**184**

5. Financial income

	2022	2021
	DKK	DKK
Interest received from group enterprises	261,472	300,712
Exchange gains	49,032	0
	310,504	**300,712**

6. Financial expenses

	2022	2021
	DKK	DKK
Interest paid to group enterprises	3,789,502	3,859,336
Other financial expenses	298,230	104,023
Exchange loss	37,276	15,133
	4,125,008	**3,978,492**

7. Income tax expense

	2022	2021
	DKK	DKK
Deferred tax for the year	84,760	-2,746,687
	84,760	**-2,746,687**

Notes to the Financial Statements

	2022	2021
	DKK	DKK

8. Profit allocation

Retained earnings	-9,931,849	1,006,182
	-9,931,849	**1,006,182**

9. Intangible fixed assets

	Goodwill
	DKK
Cost at 1 January	32,273,326
Cost at 31 December	32,273,326
Impairment losses and amortisation at 1 January	14,984,044
Amortisation for the year	4,610,475
Impairment losses and amortisation at 31 December	19,594,519
Carrying amount at 31 December	**12,678,807**

Valuation of Goodwill is subject to uncertainty, referring to comments in note 2.

Notes to the Financial Statements

10. Property, plant and equipment

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK	DKK
Cost at 1 January	5,308,000	1,145,989	7,885,839
Additions for the year	810,768	2,519,846	63,835
Disposals for the year	-60,000	0	0
Cost at 31 December	6,058,768	3,665,835	7,949,674
Impairment losses and depreciation at 1 January	1,056,933	575,669	6,755,239
Depreciation for the year	1,120,187	303,825	219,401
Impairment and depreciation of sold assets for the year	-16,000	0	0
Impairment losses and depreciation at 31 December	2,161,120	879,494	6,974,640
Carrying amount at 31 December	**3,897,648**	**2,786,341**	**975,034**
Including assets under finance leases amounting to	0	1,682,672	0

11. Other receivables

Other receivables consist of electricity and water taxes, VAT, COVID-19 compensation for fixed costs and wages etc.

12. Deferred tax asset

The company has a gross deferred tax asset of DKK 6.6 mio. Management has assessed that DKK 2.8 mio. can be utilized in the coming 2-3 years and thus this amount has been recognized as asset.

13. Prepayments

Prepayments consist of prepaid expenses concerning rent and lease agreements for offices and cars as well as prepaid insurance premiums.

14. Other provisions

Provisions for restoration obligations in connetion with property leases and other provisions.

	2022	2021
	DKK	DKK
Provisions for restoration obligations	4,330,000	4,300,000
Other provisions	2,647,458	2,647,458
	6,977,458	**6,947,458**

15. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2022	2021
	DKK	DKK
Lease obligations		
After 5 years	0	0
Between 1 and 5 years	1,470,055	0
Long-term part	1,470,055	0
Within 1 year	170,059	0
	1,640,114	**0**
Other payables		
After 5 years	0	0
Between 1 and 5 years	470,111	2,062,902
Long-term part	470,111	2,062,902
Within 1 year	0	0
Other short-term payables	33,204,729	25,188,917
	33,674,840	**27,251,819**

	2022	2021
	DKK	DKK

16. Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:		
Within 1 year	1,277,653	930,000
Between 1 and 5 years	1,862,608	1,650,000
	3,140,261	**2,580,000**
Lease obligations, period of non-terminability 18-24 months (2021: 24 months).	3,850,000	12,050,000

Other contingent liabilities

The Company is jointly taxed with other Danish Companies of the Aviator Group. The group Companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group.

Notes to the Financial Statements

17. Related parties and disclosure of consolidated financial statements

	Basis
Controlling interest	
Aviator Airport Alliance Danmark A/S, direct parent	100% owner

Other related parties

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

The Company's intercompany transactions and normal management remunerations has during the year been entered into at arm's length.

Consolidated Financial Statements

The Company is included in the Group Annual Report of:

Name	Place of registered office
Avia Solutions Group PLC, ultimate parent	20 Kildare Street, Dublin 2, Dublin, Ireland

The Company's direct parent does not prepare consolidated financial statements. The Company's ultimate parent, which prepares consolidated financial statements into which the Company is incorporated as a subsidary, is Avia Solutions Group PLC.

The Group Annual Report of Avia Solutions Group PLC, ultimate parent may be obtained at the following address:

20 Kildare Street, Dublin 2, Dublin, Ireland

18. Subsequent events

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

Notes to the Financial Statements

19. Accounting policies

The Annual Report of Aviator Airport Partner ApS for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Financial Statements for 2022 are presented in DKK.

Changes in accounting policies

The accounting policies applied remain unchanged from last year, change in Company size according to the Danish Financial Statements Act has resulted in additional disclosure requirements

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of , the Company has not prepared a cash flow statement.

Recognition and measurement

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

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

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

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

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Business combinations

Business acquisitions carried through on or after 1 July 2018

Acquisitions are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

Leases

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

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

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

Translation policies

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

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

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

Income statement

Net sales

Revenue from rendering of services is recognised when the risks and rewards relating to the services been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

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

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Notes to the Financial Statements

Other external expenses

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

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, gross profit/loss, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Financial income and expenses

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

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

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

Balance sheet

Intangible fixed assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 7 years.

Property, plant and equipment

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

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

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

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

Leasehold improvements	3-10 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Other fixed asset investments

Fixed asset investments consist of deposits.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

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

Notes to the Financial Statements

Financial Highlights

Explanation of financial ratios

Return on assets	Profit before financials x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity