Aviator Airport Partner ApS

Vestvej 4, DK-2770 Kastrup

Annual Report for 1 January - 31 December 2021

CVR No 38 98 80 50

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 30/6 2022

Jo Alex Tanem
Chairman of the General Meeting

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Aviator Airport Partner ApS for the financial year 1 January - 31 December 2021.

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 2021 of the Company and of the results of the Company operations for 2021.

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.

Kastrup, 30 June 2022

Executive Board

Jens Bo Hansen
CEO

Board of Directors

Jo Alex Tanem Chairman	Per Göran Wassberg	Jens Bo Hansen

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 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 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 2021, 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.

Uncertainty Relating to Measurement of goodwill and property, plant and equipment
We refer to note 2 to the Financial Statements, where Management states that uncertainty relates to valuation of goodwill of DKK 17,289k and property, plant and equipment of DKK 5,952 as the value hereof is dependent on improvements in future earnings. The uncertainty relates to the impact of COVID-19 as described in note 1 to the Financial Statements.

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

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

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

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, 30 June 2022
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

René Otto Poulsen statsautoriseret revisor mne26718	Anders Røjleskov statsautoriseret revisor mne28699

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 Per Göran Wassberg Jens Bo Hansen
Executive Board	Jens Bo Hansen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

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 2021 shows a profit of MDKK 1.0, and at 31 December 2021 the balance sheet of the Company shows negative equity of MDKK 22.4.

As per 1 January 2021 the company acquired the ground handling activities from Aviator Airport Services Denmark AS under bankruptcy. After revaluation of net assets acquired a negative excess value was noted and recognized in the P&L under gross profit/loss, referring to note 3. Due to the acquisition of the ground handling activities the comparison figures are not directly comparable.

The activities in 2021 was heavily negatively impacted by COVID-19. From January to May the lounge were closed-down due to restrictions related to COVID-19, and the number of flights were heavily reduced compared to pre-COVID-19. The company utilized several of the government support schemes, including salary compensation and fixed cost compensation. The close-down of the lounge lasted until June, where the number of passengers and flights in Copenhagen Airport began to rise. At the same time the company left the salary compensation scheme.

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 2020. The result in 2021 is a loss before tax of 1.7 MDKK including recognition of negative excess value MDKK 13.0 regarding the acquisition of the ground handling activities. Adjusted herefore the result before tax is MDKK -14.7 compared to -8.9 MDKK last year and thus the expectations were not reached in 2021. The activities in 2021 were more negatively impacted by COVID-19 than expected in the beginning of the year.

Management's Review

Capital resources

The activities in 2021 were heavily impacted by the effects of COVID-19, and the activities in 2022 are still impacted compared to pre-COVID-19, but the number of flights and passengers are raising rapidly. The Company has generated sufficient liquidity to cover the cash-needs since the summer 2021 and this is expected to continue the coming year and thus no further cash contributions from the group is expected. In addition, AAP is a part of the cash-pool in the Aviator Group. Management in AAP expects that cash will be supplied, if necessary. The company has a group internal loan of MDKK 48.0 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 hos no indication of the loan should be called before time and do not expect this to happen based on the information from group management. Based hereon management assesses that there are sufficient cash resources for the activities at least the coming year.

Operating risks

Strikes can affect AAPs 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 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 company has a group loan of MDKK 48.0 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 utility prices in the airline industry could result in airlines collapsing, which may affect AAP 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.

Management's Review

Targets and expectations for the year ahead

The pandemic is expected to continue partly in 2022 but turns and customers in the lounge is expected to increase during 2022. Both turns and guest in the lounge are expected to reach 80% of pre-COVID-19 level during the summer. Management expects the result for 2022 to be significantly improved compared to 2021.

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 tests of fixed assets have been made – and no need for write-downs are identified by Management.

The Company has included a deferred tax asset of DKK 2,9 MDKK due to expectations of positive taxable income over the coming 1-2 years. In this is included the use of tax loss carried forward and positive taxable income in Danish sister companies that are part of the joint taxation. The result of the year is positively impacted by the recognition of the deferred tax asset by DKK 2,7 MDKK.

The deferred tax asset is subject to significant uncertainties, and the valuation is based on Management's best evaluation of future taxable income in the Danish part of the Aviator Group.

Unusual events

The financial position at 31 December 2021 of the Company and the results of the activities of the Company for the financial year for 2021 have been heavily affected by COVID-19.

Subsequent events

The financial position at 31 December 2021 of the Company and the results of the activities of the Company for the financial year for 2021 have not been affected by any unusual events. Other than the implications by COVID-19 previously described.

Income Statement 1 January - 31 December

	Note	2021	2020
		DKK	DKK
Gross profit/loss	3	**116.373.787**	**1.183.749**
Staff expenses	4	-107.650.991	-4.425.570
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-6.785.521	-5.415.345
Profit/loss before financial income and expenses		**1.937.275**	**-8.657.166**
Financial income	5	300.712	1.193
Financial expenses	6	-3.978.492	-234.939
Profit/loss before tax		**-1.740.505**	**-8.890.912**
Tax on profit/loss for the year	7	2.746.687	753.313
Net profit/loss for the year		**1.006.182**	**-8.137.599**

Distribution of profit

Proposed distribution of profit

	2021	2020
Retained earnings	1.006.182	-8.137.599
	1.006.182	**-8.137.599**

Balance Sheet 31 December

Assets

	Note	2021	2020
		DKK	DKK
Goodwill		17.289.282	21.899.757
Intangible assets	8	**17.289.282**	**21.899.757**
Plant and machinery		4.251.067	0
Other fixtures and fittings, tools and equipment		570.320	74.409
Leasehold improvements		1.130.600	1.732.413
Property, plant and equipment	9	**5.951.987**	**1.806.822**
Deposits		2.162.970	11.435
Fixed asset investments		**2.162.970**	**11.435**
Fixed assets		**25.404.239**	**23.718.014**
Trade receivables		24.685.603	153.946
Receivables from group enterprises		2.704.841	0
Other receivables	10	10.754.710	2.866.943
Deferred tax asset	11	2.884.760	3.253.313
Prepayments		554.126	104.700
Receivables		**41.584.040**	**6.378.902**
Cash at bank and in hand		**2.624.090**	**198.884**
Currents assets		**44.208.130**	**6.577.786**
Assets		**69.612.369**	**30.295.800**

Balance Sheet 31 December

Liabilities and equity

	Note	2021	2020
		DKK	DKK
Share capital		50.000	50.000
Retained earnings		-22.462.838	-23.469.020
Equity		**-22.412.838**	**-23.419.020**
Provisions	12	6.947.458	550.000
Provisions		**6.947.458**	**550.000**
Other payables		2.062.902	461.345
Long-term debt	13	**2.062.902**	**461.345**
Prepayments received from customers		81.046	57.226
Trade payables		6.016.708	729.346
Payables to group enterprises		51.728.176	49.363.792
Other payables	13	25.188.917	2.553.111
Short-term debt		**83.014.847**	**52.703.475**
Debt		**85.077.749**	**53.164.820**
Liabilities and equity		**69.612.369**	**30.295.800**
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Statement of Changes in Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	50.000	-23.469.020	-23.419.020
Net profit/loss for the year	0	1.006.182	1.006.182
Equity at 31 December	**50.000**	**-22.462.838**	**-22.412.838**

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

Notes to the Financial Statements

1 Capital resources and going concern

The Company is still significantly affected by COVID-19 and the resulting decline in air traffic compared to before COVID-19. Management expects increased activity from the summer of 2022 going towards a normalization in the coming years.

Management expects a significant improvement in earnings based on the outlook for 2022. According to the updated forecast management expects a positive cash-flow/EBITA. The company has a group internal loan of MDKK 48.0 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 that the loan should be called before time and do not expect this to happen based on the information from group management. Based hereon management assesses that there are sufficient cash resources for the activities at least the coming year.

Management assesses the expected development in the outlook for 2022 to be realistic and realizable. However the company is dependent on a normalization of the air traffic which could be significantly affected by new COVID-19 outbreaks and/or further escalation of the Ukraine-crisis 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

Government Grants received according to the Danish Covid-19 economic stimulus packages for compensation for wages and fixed costs have been recognised according to Management's best estimates, but as the applications have not yet been reviewed by the Danish Business Authorities some uncertainty relation to the recognised compensation exists.

The impairment test made of the Company’s Fixed Assets including Goodwill is based on expected future net cash flows. The recoverable amount exceeds the carrying amount at 31 December 2021. 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 uncertainty, and non-realisation may lead to future impairment.

Management has recognised a deferred tax asset of DKK 2,885k 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.

The recognition of the deferred tax asset of DKK 2,885k is subject to uncertainty as the recognition is based on Management's best estimate of budgeted taxable incomes and the jointly taxed companies' expected utilisation of joint taxation losses.

Notes to the Financial Statements

		2021	2020
		DKK	DKK
3	**Other operating income**		
	In the Gross profit/loss the following is included:		
	COVID-19 compensation regarding fixed costs	10.959.082	2.623.898
	COVID-19 compensation regarding salaries	7.885.601	1.018.469
	Negative excess value from acquisition of ground handling activites	12.988.164	0
		31.832.847	**3.642.367**
4	**Staff expenses**		
	Wages and salaries	97.093.901	4.018.407
	Pensions	7.454.559	245.481
	Other social security expenses	1.863.782	158.464
	Other staff expenses	1.238.749	3.218
		107.650.991	**4.425.570**
	Average number of employees	**184**	**11**
5	**Financial income**		
	Interest received from group enterprises	300.712	0
	Other financial income	0	1.193
		300.712	**1.193**
6	**Financial expenses**		
	Interest paid to group enterprises	3.859.336	49.146
	Other financial expenses	104.023	175.514
	Exchange loss	15.133	10.279
		3.978.492	**234.939**

7 Tax on profit/loss for the year

	2021	2020
	DKK	DKK
Current tax for the year	0	0
Deferred tax for the year	-2.746.687	-753.313
	-2.746.687	**-753.313**

8 Intangible assets

	Goodwill
	DKK
Cost at 1 January	32.273.326
Cost at 31 December	32.273.326
Impairment losses and amortisation at 1 January	10.373.569
Amortisation for the year	4.610.475
Impairment losses and amortisation at 31 December	14.984.044
Carrying amount at 31 December	**17.289.282**

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

9 Property, plant and equipment

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK	DKK
Cost at 1 January	0	133.778	7.885.839
Additions regarding ground handling activities	5.238.000	755.900	0
Additions for the year	70.000	256.311	0
Cost at 31 December	5.308.000	1.145.989	7.885.839
Impairment losses and depreciation at 1 January	0	59.369	6.153.426
Depreciation for the year	1.056.933	516.300	601.813
Impairment losses and depreciation at 31 December	1.056.933	575.669	6.755.239
Carrying amount at 31 December	**4.251.067**	**570.320**	**1.130.600**

Notes to the Financial Statements

10 Other receivables

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

11 Deferred tax asset

The company has a gross deferred tax asset of DKK 7.6 mio. Management has assessed that the DKK 2.9 mio. can be utilized in the coming 1-2 years and thus this amount has been recognized as asset.

12 Provisions

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

	2021 DKK	2020 DKK
Provisions for restructuring	4.300.000	550.000
Other provisions	2.647.458	0
	6.947.458	**550.000**

13 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:

Other payables

	2021	2020
Between 1 and 5 years	2.062.902	461.345
Long-term part	2.062.902	461.345
Other short-term payables	25.188.917	2.553.111
	27.251.819	**3.014.456**

Notes to the Financial Statements

	2021	2020
	DKK	DKK

14 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

	2021 DKK	2020 DKK
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	930.000	202.665
Between 1 and 5 years	1.650.000	0
	2.580.000	**202.665**
Rental premisis lease obligations, period of non-terminability 18-24 months (2020: 24 months).	12.050.000	7.419.869

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.

15 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 renumerations 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	28 Oktovriou, ENGOMI BUSINESS CENTER BLCE, Flat/Office 111, Egkomi, 2414, Nicosia, Cyprus
Aviator Airport Alliance AB, direct parent	Stockholm-Arlanda, Sweden

Notes to the Financial Statements

15 Related parties (continued)

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:

28 Oktovriou, ENGOMI BUSINESS CENTER BLC E, Flat/Office 111, Egkomi, 2414, Nicosia, Cyprus

Notes to the Financial Statements

16 Accounting Policies

The Annual Report of Aviator Airport Partner ApS for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2021 are presented in DKK.

Recognition and measurement

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

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

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

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

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 January 2021

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.

Notes to the Financial Statements

16 Accounting Policies (continued)

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.

Translation policies

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

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

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

Notes to the Financial Statements

16 Accounting Policies (continued)

Income Statement

Revenue

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.

Other external expenses

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

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, 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.

Notes to the Financial Statements

16 Accounting Policies (continued)

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 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.

Notes to the Financial Statements

16 Accounting Policies (continued)

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.

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.

Notes to the Financial Statements

16 Accounting Policies (continued)

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.