

**Sunclass Airlines ApS**  
**CVR no. 40 84 44 22**

**Annual report 2019/20**

**Financial year 01 October 2019 to 30 September 2020**

**1<sup>st</sup> financial year**

Approved by the annual general meeting of the Company on 12 March 2021

**Chairman of the meeting**

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Torben Østergaard Andersen

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## Company information

### **Company**

Sunclass Airlines ApS

CVR no.: 40 84 44 22

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### **Board of Directors**

Lars Magnus Wikner, Chairman

Eva Elisabet Palm

Per Knudsen

Torben Østergaard Andersen

Hilde Ibrekk, employee elected

Per Tobias Curt Ögren, employee elected

### **Executive Board**

Torben Østergaard Andersen, CEO

Bent Erlandsen

Carsten Schiøler

### **Auditors**

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

Strandvejen 44

DK-2900 Hellerup

CVR no. 33 77 12 31

## Management's Statement

The Board of Directors and the Executive Board have today discussed and approved the Annual Report of Sunclass Airlines ApS for the financial year 1 October 2019 to 30 September 2020.

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 of the Company on 30 September 2020 and of the results of the Company's operations for the period 1 October 2019 to 30 September 2020.

Further, in our opinion, the Management's review provides a fair presentation of the development in the Company's activities and financial matters and the results of the Company's operations and financial position.

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

Tårnby, 12 March 2021

## Executive Board

Torben Østergaard Andersen  
*CEO*

Bent Erlandsen

Carsten Schiøler

## Board of Directors

Lars Magnus Wikner  
*Chairman*

Eva Elisabet Palm

Per Knudsen

Torben Østergaard Andersen

Hilde Ibrenk

Per Tobias Curt Ögren

## Independent Auditor's Report

*To the Shareholders of Sunclass Airlines ApS*

### Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of Sunclass Airlines ApS at 30 September 2020, and of the results of the Company's operations for the financial year 1 October 2019 – 30 September 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Sunclass Airlines ApS for the financial year 1 October 2019 – 30 September 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("Financial Statements").

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

## **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 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, 12 March 2021

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Bo Schou-Jacobsen  
State Authorised Public Accountant  
mne28703

Stine Tage Gedbjerg  
State Authorised Public Accountant  
mne42823

## Management's review

### Financial highlights

The Company's financial and operational performance can be described by these figures:

**All amounts in DKK '000.000**                      **2019/20**

#### Key Figures

##### Results

Revenue	1.493
Gross Profit	84
Operating Profit	-528
Results from net financials	-12
Net profit before tax	-540
Net profit for the year	-475

##### Balance sheet

Equity	-349
Balance sheet total	792
Investments in tangible and intangible fixed assets, net	275

##### Other financial ratios

Staff (Full-time)	875
Aircraft	11
Passengers (1.000), one-way	728
Cabin factor (%)	91
Number of flying hours (Block hours)	20.251

##### Financial ratios %

Gross margin	6
Profit margin	-35
Solvency ratio	-44
Return on equity	n/a

For definitions, see note 26 Accounting policies.



## Management's review

### Principal activity

The Company's principal activity consists of transporting charter passengers to and from popular holiday destinations and selling duty-free and non-duty-free goods on-board. A major part of the Company's revenue consists of charter revenue from group enterprises which sell package tours.

The Company is wholly owned by Sunclass Airlines Holding A/S and the ultimate owner is the Swedish Company Nordic Leisure Travel Group HoldCo AB.

### Development in the year

The Company was founded October 1<sup>st</sup>, 2019 as ApS KBUS 18-186 and was 3 weeks later acquired by Thomas Cook Airlines Scandinavia A/S and renamed Airshoppen ApS. October 30<sup>th</sup>, 2019 the Company changed name to Sunclass Airlines and when Thomas Cook Airlines Scandinavia A/S later same day filed for bankruptcy, the trustees of the bankruptcy estate sold all assets and rights belonging to Thomas Cook Airlines Scandinavia A/S to the Company. Also, on the same day all essential contracts were novated to the Company and nine aircraft lease agreements were finalised, and the Danish Transport, Construction and Housing Authority issued an Air Operators Certificate. Thursday October 31<sup>st</sup>, 2019 the Company started operations.

The first two months of operations were severely impacted by the bankruptcy of Thomas Cook Airlines Scandinavia A/S and other companies in the Thomas Cook Group. Sunclass Airlines did not have the same fleet as assumed when contracts with the customers were entered into before the bankruptcy in the Thomas Cook Group. The issues were resolved during November and December and operations were almost normalised after Christmas.

In March 2021, COVID-19 reached the Nordic countries and the Government imposed restrictions and travel bans which ended operations for four months where no commercial flights were performed. From July 25<sup>th</sup>, 2021, the Company resumed operations on a low level throughout the remainder of the financial year.

728.268 one-way passengers from and to Sweden, Norway, Denmark, and Finland, were transported during 11 months in the first financial year of the Company, hereof 96% during the first five months of operation.

Sunclass Airlines was launched with a fleet of seven Airbus A321 and one Airbus A330 long-term leased aircraft, one Airbus A330 short-term leased aircraft and one owned Airbus A330. Shortly after one A321 was added to the permanent fleet and in the spring one A330 left the fleet. Two widebody aircraft were on short term leases between December and April supporting the long-haul operation. In average the fleet comprised 11 aircraft.

At the financial year-end, the Company's fleet included two Airbus A330 and eight Airbus A321 with an average age of eleven years.

From March 2020, the COVID-19 pandemic had a severe impact on operations and the financial situation in Sunclass Airlines and the Nordic Leisure Travel Group and measures to secure the survival of the Company were taken immediately. The Company has taken advantage of all possible aid packages including salary compensation, fixed cost compensation, a loan guaranteed by Vækstfonden and extended payment deadlines for employee withholding taxes. Furthermore, all employees have had significant temporary and permanent salary reductions and suppliers have offered discounts and extended payment terms. The company has reduced the number of employees by more than 20% and achieved permanent cost reductions of fixed costs of 25-30% to secure a future competitive cost base.

The income statement shows a loss for the year of DKK -449 million. Management does not consider the results satisfactory as they do not meet the business plan when the Company was established. However, the loss is what can be expected due to the effects of the COVID-19 pandemic.

The equity per 30 September 2020 is negative by DKK 349 million due to this year's negative result.

## **Capital resources**

Refer to note 1 in the Financial Statements.

## **Uncertainty relating to recognition and measurement**

The accounting estimates and judgements, which may entail a risk of material adjustments in subsequent years are described in note 2 of the Financial Statements.

## **Unusual events**

The financial position of the Company and the results of the activities of the Company for the financial year for 2019/20 have been materially affected by the COVID-19 pandemic by material reduction in revenue etc.

## **Special risks**

### **Operating risks**

Management does not consider Sunclass Airlines ApS to be exposed to any other special operating risks other than what is normal for an airline and geopolitical risks at the destinations, included in the flight program for the NLTG tour operators.

## Financial risks

Sunclass Airlines ApS has a large cash flow in foreign currencies. The Company hedge this net exposure by making forward contracts. Similarly, the risk of fuel price fluctuations is hedged by financial commodity contracts (fuel swaps). Contracts to hedge future cash flows and fuel purchases are recognised directly in equity until the underlying transactions are realised.

The value of the financial contracts concluded on 30 September 2020 measured against the market prices on the same date is negative by DKK 185 million net, of which DKK 133 million has been recognised in the income statement and DKK 52 million in equity.

Changes in fuel prices and the USD exchange rate are adjusted in the seat prices and have no significant effect on the net profit or loss of the year as USD and fuel are hedged at a price level corresponding to the conditions agreed in the seat prices. This and hedging of other currency risk are part of the hedging policy of the Company to eliminate risks from fluctuations in the financial markets.

## Environmental issues

Basis for the environmental work in Sunclass Airlines ApS is the environmental management system ISO14001. Thomas Cook Airlines Scandinavia was one of the first airlines in the world to have obtained certification according to the standard and Sunclass Airlines acquired the system with other assets and intellectual rights from Thomas Cook Airlines Scandinavia. The certification is annually approved externally.

The strategy is based on many years of environmental work experience and continues to support a wide focus across the business. The average CO<sub>2</sub> emission per passenger kilometre was only 66 grams in 2018/19, which is among the lowest carbon footprint per passenger kilometre in the entire aviation industry. The Company performs cabin waste segregation directly on board the aircraft and use electronic tablets as a work tool for pilots providing a significant reduction in fuel and emissions on aircraft.

The Company is subject to the European emissions trading system (EU-ETS), Energy Efficiency Directive (EU EED) and ICAO's Carbon Offset and Reduction Scheme for International Aviation (CORSIA). The Company is complying with the requirements and will submit filings and the monitoring plans according to the respective deadlines.

## Corporate social responsibility

The Company does not have its own policies for environment, climate, and human rights. The Company is included in the reporting with the Group's ultimate parent Company, NLTG Holdco AB, which is published on [https://dk.sunclassairlines.dk/media/00c4edfe-dd4c-4540-b433-f9775a5cbbe3/Lp59Pg/Website%20files%20for%20download/nltg\\_sustainability\\_report\\_2021.pdf](https://dk.sunclassairlines.dk/media/00c4edfe-dd4c-4540-b433-f9775a5cbbe3/Lp59Pg/Website%20files%20for%20download/nltg_sustainability_report_2021.pdf).

## **Underrepresented gender – Policies and target figures**

It is the Company's goal that the Board of Directors is composed in such a way that it is effectively able to perform its tasks related to strategy development, management and control. We seek to nominate candidates whose profiles and skills are best suited for the Company taking into consideration the Company's activities, development and challenges. Gender is considered when nominating candidates to the Board of Directors together with the Company's other recruitment criteria, including professional qualifications, industry experience, etc.

The Company has set a target for gender balance of the Company's board of directors. The aim is that the underrepresented gender is never lower than one fourth (25%) of the general meeting elected members. Thus, the target is achieved.

In addition, the Company has a policy to increase the share of the underrepresented gender among the Company's other management levels (Executive Board and Middle Management). The policy has four strategies, which have impact on talent development, recruitment, succession planning and communication. This has resulted in establishing two horizontal women centred leadership fora, one for upcoming female leaders and one to promote female opportunities amongst female pilots.

Our plan is that the gender composition of the Company's other management levels shall reflect the Company's requirements regarding skills and qualifications taking into consideration the policies from the new Group framework "Group-wide Diversity and Inclusion Plan for promoting diversity". At the end of 2020, the gender composition of the Company's other management levels was 39% women and 61% men (was 36% women and 64% men the last year in the former Thomas Cook Airlines Scandinavia A/S). It is our assessment that the initiatives will have a positive long-term effect on the gender composition, and therefore we find no cause to change the initiatives to increase the proportion of female managers.

## **Subsequent events**

Refer to note 1 in the Financial Statements.

## **Expectations for the year ahead**

The Group's short-term development is naturally affected by the COVID-19 pandemic and the corresponding external factors. An important milestone for the Nordic integrated business will be when a vaccination can be carried out in the different source and destination countries. To reduce the spread of infection on the trips that are carried out, our focus remains on following the requirements of the authorities involved and our own expanded safety routines.

Recent studies show that there is a great underlying demand for holiday travel once the spread of infection and disease risks linked to the pandemic decrease and vaccinations are rolled out during the winter and spring of 2021.

To prepare for the future NLTG has also restructured with extensive efficiencies and adjustments to the scope of operations with a reduced share of fixed costs in the size of 30%.

Based on the indicated demand in the long term, the government support which the business has received and the internal efficiencies that have been implemented, we continue to see a bright future.

The result for the Company for 2020/21, however, both depends on when the authorities in the Nordic countries and at the destinations reopen for travel, as well as new government support packages. A negative result is expected for 2020/21, but with the adjustment of operations and a recurring demand for holiday travel, profit is expected again in the financial year 2022/23.

## Foreign branches

The Company has the following foreign branches:

<u>Name</u>	<u>Registered office</u>
Sunclass Airlines ApS Swedish branch	105 20 Stockholm, Sweden
Sunclass Airlines ApS Norwegian branch	Flyterminalen, 2060 Gardermoen, Norway
Sunclass Airlines ApS Sucursal en España	Aeropuerto de Palma de Mallorca, Palma de Mallorca, Spain
Sunclass Airlines ApS Sucursal em Portugal	Praca Marques de Pombal 1, 1250-160 Lisbon, Portugal

### Income statement 2019/20

	Note	2019/20 DKK '000
Revenue .....	5	1.492.965
Production costs and cost of goods sold .....	3	-1.566.295
Other income .....	3	233.904
Other external expenses .....		<u>-76.746</u>
<b>Gross profit</b> .....		<b>83.828</b>
Staff costs .....	6	-577.431
Depreciation, amortisation and impairment.....	7	<u>-34.202</u>
<b>Operating profit</b> .....		<b>-527.806</b>
Financial income .....	8	523
Financial expenses .....	9	<u>-12.984</u>
<b>Profit before tax</b> .....		<b>-540.266</b>
Tax on profit for the year .....	10	<u>64.786</u>
<b>Net profit for the year</b> .....		<b><u><u>-475.480</u></u></b>

## Balance Sheet

<b>Assets</b>	<b>Note</b>	<b>30-09-2020</b>
		DKK '000
Goodwill .....		183.797
Software .....		11.033
<b>Intangible assets</b> .....	11	<b>194.830</b>
Aircraft and spare parts .....		37.181
Buildings on leased land.....		1.659
Fixtures and fittings, tools and equipment .....		7.360
<b>Property, plant and equipment</b> .....	12	<b>46.200</b>
Investments in subsidiaries .....	13	200
Other receivables .....	14	7.873
Deposits .....	14	71.616
<b>Financi�el fixed asset</b> .....		<b>79.689</b>
<b>Total fixed assets</b> .....		<b>320.718</b>
<b>Inventories</b> .....	15	<b>47.593</b>
Trade receivables .....		23.542
Other receivables .....	16	160.365
Deferred tax asset .....	17	100.000
Receivables from affiliated companies .....	18	101.251
Prepayments .....		35.790
<b>Receivables</b> .....		<b>420.947</b>
<b>Cash and cash equivalents</b> .....		<b>2.262</b>
<b>Total current assets</b> .....		<b>470.803</b>
<b>Total assets</b> .....		<b>791.521</b>

## Balance Sheet

<b>Equity and Liabilities</b>	<b>Note</b>	<b>30-09-2020</b>
		DKK '000
Share capital .....		1.000
Retained earnings .....		-349.918
Proposed dividends for the financial year .....		0
<b>Total equity</b> .....		<b>-348.918</b>
 Aircraft maintenance provisions .....	19	 183.517
<b>Total provisions</b> .....		<b>183.517</b>
 Bank loan .....	20	367.000
Lease accruals .....	20	29.719
Deferred holiday pay.....	20	36.791
<b>Long-term debt</b> .....		<b>433.510</b>
 Bank loan .....	20	43.000
Trade payables .....		131.892
Payables to affiliated companies .....		8.148
Other payables .....	21	337.254
Deferred income.....		3.118
<b>Short-term debt</b> .....		<b>523.412</b>
 <b>Debt</b> .....		 <b>956.922</b>
 <b>Total equity and liabilities</b> .....		 <b>791.521</b>
 Capital resources .....	1	
Uncertainty in recognition and measurement .....	2	
Special items .....	3	
Subsequent events .....	4	
Contingent liabilities, securities etc. ....	22	
Auditors' fees .....	23	
Currency risk and use of derivative financial instruments ...	24	
Related parties .....	25	
Accounting policies .....	26	



### Statement of changes in equity

Note

All amounts in DKK '000	Share capital	Retained earnings	Proposed dividends	Total
Equity at 01 October 2019 .....	40	0	0	40
Cash capital increase .....	960	178.075	0	179.035
Pre-tax adjustment of derivative financial instruments .....	0	-52.513	0	-52.513
Profit and loss .....	<u>0</u>	<u>-475.480</u>	<u>0</u>	<u>-475.480</u>
<b>Equity at 30 September 2020 .....</b>	<b><u>1.000</u></b>	<b><u>-349.918</u></b>	<b><u>0</u></b>	<b><u>-348.918</u></b>

The share capital is divided into 1,000,000 shares each of DKK 1.

## Note 1 – Capital Resources

Sunclass Airlines ApS equity per September 30, 2020 is negative by DKK 349 million due to this year's negative result because of the Covid-19 pandemic. The Company is therefore covered by the Danish Companies Act's rules on capital losses. It is Management's assessment that equity will be restored in the future by capital contributions, earnings or a combination thereof.

Due to the Company's capital and liquidity conditions, the Company is dependent on continued liquidity from group companies, including NLTG HoldCo AB. The Company has received a letter of support from Nordic Leisure Travel Group Holdings AB, stating that Nordic Leisure Travel Group Holdings AB will support Sunclass Airlines ApS to the extent necessary for the financial year 2020/21 and until 31 December 2021.

In connection with the new consortium's acquisition and the establishment of Nordic Leisure Travel Group, the new owners have, during the financial year have contributed SEK 1,500 million in new equity to the Group and in connection with this established credit facilities at DNB, state aid credits related to COVID-19, and loans at Vækstfonden in Denmark and Innovation in Norway. These total SEK 1.2 billion. After the balance sheet date, an additional state aid credit of SEK 785 billion has been established with Exportkreditnämnden in Sweden.

Through the mentioned refinancing packages, public support packages, furlough schemes and the implemented cost savings, the Group has established a liquidity contingency that can withstand a scenario without the sale of travel in the coming financial year 2020/21.

It is the assessment of the Executive Board and the Board of Directors that the Group and the Company, because of the above, has sufficient capital resources to continue operations. Management therefore submits the Annual Report on the assumption of going concern.

## Note 2 – Uncertainty in recognition and measurement

The preparation of the Financial Statements requires Management to make estimates and judgments. These are the basis for recognition and measurement of the Company's income, expenses, assets and liabilities.

The applied estimates are based on historical data and other factors that Management considers appropriate under the given circumstances, but which are inherently uncertain or unpredictable.

Such assumptions may be incomplete or inaccurate, and unexpected events or circumstances may occur. In addition, the Company is subject to risks and uncertainties that may cause actual outcomes to deviate from these estimates.

Further, the Company is subject to risks and uncertainties which can lead to the actual outcome differentiating from these estimates. This means that an estimate can be subject to significant uncertainty.

It may be necessary to change previous estimates as a result of changes to the assumptions on which the estimates were based or due to new information or subsequent events that affects the current as well as future periods.

As a consequence of the market conditions at present within the business area of the Company, Management has, when presenting the Financial Statements, made significant estimates especially when performing.

- Impairment test of goodwill
- Determining whether an aircraft lease is an operating or finance lease
- Measurement of deferred tax asset
- Measurement of aircraft maintenance provisions

As described in Management's review, profit is expected again in the financial year 2022/23, which is based on a recurring demand for holiday travel.

### **Acquisition balance**

On 30 October 2019, Sunclass Airlines acquired all assets belonging to the Thomas Cook Airlines Scandinavia A/S bankruptcy estate and at the same time assumed employee obligations (privileged claims). The net asset was financed by a promissory note, which was later redeemed with funds injected by the owners.

The purchase price was allocated to the net assets acquired based on judgements and estimates made by Management as the agreement does not stipulate a purchase price allocation.

Most valuable assets acquired were stocks (aircraft parts and travel retail goods), receivables, fixed assets (building on leased land and fixtures) and one aircraft. A minor remaining part was allocated to goodwill.

As part of the aircraft lease agreements, Sunclass Airlines agreed to assume the full maintenance obligations. Aircraft lessors will partly contribute financially to future maintenance events, and the estimated remaining net obligation as per 31 October 2019 was capitalised as goodwill in the acquisition balance.

### Note 3 – Special items

Special items comprise costs, which is special due to their size or nature e.g government grants, redundancy costs, losses on fuel hedges due to COVID-19 and impairment losses

For the financial year 2019/20 the income statement includes fuel hedge losses due to cancelled production volumes, additional operating costs related to the launch of the Company and the COVID-19 pandemic, and a sandstorm on the Canary Islands in February 2020. In total DKK 233 million.

Compensations related to COVID-19 amounts to DKK 234 millions.

	<b>2019/20</b>
	DKK '000
Other income .....	233.904
Production costs and cost of goods sold .....	<u>-232.633</u>
	<u>1.271</u>
Losses on hedge instruments .....	-159.414
Additional costs related to start of operations .....	-61.252
Additional costs related to sand storm Calima .....	-11.967
Fixed Cost Compensation .....	170.000
Salary Cost Compensation .....	<u>63.904</u>
	<u>1.271</u>

### Note 4 – Subsequent events

Please see note 1.

## Notes

**Note 5 - Segment information**

<u>Activities - primary segment</u>	DKK '000	<u>Flight</u>	<u>Ancillary and other</u>	<u>Total</u>
<b>2019/20</b>				
Revenue .....		1.312.328	180.637	1.492.965
<u>Geographical - secondary segment</u>		<u>Scandi- navia</u>	<u>Rest of Europe</u>	<u>Total</u>
<b>2019/20</b>				
Revenue .....		1.492.965	0	1.492.965

**Note 6 - Staff Costs**

	<b>2019/20</b> DKK '000
Wages, salaries .....	501.441
Pension contributions .....	33.188
Other social security costs .....	42.802
	<u>577.431</u>
Remuneration to Executive Board .....	<u>5.634</u>
Average number of employees (full-time) .....	<u>875</u>

No remuneration has been paid to the Board of Directors.

**Note 7 - Depreciation and amortisation**

Intangible assets, see note 10 .....	17.161
Property, plant and equipment, see note 11 .....	17.041
	<u>34.202</u>

**Note 8 - Financial income**

Interest income, affiliated companies .....	523
	<u>523</u>

## Notes

	<b>2019/20</b>		
	DKK '000		
<b>Note 9 - Financial expenses</b>			
Interest expenses, bank loan .....	8.903		
Interest expenses, mortgage credit .....	149		
Banking and warranty costs .....	5		
Income tax surcharge.....	-3		
Other interest expenses .....	3.929		
	<u>12.984</u>		
<b>Note 10 - Tax on profit for the year</b>			
Change in deferred tax .....	64.786		
Tax on profit for the year .....	<u>64.786</u>		
<b>Note 11 - Intangible assets</b>			
	<b>Goodwill</b>	<b>Software</b>	
	DKK '000	DKK '000	
Aquisition price at 1 October 2019 .....	0	0	
Business acquisitions during the financial year .....	200.738	820	
Additions during the financial year .....	0	10.433	
Aquisition price at 30 September 2020 .....	<u>200.738</u>	<u>11.253</u>	
Amortisation at 1 October 2019 .....	0	0	
Amortisation for the financial year .....	16.941	221	
Amortisation at 30 September 2020 .....	<u>16.941</u>	<u>221</u>	
<b>Carrying amount at 30 September 2020 .....</b>	<b><u>183.797</u></b>	<b><u>11.033</u></b>	
<b>Note 12 - Property, plant and equipment</b>			
	<b>Aircraft and Spare Parts</b>	<b>Buildings</b>	<b>Fixtures, etc</b>
	DKK '000	DKK '000	DKK '000
Aquisition price at 1 October 2019 .....	0	0	0
Business acquisitions during the financial year .....	34.114	2.436	3.774
Additions during the financial year .....	17.152	0	5.765
Aquisition price at 30 September 2020 .....	<u>51.266</u>	<u>2.436</u>	<u>9.539</u>
Depreciation at 1 October 2019 .....	0	0	0
Depr. and impairment for the financial year.....	14.085	777	2.179
Depreciation at 30 September 2020 .....	<u>14.085</u>	<u>777</u>	<u>2.179</u>
<b>Carrying amount at 30 September 2020 ...</b>	<b><u>37.181</u></b>	<b><u>1.659</u></b>	<b><u>7.360</u></b>

Aircraft and spare parts comprise aircraft-related assets owned by the Company.

## Notes

**30-09-2020**

DKK '000

**Note 13 - Investments in subsidiaries**

Aquisition price at 01 October 2019 .....	0
Additions during the financial year .....	200
Aquisition price at 30 September 2020 .....	200
<b>Carrying amount at 30 September 2020</b>	<b>200</b>

**Subsidiaries**

Sunclass Airways A/S

Airshoppen Travel Retail A/S

There have been no activities in the subsidiaries during the financial year and for both of them, their first financial year ends on 30.09.2021.

**Note 14 - Other receivables and Deposits**

	<b>Other receivables</b>	<b>Deposits</b>
	DKK '000	DKK '000
Aquisition price at 01 October 2019 .....	0	0
Business acquisitions during the financial year .....	0	3.121
Additions during the financial year .....	8.473	72.116
Disposals during the financial year .....	-600	0
Currency adjustment.....	0	-3.622
Aquisition price at 30 September 2020 .....	<u>7.873</u>	<u>71.616</u>

**30-09-2020**

DKK '000

**Note 15 - Inventories**

Goods for resale .....	36.984
Spare Parts .....	10.609
	<u>47.593</u>

**Note 16 - Other receivables**

Unrealised gains on currency contracts.....	8.025
Government grants .....	84.624
Lessor receiveables .....	50.782
Other receivables .....	16.934
	<u>160.365</u>
Hereof due after one year .....	<u>50.782</u>

## Notes

30-09-2020

DKK '000

**Note 17 - Deferred tax asset**

Fixed assets .....	-38.770
Derivatives .....	29.156
Trade receivables .....	188
Other receivables .....	5.464
Prepayments .....	-6.903
Aircraft maintenance provisions .....	40.374
Tax losses carry-forward .....	70.491
	<u>100.000</u>

Not-recognised Deferred Tax Asset amounts to DKK 21 millions.

**Note 18 - Receivables from affiliated companies**

Trade receivables from affiliated companies .....	32.791
Cash, affiliated companies .....	68.461
	<u>101.251</u>

The Company is included in a cash pool agreement with other Nordic group companies through the Group's primary banker in Denmark, Norway and Sweden.

**Note 19 - Aircraft maintenance provisions**

Provisions at the beginning of the year .....	0
Business acquisitions during the financial year .....	160.063
Additional provision in the year .....	52.633
Utilised in the year .....	-18.337
Currency adjustment.....	-10.841
Provisions at the end of the year .....	<u>183.517</u>

The aircraft maintenance provisions relate to maintenance on leased aircraft and spares used by the Company's aircraft in respect of leases which include contractual return conditions. This expenditure arises at different times over the life of an aircraft with major overhauls typically occurring between two and 10 years. The aircraft maintenance provisions are reassessed at least annually in the normal course of business with a corresponding adjustment made to either non-current assets (aircraft and aircraft spare parts) or aircraft costs which is included in Production costs and cost of goods sold.



## Notes

**30-09-2020**

DKK '000

**Note 20 - Long Term debt**The bank loan is falling due as follows:

Within 1 year .....	43.000
Between 1 and 5 years .....	367.000
After 5 years .....	0
	<u>410.000</u>

Lease accruals is falling due as follows:

Within 1 year .....	0
Between 1 and 5 years .....	29.719
After 5 years .....	0
Total .....	<u>29.719</u>
	<u>29.719</u>

The deferred holiday pay is falling due as follows:

Within 1 year .....	0
Between 1 and 5 years .....	0
After 5 years .....	36.791
Total .....	<u>36.791</u>
	<u>36.791</u>

**Note 21 - Other payables**

Holiday pay obligation .....	32.469
Withholding tax payable and other staff-related costs .....	97.198
VAT and duties payable .....	146
Unrealised loss on fuel contracts.....	60.538
Realised loss on fuel and currency contracts.....	132.526
Other Payables .....	14.377
	<u>337.254</u>

## Notes

**30-09-2020**

### **Note 22 - Contingent liabilities, securities etc**

DKK '000

Total lease commitments (operating lease) due for payment	
after the balance sheet date .....	1.527.245
Of this, due within 5 years .....	987.626
Of this, due within 1 year .....	191.384

The total lease commitments can be specified as follows:

Lease of aircraft and spare parts .....	1.483.438
Lease of buildings, hangar area, etc. ....	42.712
Other leases .....	1.094
	1.527.245

Bank guarantees .....	20.271
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The lease commitments regarding aircraft and spare parts have been translated from USD using the exchange rate at balance sheet date.

The Company is included in a joint taxation with other Danish group companies. Thereby, the Company is jointly and severally liable for income tax with the other Danish Group Companies.

**Securities:** None

### **Note 23 - Auditors' fees**

Referring to the Danish Statements Act § 96, sub section 3, information on fees to Auditors elected on a general meeting, has been omitted.

We refer to the financial statement of NLTG HoldCo AB.

## Notes

### **Note 24 - Currency risk and use of derivative financial instruments**

Sunclass Airlines ApS uses hedging instruments to hedge recognised and non-recognised transactions.

#### **Recognised transactions**

Hedging of recognised transactions primarily includes receivables and payables.

	<b>Receive- ables</b>	<b>Payables</b>	<b>Hedged using forward exchange contracts</b>	<b>Net Position</b>
Currency (DKK'000)				
USD, < 1 year .....	65.910	-113.332	0	-47.422
USD, > 1 year .....	88.565	-174.304	0	-85.739
	<u>154.475</u>	<u>-287.636</u>	<u>0</u>	<u>-133.161</u>

#### **Forecast transactions**

Sunclass Airlines ApS uses forward exchange contracts to hedge expected currency risks relating to purchase of goods in the coming year.

	<b>Contractual value</b>	<b>Gains and losses recognised in equity and expected to be realised after the balance sheet date.</b>
DKK '000	<b>2019/20</b>	<b>2019/20</b>
Forward exchange contracts, (< 1 year) .....	936.766	8.025
Forward exchange contracts, (> 1 year) .....	0	0
Fuel swaps, (<1 year) .....	229.618	-60.538
Fuel swaps, (> 1 year) .....	0	0
	<u>1.166.384</u>	<u>-52.513</u>

## Notes

### **Note 25 - Related parties**

#### **Parties exercising control**

Nordic Leisure Travel Group Holding Denmark A/S Handlingsvej Øst 7 2791 Dragør Denmark	Controlling shareholder
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NLTG HoldCo AB Box 16116 SE-103 23 Stockholm Org.nr.: 559222-2789	Ultimate controlling shareholder
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#### **Consolidated financial statements**

The company's immediate parent company nordic Leisure Travel Group Holdings Denmark A/S does not prepare consolidated financial statements. Sunclass Airlines ApS is included in the consolidated financial statements of the ultimate parent company NLTG HoldCo AB, Sweden.

#### **Related party transactions**

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

The consolidated financial statements for NLTG HoldCo AB can be obtained at:

NLTG HoldCo AB  
Rälambsvägen 17  
112 59 Stockholm  
Sweden

## **Note 26 - Accounting policies**

The Annual Report is presented in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of Reporting Class C

The Annual Report is presented in Danish kroner (DKK) 1,000.

### **Cash flow statement**

In accordance with section 86 (4) of the Danish Financial Statement Act no cash flow statement has been prepared, whereas this is included in a cash flow statement for NLTG Holdco AB, Sweden.

### **Consolidated financial statements**

The subsidiaries of the Company have had no activities in the financial year. With reference to section 111 (1) of the Danish Financial Statements Act, the Company has not prepared Consolidated Financial Statements. Reference is made to the Consolidated Financial Statements of NLTG Holdco AB, Sweden.

### **Recognition and measurement**

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

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.

## Accounting policies

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.

### Leasing

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. If the cumulative expense exceeds the payments made in the period, the amount is included in lease accruals.

### Foreign currency translation

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

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.

## **Accounting policies**

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.

### **Derivative financial instruments**

On initial recognition, derivative financial instruments are measured in the balance sheet at cost and subsequently at fair value. Derivative financial instruments are recognised in other receivables or other payables.

Changes in the fair value of derivative financial instruments that are classified as and meet the requirements for fair value hedging of a recognised asset or a recognised liability are recognised in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments that are classified as and meet the requirements for hedging of future transactions are recognised directly in equity. When the hedged transactions are realised, the changes are recognised in the relevant items.

## **Income statement**

### **Revenue**

Income from the sale of charter flights is recognised in the income statement on the departure date. Income from the sale of duty-free and non-duty-free goods, included and reported as “Ancillary and Other”, is recognised in the income statement on delivery date. Revenue is recognised exclusive of VAT, taxes and sales discounts and is measured at fair value of the fixed consideration.

### **Segment information on revenue**

Information on business segments and geographical segments is based on the Company's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

**Production costs and cost of goods sold**

Production costs and cost of goods sold include direct costs incurred in achieving the revenue.

**Accounting policies****Other external expenses**

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

**Staff costs**

Staff costs include salaries, pensions, and other social security costs of all employees of the Company and its branches.

**Depreciation and impairment losses**

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

**Government grants**

Governments grants, eg. government aid programmes, are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them, and there is reasonable assurance, that the Company will receive the grant.

Government grants are recognized in the income statement on a systematic basis over the periods in which the Company recognizes expenses for the related costs for which the grants are intended to compensate, or immediately if the grant is not conditioned by incurring future expenses or investments. Government grants related to acquiring an asset is recognized as deferred income.

**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 government grants, gains and losses on intangible and property, plant and equipment.

**Financials**

Interest income and expenses comprise interest on loans and realised and unrealised foreign exchange adjustments.



## Accounting policies

### Tax on profit/loss for the year

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

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with Danish group enterprises. The tax effect of the joint taxation with the subsidiaries is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Nordic Leisure Travel Group Holding Denmark A/S acts as the management Company in the Tax Group. Provision for and payment of the aggregate Danish tax of the taxable income of the Danish subsidiaries are made by Nordic Leisure Travel Group Holding Denmark A/S.

## Balance sheet

### Intangible fixed assets

Goodwill and software acquired is measured at cost less accumulated amortisation.

Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 10 years.

Software is amortised on a straight-line basis over its useful life, which is assessed at a maximum of four years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

### Tangible fixed assets

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

## Accounting policies

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

All indirectly attributable borrowing expenses are recognised in the income statement.

Depreciation period and residual value are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the amortisation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Buildings on leased sites are depreciated on a straight-line basis over the expected economic life, but not exceeding expiry of the guaranteed lease term for the site. Installations are depreciated over fifteen years, always provided that the installations will be completely depreciated at the same time as the building.

Operating equipment and fixtures are depreciated on a straight-line basis over the expected useful life, i.e. normally 4-5 years. Aircraft and spare parts including aircraft-related assets and improvements owned by the Company are depreciated on a straight-line basis over the expected useful life, i.e. normally up to fifteen years.

### 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.

## Accounting policies

### Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries. Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

### Fixed-asset investments

Deposits are recognised at acquisition cost calculated at cost.

### Inventories

Inventories comprise goods for resale and spare parts and are measured at costs based on an approximated FIFO method or at net realisable value, whichever is the lower. The net realisable value of stocks is calculated at the amount that they are expected to fetch when sold in normal operation, less selling and completion costs. The net realisable value is calculated with due consideration of negotiability, obsolescence, and the development of the expected selling price.

The cost of goods for resale includes the purchase price plus delivery costs.

## Accounting policies

### Receivables

Receivables are measured at amortised cost, which corresponds to nominal value, less write-downs to meet expected losses.

Payments to aircraft lessors regarding future maintenance is recognised as Other receivables within current assets.

Short-term net deposits with group enterprises are recognised in receivables.

### Prepayments

Prepayments under assets include expenses incurred but concerning the subsequent financial year.

### Equity

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

### Aircraft maintenance 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 an outflow of economic benefits will be required to settle the obligation.

Provisions have been made to cover the costs incurred by contractual maintenance obligations for leased aircrafts. The provisions are calculated based on flight hours at the USD exchange rate on the balance sheet date.

Maintenance costs incurred are deducted in provisions.

## Accounting policies

### 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.

### Other financial liabilities

Other financial liabilities are recognised at amortised cost, which usually corresponds to nominal value.

### Deferred income

Deferred income under liabilities includes payments received but recognised in the income statement in the subsequent financial year. Deferred income over 1 year is classified as long term.

## Accounting policies

### Financial highlights

The financial ratios have been prepared in accordance with the definitions below.

#### Other financial ratios

Aircraft = Average number of aircraft in the fleet for the year

Cabin factor =  $\frac{\text{Guests} \times 100}{\text{Seats flown}}$

Number of flying hours (Block hours) = In-flight production hours

#### Financial ratios (%)

Gross margin =  $\frac{\text{Gross profit} \times 100}{\text{Revenue}}$

Profit margin =  $\frac{\text{Operating profit} \times 100}{\text{Revenue}}$

Solvency ratio =  $\frac{\text{Equity at year-end} \times 100}{\text{Total assets}}$

Return on equity =  $\frac{\text{Net profit or loss for the year} \times 100}{\text{Average equity adjusted for dividend payment}}$