Sunclass Airlines ApS
CVR no. 40 84 44 22

Annual report 2022/23

Financial year 01 October 2022 to 30 September 2023

4th financial year

Approved by the annual general meeting of the Company on 18 March 2024

Chairman of the meeting

Valdemar Warburg

Contents

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
Valdemar Warburg
Lisbeth Lie, employee elected
Ronnie Boel, employee elected

Executive Board

Valdemar Warburg, CEO
Bent Erlandsen, CFO

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 2022 to 30 September 2023.

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 2023 and of the results of the Company’s operations for the period 1 October 2022 to 30 September 2023.

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, 18 March 2024

Executive Board

Valdemar Warburg *CEO*	Bent Erlandsen *CFO*

Board of Directors

Lars Magnus Wikner *Chairman*	Eva Elisabet Palm	Per Knudsen
Valdemar Warburg	Lisbeth Lie	Ronnie Boel

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 2023, and of the results of the Company's operations for the financial year 1 October 2022 – 30 September 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Sunclass Airlines ApS for the financial year 1 October 2022 – 30 September 2023, 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' 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, 18 March 2024
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Bo Schou-Jacobsen	Alexander Oliver Duschek
State Authorised Public Accountant	State Authorised Public Accountant
mne28703	mne47774

Management's review

Financial highlights

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

Key Figures	2022/23	2021/22	2020/21	2019/20
Income statement				
Revenue	3.908	2.734	601	1.493
Gross Profit	628	578	234	84
Operating Profit	-73	38	-177	-528
Results from net financials	-54	-37	-45	-12
Net profit before tax	-124	-14	-252	-540
Net profit for the year	-118	-26	-181	-475
Balance sheet				
Equity	-574	-493	-452	-349
Balance sheet total	1.133	1.056	958	792
Investments in intangible and tangible assets	42	11	16	275
Other financial ratios				
Staff (Full-time)	810	654	506	506
Aircraft	11	10	10	11
Passengers (1.000), one-way	1.908	1.612	375	728
Cabin factor (%)	92	90	81	91
Number of flying hours (Block hours)	42.144	34.571	8.313	20.251
Financial ratios %				
Gross margin	16	21	39	6
Profit margin	-2	1	-29	-35
Solvency ratio	-51	-47	-47	-44
Return on equity	n/a	n/a	n/a	n/a

For definitions, see note 29 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 goods on-board. Most of the Company's revenue consists of charter revenue from group entities, who sell packaged tours.

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

Development in the year

The year 2022/23 have been affected by the global economic situation with high energy prices, increased inflation, and weak Norwegian and Swedish currencies.

In addition to that, the airline industry had a slow recovery to normal after Covid regarding delivery delays of new aircraft and spare parts to our current fleet. This caused an older A330 were taken out of service during the winter period which increased the subcharter and maintenance cost.

In May 2023 a brand new A330neo (VKO) aircraft was delivered. In December 2023 (after the balance sheet date) another A330neo (VKP) and a new A321neo (VKA) aircraft was also delivered. It is an important step in securing the Company's aircraft production in the coming years as well as to support the company's strategy of being the market leader in reduction of CO2 emissions.

Scaling up the business gave the Company operational challenges as many other airlines in Europe experienced as well. Recruitment and training of staff took more efforts than anticipated but hard work by the entire organisation secured the planned production without cancellations.

1,9 Mio one-way passengers from and to Sweden, Norway, Denmark, and Finland, were transported during the year.

From summer 2023, the fleet increased by one A330-neo and consisted of 9 A321 and 3 A330 by the end of the year. Of the total of 12 aircraft, one A330 is owned, one A321 is on a short-term lease and the remaining are all operational leased aircraft on medium long terms. The lease contracts for 1 new A330neo (VKP) with expected delivery in autumn 23 entered service in December 2023. Also, a new A321-neo (VKA) entered service by the end of December 2023. Finally, a new A321-neo (VKB) is expected to be delivered in spring of 2024.
Sunclass's owned A330 (VKF) is expected to leave the fleet by spring 2024.

The income statement shows a loss of DKK 118 million for the year driven by mainly poor financial performance in the first 9 months of the financial year. The Management does not consider the result satisfactory.

The equity per 30 September 2023 is negative by DKK 574 million due to this and previous year's negative results.

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 2022/23 have been materially affected by the continued war in Ukraine (no fly zone over Russian territory), an older A330 out of service during the winter period and high inflation.

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 2023 measured against the market prices on the same date is positive by DKK 47,7 million (note 26).

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

Thomas Cook Airlines Scandinavia was one of the first airlines to obtained certification according to the standard and Sunclass Airlines acquired the system with other assets and intellectual rights from Thomas Cook Airlines Scandinavia. The airline was fully certified according to the ISO standard from 2010 until 2020. The environmental work is still conducted based on the principles and guidelines in the environmental standard.

The strategy is based on many years of environmental work experience and continues to support a wide focus across the business. Fuel consumption and thus CO2 emissions during the reported fiscal year have been affected by the build-up in traffic. The average CO2 emission per passenger kilometre was 66,5 grams in 2022/23 a 2,2% reduction compared to last year. Given the conditions the industry has been under during the last year 3 years, our emissions are still among the lowest carbon footprint per passenger kilometre in the entire aviation industry and we are now back to the levels before the crisis. The Company performs cabin waste segregation directly on board the aircraft and use electronic tablets as a work tool for pilots and cabin crew 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 plan 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://img.nltg.com/image/upload/myhotels/media/ukljkxuz/nltg_sustainability_report_23-compressed.pdf and is in accordance with Danish Financial Statement Act § 99a.

Gender representation – 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 Board consist of 4 members without counting the Employee representatives. The aim is that the underrepresented gender is never lower than one out of four (25%) of the general meeting elected members. Currently 1 out of 4 elected members is a woman and thus, the target of 25% is achieved. Thereby an equal equal gender distribution has been reached.

In addition, the Company will always follow the current legislation on gender representation and the subject has been a part of the discussion during 2023.

The representation for 2023.

Review	Yr 2023
Top Management /Board	
Total members	4
Under representation of gender in %	25%
Target no. in %	25%
Year expected to fulfil target no.	2023

The 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 Group framework. At the end of 2022/23 total representation of the Other Management level was 42 people with a gender composition of 26 men and 16 women giving a split of 38% women and 62% men. The company target for the Other Management level is 35% and the aim has therefore been achieved. As the target has been reached for 2023 a new target of a 40/60 distribution has been set and expected to be reached 2024/25.

The company has during 2023 discussed the gender representation in the Other management level and will continue to work on more equal gender representation. The representation for 2023 was:

Other Management level	Yr 2023
Total members	42
Under representation of gender in %	38%
Target no. in %	35%
Year expected to fulfil target no.	2023

It is our assessment that the initiatives that has been taken have had 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 staff.

To facilitate and manage the Groups diversity strategy, the company will, apart from what is described in the general disclosures in the Group ESG report 2023, focus on the following actions.

- Improve recruitment processes by securing great quality in job advertisements which will be done by close involvement by HR when establishing job descriptions, needed competences and to give support during the recruitment process.
- Increase focus on inclusive leadership by implementing a new model for the NLTG Leadership program which specifically provides training in inclusive leadership.

- Increase our managers knowledge about unbiased recruitment by added training within the NLTG Leadership program.

Plan for upcoming successions in relation to key roles and people are taking place on a regular basis.

Data ethics

At Sunclass Airlines A/S we have several policies in place on Group level concerning how we should handle customers, business partners and employees' data securely and in accordance with relevant regulations and standards for our business. We do not have a separate policy for data ethics as we believe our other policies provide a clear view of our company's constant strive to ensure that data is collected, stored and used responsibly across the organization.

Our Group Enterprise Risk Policy

At NLTG, risk management is a mindset of continuous risk-conscious vigilance. Enterprise risk management in NLTG is a structured, consistent, and continuous approach to manage our risk exposure, and covers all types of risks across the entire organization.
Due to the nature of the company, the organization handles many different types of data, including sensitive and confidential data. With the presence of such data, there is a risk of an inadvertently breach of private data. This is a risk that has a high awareness and is controlled through a particular data protection program at NTLG. The data protection principles are implemented in our Group Code of Conduct and Group Information security policy, as further explained below. There is a strong priority of executing continuous training and awareness of our employees.

Our Group Code of Conduct is our main policy document, acting as an umbrella document for all other policies and guidelines. It applies to all employees and all areas of the business within NLTG. The policy covers a shorter overview of a range of topics including our business values, behavior within the company, information security, data protection, risk management and whistleblowing.

Our Group Information Security Policy is an overall statement of intent that dictates what role information security plays within the organization. The Policy provide management direction and support for information security in accordance with business requirements and relevant laws and regulations. To mitigate security risks, a systematic approach is used to manage the security of information assets such as financial information, customer details, employee details or information entrusted to us by external parties.

Our Group Acceptable Use Policy establish acceptable use of the Group's information and IT systems (including software, IT equipment and connectivity) describing i.a.

Handling of information (saving, processing, sharing of data) and commitments for employees not to discuss or share information relating to the company with unauthorized parties.

Access to information and IT-systems shall be granted according to the 'need to know' and 'least privilege' principle.
Permitted use of IT equipment.
Password requirements.

Our Group Data Protection Policy establish how to manage personal data across the Group to ensure maintaining the trust of colleagues and customers as well as securing compliance with legal requirements including i.a.

Data protection principles; Lawfulness, fairness, transparency
Purpose limitation
Data minimization
Accuracy
Retention principles
Security and confidentiality
Employees participating in awareness trainings on a regular basis.

Expectations for the year ahead

The NLTG Group's short-term earning power is affected by customers' demand for holiday travel, which is affected by several external factors. Rising interest rates, high energy prices and high inflation affect customers' financial ability, which may affect demand in the future. The booking situation for the coming year has so far followed historical patterns and the group is financially well equipped for the future. The management expects continued positive financial development.

Based on the above, the Company expects a positive operating profit for the coming year.

Subsequent events

Refer to note 1 and 4 in the Financial Statements.

Foreign branches

The Company has the following foreign branches:

Name	Registered office
Sunclass Airlines ApS Swedish branch	105 20 Stockholm, Sweden
Sunclass Airlines ApS Norwegian branch	Flyterminalen, 2060 Gardermoen, Norway
Sunclass Airlines ApS Finnish branch	Urho Kekkosen katu 3 B 00100 Helsinki, Finland
Sunclass Airlines ApS Spanish branch	Aeropuerto de Palma de Mallorca, Palma de Mallorca, Spain

Income statement	Note	2022/23 DKK'000	2021/22 DKK'000
Revenue	5	3.907.744	2.734.383
Production cost and cost of goods sold		-3.182.761	-2.110.120
Other income	3	14.076	40.165
Other external expenses		-110.568	-85.996
Gross Profit		**628.491**	**578.432**
Staff costs	6	-643.623	-501.568
Depreciation, amortisation and impairment	7	-57.863	-38.766
Operating Profit		**-72.995**	**38.098**
Result from investment in subsidairies	13	2.190	-14.853
Financial income	8	4.415	514
Financial expenses	9	-57.957	-37.342
Profit before tax		**-124.347**	**-13.583**
Tax on profit for the year	10	6.300	-12.604
Net profit for the year		**-118.047**	**-26.187**

Assets	Note	2022/23 DKK'000	2021/22 DKK'000
Goodwill		122.060	142.134
Software		8.560	5.229
Intangible assets	11	**130.620**	**147.363**
Aircraft and spare parts	12	24.635	27.252
Buildings on leased land	12	49	65
Fixtures, fittings, tools and equipment	12	5.297	1.525
Assets under construction		1.048	3.695
Property, plant and equipment		**31.029**	**32.537**
Investment in subsidiaries	13	6.412	4.222
Other receivables	14	2.445	3.738
Deposits	14	131.079	133.581
Financial fixed assets		**139.936**	**141.541**
Total fixed assets		**301.585**	**321.441**
Inventories	15	**12.332**	**12.332**
Trade receivables		1.743	1.834
Other receivables	16	439.417	420.673
Deferred tax asset	17	159.801	149.772
Receivables from affiliated companies	18	138.991	86.951
Prepayments	19	67.009	52.655
Receivables		**806.961**	**711.885**
Cash and cash equivalents		**12.415**	**10.238**
Total current assets		**831.708**	**734.455**
Total assets		**1.133.293**	**1.055.896**

Equity and liability	Note	2022/23 DKK'000	2021/22 DKK'000
Share capital		1.000	1.000
Hedging reserve		47.651	10.401
Retained earnings		-622.338	-504.291
Total equity		**-573.687**	**-492.890**
Aircraft maintenance provisions	20	459.080	480.674
Other provisions		45.455	12.114
Total provisions		**504.535**	**492.788**
Bank loan	21	349.997	466.664
Lease accruals	21	25.832	34.939
Deferred holiday pay	21	38.827	39.174
Long-term debt		**414.656**	**540.777**
Bank loan	21	116.668	116.668
Lease accruals	21	7.159	9.009
Trade payables		210.507	169.320
Payables to affiliated companies	23	302.964	84.789
Other payables	22	147.627	135.435
Deferred income		2.864	0
Short-term debt		**787.789**	**515.221**
Total debt		**1.202.445**	**1.055.998**
Total equity and liabilities		**1.133.293**	**1.055.896**

Additional notes

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Statement of changes in equity

DKK'000	Share capital	Hedging reserve	Retained earnings	Total
Equity at 01 October 2022	1.000	10.401	-504.291	-492.890
Reversal of pre-tax adjustment of derivative financial instruments, 01 October 2022	0	-10.401	0	-10.401
Pre-tax adjustment of derivative financial instruments, 30 September 2023	0	47.651	0	47.651
Net profit /loss for the year	0	0	-118.047	-118.047
Equity at 30 September 2023	**1.000**	**47.651**	**-622.338**	**-573.687**

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

Note 1 – Capital Resources

Due to the Company's capital and liquidity conditions, the Company is dependent on continued liquidity from Group companies, including NLTG HoldCo AB. Equity as per 30 September 2023 is negative by DKK 574 million including a loss after tax for the financial year of DKK 118 million.
The Company has therefore received a letter of support from NLTG Holdco AB, stating that NLTG Holdco AB will support the Company to the extent necessary for the financial year 2023/24 and until 31 December 2024.

The operating activities and cash flows of the NLTG Group have developed satisfactorily in the preceding financial year and at the end of the financial year, the Group net debt was MSEK 1,140 (2021/22: MSEK 658) with a cash headroom above MSEK 2,163 (2021/22: MSEK 2,401).
The NLTG Group has obtained an extension of their loan facilities with DNB and Vækstfonden until 2026.

During the financial year 2022/23, the ultimate shareholders have contributed new capital to the NLTG Group in order to fulfill agreed financial agreements. In 2022/23, the shareholders have injected SEK 304 million. In addition, the shareholders have issued a capital commitment that guarantees an equity in the NLTG Group of at least SEK 250 million. As a consequence, the shareholders have in December 2023 injected SEK 260 million as equity. Through this, the shareholders of NLTG Group continue to demonstrate their faith and support of the Group.

The Group's short-term earning power is of course affected by customers' demand for holiday travel, which is affected by a number of external factors. Rising interest rates, high energy prices and high inflation affect customers' financial ability, which may affect demand in the future.
The booking situation in the Group for the coming year has so far followed historical patterns.
The NLTG Group has financial covenants for earnings, liquidity and capital agreed with banks and financiers, which are measured at the end of the financial year. The NLTG Group has sufficient liquidity and financing facilities to be able to implement the plans for the financial year 2023/24 and there is also an extended capital commitment from existing shareholders that can be triggered if necessary.

Based hereon, it is the assessment of the Board of Directors and Executive Board that the Company has sufficient capital resources to continue its 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 judgements. 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.

Because of the market conditions within the business area of the Company, Management has, when presenting the Financial Statements, made substantial estimates especially when performing:

- Impairment test of goodwill
- Measurement of deferred tax asset
- Measurement of aircraft maintenance provisions
- Measurement for delay compensation EU 261

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

Note 3 - Special Items

Special items comprise costs, which is special due to their size or nature e.g government grants, gain from sale of assets, redundancy costs, losses on fuel hedges, and compensation for late delivery of new aircrafts.

Other income is compensation for late delivery of new A330-900neo.

	2022/23 DKK '000	**2021/22** DKK '000
Other income	14.076	40.165
Production costs and cost of goods sold	0	0
Staff costs	0	0
	14.076	40.165

Profit from sale of assets	1.685	0
Compensation from vendors	12.602	0
Fixed cost compensation	0	26.746
Salary cost compensation	-211	13.419
	14.076	40.165

Note 4 - Subsequent events

Subsequent events: After the balance sheet date, Sunclass Airlines have extended our loan agreements with DNB and Vækstfonden (EIFO) until 2026. This is part of the total refinancing for the group.

After the balance sheet date, Sunclass has signed an agreement of earlier termination of an older aircraft leasing agreement and entered into a lease agreement for a planned delivery of new A321neo aircraft in 2026.

No other subsequent events have occurred after the end of the financial year which could affect the Company's financial situation.

Note 5 - Segment information	**2022/23** DKK '000	**2021/22** DKK '000
Activities - primary segment		
Flight	3.677.419	2.566.337
Ancillary and other	230.325	168.046
	3.907.744	2.734.383
Geographical - secondary segment		
Nordic countries	3.907.744	2.734.383
	3.907.744	2.734.383

Note 6 - Staff Costs

The total staff costs can be specified as follows :		
Wages and salaries	545.614	430.889
Pension contributions	52.561	43.696
Other social security costs	45.448	26.983
	643.623	501.568
Remuneration to Executive Board	6.944	5.411
Average number of employees (full-time)	810	654

No renumeration has been paid to the Board of Directors.

Note 7 - Depreciation and amortisation

Intangible assets	23.247	22.539
Property, plant and equipment	34.616	16.227
	57.863	38.766

Note 8 - Financial income

Interest income, affiliated companies	0	34
Interest income, bank	4.415	480
Interest income, other	0	0
	4.415	514

Note 9 - Financial expenses

Interest expenses, bank loan	41.535	30.036
Interest expenses, mortgage credit	0	0
Banking and warranty costs	310	407
Income tax surcharge	603	2.025
Interest expenses, other	15.509	4.874
	57.957	37.342

Note 10 - Tax on profit for the year

Change in deferred tax	265	11.886
Change in deferred tax previous years	6.035	-15.935
Impairment of deferred tax	0	-17.766
Current tax for the year	0	4.991
Change in tax previous years	0	4.221
Joint tax contribution	0	0
Tax on profit for the year	6.300	-12.604

Note 11 - Intangible assets

	Goodwill	Software	Total
Special items comprise costs, which is special due to their size or natu	200.738	10.103	210.841
Additions during the financial year	0	6.503	6.503
This year it is mostly compensation for late delivery of new A330-900neo.			
Amortisation at 01 October 2022	58.604	4.873	63.477
Amortisation for the financial year	20.074	3.173	23.247
Amortisation at 30 September 2023	78.678	8.046	86.724
Carrying amount at 30 September 2023	122.060	8.560	130.620

Note 12 - Property, plant and equipment

	Aircraft and Spare Parts	Buildings	Fixtures, etc	Total
Aquisition price at 01 October 2022	71.765	2.436	3.576	77.777
Additions during the financial year	30.721	52	4.984	35.757
Disposals during the financial year	0	0	0	0
Aquisition price at 30 September 2023	102.486	2.488	8.560	113.534
Depreciation at 01 October 2022	44.513	2.371	2.050	48.934
Depreciation for the financial year	33.338	67	1.212	34.617
Reversed depreciation on assets disposed during the financial year	0	0	0	0
Depreciation at 30 September 2023	77.851	2.438	3.262	83.551
Carrying amount at 30 September 2023	24.635	50	5.298	29.983

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

Note 13 - Investments in subsidiaries

	Investments in subsidiaries
Aquisition price at 01 October 2022	48.400
Additions during the financial year	0
Disposals during the financial year	0
Aquisition price at 30 September 2023	48.400
Revaluation at 01 October 2022	-44.178
Profit/loss for the year	2.190
Revaluation af 30 September 2023	-41.988
Carrying amount at 30 September 2023	6.412

Name	Location	Ownership	Share capital
Airshoppen Travel Retail A/S	Copenhagen, Denmark	100%	1.000

Note 14 - Receivables and Deposits	Other receivables	Deposits
Aquisition price at 01 October 2022	3.738	133.581
Special items comprise costs, which is special due to their size or nature e.g gove	942	42.991
Reclassification	0	0
Disposals during the financial year	-2.235	-37.453
This year it is mostly compensation for late delivery of new A330-900neo.	2.445	131.079

Note 15 - Inventories	2022/23 DKK '000	2021/22 DKK '000
Spare Parts	12.332	12.332
	12.332	12.332

Note 16 - Other receivables

Unrealised gains on currency contracts	7.781	34.343
Unrealised gains on fuel contracts	39.870	0
Lessor receivables	374.846	377.498
Other receivables	16.920	8.833
	439.417	420.674
Hereof due after one year	231.267	233.919

Note 17 - Deferred tax asset

Fixed assets	-19.291	-26.310
Trade receivables	222	222
Prepayments	-2.987	-2.803
Aircraft maintenance provisions	18.531	22.699
Lease liability	7.267	9.669
Tax losses carry-forward	181.028	179.996
Adjustments Prior years	9.765	-15.935
Impairment	-34.734	-17.766
	159.801	149.772

Assumptions for valuation of the deferred tax asset of DKK 160 million are NLTG Group growth strategy generated earning increases including increased fleet utilization, fleet renewal and other masures with impact in the company, and current tax legislation and rate.

Note 18 - Receiveables from affiliated companies	2022/23 DKK '000	2021/22 DKK '000
Trade receivables from affiliated companies	134.541	86.951
TAX receiveables affiliated companies	4.450	0
Cash, affiliated companies	0	0
	138.991	86.951

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. Reference is also made to note 23.

Note 19 - Prepayments

Lease prepayment	13.578	7.200
Prepayments to vendors	53.431	39.915
Other prepaid expenses	0	5.540
	67.009	52.655

Note 20 - Aircraft maintenance provisions	maintenance
Provisions at 01 October 2022	480.674
Additional provision in the year	88.073
Utilised in the year	-75.128
Currency adjustment	-34.540
Provisions at 30 September 2023	459.079

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 2 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.

Note 21 - Long Term debt

	2022/23 DKK '000	2021/22 DKK '000
The bank loan is falling due as follows:		
Within 1 year	116.668	116.668
Between 1 and 5 years	349.997	466.665
After 5 years	0	0
	466.665	583.333
Lease accruals is falling due as follows:		
Within 1 year	7.159	9.009
Between 1 and 5 years	23.950	31.358
After 5 years	1.882	3.581
	32.991	43.948
	-17.766	
The deferred holiday pay is falling due as follows:		
Within 1 year	1.430	704
Between 1 and 5 years	6.533	6.282
After 5 years	25.069	32.892
	33.032	39.878

Covenants applying to the bank financing include earning measures. It is the assessment of Management, that these will be met based on the latest expected development.

Note 22 - Other payables

Holiday pay obligation	28.904	20.059
Salary tax payable and other staff-related liabilities	117.338	91.435
Unrealised loss on fuel and currency contracts	0	23.941
Other payables	1.385	0
	147.627	135.435

Note 23 - Payables affiliated companies

Cash, affiliated companies	300.885	77.765
Payables to affiliated companies	2.079	7.024
	302.964	84.789

Note 24 - Contingent liabilities, securities etc

	2022/23 DKK '000	2021/22 DKK '000
Total lease commitments (operating lease) due for payment		
Within 1 year	275.498	324.799
Between 1 and 5 years	1.222.113	1.520.883
After 5 years	1.615.480	1.813.299
	3.113.091	3.658.981
The total lease commitments can be specified as follows:		
Lease of aircraft and spare parts	3.105.435	3.652.290
Lease of buildings, hangar area, etc	5.542	4.903
Other leases	2.113	1.789
	3.113.091	3.658.981
Bank guarantees	11.348	15.688

The ultimative controlling shareholder NLTG HoldCo AB has a RCF facility of 1.000 million SEK and a EKN facility of 785 million SEK in DNB Bank ASA , whereas Sunclass Airlines ApS has signed as guarantor for the facility together with other companies in the Group.

Shares in the subsidiary Airshoppen Travel Retail A/S has been pledged as security for bank debt.

There are no other securities.

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 taxtation with other Danish group companies. Thereby, the Company is jointly and severally liable for income tax with the other Danish Group Companies.

Note 25 - Auditor fee

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.

Note 26 - Currency risk and use of derivative financial instruments

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

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

	Contractual value	Gains and losses recognised in equity and expected to be
Forward exchange contracts, within 1 year	449.559	7.781
Fuel swaps, within 1 year	244.301	39.870
	693.860	47.651

Note 27 - Related parties

Parties exercising control

Controlling shareholder:	Nordic Leisure Travel Group Denmark A/S Kay Fiskers Plads 9, 4 2300 København S Denmark Cvr.nr.: 18809036
Ultimate controlling shareholder:	NLTG HoldCo AB Box 16116 SE-103 23 Stockholm Org.nr.: 559222-2789

Consolidated financial statements
The company's immediate parent company Nordic Leisure Travel Group Denmark A/S does not prepare consolidated financial statements. Sunclass Airlines ApS and subsidiaries are included in the consolidated financial statements of the ultimative parent company NLTG HoldCo AB, Sweden.

The consolidated finanical statements for NLTG HoldCo AB kan be obtained at:
NLTG HoldCo AB
Rälambsvägen 17
112 59 Stockholm
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.

Note 28 - Proposed distribution of profit

	2022/23 DKK '000	**2021/22** DKK '000
Transferred to retained earnings	-118.047	-26.187
Dividends to the shareholder	0	0
	-118.047	-26.187

Note 29 - 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. This Practice is unchanged compared to last year.

Consolidated financial statements

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 recognized 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 subsidaries 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 3-5 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

Assets under construction
Assets under construction are Property, plant and equipment under development and are measured at cost. These will be moved to Property, plant, and equipment once they are finalised and will then be treated as such henceforth.

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 of 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 obtain 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.

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 = $\frac{Guests*100}{Seats\ Flown}$

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

Financial ratios (%)

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

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

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

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