

Annual report for 2022

Smarter Airports A/S
c/o Netcompany A/S, Strandgade 3, 1401 Copenhagen
CVR no. 41 74 67 50

Adopted at the annual general meeting on 23 June
2023

chairman

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Statement by management on the annual report

The Executive board and Board of Directors have today considered and adopted the Annual Report of Smarter Airports A/S for the financial year 1 January - 31 December 2022.

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

In our opinion, the Financial Statement give a true and fair view of the financial position at 31 December 2022 of Smarter Airports A/S and of the results of the Company's operations for 2022.

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

Copenhagen, 23 June 2023

Executive board

Mehdi Motaghiani
CEO

Mikael Bruhn Sjørslev
CFO

Board of Directors

André Rafal Rogaczewski
Chairman

Thomas Woldbye
Vice Chairman

Thomas Cordth

Christian Poulsen

Independent Auditor's Report

To the shareholders of Smarter Airports A/S

Opinion

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

We have audited the Financial Statements of Smarter Airports A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Independent Auditor's Report

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.

Independent Auditor's Report

- 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, 23 June 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Søren Ørjan Jensen
State Authorised Public Accountant
mne33226

Company details

The company

Smarter Airports A/S
c/o Netcompany A/S
Strandgade 3
1401 Copenhagen

CVR no.: 41 74 67 50

Reporting period: 1 January - 31 December 2022

Established: 9 October 2020

Domicile: Copenhagen

Board of Directors

André Rafal Rogaczewski, Chairman
Thomas Woldbye, Vice Chairman
Thomas Cordth
Christian Poulsen

Executive board

Mehdi Motaghiani, CEO
Mikael Bruhn Sjørslev, CFO

Shareholders

The Company is owned through a Joint Venture, by:
50% ownership Netcompany A/S, Strandgade 3, DK-1401 Copenhagen
50% ownership by Copenhagen Airports A/S, Lufthavnsboulevarden 6,
DK-2770 Kastrup

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup

Management's review

Business review

The Company's objective is to engage in IT business including development and sale of software, as well as other related business. The owners, Netcompany A/S and Copenhagen Airports A/S hold equal ownership shares of the Company.

Recognition and measurement uncertainties

In June, the AIRHART software version 1.0 was taken into production at Copenhagen Airport and the company started generating revenues. Alongside operating AIRHART version 1.0, the development of AIRHART solution version 2.0 continued during 2022. Version 2.0 is expected to go into production at Copenhagen Airport in 2023. Sales and marketing activities continued during 2022 and during Q4 2022 a first "Proof of Value" assignment was initiated with another major European airport.

In October Smarter Airports A/S (SA) sold IP rights to Netcompany A/S. The rights allow Netcompany A/S to utilize AIRHART software components in other software solutions in industries outside the Aviation Industry.

As per December 2022 the company had no employees. All services are delivered by the joint venture partners on a consultancy basis.

Financial Development

2022 was the second reporting year. Last year was the first year of reporting running from 9 October 2020, date of establishment, through December 31 2021 (15 months).

The majority of expenses during 2022 is capital expenditure related to finalization of AIRHART version 1.0 and development of AIRHART version 2.0. Operational costs are related to cloud hosting costs, sales and marketing activities and administration.

Profit after taxes 2022 is DKK 5.4m (2021: DKK-8.9m). The positive result was mainly driven by the sale of IP rights and is in line with the expectations.

Significant events occurring after the end of the financial year

No significant events have occurred after 31 December 2022 which should have been reflected in these financial statements.

Accounting policies

The annual report of Smarter Airports A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B with selected policies for reporting class c, e.g. development projects.

The accounting policies applied are consistent with those of last year.

The annual report for 2022 is presented in TDKK

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits 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 from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Net sales

The company develops and sells IT software, AIRHART, to airports. Revenue from the sales comprise subscription fees, implementation fees, maintenance fees, and potential fees for development of customized software, which are recognised as a combination of a fixed straight-line basis over a period or at a particular time when the services are provided or a passenger dependent fee in a contractual period.

Other operating income

Other operating income comprises items of a secondary nature relative to the company's activities, including gains on the sale of intangible assets and items of property, plant and equipment.

External costs

External costs comprise product operation, service delivery, business development, administrative expenses, sales and marketing expenses, business support and other operating and maintenance costs. Third party hosting and software costs and product branding costs are considered operational costs.

Accounting policies

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date.

Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Current tax liabilities are carried in the balance sheet as Current liabilities to the extent such items have not been paid. Tax overpaid on account is included as a separate line item under Receivables. Interest and allowances regarding tax payments are recognised under Financial income and Financial expenses.

Deferred tax is calculated according to the balance sheet liability method on all temporary differences between the carrying amount and tax base of assets and liabilities. Deferred tax is calculated on the basis of the tax rules and tax rates that will apply under the legislation in force at the balance sheet date when the deferred tax item is expected to materialized as current tax. Changes in deferred tax resulting from changes in tax rates are recognised in the income statement. Deferred tax assets are recognised in the balance sheet at the value at which they are expected to be realisable.

Intangible assets

Intangible assets in which software is the principal element are recognised as assets if there is sufficient certainty that the capitalised value of future earnings will cover the related costs. Software costs comprise salaries, amortisation and other costs that can be attributed directly or indirectly to the software. Costs also include interest expenses incurred during development of the software.

Software projects that are clearly defined and identifiable, where the technical rate of utilisation, adequate resources and potential scope for development in the company can be demonstrated, and where the intention is to produce and use the project, are recognised as non-current intangible assets, provided there is sufficient assurance that the value in use from future earnings will cover development costs.

Amortisation is charged on a straight-line basis commencing when the asset is ready for use.

IT software	10 years
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Accounting policies

Trade receivables

Trade receivables are measured at amortized cost less write-down for lifetime expected credit losses. To measure the expected credit losses, trade receivables are grouped according to shared credit risk characteristics and days overdue. Furthermore, an allowance or lifetime credit losses for trade receivables is recognised on initial recognition.

Equity

The Company's nominal share capital amounts to DKK 260m, divided into DKK 130m A shares of DKK 1 each or any multiples thereof and DKK 130m B shares of DKK 1 each or any multiples thereof.

Before any distribution of dividend or proceeds is made to other shareholders, the A-shareholders shall receive an amount corresponding to DKK 11,580,000, after which A- shareholders and B-shareholders shall have equal pro-rata right to received dividend or other distributions.

The annual profit/loss is recognised as retained earnings.

Other payables

Other payables are recognised when, as a result of events occurring on or before 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.

Income statement 1 January - 31 December

	<u>Note</u>	<u>2022</u> TDKK	<u>2021</u> TDKK
Revenue		2.461	0
Other operating income		20.000	0
External expenses		-12.374	-11.114
Gross profit		10.087	-11.114
Depreciation, amortisation and impairment of intangible assets	1	-2.960	0
Financial costs	2	-191	-322
Profit/loss before tax		6.936	-11.436
Tax on profit/loss for the year		-1.526	2.516
Profit/loss for the year		5.410	-8.920
Reserve for development cost		61.657	197.538
Retained earnings		-56.247	-206.458
		5.410	-8.920

Balance sheet 31 December

	<u>Note</u>	<u>2022</u> TDKK	<u>2021</u> TDKK
Assets			
Software under development		104.862	197.538
Software		<u>154.333</u>	<u>0</u>
Intangible assets	3	<u>259.195</u>	<u>197.538</u>
Total non-current assets		<u>259.195</u>	<u>197.538</u>
Trade receivables		1.144	0
Other receivables		2.057	2.082
Deferred tax asset		<u>990</u>	<u>2.516</u>
Receivables		<u>4.191</u>	<u>4.598</u>
Cash		<u>3.790</u>	<u>56.512</u>
Total current assets		<u>7.981</u>	<u>61.110</u>
Total assets		<u><u>267.176</u></u>	<u><u>258.648</u></u>

Balance sheet 31 December

	<u>Note</u>	<u>2022</u> TDKK	<u>2021</u> TDKK
Equity and liabilities			
Share capital		260.000	260.000
Reserve for development costs		256.886	197.538
Retained earnings		<u>-260.396</u>	<u>-206.458</u>
Equity	4	<u>256.490</u>	<u>251.080</u>
Trade payables		6.422	909
Other payables		<u>4.264</u>	<u>6.659</u>
Total current liabilities		<u>10.686</u>	<u>7.568</u>
Total liabilities		<u>10.686</u>	<u>7.568</u>
Total equity and liabilities		<u><u>267.176</u></u>	<u><u>258.648</u></u>

Notes

	2022 TDKK	2021 TDKK
1 Depreciation, amortisation and impairment of intangible assets		
Depreciation intangible assets	2.960	0
	2.960	0
2 Financial costs		
Other financial costs	188	321
Exchange loss	3	1
	191	322
3 Intangible assets		
	Software under development	Software
Cost at 1 January 2022	197.538	0
Additions for the year	64.617	0
Transfers for the year	-157.293	157.293
Cost at 31 December 2022	104.862	157.293
Impairment losses and amortisation at 1 January 2022	0	0
Amortisation for the year	0	2.960
Impairment losses and amortisation at 31 December 2022	0	2.960
Carrying amount at 31 December 2022	104.862	154.333

Development projects relate to the development of the Airhart software, an airport management platform. The platform is expected to go into production at Copenhagen Airport in 2023 and to be sold to other major airports.

Notes

4 Equity

	Share capital	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2022	260.000	197.538	-206.458	251.080
Net profit/loss for the year	0	61.657	-56.247	5.410
Transfer	0	-2.309	2.309	0
Equity at 31 December 2022	260.000	256.886	-260.396	256.490

The company's nominal share capital amounts to DKK 260m, divided into DKK 130m A shares of DKK 1 each or any multiples thereof and DKK 130m B shares of DKK 1 each or any multiples thereof.

5 Subsequent events

In January 2023, Smarter Airports obtained an intercompany loan of DKK 12 million from its owners Copenhagen Airports A/S and Netcompany A/S.

No other material events have occurred after the balance sheet date.

6 Financial commitments

No further financial commitments as of 31 December 2022.

7 Related parties and ownership structure

Other related parties

Smarter Airports A/S is a joint venture owned by the following 2 companies:

50% ownership from Netcompany A/S, Strandgade 3, DK-1401 Copenhagen

50% ownership from Copenhagen Airports A/S, Lufthavnsboulevarden 6, DK-2770 Kastrup

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Thomas Cordth

Bestyrelsesmedlem

På vegne af: Smarter Airports A/S

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IP: 80.198.xxx.xxx

2023-06-23 07:31:16 UTC



Thomas Woldbye

Næstformand

På vegne af: Smarter Airports A/S

Serienummer: 995258c9-98da-45f4-a2a6-1a0ac2042f57

IP: 194.182.xxx.xxx

2023-06-23 08:30:17 UTC



Mikael Bruhn Sjørslev

Direktør

På vegne af: Smarter Airports A/S

Serienummer: 21a0d048-c099-4ef9-87f1-c560f3c7c6fa

IP: 148.64.xxx.xxx

2023-06-23 08:30:25 UTC



Mehdi Motaghiani

Direktør

På vegne af: Smarter Airports A/S

Serienummer: 7483bf46-45b2-45ae-9dc5-7140344f87be

IP: 80.198.xxx.xxx

2023-06-23 10:53:26 UTC



André Rafal Rogaczewski

Bestyrelsesformand

På vegne af: Smarter Airports A/S

Serienummer: 266a7be0-3edf-40d6-a6df-64b4ef0e3070

IP: 37.96.xxx.xxx

2023-06-23 14:06:05 UTC



Christian Poulsen

Bestyrelsesmedlem

På vegne af: Smarter Airports A/S

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Søren Ørjan Jensen

Statsautoriseret revisor

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Christian Kledal

Dirigent

På vegne af: Smarter Airports A/S

Serienummer: c496b92e-7f6c-491c-8ea3-1f6d7a20d7c8

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