SATAIR

SATAIR

Annual Report 2021

Adopted at the Annual General Meeting on 25 May 2022.

Chairman of the meeting:

Sarah Weinreich Marsh, Head of Legal

Consolidated report for ultimate parent company, Airbus SE, is reported separately and attached according to ÅRL § 112.

Satair A/S
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The office is registered at the municipality of Tårnby, Denmark

Contents

Key figures and financial ratios

USD million (unless otherwise stated)	2021	2020	2019	2018	2017
	12 mths	12 mths	12 mths	12 mths	12 mths
Income statement					
Revenue	316.0	247.7	434.1	430.5	402.1
Gross profit	23.5	12.6	53.0	50.1	51.9
Operating expenses	(18.9)	(49.4)	(33.8)	(19.6)	(26.0)
Profit/(Loss) before depreciation and amortisation (EBITDA)	4.6	(36.9)	19.3	30.5	25.9
Operating profit/(loss) (EBIT)	(2.6)	(45.7)	5.2	23.1	19.1
Financial items, net	0.9	(1.2)	(1.6)	5.8	0.2
Profit/(Loss) before tax	(1.8)	(46.9)	53.6	28.9	19.3
Income tax expense	0.3	8.9	(2.5)	(6.3)	(4.3)
Net profit/(loss) for the year	(1.4)	(38.0)	51.1	22.6	15.0
Financial position					
Property, plant and equipment	7.8	8.4	9.4	7.1	7.4
Total assets	297.0	294.5	334.4	327.2	513.7
Working capital *)	122.3	150.3	166.7	135.9	128.2
Total equity	242.2	244.8	279.4	230.5	212.0
Net interest-bearing receivables/(debt)	(3.9)	(1.4)	(1.9)	4.1	(5.2)
Investment in property, plant and equipment	0.0	0.1	3.4	0.4	1.1
Cash flow					
Cash flow from operating activities	8.5	(0.0)	49.8	14.7	2.3
Cash flow from investing activities	(5.8)	2.9	(5.7)	218.1	(6.9)
Cash flow from financing activities	(2.8)	(2.9)	(44.0)	(2.4)	(12.4)
Free cash flow	2.6	2.9	44.1	232.8	(4.6)
Financial ratios					
Gross profit, %	7.4	5.1	12.2	11.6	12.9
SG&A margin, %	6.0	20.0	7.8	4.6	6.5
EBITDA margin, %	1.4	(14.9)	4.4	7.1	6.5
EBIT margin, %	(0.8)	(18.5)	1.2	5.4	4.7
Return on equity, %	(0.6)	(15.1)	21.2	10.3	7.5
Equity ratio, %	81.5	83.1	83.5	70.5	41.3
USD/DKK, average	629.7	653.4	667.0	631.7	660.1
USD/DKK, end of financial year	656.1	605.8	667.6	651.9	620.8
Employees					
Number of FTE, average	233	273	266	237	207
Number of FTE, end of financial year	229	266	271	244	227

*) Working capital = Inventories + Trade receivables - Trade payables

Comparative figures have not been restated for 2017 upon applying IFRS 9 and 15 from 2018.
Comparative figures have not been restated for 2017-2018 upon applying IFRS 16 from 2019.

Satair in brief

Satair is one of the global leading providers of spare parts, services and solutions for the civil aerospace industry. We offer OEM parts and tools distribution; a range of services and solutions e.g. logistics, inventory and maintenance services; up to full scale outsourcing solutions. Our portfolio includes a variety of Material Management Training offers and matured 3D printing services.

Satair is an Airbus subsidiary with our own strong brand, providing material services and solutions for single- and multi-fleet customers (Airbus, Boeing, Embraer, Bombardier and general aviation).

With more than 60 years of experience, our flexibility, agility and manufacturer independent market access are key factors to secure multi fleet opportunities and to ensure full endorsement and commitment from our business partners.

Satair's history

Satair was founded and named Scandinavian Air Trading Co A/S in 1957. Renamed Satair in the 1970s, the company grew steadily and by 2010 became the world's largest independent distributor of spares and components for the aviation industry with a strong global reach. In 2011, Satair was acquired by Airbus and is today an important part of Airbus' Customer Services division.

Our purpose

We profitably grow our company by providing peace-of-mind to our single- and multi-fleet customers for the required material flow to safely maximise the airtime of their fleet.

As a true Material Services & Supply Chain integrator and innovator, we strive to provide maximum value to both our customers and our OEM partners.

For Airbus, we excel in serving the needs of its aircraft customers while being a sustainable pillar of Airbus Customer Services' financial growth and performance.

Our values

Customer & Supplier Focus
We build long-term relationships and anticipate individual needs by being close to our business partners.

Global Teamwork
We maintain an atmosphere based on trust and a free flow of information across borders.

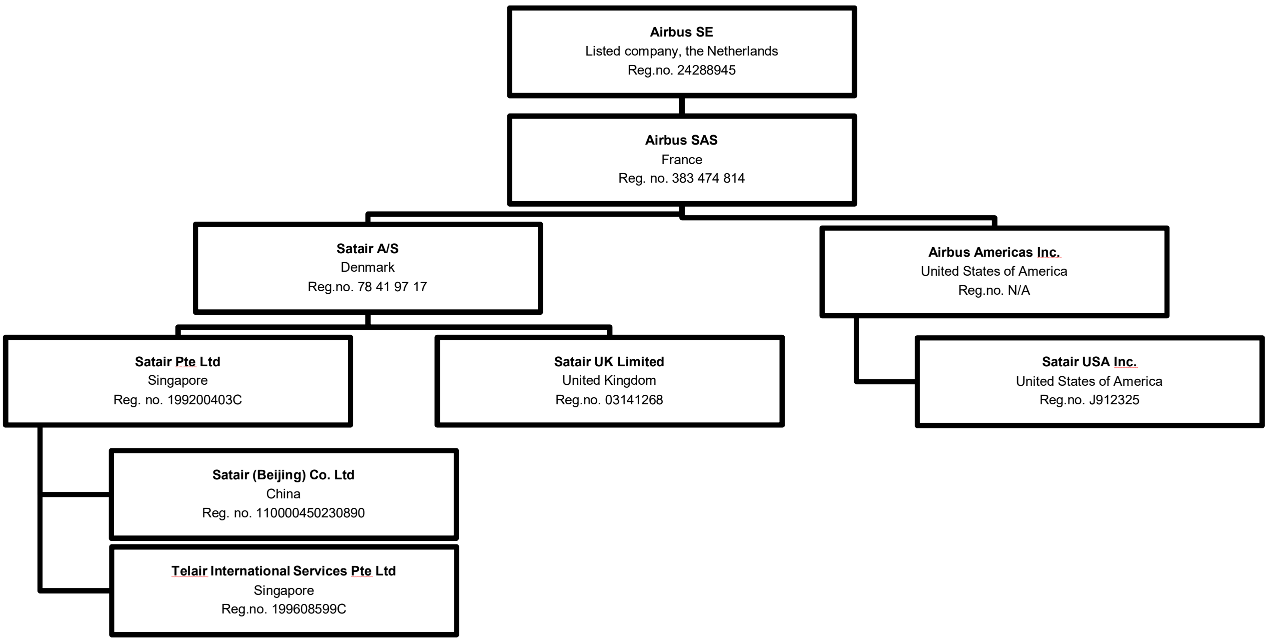
Can-do-Attitude
We meet challenges with passion and persistence and we pursue any initiative taken to improve our business.

World-Class Excellence
We act with integrity and we conduct our business professionally and efficiently.

Being Innovative
We are flexible and open-minded and we find new ways to satisfy the needs of our customers and suppliers.

Our organisation

Satair A/S is one of several legal entities within Satair. Below is an illustration of the Satair structure from a management responsibility perspective.



Review of Satair A/S' operations

Market development

The primary market is the aerospace aftermarket where Satair A/S' activities include sales and distribution to all types of commercial operators, maintenance workshops as well as military operators.

Satair's marketing potential is dependent on the activity level in the aviation industry including the types of aircrafts in operation, the scope of air carrier operations and the total number of aircraft. Indicators of the level of activity in the aviation industry are the number of kilometres travelled by paying customers (RPK) and the available seat kilometres (ASK).

Passenger traffic measured by the number of kilometres travelled by paying customers (RPK) started to recover in 2021 after it fell 66% in 2020 due to Covid-19. Globally, domestic traffic quickly grew in the first half of 2021 and stayed relatively flat around 80% of the pre-Covid level in the second half of 2021. International travel grew from below 20% to around 40% of pre-Covid levels. The Asia/Pacific region was the only region of the world where traffic to, from and within the region did not show a clear recovery trajectory in 2021.

In the spring of 2022, measured by the available seat kilometres (ASK) the domestic markets have recovered to approximately 80% of the 2019 levels and the international market to approximately 60%. The recovery in the Asia/Pacific region is still lagging behind especially due to Covid-19 related lockdowns in China.

The conflict in Ukraine and the international sanctions on Russia and Belarus have so far affected less than 1% of global aviation activity but can affect up to 4% if all flights to and from Russia as well as all domestic Russian flight stop. Currently, only about 2% of the approximately 3,500 aircraft flying in Europe are affected by the crisis. The effect on Satair will depend on the duration of the sanctions on our customers and their banks, the scope of the sanctions and if sanctions will be extended to additional customers (see also Outlook for 2022).

The higher energy prices seen in 2022 may affect the industry but will also emphasize the value of fleet modernization towards more fuel-efficient aircraft.

Currently, global air traffic is expected to recover to the pre-Covid level in 2019 between the first quarter of 2023 (optimistic scenario) and the third quarter of 2024 (pessimistic scenario).

Financial performance

Revenue

Revenue reached 316.0 M.USD in 2021 (247.7 M.USD in 2020). This equals a 28% increase in revenue compared to 2020 and is caused by the gradual recovery of the industry after Covid-19. The increase is higher than the expected increase of "more than 10%" stated in the annual report for 2020. Revenue from the EMEA region grew 27%, 57% from the Americas and 11% from the Asia Pacific region.

Gross profit/(loss)

Gross profit grew 87% to 23.5 M.USD (12.6 M.USD) with a gross profit margin of 7.4% (5.1%). The margin in 2021 was affected by a 0.6 M.USD inventory write-down related to a discontinued consignment stock agreement. The margin in 2020 was affected by a 10.5 M.USD inventory write-down related to spare parts for certain types of aircraft that were grounded due to Covid-19.

SG&A expenses

Operating expenses (staff, other expenses and other operating income) decreased 30.5 M.USD from 49.4 M.USD in 2020 to 18.9 M.USD in 2021. The decrease is related to lower staff costs (7.1 M.USD) after staff reductions in 2020, higher management fee income from group companies (19.1 M.USD) and cost savings in relation to consultants (3.2 M.USD).

Depreciation, amortisation and impairment

Depreciation, amortisation and impairment of 7.2 M.USD (8.9 M.USD) fell 1.7 M.USD mainly due to lower impairments in 2021.

Operating profit/(loss) (EBIT)

Operating profit increased 42.1 M.USD from minus USD 45.7 million in 2020 to minus 2.6 M.USD in 2021. The drivers of this development are accounted for above.

Dividend received

No dividend was declared or paid in 2021 and 2020.

Financials

Net financial items grew 2.0 M.USD from -1.2 M.USD in 2020 to 0.9 M.USD in 2021. The improvement is driven by foreign exchange adjustments (2.2 M.USD) countered by lower interest income (0.2 M.USD).

Net profit/(loss) for the year

Net profit for the year amounted to -1.4 M.USD (-38.0 M.USD).

Cash flows

Free cash flow came to USD 2.6 million (USD 2.9 million).

As at 31 December 2021, the company had currency hedge commitments for a total of 86.9 M.USD (40.0 M.USD) which were made against DKK at an average USD/DKK rate of 648.67. The principal fair value of currency hedging contracts signed at 31 December 2021 amounts to 87.0 M.USD (41.5 M.USD). Unrealized gain (fair market value) amounts to 0.1 M.USD (gain 1.5 M.USD).

Balance sheet

At the end of 2021, total assets amounted to 297.0 M.USD (294.5 M.USD).

Equity ended at 242.2 M.USD (244.8 M.USD) resulting in an equity-ratio at 81.5% (83.0%).

Working capital at year-end was 122.3 M.USD (150.3 M.USD).

Commercial risks

Satair A/S' business transactions involve a variety of commercial risks that may adversely affect the company's future operations and performance. Satair A/S is engaged in a continuous effort to identify these risks and, whenever possible, to counteract and reduce them. Below is an outline of the most important risks identified by Satair A/S. The outline does not necessarily constitute an exhaustive list of risk factors and the factors are not listed in any order of importance or priority.

Developments in aviation activity
For decades, the global aviation industry has seen growth in volumes of passengers and cargo at an average annual rate of approx. 4-5%, interrupted by the first Gulf war in 1991, the terrorist attack on September 11th 2001, the financial crisis of 2008 and the global spread of Covid-19 in 2020.

Aviation is sensitive to sudden and unexpected events such as war, terrorist attacks, natural catastrophes, accidents and epidemics. When they occur, such events may have dramatic and sudden effects on activity levels within aviation.

Competition and prices
The market for distribution of aviation products is fiercely competitive. To be an attractive intermediary between customers and manufacturers, distributors must be able to deliver the right combination of a broad product range, competitive prices and attractive services.

The aftermarket is relatively fragmented and none of the distributors have captured a significant market share in the global market for spares. The majority of Satair A/S' products are exposed to competition.

Consolidation within aviation
Manufacturers in the industry may from time to time undergo a process of considerable consolidation and this may affect Satair A/S. In case an existing Satair supplier is acquired, there is a risk that the new owner will want to evaluate existing sales outlets with a view to optimize them in relation to the rest of their business activities. This may result in a change of distributor or the insourcing of distribution activities.

Airlines may from time to time enter into mergers and alliances and this may also result in a change of distributor.

Satair A/S endeavours to secure a favourable position for itself in the value chain of the aviation industry but as a result of pressure to constantly increase airline earnings as well as changes in the value chain of the industry there may be renewed and increased pressure on Satair A/S' earnings.

Dependency on suppliers
Satair A/S has a number of important suppliers. In 2021 the largest supplier accounted for approx. 12% of Satair A/S' consolidated revenue while the five largest suppliers together accounted for approx. 39% of the revenue.

Satair A/S' supplier contracts are highly varied with regards to the length of termination notices and in connection with negotiations and renegotiations, a specific aim is to ensure longer notices. Typically contracts may be terminated at a notice period of between 3 and 12 months and in the case of important suppliers, the duration of contracts is typically between three and five years.

Only a few of Satair A/S' suppliers have terminated their distribution contracts. However, the loss of an important supplier could cause a significant decline in revenues and earnings in the short term.

Satair A/S is or may become a party to agreements with suppliers containing provisions concerning termination or changes to the contract which will or may take effect in case of a change in control of the company.

Dependency on customers
Satair A/S distributes products and offers related services to a wide range of customers worldwide. The distribution of Satair A/S' products and services is generally closely linked to developments in activity levels and the general financial situation within aviation and that is why sales to Satair A/S' existing customers and the conclusion of new customer agreements may be associated with some uncertainty.

Satair A/S has cooperated with most of its customers for many years. The ten largest customers accounted for approx. 39% of the revenue in 2021 with 1 customer contributing for 8%.

Sales are sometimes based on framework agreements and under certain circumstances such contracts may be terminated prematurely, e.g. in the case of breach of contract on the part of Satair A/S. Framework agreements are, however, no prerequisite for conducting business between Satair A/S and its customer and a termination of an agreement is as such not resulting in a cease of joint business activities.

Satair A/S is or may become a party to agreements with customers containing provisions concerning termination or changes to the contract which will or may take effect in case of a change in control of the company.

Inventories
The most significant inventory risks relate to the situation where types of aircraft are grounded by the air carriers either permanently or for a long period of time. When that happens, Satair A/S' inventories of spares for that particular type of aircraft will fully or partially lose value. Until now, such changes in the use of aircraft types have occurred over a period of several years.

Sales to the aviation industry are generally characterized by involving a very high number of part numbers many of which are sold relatively rarely. This increases the risk of obsolescence and Satair A/S' business model therefore allows for obsolescence being part of the cost side of distribution in aviation.

Events after the reporting period
Satair A/S is not aware of any events subsequent to 31 December 2021, which are expected to have a material impact on the financial position as reflected in the Financial Statement for 2021. The current outlook for 2022 indicates that a going concern assumption is appropriate.

Outlook for 2022
The aerospace industry and the market for spare parts have not recovered fully in early 2022 from the effect of Covid-19. However, the effect of the pandemic is expected to be minimal in the years after 2022.

Satair has currently suspended all exports with destination to Russia and Belarus as a consequence of the international sanctions. The suspension includes exports to other countries or entities if there is reason to believe that the end use could be finally destined for Russian or Belarusian entities or individuals.

The effect of the sanctions on our financial results in 2022 will depend on the duration of the sanctions, the scope of the sanctions and if sanctions will be extended to additional customers. The sanctions are expected to have a negative effect on revenues of up to USD 14.1 million and up to USD 2.5 million on gross margin.

Revenues in 2022 are currently expected to increase 10-20% compared to 2021. Operating profit in 2022 is expected to be positive by approximately 8 M.USD.

Corporate governance

Annual general meeting
The Annual General Meeting is held on 25 May 2022 at Satair A/S, Amager Landevej 147A, DK-2770 Kastrup.

Corporate social responsibility
Satair A/S provides spare parts, services and solutions for the aerospace industry. Satair connects manufacturers of spare parts with airlines and MROs with the aim to minimize the repair and maintenance time for aircraft by stocking the needed parts or being able to procure the needed parts quickly.

CSR risks are related to the way we conduct our business, the operation of our facilities and the actions of our business partners. Satair is committed to promoting responsible business conduct, which includes respect for human rights, environment and climate, social and employee conditions, anti-corruption and bribery, data ethics as well as diversity.

Human rights
A risk exists that sufficient awareness of human rights does not exist within Satair or in the wider supply chain. Satair has no tolerance for human rights violations and promotes awareness among employees of ethics & compliance topics as well as a "Speak-up culture". In 2021, 45 employees completed our "Speak-up" training (80 in 2020). No violations of human rights were reported. In 2022, all managers are required to organise a workshop with their teams on "Speak-up culture".

Environment and climate
Risks exist that the operation of our facilities negatively impacts the environment and climate. In 2019, Satair set goals to be achieved by 2030 of a 15% reduction in water consumption, a 30% reduction in energy consumption to reduce our CO_2 emissions, 90% recycling of waste, 100% elimination of all single-use plastics as well as a goal of 50% of suppliers being environmentally qualified. In 2021, Satair could measure significant reductions in the consumption of water (24%), electricity (8%), fuel for company cars (14%) and waste (10%). This development was mainly driven by employees working from home during Covid-19 and an overall reduction in staff due to the crisis. Unfortunately, we saw an 18% increase in gas consumption for heating primarily due to a cold first quarter of 2021. Satair continued to buy green electricity in 2021 and took initiatives for improved sorting and recycling of waste.

Social and employee conditions
Risks include the possibility of injury and damage to both physical and mental health. Satair is committed to protecting our people through responsible management of health, safety and well-being at work. In 2021, 126 employees completed our training on "Safety reporting" and 150 managers as well as employees completed training on "Inclusive Leadership". Satair has offered voluntary health checks to its employees which are conducted in 2022.

Covid-19
Although the majority of employees did not suffer from severe infections with Covid-19 in 2021, a few employees were on sick leave for longer periods of time. Furthermore, some employees were not able to work from home as otherwise required and the company therefore had to accommodate for their needs.

Anti-corruption and bribery
Risks of corruption and bribery exist in the aerospace industry. Satair is committed to conducting our business ethically and responsibly and maintains a zero tolerance towards corruption of any kind. In 2021, a project was finalised for improved segregation of duties and limitation of user access rights in our IT systems. Furthermore, several additional internal controls were introduced to secure that inappropriate payments are not made. New second level controls will be introduced by internal auditors in 2022.

Data Ethics
A new Danish regulation (section 99d of the Danish Financial Statements Act) requires larger companies with a data ethics policy to supplement the annual report with a statement on data ethics.

Satair has considered its approach to data ethics. During 2021, different stakeholders representing various functions such as Finance, Ethics & Compliance, Legal, IT and Data Governance have considered how to approach data ethics and whether to draft a data ethics policy or not. It was decided that Satair shall have a data ethics policy governing both personal and non-personal data and such policy has therefore been drafted.

The policy includes data ethics principles which must be adhered to when handling data and developing or applying new technology. The data ethics principles are related to transparency, privacy, quality, security and accountability. Satair will ensure that the company applies a high standard in relation to handling of data, such as only disclosing data where and when necessary and refraining from collecting data without purpose.

With regards to developing or applying new technologies such as artificial intelligence and algorithms, Satair ensures the results are not discriminatory or biased in any way as set out in the policy.

The policy is reviewed on a yearly basis with involvement of the affected functions including Ethics & Compliance, Legal and IT.

Finally, to strengthen the attention to data handling and security in the organisation, 147 employees completed training on Data Culture and 141 employees completed training on Cyber security in 2021.

With the data ethics policy drafted, Satair will during 2022 further develop and implement the policy, ensuring the company sets high standards in relation to how it collects and uses data.

Diversity
Satair A/S has set a target that no gender shall be underrepresented in the Board of Directors and in the other management levels by April 1st. 2025. The target is ambitious although achievable and Satair will endeavor to achieve the target within the deadline.

Satair A/S aims to have at least one of each gender among the last three candidates in the recruitment and appointment of new leaders.

The Board of Directors currently consists of 3 male members elected by the shareholder. The targeted gender balance could not be achieved in 2021 since candidates with the right competencies were not available.

At Satair A/S' other management levels, the number of women were 5 (17%) and the number of men were 24 (83%) at 31 December 2021. The gender balance was thereby largely unchanged from the previous year (20% vs. 80%). The targeted 40/60 balance could not be achieved in 2021 because of the limited recruitment activity and because candidates with the right competencies were not available.

Satair A/S is completely unprejudiced in its approach to employment of people regardless of their race, ethnicity, nationality, age, gender, sexual orientation, etc., and promotes a highly diverse staff mix.

Management statement

Kastrup, 25 May 2022

The Board of Directors and the Management Board have today considered and adopted the Annual Report of Satair A/S for the financial year 1 January – 31 December 2021.

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2021 and of the results of the company's operations and cash flows for the financial year 1 January – 31 December 2021.

In our opinion, the management review includes a true and fair view of the circumstances described in the review.

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

Management Board

Hubertus Johannes Dorotheus Reijnen
Chief Executive Officer

Board of Directors

Klaus Röwe
Chairman

Didier Marcel Germain Loiselet

Michael Thomas Duschl

Kathrine Louise Kahle
Employee representative

Jakob Muhammed Özcan
Employee representative

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Management Board

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Board of Directors

Klaus Röwe
Chairman

Didier Marcel Germain Loiselet

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Kathrine Louise Kahle
Employee representative

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Chief Executive Officer

Board of Directors

Klaus Röwe
Chairman

Didier Marcel Germain Loiselet

Michael Thomas Duschl

Kathrine Louise Kahle
Employee representative

Jakob Muhammed Özcan
Employee representative

Independent auditors' report

To the shareholders of Satair A/S

Opinion
We have audited the financial statements of Satair A/S for the financial year 1 January – 31 December 2021, which comprise income statement, statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2021 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA code.

Statement on the Management's review
Management is responsible for the Management's review.

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

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the 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 misstatements of the 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 International Financial Reporting Standards as adopted by the EU and additional requirements of 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 as to 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 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 the financial statements.

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

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

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

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

Independent auditors' report - continued

- 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 note 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.

Copenhagen, 25 May 2022

EY
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Peter Andersen
State Authorised Public Accountant
mne 34313

Rolan Atl Caballero Pena Espedal
State Authorised Public Accountant
mne 47789

Income statement

1 January - 31 December

USD thousands	Note	2021	2020
Revenue	3	315,993	247,736
Cost of goods sold	6	(292,480)	(235,158)
Gross profit/(loss)		**23,513**	**12,578**
Other operating income	4	28,506	8,804
Staff expenses	5	(25,891)	(33,035)
Other expenses		(21,554)	(25,216)
Profit/(Loss) before depreciation, amortisation and impairment (EBITDA)		**4,574**	**(36,869)**
Depreciation, amortisation and impairment losses	11 + 12	(7,186)	(8,856)
Operating profit/(loss) (EBIT)		**(2,612)**	**(45,725)**
Financial income	16	946	386
Financial expenses	16	(84)	(1,564)
Profit/(Loss) before tax		**(1,750)**	**(46,903)**
Income tax expense	23	311	8,909
Net profit/(loss) for the year		**(1,439)**	**(37,994)**

Statement of comprehensive income

1 January - 31 December

USD thousands	Note	2021	2020
Net profit/(loss) for the year		**(1,439)**	**(37,994)**
Items that may be subsequently reclassified to the income statement			
Fair value adjustment of derivatives before tax		(1,422)	2,239
Hereof recl. of currency derivatives through the income statement (Staff expenses)	18	(138)	2,174
Tax on other comprehensive income	23	343	(971)
Other comprehensive income		**(1,217)**	**3,442**
Comprehensive income for the year		**(2,656)**	**(34,552)**

No dividend is expected to be paid to the owners.

Statement of financial position

At 31 December

USD thousands	Note	2021	2020
Assets			
Intangible assets	11	20,911	21,620
Property, plant and equipment	12	7,763	8,398
Investments in subsidiaries	13	51,121	51,121
Deferred tax assets	24	8,591	7,937
Non-current assets		**88,386**	**89,076**
Inventories	6	133,749	165,623
Trade receivables	7	21,306	15,384
Receivables from intra group companies	22+29	12,812	8,329
Receivables from other related parties	22	38,185	10,433
Tax receivables		-	1,124
Other receivables	9	2,224	4,070
Cash and cash equivalents	15	322	473
Current assets		**208,598**	**205,436**
Total assets		**296,984**	**294,512**

Statement of financial position
At 31 December

USD thousands	Note	2021	2020
Equity and liabilities			
Share capital	14	13,138	13,138
Reserves and retained earnings		229,051	231,707
Total equity		**242,189**	**244,845**
Deferred tax liabilities	24	-	-
Staff related liabilities	17	2,936	3,048
Loans and borrowings	17	1,776	346
Leasing liabilities	19	486	471
Non-current liabilities		**5,198**	**3,865**
Current part of loans and borrowings	17 + 20	2,421	1,524
Leasing liabilities	19	550	1,065
Trade payables	17	32,747	30,719
Payables to intra-group companies	20+22+29	6,548	3,699
Payables to other related parties	22	-	681
Tax payable	17	14	-
Other liabilities	10	7,317	8,113
Current liabilities		**49,597**	**45,801**
Total liabilities		**54,795**	**49,667**
Total equity and liabilities		**296,984**	**294,512**

Statement of cash flows

1 January - 31 December

USD thousands	Note	2021	2020
Profit/(Loss) before depreciation and amortisation (EBITDA)		4,574	(36,869)
Non-cash items		10,106	11,316
Foreign exchange adjustments		860	(1,332)
Interest received		6	164
Interest paid		1	(10)
Income taxes paid		1,159	(848)
Changes in working capital	8	(8,242)	27,567
Cash flow from operating activities		**8,464**	**(12)**
Acquisition of intangible assets	11	(5,806)	(239)
Disposal and impairment of intangible assets	11	-	1,225
Acquisition of property, plant and equipment	12	(37)	(114)
Disposal of tangible assets	12	6	-
Loans to subsidiaries and related parties		-	2,000
Cash flow from investing activities		**(5,837)**	**2,872**
Repayment of debt	20	(2,421)	(2,459)
Leasing payments	19	(358)	(484)
Cash flow from financing activities		**(2,779)**	**(2,943)**
Net cash inflow/(outflow)		**(152)**	**(83)**
Cash and cash equivalents at 1 January		473	556
Net cash inflow/(outflow)		(152)	(83)
Cash and cash equivalents at 31 December	15	**322**	**473**

Statement of changes in equity

1 January - 31 December

USD thousands	Share capital	Share premium	Retained earnings	Hedging reserve	Total equity
Equity at 1 January 2021	13,138	46,010	184,536	1,161	244,845
Net profit/(loss) for the year	-	-	(1,439)	-	(1,439)
Fair value adjustment of derivatives before tax				(1,422)	(1,422)
Hereof recl. of currency derivatives through the income statement (Staff expenses)				(138)	(138)
Tax on other comprehensive income	-	-	-	343	343
Comprehensive income	**-**	**-**	**(1,439)**	**(1,217)**	**(2,656)**
Equity at 31 December 2021	**13,138**	**46,010**	**183,096**	**(56)**	**242,188**
Equity at 1 January 2020	13,138	46,010	222,530	(2,281)	279,397
Net profit/(loss) for the year	-	-	(37,994)	-	(37,994)
Fair value adjustment of derivatives before tax				2,239	2,239
Hereof recl. of currency derivatives through the income statement (Staff expenses)				2,174	2,174
Tax on other comprehensive income	-	-	-	(971)	(971)
Comprehensive income	**-**	**-**	**(37,994)**	**3,442**	**(34,552)**
Equity at 31 December 2020	**13,138**	**46,010**	**184,536**	**1,161**	**244,845**

SATAIR

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Notes

Note 1 Accounting policies

CORPORATE INFORMATION
Satair A/S is a limited liability company founded and headquartered in Denmark.

BASIS FOR PREPARATION
The Annual Report for Satair A/S has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the additional requirements of the Danish Financial Statements Act in accordance with reporting class C large.

The accounts have been prepared under the historical cost convention, except for areas in which IFRS explicitly requires the use of fair values. The accounting policies outlined below have been applied consistently in the financial year and for the comparative figures. The accounting policies are unchanged compared to last year. Satair will implement the new standards and interpretations issued by IASB and adopted by the EU when they become mandatory.

Acounting period
The financial year for Satair A/S is 1 January - 31 December.

Functional currency
USD is the primary currency used for operations. Hence USD is applied as functional currency for Satair A/S. USD has been chosen as the presentation currency in the presentation of the accounts.

Preparation of separate financial statements
According to IFRS 10, Satair A/S is exempt from preparing consolidated financial statements as:
- Satair A/S is a wholly-owned subsidiary of the ultimate parent company, Airbus SE, which has been informed and does not object to that Satair A/S is not presenting consolidated financial statements.
- Satair A/S is not a publicly listed company or have debt or equity instruments traded on public markets.
- Satair A/S has not filed, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market.
- the ultimate parent company, Airbus SE, prepares and publishes consolidated financial statements in accordance with IFRS.

The consolidated financial statements can be found at www.https://www.airbus.com/investors/financial-results-and-annual-reports.html.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
Foreign currency translation
Transactions denominated in foreign currencies in the course of the year are translated at the exchange rates at the transaction date. Gains and losses arising between the exchange rates at transaction date and date of payment are recognised in the income statement.

Receivables, payables and other monetary items denominated in foreign currencies which are not settled at the balance sheet date are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at balance sheet date and transaction date is recognised in the income statement.

Derivative financial instruments
Satair A/S' derivative financial instruments act as an efficient financial hedge under Satair A/S' risk management policy.

Derivative financial instruments that are seen to qualify for cash flow hedge accounting are called 'effective', whereas derivative financial instruments that are not seen to meet these criteria are called 'ineffective'.

Changes in the fair value of effective derivative financial instruments are recognised directly through other comprehensive income in shareholders' equity in a separate reserve and are released to the income statement in the period during which the hedged item affect the income statement.

Changes in the fair value of ineffective derivative financial instruments are recognised directly in the income statement as financial items.

Derivative financial instruments are initially recognised in the balance sheet at fair value and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included under Other receivables and Other liabilities respectively.

For both effective and ineffective derivative financial instruments, such part of the fair value adjustment as is attributable to the time value is always recognised directly in the income statement.

Fair value on derivatives is based on commonly quoted exchange rates and is calculated upon standard pricing models.

INCOME STATEMENT
Revenue from sale of goods
Revenue is recognised when Satair A/S meets its performance obligation; that is, at the point in time when Satair transfers control of the promised goods to the customer. Satair A/S measures revenue as the consideration to which Satair A/S is expected to be entitled in exchange for transferring promised goods. Variable considerations are included when it is highly probable that there will be no significant reversal of the revenue in the future. Satair A/S identifies the various performance obligations of the contract and allocates the transaction price to these performance obligations. Payment terms are usually NET30 but may in some instances vary according to specific contractual terms. Advances and pre-delivery payments are normal and not considered a significant financing component as they are intended to protect Satair A/S from the customer failing to complete its obligations under the contract.

Cost of goods sold
Cost of goods sold comprises the cost of commercial products consumed to achieve the revenue for the year and other direct, variable costs including write-downs for obsolescence.

Other operating income
Other operating income includes items of a secondary nature relative to the enterprise's core business. Operating income includes a management fee which is determined as a royalty on external sales based on the intra-group ownership of distribution rights, inventory levels, and market data.

Other operating income includes compensation received from the Danish Government due to the impact of Covid-19.

Staff expenses
Staff expenses include wages, salaries and pensions for Satair A/S' employees as well as other staff-related expenses.

Other expenses
Other expenses comprise expenses to distribution, sales, advertising, administration etc.

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

Financial income and expenses, net
Financial income and expenses, net comprise interest as well as foreign exchange adjustments relating to receivables and payables not stated in the functional currency.

Dividends on capital investments in subsidiaries are recognized as income in Satair A/S' income statement in the financial year in which the dividends are declared. Gain and losses from disposal of subsidiaries and associates are included in the income statement of Satair A/S at the time of disposal.

Notes

Note 1 Accounting policies (continued)

Tax
Income tax expenses consists of current tax and deferred tax for the year, the effect on deferred tax of changes in tax rates, and adjustments of current tax relating to previous years. Such part of tax for the year as is attributable to items directly under statement of comprehensive income is taken directly to this.
Current tax is calculated at the tax rate applicable for the year. Deferred tax is measured according to the tax rules and at the tax rates applicable by law in the respective countries at the balance sheet date when the deferred tax is expected to materialise as current tax.

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Adjustment is made to deferred tax relating to the unrealised intra-group profits and losses.

Deferred tax assets, including the tax value of tax deficits eligible for carry forward, are measured at the value with which the asset is likely to be realised either in settlement of tax on future earnings or in settlement of deferred tax liabilities within the same legal tax entity.

FINANCIAL POSITION
Intangible assets
Acquired distribution rights are recognised at cost less amortisation. Rights under non-cancellable contracts are amortised on a linear basis over the contract term. Other rights are amortised on a linear basis over the expected useful life. Distribution rights are amortised over the expected useful life of the agreements ranging from 3 to 20 years.
Please refer to note 11 for further information on the amortisation profiles of the company's distribution rights.

Acquired IT-software and development costs are recognised at cost and measured at cost less accumulated amortisation and impairment.

The amortisation period is up to 20 years and is determined on the basis of the experience gained with regard to the useful life of the individual groups of assets.

The residual values and useful lives of assets are reassessed and changed annually, if deemed necessary.

Property, plant and equipment
Property, plant and equipment are measured at cost less accumulated depreciation and impairment. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition of the asset until the date when it is available for use.

Leases
Lease assets and lease liabilities are recognised in the balance sheet when the leased asset under a lease entered into regarding a specific identifiable asset is made available to the company in the lease term and when the company obtains the right to almost all economic benefits from the use of the identified asset and the right to control the use of the identified asset.

On initial recognition, lease liabilities are measured at the present value of the future lease payments discounted by an incremental borrowing rate. The following lease payments are recognised as part of the lease liabilities: fixed payments, variable payments that change concurrently with changes to an index and an interest rate based on said index or interest rate, payments overdue subject to a residual value guarantee, exercise price of call options that it is highly probable that Management will exercise, payments subject to an extension option that it is highly probable that the Company will exercise, penalty related to a termination option unless it is highly probable that the Company will not exercise the option.

The lease liability is measured at amortised cost according to the effective interest method. The lease liability is recalculated when the underlying contractual cash flows change due to changes in an index or an interest rate if the Company's estimate of a residual value guarantee changes or if the Company changes its assessment of whether call options, extension options or termination options can reasonably be expected to be exercised.

On initial recognition, the leased asset is measured at cost, corresponding to the value of the lease liability adjusted for prepaid lease payments plus directly related costs and estimated costs for demolition, repairs or the like and less discounts or other types of incentive payments received from the lessor.

Subsequently, the asset is measured at cost less accumulated depreciation and impairment losses. The leased asset is depreciated over the shorter of the lease term and the useful life of the leased asset. Depreciation charges are recognised on a straight-line basis in the income statement.

The leased asset is adjusted for changes to the lease liability due to changes to the terms of the lease or changes to the cash flows of the lease concurrently with changes to an index or an interest rate.

The company presents the leased asset and the lease liability separately in the balance sheet. The leased asset is presented within "Property Plant and equipment" and lease liabilities within "Leasing liabilities".

The company has chosen not to recognise leased assets of a low value and short-term leases in the balance sheet. Instead, related lease payments are recognised on a straight-line basis in the income statement.

Notes

Note 1 Accounting policies (continued)

Right-of-use asset
The company recognizes right-of-use assets and lease liabilities for most of its leases with the exception of short-term leases and leases of low value. The leases relate to real estate assets (such as storage facilities and offices), company cars and equipment.

The Company has presented right-of-use assets within “Property, plant and equipment” and lease liabilities within “Leasing liabilities” and classified the principal portion of lease payments within financing activities and the interest portion within operating activities.

Depreciation
Depreciation is calculated on the basis of cost less any residual value and on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Owned assets:	
• Office and warehouse buildings	30 - 50 years
• IT-hardware	3-5 years
• Fixtures, fittings, tools and equipment	3-7 years
Right-of-use assets:	
• Office and warehouse buildings	5 - 10 years
• Operating equipment	3-4 years

The depreciation periods are based on experience with regard to the duration of the period in which such assets are in use.
The residual values and useful lives of assets are reassessed and changed, if necessary, at each balance sheet date.

Gains and losses on the disposal of plant, property and equipment are determined as the difference between the sales price less disposal costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement under other operating income/expenses.

Investments
Investments in subsidiaries are measured at cost. Impairment testing is carried out if there is an indication of impairment. The carrying amount is written down to recoverable amount whenever the carrying amount exceeds the recoverable amount. The impairment loss is recognized as a finance cost in profit and loss.

Loans to subsidiaries are recognised under long-term assets when these are seen to be part of the investment.

Impairment of non-current assets
The carrying amount of non-current assets is measured at the lower of recoverable amount and carrying amount. The recoverable amount is the higher of an asset's or cash-generating unit's fair value less cost to sell and its value in use. The fair value less cost to sell is determined based on recent market transactions. The value in use is determined as the net present value of the estimated future cash-flows.

For assets which do not generate cash-flows independently of other assets, the recoverable amount is calculated for the smallest cash-generating unit of which the asset forms part. The determination of cash-generating units follows the management structure, internal finance management and reporting in the company. A cash-generating unit may constitute up to but no more than one segment.

Inventories
Inventories (aircraft spare parts) are recognised at acquisition cost on the basis of the lower of average acquisition cost and net realisable value and kept at weighted landing cost.

Net realisable value is measured on the basis of an individual assessment. Write-downs for obsolescence are made on aircraft spare parts based on a model providing for slow-moving products.

The acquisition cost of aircraft spare parts is measured at purchase price plus delivery costs.

Receivables
Receivables are classified as current except for those falling due 12 months after the balance sheet date or later. The amounts are included under Trade receivables and Other receivables.

Receivables are recognised in the balance sheet at fair value and are subsequently measured at amortised cost. For current non-interest-bearing receivables and receivables with a floating interest, this usually corresponds to the fair value.

The company uses the method under IFRS 9 to make writedowns on receivables for expected credit loss. On top of the expected loss method, the company also assess indications of impairment of individual receivables. This assessment is done on the basis of an age criteria and objective indicators of a debtor’s financial difficulties.

Cash and cash equivalents
Cash and short term deposits in the statement of financial position comprise cash at banks and cash on hand.

Shareholders’ equity
Dividend is recognised as a liability at the date when it is adopted at the annual general meeting. Dividend proposed for the financial year is shown separately in the equity.

Distribution of dividend in kind is recognised in equity at the fair value of the assets as at the date of declaration.

Hedging adjustments comprise changes in the fair value of hedging transactions that qualify for recognition as cash flow hedges and where the hedge transactions has not yet been realised.

Provisions
Provisions are recognised when, as a result of events happening before or at the balance sheet date, Satair A/S has a legal or a constructive obligation and it is probable that there may be an outflow of economic benefits to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Financial liabilities
Amounts owed to credit institutions are recognised at the date of borrowing at fair value corresponding to the net proceeds received less transaction costs paid. In subsequent periods, the amounts are measured at amortised cost, meaning that the effective interest rate is recognised in the income statement over the term of the loan.

Other financial liabilities, which include payables to suppliers and subsidiaries, are recognised at the date of borrowing at fair value and subsequently measured at amortised cost which, for these items, usually corresponds to the nominal value.

Other payables are measured at net realizable value.

Notes

Note 2 Significant accounting estimates and judgements

Fair value measurement
Satair uses the fair value concept in connection with certain disclosure requirements and for recognition of financial instruments. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (“exit price”).

The fair value is a market-based and not an entity-specific measurement. The entity uses the assumptions that the market participants would use for the pricing of the asset or liability based on the current market conditions, including risk assumptions. The entity’s purpose of holding the asset or settling the liability is thus not taken into account when the fair value is determined. The fair value measurement is based on the principal market. If a principal market does not exist, the measurement is based on the most advantageous market, i.e. the market that maximizes the price of the asset or liability less transaction and transport costs.

All assets and liabilities measured at fair value, or in respect of which the fair value is disclosed, are categorised into levels within the fair value hierarchy based on the lowest level input that is significant to the entire fair value measurement, see below:
Level 1: Quoted priced in an active market for identical assets or liabilities
Level 2: Inputs other than quoted prices included in Level 1 that are observable either directly or indirectly
Level 3: Inputs that are not based on observable market data (valuation techniques that use inputs that are not based on observable market data)

STATEMENT OF CASH FLOWS
The statement of cash flows is based on the indirect method and shows Satair A/S' cash flows for the year from operating, investing and financing activities.

Cash flow from operating activities is calculated as EBITDA of the year adjusted for non-cash operating items, interest received, interest paid, income taxes paid and working capital changes.
Cash flow from investing activities comprises payments in connection with acquisition and divestment of enterprises or assets. Cash flow from financing activities comprises the raising of loans, installments on loans, payment of dividends and increases of the share capital.
Cash flow concerning acquired companies is recognized from the date of acquisition, while cash flow concerning divested companies is recognized until the date of divestment.

Cash and cash equivalents include cash reserves but not cash pool.

Debt to credit institutions recognised in the balance sheet under current debt is included in cash flows from financing activities insofar as it is considered to be capital debt.

Ratios
The ratios mentioned in the five-year summary are calculated as described in the notes.

Uncertainties in the estimates
Calculation of the book value of certain assets and liabilities will require certain assessments, estimates and assumptions regarding future events. The estimates made are based on historic experience and other factors deemed proper and adequate under the circumstances by the management, but which by nature are uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unexpected events or circumstances may occur.

Estimates of importance for the financial reporting are made in the following areas:

Accounting estimates
On acquisitions of distribution rights, the company's management makes an assessment as to whether the acquisition concerns a "business" or a series of individual assets and liabilities. The assessment is based on whether the acquisition is integrated activities or assets.

Upon entering into new distribution rights agreements, the company's management evaluates the useful life and the net present value of the assets and liabilities inherent in the contract. Distribution rights are amortised based on contract period. Refer to note 11 for specification of useful lives of significant contracts.

Impairment tests of distribution rights are performed if and when objective signs of impairment occur. A review is performed at least once per fiscal year.

When entering into new inventory consignment contracts Satair's management determines whether the company is entering into an agency relationship by evaluating if the company is exposed to the significant risks and rewards associated with the sale of goods. There are four criteria that, individually or in combination, indicate that the company is acting as principal:
- Satair has the primary responsibility for providing the goods to the customer or for fulfilling the order;
- Satair has the inventory risk before the customer order or on return;
- Satair has latitude in establishing prices, either directly or indirectly;
- Satair bears the customer’s credit risk on the receivable due from the customer.

Impairment of inventories
Inventories are recognised at cost less write-down to net realisable value in case of impairment due to failing demand. The estimate of the required write-downs is made on the basis of a mathematical model based on the individual characteristics and historical information on the sales patterns for the inventories in the perspective of value loss over time. In addition, further write-downs are made to the extent there are specific indications of impairment. The mathematical model ensures reversal of write-downs made for products which are subsequently sold. It is estimated that the write-downs made are sufficient and that the financial uncertainty linked to the depreciation to net realisable value on inventories is considered limited.

Impairment of trade receivables
Credit loss allowances on individual receivables are made on the basis of the customers' payment capacity, historic information on payment patterns and doubtful debts, and customer concentration, customers' credit worthiness and financial trends in the company's sales channels. In addition to this, allowances for expected credit losses are made on the remaining trade receivables based on a simplified approach.

Notes

Note 3 Specification of revenue

USD thousands	2021	2020
Europe, Middle East, Africa	210,614	166,335
Americas	51,570	32,885
Asia Pacific	53,809	48,516
	315,993	**247,736**

Revenue is recognised when Satair A/S transfers control (i.e. at a point in time) of the promised goods (spare parts) to the customer. Satair A/S measures revenue as the consideration to which Satair A/S is expected to be entitled in exchange for transferring promised goods. (ref. note 1)

Note 4 Other operating income

USD thousands	2021	2020
Management fee 1)	25,236	6,106
Covid-19 related government support	3,270	2,698
	28,506	**8,804**

1) The management fee is based on a transfer pricing agreement between the entities within Satair Group and takes ownership of distribution rights, inventory levels, financing of inventory and revenue into consideration

Note 5 Staff expenses

USD thousands	2021	2020
Wages, salaries and fees	24,382	28,688
Pensions, defined contribution	2,193	2,483
Other social security expenses, etc.	(1,284)	1,610
Other staff related expenses	600	254
	25,891	**33,035**
Average number of employees (FTE)	233	245

Salary and bonus to the Management Board in 2021 is not shown with reference to ÅRL § 98b.
A group of senior managers are part of a Long-Term Incentive Plan (LTIP) which is designed to reward long-term commitment, company performance as well as engagement on financial targets subject to cumulative performance over a three-year period.

Notes

Note 6 Inventory

USD thousands	2021	2020
Commercial products	132,723	159,730
Prepayments to vendors	1,026	5,893
Inventory	**133,749**	**165,623**
Cost of goods sold exclusive of write-downs	(283,854)	(224,648)
Inventory write-down for the year 1)	(8,640)	(10,510)
Reversal of inventory write-downs for the year due to sale	14	-
Cost of goods sold	**(292,480)**	**(235,158)**

1) Write-downs relate to sales of stock to third parties below acquisition price and provision for obsolescence on slow-moving parts.

Note 7 Trade receivables

USD thousands	2021	2020
Not due	15,574	9,514
Overdue 1 - 60 days	3,449	2,766
Overdue 61 - 360 days	2,136	2,959
Overdue more than 360 days	2,202	2,724
Gross trade receivables	**23,361**	**17,963**
Write-downs at 1 January	(2,579)	(2,506)
Write-down for the year	524	(73)
Write-downs at 31 December	**(2,055)**	**(2,579)**
Net trade receivables (maximum credit risk)	**21,306**	**15,384**

Trade receivables ECL model 31 December 2021

	Current	1-30	31-60	61-90	91-180	181-360	+360	Total
Expected credit loss rate	0.2%	0.4%	1.2%	2.2%	3.3%	8.4%	31.2%	
USD thousands Balance 31 December 2021	15,576	2,111	1,337	668	871	589	2,210	**23,361**
Legally bad debt	1	-2	-0	-7	3	-4	1,839	**1,829**
Additional writeoffs							226	**226**
Expected credit loss	**37**	**7**	**16**	**7**	**32**	**45**	**2,755**	**2,900**

Notes

Trade receivables ECL model 31 December 2020

	Current	1-30	31-60	61-90	91-180	181-360	+360	Total
Expected credit loss rate	0.3%	0.7%	2.5%	4.9%	7.5%	16.8%	51.9%	
USD thousands Balance 31 December 2020	10,550	1,254	1,018	-188	21	2,492	513	**15,660**
Legally bad debt	-	-3	4	-	7	43	1,376	**1,426**
Additional writeoffs							453	**453**
Expected credit loss	**34**	**6**	**29**	**-9**	**8**	**460**	**2,095**	**2,624**

Note 8 Change in working capital

USD thousands	2021	2020
Change in trade receivables	(5,922)	14,768
Change in inventory	24,099	(9,204)
Change in other receivables	1,846	281
Change in trade payables	2,028	2,869
Change in intra-group trade balances	(29,386)	17,357
Change in other liabilities	(908)	1,495
	(8,242)	**27,567**

Note 9 Other receivables

USD thousands	2021	2020
Prepayments to suppliers	2,064	1,931
Derivatives	99	1,461
Other receivables	61	678
	2,224	**4,070**

Note 10 Other liabilities

USD thousands	2021	2020
Prepayments from customers	2,107	896
Derivatives	198	-
Staff related liabilities	4,673	6,788
Other liabilities	339	429
	7,317	**8,113**

Notes

Note 11 Intangible assets

2021 USD thousands	**Distribution rights**	**Software and other intangible assets**	**Total**
Cost at 1 January	51,555	20,627	72,182
Additions	5,676	130	5,806
Disposals	-	(1,655)	(1,655)
Cost at 31 December	**57,231**	**19,102**	**76,333**
Amortisation, disposals and impairment losses at 1 January	(32,399)	(18,163)	(50,562)
Amortisation	(5,805)	(710)	(6,515)
Disposals	-	1,655	1,655
Amortisation and impairment losses at 31 December	**(38,204)**	**(17,218)**	**(55,422)**
Carrying amount at 31 December	**19,027**	**1,884**	**20,911**

As of 31 December 2021 carrying amounts of distribution rights agreements that are material on their own comprise:
- Distribution rights regarding sale of specific product lines amortised fully in year 2026: USD 20.3 million
- Distribution rights regarding sale of specific product lines amortised fully in year 2027: USD 1.9 million
- Distribution rights regarding sale of specific product lines amortised fully in year 2028: USD 0.9 million

2020 USD thousands	**Distribution rights**	**Software and other intangible assets**	**Total**
Cost at 1 January	51,780	20,388	72,168
Additions	-	239	239
Disposals	(225)	-	(225)
Cost at 31 December	**51,555**	**20,627**	**72,182**
Amortisation and impairment losses at 1 January	(25,383)	(17,399)	(42,782)
Amortisation	(6,016)	(764)	(6,780)
Impairment loss	(1,000)	-	(1,000)
Amortisation and impairment losses at 31 December	**(32,399)**	**(18,163)**	**(50,562)**
Carrying amount at 31 December	**19,156**	**2,464**	**21,620**

Notes

Note 12 Property, plant and equipment

2021

USD thousands	Land and buildings	Right-of-use Land and buildings	Plant and equipment	Right-of-use Plant and equipment	Total
Cost at 1 January	10,760	2,128	5,789	264	18,941
Additions	33	-	4	-	37
Disposals	-	-	(2,860)	-	-2,860
Cost at 31 December	**10,793**	**2,128**	**2,933**	**264**	**16,118**
Depreciation and impairment losses at 1 January	(4,537)	(545)	(5,224)	(236)	(10,542)
Depreciation	(241)	(255)	(149)	(22)	(667)
Disposals	-	-	2,854	-	2,854
Depreciation and impairment losses at 31 December	**(4,778)**	**(800)**	**(2,519)**	**(258)**	**(8,355)**
Carrying amount at 31 December	**6,015**	**1,328**	**414**	**6**	**7,763**

2020

USD thousands	Land and buildings	Right-of-use Land and buildings	Plant and equipment	Right-of-use Plant and equipment	Total
Cost at 1 January	10,743	2,128	5,702	264	18,837
Additions	17	-	97	-	114
Cost at 31 December	**10,760**	**2,128**	**5,789**	**264**	**18,941**
Depreciation and impairment losses at 1 January	(4,298)	(261)	(4,784)	(125)	(9,468)
Depreciation	(239)	(284)	(450)	(112)	(1,085)
Depreciation and impairment losses at 31 December	**(4,537)**	**(545)**	**(5,224)**	**(237)**	**(10,543)**
Carrying amount at 31 December	**6,223**	**1,583**	**565**	**27**	**8,398**

Notes

Note 13 Investments in subsidiaries

The investments consist of the wholly owned subsidiaries Satair Pte. Ltd., Singapore and Satair UK Ltd., United Kingdom.

USD thousands	2021	2020
Cost at 1 January	51,121	51,121
Carrying amount at 31 December	**51,121**	**51,121**

There is no indication of impairment of the investments in subsidiaries as per 31 December 2021.

Note 14 Share capital

The share capital consists of 4,384,196 shares in denominations of DKK 20, corresponding to a total capital of DKK 87,683,920. Translated into historical cost, the share capital amounts to USD 14,475,026. There are no specific rights, preferences or restrictions attached to the shares. The share capital has remained unchanged for 5 years. No dividend is expected to be paid to the owners and the solvency ratio is expected to remain unchanged. Please refer to Note 28 regarding subsidiaries.

USD thousands	Nominal value	Number of shares
Share capital at 31 December 2020	**13,138**	**4,384,196**
Movements during the year	-	-
Share capital at 31 December 2021	**13,138**	**4,384,196**

Note 15 Net cash balance

USD thousands	2021	2020
Cash and cash equivalents	322	473
	322	**473**

Satair A/S has credit facilities in total of 227 M.USD (246 M.USD) of which 222 M.USD (241 M.USD) are not utilised. The not utilised credit facilities are deemed sufficient to secure Satair A/S' ongoing operations.

Notes

Note 16 Financial income and expenses

USD thousands	2021	2020
Financial income		
Interest income from intra-group companies 1)	4	20
Interest income to related parties 2)	2	144
Interest related to tax payments (see note 25)	-	-
Foreign exchange adjustment	940	222
	946	**386**
Financial expenses		
Other financial expenses	(1)	(10)
Foreign exchange adjustment	(83)	(1,554)
	(84)	**(1,564)**
Net income/(expense)	**862**	**(1,178)**

1) Relates to the related party Satair UK Limited. Please refer to Note 29 for further information.

2) Relates to Airbus SE (ultimate parent company)

Notes

Note 17 Financial assets and liabilities

Financial risks
Satair A/S' risk management policy
Satair A/S is exposed to changes in foreign exchange rates and interest rates due to its operations, investments and financing. It is Satair A/S' policy not to engage in speculation in financial risks.

Satair A/S engages in hedging of forecasted major cash flows in DKK through currency forward agreements. Cash flows in DKK primarily relate to staff costs and other operating expenses.

Satair A/S will hedge up to 100% of its forecasted DKK cash flows in the nearest 3 future years. All hedging facilities are paid in USD.

Market risk
Currency
Invoicing is in USD and EUR with USD as the functional currency. Of the total revenue, sales in USD account for approximately 99% and does not represent a currency risk. The remainder has not been hedged.

Supplies are purchased in USD, DKK, EUR, GBP, JPY and CHF with USD as the primary currency. Purchases in USD account for 89% of total purchases. Hence cash flows related to purchase of supplies have not been hedged.

Satair A/S and its subsidiaries pay most of their own operating costs in local currency, i.e. DKK, SGD and GBP. Assessments and possible cover of the currency risks are done in accordance with the adopted policy and only by means of forward contracts.

A 10% increase of USD against DKK for the financial assets and commitments recognised in the balance sheet will have a positive impact on Satair A/S' profit and shareholders' equity of USD 0.6 million (USD 0.6 million), all other variables being held constant.

Interest rates
Satair A/S' interest rate risk relates to its credit facilities with its ultimate owner Airbus SE. The total net cash amounts to USD 0.3 million (USD 0.5 million).

Capital management
The carrying amount of shareholders' equity is considered to be Satair A/S' capital. Satair A/S' capital structure is characterised by a high equity interest of which the purpose is to ensure stable conditions for the execution of the approved corporate strategy.

Credit risk
Satair A/S is exposed to credit risks related to its receivables and bank deposits. The maximum credit risk corresponds to the book value. No credit risks are found to be associated with cash and cash equivalents, as the counterparts are banks and the parent company, all with good credit ratings. In accordance with the established procedure, outstanding receivables are regularly followed up on by corporate management. If any uncertainty should arise concerning a customer's ability or will to pay a given receivable, and the outstanding balance is found to be risk-prone, write-downs are made to cover this risk.

Satair A/S is using the simplified expected credit loss model. The model implies that the expected loss over the lifetime of the asset is recognised in the profit and loss immediately and is monitored on an ongoing basis until realisation. Historically there has been limited losses on trade receivables. The inputs to the expected credit loss model reflects this. Please see note 7 for specification of the expected credit loss on trade receivables

Liquidity risk
Satair A/S' financial reserves at 31 December 2021 consist of loans and credits taken out with the parent company or with banks.

Categories of financial instruments
Financial assets and liabilities at fair value are related to foreign exchange rate forward contracts which have been valued using a valuation technique with market observable inputs (level 2).

Satair A/S enters into derivative financial instruments with Airbus SE. Foreign exchange forward contracts are valued using market observable inputs. The most frequently applied valuation techniques include forward pricing models using present value calculations. All derivative contracts are fully cash collateralised, thereby eliminating both counterparty and Satair A/S' own non-performance risk.

Notes

Note 17 Financial assets and liabilities (continued)

USD thousands	2021	2020
Financial assets measured at amortised cost 1)		
Trade receivables	21,306	15,384
Receivables from intra-group companies and other related parties	50,997	18,762
Other receivables	2,224	4,070
Cash and cash equivalents	322	473
	74,849	**38,689**
Financial assets measured at fair value		
Derivatives 2)	99	1,461
Financial liabilities measured at amortised cost 1)		
Payables to intra-group companies and other related parties	(6,548)	(4,380)
Trade payables	(32,747)	(30,719)
Loans and borrowings	(1,776)	(346)
Current part of loans and borrowings	(2,421)	(1,524)
	(43,506)	**(36,969)**
Financial liabilities measured at fair value		
Derivatives 2)		
Net financial assets/(liabilities)	**31,442**	**3,181**

[1] The carrying amount of financial assets and liabilities measured at amortised cost is a fair approximation of the fair value.

[2] Valued using a valuation technique with market observable inputs (level 2).

The financial liabilities are expected to mature within one year except for USD 417k (USD 2,281k) which are expected to mature within 1-5 years. Please see note 20.

Non-current staff related liabilities

USD thousands	Total debt at 31/12/2021	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Holiday pay liability	2,936	-	2,936	-
	2,936	**-**	**2,936**	**-**

Non-current staff related liabilities consist of frozen holiday pay obligation of USD thousands 3.048 which the company was not obligated to settle in 2021, hence the liabiltiy is classified as long-term.

USD thousands

Maturity analysis - contractual undiscounted cash flow	2021	2020
Less than one year	24.0	
One to five years	175	122
More than five years	5,580	4,638
	5,779	**4,760**

Notes

Note 18 **Derivatives**

Satair A/S uses forward contracts to manage the currency risk. Use of forward contracts are included in the company's risk management. The risk management includes proper identification of the hedged transactions which are related to operating costs in foreign currencies. The risk management includes effectiveness analysis including identification of the transactions which are deemed to be highly probable and presents an actual exposure to affect profit and loss. All derivatives are qualified as effective cash-flow hedging at the balance sheet date. No ineffectiveness regarding cash-flow hedges has occurred in 2021.

As at 31 December 2021, the company had currency hedge commitments for a total of USD 86.9 million (USD 40.0 million) which were made against DKK at an average USD/DKK rate of 648.67. The principal fair value of currency hedging contracts signed at 31 December 2021 amounts to USD 87.0 million (41.5 million). Unrealized gain (fair market value) amounts to USD 0.1 million (USD 1.5 million).

The following net outstanding forward contracts at 31 December were used as a hedge of future transactions:

2021

USD thousands	**Contract value at year-end**	**Principal fair value at year-end**	**Realised gain/(loss)**	**Unrealised gain/(loss)**	**Maturity**
DKK currency	-	-	138	-	2021
DKK currency	41,302	41,346	-	44	2022
DKK currency	45,579	45,634	-	55	2023
	86,881	**86,980**	**138**	**99**	

2020

USD thousands	**Contract value at year-end**	**Principal fair value at year-end**	**Realised gain/(loss)**	**Unrealised gain/(loss)**	**Maturity**
DKK currency	-	-	(2,174)	-	2020
DKK currency	40,025	41,485	-	1,461	2021
	40,025	**41,485**	**(2,174)**	**1,461**	

Notes

Note 19 Lease liabilities

Lease liabilities	Right of use Land and buildings	Right of use Plant and equipment	Total
Balance 1 January 2021	1,240	296	**1,536**
Accretion of interest	69	12	**81**
Payments	-457	-124	**-581**
Balance 31 December 2021	**852**	**184**	**1,036**
Lease liabilities, undiscounted			
Less than 1 year	451	98	**550**
Between 1 and 5 years	1,263	186	**1,450**
Lease liabilities undiscounted 31 December 2021	**1,715**	**285**	**1,999**
Leasing liabilities recognized on balance			
Current	399	86	**486**
Non - current	452	98	**550**
Total	**852**	**184**	**1,036**
Amount recognized in the income statement			
Depreciation expense of right-of-use-assets	255	22	**277**
Interest expense on lease liabilities	69	12	**81**
Total cash outflow for leases in 2021	**324**	**34**	**358**

Lease liabilities	Right of use Land and buildings	Right of use Plant and equipment	Total
Balance 1 January 2020	1,911	82	**1,993**
Adjustment to previous year	-335	335	**-**
Accretion of interest	75	13	**88**
Payments	-411	-134	**-545**
Balance 31. december 2020	**1,240**	**296**	**1,536**
Lease liabilities, undiscounted			
Less than 1 year	426	139	**565**
Between 1 and 5 years	1,198	133	**1,331**
Lease liabilities undiscounted 31 December 2020	**1,624**	**272**	**1,896**
Leasing liabilities recognized on balance			
Current	860	205	**1,065**
Non - current	380	91	**471**
Total	**1,240**	**296**	**1,536**
Amount recognized in the income statement			
Depreciation expense of right-of-use-assets	284	112	**396**
Interest expense on lease liabilities	75	13	**88**
Total cash outflow for leases in 2020	**359**	**125**	**484**

Notes

Note 20 Changes in liabilities arising from financing activities

2021 - USD thousands	1 January	Cash flows	Other	31 December
Current interest bearing loans & borrowings	1,524	-	997	2,521
Non-current interest bearing loans & borrowings	417	(2,421)	3,750	1,747
Payables to intra-group companies *)	-	-	-	-
Total liabilities from financing activities	1,941	(2,421)	4,748	4,268

*) Payables to intra-group companies in the Statement of Financial Position includes liabilities resulting from ordinary operating activities that are not shown here.

2020 - USD thousands	1 January	Cash flows	Other	31 December
Current interest bearing loans & borrowings	2,268	-	(744)	1,524
Non-current interest bearing loans & borrowings	2,281	(2,459)	594	417
Payables to intra-group companies *)	-2,000	2,000	-	-
Total liabilities from financing activities	2,549	(459)	(150)	1,941

Notes

Note 21 Fees to auditors elected at the Annual General Meeting

USD thousands	2021	2020
Audit services	89	83
Assurance engagements related to Covid-19 government support	21	13
	110	**96**

Note 22 Transactions with related parties

The sole shareholder of Satair A/S, Airbus SAS, has controlling influence in the company. The ultimate controlling company of Satair A/S is Airbus SE. Please refer to Note 28 for relationship information.

USD thousands	2021	2020
Trade		
Sales to intra-group companies 1)	104,019	80,951
Purchase from intra-group companies 1)	(62,831)	(47,994)
Sales to related parties 2)	15,636	12,140
Purchase from related parties 2)	(15,987)	(15,222)
	40,837	**29,875**
Balances		
Receivables from intra-group companies 1)	12,812	8,329
Payables to intra-group companies 1)	(6,548)	(3,699)
Receivables from related parties 2)	3,655	2,773
Payables to related parties 2)	(5,270)	(681)
Cash pool with related parties 3)	34,530	7,660
	39,179	**14,382**

[1)] Relates to Satair Group entities including the related party Satair USA Inc. Please refer to note 28 for further information.
[2)] Relates to other Airbus Group entities
[3)] Relates to Airbus SE (ultimate parent company)

Please refer to Note 4 for further information on Management Fee.
Please refer to Note 5 for further information on transactions with Management.
Please refer to Note 16 for further information on financial income from and expenses to intra-group companies and related parties.

Notes

Note 23 Income taxes

USD thousands	2021	2020
Current tax on profit/(loss) for the year	-	-
Deferred tax on profit/(loss) for the year	306	10,298
Adjustments regarding previous years	5	(1,389)
Income taxes	**311**	**8,909**
Tax specification		
Tax charged to the income statement	311	8,909
Tax charged to the equity	343	(971)
	654	**7,938**
Reconciliation of tax percentage		
Danish tax percentage	22.0%	22.0%
Tax effect from previous years	-4.2%	-3.0%
Tax effect from received dividends	0.0%	0.0%
Other deviations	0.0%	-0.2%
Effective tax percentage	**17.8%**	**19.0%**

Note 24 Deferred tax

USD thousands	2021	2020
Deferred tax (assets)/liabilities at 1 January	(7,937)	1,390
Tax on profit/(loss) for the year	(306)	(10,298)
Tax on other comprehensive income/equity	(343)	971
Deferred tax regarding previous years	(5)	1
Deferred tax (assets)/liabilities at 31 December	**(8,591)**	**(7,937)**
Deferred tax specification		
Tax loss carry forward	(10,741)	(10,065)
Property, plant and equipment	431	468
Derivatives	(22)	321
Other	1,740	1,339
	(8,591)	**(7,937)**

Notes

Note 25 Contingent liabilities

The Danish Tax Authorities made a ruling in 2019 regarding a dispute over transfer pricing between Satair A/S and one of its subsidiaries in 2013. The ruling increased taxable income for Satair A/S for the year 2013 by USD 10.2 million. Satair A/S decided to account for the associated taxes, surcharges and interests of USD 3.8 million in the Annual Report for 2019. A settlement has been made with the Danish Tax authorities in 2022 and accordingly, Satair will receive a total tax refund of 1.9 M.USD in May 2022. Satair A/S has not accounted for the expected changes in associated taxes, surcharges and interests in the Annual Report for 2021.

Satair A/S has issued a guarantee of USD 4.3 million for its subsidiary Satair UK Ltd. related to a lease agreement.

Satair A/S has guaranteed a bank debt of USD 60 thousands as a security of delivery of certain spare parts to one specific customer.

Note 26 Pledges and security

A mortgage bond registered to Satair A/S at a total value of DKK 30 million (DKK 30 million) equal to USD 4.6 million has been issued and is in the company's possession.

Note 27 Commitments

At 31. December 2021, Satair A/S had commitments of USD 10.178 thousands (2020: USD 7.161 thousands) relating to SAP, hosting, backup, communication and similar IT related services. USD 6.513 thousands fall due within 1 year and USD 3.665 thousands fall due after more than 1 year.

Notes

Note 28 Events after the reporting period

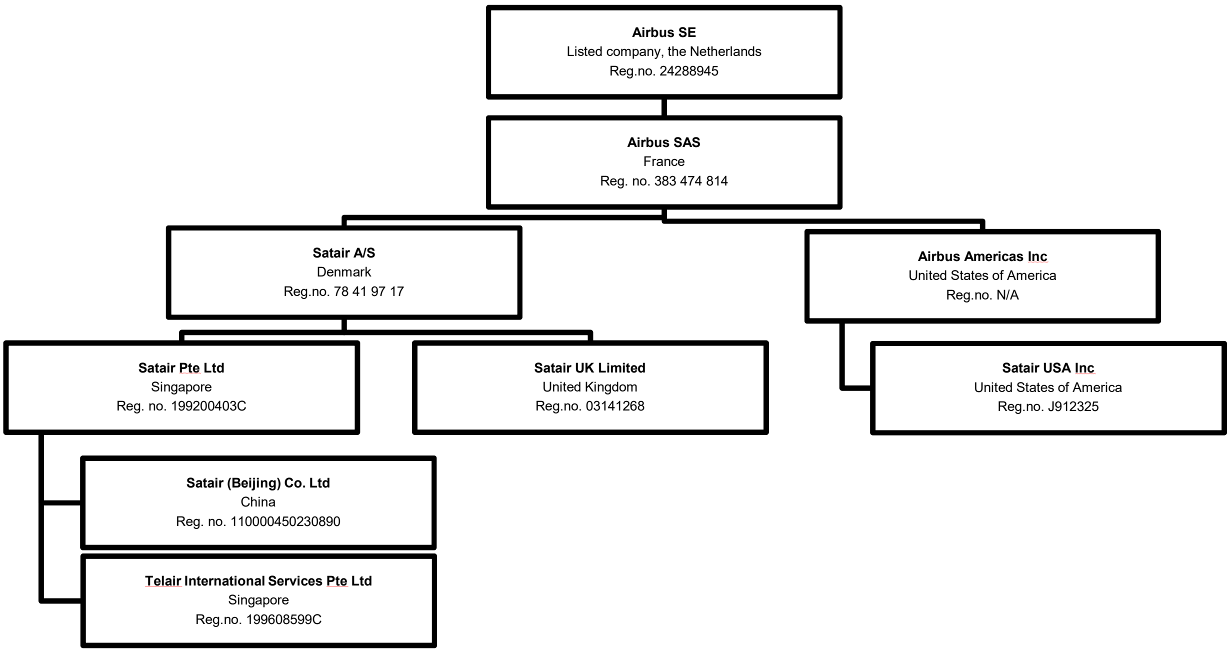
The aerospace industry and the market for spare parts have not yet recovered fully from the effect of Covid-19 but the effect of the pandemic is expected to be minimal after 2022. The international sanctions on Russia and Belarus in 2022 are expected to have a negative effect on revenues of up to USD 14.1 million and up to USD 2.5 million on gross margin. The magnitude of the effect will depend on the duration of the sanctions, the scope of the sanctions and if sanctions will be extended to affect additional customers.

Satair A/S is not aware of any events subsequent to 31 December 2021, which are expected to have a material impact on the financial position as reflected in the Financial Statement for 2021. The current forecast for 2022 indicates that a going concern assumption is appropriate.

Note 29 Subsidiaries

USD thousands (2020 figures)	Country	Ownership	Net profit	Equity
Subsidiaries				
Satair UK Ltd.	United Kingdom	100%	(80)	9,157
Satair Pte. Ltd.	Singapore	100%	(3,264)	93,432

Legal structure including related group companies



Definitions

The key figures and ratios are calculated in accordance with “Recommendations and Key Figures issued by the Danish Association of Financial Analysts and as stated below:

Gross margin	$\frac{\text{Gross profit/(loss) x 100}}{\text{Revenue}}$
SG&A margin	$\frac{\text{Selling, General and Administrative expenses x 100}}{\text{Revenue}}$
EBITDA margin	$\frac{\text{Profit/(Loss) before depreciation and amortisation (EBITDA) x 100}}{\text{Revenue}}$
EBIT margin	$\frac{\text{Operating profit/(loss) (EBIT) x 100}}{\text{Revenue}}$
Return on equity	$\frac{\text{Net profit/(loss) for the year x 100}}{\text{Average equity - Minorities}}$
Equity ratio	$\frac{\text{Total equity x 100}}{\text{Total assets}}$
Net interest-bearing receivables/(debt)	Cash and cash equivalents +/- Loan and borrowings - Interest-bearing intra-group receivables/payables +/- Interest-bearing related parties receivables/payables
Free cash flow	Cash flow from operating activities - Cash flow from investing activities