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# ***SAS Ground Handling Denmark A/S***

c/o Terminal 3, Københavns Lufthavn 3,  
Kastrup Tværvej B4  
2770 Kastrup

## **Annual Report for 2022/23**

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CVR No 32 33 90 26

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on

2/4 - 2024

Uffe Krempel  
Chairman

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## Management's Statement

The Executive and Supervisory Boards have today considered and adopted the Annual Report of SAS Ground Handling Denmark A/S for the financial year 1 November 2022 – 31 October 2023 (2022/23).

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

In our opinion the Financial Statements give a true and fair view of the financial position as of 31 October 2023 of the Company and of the results of the Company operations for 2022/23.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Company, of the results for the year and of the financial position of the Company as well as a description of the most significant risks and elements of uncertainty facing the Company.

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

Kastrup, 2 April 2024

### **Executive Board**

Hans Henrik Spangenberg  
CEO

### **Board of Directors**

Kjetil Håbjørg  
Chairman

Annika Gerlach

Lars Wigelstorp Andersen

Henrik Meiner  
Staff Representative

Ian Nachiket Møhring Madsen  
Staff Representative

# Independent auditor's report

## To the shareholder of SAS Ground Handling Denmark A/S

### Opinion

We have audited the financial statements of SAS Ground Handling Denmark A/S for the financial year 1 November – 31 October 2023 comprising income statement, balance sheet, statement of changes in equity, and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 October 2023 and of the results of the Company's operations for the financial year 1 November – 30 October 2023 in accordance with the Danish Financial Statements Act.

### 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.

### Emphasis of matter regarding the financial statements

We draw attention to note 1 in the Annual Report, in which the management describes the company's Capital Resources, including the risk that the parent company SAS AB in the longer term (>12 months from today), may be unable to meet its obligations when they fall due. The company's primary capital resources include receivables from SAS AB. Our conclusion is not modified regarding this matter.

### Management's responsibility 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, that 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 the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these financial statements.

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

- identify and assess the risks of material misstatement of the company 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.

## **Independent auditor's report**

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **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 form of 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 Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 2 April 2024

**KPMG**

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Martin Eiler  
State Authorised  
Public Accountant  
mne32271

## Company Information

### The Company

SAS Ground Handling Denmark A/S  
c/o terminal 3  
Københavns Lufthavn 3  
Kastrup Tværvej B4  
2770 Kastrup

CVR No: 32 33 90 26  
Financial period: 1 November - 31 October  
Incorporated: 27 June 2013  
Financial year: 10th financial year  
Municipality of reg. office: Tårnby

The Company is ISO 14001 Certified

### Supervisory Board

Kjetil Håbjørg, Chairman  
Annika Gerlach  
Lars Wigelstorp Andersen  
Henrik Meiner  
Ian Nachiket Møhring Madsen

### Executive Board

Hans Henrik Spangenberg

### Auditors

KPMG  
Statsautoriseret Revisionspartnerselskab  
Dampfærgevej 28  
2100 København Ø

## Financial Highlights

The development of the Company is described by the following financial highlights:

	2022/23 <u>(12 mths)</u> TDKK	2021/22 <u>(12 mths)</u> TDKK	2020/21 <u>(12 mths)</u> TDKK	2019/20 <u>(12 mths)</u> TDKK	2018/19 <u>(12 mths)</u> TDKK
<b><u>Key figures</u></b>					
<u>Profit/loss</u>					
Revenue	945.918	827.861	437.665	566.932	1.208.075
Gross profit	725.064	605.772	303.494	567.843	929.254
Profit/loss before financial income and expenses	75.208	48.982	-61.308	-268.545	35.018
Net financials	3.765	-48	651	-393	-7
Net profit/loss for the year	80.655	48.934	-60.657	-266.165	27.308
<u>Balance sheet</u>					
Balance sheet total	371.000	248.212	184.057	228.859	328.252
Equity	220.364	139.709	90.775	46.432	132.597
Investment in property, plant and equipment	8.880	1.604	967	3.716	900
<u>Ratios</u>					
Profit margin	8,0%	5,9%	Neg.	Neg.	2,9%
Gross margin	76,7%	73,2%	69,3%	100,2%	76,9%
Return on assets	24,2%	22,7%	Neg.	Neg.	11,4%
Solvency ratio	58,9%	56,3%	49,3%	20,3%	40,4%
Return on equity	44,8%	42,5%	Neg.	Neg.	23,0%
Number of employees average	1.115	957	639	1.372	1.488

For calculation of ratios, see under accounting policies.

# Management's Review

## **Main activity**

The main activities of the company are ground handling (passenger and baggage) and air freight cargo handling in Denmark.

## **Development in the year**

The financial result after tax for the financial year 2022/23 showed a profit of MDKK 80,7 (2021/22 showed a profit of MDKK 48,9) which is considered satisfactory and a significant improvement from the previous year.

Compared to our previous financial period the result improved significantly. The positive development exceeds last year's expectations, which can be contributed to a continued increase in production still recovering from the Corona Pandemic.

## **Capital resources**

The company's primary capital resources consist of receivables with the SAS Consortium and other group Companies which constituted DKK 324 million per 31 October 2023. In recent years, the COVID-19 pandemic has greatly affected the entire airline industry, including SAS, which has led to cost reductions and efficiency initiatives. SAS FORWARD, a plan to strengthen and secure the SAS Group's long-term conditions, was launched at the end of February 2022 and is described on SAS AB's website, [www.sasgroup.net](http://www.sasgroup.net).

In order to accelerate the implementation of key elements of the SAS FORWARD plan, SAS AB and some of its subsidiaries initiated a court process in the United States on July 5, 2022 through an application to initiate a voluntary Chapter 11 proceeding. The process provides SAS with the legal tools to strengthen its financial position and accelerates the work with SAS FORWARD, while SAS continues to operate in its airlines.

On April 6, 2023, SAS initiated a capital raising process regarding the reconstructed SAS, and the process was approved by the American court on May 15, 2023. On October 3, 2023, SAS announced that the investors Castl lake, Air France-KLM and Lind Invest, together with the Danish state, had been selected as the winning bid consortium in the capital raising process.

After the end of the financial year, on November 4, 2023, SAS announced that SAS had consequently entered into an investment agreement with the winning bid consortium. The investment agreement involves an investment in the reconstructed SAS of a total of USD 1.200 million, consisting of USD 475 million in new unlisted shares and USD 725 million in secured convertible debenture.

The investment agreement contains the final terms of the investors' capital investment as well as the main terms of the convertible debenture and SAS restructuring plan in accordance with chapter 11. The American court approved the investment agreement on November 21, 2023. On 19 March 2024, SAS received approval from the American court for SAS chapter 11-plan. The entry into force of the Chapter 11 plan will still depend on the fulfillment of various conditions, including various authority approvals and implementation of a Swedish corporate restructuring at SAS AB level.

In addition, during the last quarter of 2023, SAS announced an agreement with Castlelake regarding a new DIP loan of USD 500 million (approx. SEK 5.5 billion), for the purpose of, among other things, refinancing SAS's original DIP loan from Apollo Global Management, increasing liquidity and facilitate SAS to complete its voluntary reconstruction procedures.

SAS would like to emphasize that there is no guarantee that SAS FORWARD will be successfully completed through the Chapter 11 process. If the expected allocation of burden sharing, the conversion of debt and new capital raising are not completed as planned, SAS will not be able to support its existing capital structure and current liquidity levels and it cannot be ruled out that SAS may become unable to meet its obligations when they mature in the longer term. Despite the situation described above, SAS AB's board of directors considers that the group has sufficient liquidity, including the DIP financing, to continue its operations for at least the next 12 months, and therefore continues to apply the principle of going concern when preparing the financial reports.

As a wholly owned subsidiary within the SAS AB Group, SAS Ground Handling Denmark A/S is directly and indirectly affected by the above situation as the SAS Group is the single largest customer for the company.

The management assesses that at the time of signing the annual report, there are conditions for continued operation for the next 12 months.

## **Risks**

When we are handling aircrafts there is a risk of incurring damage to the aircraft. Likewise, we handle airfreight and risks damaging or losing goods. The company is insured against such risks.

One customer constitutes a significant part of the total revenue.

## **Corporate social responsibility**

As part of the SAS Group, please refer to the SAS Group's Sustainability Report for 2022/23, which can be found on the following link:

<https://www.sasgroup.net/en/category/sustainability/>

## **Gender balance in management**

### ***Board of directors***

The Board of Directors appreciates the strength of having a diverse and broadly composed board representation. However, the pool and its relevance to actual vacant positions will always be depending on the specific requirements and characteristics of the positions as well as competences and interest for the positions. The SAS Group Management has undertaken activities to support a balanced gender representation which will affect the Board of Directors equally and hence the Board of Directors of SAS Ground Handling Denmark A/S have worked towards having both genders represented on its Board of Directors. The goal was specifically to ensure that at least 1 out of 3 members elected by the General Assembly was of the underrepresented gender, a goal that was achieved in 2018 and still applicable.

### ***Management***

Similar to the Board of Directors, management appreciates the strength of having a diverse and broadly composed management representation, including the representation of both genders. However, the pool and its relevance to actual available positions will always depend on the specific requirements and characteristics of the positions as well as interest and competences for the position.

Most positions within management are recruited internally, where we have a clear preponderance of men. However, we encourage both genders to apply for the positions, and tries to live up to SAS overall policy stated in the SAS Annual and Sustainability report FY 2023 “SAS actively promotes gender equality in both traditionally gender-dominated positions and in management, recognizing the importance of fostering an inclusive work environment. This is achieved by prioritizing gender equality and diversity through our recruitment policy and annual personnel reviews”.

Link to report: [https://www.sasgroup.net/files/documents/financial-reports/2023/SAS\\_Annual\\_and\\_sustainability\\_report\\_FY\\_2023.pdf](https://www.sasgroup.net/files/documents/financial-reports/2023/SAS_Annual_and_sustainability_report_FY_2023.pdf)

Given the current pool of gender representation in relevant positions, it is a target to ensure a representation of the underrepresented gender by at least 35% by 2025.

Today, SAS Ground Handling Denmark A/S is represented by 1 woman on the Board, in other management levels the representation of women is 29% counting 8 women in all management levels. As can be seen above, progress has been made in so far that initiatives to raise the number of potential female candidates for management positions have been taken and continue to be driven. The work with this type of diversity is ongoing, however it must be considered that the entire process is highly dependent on the interest of the relevant candidates who have the relevant skill sets.

## **Data ethics**

SAS Ground Handling Denmark A/S has not implemented an actual policy for data ethics. This is based on a concrete assessment of SAS Ground Handling Denmark A/S currently data collection, data exchange and use of data in combination with the company’s business activities and markets.

Data ethics covers the use of all types of data, not just personal data. SAS Ground Handling Denmark most important data exchange is with the companies-

- Employees
- Customers
- Suppliers

The company handles data storage and data exchange with the above in a responsible manner and

within applicable legislation, including GDPR and other data protection regulations. The data collection is limited to business-critical data deemed necessary for the implementation of the company's activities. It is continuously assessed whether there is a need to adopt an actual policy for data ethics. We have assessed that our GDPR-policies are sufficient to mitigate any risks involved with our collection and processing of data.

## **External environment**

The Company is not to any significant degree influenced by any external environmental factors. We continuously strive to ensure that our environmental footprint is improved by implementing green solutions where possible, i. e. increasing our use of electrical equipment where possible and selecting suppliers with a green profile.

## **Expectations for the year ahead**

The outlook for next year is a continued increase in capacity, as the air traffic is expected to increase compared with 2022/23. Although the capacity is expected to increase, we expect a revenue on level with the financial year 2022/23 since internal subsidies on back of the Corona pandemic no longer will apply in the coming year.

With the increasing capacity and stagnant revenue we expect to reach a positive result for the financial year 2023/24, but significant lower than the 2022/23 result as the cost increases with the expected increase in capacity and indexation on costs. The outlook is highly dependent on fulfillment of the estimated SAS AB traffic program/volume. Furthermore, there is uncertainty about the effects of a possible recession, increasing interest and the geopolitical effects.

## **Subsequent events**

No events have occurred subsequent to the balance sheet date through the date the financial statements that either require recognition or disclosure in the financial statements.

## Income Statement 1 November – 31 October

	<u>Note</u>	<u>1/11 2022 -</u> <u>31/10 2023</u> TDKK	<u>1/11 2021 -</u> <u>31/10 2022</u> TDKK
<b>Revenue</b>		<b>945.918</b>	<b>827.861</b>
Other operating expenses		-16	0
Other external expenses		<u>-220.838</u>	<u>-222.089</u>
<b>Gross profit/loss</b>		<b>725.064</b>	<b>605.772</b>
Staff expenses	2	-646.497	-552.995
Depreciation and impairment of property, plant and equipment		<u>-3.359</u>	<u>-3.795</u>
<b>Profit/loss before financial income and expenses</b>		<b>75.208</b>	<b>48.982</b>
Financial income	3	4.405	94
Financial expenses	4	<u>-640</u>	<u>-142</u>
<b>Profit/loss before tax</b>		<b>78.973</b>	<b>48.934</b>
Tax on profit/loss for the year	5	<u>1.682</u>	<u>0</u>
<b>Net profit/loss for the year</b>		<u><b>80.655</b></u>	<u><b>48.934</b></u>

## Distribution of profit/loss

### Proposed distribution of profit/loss

Retained earnings		<u>80.655</u>	<u>48.934</u>
		<u><b>80.655</b></u>	<u><b>48.934</b></u>

## Balance Sheet 31 October

### Assets

	<u>Note</u>	<u>31/10 2023</u> TDKK	<u>31/10 2022</u> TDKK
Plant and machinery		2.619	3.522
Other fixtures and fittings, tools and equipment		10.793	3.830
Leasehold improvements		<u>1.188</u>	<u>1.742</u>
<b>Property, plant and equipment</b>	<b>6</b>	<b><u>14.600</u></b>	<b><u>9.094</u></b>
<b>Non-current assets</b>		<b><u>14.600</u></b>	<b><u>9.094</u></b>
Trade receivables		21.228	21.332
Receivables from group enterprises	1	324.184	205.554
Other receivables		5.784	4.211
Deferred tax asset	7	2.204	523
Prepayments		<u>2.508</u>	<u>4.844</u>
<b>Receivables</b>		<b><u>355.908</u></b>	<b><u>236.464</u></b>
<b>Cash at bank and in hand</b>		<b><u>492</u></b>	<b><u>2.654</u></b>
<b>Current assets</b>		<b><u>356.400</u></b>	<b><u>239.118</u></b>
<b>Total assets</b>		<b><u>371.000</u></b>	<b><u>248.212</u></b>

# Balance Sheet 31 October

## Liabilities and equity

	<u>Note</u>	<u>31/10 2023</u> TDKK	<u>31/10 2022</u> TDKK
Share capital		500	500
Retained earnings		<u>219.864</u>	<u>139.209</u>
<b>Equity</b>		<b><u>220.364</u></b>	<b><u>139.709</u></b>
Pension obligations	8	<u>189</u>	<u>279</u>
<b>Provisions</b>		<b><u>189</u></b>	<b><u>279</u></b>
Prepayments received from customers		88	91
Trade payables		22.105	23.282
Payables to group enterprises		9.174	9.380
Other payables		<u>119.080</u>	<u>75.471</u>
<b>Short-term debt</b>		<b><u>150.447</u></b>	<b><u>108.224</u></b>
<b>Debt</b>		<b><u>150.447</u></b>	<b><u>108.503</u></b>
<b>Total liabilities and equity</b>		<b><u>371.000</u></b>	<b><u>248.212</u></b>
Capital resources	1		
Contingent assets, liabilities and other financial obligations	9		
Related parties and Group information	10		
Subsequent events	11		
Accounting policy	12		

## Statement of Changes in Equity

	<u>Share capital</u> TDKK	<u>Retained earnings</u> TDKK	<u>Total</u> TDKK
Equity as of 1 November 2022	500	139.209	139.709
Net profit/loss for the year	<u>0</u>	<u>80.655</u>	<u>80.655</u>
<b>Equity as of 31 October 2023</b>	<b><u>500</u></b>	<b><u>219.864</u></b>	<b><u>220.364</u></b>

# Notes to the Financial Statements

## 1 Capital resources

The company's primary capital resources consist of receivables with the SAS Consortium and other group Companies which constituted DKK 324 million per 31 October 2023. In recent years, the COVID-19 pandemic has greatly affected the entire airline industry, including SAS, which has led to cost reductions and efficiency initiatives. SAS FORWARD, a plan to strengthen and secure the SAS Group's long-term conditions, was launched at the end of February 2022 and is described on SAS AB's website, [www.sasgroup.net](http://www.sasgroup.net).

In order to accelerate the implementation of key elements of the SAS FORWARD plan, SAS AB and some of its subsidiaries initiated a court process in the United States on July 5, 2022 through an application to initiate a voluntary Chapter 11 proceeding. The process provides SAS with the legal tools to strengthen its financial position and accelerates the work with SAS FORWARD, while SAS continues to operate in its airlines.

On April 6, 2023, SAS initiated a capital raising process regarding the reconstructed SAS, and the process was approved by the American court on May 15, 2023. On October 3, 2023, SAS announced that the investors Castlelake, Air France-KLM and Lind Invest, together with the Danish state, had been selected as the winning bid consortium in the capital raising process.

After the end of the financial year, on November 4, 2023, SAS announced that SAS had consequently entered into an investment agreement with the winning bid consortium. The investment agreement involves an investment in the reconstructed SAS of a total of USD 1.200 million, consisting of USD 475 million in new unlisted shares and USD 725 million in secured convertible debenture.

The investment agreement contains the final terms of the investors' capital investment as well as the main terms of the convertible debenture and SAS restructuring plan in accordance with chapter 11. The American court approved the investment agreement on November 21, 2023. On 19 March 2024, SAS received approval from the American court for SAS chapter 11-plan. The entry into force of the Chapter 11 plan will still depend on the fulfillment of various conditions, including various authority approvals and implementation of a Swedish corporate restructuring at SAS AB level.

In addition, during the last quarter of 2023, SAS announced an agreement with Castlelake regarding a new DIP loan of USD 500 million (approx. SEK 5.5 billion), for the purpose of, among other things, refinancing SAS's original DIP loan from Apollo Global Management, increasing liquidity and facilitate SAS to complete its voluntary reconstruction procedures.

SAS would like to emphasize that there is no guarantee that SAS FORWARD will be successfully completed through the Chapter 11 process. If the expected allocation of burden sharing, the conversion of debt and new capital raising are not completed as planned, SAS will not be able to support its existing capital structure and current liquidity levels and it cannot be ruled out that SAS may become unable to meet its obligations when they mature in the longer term. Despite the situation described above, SAS AB's board of directors considers that the group has sufficient liquidity, including the DIP financing, to continue its operations for at least the next 12 months, and therefore

## Notes to the Financial Statements

continues to apply the principle of going concern when preparing the financial reports.

As a wholly owned subsidiary within the SAS AB Group, SAS Ground Handling Denmark A/S is directly and indirectly affected by the above situation as the SAS Group is the single largest customer for the company.

The management assesses that at the time of signing the annual report, there are conditions for continued operation for the next 12 months.

## Notes to the Financial Statements

	<u>1/11 2022 - 31/10 2023</u> TDKK	<u>1/11 2021 - 31/10 2022</u> TDKK
<b>2 Staff expenses</b>		
Wages and salaries	571.268	490.392
Pensions	52.214	45.836
Other social security expenses	<u>23.015</u>	<u>16.767</u>
	<b><u>646.497</u></b>	<b><u>552.995</u></b>
<b>Average number of employees</b>	<b><u>1.115</u></b>	<b><u>957</u></b>

No remuneration is paid to the board members. Instead, it is settled via a management fee to the parent company and via salaries (elected by employees). The economic value hereof is estimated to be of limited extent.

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

	<u>1/11 2022 - 31/10 2023</u> TDKK	<u>1/11 2021 - 31/10 2022</u> TDKK
<b>3 Financial income</b>		
Exchange rate	45	94
Interest income external	38	0
Interest income internal	<u>4.322</u>	<u>0</u>
	<b><u>4.405</u></b>	<b><u>94</u></b>
<b>4 Financial expenses</b>		
Bank charges	61	66
Interest expenses external	15	20
Interest expenses internal	564	38
Exchange rate	<u>0</u>	<u>18</u>
	<b><u>640</u></b>	<b><u>142</u></b>
<b>5 Tax on profit/loss for the year</b>		
Actual tax for the year/joint taxation	0	4.606
Deferred tax for the year	<u>1.682</u>	<u>-4.606</u>
	<b><u>1.682</u></b>	<b><u>0</u></b>

## Notes to the Financial Statements

### 6 Property, plant and equipment

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements
	TDKK	TDKK	TDKK
Cost as of 1 November	18.120	10.848	6.106
Additions for the year	0	8.880	0
Disposals for the year	<u>0</u>	<u>-48</u>	<u>0</u>
Cost as of 31 October	<u>18.120</u>	<u>19.680</u>	<u>6.106</u>
Impairment losses and depreciation as of 1 November	14.598	7.018	4.364
Depreciation for the year	903	1.901	554
Reversal of impairment and depreciation of sold assets	<u>0</u>	<u>-32</u>	<u>0</u>
Impairment losses and depreciation as of 31 October	<u>15.501</u>	<u>8.887</u>	<u>4.918</u>
<b>Carrying amount as of 31 October 2023</b>	<b><u>2.619</u></b>	<b><u>10.793</u></b>	<b><u>1.188</u></b>

### 7 Deferred tax assets

	<u>31/10 2023</u>	<u>31/10 2022</u>
	TDKK	TDKK
Pension Obligations	41	61
Tangible fixed assets	2.165	1.382
Net operating loss carryovers	38.554	58.040
Not recognized	<u>-38.554</u>	<u>-58.960</u>
	<b><u>2.205</u></b>	<b><u>523</u></b>
Deferred tax asset 1 November	523	5.129
Regulation this year	<u>1.682</u>	<u>-4.606</u>
Deferred tax asset as of 31 October 2023	<b><u>2.205</u></b>	<b><u>523</u></b>

The company has a tax asset of DKK 38,5 million as of 31 October 2023 which has not been recognized as utilization is considered uncertain within a maximum of 5 years.

## Notes to the Financial Statements

### 8 Pension obligations

Pension obligation primo	279	415
Disposal for the year	<u>-90</u>	<u>-136</u>
<b>Total</b>	<b><u>189</u></b>	<b><u>279</u></b>

### 9 Contingent assets, liabilities and other financial obligations

#### Rental agreements and leases

Lease obligations under operating leases. Total future lease payments:

Within 1 year	31.983	27.942
Between 1 and 5 years	<u>6.178</u>	<u>11.369</u>
	<b><u>38.161</u></b>	<b><u>39.311</u></b>

#### Contingent liabilities

The Company is jointly taxed with all controlled Danish companies within the SAS Group. The Danish group companies are jointly and severally liable for tax on the Group's jointly taxed income.

The Company has entered into a defined contribution pension plans with the employees. In connection with termination of employment, certain employee groups are entitled to severance payment calculated as the capitalized value of the remaining contributions in the period to originally agreed retirement date. In the event of the Company no longer being part of SAS Group, payment is due for these employees. The maximum obligation of the Company is approximately MDKK 1,9 of which MDKK 0,2 is provided in the balance sheet.

### 10 Related parties and Group information

#### Controlling interest

Related parties with controlling interest comprises SAS AB, Frösundaviks Allé 1, 195 87 Stockholm, Sweden.

#### Transactions

Transactions with related parties are done at market conditions.

#### Consolidated Financial Statements

SAS Ground Handling Denmark A/S is included in the consolidated Financial Statements of SAS AB, Stockholm. The consolidated accounts are available at:

<https://www.sasgroup.net/en/category/investor-relations/financial-reports/>

# Notes to the Financial Statements

## 11 Subsequent events

No events have occurred subsequent to the balance sheet date through the date the financial statements that either require recognition or disclosure in the financial statements.

## 12 **Accounting Policies**

### **Basis of Preparation**

Financial Statements of SAS Ground Handling Denmark A/S for 2022/23 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year. Financial Statements are presented in TDKK.

### **Cash flow statement**

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of SAS AB, the Company has not prepared a cash flow statement.

### **Fee to the auditor elected by the general Assembly**

The fee to the auditor is not disclosed in accordance with the Danish Financial Statement Act section 96(3).

### **Recognition and measurement**

Revenue is recognized in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortized cost as recognized. Moreover, all expenses incurred to achieve the earnings for the year are recognized in the income statement.

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

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

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

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Financial Statements Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

### **Leases**

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognized in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an approximated value as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

## **Accounting Policies**

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

### **Translation policies**

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

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

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

### **Segment information**

Segment information is presented in respect of revenue distributed on business segment based on the Company's risks and returns and its internal financial reporting system. The Company has only one business segment; ground handling and only one geographical market as the Company only operates in Denmark

### **Revenue**

Revenue consists of ground handling and cargo revenue, which is core business of SAS Ground Handling Denmark A/S as well as other revenue, which consist of peripheral sources of income.

Revenue from sale of goods and services is recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

### **Other external expenses**

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

## **Accounting Policies**

### **Staff expenses**

Staff expenses comprise wages and salaries, pension and social security costs.

### **Depreciation and impairment losses**

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

### **Other operating income and expenses**

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the enterprise, including gains and losses on the sale of property, plant and equipment.

### **Financial income and expenses**

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

### **Tax on profit/loss for the year**

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

The Company is jointly taxed with all controlled Danish companies within the SAS Group. The actual Danish taxation is allocated between the jointly taxed companies in accordance with to their taxable income (full allocation with reimbursement concerning taxable loss).

## **Balance Sheet**

### **Property, plant and equipment**

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

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

## Accounting Policies

Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	5-40 years

The residual value and the useful life of an asset is reviewed at the end of each reporting period.

### **Impairment of fixed assets**

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

### **Receivables**

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

### **Prepayments**

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions, equipment and interest.

### **Pensions**

The Company has entered into a defined contribution pension plans with employees. In connection with termination of employment, certain employee groups are entitled to severance payment calculated as the capitalized value of the remaining contributions in the period to originally agreed retirement date. In the event of the Company no longer being part of SAS Group, payment is due for these employees.

### **Other provisions**

Provisions comprise anticipated costs of restructuring expenses. Provisions are recognized when, as a result of past events, the Company has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at value in use.

# Accounting Policies

## **Equity**

### **Dividend**

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability at the date of declaration by the annual general meeting.

### **Deferred tax assets and liabilities**

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognized in the income statement.

### **Prepayments received from customers**

Prepayments received from customers comprises payments received in respect of income in subsequent years.

### **Financial debts**

Loans, such as mortgage loans and loans from credit institutions, are recognized initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognized as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

## Accounting Policies

## Financial Highlights

### Explanation of financial ratios

Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Gross margin	$\frac{\text{Gross profit before interest} \times 100}{\text{Revenue}}$
Return of assets	$\frac{\text{Profit before interest} \times 100}{\text{Average total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$