



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 991 709 827  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: CHC NORWAY ACQUISITION CO AS  
Forretningsadresse: Flyplassvegen 250  
4055 SOLA

### Regnskapsår

Årsregnskapets periode: 05.01.2020 - 30.04.2021

### Konsern

Mørselskap i konsern: Ja  
Konsernregnskap lagt ved: Ja

### Regnskapsregler

Regler for små foretak benyttet: Nei  
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler  
Benyttet ved utarbeidelsen av årsregnskapet til konsernet: -

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Thorleif Eng Jakobsen  
Dato for fastsettelse av årsregnskapet: 29.10.2021

### Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert  
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 05.07.2023



### Resultatregnskap

Beløp i: NOK	Note	2021	2020
<b>RESULTATREGNSKAP</b>			
<b>Kostnader</b>			
Operating expenses		1 564 000	1 423 000
<b>Sum kostnader</b>		<b>1 564 000</b>	<b>1 423 000</b>
<b>Driftsresultat</b>		<b>-1 564 000</b>	<b>-1 423 000</b>
<b>Finansinntekter og finanskostnader</b>			
Annen renteinntekt		353 000	2 166 000
Foreign exchange (loss) / gain		100 521 000	-108 626 000
<b>Sum finansinntekter</b>		<b>100 874 000</b>	<b>-106 460 000</b>
Reinstatement / (impairment) of investments	5	-310 879 000	13 898 000
Rentekostnad til foretak i samme konsern		631 000	1 008 000
Other financial expense		469 000	2 079 000
<b>Sum finanskostnader</b>		<b>-309 779 000</b>	<b>16 985 000</b>
<b>Netto finans</b>		<b>410 653 000</b>	<b>-123 445 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>409 089 000</b>	<b>-124 868 000</b>
<b>Ordinært resultat etter skattekostnad</b>		<b>409 089 000</b>	<b>-124 868 000</b>
<b>Årsresultat</b>	6	<b>409 089 000</b>	<b>-124 868 000</b>
<b>Overføringer og disponeringer</b>			
Other equity		409 089 000	-124 868 000
<b>Sum overføringer og disponeringer</b>		<b>409 089 000</b>	<b>-124 868 000</b>



### Balanse

Beløp i: NOK	Note	2021	2020
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap	5	1 106 458 000	795 579 000
<b>Sum finansielle anleggsmidler</b>		<b>1 106 458 000</b>	<b>795 579 000</b>
<b>Sum anleggsmidler</b>		<b>1 106 458 000</b>	<b>795 579 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Bankinnskudd, kontanter og lignende</b>			
Bank deposits		42 136 000	218 883 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>42 136 000</b>	<b>218 883 000</b>
<b>Sum omløpsmidler</b>		<b>42 136 000</b>	<b>218 883 000</b>
<b>SUM EIENDELER</b>		<b>1 148 594 000</b>	<b>1 014 462 000</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Share capital	6	5 434 000	5 434 000
Annen innskutt egenkapital	6	7 357 178 000	7 357 178 000
<b>Sum innskutt egenkapital</b>		<b>7 362 612 000</b>	<b>7 362 612 000</b>
<b>Opptjent egenkapital</b>			
Retained earnings	6	-7 908 259 000	-8 317 348 000
<b>Sum opptjent egenkapital</b>		<b>-7 908 259 000</b>	<b>-8 317 348 000</b>
<b>Sum egenkapital</b>		<b>-545 647 000</b>	<b>-954 736 000</b>



## Balanse

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Annen langsiktig gjeld</b>			
Langsiktig konserngjeld	7	1 243 358 000	1 300 992 000
<b>Sum annen langsiktig gjeld</b>		<b>1 243 358 000</b>	<b>1 300 992 000</b>
<b>Sum langsiktig gjeld</b>		<b>1 243 358 000</b>	<b>1 300 992 000</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld		0	67 000
Kortsiktig konserngjeld	7	450 571 000	667 794 000
Other		312 000	345 000
<b>Sum kortsiktig gjeld</b>		<b>450 883 000</b>	<b>668 206 000</b>
<b>Sum gjeld</b>		<b>1 694 241 000</b>	<b>1 969 198 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>1 148 594 000</b>	<b>1 014 462 000</b>



Consolidated Financial Statements

(Expressed in thousands of United States dollars)

**6922767 Holding S.à.r.l.**

For the years ended April 30, 2020 and April 30, 2021



KPMG LLP  
PO Box 10426 777 Dunsmuir Street  
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Canada  
Telephone (604) 691-3000  
Fax (604) 691-3031

### Independent Auditors' Report

The Board of Directors of 6922767 Holding S.å.r.l

We have audited the accompanying consolidated financial statements of 6922767 Holding S.å.r.l (the "Company"), which comprise the consolidated balance sheets as of April 30, 2021 and 2020, and the related consolidated statements of operations, comprehensive loss, cash flows, and shareholders' deficit for the years then ended, and the related notes to the consolidated financial statements.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



*Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of 6922767 Holding S.à.r.l as of April 30, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

*KPMG LLP*

Vancouver, Canada  
October 15, 2021



## 6922767 Holding S.å.r.l.

### Consolidated Balance Sheets

(Expressed in thousands of United States dollars except share information)

	<u>April 30, 2020</u>	<u>April 30, 2021</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 151,244	\$ 45,796
Receivables, net (note 9)	89,607	93,728
Related party receivables (note 21)	28,689	42,167
Income taxes receivable	—	519
Inventories (notes 3 and 8)	57,031	68,859
Prepaid expenses	19,238	28,330
Current assets- held for sale (note 10)	15,951	41,995
Other assets (notes 3 and 11)	1,773	427
	<u>363,533</u>	<u>321,821</u>
Property and equipment, net (notes 3 and 4)	573,972	566,113
Operating lease right-of-use assets (note 19)	182,493	147,944
Investments (note 7)	8,514	9,242
Intangible assets (note 5)	43,000	43,000
Restricted cash	14,702	21,886
Long term assets - held for sale (note 10)	45,157	—
Other assets (notes 3 and 11)	8,335	6,321
Accrued pension assets (note 18)	9,912	12,108
	<u>\$ 1,249,618</u>	<u>\$ 1,128,435</u>
<b>Liabilities and Shareholders' Deficit</b>		
Current liabilities:		
Payables and accruals	\$ 133,347	\$ 163,005
Deferred revenue	53,730	44,902
Income taxes payable	32,010	35,403
Related party payables (note 21)	571,565	617,454
Current liabilities - held-for-sale (note 10)	31,000	22,681
Other liabilities (notes 6 and 12)	4,582	4,792
Current portion of operating lease liabilities (note 19)	56,658	51,948
Current portion of debt obligations (note 13)	35,077	49,840
	<u>917,969</u>	<u>990,025</u>
Debt obligations (note 13)	483,759	416,754
Deferred revenue	18,421	17,776
Operating lease liabilities (note 19)	134,294	98,512
Long term liabilities - held-for-sale (note 10)	11,922	—
Other liabilities (note 12)	18,029	16,438
Accrued pension obligations (note 18)	93,301	96,835
Deferred income tax liabilities (note 16)	76	241
	<u>1,677,771</u>	<u>1,636,581</u>
Redeemable non-controlling interests (note 2)	2,190	2,690
Capital stock: Par value 1 USD (note 17): Authorized: 1,391,997,698 and 1,391,997,698		
Issued: 1,391,997,698 and 1,391,997,698	196,565	196,565
Deficit	(505,048)	(687,482)
Accumulated other comprehensive loss (note 17)	(121,860)	(19,919)
	<u>(430,343)</u>	<u>(510,836)</u>
	<u>\$ 1,249,618</u>	<u>\$ 1,128,435</u>

The accompanying notes are an integral part of these consolidated financial statements.

See table in note 2 for certain amounts included in the Consolidated Balance Sheets related to variable interest entities.



## 6922767 Holding S.å.r.l.

### Consolidated Statements of Operations

(Expressed in thousands of United States dollars)

	For the year ended	
	April 30, 2020	April 30, 2021
<b>Revenue</b> (note 13)	\$ 735,580	\$ 667,765
<b>Operating expenses:</b>		
Direct costs	(553,187)	(489,680)
Earnings from equity accounted investees	239	(105)
General and administration costs	(22,016)	(30,618)
Helicopter lease and associated costs (note 19)	(77,236)	(59,152)
Depreciation	(92,558)	(86,795)
Restructuring expense (note 6)	(8,448)	(98,402)
Asset impairments (note 3)	(4,135)	(4,543)
Loss on disposal of assets	(108)	(3,629)
	<u>(757,449)</u>	<u>(772,924)</u>
<b>Operating loss</b>	(21,869)	(105,159)
Interest on debt obligations	(31,744)	(31,845)
Foreign exchange loss	2,483	(7,988)
Other financing charges (note 15)	(39,752)	(44,525)
	<u>(90,882)</u>	<u>(189,517)</u>
Loss before income tax	(90,882)	(189,517)
Income tax recovery (expense) (note 16)	(2,017)	(1,960)
Loss from continuing operations	\$ (92,899)	\$ (191,477)
Loss from discontinued operations, net of tax	(37,433)	(25,659)
	<u>(130,332)</u>	<u>(217,136)</u>
<b>Net Loss</b>	\$ (130,332)	\$ (217,136)
Net loss attributable to:		
Controlling interest	\$ (117,586)	\$ (157,295)
Non-controlling interests	(12,746)	(59,841)
	<u>(130,332)</u>	<u>(217,136)</u>
<b>Net loss</b>	\$ (130,332)	\$ (217,136)

The accompanying notes are an integral part of these consolidated financial statements.



## 6922767 Holding S.å.r.l.

Consolidated Statements of Comprehensive Loss  
(Expressed in thousands of United States dollars)

	For the year ended	
	April 30, 2020	April 30, 2021
<b>Net loss</b>	\$ (130,332)	\$ (217,136)
Other comprehensive loss:		
Net foreign currency translation adjustments	(36,743)	46,379
Net change in defined benefit pension plans, net of income tax of \$nil (note 18)	(62,449)	90,764
<b>Comprehensive loss</b>	<u>\$ (229,524)</u>	<u>\$ (79,993)</u>
Comprehensive loss attributable to:		
Controlling interest	\$ (198,138)	\$ (55,354)
Non-controlling interests	(31,386)	(24,639)
<b>Comprehensive loss</b>	<u>\$ (229,524)</u>	<u>\$ (79,993)</u>

The accompanying notes are an integral part of these consolidated financial statements.



## 6922767 Holding S.å.r.l.

### Consolidated Statements of Cash Flows

(Expressed in thousands of United States dollars)

	For the year ended	
	April 30, 2020	April 30, 2021
Cash provided by (used in):		
<b>Operating activities:</b>		
Net loss	\$ (130,332)	\$ (217,136)
Loss from discontinued operations, net of tax	(37,433)	(25,659)
Loss from continuing operations	(92,899)	(191,477)
Adjustments to reconcile net loss to cash flows provided by operating activities:		
Depreciation	92,558	86,795
Loss on disposal of assets	108	3,629
Asset impairments (note 3)	4,135	4,543
Earnings from equity accounted investees	(239)	105
Deferred income taxes (note 16)	(827)	166
Amortization of long-term debt and lease deferred financing costs	1,253	1,181
Unrealized net loss (gain) on derivative financial instruments	(1,653)	3,131
Non-cash defined benefit pension expense (income) (note 18)	1,217	90,959
Defined benefit contributions and benefits paid	(6,688)	(6,139)
Unrealized loss on foreign currency exchange translation	3,626	8,570
Other	(4,599)	1,700
Change in cash resulting from changes in operating assets and liabilities		
Receivables, net of allowance	6,864	6,364
Income taxes receivable and payable	1,356	3,141
Inventories	(7,270)	(3,117)
Prepaid expenses	1,078	(7,234)
Payables and accruals	(13,388)	9,982
Deferred revenue	21,133	(20,968)
Related party loans	28,798	32,411
Other assets and liabilities	4,432	(7,358)
<b>Cash provided by operating activities</b>	<b>38,995</b>	<b>16,384</b>



## 6922767 Holding S.å.r.l.

Consolidated Statements of Cash Flows (Continued)  
(Expressed in thousands of United States dollars)

	For the year ended	
	April 30, 2020	April 30, 2021
<b>Financing activities:</b>		
Debt proceeds	\$ 377,000	\$ 62,000
Debt repayments	(270,596)	(120,060)
Deferred financing costs	(109)	—
<b>Cash provided by (used in) financing activities</b>	<b>106,295</b>	<b>(58,060)</b>
<b>Investing activities:</b>		
Property and equipment additions	(66,651)	(59,034)
Proceeds from disposal of property and equipment	7,779	11,531
<b>Cash used in investing activities</b>	<b>(58,872)</b>	<b>(47,503)</b>
Cash provided by (used in) continuing operations	86,418	(89,179)
Cash flows used in discontinued operations	(18,079)	(17,782)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(4,901)	8,697
Change in cash, cash equivalents and restricted cash during the year	63,438	(98,264)
Cash, cash equivalents and restricted cash, beginning of year	102,508	165,946
<b>Cash, cash equivalents, and restricted cash, end of year</b>	<b>\$ 165,946</b>	<b>\$ 67,682</b>
<b>Reconciliation of cash, cash equivalents, and restricted cash to the consolidated balance sheets:</b>		
Cash and cash equivalents	\$ 151,244	\$ 45,796
Restricted cash	14,702	21,886
<b>Total cash, cash equivalents, and restricted cash</b>	<b>\$ 165,946</b>	<b>\$ 67,682</b>
<b>Supplemental cash flow information</b>		
Cash interest paid, net of interest capitalized	\$ 27,871	\$ 37,818
Cash taxes paid (received)	(16,610)	(105)
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	111,679	91,787
Operating cash flows for finance leases	1,635	4,111
Financing cash flows for finance leases	5,596	8,652
Non-cash investing and financing activities:		
Additions to right-of-use assets obtained from new finance leases	42,044	201
Additions to right-of-use assets obtained from new operating leases	42,482	13,713

The accompanying notes are an integral part of these consolidated financial statements.



## 6922767 Holding S.à.r.l.

### Consolidated Statements of Shareholders' Deficit

(Expressed in thousands of United States dollars except share information (see note 17))

	Capital Stock		Additional paid-in capital	Deficit	Accumulated other comprehensive	Total shareholders' deficit	Redeemable non- controlling
	Number of shares	Amount					
<b>Balance at April 30, 2019</b>	<b>1,228,377,779</b>	<b>\$ 196,565</b>	<b>\$ —</b>	<b>\$(355,574)</b>	<b>\$ (41,308)</b>	<b>\$ (200,317)</b>	<b>\$ 1,688</b>
Foreign currency translation	—	—	—	—	(36,632)	(36,632)	(111)
Defined benefit plans, net of income tax benefit of \$nil million	—	—	—	—	(43,920)	(43,920)	(18,529)
Adjustment of redeemable non- controlling interest to redemption	—	—	—	(31,888)	—	(31,888)	31,888
Net loss	—	—	—	(117,586)	—	(117,586)	(12,746)
<b>Balance at April 30, 2020</b>	<b>1,228,377,779</b>	<b>\$ 196,565</b>	<b>\$ —</b>	<b>\$(505,048)</b>	<b>\$ (121,860)</b>	<b>\$ (430,343)</b>	<b>\$ 2,190</b>
Foreign currency translation	—	—	—	—	48,692	48,692	(2,313)
Defined benefit plans, net of income tax benefit of \$nil million	—	—	—	—	53,249	53,249	37,515
Adjustment of redeemable non- controlling interest to redemption	—	—	—	(25,139)	—	(25,139)	25,139
Net loss	—	—	—	(157,295)	—	(157,295)	(59,841)
<b>Balance at April 30, 2021</b>	<b>1,228,377,779</b>	<b>\$ 196,565</b>	<b>\$ —</b>	<b>\$(687,482)</b>	<b>\$ (19,919)</b>	<b>\$ (510,836)</b>	<b>\$ 2,690</b>

The accompanying notes are an integral part of these consolidated financial statements.



6922767 Holding S.à.r.l.

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands unless otherwise noted, except share information)

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## 1. Basis of presentation and significant accounting policies:

### (a) Basis of presentation and going concern assumption:

These consolidated financial statements include the accounts of 6922767 Holding S.à.r.l. and its subsidiaries and controlled entities (the “Company”, “CHC”, “we”, “us” or “our”) after elimination of all intercompany accounts and transactions. The Company is an indirectly held wholly-owned subsidiary of CHC Group LLC. These consolidated financial statements have been prepared in accordance with the United States Generally Accepted Accounting Principles (“US GAAP”). 6922767 Holding S.à.r.l. was incorporated on February 20, 2008 under the laws of Luxembourg and is a private limited company (Société à responsabilité limitée) (S.à.r.l.). 6922767 Holding S.à.r.l. is a leading provider of helicopter transportation services to the global oil and gas industry with global operations including Norway, the Netherlands, the United Kingdom, Australia, Canada and Brazil. Our principal activities are: helicopter transportation services and maintenance, and repair and overhaul (“MRO”).

The accompanying consolidated financial statements have been prepared assuming that CHC will continue as a going concern and contemplate the realization of assets and the satisfaction of liabilities in the normal course of business.

During the year ended April 30, 2021, the Company decided to exit its helicopter transportation business in Brazil (the “Brazil Operations”). Assets and liabilities related to the Brazil Operations have been reflected in the current and comparative period as assets and liabilities from held for sale (see note 10). The financial results of the Brazil Operations have been reflected in our consolidated statement of income as discontinued operations. All assets and liabilities related to discontinued operations are excluded from the footnotes unless otherwise noted.

We have evaluated subsequent events through October 15, 2021, the date these consolidated financial statements were available to be issued.

### (b) Critical accounting estimates and assumptions:

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. As the estimation process is inherently uncertain, actual future outcomes could differ from present estimates and assumptions, potentially having material future effects on our financial statements. In the current year, the COVID-19 pandemic resulted in negative impacts to the global economic environment and to the oil and gas sector. The impact of the pandemic, including a global market downturn, has resulted in significant economic uncertainty and consequently, it is difficult to reliably measure the potential impact of this uncertainty on our future financial results. Any change would be accounted for in the period in which it occurs.

### (c) Principles of consolidation:

These consolidated financial statements include the accounts of those entities that we have the ability to control through voting or other rights. Investments in entities in which we have a majority voting interest and entities that are Variable Interest Entities (“VIEs”) of which we are the primary beneficiary are consolidated. The equity method of accounting is applied for investments if we have the ability to exercise significant influence over an



6922767 Holding S.å.r.l.

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands unless otherwise noted, except share information)

entity that (i) is not a variable interest entity or (ii) is a variable interest entity, but we are not deemed to be the primary beneficiary.

(d) Functional and presentation currency:

Items included in the financial statements of each consolidated entity are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in United States dollars (“USD”), which is the functional currency of 6922767 Holding S.å.r.l. Significant subsidiaries have functional currencies of Pound Sterling (“£”), Canadian dollar (“CAD”), Norwegian Kroner (“NOK”), Australian dollars (“AUD”), Euros (“€”) and Brazilian Real (“BRL”).

(i) Transactions and balances:

Foreign currency transactions are translated into the functional currency using the average rate in effect during the reporting period. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in other than an entity’s functional currency are recognized in the statement of operations.

(ii) Consolidated companies:

The results and financial position of all our consolidated entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of each balance sheet;
- income and expenses are translated at average exchange rates in effect during the reporting period; and
- exchange gains or losses arising on consolidation are deferred in accumulated other comprehensive income (loss) until complete or substantially complete liquidation of our investment in the foreign subsidiary.

The currencies which most influence these translations and the relevant exchange rates were:

	2020	2021
Average rates:		
GBP £/US \$	1.266155	1.320363
CAD/US \$	0.748499	0.764120
NOK/US \$	0.108874	0.111115
AUD/US \$	0.675178	0.730914
EUR €/US \$	1.108292	1.176369
BRL/US \$	0.236315	0.184158
Year end rates, April 30:		
GBP £/US \$	1.259400	1.382200
CAD/US \$	0.717103	0.813868
NOK/US \$	0.097636	0.120175
AUD/US \$	0.651200	0.771600
EUR €/US \$	1.095500	1.202000
BRL/US \$	0.182289	0.183888



6922767 Holding S.å.r.l.

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands unless otherwise noted, except share information)

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(e) Revenue:

We recognize revenue when a contract exists with a customer; the sales price has been determinable; and once control of the promised service or product has been transferred to the customer. We categorize the revenues received from contracts with customers by revenue source as we believe it best depicts the nature, amount, timing and uncertainty of our revenue and cash flow.

(i) Helicopter flying services:

We enter into helicopter flying service contracts to provide crewed aircraft for offshore transportation, emergency medical services and search and rescue operations. The majority of these contracts earn revenues based on hourly flying rates, fixed monthly charges, or a combination of both. Customers are typically billed on a monthly basis under standard payment terms.

Flying services are regarded as a stand-ready performance obligation. Fixed charges are recognized over the contract term in respect of each helicopter performance obligation. Flying hours are recognized within each month as flying services are provided. Costs related to contract fulfillment that are reimbursed by the customer (such as fuel, landing fees and other costs) are recognized as revenue when incurred. Any upfront fees received from customers, which do not represent a separate service provided to the customer, are deferred and recognized over the contract term or the period where the upfront fee provides a material renewal right to the customer for the flying service.

Certain contract costs to fulfill the customer contract, which may include mobilization costs, transportation costs, training fees or other set-up costs, are deferred and amortized over the customer contract term. We evaluate and will recognize an impairment to such contract costs where the amount of consideration to be received or recognized from the customer contract is less than the direct costs of providing the services that have not yet been recognized.

(ii) Maintenance, repair and overhaul:

*Power-by-the-hour contracts*

We enter into power-by-the-hour ("PBH") contracts with customers to provide maintenance, repair and overhaul services on customer owned engines and components. Under these contracts, customers typically pay us a fixed fee per hour flown and we provide repair services for the customer's engines and components, as needed, over the specific term of the contract. We recognize all of the hourly fees in the period in which the hours are flown, but where applicable, defer any refundable amount owed to the customer until the overhaul of specified components is completed. Any non-refundable upfront fees received from a customer are deferred over the contract term.

*Maintenance, repair and overhaul contracts*

We enter into maintenance, repair and overhaul ("MRO") contracts with customers for a specified airframe and component modification or repair. If there is a contractual right to enforce collection for work completed to date, revenue for MRO services are recognized over time as the performance obligations in the contracts are satisfied. We use a cost-to-cost input method to measure progress relative to the satisfaction of a performance obligation, because the Company considers this input method to be the best available measure of progress toward satisfying performance obligations. For other maintenance contracts, revenue is recognized based on the completed contract method when control is passed to the customer.



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(f) Accounts receivable:

Trade and other receivables are stated at net realizable value. We maintain an allowance for doubtful accounts against our trade receivables for estimated losses that may arise if our customers are unable to make required payments. Management specifically analyzes the age of outstanding customer balances, historical bad debts, customer credit worthiness, payment history and other factors when making estimates of the collectibility of our receivables.

(g) Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand with banks and investments in money market instruments with maturities of less than 90 days that are readily convertible to known amounts of cash.

(h) Restricted cash:

We have restricted cash that is retained to fund required claims reserves and bid bonds for our reinsurance subsidiary and deposits held as security for guarantees.

(i) Inventories:

Inventories comprised of consumable parts and supplies, are measured at the lower of the weighted average acquisition cost or net realizable value, and are charged to direct costs when used in operations. The cost of acquisition is the price paid to the manufacturer or supplier including an allocation for freight charges. We record provisions to reduce inventories to the lower of cost or net realizable value to reflect changes in economic factors that impact inventory value, or to reflect present intentions for the use of slow moving and obsolete supplies inventory.

(j) Property and equipment:

Property and equipment includes flying assets, facilities and equipment which are initially recorded at cost. Property and equipment is amortized over its estimated useful life to residual values under the methods described below.

Long-lived assets that have been classified as held for sale are measured at the lower of their carrying amount or fair value, less costs to sell, and are not amortized once they are classified as held for sale.

(i) Flying assets:

Helicopters and major components are recorded initially at cost and are depreciated on a straight-line basis over their estimated useful life, with the residual value used in the calculation of depreciation being 0-30%. The cost of major airframe inspections as required by the manufacturer and aviation regulatory authorities, and modifications that are considered betterments and improvements for both owned and leased helicopters, are capitalized and amortized over the lower of the estimated useful life or the helicopter lease term. The residual value and useful lives of our helicopters are reviewed when there are indicators that a change in estimate may be necessary.

Rotable and repairable assets are recorded initially at cost and are amortized on a pooled basis to their estimated residual value on either a 40%-80% declining balance basis for shop replaceable assets or a 10%-30% declining balance basis for line replaceable assets. When components are retired or otherwise disposed of in the ordinary course of business, their original cost, net of salvage or sale proceeds, is charged to accumulated depreciation. Blades and major spare components are recorded at



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cost and are depreciated on a straight-line basis to their estimated residual value over their estimated useful life of 25 years.

Maintenance and repairs for owned and leased major components, spares and rotable and repairable parts are charged to direct costs as incurred.

(ii) Facilities and equipment:

Facilities are composed of hangars, heliports and other buildings housing base operations and administrative support. Equipment includes repair and overhaul, manufacturing and base equipment and vehicles. Such owned facilities and equipment are recorded at cost and are depreciated to their estimated residual value on a straight-line basis over 15-40 years and 3-5 years, respectively. Leasehold improvements associated with leased facilities and equipment are capitalized and depreciated on a straight-line basis over the shorter of their estimated useful life, respective lease term, and land lease term, if applicable.

(k) Impairment of long-lived assets:

Long-lived assets, composed of property and equipment and intangibles subject to amortization, are assessed for impairment whenever events or circumstances indicate that their carrying value may not be recoverable. For the purpose of impairment testing, long-lived assets are grouped and tested for recoverability at the lowest level that generates independent cash flows from another asset group. In testing the recoverability of the assets, the carrying value of the assets or asset groups is compared to the future projected undiscounted cash flows. The cash flows are based on management's expectations of future revenues and expenses including costs to maintain the assets over their respective service lives. An impairment loss is recognized as the excess of the carrying value over the fair value when an asset or asset group is not recoverable. Fair value is based on valuation techniques or third party appraisals. Significant estimates and judgments are applied in determining these cash flows and fair values.

The recoverability of indefinite life intangible assets is assessed on an annual basis or more frequently if events or circumstances indicate that the carrying value may not be recoverable.

Indefinite life intangible assets are assessed for impairment by comparing the fair value of the intangible asset to carrying value. The fair value of indefinite life intangible assets, which consist of trade names and trademarks, is determined based on the present value of estimated future cash flows, discounted at a risk-adjusted rate. Significant estimates are applied in determining fair value, which include the discount rate that is applied to management's estimate of expected cash flows, the appropriate royalty rate, and assumptions about the future revenue.

(l) Restructuring:

We are undergoing a comprehensive review of our operations and organizational structure with the view of reducing operating costs.

We recognize a liability for contractual termination benefits when the liability is both probable and estimable in accordance with ASC 712, *Nonretirement Postemployment Benefits*. We recognize a liability at fair value for one-off termination costs associated with an exit or disposal activity in accordance with ASC 420, *Exit or Disposal Cost Obligations*.

(m) Income taxes:

We follow the asset and liability method of accounting for income taxes. Under this method, deferred income tax assets and liabilities are determined based on temporary differences between the tax basis and accounting



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basis of the assets and liabilities measured using tax rates enacted at the balance sheet date. We generally believe that the positions taken on previously filed income tax returns are more likely than not to be sustained by the taxation authorities. We have recorded income tax and related interest liabilities where we believe our position may not be sustained or where the full income tax benefit will not be recognized. Interest and penalties are classified as other financing charges in the statement of operations.

We have assessed the realization of the deferred income tax asset (net of allowance) related to income tax losses as more likely than not. This determination was based on assumptions regarding the reversal of existing deferred tax liabilities and future earnings levels in the subsidiaries with accumulated losses, and an ability to implement tax planning measures. If, in the future, it is determined that it is more likely than not that all or part of the deferred tax asset will not be realized, a charge will be made to earnings in the period when such determination is made.

(n) Pension benefits:

We maintain defined contribution and defined benefit pension plans for substantially all of our employees. The cost of defined benefit plans is determined based on independent annual actuarial valuations performed using the projected benefit method prorated on services and management's estimate of expected plan asset performance, salary escalation and various other factors including expected health care costs, mortality rates, terminations and retirement ages. The excess of unrecognized net actuarial gains and losses over 10% of the greater of the benefit obligation and the fair value of plan assets is amortized over the average remaining service life of the plan participants. When an event giving rise to a settlement and a curtailment occurs, the curtailment is accounted for prior to the settlement. The funded status of defined benefit pension plans and other post-retirement benefit plans is recognized on the balance sheet, with a corresponding adjustment to accumulated other comprehensive income (loss), net of tax.

Measuring our obligations under the plans and the related periodic pension expense involves significant estimates. These factors include assumptions about the rate at which the pension obligation is discounted, the expected long-term rate of return on plan assets, the rate of future compensation increases and mortality rates. The expected return on plan assets is determined using the fair value of the plan assets. Differing estimates may have a material impact on the amount of pension expense recorded and on the carrying value of prepaid pension costs and accrued pension obligations.

(o) Financial instruments:

(i) Transaction costs:

Transaction costs related to long-term debt are presented in the balance sheet as a direct deduction from the carrying amount of the associated debt liability and amortized over the expected life of the debt using the effective interest rate method. Upon retirement of debt, any unamortized costs are included in the determination of the gain or loss on extinguishment of debt.

(ii) Fair value measurement

A three-level valuation hierarchy is used for fair value measurement. The hierarchy reflects the significance of the inputs used in making the fair value measurements, which is as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability.

Level 3 – inputs that are not based on observable market data.



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(iii) Embedded derivatives:

Certain of our customer contracts are denominated in a currency that is other than the functional currency of the substantial parties to the contract. This gives rise to embedded derivatives that are accounted for as derivative financial instruments. These are measured at fair value with resulting gains and losses recorded in the statement of operations within other financing charges. The fair value of our embedded derivatives are considered to be a Level 2 measurement in the fair value hierarchy as fair value is determined using a present value model, which includes inputs such as publicly available forward rates, credit spreads and interest rates applicable to the contracts. Inputs to the model are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

(p) Leases

We enter into leases for aircraft, property and other types of equipment in the normal course of business. The accounting for these leases follows the requirements under ASC 842, which we adopted on May 1, 2019.

We determine if an arrangement is, or contains, a lease at inception. When we assume substantially all the risk and rewards of ownership in a lease, it is classified as a finance lease. Finance leases are included in property and equipment and debt obligations while operating leases are included in operating lease right-of-use ("ROU") assets and operating lease liabilities on the consolidated balance sheets.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease arrangement. Operating lease ROU assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. As the interest rates implicit in our lease contracts are not readily determinable, we use our incremental borrowing rates to determine the present value of the lease payments. These are the rates we would pay to borrow, on a collateralized basis, the funds necessary to obtain an asset of similar value in a similar economic environment.

The lease term for all of our leases includes the non-cancellable period of the lease, plus any additional periods covered by either an option to extend or terminate the lease if we are reasonably certain to exercise that option.

ASC 842 provides clarification regarding the identification of certain components of service contracts that may represent an embedded lease. Our helicopter service contracts qualify for a practical expedient to combine lease and non-lease components and we account for the combined component in accordance with the accounting treatment for the predominant component. The lease and service components of our helicopter service revenue contracts have been combined and will continue to be accounted for in accordance with ASC 606 - Revenue from Contracts with Customers.

(q) Reporting of amounts reclassified out of accumulated other comprehensive income (loss):

We provide information about the effects on net income (loss) of significant amounts reclassified out of each component of accumulated other comprehensive income (loss) only if those amounts are required under other accounting pronouncements to be reclassified to net income (loss) in their entirety in the same reporting period. The amounts reclassified out of accumulated other comprehensive income (loss) for defined benefit pension plans are included in the computation of net defined benefit pension plan expense (income) unless noted otherwise.



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(r) Recent accounting pronouncements adopted:

In August 2018, the Financial Accounting Standards Board (“FASB”) issued ASU 2018-15, Intangibles—Goodwill and Other— Internal Use Software (Subtopic 350-40), providing guidance that addresses the accounting for implementation costs associated with a hosted service. The guidance provides that implementation costs be evaluated for capitalization using the same criteria as that used for internal-use software development costs, with amortization expense being recorded in the same income statement expense line as the hosted service costs and over the expected term of the hosting arrangement. The Company elected to use the prospective transition whereby the guidance will be applied for all Cloud Computing Arrangement (“CCA”) implementation costs for activities performed on or after May 1, 2020 for existing and new CCA projects. The adoption of this standard did not have a material impact on the Company’s financial position or results of operations.

(s) Recent accounting pronouncements not yet adopted:

Impairment of financial instruments:

In June 2016, the FASB issued authoritative guidance (ASU 2016-13) that adds an impairment model called the Current Expected Credit Loss (“CECL”) model for financial instruments within the scope of the guidance, which includes loans, trade receivables, debt securities classified as held-to-maturity and net investments in leases recognized by a lessor. Under the new guidance, on initial recognition and at each reporting period, an entity would be required to recognize an allowance that reflects the entity’s current estimate of credit losses expected to be incurred over the life of the financial instrument. The standard does not make changes to the existing impairment models for non-financial assets such as fixed assets, intangibles and goodwill.

In November 2019, the FASB issued authoritative guidance ASU 2019-10 which provides transition relief and an extended timeline for the adoption of ASU 2016-13. As a result of the amendments, the standard will become effective for nonpublic entities for fiscal years beginning after December 15, 2022, and interim periods therein. We will adopt the standard on May 1, 2023. We are currently evaluating the impact of the adoption of this standard on our consolidated financial statements.

In March 2020, the FASB issued ASU 2020-03, “Codification Improvements to Financial Instruments”, which improves and clarifies various financial instruments topics. ASU 2020-03 includes seven different issues that describe the areas of improvement and the related amendments to GAAP, intended to make the standards easier to understand and apply by eliminating inconsistencies and providing clarifications. For entities that have not yet adopted the amendments related to ASU 2016-13, the effective dates and the transition requirements for these amendments are the same as the effective date and transition requirements in Update 2016-13. The Company will adopt the amendments effective May 1, 2023 as part of ASU 2016-03.

Income taxes:

In December 2019, the FASB issued authoritative guidance (ASU 2019-12) with the intention of simplifying the accounting requirements under ASC 740, Income taxes. The amendment eliminates certain exceptions to the general approach to the income tax accounting model, and adds new guidance to reduce the complexity in accounting for income taxes. The amendments are effective for nonpublic entities for fiscal years beginning after December 15, 2021, with early adoption permitted. We will adopt the standard on May 1, 2022. We are currently evaluating the impact of the adoption of this standard on our consolidated financial statements.



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Debt with conversion and other options:

In August 2020, the FASB issued ASU 2020-06, Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40), which simplifies the accounting for convertible debt instruments and convertible preferred stock by reducing the number of accounting models and circumstances when embedded conversion features are separately recognized from host contracts. The amendments in this update will become effective for fiscal years beginning after December 15, 2023, and interim periods therein. We will adopt the standard on May 1, 2024. The Company is currently evaluating the impact that ASU 2020-06 may have on its consolidated financial statements and related disclosures.

## 2. Variable interest entities:

Certain areas of our operations are subject to local governmental regulations that may limit foreign ownership of aviation companies. Accordingly, our operations in certain jurisdictions may require the establishment of local ownership entities that are considered to be VIEs. The nature of our involvement with consolidated local ownership entities, of which we are the primary beneficiary, is as follows:

### EEA Helicopters Operations B.V. ("EHOB")

EHOB is incorporated in the Netherlands and, through its wholly-owned subsidiaries in Norway, Denmark, the Netherlands, the United Kingdom and Ireland, provides helicopter flying services to customers in Europe.

The terms of the original Shareholders' Agreement was signed on September 17, 2008. On December 15, 2017, the terms of the Shareholders' Agreement were modified and a new European investor ("the Class A shareholder") replaced the former European investor ("Former Investor") under the terms of a sale and purchase agreement.

Under the terms of the new Shareholders' Agreement, we own 49.9% of the common shares (9,896,085 Class B shares) of EHOB, with the remaining 50.1% Class A common shares (9,935,750 shares) held by the Class A shareholder. The Management Board of EHOB is comprised of one director nominated by the Class B shareholders and three directors nominated by the Class A shareholder.

The new Shareholders' Agreement contains both call and put options, held by the Class A shareholder and by CHC. These are exercisable in certain circumstances, which include events of default, dissolution, bankruptcy or administration and certain change of control events. In addition, the call and put options are exercisable on the fifth anniversary of the date of the new Shareholders' Agreement and every three years thereafter.

We have determined that the activities that most significantly impact the economic performance of EHOB are: servicing existing flying services contracts and entering into new contracts, safety and training, and maintenance of helicopters. Through agreement with EHOB, we have the right to enter directly into new flying services contracts and require that EHOB act as the subcontractor for provision of those services. EHOB's fleet of helicopters is leased entirely from us and the lease agreements require that all aircraft maintenance be provided by us. The Shareholders' Agreement requires EHOB to ensure safety standards meet minimums set by us.

As a result of consolidating EHOB, the Company has recorded a non-controlling interest relating to the 50.1% Class A shareholder's interest in the net assets of EHOB. Because of the terms of the put and call arrangements with the European investor, the non-controlling interest is considered redeemable and is classified outside of equity.

We have assessed that under the terms of the put and call arrangements with the holder of the non-controlling interest of EHOB that it is probable that the non-controlling interest will become redeemable. The redemption amount is based on a formula of \$1.0 million plus an amount of \$500,000 per annum, less any dividends received (the "redemption value").



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We adjust the carrying amount of the redeemable non-controlling interest to equal the higher of the redemption amount or the net income attributable to the non-controlling interest at the end of the reporting period. The change in redemption amount is recognized in additional paid-in capital.

#### BHH - Brazilian Helicopter Holdings S.A. ("BHH")

BHH holds an investment in the common shares of its wholly-owned subsidiary, BHS – Brazilian Helicopter Services Táxi Aéreo S.A. ("BHS"). BHS provides helicopter flying services to customers in Brazil.

We have a 60% interest in BHH, comprised of 100% of the non-voting preferred shares and 20% of the ordinary voting shares. The remaining equity interest comprised of 80% of the ordinary voting shares is held by a Brazilian investor ("Brazilian Investor"), whose investment was financed by us and is therefore considered to be a related party.

We have entered into a put/call arrangement which gives us the right to purchase the BHH shares held by the Brazilian Investor, and the Brazilian Investor the right to put its shares to us at any time and for any reason. The put/call price is the greater of the book value of the shares and the original capital contribution plus 2% per annum.

We have entered into a shareholders' agreement with the Brazilian Investor, which requires unanimous shareholder consent for important business decisions.

#### CHC Whirlybird Mexico, S. de R.L. de C.V. ("Whirlybird") and Helicopter Operations Mexico, S. de R.L. de C.V. ("Helicopter Mexico") (collectively "CHC Mexico")

On October 3, 2017, CHC Mexico was incorporated in Mexico to provide helicopter flying services to customers.

Whirlybird owns a 51% interest in Helicopter Mexico. We own 49% of Series B shares of Whirlybird, with the remaining ownership interest held by a Mexican investor in Series A shares ("Mexican Investor"). We also own an indirect ownership interest of 49% in Helicopter Mexico. The Board of Whirlybird is comprised of one director appointed by us and two directors appointed by the Mexican Investor, with the Chairman to the Board appointed by us.

The shareholders' agreement contains both call and put options, held by the Mexican Investor and by us, which may be exercised at any time. The put/call price is equal to book value. We will adjust the carrying amount of the redeemable non-controlling interest to equal the higher of the redemption amount or the net income attributable to the non-controlling interest at the end of the reporting period. The change in redemption amount is recognized in additional paid-in capital.

#### Other local ownership VIEs

We also have operations in several other countries that are conducted through entities with local ownership. We have consolidated these entities because the local owners do not have extensive knowledge of the aviation industry and defer to us in the overall management and operation of the entities.

The following table shows the redeemable non-controlling interests relating to the local ownership VIEs that are included in the consolidated financial statements.

	April 30, 2020	April 30, 2021
EEA Helicopters Operations B.V.	\$ 2,190	\$ 2,690

#### Financial information of local ownership VIEs

The following table shows the financial information reflected on the consolidated balance sheets and statements of operations for the local ownership VIEs, including intercompany amounts with other consolidated entities. The disclosure below is inclusive of the results of our Brazil Operations (note 10). :



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	<u>April 30, 2020</u>	<u>April 30, 2021</u>
Cash and cash equivalents	\$ 16,710	\$ 13,179
Receivables, net of allowance	31,927	36,897
Other current assets	11,649	7,991
Other long-term assets	50,835	50,245
Total assets	<u>\$ 111,121</u>	<u>\$ 108,312</u>
Payables and accruals	\$ 52,287	\$ 57,208
Intercompany payables	66,823	146,891
Other current liabilities	9,006	4,145
Accrued pension obligations	71,824	87,845
Long-term intercompany payables	251,708	251,673
Other long-term liabilities	14,855	16,240
Total liabilities	<u>\$ 466,503</u>	<u>\$ 564,002</u>
	<u>For the year ended</u>	
	<u>April 30, 2020</u>	<u>April 30, 2021</u>
Revenue	\$ 343,920	\$ 294,611
Net loss	(74,400)	(166,128)

### 3. Asset impairments:

	<u>For the year ended</u>	
	<u>April 30, 2020</u>	<u>April 30, 2021</u>
Impairment of funded residual value guarantees	\$ (660)	\$ —
Impairment of inventories	(3,475)	(2,046)
Impairment of held for sale assets	—	(2,497)
	<u>\$ (4,135)</u>	<u>\$ (4,543)</u>

During the year ended April 30, 2020, we recognized an impairment charge of \$0.7 million against the remaining balance of funded residual value guarantees and \$3.5 million for consumable inventories that were in excess of our requirements.

During the year ended April 30, 2021, we recognized an impairment charge of \$2.0 million for consumable inventories that were in excess of our requirements. In addition, an impairment charge of \$2.5 million was recorded to write down the carrying value of 3 aircraft classified as held for sale to fair value less costs to sell, as we determined we would achieve a higher value selling the aircraft in the external market than holding for use.

The majority of our non-financial assets are not required to be recorded at fair value on a recurring basis unless certain triggering events occur, such that a non-financial asset is required to be evaluated for impairment and if deemed to be impaired, recorded at its fair value. As a result of impairment evaluation, the fair value of certain property and equipment, inventories, receivables, deposits and contract costs, were determined using a market approach. Inputs were estimated based on correspondence with helicopter brokers, historical experience with sales, recent transactions involving similar assets, and internal expertise related to the current marketplace conditions. Unobservable inputs obtained from third parties were adjusted as necessary for the condition and attributes of a specific helicopter type, inventory, or rotatable. As the fair value assessment reflects both observable and unobservable inputs, it was determined to be a non-recurring Level 3 fair value measurement.



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#### 4. Property and equipment:

The cost and related accumulated depreciation of our flying assets, equipment and facilities are as follows:

	April 30, 2020	April 30, 2021
Flying assets	\$ 650,368	\$ 712,799
Equipment	31,602	41,200
Facilities	40,471	48,308
Total	722,441	802,307
Less: Accumulated depreciation	(148,469)	(236,194)
Property and equipment, net	<u>\$ 573,972</u>	<u>\$ 566,113</u>

The net book value of capitalized computer software costs included in equipment was \$2.0 million and \$1.0 million as at April 30, 2020 and 2021, respectively. Depreciation related to capitalized computer software costs was \$2.2 million and \$1.1 million for the years ended April 30, 2020 and 2021, respectively.

Finance lease right-of-use assets included within the assets above, which all related to flying assets, were as follows:

	April 30, 2020	April 30, 2021
<b>Finance lease right-of-use assets:</b>		
Cost	\$ 46,740	\$ 33,690
Accumulated depreciation	(4,938)	(1,823)
	<u>\$ 41,802</u>	<u>\$ 31,867</u>

#### 5. Intangible assets:

We own the rights to certain trade names and trademarks which are classified as indefinite life intangible assets. These intangible assets are valued using estimated cash flows discounted at a risk adjusted rate. The trade names and trademarks had a carrying value of \$43.0 million at April 30, 2020 and 2021.

#### 6. Restructuring:

We are undergoing a comprehensive review of our operations and organizational structure with the view of reducing operating costs. Restructuring expenses include employee restructuring costs and other professional fees. The restructuring expense includes certain estimates related to the timing and costs of restructuring activities. Any adjustments to these estimates are reflected at each year end. The following table summarizes the restructuring expense and liability:

	Restructuring liability
<b>Balance as at April 30, 2019</b>	\$ 318
Restructuring expense	8,448
Non-cash charges and foreign exchange	(4)
Cash payments	(6,245)
<b>Balance as at April 30, 2020</b>	2,517
Restructuring expense	98,401
Non-cash charges and foreign exchange (i)	(88,518)
Cash payments	<u>(8,623)</u>



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**Balance as at April 30, 2021** \$ 3,777

(i) During the year ended April 30, 2021, restructuring expenses includes an adjustment of \$88.6 million related to the settlement of a defined benefit plan in Norway (note 18).

**7. Investments:**

	Percentage ownership	April 30, 2020	April 30, 2021
<b>Equity accounted investments:</b>			
Luchthaven Den Helder C.V.	50.0 %	\$ 8,513	\$ 9,241
Other, at cost		<u>1</u>	<u>1</u>
		<u>\$ 8,514</u>	<u>\$ 9,242</u>

There is no quoted market value available for the investments accounted under the equity method.

Of our consolidated deficit, \$2.7 million and \$2.6 million relates to undistributed earnings of equity method investees as at April 30, 2020 and 2021, respectively. We did not receive any dividends from our equity accounted investments during the years ended April 30, 2020 and 2021.

**8. Inventories:**

	April 30, 2020	April 30, 2021
Maintenance, repair and overhaul contracts in progress	\$ 4,170	\$ 2,260
Consumables	59,804	76,743
Provision for obsolete and excess inventories	(6,943)	(10,144)
	<u>\$ 57,031</u>	<u>\$ 68,859</u>

**9. Receivables, net:**

	April 30, 2020	April 30, 2021
Trade receivables, net	\$ 77,462	\$ 75,589
Contract assets	4,514	11,175
Other receivables	7,631	6,964
	<u>\$ 89,607</u>	<u>\$ 93,728</u>

The allowance for doubtful accounts continuity schedule is as follows:

	April 30, 2020	April 30, 2021
Balance, beginning of the year	\$ (4,875)	\$ (3,519)
Additional allowances	(847)	(1,014)
Net write-offs and collections	2,203	842
Balance, end of the year	<u>\$ (3,519)</u>	<u>\$ (3,691)</u>



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## 10. Discontinued operations

During the year ended April 30, 2021, the Company decided to exit its Brazil Operations. In accordance with ASC 205-20, the Company analyzed the quantitative and qualitative factors relevant to the Brazil Operations and determined that the conditions for discontinued operations presentation were met. Accordingly, the Company has separately reported the assets and liabilities of the discontinued operations in the consolidated balance sheets. The assets and liabilities have been reflected as held for sale in the consolidated balance sheets as of April 30, 2020 and April 30, 2021, and consist of the following:

	<u>April 30, 2020</u>	<u>April 30, 2021</u>
<b>Assets</b>		
Current assets		
Receivables, net of allowance for doubtful accounts	\$ 9,330	\$ 11,335
Income taxes receivable	2,421	2,493
Prepaid expenses	1,408	1,527
Other assets	2,792	1,095
	<u>15,951</u>	<u>16,450</u>
Property and equipment, net	3,195	1,967
Operating lease right-of-use assets	32,372	13,514
Other assets	9,590	10,064
	<u>\$ 61,108</u>	<u>\$ 41,995</u>
<b>Liabilities</b>		
Current liabilities		
Payables and accruals	\$ 10,854	\$ 10,045
Income taxes payable	225	—
Other liabilities	56	113
Current portion of operating lease liabilities	19,865	11,413
	<u>31,000</u>	<u>21,571</u>
Operating lease liabilities	11,922	1,110
	<u>\$ 42,922</u>	<u>\$ 22,681</u>
<b>Presented as:</b>		
Current assets - held for sale	\$ 15,951	\$ 41,995
Long-term assets - held for sale	45,157	—
Current liabilities - held for sale	31,000	22,681
Long-term liabilities - held for sale	11,922	—



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The assets and liabilities of the disposal group classified as held for sale are classified as current on the April 30, 2021 balance sheet because it is probable that the sale will occur within one year.

In accordance with the provisions of ASC 205-20, we have not included the results of operations from discontinued operations in the results of continuing operations in the consolidated statements of operations. Below is a reconciliation of the major classes of line items constituting loss on discontinued operations that are disclosed in consolidated statements of operations for the year ended April 30, 2020 and April 30, 2021.

	<u>April 30, 2020</u>	<u>April 30, 2021</u>
Revenue	\$ 99,462	\$ 79,090
Operating expenses:		
Direct costs	(61,818)	(45,982)
Direct costs charged from continuing operations	(32,593)	(25,965)
Aircraft lease cost and related costs	(25,702)	(21,769)
Depreciation	(6,910)	(8,485)
Restructuring costs	(545)	(565)
	<u>(127,568)</u>	<u>(102,766)</u>
Operating loss	(28,106)	(23,676)
Interest on long-term debt	(3)	(982)
Foreign exchange gain (loss)	(15,598)	714
Other financing income (charges)	6,274	(1,715)
Loss before income tax	<u>(37,433)</u>	<u>(25,659)</u>
Income tax expense	—	—
Loss from discontinued operations	<u>\$ (37,433)</u>	<u>\$ (25,659)</u>

The following table shows cash flow information for our discontinued operations:

	<u>April 30, 2020</u>	<u>April 30, 2021</u>
Net cash (used in) provided by operating activities	\$ (18,079)	\$ (17,782)
Net cash provided by (used in) investing activities	—	—
Net cash provided by (used in) financing activities	—	—



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## 11. Other assets:

	<u>April 30, 2020</u>	<u>April 30, 2021</u>
<b>Current:</b>		
Foreign currency embedded derivatives	\$ 835	\$ 59
Contract costs for helicopter services flying operations	938	368
	<u>\$ 1,773</u>	<u>\$ 427</u>
<b>Non-current:</b>		
Security deposits	5,469	5,243
Deferred lease financing costs	136	80
Foreign currency embedded derivatives	1,073	12
Long-term taxes receivable	711	—
Contract costs for helicopter services flying operations	125	66
Other	821	920
	<u>\$ 8,335</u>	<u>\$ 6,321</u>

## 12. Other liabilities:

	<u>April 30, 2020</u>	<u>April 30, 2021</u>
<b>Current:</b>		
Restructuring (note 6)	\$ 2,517	\$ 3,777
Foreign currency embedded derivatives	222	154
Contract inducement (a)	669	710
Other	1,174	151
	<u>\$ 4,582</u>	<u>\$ 4,792</u>
<b>Non-current:</b>		
Insurance claims accrual (b)	5,618	5,765
Contract inducement (a)	3,146	2,629
Foreign currency embedded derivatives	26	1,274
Deferred gains on sale-leasebacks of helicopters	2,874	1,950
Other	6,365	4,820
	<u>\$ 18,029</u>	<u>\$ 16,438</u>

### (a) Contract inducement:

We received an inducement to enter into a 15 year Master Training Services Agreement (“MTSA”) with CAE Inc. (“CAE”) for the provision of training services to us on CAE’s worldwide network of simulators.

The inducement proceeds have been deferred in other liabilities and are recognized as a reduction in direct costs over the term of the MTSA as the amounts become non-refundable.

### (b) Insurance claims accrual:

The insurance claims accrual relates solely to our reinsurance subsidiary, CHC Reinsurance S.A. The amount represents accruals for losses that have been reported, but not yet paid and accruals for losses that have been incurred, but not yet reported. The reinsurance subsidiary reinsures certain employee benefits, death and disability benefits, loss of license insurance and coverage not available in the commercial insurance market for the operations of the Company.



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### 13. Debt obligations:

	Principal repayment terms	Facility maturity dates	April 30, 2020	April 30, 2021
Revolving Credit Facility:				
US LIBOR plus a 5.5% margin	At maturity	March 2022	\$ 322,285	\$ 297,285
EDC Facility	Monthly	March 2027	34,076	30,813
ABL Facility	Monthly	March 2022	33,013	27,157
PK Facility	Monthly	September 2023 to November 2026	90,856	85,040
Finance lease obligations	Monthly/quarterly	April 2022 to April 2025	42,004	28,574
Unamortized deferred financing costs			(3,398)	(2,275)
Total long-term debt obligations			518,836	466,594
Less: Current portion of debt obligations			(35,077)	(49,840)
Long-term portion of debt obligations			\$ 483,759	\$ 416,754

(a) Revolving Credit Facility:

The \$383.0 million credit facility (the “Revolving Credit Facility”) is a revolving facility which bears interest at the Alternate Base Rate, LIBOR, CDOR, Canadian Prime Rate or EURIBOR plus an applicable margin that ranges from 4.5% to 5.5%. The Revolving Credit Facility may be prepaid without penalty. Non-Revolving Lenders, shall be treated as a separate borrowing and no principal prepayments will be made to the Non-Revolving Lenders unless there is a reduction in the total commitments under the Revolving Credit Facility. Non-Revolving Lender borrowings total \$82.3 million at April 30, 2021.

The Revolving Credit Facility has a five year term and is guaranteed by our Parent and by most of the Company’s wholly-owned subsidiaries through a pledge or charge on the equity of those subsidiaries and/or first priority charge over subsidiary assets.

The Revolving Credit Facility is subject to a quarterly “ring-fence” test which requires that the book value of the loan parties, as defined per the Revolving Credit Facility, is at least equal to 60% of the total consolidated assets of the Company, with certain exclusions. The Parent must comply with a First Lien Coverage Ratio covenant, with a required ratio varying between 2.0:1 and 2.5:1 and a Fixed Charge Coverage Ratio covenant, varying between 1.1:1.0 and 1.3:1.0, both of which are subject to a trailing twelve month test calculated on a quarterly basis, commencing on July 31, 2019 through January 31, 2022. The Parent was in compliance with all covenant terms as at April 30, 2021.

Subsequent to April 30, 2021 the terms of the Revolving Credit Facility were modified. Refer to note 22 for additional details.

(b) EDC Facility:

The EDC Facility loans were issued for a principal amount of 100% of the value of the purchase price of the aircraft within the EDC Facility. The EDC Facility is repayable over a ten year term payable monthly in arrears with a fixed rate of interest of 3% per annum. The EDC Facility is secured by the helicopter equipment, contains certain affirmative and negative covenants and is subject to acceleration of maturity under certain circumstances. The Parent was in compliance with all covenant terms as at April 30, 2021.

In August 2020, EDC facility was modified whereby a portion of the facility was prepaid as a result of sale of aircraft. The prepayment does not change any other terms on the loan including the maturity or interest rate. In the event of a modification, a new effective interest rate is established based on the carrying value of the debt and the revised cash flows. As there was no change to the cash flows, the effective rate remained the same.



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(c) ABL Facility:

The ABL facility has an aggregate principal amount of \$52.0 million repayable over a five year term (the “ABL Facility”). The ABL Facility has a fixed interest rate of 4% per annum, is denominated in U.S. dollars, with the principal balance repayable on a monthly basis together with a balloon payment at the end of the term. No amounts can be redrawn under the facility when repaid. We have the right to request additional incremental loans in \$5.0 million tranches under the facility.

The ABL Facility is secured on a first priority perfected security interest in the capital stock of the borrower and in the helicopter equipment it acquires. The ABL Facility contains certain affirmative and negative covenants and is subject to acceleration of maturity under certain circumstances. The Parent was in compliance with all covenant terms as at April 30, 2021.

(d) PK Facility:

The PK Facility provides U.S. dollar denominated non-revolving term loan facilities, each in respect of the financing or refinancing of certain aircraft. No amounts can be redrawn under the facility when repaid. The PK Facility is secured by the helicopter equipment, contains certain affirmative and negative covenants and is subject to acceleration of maturity under certain circumstances. The Parent was in compliance with all covenant terms as at April 30, 2021.

The PK Facility bears interest at LIBOR plus an applicable margin of 5% per annum, which is subject to certain adjustments, and each draw under the PK Facility includes a six month interest only period followed by monthly amortization payments, with a balloon payment at the end of each draw’s term. The draw terms range from five to seven years. The PK Facility may be prepaid subject to certain prepayment penalties.

In October 2020, the terms of PK Facility were modified to defer the capital portion of repayments for a period of six months commencing November 1, 2020 and extend the final principal repayment by one year along with the reduction in the existing balloon payment. As there was no change to the cash flows, the effective rate remained the same. .

(e) Repayment requirements:

Contractual repayment requirements related to the total debt obligations outstanding as of April 30, 2021 over the next five years and thereafter are as follows:

	Finance lease obligations	Other long-term debt (i)	Total
2022	\$ 8,444	\$ 52,328	\$ 60,772
2023	6,695	319,451	326,146
2024	10,698	43,116	53,814
2025	11,852	16,579	28,431
2026	—	16,915	16,915
Thereafter	—	11,951	11,951
	<u>37,689</u>	<u>460,340</u>	<u>498,029</u>
Less interest (ii)	(9,115)	(20,045)	(29,160)
Total	<u>\$ 28,574</u>	<u>\$ 440,295</u>	<u>\$ 468,869</u>

(i) Excludes capitalized costs of \$2.3 million related to the PK Facility.

(ii) Determined at the rates in effect at capital lease or loan inception.



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## 14. Revenues:

The following table provides the revenues recognized by revenue source:

	For the year ended	
	April 30, 2020	April 30, 2021
Helicopter flying services	\$ 619,952	\$ 560,119
Maintenance, repair and overhaul	115,628	107,646
	<u>\$ 735,580</u>	<u>\$ 667,765</u>

## 15. Other financing charges:

	For the year ended	
	April 30, 2020	April 30, 2021
Amortization of deferred financing costs	\$ (236)	\$ (123)
Net gain (loss) on fair value of embedded derivative financial instruments	1,654	(3,131)
Interest expense	(241)	(75)
Interest income	501	105
Interest expense due to a related party (note 21)	(40,330)	(40,220)
Non-service net periodic defined benefit pension income (note 18)	906	1,224
Commitment, standby and other fees	(2,006)	(2,305)
	<u>\$ (39,752)</u>	<u>\$ (44,525)</u>

## 16. Income taxes:

The income tax recovery (expense) is comprised as follows:

	For the year ended	
	April 30, 2020	April 30, 2021
Current income tax expense	\$ (2,844)	\$ (1,794)
Deferred income tax recovery	827	(166)
Total income tax recovery	<u>\$ (2,017)</u>	<u>\$ (1,960)</u>

During the years ended April 30, 2020 and 2021, we recorded an income tax expense of \$2.0 million and \$1.9 million, respectively, resulting in an effective tax rate of 2.0% and 1.1%, respectively.

The statutory tax rate of Luxembourg is 25% and for most jurisdictions, we determined that it is unlikely the deferred tax assets will be realized. Therefore, we continue to recognize a valuation allowance in respect of these deferred tax assets. As a result, the increase or decrease in loss before income tax will not have a significant impact on the income tax expense or recovery. The income tax expense is primarily composed of withholding taxes as applicable and current income taxes in certain taxable jurisdictions.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.



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As of April 30, 2021, the Company has deferred tax assets of \$2,189.2 million (April 30, 2020 - \$1,846.9 million) which primarily consist of non-capital loss carry forwards, and deferred tax liabilities of \$174.3 million (April 30, 2020 - \$1.4 million). A valuation allowance of \$2,015.1 million (April 30, 2020 - \$1,845.6 million) was recorded to reduce the deferred tax assets as we determined it is more likely than not that some or all of the deferred tax assets will not be recognized. We have recognized net deferred tax liabilities of \$0.2 million (April 30, 2020 - \$0.1 million). The net increase in total valuation allowance during the year is \$169.5 million.

As at April 30, 2021, the gross amount of the non-capital loss carry forwards which are available to reduce taxable income in future years will expire as follows:

	2022	2023	2024 and thereafter	No expiry date	Total
Non-capital loss carry forwards	\$ 1,965	\$ 1,933	\$ 657,135	\$7,938,141	\$8,599,174

Tax loss carry forwards in certain jurisdictions are subject to audit and the table above reflects our best estimate of the outcomes at the balance sheet date.

*Uncertain tax positions:*

The Company includes interest and penalties when recording its uncertain tax positions. The total amount of interest and penalties accrued on the consolidated balance sheet at April 30, 2020 and 2021 was \$15.5 million and \$16.8 million, respectively. We recognized a net increase in interest and penalties of \$5.4 million and \$1.3 million during the years ended April 30, 2020 and 2021, respectively.

*General tax contingencies:*

We are subject to taxes in different countries. Taxes, including the amount of losses available for carry forward, and fiscal risks recognized in the consolidated financial statements reflect our best estimate of the outcome based on the facts known at the balance sheet date in each individual country. These facts may include, but are not limited to, change in tax laws and interpretation thereof in the various jurisdictions where we operate. They may have an impact on the income tax as well as the resulting assets and liabilities. Any differences between tax estimates and final tax assessments are charged to the statement of operations in the period in which they are incurred.

In addition, our business and operations are complex and include a number of significant financings, acquisitions and dispositions. The determination of earnings, payroll and other taxes involves many factors including the interpretation of tax legislation in multiple jurisdictions in which we are subject to ongoing tax assessments. When applicable, we adjust the previously recorded income tax expense, direct costs, interest and the associated assets and liabilities to reflect the change in estimates or assessments. These adjustments could materially change our results of operations.



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**17. Capital stock and accumulated other comprehensive loss:**

(a) Common units:

As at April 30, 2020 and 2021, the authorized capital stock of the Company consists of 1,391,997,698 common units with a par value of 1 USD.

(b) Accumulated other comprehensive loss:

The following table sets forth the changes in the balances of each component of accumulated other comprehensive loss:

	Foreign currency translation	Defined benefit pension plans (note 17)	Total
<b>Balance, April 30, 2019</b>	\$ 8,194	\$ (49,502)	\$ (41,308)
Other comprehensive loss	(36,632)	(44,573)	(81,205)
Reclassified from other comprehensive loss	—	653	653
Net current year other comprehensive loss	(36,632)	(43,920)	(80,552)
<b>Balance, April 30, 2020</b>	<u>\$ (28,438)</u>	<u>\$ (93,422)</u>	<u>\$ (121,860)</u>
Other comprehensive income	48,692	6,416	55,108
Reclassified from other comprehensive income	—	46,833	46,833
Net current year other comprehensive income	48,692	53,249	101,941
<b>Balance, April 30, 2021</b>	<u>\$ 20,254</u>	<u>\$ (40,173)</u>	<u>\$ (19,919)</u>

**18. Employee pension plans:**

(a) Defined contribution pension plans:

The following table summarizes contributions to defined contribution plans:

	For the year ended	
	April 30, 2020	April 30, 2021
Company contributions	\$ 9,907	\$ 8,528

(b) Defined benefit pension plans:

The Company has funded and unfunded flat-benefit and final-pay defined benefit pension plans in the UK and Norway for certain eligible employees. Funded plans require us to make cash contributions to ensure there will be sufficient assets to discharge the plans' benefit obligations as they become due. Unfunded plans do not require contributions to be paid into the plans as we pay the benefit obligations directly as they are due. Employer contributions expected to be paid to the defined benefit pension plans during the year ended April 30, 2022, required by funding regulations and law, are \$9.5 million.

*UK defined benefit plans*

During the year ended April 30, 2019 a plan amendment of \$3.5 million was recorded to the UK defined benefit plans as a result of Guaranteed Minimum ("GMP") equalization. During the year ended April 30, 2021 a further plan amendment of \$0.5 million was recorded to the UK defined benefit plans owing to GMP equalization.

In the UK, the Trustees have appointed two fiduciary managers to manage 94% of the investment portfolio. The remaining 6% is invested in a pooled property fund. The plan has moved to a highly de-risked investment strategy with the fiduciary managers having an investment objective of 1.5% per annum above the investment



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return currently assumed when determining the value of the plan's liabilities. The Trustees have also made a separate allocation to a fixed income fund with each fiduciary manager, and use liability hedging funds to provide the plan with hedge ratios of 95% of interest rate risk and 100% of inflation risk. The allocation to the fixed income funds is expected to cover the plan's benefit outgoings over the next five years and monies will be drawn down from these funds as and when they are needed.

#### *Norway defined benefit plans*

During the year ended April 30, 2021, a settlement expense of \$88.6 million was recognized in the consolidated statement of operations, due to the transfer of one of our defined benefit pension plans to a third party, which is assuming all risks with the plan. The transfer is subject to regulatory approval which is expected to be received. The pension assets at the date of the settlement were approximately \$315.8 million. As at April 30, 2021, all of the pension assets of the fund had been liquidated and transferred with the exception \$15.4 million of plan assets, which will be transferred upon liquidation. The Company will realize a return of its capital from the plan, which is recorded as a component of pension guarantee assets at April 30, 2021. The final amount of capital to be returned to the Company is subject to, amongst other factors, the liquidation value of the remaining assets.

For the remaining defined benefit pension plan in Norway, the investment strategy set by the fiduciary managers is based on achieving an expected rate of return in excess of a guaranteed interest rate. The guaranteed interest rates for the defined benefit pension plan in Norway range is 2.51%. As of April 30, 2021, the target allocation percentages for the funded pension plan is 23% equity investments, 72% fixed income, and 5% money market and other.

Annually, the Board of the standard Norwegian Avtalefestet pension (contractual pension or "AFP") decides the pension contributions to be paid by the employers and Norwegian government. This is based on the funding requirement for current and future benefit payments. There are no minimum funding mechanisms and no information on our share of the pension assets or obligations is available. The plan assets are held in a Joint Scheme for AFP ("Fellesordningen for AFP") legal entity which was created by law to safeguard the plan assets. Employees are entitled to a pension benefit equivalent to 0.314% of salary to a maximum of 7.1 times the government set base amount per year of service until the age of 61.



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	<u>April 30, 2020</u>	<u>April 30, 2021</u>
<b>Change in projected benefit obligations:</b>		
Projected benefit obligations, beginning of year	\$ 656,217	\$ 668,927
Current service cost	2,123	3,587
Employee contributions	464	473
Interest cost and other items	15,063	11,009
Plan amendments	—	465
Settlement	—	(315,822)
Actuarial loss	93,139	6,401
Benefits paid	(23,664)	(25,504)
Foreign currency translation	(74,415)	88,433
Projected benefit obligations, end of year	<u>\$ 668,927</u>	<u>\$ 437,969</u>
<b>Change in plan assets:</b>		
Fair value of plan assets, beginning of year	\$ 616,364	\$ 575,626
Actual return on plan assets	46,658	21,266
Employer contributions	6,287	8,181
Employee contributions	464	473
Settlement	—	(315,822)
Benefits paid	(23,664)	(25,504)
Foreign currency translation	(70,483)	78,864
Fair value of plan assets, end of year	<u>\$ 575,626</u>	<u>\$ 343,084</u>
	<u>April 30, 2020</u>	<u>April 30, 2021</u>
Fair value of plan assets	\$ 575,626	\$ 343,084
Less: Projected benefit obligation	668,927	437,969
Funded status	(93,301)	(94,885)
Pension guarantee assets	9,912	10,158
Net recognized pension liability	<u>\$ (83,389)</u>	<u>\$ (84,727)</u>
Accumulated benefit obligation	<u>\$ 655,451</u>	<u>\$ 423,946</u>
The following table presents selected information for pension plans that are not fully funded:		
	<u>April 30, 2020</u>	<u>April 30, 2021</u>
Projected benefit obligation	\$ 314,543	\$ 338,361
Fair value of plan assets	237,314	241,913
Accumulated benefit obligation	313,584	337,332



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	April 30, 2020	April 30, 2021
<b>Net recognized pension asset (liability):</b>		
Pension guarantee assets	\$ 9,912	\$ 10,158
Accrued pension assets	—	1,950
	<u>9,912</u>	<u>12,108</u>
Accrued pension liability	<u>(93,301)</u>	<u>(96,835)</u>
	<u>\$ (83,389)</u>	<u>\$ (84,727)</u>

The amounts recorded in accumulated other comprehensive loss and redeemable non-controlling interests relate to net actuarial and experience losses.

The significant weighted average actuarial assumptions adopted in measuring the defined benefit pension plan obligations and net benefit plan expense are as follows:

	April 30, 2020	April 30, 2021
Defined benefit pension plan obligations as of year end:		
Discount rate	1.54 %	2.00 %
Rate of compensation increase	0.30 %	0.52 %
Net defined benefit plan expense (income) for the years ended:		
Discount rate	2.46 %	1.62 %
Expected long-term rate of return on plan assets	3.20 %	2.40 %
Rate of compensation increase	0.31 %	0.52 %

The net defined benefit pension plan expense (income) is as follows:

	For the year ended	
	April 30, 2020	April 30, 2021
Current service cost:	\$ 2,123	\$ 3,587
Non-service income:		
Interest cost and other items	\$ 15,063	\$ 11,009
Expected return on plan assets	(17,094)	(15,944)
Amortization of net actuarial loss and past service credits	1,125	3,711
Settlement	—	88,596
	<u>(906)</u>	<u>87,372</u>
	<u>\$ 1,217</u>	<u>\$ 90,959</u>

The components of other comprehensive loss relating to the plans consist of the following:

	For the year ended	
	April 30, 2020	April 30, 2021
Other comprehensive loss:		
Net loss	\$ 63,574	\$ 1,078
Reclassification adjustments to net loss:		
Amortization of net actuarial loss and past service credits	(1,125)	(3,711)
Loss on plan amendments	—	465
Settlement	—	(88,596)
	<u>\$ 62,449</u>	<u>\$ (90,764)</u>



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(c) Benefit payments:

As at April 30, 2021, benefits expected to be paid under the current terms of the defined benefit pension plans in each of the next five fiscal years and in aggregate for the five fiscal years thereafter, are as follows:

	<u>Pension benefits</u>
2022	\$ 16,250
2023	17,090
2024	18,639
2025	19,342
2026	21,714
Next 5 years after 2026	<u>106,639</u>
	<u>\$ 199,674</u>

(d) Pension plan assets and fair value measurement:

The following table summarizes, by level within the fair value hierarchy, the plan assets in the defined benefit pension plans, which are valued at fair value.

	<u>April 30, 2020</u>			
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total plan assets
<b>Assets:</b>				
Cash equivalents and other short-term investments	\$ 4,249	\$ —	\$ —	\$ 4,249
Equity investments	567	47,915	1,113	49,595
Fixed income	44,345	158,971	49,823	253,139
Money market and other	65,913	156,890	45,840	268,643
	<u>\$ 115,074</u>	<u>\$ 363,776</u>	<u>\$ 96,776</u>	<u>\$ 575,626</u>
	<u>April 30, 2021</u>			
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total plan assets
<b>Assets:</b>				
Cash equivalents and other short-term investments	\$ 1,634	\$ —	\$ —	\$ 1,634
Equity investments	1,910	42,427	150	44,487
Fixed income	10,609	46,686	14,785	72,080
Money market and other	66,200	142,850	15,833	224,883
	<u>\$ 80,353</u>	<u>\$ 231,963</u>	<u>\$ 30,768</u>	<u>\$ 343,084</u>

The methods and assumptions used to estimate the fair value of the pension assets in Level 1 are based on publicly available quoted market prices. Fair values of Level 2 assets are determined based on observable prices. The Level 3 assets are valued using third party appraisals and changes in the Level 3 assets are as follows:



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	For the year ended	
	April 30, 2020	April 30, 2021
Opening	\$ 84,736	\$ 96,776
Actual return on plan assets	3,590	7,661
Purchases, sales and settlements, net	24,089	(88,730)
Foreign currency translation	(15,639)	15,061
Ending	<u>\$ 96,776</u>	<u>\$ 30,768</u>

## 19. Leases:

The components of lease costs included in the consolidated statement of operations for the year ended April 30, 2021 are as follows:

	Statement of operations classification	April 30, 2020	April 30, 2021
Operating lease costs - aircraft leases	Helicopter lease and associated costs	\$ 75,666	\$ 58,266
Variable lease costs	Helicopter lease and associated costs	1,570	886
Operating lease cost - non-aircraft leases	Direct costs	6,787	7,548
Finance lease cost:			
Amortization of leased assets	Depreciation	4,743	3,437
Interest on lease liabilities	Interest on debt obligations	1,633	3,134
Total lease cost		<u>\$ 90,399</u>	<u>\$ 73,271</u>

Aircraft leases includes all of our helicopter lease arrangements, of which 49 were classified as operating leases and 4 were classified as finance leases as at April 30, 2021.

Building, land and equipment are classified as non-aircraft leases. These leases primarily relate to hangar space used for helicopter service flying operations and maintenance and repair operations, land leases, and corporate office space. All of our non-aircraft leases are classified as operating leases as at April 30, 2021. Supplementary information related to leases are as follows:

	April 30, 2020	April 30, 2021
<b>Weighted-average remaining lease term (years)</b>		
Operating leases	4.8	4.3
Finance leases	3.2	3.2

### Weighted-average discount rate

Operating leases	7.6 %	8.6 %
Finance leases	11.9 %	14.0 %

Scheduled future minimum operating lease payments recorded on our consolidated balance sheet as of the year ended April 30, 2021 are as follows:

	April 30, 2021
2022	\$ 62,336
2023	52,713
2024	31,342
2025	10,186
2026	2,417



6922767 Holding S.å.r.l.

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands unless otherwise noted, except share information)

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Thereafter	<u>27,070</u>
Total undiscounted lease payments	186,064
Less: Interest	<u>(35,604)</u>
Total lease obligations	<u>\$ 150,460</u>

The operating leases had expiry dates ranging from fiscal 2022 to 2079 at April 30, 2021. Finance lease liabilities are included in total debt obligations (note 13).

**20. Commitments and contingencies:**

(a) Residual value guarantees:

We have provided limited guarantees to third parties under some of our operating leases relating to a portion of the residual helicopter values at the termination of the leases, which have terms expiring in fiscal 2022. Our net exposure under the asset value guarantees including guarantees in the form of funded and unfunded residual value guarantees was approximately \$nil million as at April 30, 2020 and \$nil at April 30, 2021.

(b) Lease commitment fee:

In exchange for certain lease concessions and amendments, we entered into a commitment agreement with an aircraft lessor for future additional aircraft lease arrangements. If an insufficient level of lease arrangements are not agreed over a period of up to five years, a fee of up to \$12.0 million may be payable to the lessor. As at April 30, 2021, we do not expect to make any payments related to this commitment and no amount has been recognized.

(b) Contingencies:

One or more of our subsidiaries are, from time to time, named as defendants in lawsuits arising in the ordinary course of our business. Such disputes may involve, for example, breach of contract, employment, wrongful termination and tort claims. We maintain adequate insurance coverage to respond to most claims. We cannot predict the outcome of any such lawsuits with certainty, but we do not expect the outcome of pending or threatened legal matters to have a material adverse impact on our financial condition.



6922767 Holding S.å.r.l.

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands unless otherwise noted, except share information)

## 21. Related party transactions:

	Principal repayment terms	Facility maturity dates	April 30, 2020	April 30, 2021
Related party trade receivables			\$ 28,689	\$ 42,167
Related party payables:				
Related party trade payables			120,041	164,067
Promissory note, 9.25%	At maturity	2027	145,741	145,741
Promissory note, 9.25%	At maturity	2027	263,250	263,250
Promissory note, 5.0%	At maturity	2024	42,533	44,396
			<u>\$ 571,565</u>	<u>\$ 617,454</u>

### (a) Related party promissory notes:

All of promissory notes are repayable on demand. Our Parent and its subsidiary have no intention to call these notes within twelve months from the date these financial statements were available to be issued.

The interest on the \$36.8 million promissory notes was paid in-kind until conversion of the Second Lien Convertible Notes on October 1, 2020 owed by our Parent Company, after which the interest on the Unsecured Notes is payable in cash.

During the year ended April 30, 2020 and 2021, we recorded interest expense on the promissory notes of \$40.3 million and \$40.2 million, respectively (note 15).

### (b) Related party guarantees:

The Company has guaranteed all outstanding liabilities of its wholly-owned subsidiaries, Heliworld Leasing Limited, Management Aviation Limited, Lloyd Helicopter Services Limited, and Heli-One (UK) Limited, as of April 30, 2021 in accordance with Section 479A of the Companies Act 2006 (the "Act") of the United Kingdom. These subsidiary companies are exempt from the individual audit requirements under the Act.

On March 24, 2017, CHC Group LLC issued approximately \$464.1 million of second lien convertible notes (the "Second Lien Convertible Notes") for \$300.0 million in cash. The Second Lien Convertible Notes did not bear regular interest and had a 3.5 year maturity. On October 1, 2020, the Second Lien Convertible Notes were converted on a cashless basis into 58,018,518 common units, based on the original mandatory conversion features of the Second Lien Convertible Notes. We were the guarantors of the Second Lien Convertible Notes, along with most of our subsidiaries.

On March 24, 2017, CHC Group LLC issued unsecured promissory notes with a principal balance of \$36.8 million, bearing interest at 5% per annum with a term of seven years (the "Unsecured Notes"). Interest was paid in kind until the conversion of the Second Lien Convertible Notes on October 1, 2020, after which the interest on the Unsecured Notes is payable in cash. We are guarantors of the unsecured notes, along with most of our subsidiaries. Refer to note 22 for subsequent event information.



6922767 Holding S.å.r.l.

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands unless otherwise noted, except share information)

## 22. Subsequent events:

### (a) Amended and Restated First Lien Credit Facility:

On August 31, 2021, the Revolving Credit Facility was modified (the “Amended and Restated First Lien Credit Facility”). The principal repayment terms have been extended from March 24, 2022 to March 31, 2025, with a planned reduction of the Amended and Restated First Lien Credit Facility of \$30.0 million by December 31, 2022, \$25.0 million by December 31, 2023 and \$10.0 million by December 31, 2024. The Amended and Restated First Lien Credit Facility is subject to acceleration of maturity under certain circumstances.

The new facility bears interest at alternative base rate or at LIBOR plus a margin of 8.0%-9.0% which will be increased to 12.5% by maturity, of which 1.5%-5.0% is payable in kind (“PIK”). An amendment fee of 6.0%, of which 4.5% is PIK, is due upon the amendment of the facility. In addition, an exit fee of between 1.0% and 5.0% is payable, contingent upon when facility will be repaid.

The Parent will issue penny warrants convertible into 3.0% of the common units of the Company on a fully diluted basis, to the holders of the Amended and Restated First Lien Credit Facility. Additional penny warrants convertible into 2.0% of the common units of the Parent on a fully diluted basis will be issued if the Amended and Restated First Lien Credit Facility has not been repaid or refinanced by January 1, 2023.

The Amended and Restated First Lien Credit Facility is subject to a quarterly “ring-fence” test which requires that the book value of the loan parties, as defined per the Amended and Restated First Lien Credit Facility, is at least equal to 75% of the total consolidated assets of the Company, and Consolidated Adjusted EBITDA is at least 55% of Consolidated Adjusted EBITDA of the Company. The Parent must comply with a Senior Secured Leverage covenant, with a required ratio varying between 1.2:1 and 2.3:1 and a Fixed Charge Coverage Ratio covenant, varying between 1.0:1.0 and 1.4:1.0, both of which are subject to a trailing twelve month test calculated on a quarterly basis, commencing on July 31, 2022 through January 31, 2025, in addition to minimum liquidity requirements.

### (b) New Secured Term Loans:

On August 31, 2021, CHC Group LLC entered into an agreement to issue \$62.85 million of New Secured Term Loans, inclusive of fees for backstop commitments. In addition, the Parent issued penny warrants convertible into 88.0% of the common units of the Parent, on a fully diluted basis, to investors who participated in the New Secured Term Loans issued.

The New Secured Term Loans will mature on June 30, 2025 and bears an interest option of 10% cash or 12% PIK at the option of the Parent. The New Secured Term Loans are subject to the same financial performance covenants as the Amended and Restated First Lien Credit Facility. The New Secured Term Loans have second priority lien on the collateral of Parent and a first priority lien on the collateral of certain subsidiaries of the Parent in our Asia Pacific region.

### (c) Unsecured Notes:

Subject to participation in the New Secured Term Loan offer, the holders of the Unsecured Notes issued by the Parent will be provided an option to exchange (the “Exchange Offer”) their Unsecured Notes for a) a pro rata share of penny warrants to purchase a number of Common Units equal to 2.0% of the Common Units on a fully diluted basis and b) for every \$1,000 in principal amount of Unsecured Notes exchanged i) \$650 in principal amount of First Lien Non-Revolver Loans (which shall be pari passu with the other First Lien Loans), and ii) \$200 in principal amount of New Secured Term Loans.



6922767 Holding S.å.r.l.

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands unless otherwise noted, except share information)

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(d) Acquisition of Babcock oil and gas aviation business:

On March 11, 2021, our Parent announced it had entered into a conditional agreement for the acquisition of the oil and gas aviation business of Babcock International Group, PLC (LSE:BAB). The business provides offshore oil and gas crew transportation services in the UK, Denmark and Australia. It is headquartered in Aberdeen in the United Kingdom, employs over 500 people and operates around 30 aircraft across its three locations. The acquisition completed on August 31, 2021 but remains subject to antitrust clearances in the United Kingdom and Australia.



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Enterprise 935 174 627 MVA

To the General Meeting of CHC Norway Acquisition Co AS

## Independent auditor's report

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of CHC Norway Acquisition Co AS showing a profit of KNOK 409 089. The financial statements comprise the balance sheet as at 30 April 2021, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 30 April 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

#### Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards 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 as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information 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 other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Offices in:

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statsautoriserte revisorer - medlemmer av Den norske Revisorforening

Oslo	Elverum	Mo i Rana	Stord
Ållå	Finnsnes	Molde	Straume
Arendal	Hamar	Skien	Tromsø
Bergen	Haugesund	Sandefjord	Trondheim
Bodø	Knaresvik	Sandnessjøen	Tynset
Drammen	Kristiansand	Slavanger	Ålesund



## Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment 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. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting 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 content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors 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.



*Independent Auditor's Report - 2021*  
*CHC Norway Acquisition Co AS*

## Report on Other Legal and Regulatory Requirements

### Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Trondheim, 29 October 2021  
KPMG AS

Yngve Olsen  
*State Authorized Public Accountant*



DISPENSATION TO SUBMIT NORWEGIAN  
STATUTORY ACCOUNTS IN ENGLISH



Skattedirektoratet

Saksbehandler Bina Tystad	Dato dato 07.02.2012	Vår dato 01.03.2012
Telefon 912 99 464	Deres referanse Alexia Heimseth	Vår referanse 2012/115162

HELIKOPTER SERVICE AS  
Postboks 522 Sola  
4055 STAVANGER LUFTHAVN

Dispensasjon fra kravet om utarbeidelse av årsregnskap og årsberetning på norsk språk for CHC-konsernet

Det vises til deres brev av 7. februar 2012 hvor det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for:

CHC Helikopter Service AS,	org.nr. 974 414 228
CHC Norway Acquisition CO AS,	org.nr. 991 709 827
Heli-Ono (Europe) AS,	org.nr. 980 593 126
Helicopter Services Group AS,	org.nr. 912 582 914
Heli-One (Norway) AS,	org.nr. 982 715 040
Integra Leasing AS,	org.nr. 966 705 175
Heli-One Leasing (Norway) AS,	org.nr. 819 569 762
Helikopter Service AS,	org.nr. 970 923 829

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de norske selskapene i CHC-konsernet dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

Bakgrunn

CHC Helikopter Service AS og CHC Norway Acquisition CO AS med datterselskaper tilbyr tjenester innen helikoptertransport. Selskapene er heleide datterselskaper av CHC Helicopter som er hjemmehørende i Canada. Morsekskapet er eid av First Reserve Corporation (Private Equity). Selskapenes arbeidsspråk er engelsk og kommunikasjon med selskapenes primære kunder og kreditorer foregår i hovedsak på engelsk. Selskapenes investorer behersker kun engelsk. Ettersom selskapenes arbeidsspråk er engelsk vil alle ansatte forstå regnskapet og årsberetningen selv om disse dokumentene i fremtiden blir utarbeidet i sin endelige form på engelsk. Det samme vil være tilfelle for selskapenes kunder og kreditorer. Ettersom engelsk også er bransjespråket innen sektorene selskapene opererer i, kan dere heller ikke se at andre, mer tilfeldige regnskapsbrukere skulle ha noe behov for at regnskapet utarbeides på norsk. Selskapene mener derfor at alle brukere av regnskapet i sum vil være tjent med at regnskapet kan utarbeides på engelsk. I tillegg til at det er ressurskrevende, fører av og til tvil om oversettelse og uoverensstemmelser mellom engelsk og norsk versjon til unødvendige misforståelser.

Postadresse Postboks 1800 Grønndal 0134 Oslo	Hjemmeside Se <a href="http://www.skatteetaten.no">www.skatteetaten.no</a> Org. nr. 606250318	Sentralbord 400 80 000 Telefaks 22 37 08 00
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2012413162 Side 2 av 2

#### Skattedirektoratets vurdering

Etter regnskapsloven § 3-1 tredje ledd skal "årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk".

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

*"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkeder skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."*

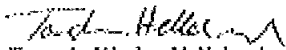
Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

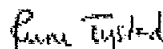
Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapenes arbeidsspråk er engelsk og at kommunikasjon med selskapenes primære kunder og kreditorer i hovedsak foregår på engelsk. Videre er det vektlagt at eierkretsen er begrenset da konserntspissene i Norge er heleide datterselskap av et utenlandsk selskap.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

  
Torstein Klingen Helleland  
seniorrådgiver  
Rettsavdelingen, foretaksskatt  
Skattedirektoratet

  
Rune Tystad



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**ANNUAL REPORT**

**CHC NORWAY ACQUISITION CO AS**

Org.nr. 991 709 827

**2021**



## CHC NORWAY ACQUISITION CO AS

Business reg. no. 991 709 827

### INFORMATION FROM THE DIRECTORS REGARDING FINANCIAL YEAR 2021

CHC Norway Acquisition Co AS ("the Company") is a wholly owned subsidiary of CHC Netherlands BV. The Company's business address is at Sola, Norway

The Company has a fiscal year from May 1 to April 30 the following year. These accounts cover the period from May 1st, 2020 to April 30th, 2021.

In accordance with the Accounting Act §3-3a, we confirm that the financial statements have been prepared under the assumption of going concern and that the going concern assumption is present. The directors have a reasonable expectation that the company within the group context has adequate resources to continue in existence for the foreseeable future

As per section 3.5(1) of the Norwegian Companies Act, as the equity has fallen to less than half of the Company's share capital, the board of directors are aware of their responsibility to act and will look to convene a board meeting in financial year 2022 to discuss proposed actions to rectify this position. In addition, the Company has received a support letter from the group providing assurance that the Company will be provided financial support to meet liabilities when they are due.

#### COVID-19

The COVID-19 pandemic has significantly impacted the global economy. However, COVID-19 has not greatly affected the results of the Company to date and it is not envisaged that this will have any long term detrimental effect on the Company.

Based on this factors, the Directors consider that with the current uncertainties related to the COVID-19 virus, those uncertainties currently do not impact the going concern activities of the Company.

#### Profit and loss

The company did not have any operation during this fiscal year.

#### Assets and equity

Total assets at April 30<sup>th</sup> 2021 was NOK 1,149 million (2020: NOK 1,014 million) and total equity was NOK (546) million (2020: NOK (955) million).

#### Operations

The Company had no employees at year-end, and no board remuneration has been paid during the year to board members or employee elected board members.

#### Environmental matters

The Company's own activities have no direct environmental impact.

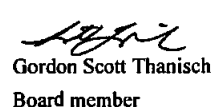
#### Allocation of profit

The board suggests the year's profit of NOK 409 million (2020: loss of NOK 125 million), group contribution received and given NOK nil (2020: NOK nil) and NOK nil (2020: NOK nil) respectively be allocated to retained earnings.

Stavanger, October 29, 2021

THE BOARD OF CHC NORWAY ACQUISITION CO AS

  
Thorleif Eng Jakobsen  
Chairman & CEO

  
Gordon Scott Thanisch  
Board member

  
Karl Gjølvik  
Board member



**CHC NORWAY ACQUISITION CO AS**

Business reg. no. 991 709 827

**Statement of Income**

	<i>Notes</i>	<i>2021 2020</i> <i>NOK'000</i>	<i>2020 2019</i> <i>NOK'000</i>
Operating expenses		<u>(1,564)</u>	<u>(1,423)</u>
<b>Operating Loss</b>		<b>(1,564)</b>	<b>(1,423)</b>
Other financial revenue		353	2,166
Foreign exchange gain / (loss)		100,521	(108,626)
Group financial expenses		(631)	(1,008)
Reinstatement / (impairment) of investments	5	310,879	(13,898)
Other finance expense		(469)	(2,079)
<b>Net Finance</b>		<b>410,653</b>	<b>(123,445)</b>
<b>Profit / (loss) on ordinary activities before tax</b>		<b>409,089</b>	<b>(124,868)</b>
Tax on ordinary activities	4	—	—
<b>Profit / (loss) for the financial year</b>	6	<b>409,089</b>	<b>(124,868)</b>
<b>Attributable to</b>			
Other Equity		<b>409,089</b>	<b>(124,868)</b>
<b>Total</b>		<b>409,089</b>	<b>(124,868)</b>



**CHC NORWAY ACQUISITION CO AS**

Business reg. no. 991 709 827

**Balance Sheet**

		30th April 2021	30th April 2020
	Notes	NOK'000	NOK'000
Investments in subsidiaries	5	1,106,458	795,579
<b>Total long term assets</b>		<b>1,106,458</b>	<b>795,579</b>
Receivables from group	7	—	—
<b>Total current assets</b>		<b>—</b>	<b>—</b>
Bank Deposits		42,136	218,883
<b>TOTAL ASSETS</b>		<b>1,148,594</b>	<b>1,014,462</b>
Share capital	6	5,434	5,434
Other paid in capital	6	7,357,178	7,357,178
Retained earnings	6	(7,908,259)	(8,317,348)
<b>Total equity</b>		<b>(545,647)</b>	<b>(954,736)</b>
Loans from group	7	1,243,358	1,300,992
<b>Total long term liabilities</b>		<b>1,243,358</b>	<b>1,300,992</b>
Trade payables		—	67
Payables to group	7	450,571	667,794
Other		312	345
<b>Total short term liabilities</b>		<b>450,883</b>	<b>668,206</b>
<b>Total liabilities</b>		<b>1,694,241</b>	<b>1,969,198</b>
<b>TOTAL DEBT AND EQUITY</b>		<b>1,148,594</b>	<b>1,014,462</b>

  
Thorleif Eng Jakobsen  
Chairman & CEO

  
Gordon Scott Thanisch  
Board member

  
Karl Gjølvik  
Board member

Stavanger, October 29, 2021



## CHC NORWAY ACQUISITION CO AS

Business reg. no. 991 709 827

### Statement of Cash Flow

	<i>2020</i>	<i>2019</i>
	<i>Notes</i>	<i>NOK '000</i>
	<i>NOK '000</i>	<i>NOK '000</i>
Profit / (loss) before tax	409,089	(124,868)
Investment in subsidiaries	—	—
(Reinstatement) / impairment of investments	(310,879)	13,898
Movements in payables and receivables	(274,957)	206,818
<b>Net cash flow from operations</b>	<b>(176,747)</b>	<b>95,848</b>
Change in equity	—	—
Movement in long term debt	—	—
<b>Net cash flow from financing activities</b>	<b>—</b>	<b>—</b>
<b>Change in liquid funds</b>	<b>(176,747)</b>	<b>95,848</b>
<b>Liquid funds at 1 May</b>	<b>218,883</b>	<b>123,035</b>
<b>Liquid funds at 30 April</b>	<b>42,136</b>	<b>218,883</b>



## CHC NORWAY ACQUISITION CO AS

Business reg. no. 991 709 827

### 1. Accounting Principles

#### Basis of preparation

The financial statements have been prepared in accordance with Norwegian Accounting Act in accordance with Norwegian GAAP applying the historical cost convention.

#### Basis for consolidation

CHC Norway Acquisition Co AS is a sub-group of CHC Netherlands BV, which again is a sub-group of CHC Helicopter Holding S.a.r.l. The Company's ultimate parent undertaking is CHC Group LLC registered in the Cayman Islands. The company has been granted exemption from the requirement to prepare consolidated sub-group accounts, and reference is made to the Annual report of 6922767 Holding S.a.r.l. which is incorporated in Luxembourg. Copies of its financial statements can be obtained from the company via a request through the company website at [www.chcheli.com](http://www.chcheli.com).

#### Going Concern

In accordance with the Accounting Act §3-3a, we confirm that the financial statements have been prepared under the assumption of going concern and that the going concern assumption is present. The directors have a reasonable expectation that the company within the group context has adequate resources to continue in existence for the foreseeable future.

As per section 3.5(1) of the Norwegian Companies Act, as the equity has fallen to less than half of the Company's share capital, the board of directors are aware of their responsibility to act and will look to convene a board meeting in financial year 2022 to discuss proposed actions to rectify this position. In addition, the Company has received a support letter from the group providing assurance that the Company will be provided financial support to meet liabilities when they are due.

#### Classification of assets and debt

Long term assets are those assets with a useful life of more than one year. Other assets are classified as current assets. Long term and short term liabilities are classified in the same manner.

#### Use of estimates

Management has used estimates and assumptions that have affected assets, liabilities, incomes, expenses and information on potential liabilities in accordance with generally accepted accounting principles in Norway.

#### Foreign currency translation

The financial statements are prepared in Norwegian Kroner ("NOK"), which is the presentation currency of the company.

Transactions denominated in foreign currencies are initially carried at the functional exchange rates ruling at the date of transaction. Monetary balance sheet items denominated in foreign currencies are translated at the functional exchange rates ruling at the balance sheet date. Non-monetary balance sheet items that are measured at historical cost in a foreign currency are translated at the functional exchange rates ruling at the date of transaction. Non-monetary balance sheet items that are measured at current value are translated at the functional exchange rates ruling at the date of valuation. Exchange differences arising on the settlement or translation of monetary items denominated in foreign currencies are taken to the profit and loss account.

#### Tax

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax is calculated on all differences between the book value and tax value of assets and liabilities. Deferred tax is calculated as 22 (2020: 22) percent of temporary differences and the tax effect of tax losses carried forward. Deferred tax assets are recorded in the balance sheet when it is more likely than not that the tax assets will be utilized.



## CHC NORWAY ACQUISITION CO AS

Business reg. no. 991 709 827

### 1. Accounting Principles *(continued)*

#### Subsidiaries

Subsidiaries are valued at cost in the company accounts. The investment is valued as cost of the shares in the subsidiary, less any impairment losses. If applicable, an impairment loss is recognised in accordance with generally accepted accounting principles. Impairment losses are reversed if the reason for the impairment loss disappears in a later period.

Dividends, group contributions and other distributions from subsidiaries are recognised in the same year as they are recognised in the financial statement of the provider. If dividends / group contribution exceed withheld profits after the acquisition date, the excess amount represents repayment of invested capital, and the distribution will be deducted from the recorded value of the acquisition in the balance sheet for the parent company.

#### Accounts receivable and other receivables

Accounts receivable and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful accounts. Provisions for doubtful accounts are based on an individual assessment of the different receivables.

#### Cash flow statement

The cash flow statement is presented using the indirect method. Cash includes all bank deposits

#### Related party transactions

The Company is included in the consolidation of its ultimate parent undertaking, CHC Group LLC. Related party transactions represent transactions with the CHC Helicopter group of companies which share the same ultimate parent undertaking, CHC Group LLC.

### 2. Auditors' remuneration

	2021-2020	2020-2019
	NOK'000	NOK'000
Auditors' remuneration	250	250

### 3. Staff costs

The Company has no employees. No remuneration was given to members of the board.



**CHC NORWAY ACQUISITION CO AS**

Business reg. no. 991 709 827

**4. Income taxes**

Analysis of the tax charge in the year

	2021:2020 NOK'000	2020:2019 NOK'000
Profit / (loss) before tax	409,089	(124,868)
Permanent differences	(310,879)	13,898
Timing differences	—	—
Tax loss carry forward	(98,210)	110,970
Basis for current tax	—	—
Tax at 22% (2020: 22%)	—	—
Total tax cost	—	—

Analysis of deferred tax balance

	2021 NOK'000	2020 NOK'000
Timing differences related to Loss carry-forward	603,726	701,936
<b>Basis for deferred taxes</b>	<b>603,726</b>	<b>701,936</b>
<b>Deferred tax balance</b>	<b>132,820</b>	<b>161,445</b>

The company's deferred tax asset has not been recognised in the accounts due to uncertainty of its recoverability.

**5. Investment in subsidiaries**

At 30 April 2021, the company held the equity of the following principal subsidiary undertakings.

<i>Company</i>	<i>Business address</i>	<i>Share holding</i>	<i>Equity 100%</i>	<i>Result for the year</i>	<i>2021 Book value</i>	<i>2020 Book value</i>
Heli-One Norway AS	Norway	100%	754,723	376,921	754,723	377,802
Integra Leasing AS	Norway	100%	44,626	(190,296)	44,626	106,722
Heli-One Leasing (Norway) AS	Norway	100%	307,109	(16,455)	307,109	311,055
Lloyd Helicopter Services Ltd	Australia	100%	(303,280)	(195,879)	—	—
Court Helicopter Services (Pty) Ltd	South Africa	100%	(27,435)	(6,210)	—	—
<b>Total</b>					<b>1,106,458</b>	<b>795,579</b>



## CHC NORWAY ACQUISITION CO AS

Business reg. no. 991 709 827

### 5. Investment in subsidiaries (continued)

During the year the company booked a reinstatement on their investment in Heli-One (Norway) AS of NOK 377m and an impairment on their investments in Heli-One Leasing (Norway) AS and Integra Leasing AS of NOK 4m and NOK 62m respectively. This reflected profits and losses recorded in the year in the respective subsidiaries and the resulting equity balances in these subsidiaries.

### 6. Total Equity

	<i>Share capital</i> NOK'000	<i>Other paid in</i> <i>capital</i> NOK'000	<i>Deficit</i> NOK'000	<i>Total</i> <i>shareholders'</i> <i>funds</i> NOK'000
At 30 April 2019	5,434	7,357,178	(8,192,480)	(829,868)
Loss for the year	—	—	(124,868)	(124,868)
At 30 April 2020	5,434	7,357,178	(8,317,348)	(954,736)
Loss for the year	—	—	409,089	409,089
At 30 April 2021	5,434	7,357,178	(7,908,259)	(545,647)

Issued share capital consists of 26,000 shares of NOK 209 each, all owned by CHC Netherlands BV.



## CHC NORWAY ACQUISITION CO AS

Business reg. no. 991 709 827

### 7. Related Party Transactions

In the course of its regular business activities the company enters into routine transactions with related parties (group companies). These transactions are measured at the amounts exchanged, which is the amount of consideration determined and agreed to by the related parties.

<i>Related party</i>	<i>Sales to related party</i>	<i>Purchases from related party</i>	<i>Amounts owed from related party</i>	<i>Amounts owed to related party</i>
	<i>NOK '000</i>	<i>NOK '000</i>	<i>NOK '000</i>	<i>NOK '000</i>
<b>Heli-One (Norway) AS</b>				
2021	—	—	—	31,547
2020	—	—	—	157,653
<b>Heli-One Leasing AS</b>				
2021	—	—	—	356
2020	—	—	—	1,503
<b>Integra Leasing AS</b>				
2021	—	—	—	2,695
2020	—	—	—	2,818
<b>CHC Reinsurance S.A</b>				
2021	—	631	—	30,908
2020	—	1,009	—	31,273
<b>CHC Barbados SRL</b>				
2021	—	—	—	1,420,641
2020	—	—	—	1,483,201
<b>CHC Helicopter Services AS</b>				
2021	—	1,044	—	11,822
2020	—	1,044	—	58,389
<b>Heli-One (UK) Limited</b>				
2021	—	—	—	—
2020	—	—	—	840
<b>Heli-One (Netherlands)</b>				
2021	—	—	—	54,465
2020	—	—	—	61,098
<b>Cayman Investment Ltd</b>				
2021	—	—	—	141,494
2020	—	—	—	172,533

### 8. Contingencies and Commitments

The company has guaranteed indebtedness of the ultimate parent company under the terms of its revolving credit facility arranged by that company, as disclosed in the group's consolidated financial statements.

The company's bank account is part of cash pool arrangement of all Norwegian entities and is administered by the company. The assets of the companies participating in the cash pool arrangement are jointly pledged.