

SATAIR

Annual Report 2022

Adopted at the Annual General Meeting
on June 21st, 2023.

Chairman of the meeting:

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

DocuSigned by:

Sarah Weinreich Marsh

A1C5E487395448E
Sarah Weinreich Marsh, Head of Legal

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The office is registered at the municipality of Tårnby, Denmark

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The office is registered at the municipality of Tårnby, Denmark

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Key figures and financial ratios

USD million (unless otherwise stated)	2022	2021	2020	2019	2018
	12 mths	12 mths	12 mths	12 mths	12 mths
Income statement					
Revenue	463.9	316.0	247.7	434.1	430.5
Gross profit	40.3	23.5	12.6	53.0	50.1
Profit/(Loss) before depreciation and amortisation (EBITDA)	(3.3)	4.6	(36.9)	19.3	30.5
Operating profit/(loss) (EBIT)	(10.5)	(2.6)	(45.7)	5.2	23.1
Financial items, net	1.1	0.9	(1.2)	(1.6)	5.8
Profit/(Loss) before tax	(9.3)	(1.8)	(46.9)	53.6	28.9
Income tax expense	3.2	0.3	8.9	(2.5)	(6.3)
Net profit/(loss) for the year	(6.1)	(1.4)	(38.0)	51.1	22.6
Financial position					
Property, plant and equipment	8.0	7.8	8.4	9.4	7.1
Total assets	298.4	297.0	294.5	334.4	327.2
Working capital *)	141.9	122.3	150.3	166.7	135.9
Total equity	235.7	242.2	244.8	279.4	230.5
Net interest-bearing receivables/(debt)	(2.2)	(3.9)	(1.4)	(1.9)	4.1
Investment in property, plant and equipment	1.0	0.0	0.1	3.4	0.4
Cash flow					
Cash flow from operating activities	8.5	8.5	(0.0)	49.8	14.7
Cash flow from investing activities	(1.1)	(5.8)	2.9	(5.7)	218.1
Cash flow from financing activities	(7.8)	(2.8)	(2.9)	(44.0)	(2.4)
Free cash flow	7.4	2.6	2.9	44.1	232.8
Financial ratios					
Gross profit, %	8.7	7.4	5.1	12.2	11.6
SG&A margin, %	9.4	6.0	20.0	7.8	4.6
EBITDA margin, %	(0.7)	1.4	(14.9)	4.4	7.1
EBIT margin, %	(2.3)	(0.8)	(18.5)	1.2	5.4
Return on equity, %	(2.5)	(0.6)	(15.1)	21.2	10.3
Equity ratio, %	79.0	81.5	83.1	83.5	70.5
USD/DKK, average	709.9	629.7	653.4	667.0	631.7
USD/DKK, end of financial year	697.2	656.1	605.8	667.6	651.9
Employees					
Number of FTE, average	242	233	273	266	237
Number of FTE, end of financial year	261	229	266	271	244

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

Comparative figures have not been restated for 2018 upon applying IFRS 16 from 2019.

Satair in brief

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

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

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

Satair's history

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

Our purpose

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

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

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

Our values

Customer & Supplier Focus

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

Global Teamwork

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

Can-do-Attitude

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

World-Class Excellence

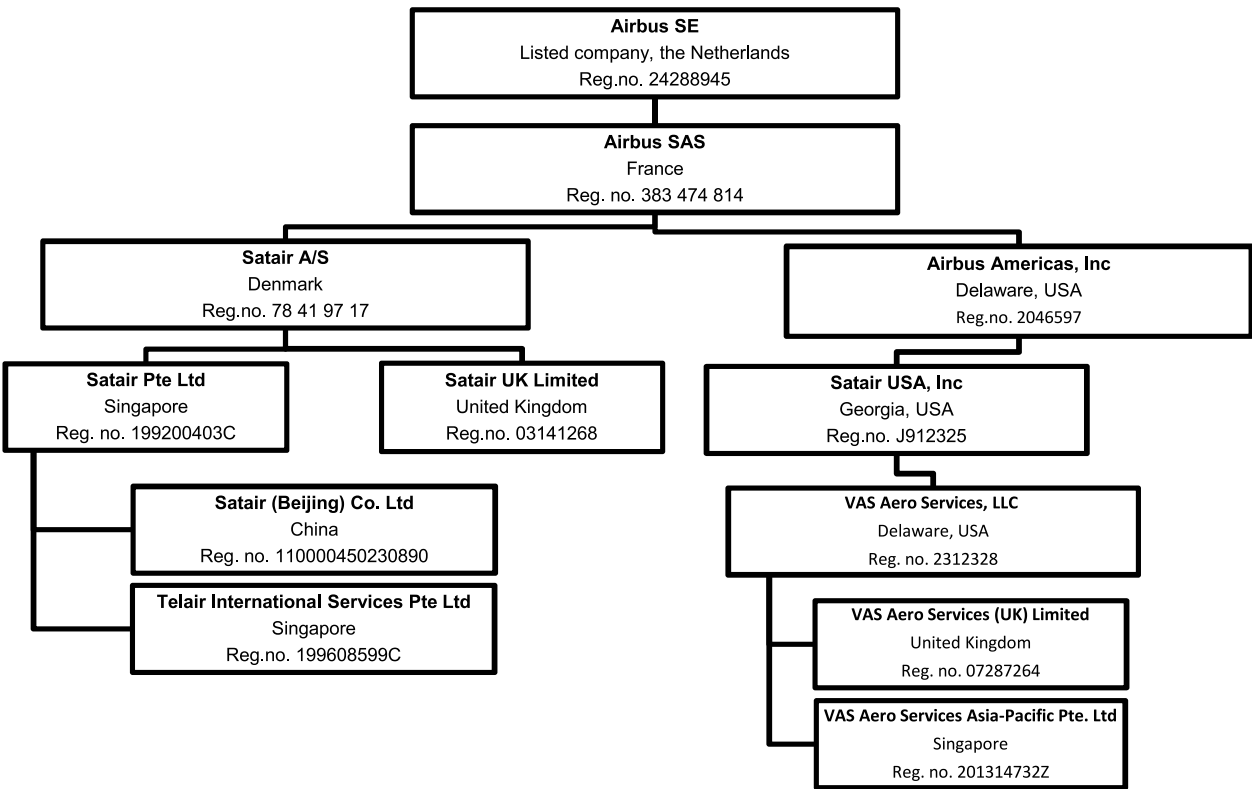
We act with integrity and we conduct our business professionally and efficiently.

Being Innovative

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

Our organisation

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



Review of Satair A/S' operations

Market development in 2022

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

Satair's marketing potential is dependent on the activity level in the aviation industry including the types of aircrafts in operation, the scope of air carrier operations and the total number of aircraft. Indicators of the level of activity in the aviation industry are Revenue Passenger Kilometers (RPKs) and Available Seat Kilometers (ASKs).

Revenue Passenger Kilometer (RPKs) recovered further in 2022 to index 77 at the end of 2022 compared to 2019 according to IATA. 2019 is used as the baseline as it was the last full year that the industry was not affected by Covid-19. Domestic travel leads the recovery compared to international travel.

Available Seat Kilometers (ASKs) recovered to index 78 in December 2022 compared to December 2019 according to IATA. The recovery in the Asia/Pacific region was still lagging behind especially due to Covid-19 related lockdowns in China.

In 2022, the worldwide economy and the air travel industry showed regional recovery disparities with North and Latin America, Europe, Africa and the Middle East leading the number of flight cycles (a completed take-off and landing sequence) whereas Asia and China were still at lower levels vs 2019. 2022 closed with a worldwide average of 86% flight cycles compared to 2019.

Jet fuel prices, consumer prices and interest rates worldwide increased significantly in 2022 due to the war in Ukraine and continues to display large fluctuations over time. Higher ticket prices might dampen future growth of passenger demand.

Financial performance

Revenue

Revenue reached 463.9 M.USD in 2022 (316.0 M.USD in 2021). This equals a 47% increase in revenue compared to 2021 and is caused by a higher utilisation of aircrafts in service, aircrafts taken into service after storage and restocking of parts by our customers after Covid. The increase is higher than the expected increase of 10-20% stated in the annual report for 2021 and caused by a significantly higher demand than expected in the beginning of the year. Revenue from the EMEA region grew 51%, 49% from the Americas and 30% from the Asia Pacific region.

Gross profit/(loss)

Gross profit grew 71% to 40.3 M.USD (23.5 M.USD) with a gross profit margin of 8.7 % (7.4%). The profit margin is recovering slowly towards the pre-Covid level. The margin in 2022 was negatively affected by 15.3 M.USD (3.8 M.USD) related to inventory write-down for the year and provision for obsolescence on slow-moving parts.

SG&A expenses

Operating expenses (staff, other expenses and other operating income) increased 24.7 M.USD from 18.9 M.USD in 2021 to 43.6 M.USD in 2022. The increase is related to higher staff costs (3.9 M.USD), higher consultant costs (5.2 M.USD), provision for bad debt (2.6 M.USD), higher travel costs (1.2 M.USD) and lower management fee income from group companies (-13.5 M.USD). The lower management fee income is primarily related to impairment of inventory in the related company Satair USA Inc.

Depreciation, amortisation and impairment

Depreciation, amortisation and impairment was unchanged from the year before 7.2 M.USD.

Operating profit/(loss) (EBIT)

Operating profit decreased 7.9 M.USD from minus 2.6 M.USD in 2021 to minus 10.5 M.USD in 2022. The drivers of this development are accounted for above. The expectation for the year as stated in the Annual Report for 2021 was an operating profit of 8 M.USD.

Dividend received

No dividend was declared or paid in 2022 and 2021.

Financials

Net financial items increased 0.3 M.USD from 0.9 M.USD in 2021 to 1.1 M.USD in 2022. The increase is driven by foreign exchange adjustments.

Net loss for the year

Net loss for the year amounted to 6.1 M.USD (-1.4 M.USD).

Cash flows

Free cash flow of 7.4 M.USD (2.6 M.USD) increased due to lower investments in Intangible assets in 2022 compared to the year before.

Balance sheet

At the end of 2022, total assets increased 1.4 M.USD to 298.4 M.USD (297.0 M.USD). The increase in assets is driven by higher Trade receivables (15.9 M.USD), higher Inventories (7.3 M.USD) and higher Deferred tax (2.0 M.USD) partially offset by lower Receivables from related parties (-19.3 M.USD) and amortisation of distribution rights (-6.5 M.USD.)

Equity ended at 235.7 M.USD (242.2 M.USD) after allocation of the loss for the year to Reserves and retained earning. The equity-ratio at year-end was 79.0% (81.5%).

Derivatives

As at 31 December 2022, the company had currency hedge commitments for a total of 115.1 M.USD (86.9 M.USD) which were made against DKK at an average USD/DKK rate of 682.76. The principal fair value of currency hedging contracts signed at 31 December 2022 amounts to 114.5 M.USD (87.0 M.USD). Unrealized loss (fair market value) amounts to 0.6 M.USD (gain 0.1 M.USD).

Commercial risks

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

Developments in aviation activity

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

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

Competition and prices

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

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

Consolidation within aviation

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

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

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

Dependency on suppliers

Satair A/S has a number of important suppliers. In 2022 the largest supplier accounted for approx. 13% of Satair A/S' consolidated revenue while the five largest suppliers together accounted for approx. 46% of the revenue.

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

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

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

Dependency on customers

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

Satair A/S has cooperated with most of its customers for many years. The ten largest customers accounted for 39% of the revenue in 2022 with 1 customer contributing with 8%.

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

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

Inventories

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

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

Events after the reporting period

Satair A/S is not aware of any events subsequent to 31 December 2022, which are expected to have a material impact on the financial position as reflected in the Financial Statement for 2022. The current outlook for 2023 indicates that a going concern assumption is appropriate.

Outlook for 2023

The aerospace industry and the market for spare parts did not recover fully at the end of 2022 compared to pre-Covid levels. The recent reopening of China is proving to be a strong positive driver for air traffic as it recovers progressively. All regions should now converge towards normalised levels. The Company continues to expect the commercial aircraft market to return to pre-COVID levels between 2023 and 2025.

The war in Ukraine continues to create air space limitations and changes in flight paths. Satair continues to suspend all exports with destinations to Russia and Belarus as a consequence of the international sanctions.

The industry continues to face challenges from a constrained labor market. This is especially affecting the aviation industry including OEMs, MROs*, airlines, airports, ground handling etc., and in such a context, the supply, production and ramp-up challenges remain.

Revenues in Satair A/S are currently expected to increase 8% to 500 M.USD in 2023. Operating profit (EBIT) is expected to be positive by approximately 2 M.USD in 2023.

Corporate governance

Annual general meeting

The Annual General Meeting is held on June 14th, 2023 at Satair A/S, Amager Landevej 147A, DK-2770 Kastrup.

Statement on Corporate Social Responsibility

CSR risks are related to the way we conduct our business, the operation of our facilities and the actions of our business partners. Please see section "Satair in brief" on page 5 and section "Commercial risks" on page 7 for a description of our business model.

Satair is committed to promoting responsible business conduct, which includes respect for human rights, environment and climate, social and employee conditions, anti-corruption and bribery as well as diversity.

Human rights

A risk exists that sufficient awareness of human rights does not exist within Satair or in the wider supply chain. Satair has no tolerance for human rights violations and promotes awareness among employees of ethics & compliance topics as well as a "Speak-up culture".

In 2022, managers and employees conducted workshops on team level on "Speak-up culture" and code of conduct. No violations of human rights were reported.

Satair continues to focus on human rights in 2023 including a special focus on modern slavery.

Environment and climate

Risks exist that the operation of our facilities negatively impacts the environment and climate. In 2019, Satair set goals to be achieved by 2030 of a 15% reduction in water consumption, a 30% reduction in energy consumption to reduce our CO2 emissions, 90% recycling of waste, 100% elimination of all single-use plastics as well as a goal of 50% of suppliers being environmentally qualified.

In 2022, local managers were required to arrange 2 events per quarter where employees could contribute to driving down our environmental impact by giving ideas or by learning about the impact of our behavior. All employees were further required to complete training on environmental awareness. A total of 361 eLearnings about Environmental Awareness were taken during the year.

At the end of 2022, Satair measured significant reductions compared to the 2019 baseline in the consumption of water (-18%), electricity (-16%) and CO2 emissions (-27%). Unfortunately, the consumption of fossil energy increased by 13%. Satair continued to buy green electricity in 2022 and took initiatives for improved sorting and recycling of waste. At the end of 2022, Satair completed the replacement of existing lighting with CO2- and power saving LED lighting which will benefit the environment in future years.

*) OEM: Original Equipment Manufactures. MRO: Maintenance, Repair and Overhaul

Social and employee conditions

Risks include the possibility of injury and damage to both physical and mental health. Satair is committed to protecting our people through responsible management of health, safety and well-being at work.

In 2022, Satair offered voluntary health checks to its employees which were conducted in the Spring. Managers and employees completed 1,046 eLearnings in 2022 related to physical and mental health and safety.

Satair will host an "Environment, Health & Safety" week in 2023 where employees can learn and contribute to a healthy and safe work place.

Anti-corruption and bribery

Risks of corruption and bribery exist in the aerospace industry. Satair is committed to conducting our business ethically and responsibly and maintains a zero tolerance towards corruption of any kind.

In 2022, management regularly followed up on our adherence to our policies on donations, gifts & hospitality and payments to third parties. Further, employees completed 594 eLearning on topics related to anti-corruption and bribery.

In 2023, Satair continues to document and improve where possible our internal controls to prevent bribery and corruption.

Gender distribution in Management, cf. §99b

Satair A/S has set a target that no gender shall be underrepresented in the Board of Directors by April 1st. 2025. The target was met in October 2022 as the Board of Directors now consists of 2 male directors and 1 female director elected by the shareholder.

At Satair A/S' other management levels, that is, all managers in Satair A/S below the Board of Directors, the number of women were 8 (26%) and the number of men were 23 (74%) at 31 December 2022. The gender balance the previous year was 17% vs. 83%. The targeted 40/60 balance could not be achieved in 2022 because of the limited recruitment activity and because candidates with the right competencies were not available.

Satair introduced an Inclusion & Diversity (I&D) Council in April 2022 to support inclusive leadership, culture and environment in Satair in order to foster innovation, collaboration and engagement and consequently business performance. The Council is supported by senior management, Human Resources and I&D experts. The council will work on gender diversity and female leadership among other things. As concrete actions for 2023, managers have the task of organising I&D workshops for their teams and to ensure that all new recruitments include candidates with diverse profiles.

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

Other reporting

Data Ethics

A risk exists that Satair collects, analyses, stores and shares data in a manner that is illegal and/or unethical.

Satair has a data ethics policy governing both personal and non-personal data. The policy includes data ethics principles which must be adhered to when handling data and developing or applying new technology. The principles are related to transparency, privacy, quality, security and accountability. Satair will ensure that the company applies a high standard in relation to handling of data, such as only disclosing data where and when necessary and refraining from collecting data without purpose. Satair ensures the results from data processing are not discriminatory or biased in any way.

The data ethics policy was reviewed in 2022 with involvement of Ethics & Compliance, Legal, IT and Finance. To strengthen the attention to data handling and security in the organisation, employees completed 198 eLearnings related to data handling in 2022.

Management statement

Kastrup, June 14th, 2023

The Board of Directors and the Management Board have today considered and adopted the Annual Report of Satair A/S for the financial year 1 January – 31 December 2022.

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

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2022 and of the results of the company's operations and cash flows for the financial year 1 January – 31 December 2022.

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

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

Management Board

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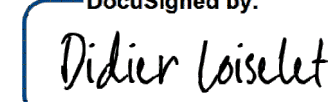
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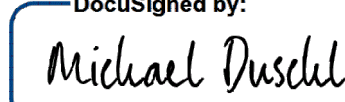
Hubertus Johannes Dorotheus Reijnen
Chief Executive Officer

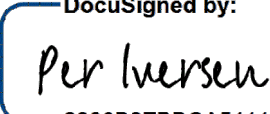
Board of Directors

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Cristina Aguilar Grider
Chairman

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Didier Marcel Germain Loiselet

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Michael Thomas Duschel

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Per Iversen
Employee representative

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Jakob M. Franck
Employee representative

Independent auditors' report

To the shareholders of Satair A/S

Opinion

We have audited the financial statements of Satair A/S for the financial year 1 January – 31 December 2022, which comprise income statement, statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2022 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA code.

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatements of the Management's review.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent auditors' report - continued

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

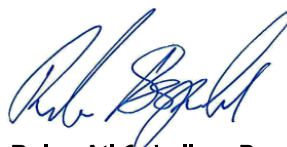
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, June 14th, 2023

EY
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Peter Andersen
State Authorised Public Accountant
mne 34313



Rolan Atl Caballero Pena Espedal
State Authorised Public Accountant
mne 47789

Income statement

1 January - 31 December

USD thousands	Note	2022	2021
Revenue	3	463,899	315,993
Cost of goods sold	6	(423,622)	(292,480)
Gross profit/(loss)		40,277	23,513
Other operating income	4	14,990	28,506
Staff expenses	5	(29,762)	(25,891)
Other expenses		(28,813)	(21,554)
Profit/(Loss) before depreciation, amortisation and impairment (EBITDA)		(3,308)	4,574
Depreciation, amortisation and impairment losses	11 + 12	(7,177)	(7,186)
Operating profit/(loss) (EBIT)		(10,485)	(2,612)
Financial income	16	3,463	946
Financial expenses	16	(2,324)	(84)
Profit/(Loss) before tax		(9,346)	(1,750)
Income tax expense	23	3,236	311
Net profit/(loss) for the year		(6,110)	(1,439)

Statement of comprehensive income

1 January - 31 December

USD thousands	Note	2022	2021
Net profit/(loss) for the year		(6,110)	(1,439)
Items that may be subsequently reclassified to the income statement			
Fair value adjustment of derivatives before tax		(3,584)	(1,422)
Hereof recl. of currency derivatives through the income statement	18	3,038	(138)
Tax on other comprehensive income	23	137	343
Other comprehensive income		(409)	(1,217)
Comprehensive income for the year		(6,519)	(2,656)

No dividend is expected to be paid to the owners.

Statement of financial position

At 31 December

USD thousands	Note	2022	2021
Assets			
Intangible assets	11	15,405	20,911
Property, plant and equipment	12	8,047	7,763
Investments in subsidiaries	13	51,121	51,121
Deferred tax assets	24	10,579	8,591
Non-current assets		85,152	88,386
Inventories	6	141,018	133,749
Trade receivables	7	37,192	21,306
Receivables from intra group companies	22+29	18,828	12,812
Receivables from other related parties	22	12,876	38,185
Tax receivables		-	-
Other receivables	9	3,345	2,224
Cash and cash equivalents	15	-	322
Current assets		213,259	208,598
Total assets		298,411	296,984

Statement of financial position

At 31 December

USD thousands	Note	2022	2021
Equity and liabilities			
Share capital	14	13,138	13,138
Reserves and retained earnings		222,531	229,051
Total equity		235,669	242,189
Staff related liabilities		50	2,936
Loans and borrowings	17	527	1,776
Leasing liabilities	19	964	486
Non-current liabilities		1,541	5,198
Current part of loans and borrowings	17 + 20	1,624	2,421
Leasing liabilities	19	477	550
Trade payables	17	36,347	32,747
Payables to intra-group companies	20+22+29	9,675	6,548
Payables to other related parties	22	7,639	-
Tax payable	17	-	14
Other liabilities	10	5,439	7,317
Current liabilities		61,201	49,597
Total liabilities		62,742	54,795
Total equity and liabilities		298,411	296,984

Statement of cash flows

1 January - 31 December

USD thousands	Note	2022	2021
Profit/(Loss) before depreciation and amortisation (EBITDA)		(3,308)	4,574
Non-cash items	8	16,729	10,106
Foreign exchange adjustments		102	860
Interest received		40	6
Interest paid		151	1
Income taxes paid		(10)	1,159
Changes in working capital	8	(5,212)	(8,242)
Cash flow from operating activities		8,492	8,464
Acquisition of intangible assets	11	(1,000)	(5,806)
Acquisition of property, plant and equipment	12	(62)	(37)
Disposal of tangible assets	12	-	6
Cash flow from investing activities		(1,062)	(5,837)
Credit facilities	15	(4,794)	-
Repayment of debt	20	(2,521)	(2,421)
Leasing payments	19	(437)	(358)
Cash flow from financing activities		(7,752)	(2,779)
Net cash inflow/(outflow)		(322)	(152)
Cash and cash equivalents at 1 January		322	473
Net cash inflow/(outflow)		(322)	(152)
Cash and cash equivalents at 31 December	15	0	322

Given the nature of the Group's cash pooling agreements, cash pool balances are not considered cash, but are recognized under "Payables to other related parties".

Note 22 provides more details on deposits in the cash pooling agreements.

Statement of changes in equity

1 January - 31 December

USD thousands	Share capital	Share premium	Retained earnings	Hedging reserve	Total equity
Equity at 1 January 2022	13,138	46,010	183,096	(56)	242,188
Net profit/(loss) for the year	-	-	(6,110)	-	(6,110)
Fair value adjustment of derivatives before tax				(3,584)	(3,584)
Hereof recl. of currency derivatives through the income statement (Staff expenses)				3,038	3,038
Tax on other comprehensive income	-	-	-	137	137
Comprehensive income	-	-	(6,110)	(409)	(6,519)
Equity at 31 December 2022	13,138	46,010	176,986	(465)	235,669
Equity at 1 January 2021	13,138	46,010	184,536	1,161	244,845
Net profit/(loss) for the year			(1,439)		(1,439)
Fair value adjustment of derivatives before tax				(1,422)	(1,422)
Hereof recl. of currency derivatives through the income statement (Staff expenses)				(138)	(138)
Tax on other comprehensive income				343	343
Comprehensive income			(1,439)	(1,217)	(2,656)
Equity at 31 December 2021	13,138	46,010	183,096	(56)	242,188

SATAIR

**Notes
2022**

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Note 1 Accounting policies

CORPORATE INFORMATION

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

BASIS FOR PREPARATION

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

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

Accounting period

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

Functional currency

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

Preparation of separate financial statements

According to IFRS 10, Satair A/S is exempt from preparing consolidated financial statements as:

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Foreign currency translation

Transactions denominated in foreign currencies in the course of the year are translated at the exchange rates at the transaction date. Gains and losses arising between the exchange rates at transaction date and date of payment are recognised in the income statement.

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

Derivative financial instruments

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

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

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

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

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

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

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

INCOME STATEMENT

Revenue from sale of goods

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

Cost of goods sold

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

Other operating income

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

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

Staff expenses

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

Other expenses

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

Amortisation, depreciation and impairment

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

Financial income and expenses, net

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

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

Notes

Note 1 Accounting policies (continued)

Tax

Income tax expenses consists of current tax and deferred tax for the year, the effect on deferred tax of changes in tax rates, and adjustments of current tax relating to previous years. Such part of tax for the year as is attributable to items directly under statement of comprehensive income is taken directly to this.

Current tax is calculated at the tax rate applicable for the year. Deferred tax is measured according to the tax rules and at the tax rates applicable by law in the respective countries at the balance sheet date when the deferred tax is expected to materialise as current tax.

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

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

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

FINANCIAL POSITION

Intangible assets

Acquired distribution rights are recognised at cost less amortisation.

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

Amortization

Rights under non-cancellable contracts are amortised on a linear basis over the contract term. Other rights are amortised on a linear basis over the expected useful life.

The expected useful lives are as follows:

Owned assets:

- Distribution rights 3 - 20 years
- IT-Software and development costs 3 - 5 years

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

Please refer to note 11 for further information on the amortisation profiles of the company's distribution rights.

Property, plant and equipment

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

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

Leases

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

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

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

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

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

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

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

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

Notes

Note 1 Accounting policies (continued)

Right-of-use asset

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

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

Depreciation

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

Owned assets:

- Office and warehouse buildings 30 - 50 years
- IT-hardware 3-5 years
- Fixtures, fittings, tools and equipment 3-7 years

Right-of-use assets:

- Office and warehouse buildings 5 - 10 years
- Operating equipment 3-4 years

The depreciation periods are based on experience with regard to the duration of the period in which such assets are in use.

The residual values and useful lives of assets are reassessed and changed, if necessary, at each balance sheet date.

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

Investments

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

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

Impairment of non-current assets

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

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

Inventories

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

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

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

Receivables

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

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

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

Cash and cash equivalents

Cash and short term deposits in the statement of financial position comprise cash at banks and cash on hand. Cash pool with the Airbus Group is presented as intragroup receivable/payable.

Shareholders' equity

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

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

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

Provisions

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

Financial liabilities

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

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

Other payables are measured at net realizable value.

Notes

Note 2 Significant accounting estimates and judgements

Fair value measurement

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

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

All assets and liabilities measured at fair value, or in respect of which the fair value is disclosed, are categorised into levels within the fair value hierarchy based on the lowest level input that is significant to the entire fair value measurement, see below:

Level 1: Quoted prices in an active market for identical assets or liabilities

Level 2: Inputs other than quoted prices included in Level 1 that are observable either directly or indirectly

Level 3: Inputs that are not based on observable market data (valuation techniques that use inputs that are not based on observable market data)

STATEMENT OF CASH FLOWS

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

Cash flow from operating activities is calculated as EBITDA of the year adjusted for non-cash operating items, interest received, interest paid, income taxes paid and working capital changes.

Cash flow from investing activities comprises payments in connection with acquisition and divestment of enterprises or assets. Cash flow from financing activities comprises the raising of loans, installments on loans, payment of dividends and increases of the share capital.

Cash flow concerning acquired companies is recognized from the date of acquisition, while cash flow concerning divested companies is recognized until the date of divestment.

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

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

Ratios

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

Uncertainties in the estimates

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

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

Accounting estimates

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

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

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

When entering into new inventory consignment contracts Satair's management determines whether the company is entering into an agency relationship by evaluating if the company is exposed to the significant risks and rewards associated with the sale of goods. There are four criteria that, individually or in combination, indicate that the company is acting as principal:

- Satair has the primary responsibility for providing the goods to the customer or for fulfilling the order;
- Satair has the inventory risk before the customer order or on return;
- Satair has latitude in establishing prices, either directly or indirectly;
- Satair bears the customer's credit risk on the receivable due from the customer.

Impairment of inventories

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

Impairment of trade receivables

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

Notes

Note 3 Specification of revenue

USD thousands	2022	2021
Europe, Middle East, Africa	317,264	210,614
Americas	76,607	51,570
Asia Pacific	70,028	53,809
	463,899	315,993

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

Note 4 Other operating income

USD thousands	2022	2021
Management fee 1)	14,958	25,236
Covid-19 related government support	32	3,270
	14,990	28,506

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

Note 5 Staff expenses

USD thousands	2022	2021
Wages, salaries and fees	26,166	24,382
Pensions, defined contribution	2,196	2,193
Other social security expenses, etc.	188	(1,284)
Other staff related expenses	1,212	600
	29,762	25,891
Average number of employees (FTE)	242	233

Salary and bonus to the Management Board in 2022 is not shown with reference to ARL § 98b.
A group of senior managers are part of a Long-Term Incentive Plan (LTIP) which is designed to reward long-term commitment, company performance as well as engagement on financial targets subject to cumulative performance over a three-year period.

Notes

Note 6	Inventory		
USD thousands		2022	2021
Commercial products		139,317	132,723
Prepayments to vendors		1,701	1,026
Inventory		141,018	133,749
Cost of goods sold exclusive of write-downs		(406,086)	(283,854)
Inventory write-down for the year 1)		(17,586)	(8,640)
Reversal of inventory write-downs for the year due to sale		50	14
Cost of goods sold		(423,622)	(292,480)

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

Note 7	Trade receivables		
USD thousands		2022	2021
Not due		27,912	15,574
Overdue 1 - 60 days		7,603	3,449
Overdue 61 - 360 days		5,420	2,136
Overdue more than 360 days		362	2,202
Gross trade receivables		41,297	23,361
Write-downs at 1 January		(2,055)	(2,579)
Write-down for the year		(2,050)	524
Write-downs at 31 December		(4,105)	(2,055)
Net trade receivables (maximum credit risk)		37,192	21,306

Trade receivables ECL model 31 December 2022

	Current	1-30	31-60	61-90	91-180	181-360	+360	Total
Expected credit loss rate	0.2%	0.4%	1.4%	2.9%	5.1%	14.3%	41.1%	
<i>USD thousands</i>								
Balance 31 December 2022	27,912	4,285	3,318	1,251	1,995	2,175	362	41,297
Legally bad debt	-	(6)	(6)	(0)	(28)	63	1,721	1,745
Additional writeoffs							1,644	1,644
Expected credit loss	55	12	41	37	73	374	3,514	4,105

Notes

Trade receivables ECL model 31 December 2021

	Current	1-30	31-60	61-90	91-180	181-360	+360	Total
Expected credit loss rate	0.2%	0.4%	1.2%	2.2%	3.3%	8.4%	30.2%	
USD thousands								
Balance 31 December 2021	15,576	2,111	1,337	668	871	589	2,210	23,361
Legally bad debt	1	(2)	(0)	(7)	3	(4)	1,766	1,756
Additional writeoffs							226	226
Expected credit loss	37	7	16	7	32	45	1,910	2,055

Note 8 Non-cash items and changes in working capital

Non-cash items 16,7 M.USD consist primarily of write-down of slow-moving inventory of 12,7 M.USD and Provision for doubtful debt 2,0 M.USD,

USD thousands	2022	2021
Change in trade receivables	(15,886)	(5,922)
Change in inventory	(21,894)	24,099
Change in other receivables	(1,121)	1,846
Change in trade payables	3,600	2,028
Change in intra-group trade balances	34,848	(29,386)
Change in other liabilities	(4,759)	(908)
	(5,212)	(8,242)

Note 9 Other receivables

USD thousands	2022	2021
Prepayments to suppliers	2,421	2,064
Derivatives	-	99
Other receivables	924	61
	3,345	2,224

Note 10 Other liabilities

USD thousands	2022	2021
Prepayments from customers	259	2,107
Derivatives	623	198
Staff related liabilities	4,258	4,673
Other liabilities	299	339
	5,439	7,317

Notes

Note 11 Intangible assets

2022			
USD thousands	Distribu- tion rights	Software and other intan- gible assets	Total
Cost at 1 January	57,231	19,102	76,333
Additions	1,000	-	1,000
Cost at 31 December	58,231	19,102	77,333
Amortisation, disposals and impairment losses at 1 January	(38,204)	(17,218)	(55,422)
Amortisation	(5,701)	(805)	(6,505)
Amortisation and impairment losses at 31 December	(43,905)	(18,023)	(61,927)
Carrying amount at 31 December	14,326	1,080	15,406

As of 31 December 2022 carrying amounts of distribution rights agreements that are material on their own comprise:

- Distribution rights regarding sale of specific product lines amortised fully in year 2023: USD 2.1 million
- Distribution rights regarding sale of specific product lines amortised fully in year 2025: USD 6.2 million
- Distribution rights regarding sale of specific product lines amortised fully in year 2026: USD 3.1 million
- Distribution rights regarding sale of specific product lines amortised fully in year 2027: USD 0.3 million
- Distribution rights regarding sale of specific product lines amortised fully in year 2033: USD 1.3 million
- Distribution rights regarding sale of specific product lines amortised fully in year 2036: USD 1.4 million

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

Notes

Note 12 Property, plant and equipment

2022

USD thousands	Land and buildings	Right-of-use Land and buildings	Plant and equipment	Right-of-use Plant and equipment	Total
Cost at 1 January	10,793	2,128	2,933	264	16,118
Additions	14	622	48	272	956
Cost at 31 December	10,807	2,750	2,981	536	17,074
Depreciation and impairment losses at 1 January	(4,778)	(800)	(2,519)	(258)	(8,355)
Depreciation	(242)	(269)	(97)	(65)	(672)
Depreciation and impairment losses at 31 December	(5,020)	(1,069)	(2,616)	(323)	(9,027)
Carrying amount at 31 December	5,788	1,681	365	213	8,047

2021

USD thousands	Land and buildings	Right-of-use Land and buildings	Plant and equipment	Right-of-use Plant and equipment	Total
Cost at 1 January	10,760	2,128	5,789	264	18,941
Additions	33	-	4	-	37
Disposals	-	-	(2,860)	-	(2,860)
Cost at 31 December	10,793	2,128	2,933	264	16,118
Depreciation and impairment losses at 1 January	(4,537)	(545)	(5,224)	(236)	(10,542)
Depreciation	(241)	(255)	(149)	(22)	(667)
Disposals	-	-	2,854	-	2,854
Depreciation and impairment losses at 31 December	(4,778)	(800)	(2,519)	(258)	(8,355)
Carrying amount at 31 December	6,016	1,328	414	6	7,763

Notes

Note 13 Investments in subsidiaries

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

USD thousands	2022	2021
Cost at 1 January	51,121	51,121
Carrying amount at 31 December	51,121	51,121

There is no indication of impairment of the investments in subsidiaries as per 31 December 2022.

Note 14 Share capital

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

USD thousands	Nominal value	Number of shares
Share capital at 31 December 2021	13,138	4,384,196
Movements during the year	-	-
Share capital at 31 December 2022	13,138	4,384,196

Note 15 Net cash balance

USD thousands	2022	2021
Cash and cash equivalents	-	322
	-	322

Satair A/S has credit facilities in total of 213 M.USD (227 M.USD) of which 207 M.USD (222 M.USD) are not utilised. The not utilised credit facilities are deemed sufficient to secure Satair A/S' ongoing operations.

Notes

Note 16 Financial income and expenses

USD thousands	2022	2021
Financial income		
Interest income from intra-group companies 1)	-	4
Interest income from related parties 2)	192	2
Foreign exchange adjustment	3,271	940
	3,463	946
Financial expenses		
Other financial expenses	513	(1)
Foreign exchange adjustment	(2,837)	(83)
	(2,324)	(84)
Net income/(expense)	1,138	862

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

²⁾ Relates to Airbus SE (ultimate parent company)

Notes

Note 17 Financial assets and liabilities

Financial risks

Satair A/S' risk management policy

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

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

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

Market risk

Currency

Invoicing is in USD and EUR with USD as the functional currency. Of the total revenue, sales in USD account for approximately 94% and does not represent a currency risk. The remainder has not been hedged.

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

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

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

Interest rates

Satair A/S' interest rate risk relates to its credit facilities with its ultimate owner Airbus SE. The total net cash amounts to USD 0.0 million (USD 0.3 million).

Capital management

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

Credit risk

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

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

Liquidity risk

Satair A/S' financial reserves at 31 December 2022 consist of loans and credits taken out with the parent company or with banks.

Categories of financial instruments

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

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

Notes

Note 17 Financial assets and liabilities (continued)

USD thousands	2022	2021
Financial assets measured at amortised cost 1)		
Trade receivables	37,192	21,306
Receivables from intra-group companies and other related parties	31,704	50,997
Other receivables	3,345	2,224
Cash and cash equivalents	-	322
	72,241	74,849
Financial assets measured at fair value		
Derivatives 2)	(623)	99
Financial liabilities measured at amortised cost 1)		
Payables to intra-group companies and other related parties	(17,314)	(6,548)
Trade payables	(36,347)	(32,747)
Loans and borrowings	(527)	(1,776)
Current part of loans and borrowings	(1,624)	(2,421)
Tax payable	-	(14)
	(55,812)	(43,506)
Financial liabilities measured at fair value		
Net financial assets/(liabilities)	15,806	31,442

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

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

The financial liabilities are expected to mature within one year except for USD 527k (USD 1,776k) which are expected to mature within 1-5 years. Please see note 20.

Non-current staff related liabilities consist of frozen holiday pay obligation.
The company settled the liability in 2022, hence the liability is nil.

USD thousands

Maturity analysis - contractual undiscounted cash flow	2022	2021
Less than one year	-	24
One to five years	-	175
More than five years	-	5,580
	-	5,779

Notes

Note 18 Derivatives

Satair A/S uses forward contracts to manage the currency risk. Use of forward contracts are included in the company's risk management. The risk management includes proper identification of the hedged transactions which are related to operating costs in foreign currencies. The risk management includes effectiveness analysis including identification of the transactions which are deemed to be highly probable and presents an actual exposure to affect profit and loss. All derivatives are qualified as effective cash-flow hedging at the balance sheet date. No ineffectiveness regarding cash-flow hedges has occurred in 2022.

As at 31 December 2022, the company had currency hedge commitments for a total of USD 115,1 million (USD 86,9 million) which were made against DKK at an average USD/DKK rate of 682,76. The principal fair value of currency hedging contracts signed at 31 December 2022 amounts to USD 114,5 million (87,0 million). Unrealized gain (fair market value) amounts to USD 0,6 million (USD 0,1 million).

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

2022

USD thousands	Contract value at year-end	Principal fair value at year-end	Realised gain/(loss)	Unrealised gain/(loss)	Maturity
DKK currency	-	-	(3,038)	-	2022
DKK currency	58,113	55,831	-	(2,282)	2023
DKK currency	57,008	58,667	-	1,659	2024
	115,121	114,498	(3,038)	(623)	

2021

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

Notes

Note 19 Lease liabilities

Lease liabilities	Right of use Land and buildings	Right of use Plant and equipment	Total
Balance 1 January 2022	852	184	1,036
Addition in the year	622	272	894
Unwinding of interest	88	15	103
Payments	-468	-125	-592
Balance 31-12-2022	1,094	347	1,441
Lease liabilities, undiscounted			
Less than 1 year	403	123	526
Between 1 and 5 years	762	232	994
Lease liabilities undiscounted 31-12-2022	1,165	355	1,520
Leasing liabilities recognized on balance			
Current	362	115	477
Non - current	732	232	964
Total	1,094	347	1,441
Amount recognized in the income statement			
Depreciation expense of right-of-use-assets	269	65	334
Interest expense on lease liabilities	88	15	103
Total cash outflow for leases in 2022	357	80	437

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

Notes

Note 20 Changes in liabilities arising from financing activities

2022 - USD thousands	1 January	Cash flows	Other	31 December
Current interest bearing loans & borrowings	2,421	(2,521)	1,724	1,624
Non-current interest bearing loans & borrowings	1,776	-	(1,249)	527
Total liabilities from financing activities	4,197	(2,521)	475	2,151

2021 - USD thousands	1 January	Cash flows	Other	31 December
Current interest bearing loans & borrowings	1,524	(2,421)	3,318	2,421
Non-current interest bearing loans & borrowings	417	-	1,359	1,776
Total liabilities from financing activities	1,941	(2,421)	4,677	4,197

Notes

Note 21 Fees to auditors elected at the Annual General Meeting

USD thousands	2022	2021
Audit services	92	89
Assurance engagements related to Covid-19 government support	-	21
	92	110

Note 22 Transactions with related parties

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

USD thousands	2022	2021
Trade		
Sales to intra-group companies 1)	139,899	104,019
Purchase from intra-group companies 1)	(92,977)	(62,831)
Sales to related parties 2)	33,749	15,636
Purchase from related parties 2)	(23,353)	(15,987)
	57,319	40,837
Balances		
Receivables from intra-group companies 1)	18,828	12,812
Payables to intra-group companies 1)	(9,675)	(6,548)
Receivables from related parties 2)	12,876	3,655
Payables to related parties 2)	(7,639)	(5,270)
Cash pool with related parties 3)	-	34,530
	14,390	39,179

¹⁾ Relates to Satair Group entities including the related party Satair USA Inc. Please refer to note 28 for further information.

²⁾ Relates to other Airbus Group entities

³⁾ Relates to Airbus SE (ultimate parent company)

Please refer to Note 4 for further information on Management Fee.

Please refer to Note 5 for further information on transactions with Management.

Please refer to Note 16 for further information on financial income from and expenses to intra-group companies and related parties.

Satair A/S participates in a cash pool agreement within the Airbus Group. Airbus SE is the cash pool master and Satair A/S is a sub-account holder together with the group's other affiliated companies. Satair A/S' accounts in the cash pool agreement, which are included in the Annual Report under receivables and payables to related parties, amounts to -4,789 T.USD as of 31 December 2022. (2021: 34,530 T.USD.)

Airbus SE sweeps excess cash out of the individual bank accounts to the cash pool master accounts on a daily basis.

Notes

Note 23 Income taxes

USD thousands	2022	2021
Deferred tax on profit/(loss) for the year	2,002	306
Adjustments regarding previous years	1,234	5
Income taxes	3,236	311
Tax specification		
Tax charged to the income statement	3,236	311
Tax charged to the equity	137	343
	3,373	654
Reconciliation of tax percentage		
Danish tax percentage	22.0%	22.0%
Tax effect from previous years	12.6%	-4.2%
Effective tax percentage	34.6%	17.8%

Note 24 Deferred tax

USD thousands	2022	2021
Deferred tax (assets)/liabilities at 1 January	(8,591)	(7,937)
Tax on profit/(loss) for the year	(2,002)	(306)
Tax on other comprehensive income/equity	(137)	(343)
Deferred tax regarding previous years	151	(5)
Deferred tax (assets)/liabilities at 31 December	(10,579)	(8,591)
Deferred tax specification		
Tax loss carry forward	(12,260)	(10,741)
Property, plant and equipment	323	431
Derivatives	(137)	(22)
Other	1,495	1,740
	(10,579)	(8,591)

Notes

Note 25 Contingent liabilities

Satair A/S has issued a guarantee of USD 3.5 million for its subsidiary Satair UK Ltd. related to a lease agreement.

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

Note 26 Pledges and security

A mortgage bond registered to Satair A/S at a total value of DKK 30 million (DKK 30 million) equal to USD 4.3 million has been issued and is in the company's possession.

Note 27 Commitments

At 31. December 2022, Satair A/S had commitments of USD 2.078 thousands (2021: USD 10.178 thousands) relating to SAP, hosting, backup, communication and similar IT related services. USD 1.923 thousands fall due within 1 year and USD 155 thousands fall due after more than 1 year.

Notes

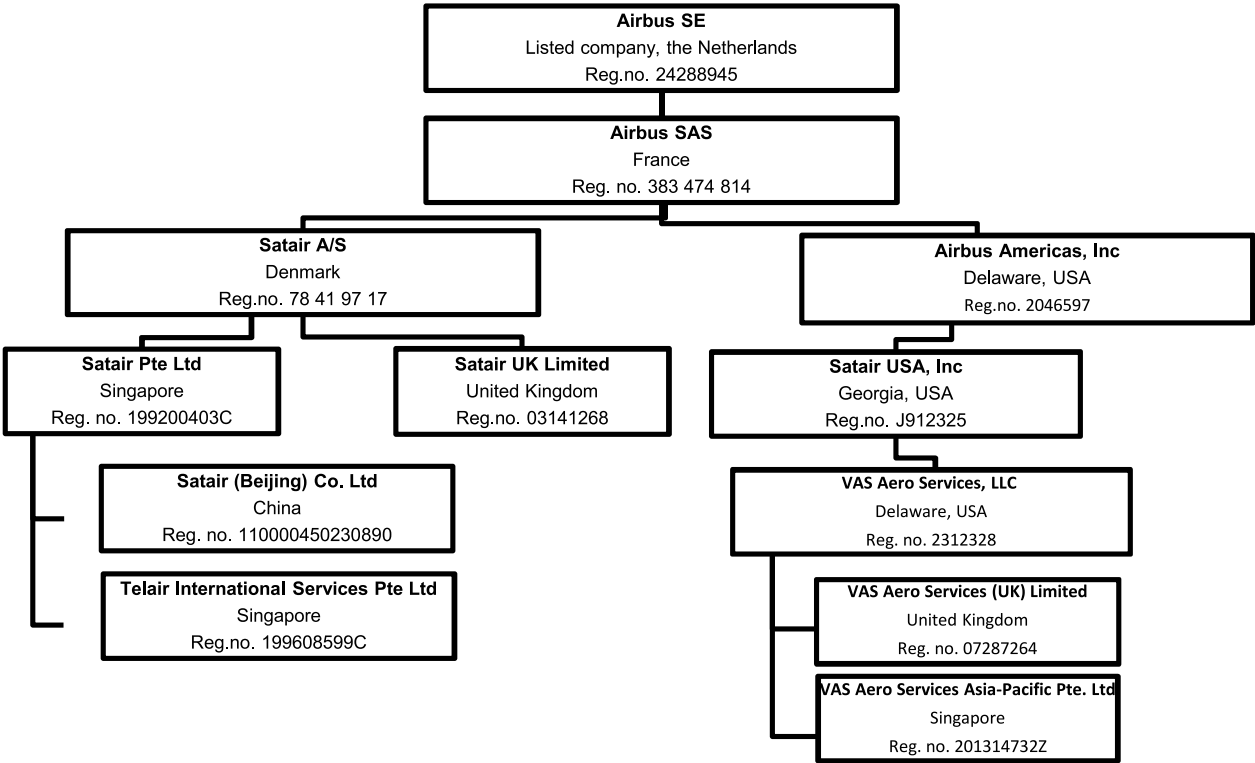
Note 28 Events after the reporting period

Satair A/S is not aware of any events subsequent to 31 December 2022, which are expected to have a material impact on the financial position as reflected in the Financial Statement for 2022. The current forecast for 2023 indicates that a going concern assumption is appropriate.

Note 29 Subsidiaries

USD thousands (2021 figures)	Country	Ownership	Net profit	Equity
Subsidiaries				
Satair UK Ltd.	United Kingdom	100%	361	8,450
Satair Pte. Ltd.	Singapore	100%	(873)	92,644

Legal structure including related group companies



Definitions

The key figures and ratios are calculated as stated below:

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