Annual Report
2022

Nordic Aviation Capital

Nordic Aviation Capital ("NAC", "The Company", or the "Group") is a global leader in regional aircraft leasing and is expanding into larger narrowbody aircraft leveraging its world class asset management platform.

History of NAC
NAC was founded in 1990 in Denmark. For the first 25 years, the business focused on turboprops. From 2015 to 2020, it doubled its fleet principally by expanding into regional jets.

In January 2020, the Company moved to a new headquarters in Ireland and its fleet value was circa $7 billion, with over 500 aircraft owned, managed and committed.

Due to the pandemic crisis, lack of adequate equity and various portfolio issues, NAC underwent a major financial restructuring during 2021/22, including a Chapter 11 filing. A new senior management team, ownership group and Board of Directors were established.

In June 2022, the Company successfully emerged from its restructuring with a much-improved balance sheet and financial position, including over $500 million of liquidity and growth capital. The fleet at exit was over 370 aircraft owned, managed, and committed, with assets of over $3 billion and significantly reduced debt.

Introduction

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A note from the Chairman

While 2022 represented another challenging year for the aviation sector and indeed NAC, we have made valuable progress.

NAC successfully concluded its financial restructuring in mid 2022. Following emergence, a new board was appointed, representing a combination of corporate governance memory, including that obtained during the restructuring period, and appropriate new industry and legal expertise well suited to guide NAC in its next chapter.

In July 2022, the Board announced with great sadness the passing of its Board colleague, Justin Bickle. Justin was instrumental in helping NAC to successfully restructure over $6 billion of debt and emerge from Chapter 11. He was relentless in his drive to improve the situation of NAC. He is greatly missed on the Board and as a friend.

The new Board has established best-in-class corporate governance processes with its Audit, Transaction & Risk and Nomination & Compensation committees providing appropriate guidance and control to the organization. In addition to the new senior management team and capital structure, these committees ensure that NAC is well-positioned to deliver future growth with the appropriate levels of corporate governance, ethics, and oversight.

Furthermore, the new Board is actively engaged with shareholders and management to chart an optimal course for NAC to combine growth with risk and liability management optimizing equity returns for its shareholders.

The year has been challenging, but the talent, dedication, and hard work of all our employees has enabled us to face these challenges head-on. Since our restructuring in June 2022, we have delivered solid operational and financial performance, and a turnaround is well underway. I want to take this opportunity to thank our senior management team, my Board colleagues and indeed all employees for their efforts over the last year.

The Board continues to monitor the challenging business environment for its aviation assets which is expected to ease but not disappear during 2023. If we have learned anything from the last 3 years, it is that there can be no certainty of what the future holds but the Board is confident that NAC is well positioned to face and overcome any challenges as they arise and can look forward with confidence.

Klaus Heinemann
Chairman of the Board

A note from the President & CEO

The NAC team made substantial progress on four key objectives during 2022.

01. Right sized the balance sheet. NAC's financial restructuring which commenced in late 2021 was concluded successfully by June 2022 with very strong support from creditors and the new equity group. Debt was significantly reduced from $6.4 billion to $2.2 billion. Aircraft and other assets had been significantly marked down to reflect market realities post the pandemic. A more cost-effective third-party lender replaced the original liquidity line of credit. The ATR orderbook was also reduced from 44 to 17, while the A220 order for 20 units was maintained.

02. Drove organizational change. Staff levels have been reduced by 40% from a peak of 210 to about 125 today. We decided to exit our Part M/145 Maintenance Repair and Overhaul activity in Denmark during the fall and outsourced multiple finance and contracts administrative roles to a third-party provider to focus on our core competencies. Meanwhile, a highly experienced leadership team was installed, nearly all of whom are ex-colleagues of mine from a top aircraft lessor. Multiple other staff also joined from the same firm at various levels and in different functions – over 25 new hires, including my direct reports. Given our common background, more rigorous processes were rapidly implemented in critical areas such as risk, compliance, portfolio management and pricing. A highly experienced Board of Directors was also named in mid 2022, and improved governance processes have been adopted.

03. Stabilized the portfolio. During the pandemic, peak AOGs were about 115 and overdue receivables were over $500 million. The NAC team has worked hard to lower AOGs to 3 and trade receivables to $15 million net of reserves by the end of 2022. Plans have been negotiated and are being implemented to reduce the amount further. Mature aircraft sales also commenced during 2022, with solid progress being made. A full life cycle approach is being used. Older assets are being sold to airlines, part-out companies and other leasing companies. Engines in good condition are being leased out, or green time is being used to avoid OEM shop visits. Cargo conversion packages were also purchased for ATR and Embraer aircraft with several lessees already under LOI or contract.

04. Commenced pivot to growth. During July 2022, NAC arranged a $400 million warehouse revolving credit facility with Deutsche Bank AG, Royal Bank of Canada and Citi. With this line and the $537 million of growth capital/liquidity provided by the new equity group, we were able to start our pivot during the fall of 2022. We are off to a good start with almost $300 million in aircraft contracted or awarded, consisting of two A321neos, three B737NGs and two A320neos. Our marketing team is actively pursuing airline customers globally, plus OEMs and secondary lessor trading desks, to build further pipeline for 2023 and 2024. Portfolio construction is critical in terms of lessee credits, new versus used technology, geographical mix and in obtaining satisfactory returns.

2022 was a transformational year for NAC in terms of portfolio and platform development. I would like to especially thank our dedicated team members, our new Board, our airline customers, our lenders and investors, and our suppliers for their strong support. For 2023 we are methodically developing our ESG strategy and hope to release our first report during the first quarter. While the macro environment in the year ahead is evolving and uncertain, I am confident of our prospects for growth and the strong organization we are building.

Norman C. T. Liu
President & CEO

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Finance

Directors and other information

Directors[1]
Klaus Heinemann (German), Chairman,
Non-Executive Director
Norman C. T. Liu (American), Executive Director
Patrick Blaney (Irish), Non-Executive Director
Martin Cooke (Irish), Non-Executive Director
Paul O'Donnell (Irish), Non-Executive Director
Catherine Duffy (Irish), Non-Executive Director
Dermot Mannion (Irish), Non-Executive Director

Secretary
Trina Walsh (Irish)

Registered office
Gardens International
Henry Street
Limerick City
Ireland

Registered number
567526

Independent Auditors
KPMG
Chartered Accountants
1 Harbourmaster Place
IFSC
Dublin 1
Ireland

[1] Rodney Sheridan, Philip Bolger, Paul Keglevic and Stefan Selig resigned on 1 June 2022. Klaus Heinemann, Norman C. T. Liu, Catherine Duffy and Dermot Mannion were appointed on 1 June 2022. Justin Bickle deceased 9 July 2022.

Directors' report for the year ended 31 December 2022

The Directors present their annual report together with the audited consolidated financial statements of Nordic Aviation Capital Designated Activity Company (the "Company") and its subsidiaries (together and hereinafter "NAC" or the "Group") for the year ended 31 December 2022. The Group aligned its reporting period with its peers and changed the reporting period from 1 July to 30 June to 1 January to 31 December. Therefore, the financial statements for the period ended 31 December 2021 was a conversion period consisting of only 6 months and, accordingly, are not entirely comparable with the financial statements for the current reporting period consisting of 12 months.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Principal activities
NAC is a commercial aircraft leasing group focused on ownership, leasing, servicing, lease management, trading and financing of commercial passenger jet and turboprop aircraft. The Group is a global leader in regional aircraft leasing and is expanding into larger narrowbody aircraft leveraging its world class asset management platform. The Group has offices in Ireland, Denmark, Canada, China, Hong Kong, Singapore and the United States.

The Group's activities are predominantly denominated in US Dollars ("$"), which is the functional currency of the Company. The consolidated financial statements are presented in $.

NAC Aviation 29 DAC, a company in the Group, has issued bonds listed on the Cayman Islands Stock Exchange ("CSX"). Further details are set out in Note 15.

Fleet
At 31 December 2022, the Group owned 315 aircraft (480 aircraft at 31 December 2021) and managed nil aircraft (7 managed aircraft at 31 December 2021). Additionally, it had purchase commitments for 39 aircraft (64 aircraft at 31 December 2021). The aircraft portfolio had a weighted-average age of 8.5 years (8.1 years at 31 December 2021) and a weighted-average remaining lease term of 3.4 years (3.6 years at 31 December 2021).

In connection with the successful completion of the financial restructuring process the Group transferred the ownership of 127 aircraft to certain lenders and other parties. Additionally, the Group sold 31 aircraft during 2022.

Results and dividends
The Group delivered revenue of $619.2 million for the year ($323.6 million for the 6 month period ended 31 December 2021), operating profit before depreciation, impairment and amortization of $442.2 million ($173.7 million for the 6 month period ended 31 December 2021), a profit before tax of $2,784.2 million (a loss of $1,461.8 million for the 6 month period ended 31 December 2021) and a net profit of $2,802.3 million (a net loss $1,441.1 million for the 6 month period ended 31 December 2021). The Group reported a positive cash-flow from operations of $424.0 million ($94.7 million for the 6 month period ended 31 December 2021) and a positive total cash flow of $374.8 million (negative $47.9 million for the 6 month period ended 31 December 2021).

The Group's financial performance and net profit was significantly impacted by the successful completion of the financial restructuring process on 1 June 2022 as set out in Note 2.

At 31 December 2022, the Group had total assets of $3.7 billion ($4.8 billion at 31 December 2021), including aircraft and related components of $2.5 billion ($3.8 billion at 31 December 2021). The Group was in a net asset position of $0.7 billion (a net liability position of $2.6 billion at 31 December 2021).

Financing
The Group successfully completed the financial restructuring process on 1 June 2022 which resulted in a credit to equity of $3,512.5 million, and the effect on total comprehensive income was $3,095.6 million as set out in Note 2.

Directors' report for the year ended 31 December 2022 (continued)

The Group obtained financing to invest in its aircraft portfolio as well as additional funding for the future operations of the Group. On 27 June 2022 the Group entered into a $400 million warehouse facility to finance growth. On 4 October 2022 the Group entered into a $150 million super senior facility, replacing the super senior facility established upon the successful emergence from the financial restructuring process.

At 31 December 2022, loans and borrowings were $2.3 billion ($6.2 billion at 31 December 2021).

Subsidiaries
On 5 May 2022, the Group relinquished control of an entity owning 5 aircraft upon entering into a settlement agreement with a lender.

On 1 June 2022, the Group relinquished control of 22 entities owning 86 aircraft upon implementation of the financial restructuring.

Details of the activities carried out by subsidiary undertakings together with the information required by Section 314 of the Companies Act 2014 are set out in Note 25.

Principal risks and uncertainties
The Directors consider the following to be the principal risk factors that could materially and adversely affect the Group's future operating profits or financial position.

Liquidity and financing risk
The Group continuously forecasts its liquidity requirements and consistently maintains contact with its lenders. The Group's liquidity management policy involves projecting cash flows in major currencies and evaluating the level of liquid assets required. The analysis is used to monitor liquidity ratios against internal requirements and maintaining debt financing plans. With the aim of managing the liquidity risk, the Group ensures that sufficient cash is available to meet payment obligations and to adhere to covenant compliance under the respective loan agreements.

Residual values of the aircraft
The Group bears the risk of re-leasing or selling aircraft in its fleet at the end of their lease terms. If demand for aircraft decreases or market lease rates decrease, these factors could affect the market value of the portfolio or re-lease rates achieved. Should these conditions continue for an extended period, it could affect the market value of the portfolio and may result in impairment charges in accordance with IAS 36. The Directors look to mitigate these risks by actively managing the portfolio, lease durations, maintenance return conditions and selectively marketing aircraft for sale.

Credit risk of lease counterparties
The Group operates as a lessor to airlines. Its ability to succeed is partially dependent on the financial strength of its customers and their ability to compete effectively in the aviation market and manage in the competitive environment in which they operate. If airline customers experience financial difficulties, this may result in defaults or the early termination of leases. The Group continuously monitors and assesses its customer and credit exposure, and the Directors look to mitigate risks by negotiating security deposits and maintenance reserve payments as appropriate.

Geopolitical and economic risks
As a global business, the Group leases aircraft to customers in jurisdictions worldwide, exposing it to a variety of economic, social, legal and political risks. Exposure to multiple jurisdictions may adversely affect the Group's future performance, position and growth potential. The adequacy and timeliness of management's response to exposures in these jurisdictions is of importance to the mitigation of this risk.

As a consequence of the war in Ukraine, the Group relinquished control of 9 aircraft in Russia and Ukraine and derecognized the aircraft resulting in a loss of $83.5 million.

The Group continues to monitor the macro economic environment including inflationary risk and in particular the economic factors related to aircraft demand.

Global pandemics, such as COVID-19, represent a significant risk to the aviation industry and the Group continues to monitor the risk.

Interest rate and currency risks
Exposure to interest rate risk is minimized by maintaining a balance between fixed and floating rate debt instruments. In addition, the Group has entered into an interest rate hedging instrument to manage the risk of increasing interest rates.

The majority of the Group's transactions is denominated in $, the Group's functional currency.

For further detail on the principal financial risks and the Group and Company policy for managing these financial risks, refer to Note 19.

Going concern
The Group's business activities, together with factors likely to affect its future development, performance and position, are set out above along with the financial position. In addition, Note 19 to the financial statements includes the objectives, policies and processes for managing financial risk; details of financial instruments and hedging activities; and the exposure to credit risk and liquidity risk, to the extent these were in place at 31 December 2022.

In response to the unprecedented challenges faced by the Group following the outbreak of the COVID-19 pandemic, the Group, in December 2021, entered a voluntary restructuring process under chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of Virginia ("chapter 11").

On 4 May 2022, when the financial statements for the 6 month period ended 31 December were approved, the Directors had identified events and conditions that indicated the existence of a material uncertainty that cast doubt on the Group's ability to emerge successfully from the chapter 11 proceedings. The Group was required to satisfy certain conditions precedent to emerge. The conditions precedent generally required the Group to (I) effectuate the restructuring transactions; (ii) satisfy the fees, expenses, and other related payables of certain of its creditors and lenders; and (iii) remain in compliance with the restructuring support agreement and the plan of reorganization. If the Group did not satisfy the conditions precedent, the Group would not emerge from chapter 11.

The Group satisfied all conditions precedent and successfully emerged from chapter 11 on 1 June 2022. The successful emergence of the Group from the chapter 11 proceedings thereby removed the material uncertainty over the Group's ability to continue as a going concern.

Go-Forward Business Plan
The Group is a global leader in regional aircraft leasing and is expanding into larger narrowbody aircraft leveraging its world class asset management platform.

The Group is well-positioned from a funding and liquidity perspective with $560.5 million in cash and cash equivalents, and an undrawn $388 million warehouse facility to fund growth at 31 December 2022. Furthermore, the Group has other investments, not meeting the IFRS definition of cash and cash equivalents, including a $49 million deposit from aircraft sales proceeds which is to be used for future repayment of loans and investment in aircraft subject to certain terms and conditions, and a 6-month $50 million deposit at 31 December 2022. The funding for the existing portfolio has very limited scheduled amortization until 2026.

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Directors' report for the year ended 31 December 2022 (continued)

The Directors have considered the adequacy of the Group's funding, borrowing facilities, cash flows and profitability for at least the next 12 months and are satisfied that the financial statements are prepared on a going concern basis based on the future plans that the Directors have for the business.

Directors, secretary and their interests
The present Directors and secretary are listed on page 10.

The Directors and secretary who held office at 31 December 2022 did not have any interests in the share capital of the Company or any Group company.

Political donations
The Company did not make any political donations in the year ended 31 December 2022.

Accounting records
The Directors believe that they have complied with the requirements of Section 281 to 285 of the Companies Act 2014 with regard to keeping adequate accounting records by employing accounting personnel with appropriate expertise and by providing adequate resources to the finance function. The accounting records of the Company can be found at Gardens International, Henry Street, Limerick City, Ireland.

Audit Committee
During the financial year the Group established an Audit Committee in response to increasing reporting requirements and risk management. The Audit Committee is responsible for ensuring the integrity of the Company and Group's financial statements and for monitoring the effectiveness of the systems of financial control and risk management. The Audit Committee includes 3 independent non-executive Directors.

Directors compliance statement
The Directors, in accordance with Section 225(2) of the Companies Act 2014, acknowledge that they are responsible for securing the Group's compliance with certain obligations specified in that section arising from the Companies Act 2014, the Irish market abuse laws, and tax laws ("relevant obligations") as these terms are defined in the Companies Act 2014. The Directors confirm that:

— a compliance policy statement has been drawn up setting out the Group's policies with regard to such compliance;

— appropriate arrangements and structures that, in their opinion, are designed to secure material compliance with the Group's relevant obligations, have been put in place; and

— a review has been conducted, during the financial year, of the arrangements and structures that have been put in place to secure the Group's compliance with its relevant obligations.

Independent auditor
KPMG have indicated their willingness to continue in office in accordance with Section 383(2) of the Companies Act 2014.

Relevant audit information
The Directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Group's statutory auditor is aware of that information. Insofar as they are aware, there is no relevant audit information of which the Group's statutory auditor is unaware.

Subsequent events
Details of important events affecting the Group which have taken place since the end of the reporting period are disclosed in Note 26 to the financial statements.

On behalf of the Board
22 February 2023

Klaus Heinemann Chairman	Norman C. T. Liu Director
Patrick Blaney Director	Martin Cooke Director
Paul O´Donnell Director	Catherine Duffy Director
Dermot Mannion Director	

Statement of Directors' responsibilities in respect of the Directors' report and the financial statements

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and applicable law.

Under company law the Directors must not approve the Group and Company financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Company and of the Group's profit or loss for that year.

In preparing the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and which enable them to ensure that the financial statements of the Group and Company are prepared in accordance with applicable IFRS, as adopted by the EU and comply with the provisions of the Companies Act 2014. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The Directors are also responsible for preparing a Directors' report that complies with the requirements of the Companies Act 2014.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's and Company's website. Legislation in the Republic of Ireland concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Finance

On behalf of the Board
22 February 2023

Klaus Heinemann
Chairman

Norman C. T. Liu
Director

Patrick Blaney
Director

Martin Cooke
Director

Paul O´Donnell
Director

Catherine Duffy
Director

Dermot Mannion
Director

Independent auditor's report to the members of Nordic Aviation Capital Designated Activity Company

Report on the audit of the financial statements

Opinion
We have audited the financial statements of Nordic Aviation Capital Designated Activity Company ('the Company') and its consolidated undertakings ('the Group') for the year ended December 31, 2022 set out on pages 21 to 89, which comprise the Consolidated statement profit or loss and other comprehensive income, Consolidated statement of financial position, Consolidated statement of cash flows, Consolidated statement of changes in equity, Company statement of financial position, Company statement of cash flows, Company statement of changes in Equity and related notes, including the summary of significant accounting policies set out in Note 27.

The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2014.
In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Group and Company as at December 31, 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 2014; and
- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. 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 Group in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), 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.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorized for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information
The Directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the Directors' report, the "A note from the Chairman" section of the Annual Report and the "A note from the President & CEO" section of the Annual Report.

The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information undertaken during the course of the audit, we report that:

- we have not identified material misstatements in the Directors' report, the "A note from the Chairman" section of the Annual Report or the "A note from the President & CEO" section of the Annual Report;
- in our opinion, the information given in the Directors' report is consistent with the financial statements;
- in our opinion, the Directors' report has been prepared in accordance with the Companies Act 2014.

Our opinion on other matters prescribed by the Companies Act 2014
We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

We have nothing to report on other matters on which we are required to report by exception
The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of Directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

Respective responsibilities and restrictions on use

Responsibilities of Directors for the financial statements
As explained more fully in the Directors' responsibilities statement set out on page 16, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and 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 unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

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

A fuller description of our responsibilities is provided on IAASA's website at

https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements/

The purpose of our audit work and to whom we owe our responsibilities
Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Niall Naughton
24 February 2023

for and on behalf of

KPMG
Chartered Accountants, Statutory Audit Firm
1 Harbourmaster Place
IFSC
Dublin 1
Ireland

Consolidated financial statements

1st of January 2022 - 31st of December 2022

Consolidated statement of profit or loss and other comprehensive income

$'000	Note	12 month period to 31 December 2022	6 month period to 31 December 2021
Revenue	3	619,161	323,594
Profit on disposal of property, plant and equipment		32,868	-
Expected credit loss on trade receivables	11	-61,956	-83,597
Other operating costs		-58,592	-18,474
Staff costs	4	-56,590	-35,709
Administrative expenses		-32,711	-11,331
Share of profit/loss after tax from equity-accounted investments		-	-830
Operating profit before depreciation, impairment and amortization		**442,180**	**173,653**
Depreciation, impairment and amortization	7,8	-372,668	-1,045,763
Operating profit/loss (EBIT)		**69,512**	**-872,110**
Financial income	5	2,673,826	8,787
Gain/loss on disposal of entities	5	447,485	-
Financial expenses	5	-406,611	-598,493
Net finance income/(costs)		**2,714,700**	**-589,706**
Profit/loss before tax		**2,784,212**	**-1,461,816**
Tax on profit/loss	6	18,109	20,673
Profit/loss for the period		**2,802,321**	**-1,441,143**

Profit/loss attributable to:

$'000	12 month period to 31 December 2022	6 month period to 31 December 2021
Equity owners of the Group	2,802,321	-1,441,143

Consolidated statement of comprehensive income

$'000	Note	12 month period to 31 December 2022	6 month period to 31 December 2021
Profit/loss for the period		2,802,321	-1,441,143
Other comprehensive income			
Items that are or may be reclassified to the statement of profit or loss:			
Fair value adjustment of hedging instruments	15	3,802	-
Cost of hedging transferred to profit/loss		2,879	-
Tax related to other comprehensive income		-850	-
Other comprehensive income/(loss), net of tax		**5,831**	**-**
Total comprehensive income/(loss)		**2,808,152**	**-1,441,143**

Total comprehensive income/(loss) attributable to:

$'000	12 month period to 31 December 2022	6 month period to 31 December 2021
Equity owners of the Group	2,808,152	-1,441,143

All profits and total comprehensive income for the current year and preceding financial period are attributable to the owners of the Group.

The accompanying notes on pages 35 to 89 form an integral part of these consolidated financial statements.

Consolidated statement of financial position

$'000	Note	31 December 2022	31 December 2021
ASSETS			
Non-current assets			
Aircraft and related components	7	2,466,796	3,799,635
Other property, plant and equipment	8	8,826	15,414
Other assets	9	152,064	134,525
Receivables from finance leases	10	48,818	66,794
Trade and other receivables	11	2,394	11,063
Deferred tax assets	12	80,988	74,293
Total non-current assets		**2,759,886**	**4,101,724**
Current assets			
Receivables from finance leases	10	18,461	21,610
Inventory		14,455	6,340
Trade and other receivables	11	112,185	93,396
Other assets	9	117,360	67,245
Cash and cash equivalents	13	560,508	492,324
Assets held for sale	20	114,853	41,508
Total current assets		**937,822**	**722,423**
Total assets		**3,697,708**	**4,824,147**

Consolidated statement of financial position

$'000	Note	31 December 2022	31 December 2021
EQUITY AND LIABILITIES			
Equity			
Share capital		-	60,003
Share premium		1,455,043	750,845
Capital contribution		665,224	626,079
Hedging reserve		5,831	-
Other reserves		60,003	-
Retained earnings/(deficit)		-1,520,113	-3,997,379
Total equity	**14**	**665,988**	**-2,560,452**
Liabilities			
Non-current liabilities			
Loans and borrowings	15	2,280,077	1,522
Maintenance reserves	16	301,386	485,783
Trade and other payables	17	44,806	116,936
Deferred tax liabilities	12	4,159	4,096
Total non-current liabilities		**2,630,428**	**608,337**
Current liabilities			
Loans and borrowings	15	-888	6,187,448
Maintenance reserves	16	166,192	199,030
Trade and other payables	17	123,619	270,424
Corporation tax		62,281	75,792
Deferred income	18	3,365	16,421
Liabilities directly associated with assets held for sale	20	46,723	27,147
Total current liabilities		**401,292**	**6,776,262**
Total liabilities		**3,031,720**	**7,384,599**
Total equity and liabilities		**3,697,708**	**4,824,147**

The accompanying notes on pages 35 to 89 form an integral part of these consolidated financial statements.

On behalf of the Board 22 February 2023

Klaus Heinemann
Chairman

Norman C. T. Liu
Director

Patrick Blaney
Director

Martin Cooke
Director

Paul O´Donnell
Director

Catherine Duffy
Director

Dermot Mannion
Director

Consolidated statement of cash flows

$'000	Note	12 month period to 31 December 2022	6 month period to 31 December 2021
Cash flow from operating activities			
Profit/loss before tax		2,784,212	-1,461,816
Adjustments for:			
Change in receivables and payables	22	-467,461	98,192
Other adjusting and non-cash items	23	816,990	961,417
Movement in finance leases		14,323	7,866
Net finance costs	5	-2,714,700	589,706
Interest received		12,111	3,434
Interest paid		-17,022	-100,216
Corporation tax paid		-4,424	-3,876
Net cash generated from operating activities		**424,029**	**94,707**
Cash flow from investing activities			
Acquisition of assets recognized as property, plant and equipment and finance leases		-235,675	-20,622
Bank deposit		-50,000	-
Disposal of assets recognized as property, plant and equipment and finance leases		143,505	-
Net cash used in investing activities		**-142,170**	**-20,622**
Cash flow from financing activities			
Proceeds from indebtedness	15	285,400	-
Transaction costs related to loans and borrowings	15	-178,900	-117,925
Repayment of indebtedness	15	-305,334	-3,708
Repayment of lease liabilities		-2,541	-377
Disposal of entities		-42,100	-
Capital contribution		37,800	-
Change in restricted cash		298,664	-1
Net cash generated from financing activities		**92,989**	**-122,011**
Total cash flows		**374,848**	**-47,926**
Cash and cash equivalents at 1 January / 1 July		184,862	232,788
Cash and cash equivalents at 31 December	13	**559,710**	**184,862**

The consolidated statement of cash flows includes unrestricted cash only. See Note 13 – Cash and cash equivalents for further details.

The accompanying notes on pages 35 to 89 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

12 month period to 31 December 2022

$'000	Share capital	Share premium	Capital contribution	Hedging reserve	Other reserves	Retained earnings/ (deficit)	Total
Equity at 1 January	**60,003**	**750,845**	**626,079**	**-**	**-**	**-3,997,379**	**-2,560,452**
Profit/loss for the year	-	-	-	-	-	2,802,321	2,802,321
Other comprehensive income:							
Fair value adjustment of hedging instruments	-	-	-	3,802	-	-	3,802
Cost of hedging transferred to profit/loss	-	-	-	2,879	-	-	2,879
Tax related to other comprehensive income	-	-	-	-850	-	-	-850
Total comprehensive income	-	-	-	**5,831**	**-**	**2,802,321**	**2,808,152**
Transactions with owners of the Company and other equity transactions:							
Cancellation of existing shares	-60,003	-	-	-	60,003	-	-
Issuance of shares	-	379,143	-	-	-	-	379,143
Capital contribution	-	-	39,145	-	-	-	39,145
Transfer of gain on financial restructuring to share premium	-	325,055	-	-	-	-325,055	-
Total transactions with owners of the Company and other equity transactions	**-60,003**	**704,198**	**39,145**	**-**	**60,003**	**-325,055**	**418,288**
Equity at 31 December	**-**	**1,455,043**	**665,224**	**5,831**	**60,003**	**-1,520,113**	**665,988**

6 month period to 31 December 2021

$'000	Share capital	Share premium	Capital contribution	Hedging reserve	Other reserves	Retained earnings/ (deficit)	Total
Equity at 1 July	**60,003**	**750,845**	**626,079**	**-**	**-**	**-2,556,236**	**-1,119,309**
Profit/loss for the period	-	-	-	-	-	-1,441,143	-1,441,143
Other comprehensive income:							
Fair value adjustment of hedging instruments	-	-	-	-	-	-	-
Cost of hedging transferred to profit/loss	-	-	-	-	-	-	-
Tax related to other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	**-**	**-**	**-1,441,143**	**-1,441,143**
Transactions with owners of the Company and other equity transactions:							
Capital contribution	-	-	-	-	-	-	-
Total transactions with owners of the Company and other equity transactions	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Equity at 31 December	**60,003**	**750,845**	**626,079**	**-**	**-**	**-3,997,379**	**-2,560,452**

The accompanying notes on pages 35 to 89 form an integral part of these consolidated financial statements.

Company financial statements

1st of January 2022 - 31st of December 2022

Company statement of financial position

$'000	Note	31 December 2022	31 December 2021
ASSETS			
Non-current assets			
Investments in subsidiaries	25	405,420	-
Deferred tax assets		4,786	2,466
Total non-current assets		**410,206**	**2,466**
Current assets			
Trade and other receivables		7,836	11,572
Inventory		1,172	439
Amounts owed from group companies		839,936	1,984,036
Other assets		153,398	75,725
Cash and cash equivalents	13	543,813	134,440
Total current assets		**1,546,155**	**2,206,212**
Total assets		**1,956,361**	**2,208,678**

Company statement of financial position

$'000	Note	31 December 2022	31 December 2021
EQUITY AND LIABILITIES			
Equity			
Share capital		-	60,003
Share premium		1,455,043	750,845
Capital contribution		665,224	626,079
Other reserves		60,003	-
Retained earnings/(deficit)		-1,337,579	-2,000,123
Total equity	**14**	**842,691**	**-563,196**
Liabilities			
Non-current liabilities			
Loans and borrowings	15	148,285	-
Total non-current liabilities		148,285	-
Current liabilities			
Loans and borrowings	15	-690	522,971
Trade and other payables	17	15,304	49,691
Amounts owed to group companies		950,771	2,199,212
Total current liabilities		**965,385**	**2,771,874**
Total liabilities		**1,113,670**	**2,771,874**
Total equity and liabilities		**1,956,361**	**2,208,678**

The accompanying notes on pages 35 to 89 form an integral part of these Company financial statements.

On behalf of the Board 22 February 2023

Klaus Heinemann
Chairman

Norman C. T. Liu
Director

Patrick Blaney
Director

Martin Cooke
Director

Paul O´Donnell
Director

Catherine Duffy
Director

Dermot Mannion
Director

Company statement of cash flows

$'000	Note	12 month period to 31 December 2022	6 month period to 31 December 2021
Cash flow from operating activities			
Profit/loss before tax		660,223	-442,831
Adjustments for:			
Other adjusting and non-cash items		13,670	-
Repayment of amounts owed from group companies		1,694,466	-
Repayment of amounts owed to group companies		-1,248,441	-
Changes in receivables and payables		-59,058	13,809
Prepaid transaction costs in receivables		-	7,636
Change in provision for expected credit losses		-452,307	439,298
Impairment of investment in subsidiaries		-	2,914
Change in accrued interest		-16,073	-100
Foreign currency translation adjustments		-871	-791
Net finance costs		-604,312	-1,623
Interest received		38,252	22,559
Interest paid		-36,321	-449
Net cash generated from operating activities		**-10,772**	**40,422**
Cash flow from investing activities			
Investments in subsidiaries	25	-	-2,914
Bank deposit		-50,000	-
Net cash used in investing activities		**-50,000**	**-2,914**
Cash flow from financing activities			
Proceeds from indebtedness	15	270,000	41,201
Transaction costs related to loans and borrowings	15	-17,061	-9,228
Repayment of indebtedness	15	-120,000	-148,239
Issuance of shares		299,406	-
Capital contribution		37,800	-
Net cash generated from financing activities		**470,145**	**-116,266**
		-	-
Total cash flows		**409,373**	**-78,758**
Cash and cash equivalents at 1 January / 1 July		134,440	213,198
Cash and cash equivalents at 31 December	13	**543,813**	**134,440**

The accompanying notes on pages 35 to 89 form an integral part of these Company financial statements.

Company statement of changes in equity

12 month period to 31 December 2022

$'000	Share capital	Share premium	Capital contribution	Other reserves	Retained earnings/ (deficit)	Total
Equity at 1 January	**60,003**	**750,845**	**626,079**	**-**	**-2,000,123**	**-563,196**
Profit/loss for the year	-	-	-		662,544	662,544
Transactions with owners of the Company and other equity transactions:						
Cancellation of existing shares	-60,003	-	-	60,003	-	-
Issuance of shares	-	379,143	-	-	-	379,143
Capital contribution	-	-	39,145	-	-	39,145
Transfer of gain on financial restructuring to share premium	-	325,055	-	-	-	325,055
Total transactions with owners of the Company and other equity transactions	**-60,003**	**704,198**	**39,145**	**60,003**	**-**	**743,343**
Equity at 31 December	**-**	**1,455,043**	**665,224**	**60,003**	**-1,337,579**	**842,691**

6 month period to 31 December 2021

$'000	Share capital	Share premium	Capital contribution	Other reserves	Retained earnings/ (deficit)	Total
Equity at 1 July	**60,003**	**750,845**	**626,079**	**-**	**-1,552,533**	**-115,606**
Profit/loss for the period	-	-	-	-	-447,590	-447,590
Transactions with owners of the Company and other equity transactions:						
Capital contribution	-	-	-	-	-	-
Total transactions with owners of the Company and other equity transactions	**-**	**-**	**-**	**-**	**-**	**-**
Equity at 31 December	**60,003**	**750,845**	**626,079**	**-**	**-2,000,123**	**-563,196**

The accompanying notes on pages 35 to 89 form an integral part of these Company financial statements.

Notes

1st of January 2022 - 31st of December 2022

Notes to the consolidated financial statements

1 REPORTING ENTITY

Nordic Aviation Capital Designated Activity Company (the "Company" or "NAC") is incorporated and domiciled in the Republic of Ireland. The address of the Company's registered office is Gardens International, Henry Street, Limerick City, Ireland.

The direct shareholder of the Company is NAC Holdings Limited. The indirect shareholders are the creditors that in connection with the successful emergence from the financial restructuring process received shares or to whom any creditors may have sold or transferred their shares or the right to receive shares to.

The Group aligned its reporting period with its peers and changed the reporting period from 1 July to 30 June to 1 January to 31 December. Therefore, the financial statements for the period ended 31 December 2021 was a conversion period consisting of only 6 months and, accordingly, are not entirely comparable with the financial statements for the current reporting period consisting of 12 months. The financial statements of the Group comprise the consolidated statement of financial position at 31 December 2022 and 31 December 2021 as well as the results for the 12 month and 6 month periods respectively then ended for the Company and its subsidiaries.

Notes to the consolidated financial statements

2 FINANCIAL RESTRUCTURING

Consolidated

The Group successfully completed the financial restructuring process on 1 June 2022, and completed a comprehensive restructuring of its capital by entering a modification of its pre-emergence debt and related liabilities.

The financial restructuring resulted in a credit to equity of $3,512.5 million and the effect on total comprehensive income was $3,095.6 million. The impact to share and capital contribution and the statement of profit or loss from the financial restructuring is presented in the table below:

				Consolidated
$'000	Reference	Share capital and capital contribution	Profit	Total
Issuance of shares	1	379,143	-	379,143
Capital contribution	2	37,806	-	37,806
Gain on restructuring of financial liabilities	3	-	2,648,110	2,648,110
Gain/loss on disposal of entities	4	-	447,485	447,485
Total		**416,949**	**3,095,595**	**3,512,544**

1. Issuance of shares
On 1 June 2022, the Company cancelled the shares owned by the previous shareholder NAC Luxemburg II and issued 1 new share to NAC Holdings Limited with a nominal value of $1.00. The shares of NAC Holdings Limited were issued to the creditors participating in the equitization process or by their selected representatives. In accordance with the debt for equity guidance in IFRIC 19, the Company valued the share issued, as part of the debt for equity transaction, at fair value and recognized 1 new share at fair value of $379.1 million with $379.1 million as share premium and $1.00 as nominal share capital in equity. In assessing the fair value of the share, the Company considered the value of its continuing fleet as appraised by third party reports, and the post restructuring reinstated debt. Further guidance set out in Notes 14 and 27.

Under the Companies Act 2014 Section 64 (subsection 3), if the legal form of the consideration for the share issue is the release from the full amount of a liability, it is the carrying value of the liability, not the fair value of the debt that is transferred to share premium. Therefore, an additional amount of $325.1 million was transferred from retained earnings to share premium as set out in the statement of changes in equity on page 27.

2. Capital contribution
The shareholders of the Group collectively provided the Group's parent, the Company, with a capital contribution amounting to $37.8 million. The capital contribution was recognized as such in equity and was transferred in cash to the Group's parent, the Company.

3. Gain on restructuring of financial liabilities
On 1 June 2022, the pre-emergence debt was modified, and new loan agreements were entered into. The modified loan agreements represent a substantial modification under IFRS 9 as the terms of the debt were substantially modified including an extension of terms, changes in principal repayments and changes in credit spreads applied. On 1 June 2022, the Group de-recognized all loans that were substantially modified with a carrying value of $5,108.5 million, recognized new modified loans amounting to $2,299.0 million, and incurred related net cost amounting to $161.4 million. The first scheduled amortization falls due in 2026 and the remaining debt is scheduled to be amortized in 2032, as set out in Note 15. In total, the Group recognized a net gain of $2,648.1 million on the modification of its pre-emergence debt. The $2,648.1 million gain was recognized in the statement of profit or loss. Further guidance set out in Note 27.

4. Gain/loss on disposal of entities
On 5 May 2022, the Group relinquished control of an entity owning 5 aircraft upon entering into a settlement agreement with a lender. On 1 June 2022, the Group relinquished control of 22 entities, which owned 86 aircraft, at emergence from the financial restructuring process for nil consideration. Consequently, the Group relinquished control of those 23 entities and therefore, in accordance with IFRS 10, deconsolidated the entities as it no longer had control, ability to influence the returns or any exposure to the variable returns of those entities. The net liability position of the deconsolidated entities, $447.5 million, was released to income.

2 FINANCIAL RESTRUCTURING (CONTINUED)

Company

The Company successfully completed the financial restructuring process on 1 June 2022 which resulted in a credit to equity of $1,043.0 million, and the effect on total comprehensive income was $626.1 million.

The impact to share and capital contribution and the statement of profit or loss from the financial restructuring is presented in the table below:

				Company
$'000	Reference	Share capital and capital contribution	Profit	Total
Issuance of shares	5	379,143	-	379,143
Capital contribution	6	37,806	-	37,806
Gain on restructuring of financial liabilities	7	-	528,031	528,031
Gain/loss on disposal of entities	8	-	98,059	98,059
Total		**416,949**	**626,090**	**1,043,039**

5. Issuance of shares
On 1 June 2022, the Company cancelled the shares owned by the previous shareholder NAC Luxemburg II and issued 1 new share to NAC Holdings Limited with a nominal value of $1.00. The shares of NAC Holdings Limited were issued to the creditors participating in the equitization process or by their selected representatives. In accordance with the debt for equity guidance in IFRIC 19, the Company valued the share issued, as part of the debt for equity transaction, at fair value and recognized 1 new share at fair value of $379.1 million with $379.1 million as share premium and $1.00 as nominal share capital in equity. In assessing the fair value of the share, the Company considered the value of its continuing fleet as appraised by third party reports, and the post restructuring reinstated debt. Further guidance set out in Notes 14 and 27.

Under the Companies Act 2014 Section 64 (subsection 3), if the legal form of the consideration for the share issue is the release from the full amount of a liability, it is the carrying value of the liability, not the fair value of the debt that is transferred to share premium. Therefore, an additional amount of $325.1 million was transferred from retained earnings to share premium as set out in the statement of changes in equity on page 33.

6. Capital contribution
The shareholders of the Company collectively provided the Company with a capital contribution amounting to $37.8 million. The capital contribution was recognized as such in equity and was transferred in cash to the Company.

7. Gain on restructuring of financial liabilities
In accordance with the terms of the financial restructuring the Company was released from its third party loan liability. In total, the Company recognized a net gain of $528.0 million on the modification of its loan and related restructuring liabilities. Further guidance set out in Note 27.

8. Gain/loss on disposal of entities
The $98.1m gain recognized in the Company's statement of profit and loss represents the settlement of intercompany balances and the release of expected credit loss provisions associated with the entities deconsolidated from the Group upon implementation of the financial restructuring.

3 REVENUE

$'000	12 month period to 31 December 2022	6 month period to 31 December 2021
Lease rental income	406,709	291,062
Supplemental rent income*	217,909	62,968
Other revenue	85,257	4,280
Lease incentives amortization	-90,714	-34,716
Total revenue	**619,161**	**323,594**

* This represents the release of supplemental rents which were determined will not be required to be refunded to the respective lessee.

All revenue is earned from products and services transferred. The critical accounting judgments in relation to supplemental rent income relate to the timing of the performance of the maintenance events. See Note 27 – Significant accounting policies for further details.

The Group has one operating segment (as identified under IFRS 8 Operating Segments) which is the leasing and managing of aircraft and related assets.

Most of the Group's lease rental income is fixed for the duration of the leases. For the 12 month period ended 31 December 2022, the Group earned variable rental income of $32.3 million ($15.1 million for the 6 month period ended 31 December 2021).

Supplemental rent income for the 12 month period ended 31 December 2022 was $225 million of which $7 million was related to sale of aircraft on lease and therefore included in profit on disposal of property, plant and equipment. For the 12 month period ended 31 December 2022, supplemental rent income included $35 million recognized as the Group relinquished control of aircraft on lease to customers in Russia and Ukraine, and $33 million recognized due to repossession of aircraft from other customers. For the 6 month period ended 31 December 2021, supplemental rent included $43 million recognized due to repossession of all aircraft on lease from a customer.

Other revenue consists of management fees, proceeds from the sale of spare parts and compensation from lessees in lieu of meeting redelivery conditions. For the 12 month period ended 31 December 2022 other revenue included $58 million of compensation for early termination of leases with 3 customers. For the 6 month period ended 31 December 2021 other revenue included $2 million of compensation for early termination of leases with a customer.

The distribution of lease rental income by operator's geographical region is as follows:

$'000	12 month period to 31 December 2022	6 month period to 31 December 2021
Geographical lease rental income split		
Europe	40%	41%
Asia Pacific	21%	25%
South and Central America	16%	15%
North America	12%	10%
Africa and the Middle East	11%	9%
Total revenue	**100%**	**100%**

Notes to the consolidated financial statements

3 REVENUE (CONTINUED)

	12 month period to 31 December 2022	6 month period to 31 December 2021
Lease rental income from top 5 lessees	35%	39%
No single customer accounted for more than	9%	14%

$'000	31 December 2022		31 December 2021	
Future minimum contracted lease rentals				
0-1 year	268,891	26%	486,768	24%
1-2 years	225,676	22%	423,874	21%
2-3 years	191,273	18%	329,359	17%
3-4 years	142,169	14%	258,743	13%
4-5 years	91,194	9%	183,782	9%
> 5 years	112,292	11%	324,261	16%
Total	**1,031,495**	**100%**	**2,006,787**	**100%**

4 STAFF COSTS

$'000	12 month period to 31 December 2022	6 month period to 31 December 2021
Wages and salaries	56,168	35,485
Pensions	375	201
Other social security costs	47	23
Total staff costs	**56,590**	**35,709**
Average number of employees	151	185

Directors' remuneration included in Wages and salaries is disclosed in Note 25 – Related parties. No staff costs have been capitalized.

Notes to the consolidated financial statements

5 FINANCIAL INCOME AND EXPENSES

$'000	12 month period to 31 December 2022	6 month period to 31 December 2021
Financial income		
Under effective interest rate method:		
Interest income	12,111	3,434
Other financial income:		
Gain on restructuring of financial liabilities – see Note 2	2,648,110	-
Foreign currency translation adjustments	13,605	5,353
Total financial income	**2,673,826**	**8,787**
Gain/loss on disposal of entities	**447,485**	**-**
Financial expenses		
Under effective interest rate method:		
Interest on financial liabilities measured at amortized cost	226,612	184,093
Interest on lease liabilities	1,226	1,204
Amortization of capitalized borrowing costs	164,927	133,871
Total financial expenses under effective interest rate method	**392,765**	**319,168**
Other financial expenses:		
Interest on financial liabilities measured at fair value	5,702	3,268
Foreign currency translation adjustments	8,144	108
Make-Whole Amount	-	275,949
Total financial expenses	**406,611**	**598,493**
Net finance income/(costs)	**2,714,700**	**-589,706**

On 1 June 2022 the Group successfully emerged from the financial restructuring process which resulted in a restructuring gain on its financial liabilities.

Notes to the consolidated financial statements

5 FINANCIAL INCOME AND EXPENSES (CONTINUED)

On 5 May 2022, the Group relinquished control of an entity owning 5 aircraft upon entering into a settlement agreement with a lender. On 1 June 2022, the Group relinquished control of 22 entities which owned 86 aircraft at emergence from the financial restructuring process for nil consideration. Consequently, the Group relinquished control of those 23 entities and therefore, in accordance with IFRS 10, deconsolidated the entities as it no longer had control, ability to influence the returns or any exposure to the variable returns of those entities. The net liability position of the deconsolidated entities, $447.5 million, was released to income.

$'000	Consolidated As at date of relinquishment of control
ASSETS	
Aircraft and related components	734,230
Other property, plant and equipment	71
Other assets	37,457
Receivables from finance leases	6,802
Trade and other receivables	1,282
Cash and cash equivalents	50,034
Total assets	**829,876**

$'000	As at date of relinquishment of control
LIABILITIES	
Loans and borrowings	1,060,437
Maintenance reserves	160,101
Trade and other payables	56,533
Deferred tax liabilities	236
Corporation tax	54
Total liabilities	**1,277,361**
Net liabilities released on disposal of entities	**447,485**

Notes to the consolidated financial statements

6 INCOME TAX

$'000	12 month period to 31 December 2022	6 month period to 31 December 2021
Current tax expense		
Current tax expense/(credit)	-10,902	1,006
Deferred tax expense/(credit)		
Deferred tax reversal of obligation and reversal of temporary differences	-7,207	-21,679
Total tax charge/(credit) for the period	**-18,109**	**-20,673**
Reconciliation of effective tax rate		
Profit/(loss) before tax	2,784,212	-1,461,816
Expected tax charge/(credit) @ 12.5%	348,027	-182,727
Effects of:		
Non-deductible items	17,232	60,600
Non-taxable items	-355,629	-
Income taxable at a different rate	-86	-8,415
MAP settlement	-2,860	-
Deferred tax assets not recognized	-25,232	109,114
Other	439	755
Total tax charge/(credit) for the period	**-18,109**	**-20,673**

The Group conducts business in various locations, including Ireland (12.5% tax rate), Singapore (8% tax rate) and Denmark (22% tax rate).

Non-taxable items
The non-taxable items primarily related to the financial restructuring process. Management determined that gains/losses on the forgiveness and write-off of the principal element of an outstanding debt is capital in nature and should be treated as a non-taxable item in the tax computation of the relevant entities. In support of this conclusion management have conducted a review of the relevant case law which supports the position taken.

MAP settlement
On 4 June 2020 the Danish tax authorities issued the final assessment for an upward adjustment to the taxable income of Nordic Aviation Capital A/S for the years 2012-2016. The assessment was subject to a Mutual Agreement Procedure ("MAP") as provided by the 1990 EU Convention on the Elimination of Double Taxation in Connection with the Adjustment of Profits of Associated Enterprises (90/463/EEC) ("EU AC"), Article 25 of the Convention for the Avoidance of Double Taxation as agreed between the governments of Denmark and Ireland (1993) and equivalent Articles of the Conventions between Denmark and other impacted countries. The goal of the EU AC and the above-mentioned Conventions is to eliminate double taxation caused by transfer pricing disputes. A MAP may continue for an extended period of time and the final outcome of the MAP process and its impact on the tax position is uncertain.

Management judgment is applied when assessing the possible outcome in accordance with the principles of IAS 12 and IFRIC 23. Management believes it is probable that the final tax assessment will result in an amount payable to the Danish tax authority on conclusion of the MAP. There are a number of scenarios in which MAP could result in resolution of double taxation. Management conducted scenario analysis to determine the most likely outcome. The Danish tax assessed in the final tax assessment arose on income already subject to tax in other countries. The assessment has therefore been brought to MAP in Ireland, Singapore, UK and Cyprus with a view to resolving double taxation. On the basis of the goals of the EU AC and the above-mentioned Conventions for the Avoidance of Double Taxation, management is of the view that it is more likely than not that double tax relief will be available in relation to the final tax assessment. A deferred tax asset was therefore calculated by applying the local tax rates applicable in the years 2012-2016 to the breakdown of income now subject to double taxation, as listed in the final tax assessment. For the financial year ended 30 June 2020 a net provision of $42.0 million, including surcharges and interest, was recognized.

During 2022, the MAP was resolved between the Danish and Singaporean competent authorities and a partial resolution was reached between the Danish and Irish competent authorities for the years 2012 - 2015. The resolutions resulted in a reduction in the net tax charge arising from the assessment by the Danish tax authorities. The net impact of the resolutions is a change to the provision of $2.9m in 2022. As the adjustments relate to a change in accounting estimate, no prior year restatement was made in relation to these matters.

7 AIRCRAFT AND RELATED COMPONENTS

12 month period to 31 December 2022

$'000	Aircraft	Predelivery payments	Other OEM payments	Maintenance rights	Total
Cost at 1 January	**8,004,101**	**95,361**	**5,500**	**9,790**	**8,114,752**
Additions for the year	46,498	34,399	-	-	80,897
Transferred to/from inventory	-723	-	-	-	-723
Transferred to assets held for sale	-275,907	-	-	-	-275,907
Disposal of entities	-2,144,323	-	-	16,148	-2,128,175
Disposals	-350,796	-29,444	-2,500	-2,115	-384,855
Cost at 31 December	**5,278,850**	**100,316**	**3,000**	**23,823**	**5,405,989**
Depreciation and impairment losses at 1 January	**4,269,907**	**30,444**	**2,500**	**12,266**	**4,315,117**
Depreciation and amortization	144,341	-	-	-1,126	143,215
Impairment losses	227,052	-1,000	-	-	226,052
Transferred to assets held for sale	-182,943	-	-	-	-182,943
Disposal of entities	-1,285,427	-	-	14,798	-1,270,629
Disposals	-257,560	-29,444	-2,500	-2,115	-291,619
Depreciation and impairment losses at 31 December	**2,915,370**	**-**	**-**	**23,823**	**2,939,193**
Carrying amount at 31 December	**2,363,480**	**100,316**	**3,000**	**-**	**2,466,796**

6 month period to 31 December 2021

$'000	Aircraft	Predelivery payments	Other OEM payments	Maintenance rights	Total
Cost at 1 July	**8,157,295**	**110,641**	**5,500**	**10,365**	**8,283,801**
Additions for the period	3,575	-	-	-	3,575
Transferred to/from inventory	2,135	-	-	-	2,135
Transferred to assets held for sale	-158,904	-	-	-	-158,904
Transferred to trade and other payables	-	-15,280	-	-	-15,280
Disposals	-	-	-	-575	-575
Cost at 31 December	**8,004,101**	**95,361**	**5,500**	**9,790**	**8,114,752**
Depreciation and impairment losses at 1 July	**3,398,865**	**19,296**	**-**	**8,650**	**3,426,811**
Depreciation and amortization	102,331	-	-	-1,797	100,534
Impairment losses	886,527	11,148	2,500	5,988	906,163
Transferred to assets held for sale	-117,816	-	-	-	-117,816
Disposals	-	-	-	-575	-575
Depreciation and impairment losses at 31 December	**4,269,907**	**30,444**	**2,500**	**12,266**	**4,315,117**
Carrying amount at 31 December	**3,734,194**	**64,917**	**3,000**	**-2,476**	**3,799,635**

Maintenance rights consist of maintenance rights liabilities with a net book value of nil ($2.5 million at 31 December 2021).

7 AIRCRAFT AND RELATED COMPONENTS (CONTINUED)

Amortization and impairment of maintenance rights are included in depreciation, impairment and amortization in the consolidated statement of profit or loss and other comprehensive income.

Aircraft
Impairment indicators
At end of each reporting period, a qualitative assessment of possible impairment indicators during the period since the latest impairment test is performed. If impairment indicators are identified, the affected part of the portfolio is taken to further analysis.

Applied methodology:
If there is an impairment indication, the aircraft is tested for impairment. The indicators are 1) material adverse change in appraiser market values and 2) change in commercial terms, which may have a negative impact on future cash flows. The test is performed on an aircraft-by-aircraft basis.

A discount rate range of 8.0% to 11.0% per annum (10.0% to 13.0% at 31 December 2021) was applied in the impairment review, since the Group had successfully emerged from the financial restructuring process.

An increase of the discount rate range by 1 percentage point (to 9% and 12%) would increase the impairment charge on aircraft by $0.3 million. Similarly, a decrease of the discount rate by one percentage point (to 7% and 10%) would lower the impairment charge on aircraft by $0.0 million.

An increase of the projected disposal values by 5% would decrease the impairment charge by $2.8 million. Similarly, a decrease of the projected disposal values by 5% would increase the impairment charge by $3.3 million.

During 2022, 177 aircraft were disposed: 113 aircraft ($858.9 million) for which the Group transferred the ownership to certain lenders and other parties in connection with the successful completion of the financial restructuring process, 31 aircraft ($92.3 million) were sold, 19 aircraft ($93.0 million) were moved to assets held for sale, 9 aircraft ($83.5 million) for which the Group relinquished control as a consequence of the war in Ukraine, and 5 aircraft ($8.5 million) were redelivered back to the lessor as the Group chose not to exercise the purchase option on a finance lease arrangement.

On 6 May 2022 the Group entered into an agreement which reduced its orderbook from 64 to 37 aircraft and additionally paid predelivery payments, which had been impaired as of 31 December 2021, were retained by the manufacturer.

Russia / Ukraine
As a consequence of the war in Ukraine, the Group relinquished control of 4 aircraft on lease to a customer in Russia resulting in derecognition of the assets. A loss on derecognition of $54.6 million was recognized which is included in impairment losses. Similarly, as a result of the war in Ukraine, the Group impaired 5 aircraft on lease to a customer in Ukraine with a carrying value of $ 28.9 million to nil.

$'000	12 month period to 31 December 2022
Derecognition of 4 aircraft	54,565
Impairment of 5 aircraft	28,909
Total aircraft losses	83,474
Derecognition of lease-related assets and liabilities	-20,737
Net charges related to Russia / Ukraine	**62,737**

Notes to the consolidated financial statements

8 OTHER PROPERTY, PLANT AND EQUIPMENT

$'000	Buildings	Fixtures and fittings, tools and equipment	Right-of-use assets	Total
		12 month period to 31 December 2022		
Cost at 1 January	**20,508**	**5,789**	**50,255**	**76,552**
Additions for the year	307	-	1,764	2,071
Transferred to assets held for sale	-15,202	-	-	-15,202
Disposals	-	-	-41,406	-41,406
Cost at 31 December	**5,613**	**5,789**	**10,613**	**22,015**
Depreciation and impairment losses at 1 January	**11,402**	**5,102**	**44,634**	**61,138**
Depreciation	967	296	877	2,140
Impairment losses	1,261	-	-	1,261
Transferred to assets held for sale	-10,502	-	-	-10,502
Disposals	-	-	-40,848	-40,848
Depreciation and impairment losses at 31 December	**3,128**	**5,398**	**4,663**	**13,189**
Carrying amount at 31 December	**2,485**	**391**	**5,950**	**8,826**

$'000	Buildings	Fixtures and fittings, tools and equipment	Right-of-use assets	Total
		6 month period to 31 December 2021		
Cost at 1 July	**21,149**	**6,050**	**50,255**	**77,454**
Transferred to assets held for sale	-641	-	-	-641
Disposals	-	-261	-	-261
Cost at 31 December	**20,508**	**5,789**	**50,255**	**76,552**
Depreciation and impairment losses at 1 July	**5,804**	**3,962**	**12,743**	**22,509**
Depreciation	766	351	2,559	3,676
Impairment losses	5,053	1,005	29,332	35,390
Transferred to assets held for sale	-221	-	-	-221
Disposals	-	-216	-	-216
Depreciation and impairment losses at 31 December	**11,402**	**5,102**	**44,634**	**61,138**
Carrying amount at 31 December	**9,106**	**687**	**5,621**	**15,414**

Notes to the consolidated financial statements

8 OTHER PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation of other property, plant and equipment is included in depreciation, impairment and amortization in the consolidated statement of profit or loss and other comprehensive income.

At 31 December 2022, security of $1.4 million ($1.8 million at 31 December 2021) had been provided to lenders for buildings with a carrying amount of $4.7 million ($6.6 million at 31 December 2021).

An impairment charge of $1.3 million was recognized upon reclassing an office building to assets held for sale.

During 2022, expenses related to short-term leases and low-value lease assets not forming part of right-of-use assets of $0.1 million ($0.1 million for the 6 month period ended 31 December 2021) have been recognized in administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

$'000	12 month period to 31 December 2022	6 month period to 31 December 2021
Depreciation, impairment and amortization:		
Aircraft and related components	369,267	1,006,697
Other property, plant and equipment	3,401	39,066
Total depreciation, impairment and amortization:	**372,668**	**1,045,763**

Notes to the consolidated financial statements

9 OTHER ASSETS

$'000	12 month period to 31 December 2022	6 month period to 31 December 2021
Deposits	50,236	60
Lease incentives	198,617	194,074
Prepaid debt transaction fees	-	7,636
Interest rate cap	20,052	-
Other investments	519	-
Total other assets	**269,424**	**201,770**

$'000		
Non-current	152,064	134,525
Current	117,360	67,245
Total other assets	**269,424**	**201,770**

$'000		
Lease incentives at 1 January / 1 July	**194,074**	**140,002**
Additions	151,778	88,788
Amortization	-90,714	-34,716
Disposals	-40,096	-
Transferred to assets held for sale	-16,425	-
Lease incentives at 31 December	**198,617**	**194,074**

The maturity profile of lease incentives is based on the contractual expiry dates of the underlying leases.

At 31 December 2022 the Group recognized a 6 month deposit of $50.0 million with a bank as Deposits. The deposit does not meet the IFRS criteria for recognition as cash and cash equivalents.

In accordance with IFRS 9 and the approach outlined in Note 27, the Group incurred a credit loss of $7.3 million on a deposit in connection with an aircraft for the 6 month period ended 31 December 2021. As part of the financial restructuring process, the Group had rejected the lease agreement and therefore the lessor retained the deposit.

At 31 December 2021 prepaid debt transaction fees of $7.6 million in relation to the debtor in possession financing facility were capitalized as other assets, since the facility was not available until post 31 December 2021.

Notes to the consolidated financial statements

10 RECEIVABLES FROM FINANCE LEASES

Amounts receivable under finance leases
Minimum lease payments:

$'000	31 December 2022	31 December 2021
0-1 year	22,606	28,955
1-2 years	16,800	20,832
2-3 years	16,806	18,427
3-4 years	13,755	16,800
4-5 years	7,152	13,755
> 5 years	700	7,852
	77,819	106,621
Less: future finance charges	-10,540	-16,651
Present value of lease obligations	**67,279**	**89,970**
Expected credit loss	-	-1,566
Total receivables from finance leases	**67,279**	**88,404**

Present value of minimum lease payments:		
0-1 year	18,461	23,176
1-2 years	13,672	16,366
2-3 years	14,751	15,287
3-4 years	12,807	14,746
4-5 years	6,890	12,807
> 5 years	698	7,588
Total receivables from finance leases	**67,279**	**89,970**
Expected credit loss (current)	-	-1,566
Total receivables from finance leases	**67,279**	**88,404**

Non-current	48,818	66,794
Current	18,461	21,610
Total receivables from finance leases	**67,279**	**88,404**

In accordance with IFRS 9 and the approach outlined in Note 27 – Significant accounting policies, the Group estimated the expected loss provision related to finance leases at nil at 31 December 2022 ($1.6 million in the 6 month period to 31 December 2021).

The Group's receivables from finance leases are secured by the aircraft and security deposits amounting to $74 million.

In addition to aircraft on finance lease the Group recorded an office sublease with a net book value of $0.1 million at 31 December 2022 ($0.6 million at 31 December 2021).

11 TRADE AND OTHER RECEIVABLES

The Group's trade receivables are secured by security deposits, letters of credit and the aircraft for finance lease receivables. For the expected credit loss calculation, customers are assessed in the Group´s customer ranking model. The customer ranking is derived from quantitative and qualitative information such as historical payment behavior, financial strength and performance, market position and general business risks. The customer ranking score is translated to a loss probability, which is combined with the credit exposure on the outstanding receivable, net of security held by the Group, to assess the expected credit loss provision.

Due to the continued impact from COVID-19, the credit risk related to airlines remains elevated.

Other receivables include a deposit, not meeting the IFRS definition of cash and cash equivalents, of $49 million (nil at 31 December 2021) from aircraft sales proceeds which is to be used for future repayment of loans and investment in aircraft subject to certain terms and conditions, Other receivables also include prepayments of $23 million ($26 million at 31 December 2021).

$'000	31 December 2022	31 December 2021
Trade receivables	82,455	285,077
Other receivables	102,916	31,429
Total gross receivables	**185,371**	**316,506**
Less: Expected credit loss	-70,792	-212,047
Trade and other receivables, net	**114,579**	**104,459**
Non-current	2,394	11,063
Current	112,185	93,396
Trade and other receivables, net	**114,579**	**104,459**

Expected credit loss for the period

$'000	31 December 2022	31 December 2021
Expected credit loss at 1 January / 1 July	**-212,047**	**-156,489**
Disposal of entities	138,568	-
Incurred credit loss	64,643	20,770
Expected credit loss for the period	-61,956	-76,328
Expected credit loss at 31 December	**-70,792**	**-212,047**

Expected credit loss for the period according to the statement of profit or loss relates to:

$'000	12 month period to 31 December 2022	6 month period to 31 December 2021
Trade and other receivables	61,956	76,328
Other assets	-	7,275
Finance lease receivables	-	-6
Total expected credit loss for the period	**61,956**	**83,597**

12 DEFERRED TAX

$'000	31 December 2022	31 December 2021
Deferred tax assets and liabilities are summarized as follows:		
Deferred tax liabilities related to aircraft assets	-90,736	-52,101
Deferred tax assets related to tax losses	168,735	119,193
Deferred tax on IFRS transitional adjustments and capitalized loan cost	-1,170	3,105
Net deferred tax assets/(liabilities) at 31 December	**76,829**	**70,197**
Deferred tax assets	80,988	74,293
Deferred tax liabilities	-4,159	-4,096
Net deferred tax assets/(liabilities) at 31 December	**76,829**	**70,197**

Deferred tax assets are recognized on the basis that sufficient future profits will be available.

The Group has estimated tax losses and temporary differences carried forward at 31 December 2022 of $2,358 million ($2,519 million at 31 December 2021) which are available for set off against future taxable income. The Group has unrecognized deferred tax assets at 31 December 2022 of $170 million ($270 million at 31 December 2021). These tax assets will be recognized if it becomes probable that suitable taxable profits will arise in future periods. The tax losses carried forward are not subject to time restrictions.

13 CASH AND CASH EQUIVALENTS

Consolidated

$'000	31 December 2022	31 December 2021
Unrestricted bank balances	559,710	184,862
Bank balances subject to withdrawal restrictions	798	307,462
Cash and cash equivalents at 31 December	**560,508**	**492,324**

$'000	31 December 2022	31 December 2021
Bank balances subject to withdrawal restrictions:		
Carrying amount at 1 January / 1 July	**307,462**	**307,461**
Funds released on completion of the financial restructuring	-299,500	-
Disposal of entities	-7,962	-
Drawdowns and deposits, net	798	1
Carrying amount at 31 December	**798**	**307,462**

Cash subject to withdrawal restrictions represents cash securing the Group's obligations under third-party credit facilities.

The Group maintains substantially all its cash, cash equivalents and restricted cash balances in interest-bearing accounts or in money market funds with major financial institutions. Cash and cash equivalents are stated at cost which approximates fair value.

Company

$'000	31 December 2022	31 December 2021
Unrestricted bank balances	543,813	134,440
Cash and cash equivalents at 31 December	**543,813**	**134,440**

14 EQUITY

	31 December 2022	31 December 2021
Ordinary shares of $1		
Number of shares authorized and issued	1	60,002,501
Share price	1	1

The Company has one class of ordinary voting shares which carry no right to fixed income.

Issuance of shares
On 1 June 2022, all existing shares were cancelled and transferred to other reserves, as a result of the successful completion of the financial restructuring, and 1 new share of $1 was issued.

Issuance of shares at a premium
On 1 June 2022 the Group issued equity instruments in accordance with the terms of the financial restructuring and recognized a share premium of $379.1 million. In assessing the fair value of the share issued and share premium, the Group applied management judgment, as well as considered the terms of the financial restructuring and third party aircraft appraiser reports. The identified value of the Group's aircraft, based on third party appraiser reports, was a significant input in identifying the fair value of the share and share premium. An increase in the aircraft value of 5% would have increased the Group's fair value of share and share premium by $115 million. Similarly, a decrease in the aircraft value of 5 % would have lowered the Group's fair value of share and share premium by $115 million, see accounting principles in Note 27.

Capital contribution
On 1 June 2022, the shareholders made capital contributions of $37.8 million at the successful completion of the financial restructuring process.

On 22 July 2022, the shareholders made capital contributions of $1.3 million.

Hedging reserves
The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used to hedge floating interest rates. At 31 December 2022 the hedging reserve was $5.8 million (nil at 31 December 2021).

Other reserves
The other reserves include the above-mentioned value of shares being cancelled as a consequence of the successful completion of the financial restructuring process.

15 LOANS AND BORROWINGS

	Consolidated		Company	
$'000	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Aircraft financing	2,279,189	5,664,230	147,595	-
Other term loans	-	522,971	-	522,971
Real estate debt	-	1,769	-	-
Total carrying amount of loans and borrowings	**2,279,189**	**6,188,970**	**147,595**	**522,971**

On 1 June 2022, the Group successfully completed the financial restructuring process and de-recognized loans that were substantially modified, and recognized new modified loans at fair value. In assessing the fair value, the Group considered the terms of the financial restructuring and compared the terms to loans previously entered into. An increase in the applied discount rate of 10 bps would lower the fair value by approximately $8.7 million. Similarly, a decrease in the applied discount rate of 10 bps would increase the fair value by approximately $9.3 million.

At 31 December 2022, 308 aircraft (471 at 31 December 2021) were subject to debt financing. 234 aircraft (234 at 31 December 2021) were financed with proceeds from secured aircraft financing facilities. 51 aircraft (75 at 31 December 2021) were financed with proceeds funded directly or guaranteed by various export credit agencies. 23 aircraft (145 at 31 December 2021) were financed by a combination of secured bank loans. Nil aircraft (17 at 31 December 2021) were JOLCO financed.

Security in the form of aircraft mortgages was in place for 308 financed aircraft. Guarantees were provided for 307 aircraft by the Company in relation to aircraft financing.

Total unsecured financing consisting of other term loans made up nil% of total borrowings at 31 December 2022 (8% at 31 December 2021).

Including the impact of interest derivatives, fixed rate debt made up 84% of the borrowings at 31 December 2022 (67% at 31 December 2021).

15 LOANS AND BORROWINGS (CONTINUED)

Consolidated

	31 December 2022		31 December 2021	
	$'000	%	$'000	%
Unsecured financing	-	0%	522,971	8%
Secured financing	2,279,189	100%	5,667,482	92%
Total financing	**2,279,189**	**100%**	**6,190,453**	**100%**
Deposits	-		-1,483	
Total carrying amount of loans and borrowings	**2,279,189**		**6,188,970**	

On 16 August 2022 the 4.75% senior secured notes issued by NAC Aviation 29 DAC with a nominal value of $851,181,371 due 30 June 2026 were listed on CSX.

Maturity of loans and borrowings

Consolidated 31 December 2022

$'000	Aircraft financing	Capitalized loan costs	Total
0-1 year	7,390	-8,278	-888
1-5 years	2,082,346	-31,550	2,050,796
> 5 years	258,222	-28,941	229,281
Total	**2,347,958**	**-68,769**	**2,279,189**

On 1 June 2022, the Group recognized a fair value adjustment of its modified loans amounting to $67.4 million.

As of 31 December 2022 the $1.4 million real estate debt was re-classified to liabilities directly related to assets held for sale.

Consolidated 31 December 2021

$'000	Aircraft financing	Other term loans	Real estate debt	Total
0-1 year	5,664,230	522,971	247	6,187,448
1-5 years	-	-	849	849
> 5 years	-	-	673	673
Total	**5,664,230**	**522,971**	**1,769**	**6,188,970**

15 LOANS AND BORROWINGS (CONTINUED)

Terms and conditions of outstanding loans and borrowings

Secured debt

Consolidated 31 December 2022

$'000	Average nominal interest rate	Year of maturity	Principal
NAC 29 Group Financing	4.36%	2026	1,750,629
Secured Term Loans	5.26%	2026-2027	143,049
Secured ECA Financing	1.50%	2032	237,916
Other Secured debt	8.78%	2026	147,595
Real estate debt	-	-	-
Total secured debt			**2,279,189**
Total carrying amount of loans and borrowings			**2,279,189**
- of which (including impact of interest rate cap) fixed rate debt			*1,924,821*
- of which (including impact of interest rate cap) floating rate debt			*354,368*
Outstanding interest rate cap for hedging floating rate loans (notional)			800,000

15 LOANS AND BORROWINGS (CONTINUED)

Consolidated 31 December 2021

Unsecured debt

$'000	Average nominal interest rate	Year of maturity	Principal
Other term loans	6.92%	2021	522,971
Total unsecured debt			**522,971**

Secured debt

$'000	Average nominal interest rate	Year of maturity	Principal
Senior notes	5.98%	2021	2,522,112
Term loans	2.95%	2021	1,524,038
Revolving credit facility	2.35%	2021	764,759
ECA financings	3.63%	2021	565,763
Other secured debt	3.01%	2021	289,041
Real estate debt	1.52%	2025-2032	1,769
Total secured debt			**5,667,482**
Total loans and borrowings before capitalized loan costs			**6,190,453**
- of which (including impact of interest rate swaps) fixed rate debt			*4,164,198*
- of which (including impact of interest rate swaps) floating rate debt			*2,026,255*
Deposits			**-1,483**
Total carrying amount of loans and borrowings			**6,188,970**
Outstanding interest rate swaps for hedging floating rate loans (notional)			11,806

15 LOANS AND BORROWINGS (CONTINUED)

Company 31 December 2022

$'000	Aircraft financing	Capitalized loan costs and fair value adjustment	Total
0-1 year	-	-690	-690
1-5 years	150,000	-1,715	148,285
Total carrying amount of loans and borrowings	**150,000**	**-2,405**	**147,595**

Secured debt	Average nominal interest rate	Year of maturity	Principal
Aircraft financing	8.78%	2026	147,595
Total carrying amount of loans and borrowings			**147,595**

Company 31 December 2021

$'000	Other term loans	Total
0-1 year	522,971	522,971
1-5 years	-	-
Total carrying amount of loans and borrowings	**522,971**	**522,971**

Unsecured debt	Average nominal interest rate	Year of maturity	Principal
Other term loans	6.92%	2021	522,971
Total carrying amount of loans and borrowings			**522,971**

15 LOANS AND BORROWINGS (CONTINUED)

Derivatives at fair value
At the end of December 2022, all financial derivatives were floating to fixed interest rate cap instruments denominated in $. At the end of December 2021, all financial derivatives were floating to fixed interest rate swaps denominated in $. Financial derivatives are included in other assets.

31 December 2022

$'000	Group notional contracts	Group fair values	
		Assets	Liabilities
Derivatives:			
Interest rate cap	800,000	20,052	-
Total	**800,000**	**20,052**	**-**

31 December 2021

$'000	Group notional contracts	Group fair values	
		Assets	Liabilities
Derivatives:			
Interest rate swaps	11,806	-	220
Total	**11,806**	**-**	**220**

The periods in which the cash flows are expected to occur:

31 December 2022

$'000	0-1 year	1-2 years	2-5 years	> 5 years	Total
Cash inflows	11,156	7,371	2,966	-	21,493
Cash outflows	-	-	-	-	-

31 December 2021

$'000	0-1 year	1-2 years	2-5 years	> 5 years	Total
Cash inflows	6,914	5,251	-	-	12,165
Cash outflows	-7,093	-5,282	-	-	-12,375

Amounts recognized in other comprehensive income coming from interest rate caps are as follows:

Consolidated

$'000	**12 month period to 31 December 2022**	**6 month period to 31 December 2021**
Adjustment to fair value for the year	3,802	-
Total	**3,802**	**-**

15 LOANS AND BORROWINGS (CONTINUED)

Reconciliation of movements of liabilities arising from financing activities

Consolidated 31 December 2022

$'000	Aircraft financing	Other term loans	Real estate debt	Total
Loans and borrowings at 1 January	**5,664,230**	**522,971**	**1,769**	**6,188,970**
Proceeds from indebtedness	165,400	120,000	-	285,400
Repayment of indebtedness	-185,102	-120,000	-232	-305,334
Financial restructuring and related transactions	-3,629,669	-522,971	-	-4,152,640
Transfer to held for sale	-10,107	-	-1,430	-11,537
Transaction costs related to loans and borrowings	-161,839	-17,061	-	-178,900
Total changes from financing cash flows	**-3,821,317**	**-540,032**	**-1,662**	**-4,363,011**
Effect of changes in foreign exchange rates	**-1,543**	**-**	**-107**	**-1,650**
Other changes				
Amortization of capitalized borrowing costs	147,866	17,061	-	164,927
Change in accrued interest and borrowing costs	80,802	-439	-	80,363
Interest expense	226,152	439	21	226,612
Interest paid	-17,001	-	-21	-17,022
Total other changes	**436,276**	**17,061**	**-107**	**453,230**
Loans and borrowings at 31 December	**2,279,189**	**-**	**-**	**2,279,189**

Consolidated 31 December 2021

$'000	Aircraft financing	Other term loans	Real estate debt	Total
Loans and borrowings at 1 July	**5,391,406**	**504,965**	**1,987**	**5,898,358**
Repayment of indebtedness	-3,581	-	-127	-3,708
Transaction costs related to loans and borrowings	-108,697	-9,228	-	-117,925
Total changes from financing cash flows	**-112,278**	**-9,228**	**-127**	**-121,633**
Effect of changes in foreign exchange rates	**-1,404**	**-**	**-91**	**-1,495**
Other changes				
Prepaid transaction cost, other assets	-	7,636	-	7,636
Amortization of capitalized borrowing costs	132,279	1,592	-	133,871
Make-Whole Amount	275,949	-	-	275,949
Change in accrued interest	-88,970	-100	-	-89,070
Interest expense	165,973	18,106	14	184,093
Interest paid	-98,725	-	-14	-98,739
Total other changes	**385,102**	**27,234**	**-91**	**412,245**
Loans and borrowings at 31 December	**5,664,230**	**522,971**	**1,769**	**6,188,970**

15 LOANS AND BORROWINGS (CONTINUED)

Company 31 December 2022

$'000	Aircraft financing	Other term loans	Total
Loans and borrowings at 1 January	**-**	**522,971**	**522,971**
Proceeds from indebtedness	150,000	120,000	270,000
Repayment of indebtedness	-	-120,000	-120,000
Financial restructuring and related transactions	-	-522,971	-522,971
Transaction costs related to loans and borrowings	-	-17,061	-17,061
Total changes from financing cash flows	**150,000**	**-540,032**	**-390,032**
Effect of changes in foreign exchange rates	-	-	-
Other changes			
Amortization of capitalized borrowing costs	-2,405	17,061	14,656
Change in provision for expected credit losses	-	-	-
Change in accrued interest	-	-439	-439
Interest (income)/expense	-	439	439
Interest received/(paid)	-	-	-
Total other changes	**-2,405**	**17,061**	**14,656**
Loans and borrowings at 31 December	**147,595**	**-**	**147,595**

Company 31 December 2021

$'000	Other term loans	Total
Loans and borrowings at 1 July	**504,965**	**504,965**
Proceeds from indebtedness	-	-
Repayment of indebtedness	-	-
Transaction costs related to loans and borrowings	-9,228	-9,228
Total changes from financing cash flows	**-9,228**	**-9,228**
Effect of changes in foreign exchange rates	**-**	**-**
Other changes		
Prepaid transaction cost, other assets	7,636	7,636
Amortization of capitalized borrowing costs	1,592	1,592
Change in provision for expected credit losses	-	-
Change in accrued interest	-100	-100
Interest (income)/expense	18,106	18,106
Interest received/(paid)	-	-
Total other changes	**27,234**	**27,234**
Loans and borrowings at 31 December	**522,971**	**522,971**

16 MAINTENANCE RESERVES

$'000	31 December 2022	31 December 2021
Carrying amount at 1 January / 1 July	**684,813**	**656,929**
Supplemental rent billings	160,374	64,945
Lessor contribution additions	61,849	72,843
Supplemental rent income recognized during the year	-200,691	-62,968
Reimbursement of maintenance costs and other movements	-41,789	-22,825
Disposal of entities	-174,797	-
	489,759	**708,924**
Transferred to liabilities directly associated with assets held for sale	-22,181	-24,111
Carrying amount at 31 December	**467,578**	**684,813**
Non-current	301,386	485,783
Current	166,192	199,030
Total maintenance reserves	**467,578**	**684,813**

In many aircraft operating leases, the lessee has the obligation to make periodic payments based on the usage of the aircraft in order to protect the lessor against the exposure related to the maintenance condition of the aircraft. These payments are made in arrears. The Group operates an accrue-to-expected-cost method in relation to maintenance reserves and supplemental rent income. This requires the Group to estimate future costs that will be required to be reimbursed to the lessees under the leases based on the historical experience and knowledge of the Group. Any amounts that are required to be reimbursed are retained on the statement of financial position as a maintenance reserves provision. When the balance that is required to be reimbursed is reached, any excess amounts over this are recognized as supplemental rent income – see Note 3 – Revenue.

The future reimbursements to lessees are forecasted in the Group´s maintenance forecasting model which estimates the maintenance inflows and outflows through to the lease expiration date based on a combination of expected lessee utilization of aircraft and future costs of maintenance events. The expected lessee utilization of aircraft is forecasted on the basis of historical data on recent utilization under the lease, or for the aircraft type, if adequate historical information is not available for the lease.

The development in maintenance cost has a significant impact on future reimbursements to lessees and supplemental rent income. A 5% annual increase in maintenance cost over the forecasted level, would result in an increase in maintenance reserves provisions of $18 million, and a 5% annual decrease in maintenance cost, would result in a decrease in maintenance reserves provisions of $25 million. To address this uncertainty, a risk factor was applied, reducing supplemental income recognition by $23 million at 31 December 2022.

Based on the expected timing of estimated future reimbursement of maintenance cost, the maintenance reserves provision is divided into non-current and current provisions. Current maintenance reserves include expected reimbursement of cost within 12 months, whereas non-current maintenance reserves include reimbursement of cost later than 12 months.

Supplemental rent income recognized during the year was $225 million of which $201 million was released from maintenance reserves and $24 million was released from liabilities directly associated with assets held for sale.

Reimbursement of maintenance costs and other movements included maintenance costs reimbursed to lessees and transfer of maintenance reserves associated with aircraft disposed on lease.

17 TRADE AND OTHER PAYABLES

Consolidated

$'000	31 December 2022	31 December 2021
Trade payables	2,463	3,618
Deposits held	73,824	115,892
Accrued interest	46,930	127,293
Other payables	50,331	102,390
Lease liabilities	7,725	41,203
	181,273	**390,396**
Deposits held transferred to liabilities directly associated with assets held for sale	-12,848	-3,036
Total trade and other payables	**168,425**	**387,360**
Non-current	44,806	116,936
Current	123,619	270,424
Total trade and other payables	**168,425**	**387,360**

Non-current items relate to deposits held and lease liabilities. All other items are current.

Deposits are split into a current portion of $22.8 million ($29.7 million at 31 December 2021) and a non-current portion of$38.2 million ($83.2 million at 31 December 2021). Deposits are held as security for obligations in accordance with the terms of certain leases. The deposits are held in cash. Deposits are classified based on the maturity of the underlying lease and are refundable at the end of the lease. Deposits of $12.8 million at 31 December 2022 ($3.0 million at 31 December 2021) were transferred to liabilities directly associated with assets held for sale.

Lease liabilities are split into a current portion of $1.1 million ($7.4 million at 31 December 2021) and a non-current portion of $6.6 million ($33.8 million at 31 December 2021).

Accrued interest has decreased following the successful completion of the financial restructuring process.

Other payables mainly consist of accrued vendor and consultant invoices and has decreased following the successful completion of the financial restructuring process.

Financial derivatives of nil ($0.2 million at 31 December 2021) are included in other payables.

Company

$'000	31 December 2022	31 December 2021
Other payables	15,304	49,691
Total trade and other payables	**15,304**	**49,691**
Current	15,304	49,691
Total trade and other payables	**15,304**	**49,691**

Consolidated

$'000	31 December 2022	31 December 2021
Lease liabilities:		
0-1 year	1,127	7,429
1-2 years	993	5,000
2-3 years	913	5,087
3-4 years	692	5,344
4-5 years	726	5,662
> 5 years	3,274	12,681
Total lease liabilities	**7,725**	**41,203**

18 DEFERRED INCOME

$'000	31 December 2022	31 December 2021
Deferred lease rental income and rental payments received in advance	4,859	13,595
Straight-line rental adjustment	-1,494	2,826
Total deferred income	**3,365**	**16,421**
Non-current	-5,285	517
Current	8,650	15,904
Total deferred income	**3,365**	**16,421**

19 FINANCIAL RISK MANAGEMENT

Treasury policy and financial risk management
The financial risks within the Group and the Company are managed by Global Treasury and Global Funding Origination.

The Board has identified the following financial risks as the most significant to the Group:

— Financing and liquidity risk
— Interest rate risk
— Currency risk
— Credit risk

The exposure and policies/processes for managing these risks are mentioned below.

Financing and liquidity risk
Financing risk is defined as the risk that loans cannot be refinanced when necessary, that financing cannot be obtained or that refinancing is only possible on unfavorable terms. It is incumbent on Global Treasury and Global Funding Origination to continuously forecast the Group's liquidity requirements and continuously maintain contact with relevant credit institutions to maintain access to competitive financing. As stated in Note 15 – Loans and borrowings, the Group's interest-bearing liabilities are primarily comprised of secured notes and loans, ECA-backed financing and other secured borrowings.

Aircraft financing is conditional on the Group meeting certain financial covenants. At 31 December 2022, the Group complied with its covenants under its financing arrangements.

With the aim of managing liquidity risk, the Group aims to ensure that sufficient cash is available to meet payment obligations and adhere to covenant compliance under the respective loan agreements. The liquidity reserve consists of cash and cash equivalents as well as unutilized credit facilities and other bank deposits. At 31 December 2022, cash and cash equivalents amounted to $560.5 million ($492.3 million at 31 December 2022) which included $559.7 million of unrestricted cash ($184.9 million at 31 December 2022). Unutilized credit facilities amounted to $388 million (nil at 31 December 2021). Furthermore, the Group has other investments, not meeting the IFRS definition of cash and cash equivalents, including a $49 million deposit from aircraft sales proceeds which is to be used for future repayment of loans and investment in aircraft subject to certain terms and conditions, and a 6-month $50 million deposit at 31 December 2022.

The following table shows the maturity structure for the Group's financial liabilities, including derivative assets and liabilities. The amounts disclosed in the table are the contractual, undiscounted cash flows. See Note 27D for further information on the financing and liquidity risk.

19 FINANCIAL RISK MANAGEMENT (CONTINUED)

Consolidated
31 December 2022

$'000	Carrying amounts	Capital amounts and assumed interest	Within 1 year	Between 2-5 years	Beyond 5 years
Non-derivatives (liabilities)					
Aircraft financing	2,279,189	2,856,945	125,028	2,458,873	273,044
Trade and other payables	168,425	168,425	123,619	27,418	17,388
Maintenance reserves	467,578	467,578	166,192	290,951	10,435
Total non-derivatives (liabilities)	**2,915,192**	**3,492,948**	**414,839**	**2,777,242**	**300,867**
Derivatives (liabilities)					
Interest rate cap	20,052	21,493	11,156	10,337	-
Total derivatives (liabilities)	**20,052**	**21,493**	**11,156**	**10,337**	**-**

Company
31 December 2022

$'000	Carrying amounts	Capital amounts and assumed interest	Within 1 year	Between 2-5 years	Beyond 5 years
Non-derivatives (liabilities)					
Aircraft financing	147,595	196,693	13,522	183,171	-
Amounts owed to group companies	950,771	965,981	965,981	-	-
Trade and other payables	15,304	15,304	15,304	-	-
Total non-derivatives (liabilities)	**1,113,670**	**1,177,978**	**994,807**	**183,171**	**-**

19 FINANCIAL RISK MANAGEMENT (CONTINUED)

Consolidated
31 December 2021

$'000	Carrying amounts	Capital amounts and assumed interest	Within 1 year	Between 2-5 years	Beyond 5 years
Non-derivatives (liabilities)					
Aircraft financing	5,664,230	5,789,050	5,789,050	-	-
Other term loans	522,971	525,384	525,384	-	-
Real estate debt	1,769	1,887	273	917	697
Trade and other payables	387,140	387,150	270,245	88,630	28,275
Maintenance reserves	684,813	684,813	199,030	478,356	7,427
Total non-derivatives (liabilities)	**7,260,923**	**7,388,284**	**6,783,982**	**567,903**	**36,399**
Derivatives (liabilities)					
Interest rate swap	220	210	179	31	-
Total derivatives (liabilities)	**220**	**210**	**179**	**31**	**-**

Company
31 December 2021

$'000	Carrying amounts	Capital amounts and assumed interest	Within 1 year	Between 2-5 years	Beyond 5 years
Non-derivatives (liabilities)					
Other term loans	522,971	525,384	525,384	-	-
Amounts owed to group companies	2,199,212	2,201,411	2,201,411	-	-
Trade and other payables	49,691	49,691	49,691	-	-
Total non-derivatives (liabilities)	**2,771,874**	**2,776,486**	**2,776,486**	**-**	**-**

19 FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk
Interest rate risk is the risk that a change in market rates has a negative impact on the consolidated statement of profit or loss or statement of financial position.

The Group's strategy is to manage its exposure to interest rate risk. Ongoing monitoring and regular reviews define the foundation for interest rate hedging. Liabilities as well as assets are taken into consideration. Currently, the majority of the Group's leases are at fixed rental rates and the Group manages its overall exposure by using floating-to-fixed interest rate hedging instruments. At 31 December 2022, fixed rate debt including interest rate hedging instruments constituted 84% (67% at 31 December 2021) of the total debt and floating rate debt constituted 16% (33% at 31 December 2021) of the total outstanding debt. The nominal value of interest rate hedging instruments constituted 35% (0.2% at 31 December 2021) of the total debt. More information about floating and fixed rate loans can be found in Note 15 – Loans and borrowings.

Sensitivity analysis, interest rate risk
At the current fixed-to-floating interest ratio, taking interest rate hedging instruments into account, an increase in the market interest rate of 1 percentage point would increase the Group's annual interest expenses by approximately $3.7 million. Similarly, a decrease in the market interest rate of 1 percentage point from current levels would lower the Group's annual interest expenses by approximately $3.7 million. Therefore, an increase in the market interest rate of 1 percentage point would impact total income negatively by approximately $3.7 million and a decrease would impact total income positively by approximately $3.7 million.

Currency risk
Exposure to currency risk can be divided into transaction exposure and translation exposure.

Transaction exposure
All aircraft purchase agreements are negotiated in $ and the majority of revenue is in $. Funding is mainly denominated in $. At times attractive funding may be sourced in other major currencies, the exposure of which is considered for hedging into $.

Local expenses as well as general and administrative expenses are incurred in foreign currencies, primarily EUR and DKK. A change in foreign exchange rates would not have a material impact on operating profit or cash flow.

Translation exposure
Translation exposure arises in the translation of the statements of financial position and statements of profit or loss for foreign subsidiaries to $. Translation exposure is generally not hedged.

Credit risk
The Group is subject to the credit risk of its lessees as to the collection of rental payments under its operating and finance leases. The Group has implemented effective ongoing monitoring of lessees' credit risk. The creditworthiness of each new customer is assessed, and the Group seeks to obtain security in the form of cash and/or letters of credit to lower the overall credit exposure against each individual lessee. The credit assessment is based upon qualitative and quantitative information about the lessees such as business results, ownership, management team and financial performance, including forecast, accident and incident history, maintenance capabilities, etc., to the extent that the information is publicly available or disclosed. In addition to the credit analysis mentioned above, the Group also considers the potential impact of COVID-19.

Security deposits, letters of credit and the underlying aircraft value for finance lease receivables are taken into account in assessing the expected credit loss on receivables.

Default by any one of the Group's major customers could potentially have a material impact on the Group's cash flow in the short and medium term. For more information about receivables and aging analysis, see Note 11 - Trade and other receivables.

The Group holds cash balances which give rise to credit risk on counterparties which is managed by limiting the aggregate amount of and duration of exposure to any one bank. The Group minimizes exposure to any bank which does not hold a publicly available credit rating of at least A- (S&P and Fitch) or A3 (Moody's).

Fair value of financial assets and liabilities
The fair value of fixed rate loans is determined as the present value of the expected payments, discounted at a rate equal to the relevant USD zero-coupon rates with addition of an estimated credit spread. Since the Group on an ongoing basis enters into financing agreements, the credit spread, which is a significant input to the valuation, is based on an estimate supported by observable data (Level 2 measurement in the fair value hierarchy).

The estimated fair value of the Group's fixed rate debt (not including financial derivatives) is USD 51 million lower than the carrying value of the fixed rate debt. The carrying amounts of other financial assets and liabilities are considered to be reasonable estimates of the fair value of each class of financial assets and liabilities.

19 FINANCIAL RISK MANAGEMENT (CONTINUED)

Receivables and cash and cash equivalents — Consolidated

$'000		31 December 2022	31 December 2021
Financial assets not measured at fair value			
Receivables from finance leases		67,279	88,404
Trade and other receivables gross	185,371		
Expected credit loss on trade and other receivables	-70,792	114,579	104,459
Prepaid debt transaction fees		-	7,636
Other deposits		50,236	60
Cash and cash equivalents		560,508	492,324
Total financial assets not measured at fair value		**792,602**	**692,883**
Total financial assets		**792,602**	**692,883**

Financial assets/(liabilities) at fair value through profit or loss and other comprehensive income

$'000	31 December 2022	31 December 2021
Financial assets/(liabilities) at fair value		
Interest rate derivatives	20,052	-220
Total financial assets/(liabilities) at fair value	**20,052**	**-220**

$'000	31 December 2022	31 December 2021
Financial liabilities not measured at fair value		
Aircraft financing	2,279,189	6,188,970
Trade and other payables	148,373	387,140
Maintenance reserves	467,578	684,813
Total financial liabilities not measured at fair value	**2,895,140**	**7,260,923**
Total financial liabilities	**2,915,192**	**7,261,143**

Notes to the consolidated financial statements

19 FINANCIAL RISK MANAGEMENT (CONTINUED)

Receivables and cash and cash equivalents — **Company**

$'000	31 December 2022	31 December 2021
Financial assets not measured at fair value		
Amounts owed from group companies	839,936	1,984,036
Cash and cash equivalents	543,813	134,440
Total financial assets not measured at fair value	**1,383,749**	**2,118,476**
Total financial assets	**1,383,749**	**2,118,476**

Financial liabilities at amortized cost

$'000	31 December 2022	31 December 2021
Financial liabilities not measured at fair value		
Aircraft financing	147,595	522,971
Amounts owed to group companies	950,771	2,199,212
Trade and other payables	15,304	49,691
Total financial liabilities not measured at fair value	**1,113,670**	**2,771,874**
Total financial liabilities	**1,113,670**	**2,771,874**

Notes to the consolidated financial statements

19 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk
Overall exposure to credit risk

Gross carrying amount

$'000	Grade 1	Grade 2	Grade 3	Grade 4	31 December 2022
Finance lease receivables	-	-	-	67,279	67,279
Trade and other receivables	100,968	-	6,520	77,883	185,371
Cash and cash equivalents	560,508	-	-	-	560,508
Total	**661,476**	**-**	**6,520**	**145,162**	**813,158**

$'000	Grade 1	Grade 2	Grade 3	Grade 4	31 December 2021
Finance lease receivables	-	-	-	88,404	88,404
Trade and other receivables	34,203	6,620	3,776	271,907	316,506
Cash and cash equivalents	492,324	-	-	-	492,324
Total	**526,527**	**6,620**	**3,776**	**360,311**	**897,234**

The risk grading of customers is explained in Note 27.

Trade receivables credit risk — **Credit risk grading, 31 December 2022**

Customer grading	Weighted-average loss rate	Gross carrying amount	Expected credit loss provision	Credit impaired
1	0.3%	100,968	-259	No
2	0.0%	-	-	No
3	40.3%	6,520	-2,625	Yes
4	87.2%	77,883	-67,908	Yes
Total		**185,371**	**-70,792**	**-**

Credit risk grading, 31 December 2021

Customer grading	Weighted-average loss rate	Gross carrying amount	Expected credit loss provision	Credit impaired
1	0.0%	34,203	-	No
2	1.6%	6,620	-105	No
3	99.0%	3,776	-3,739	Yes
4	76.6%	271,907	-208,203	Yes
Total		**316,506**	**-212,047**	**-**

19 FINANCIAL RISK MANAGEMENT (CONTINUED)

Exposure to credit risk by geographical region
Gross carrying amount

Geographical region	31 December 2022	31 December 2021
North America	75,572	41,642
Europe	37,043	73,743
Africa and the Middle East	10,248	17,072
Asia and the Pacific	20,002	104,201
South and Central America	42,506	79,848
Total	**185,371**	**316,506**

20 ASSETS HELD FOR SALE AND ASSOCIATED LIABILITIES

$'000	12 month period to 31 December 2022	6 month period to 31 December 2021
Current assets		
Aircraft	93,070	41,088
Buildings	5,358	420
Lease incentives	16,425	-
Total assets held for sale	**114,853**	**41,508**

$'000	12 month period to 31 December 2022	6 month period to 31 December 2021
Current liabilities		
Loans and borrowings	11,694	-
Maintenance reserves	22,181	24,111
Deposits	12,848	3,036
Total liabilities associated with assets held for sale	**46,723**	**27,147**

At 31 December 2022, the Group had 19 aircraft held for sale. At 31 December 2022, the Group also had office space held for sale.

The Group is satisfied that these assets met the criteria to be classified as held for sale as at 31 December 2022 in line with the Group's accounting policy.

Included in the impairment charge in Note 7 is $1.5 million ($1.0 million for the 6 month period ended 31 December 2021) and in Note 8 is $1.3 million (nil for the 6 month period ended 31 December 2021) associated with held for sale assets.

21 COMMITMENTS AND CONTINGENT LIABILITIES

At 31 December 2022, the Group had committed to acquiring 39 ATR and Airbus aircraft (64 aircraft at 31 December 2021). Further, the Group had nil options to purchase aircraft from ATR (35 ATRs at 31 December 2021). Total contracted firm commitments at 31 December 2022 were $1.1 billion ($1.4 billion at 31 December 2021).

22 CHANGE IN RECEIVABLES AND PAYABLES

$'000	12 month period to 31 December 2022	6 month period to 31 December 2021
Change in inventory	-8,115	3,059
Change in deposits (assets)	-	10,125
Change in trade and other receivables	-10,120	16,373
Change in maintenance reserves	-217,235	27,884
Change in trade and other payables	-218,935	33,521
Change in deferred income (liabilities)	-13,056	7,230
Total change in receivables and payables	**-467,461**	**98,192**

23 OTHER ADJUSTING AND NON-CASH ITEMS

$'000	12 month period to 31 December 2022	6 month period to 31 December 2021
Depreciation, amortization and impairment	372,668	1,045,763
Lease incentive amortization	90,714	34,716
Gain on sale of aircraft	-32,868	-
Recognition of right-of-use assets	-1,206	-
Transfer of receivables and payables to held for sale	8,039	27,147
Receivables and payables in entities disposed	230,047	-
Movement in payables related to aircraft investment	48,285	-
Movement in receivables related to aircraft sales proceeds	49,324	-
Movement in payables related to aircraft sales	6,893	1,000
Predelivery payments settled with payables	-	15,280
Lease incentive additions	-61,849	-72,695
Aircraft transferred to/from inventory	20,370	-2,135
Fair value adjustment of hedging instruments	2,879	-
Repayment of lease liabilities	2,541	377
Change in accrued interest	80,363	-89,070
Share of profit/loss in equity-accounted investments	-	830
Shares received in settlement of receivables	-519	-
Other non-cash items	1,309	204
Total other adjusting and non-cash items	**816,990**	**961,417**

24 FEE PAID TO AUDITORS

$'000	12 month period to 31 December 2022	6 month period to 31 December 2021
Audit services	719	309
Tax advice services	49	280
Total fee paid to auditors	**768**	**589**

Auditor's remuneration, exclusive of VAT, for work carried out for the Group in respect of the financial period is as per above.

Finance

Notes to the consolidated financial statements

25 RELATED PARTIES

A related party is a person or entity that is related to the Group. A person or a close member of that person's family is related to that Group if that person has significant influence or power over the Group or is a member of key management. An entity is a related party if it is a member of the same group or is related to the entity by means of investment or is controlled by a person related to the Group. A related party transaction is defined as a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Related parties exercising control
On 1 June 2022 the Group successfully completed the financial restructuring process and consequently the existing shares were cancelled. The former shareholders, both direct and ultimate former shareholders, ceased to be shareholders. The new indirect shareholders are the creditors that in connection with the successful completion of the financial restructuring process received shares or to whom any creditors may have sold or transferred their shares or the right to receive shares to. The new direct shareholder of the Company is NAC Holdings Limited.

NAC Holdings Limited is the immediate new shareholding entity holding 100% of the shares in Nordic Aviation Capital Designated Activity Company, and therefore the Group.

There is a new indirect shareholding via a number of shareholders in the immediate shareholding entity, but no single indirect shareholder has control or significant influence and the parties do not meet the definition of a related party.

The shares in the following subsidiaries were transferred to creditors as agreed in the financial restructuring process and are no longer part of the Group:

- NAC Aviation 8 Limited
- NAC Aviation 31 Limited
- NAC Aviation 32 Limited
- NAC Aviation 33 Limited
- NAC Aviation 34 Limited
- Tiradentes Portfolio A Ltd
- Tiradentes Portfolio B Ltd
- Tiradentes Portfolio C Ltd
- Tiradentes Portfolio D Ltd
- Fortuna Aviation Holding Ltd
- Tyche Aviation Holding Ltd
- Fortuna Aviation DAC
- Tyche Aviation DAC
- Nordic Aviation Leasing Eighteen Pte. Ltd.
- Nordic Aviation Leasing Twenty Pte. Ltd.
- Nordic Aviation Leasing Twenty One Pte. Ltd.
- Nordic Aviation Leasing Twenty Two Pte. Ltd.
- Nordic Aviation Leasing Twenty Three Pte. Ltd.
- Nordic Aviation Leasing Twenty Four Pte. Ltd.
- Nordic Aviation Leasing Twenty Seven Pte. Ltd.
- Nordic Aviation Leasing Twenty Eight Pte. Ltd.
- Enclave Aviation Sweden AB

With effect from 1 April 2022, NAC A/S surrendered and cancelled its shares in KN Operating Limited.

With effect from 5 May 2022, NAC Aviation 9 Limited was deconsolidated, as control was relinquished in accordance with a settlement agreement.

Related parties exercising significant influence
Related parties exercising significant influence comprise the Board of Directors and Executive Management.

Key management personnel consist of the Directors of the Company and Executive Management. Total compensation to the Directors and Executive Management was $8.2 million for the 12 month period ended 31 December 2022 ($8.6 million for the 6 month period ended 31 December 2021), of which nil ($3.0 million for the 6 month period ended 31 December 2021) related to compensation in respect of loss of office or other termination benefits.

Subsidiaries at 31 December 2022

British Virgin Islands: Palm Grove House, PO Box 4301, Tortola, Road Town, British Virgin Islands.
(100% owned. These subsidiaries engage in aircraft leasing and management services): Jetscape Aviation Group Ltd. and Jetscape Commercial Jets Limited

Canada: 2680 Skymark Avenue, Suite 415, L4W 5L6 Mississauga, Ontario, Canada.
(100% owned. This subsidiary engages in management services): NAC Aviation Canada, Inc.

Cayman Islands: Maples Corporate Services Limited, PO Box 309, Ugland House KY-1104, Grand Cayman.
(100% owned. This subsidiary engages in management services): Eagle I Limited

China: 79 Jianguo Road, Unit 34, Office 2T01, Level 9, Chaoyang District, Beijing, China.
(100% owned. This subsidiary engages in business trade consulting): NAC Services China Co., Ltd.

Cyprus: 5 Esperidon, 4th Floor, Nicosia, Cyprus.
(100% owned. These subsidiaries engage in aircraft leasing): NAC Aviation Cyprus 1 Ltd., NAC Aviation Cyprus 2 Ltd., NAC Aviation Cyprus 3 Ltd. and Merlano Ltd.

Denmark: Stratusvej 12, 7190 Billund, Denmark.
(100% owned. These subsidiaries engage in aircraft leasing and management services): Nordic Aviation Capital A/S, Nordic Aviation Financing ApS, NAC Aviation 2 A/S and NAC Aviation 3 A/S

25 RELATED PARTIES (CONTINUED)

France: 18, rue Pasquier 75008 Paris, France.
(100% owned. These subsidiaries engage in aircraft leasing and management services): NAC Aviation France 1 SAS, NAC Aviation France 5 SAS, NAC Aviation France 6 SAS, NAC Aviation France 7 SAS and NAC Services France SAS

Ireland: Gardens International, Henry Street, Limerick City, Ireland (100% owned. These subsidiaries engage in aircraft leasing and management services): Nordic Aviation Contractor (Ireland) Ltd., Nordic Aviation Services Ltd., NAC Aviation 2 Ltd., NAC Aviation 3 Ltd., NAC Aviation 4 Ltd., NAC Aviation 6 Ltd., NAC Aviation 7 Ltd., NAC Aviation 10 Ltd., NAC Aviation 11 Ltd., NAC Aviation 12 Ltd., NAC Aviation 14 Ltd., NAC Aviation 15 Ltd., NAC Aviation 16 Ltd., NAC Aviation 17 Ltd., NAC Aviation 18 Ltd., NAC Aviation 19 Ltd., NAC Aviation 20 Ltd., NAC Aviation 21 Ltd., NAC Aviation 22 Ltd., NAC Aviation 23 Ltd., NAC Aviation 24 Ltd., NAC Aviation 25 Ltd., NAC Aviation 26 Ltd., NAC Aviation 27 Ltd., NAC Aviation 28 Ltd., NAC Aviation 29 DAC, NAC Aviation 30 Ltd., NAC Aviation 35 Ltd., NAC Aviation 36 Ltd., NAC Aviation 37 Ltd., NAC Aviation 38 Ltd., NAC Aviation 39 Ltd., NAC Aviation 40 Ltd., NAC Aviation 43 Ltd., NAC Aviation 44 Ltd., NAC Aviation 45 Ltd., NAC Aviation 46 Ltd., NAC Warehouse DAC, NAC Growth Holdco 1 Ltd., NK Leasing Ltd., NK Aviation Ltd., Freyja Aviation One Ireland DAC, Freyja Aviation Two Ireland Ltd., Freyja Aviation Three Ireland Ltd., Freyja Aviation Four Ireland Ltd., Aldus Portfolio Leasing Ltd., Aldus Portfolio B Ltd.

Malta: 85 St. John Street, VLT 1165 Valletta, Malta.
(100% owned. These subsidiaries engage in aircraft leasing and management services): Argos Aviation Malta Limited (in liquidation), Freyja Aviation One Malta Limited, NAC Services Malta Limited (in liquidation), Minerva Aviation Malta Limited (in liquidation) and Nordic Aviation Malta Ltd.

Singapore: 60 Anson Road, #18-04 Mapletree Anson, Singapore 079914
(100% owned. These subsidiaries engage in aircraft leasing and management services): Nordic Aviation Capital Pte. Ltd., Nordic Aviation Leasing Pte. Ltd., Nordic Aviation Leasing Two Pte. Ltd., Nordic Aviation Leasing Six Pte. Ltd., Nordic Aviation Leasing Seven Pte. Ltd., Nordic Aviation Leasing Eight Pte. Ltd., Nordic Aviation Leasing Nine Pte. Ltd., Nordic Aviation Leasing Eleven Pte. Ltd., Nordic Aviation Leasing Twelve Pte. Ltd., Nordic Aviation Leasing Fourteen Pte. Ltd., Nordic Aviation Leasing Fifteen Pte. Ltd., Nordic Aviation Leasing Sixteen Pte. Ltd., Nordic Aviation Leasing Seventeen Pte. Ltd., Nordic Aviation Leasing Nineteen Pte. Ltd., Nordic Aviation Leasing Twenty Five Pte. Ltd., Nordic Aviation Leasing Twenty Nine Pte. Ltd. and Nordic Aviation Financing One Pte. Ltd.

South Africa: 6 Aimee Lane, President Ridge, 2194 Randburg, South Africa.
(100% owned. This subsidiary engages in management services): Nordic Aviation Services SA (Pty) Ltd.

Sweden: Trädgårdsvägen 34, Bjärred, 237 35, Sweden.
(100% owned. This subsidiary engages in aircraft leasing): Magni Aviation One Sweden AB

United Kingdom: Tricor Suite, 4th Floor, 50 Mark Lane, EC3R 7QR London, United Kingdom.
(100% owned. These subsidiaries engage in aircraft leasing and management services): NAC Aviation UK 1 Ltd., NAC Aviation UK 2 Ltd., NAC Aviation UK 3 Ltd. and NAC Services UK Ltd.

United States - Colorado: Gardens International, Henry Street, Limerick City, Ireland.
(100% owned. These subsidiaries engage in aircraft leasing): NAC Aviation Colorado 1, LLC and NAC Aviation Colorado 2, LLC.

United States – Delaware: 2140 South Dupont Highway, Camden, Delaware 19934, United States.
(100% owned. These subsidiaries engage in aircraft leasing): ALC ATR 426 1012, LLC, ALC ATR 426 1018, LLC,, ALC ATR 726 1103, LLC, ALC ATR 726 1112, LLC

United States – Delaware: C/O National Registered Agents Inc., 1209 Orange Street, 19801 Wilmington Delaware, United States.
(100% owned. These subsidiaries engage in aircraft leasing):, NAC Leasing Delaware, LLC and NAC Aviation Delaware, LLC

United States – Florida: 550 S. Andrews Ave. Suite 300, 33301 Fort Lauderdale, Florida, United States.
(100% owned. These subsidiaries engage in aircraft leasing and management services): JAG VIII, LLC, Nordic Aviation Capital Inc. and Nordic Aviation Services US, LLC.

25 RELATED PARTIES (CONTINUED)

Investment in subsidiaries — Company

$'000	31 December 2022	31 December 2021
Carrying amount at 1 January / 1 July	**-**	**-**
Additional contribution	405,420	3,000
Disposals	-	-86
Impairment loss	-	-2,914
Carrying amount at 31 December	**405,420**	**-**

During 2022 an additional contribution to investment in subsidiaries of $405.4 million was made as part of the completion of the financial restructuring process.

In the 6 month period ended 31 December 2021 the Company contributed and correspondingly impaired $3 million to a subsidiary in order to wind-up the business activities of the subsidiary.

26 SUBSEQUENT EVENTS

On 28 January 2023, an airline customer based in the United Kingdom entered administration. Security deposits and maintenance reserves are in place for the leased aircraft. The potential net impact of this event is deemed to be immaterial. This situation continues to be monitored by the Directors.

As regards other matters, the Directors consider the state of affairs of the Group and Company to be satisfactory and there have been no material changes since the statement of financial position date. The normal operations of the Group have continued.

27 SIGNIFICANT ACCOUNTING POLICIES

A. Statement of compliance

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS") and the Companies Act 2014.

IFRS applied by the Group in the preparation of these consolidated financial statements are those that were effective and applicable at 31 December 2022.

Changes to significant accounting policies are described below in B.

B. New IFRS and IFRIC which have been adopted

IFRS 8 operating segments
No other changes in IFRS effective for the financial statements have had a material impact this financial year.

C. New IFRS not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

— IFRS 17 Insurance Contracts. The Company has issued guarantees to other members of the Group. Presently, the Company is not able to estimate the impact of these guarantees. The Group continues to assess the impact of IFRS 17 on these guarantees.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

— Amendments to IAS 1 Classification of Liabilities as Current or Non-current

D. Basis of preparation

The consolidated financial statements have been prepared on historical cost basis as modified to include fair valuation of certain financial instruments in accordance with IFRS as adopted by the EU and as applied in accordance with the Companies Act 2014.

The individual financial statements of the Company have been prepared in accordance with IFRS as adopted by the EU and as applied in accordance with the Companies Act 2014. The Company has taken advantage of the exemption in Section 304 of the Companies Act 2014 which exempts a company that publishes its company and group financial statements together from presenting to its members its company statement of profit or loss and related notes that form part of the approved company financial statements.

Going concern
The Group's business activities, together with factors likely to affect its future development, performance and position, are set out above along with the financial position. In addition, Note 19 to the financial statements includes the objectives, policies and processes for managing financial risk; details of financial instruments and hedging activities; and the exposure to credit risk and liquidity risk, to the extent these were in place at 31 December 2022.

In response to the unprecedented challenges faced by the Group following the outbreak of the COVID-19 pandemic, the Group, in December 2021, entered a voluntary restructuring process under chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of Virginia ("chapter 11"). On 4 May 2022, when the financial statements for the 6 month period ended 31 December were approved, the Directors had identified events and conditions that indicated the existence of a material uncertainty that cast doubt on the Group's ability to emerge successfully from the chapter 11 proceedings. The Group was required to satisfy certain conditions precedent to emerge. The conditions precedent generally required the Group to (I) effectuate the restructuring transactions; (ii) satisfy the fees, expenses, and other related payables of certain of its creditors and lenders; and (iii) remain in compliance with the restructuring support agreement and the plan of reorganization. If the Group did not satisfy the conditions precedent, the Group would not emerge from chapter 11.

The Group satisfied all conditions precedent and successfully emerged from chapter 11 on 1 June 2022. The successful emergence of the Group from the chapter 11 proceedings thereby removed the material uncertainty over the Group's ability to continue as a going concern.

Go-Forward Business Plan
The Group is a global leader in regional aircraft leasing and is expanding into larger narrowbody aircraft leveraging its world class asset management platform.

The Group is well-positioned from a funding and liquidity perspective with $560.5 million in cash and cash equivalents, and an undrawn $388 million warehouse facility to fund growth at 31 December 2022. Furthermore, the Group has

27 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

other investments, not meeting the IFRS definition of cash and cash equivalents, including a $49 million deposit from aircraft sales proceeds which is to be used for future repayment of loans and investment in aircraft subject to certain terms and conditions, and a 6-month $50 million deposit at 31 December 2022. The funding for the existing portfolio has very limited scheduled amortization until 2026.

The Directors have considered the adequacy of the Group's funding, borrowing facilities, cash flows and profitability for at least the next 12 months and are satisfied that the financial statements are prepared on a going concern basis based on the future plans that the Directors have for the business.

E. Estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS as adopted by the EU and as applied in accordance with the Companies Act 2014 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

Estimates and judgments mainly concern the timing of future maintenance events and the related cost in addition to the useful life of aircraft.

Issuance of shares
In accordance with the debt for equity guidance in IFRIC 19, the Group valued the share issued, as part of the debt for equity transaction, at fair value. The Group applied material judgment in assessing the fair value of the equity of the re-organized Group, as set out in Note 14.

Loans and borrowings
In accordance with the plan the pre-emergence debt was modified, and new loan agreements were entered into. The modified loan agreements represent a substantial modification under IFRS 9 as the terms of the debt were substantially modified including an extension of terms, changes in principal repayments and changes in credit spreads applied. The initial recognition of the new loan agreements was at fair value in accordance with the guidance in IFRS 9. In assessing the fair value, the Group applied material judgment as set out in Note 15.

The Group entered into an interest rate cap arrangement to hedge the variability in interest rates and applied the hedge accounting principles from IFRS 9 Financial Instruments. The movement in fair value of the interest rate cap is recognized as other comprehensive income and the cost of hedging is recognized on the face of profit or loss.

Deferred tax
Deferred tax assets and liabilities, Note 12, are measured using enacted tax rates and laws expected to be in effect in the years in which those temporary differences are expected to be recovered or settled. Any change in the timing or level of future changes in tax rates can result in substantial differences between the tax charge in the statement of profit and loss and tax payments.

Aircraft and related components
In accounting for aircraft, the Group makes estimates about the expected useful lives and the estimated residual value of aircraft. In determining these estimates, management relies upon actual industry experience supported by estimates received from independent appraisers and considers anticipated utilization of the aircraft.

In accordance with IAS 16 – Property, Plant and Equipment, the Group's owned and leased aircraft are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the aircraft may not be recoverable. An impairment review involves consideration as to whether the carrying amount of an aircraft is not recoverable and is in excess of its fair value. In such circumstances, an impairment charge is recognized as a write-down of the carrying amount of the aircraft to the higher of value in use or fair value less cost to sell.

The review for recoverability has a level of subjectivity and requires the use of judgment in the assessment of estimated future cash flows associated with the use of an item of property, plant and equipment and its eventual disposal. Future cash flows are assumed to occur under current market conditions and assume adequate time for a sale between a willing buyer and a willing seller. Expected future lease rates are based upon all relevant information available, including the existing lease, current contracted rates for similar aircraft, appraisal data and industry trends.

Factors considered in estimating the future cash flows are impacted by changes in contracted lease payments, future projected lease payments, transition costs, estimated downtime and estimated residual values.

27 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement of recognized tax assets and liabilities
Deferred taxes, including the tax value of tax loss carryforwards, are recognized at their expected value. The assessment of deferred tax assets regarding tax loss carryforwards is based on the expected future taxable income of the respective subsidiary and the expiration date of the losses. Please see Note 12 – Deferred tax. In the course of conducting business globally, transfer pricing disputes with tax authorities may occur and management judgment is applied to assess the possible outcome of such disputes. The most probable outcome is used as measurement method, and management believes that the provision made for uncertain tax positions not yet settled with local authorities is adequate. However, the actual obligation may deviate and is dependent on the results of the litigation and settlement with the relevant tax authorities.

Maintenance reserves
The Group records supplemental amounts that are not expected to be reimbursed during the lease as revenue when the Group has reliable information that it will not be required to make reimbursements of the amounts collected based on utilization and a maintenance forecasting model that estimates the maintenance inflows and outflows through to the lease expiration date.

Trade and other receivables
Trade and other receivables are recognized initially at fair value and are thereafter measured at amortized cost using the effective interest rate less any provision for impairment. Trade and other receivables are discounted when the time value of money is considered material. The Group assesses its trade and other receivables balance by comparing historical receivable loss patterns with current and future forecasted credit conditions. When determining whether the credit risk of trade and other receivables has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

F. Functional and presentation currency

The Company's functional currency is US dollars ("$"), being the currency of the primary economic environment in which the Company operates. The presentation currency of the Group and Company is $. All financial information presented in $ has been rounded to the nearest thousand $ unless otherwise stated.

G. Basis of consolidation

Subsidiaries
Subsidiaries are those enterprises, which are controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date when control commences until the date when control ceases.

The consolidated financial statements have been prepared using uniform accounting policies for transactions and other events in similar circumstances.

These consolidated financial statements include the financial statements of NAC and its subsidiaries which are presented in Note 25 – Related parties.

In consolidation, intercompany balances and intercompany transactions are eliminated in full.

Investments in subsidiaries
Investments in subsidiaries are stated at cost less any provision for impairment in the Company financial statements.

Foreign currency translation
Transactions in foreign currencies are translated to $ at exchange rates prevailing at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into $ at the exchange rate prevailing at the reporting date with differences arising recognized as profit or loss in the consolidated statement of profit or loss and other comprehensive income.

H. Significant accounting policies

Lease rental income
The Group leases aircraft principally under operating leases and records rental income on a straight-line basis over the life of the lease as it is earned. In some cases, leases provide for rentals based on aircraft usage which may be calculated based on hours or on cycles operated. The Group accounts for lease rentals under such leases on a basis that represents the time pattern in which the revenue is earned.

Most of the Group's leases require lease rental payments to be paid in advance. Rentals received but unearned at the reporting date are recorded as deferred income.

Lease rent concessions for past periods are considered as an extinguishment of the operating lease receivable and the derecognition requirements of IFRS 9 (Expected Credit Loss) apply.

27 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial income and expenses
Financial income and expenses comprise interest income and expenses, finance lease income, amortization of costs of permanent loan facilities as well as recognized gains and losses on securities, receivables, payables and transactions denominated in foreign currencies. Borrowing costs are recognized in profit or loss using the effective interest method.

In calculating the effective interest rate, the Group estimates cash flows (using projections based on repayments) considering all contractual terms of the financial liability. The calculation will take into account all fees that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. The Group will review its estimate of payments each year and if necessary, adjust the carrying amount of the financial liability to reflect actual and revised estimated cash flows. This process involves computing the present value of estimated future cash flows at the financial instrument's original effective interest rate. As such the Group shall recognize the adjustment as income or expense in profit or loss at the date of such revision.

Aircraft and related components
Aircraft
Aircraft are recorded at cost. Major improvements and modifications that are required to get acquired aircraft ready for initial service are capitalized and depreciated over the remaining useful life.

Depreciation is charged so as to expense the cost or valuation of assets less residual values over their estimated useful lives using the straight-line method on the following bases:

— Jet aircraft – 25 years from the date of manufacture assuming an estimated residual value of 15% of the original cost
— Turboprop aircraft – 30 years from the date of manufacture assuming an estimated residual value of $1 million

The basis of depreciation is calculated as the net book value less the residual value of the asset and impairment losses, if any. The residual value is determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, depreciation is discontinued. When changing the depreciation period or the residual value, the effect on the depreciation is recognized prospectively as a change in accounting estimates. Depreciation and impairment are recognized in the statement of profit or loss.

Aircraft are assessed for recoverability in accordance with IAS 36 – Impairment of Assets whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Notwithstanding the results of this review, in certain circumstances management also considers the carrying amounts of specific aircraft where indicators of a diminution in value have been identified based on aircraft-specific sales and technical information.

For the purposes of measuring an impairment loss, each aircraft is tested individually by comparing its carrying amount to the higher of value in use and fair value less cost to sell.

The residual values, useful lives and depreciation methods are revised and adjusted, if appropriate, at each reporting date. The residual value of aircraft is based on their estimated scrap value for turboprop aircraft and an assumed residual value for jet aircraft.

The gain or loss arising on the disposal of aircraft is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of profit or loss and other comprehensive income.

Predelivery payments
Predelivery payments are recorded at cost and are not depreciated. Borrowing costs associated with predelivery payments are capitalized as incurred. As aircraft, which are subject to predelivery payments are delivered, applicable predelivery payments and financing costs are reclassified to aircraft.

Maintenance rights
Maintenance rights assets associated with the acquisition of aircraft with in-place leases represent the difference in value between the contractual right to receive an aircraft in a specified maintenance condition on redelivery and the maintenance condition on the acquisition date. Maintenance rights assets exist if, on the acquisition date, the maintenance condition of the aircraft is below the expected maintenance condition on redelivery. A maintenance rights liability exists if, on the acquisition date, the maintenance condition is above the expected redelivery condition and the lessor has agreed to compensate the lessee for the enhanced maintenance condition on redelivery.

When the Group has recorded maintenance rights assets, the following subsequent accounting scenarios exist: (i) the aircraft is returned at lease expiry in the contractually specified maintenance condition without any cash payment to the Group by the lessee, the maintenance rights asset is released and an aircraft improvement is recorded to the extent the improvement is substantiated and deemed to meet the Group's capitalization policy; (ii) the lessee pays the Group cash compensation at lease expiry in excess of the value of the maintenance rights asset, the maintenance rights asset is relieved and any excess is recognized as end-of- lease income consistent with the Group's existing policy; or (iii) the lessee pays the Group cash compensation at lease expiry that is less than the value of the maintenance rights asset, the cash is applied to the maintenance rights asset and the balance of such asset is relieved and recorded as an aircraft improvement to the extent the improvement is substantiated and meets the Group's capitalization policy. Any aircraft improvement will be depreciated in accordance with the Group's depreciation policy.

When the Group has recorded maintenance rights liabilities, the following subsequent accounting scenarios exist: (i) the aircraft is returned at lease expiry in the contractually specified maintenance condition without any cash payment by the Group to the lessee, the maintenance rights liability is relieved and end-of-lease income is recognized; (ii) the Group pays the lessee cash compensation at lease expiry of less than the value of the maintenance rights liability, the maintenance rights liability is relieved and any difference is recognized as end-of-lease income; or (iii) the Group pays the lessee cash compensation at lease expiry in excess of the value of the maintenance right liability, the maintenance right liability is relieved and the excess amount is recorded as an aircraft improvement.

Lease premium assets
Lease premium assets represent the value of acquired leases where the contractual rental payments are above the market lease rate at the date of acquisition. This asset is recognized at cost based on discounted cash flows and is amortized on a straight-line basis over the remaining term of the related lease and recorded as amortization.

Lease premium liabilities
Lease premium liabilities represent the value of acquired leases where the contractual rental payments are below the market lease rate at the date of acquisition. This liability is recognized at cost based on discounted cash flows and amortized on a straight-line basis over the remaining term of the related lease and recorded as amortization.

Other property, plant and equipment
Other property, plant and equipment are recorded at cost. Major improvements and modifications required to get acquired assets ready for initial service are capitalized and depreciated over the remaining useful life.

Depreciation is charged so as to expense the cost or valuation of assets less residual values over their estimated useful lives using the straight-line method on the following bases:

— Buildings – 20-30 years from the date of acquisition to an estimated residual value of nil
— Furniture and equipment – 3-5 years from the date of acquisition to an estimated residual value of nil
— Right-of-use assets – lease term

The basis of depreciation is calculated as the net book value less the residual value of the asset and impairment losses, if any. The residual value is determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, depreciation is discontinued. When changing the depreciation period or the residual value, the effect on depreciation is recognized prospectively as a change in accounting estimate. Depreciation and impairment are recognized in the statement of profit or loss.

The residual values, useful lives and depreciation methods are revised and adjusted, if appropriate, at each reporting date.

The gain or loss arising on disposal or retirement of items of other property, plant and equipment is recognized under revenue.

Inventories
Inventories of consumable spare parts are stated at the lower of cost or net realizable value.

Financial instruments
Classification and measurement of financial assets and financial liabilities
IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

— It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
— Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

27 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group assesses the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- How the managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

For the purpose of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

All financial assets meet the requirements above and are measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are amortized in profit or loss. Any gain or loss on derecognition is amortized in profit or loss.

Debtors are stated at their net recoverable amount.

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments. Cash and cash equivalents comprise cash in hand and demand deposits.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial instruments. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements for being measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

All the Group's financial assets are measured at amortized cost.

The financial assets held by the Group are trade receivables, cash and cash equivalents, restricted cash and deposits.

The fair value of trade and other receivables and cash is equal to their carrying value.

Financial liabilities are classified at amortized cost or FVTPL. A financial liability is classified at FVTPL if it is classified as held for trading, it is a derivative or is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value, and net gains and losses, including interest expenses, are amortized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expenses and foreign exchange gains and losses are amortized in profit or loss. Any gain or loss on derecognition is also amortized in profit or loss.

Impairment of financial assets
The Group has elected to measure loss allowances for trade receivables at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward-looking information.

27 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group considers a financial asset to be in default when the lessee is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held).

The Group has prepared an analysis of each lessee based on past performance and some publicly available information without any input from the servicer to estimate a credit rating. This risk rating was used to assign an expected credit loss percentage based on monthly rental and supplemental rent income and any outstanding balances at period end.

In accordance with Section B5.5.55 of IFRS 9, security deposits received have been treated as credit enhancement and included in the measurement of the expected credit loss due to the credit enhancement being integral to the contractual terms of the lease and not being required under IFRS standards to be amortized separately.

The Group has a customer ranking model which calculates a ranking score based on the customers' payment behavior, financial strength and jurisdiction. The score translates into a 4-level grading of the customers, with each level being designated a default risk percentage for the receivable amount.

The Group has used the risk percentage at period end when calculating the impact of IFRS 9 on the financial statements. Note 11 – Trade and other receivables depicts the expected credit loss arising from trade receivables, including consideration for the security held for each aircraft.

Impairment losses related to trade and other receivables, would be presented under "administrative expenses", similar to the presentation under IAS 39, but due to materiality considerations they are presented separately in the statement of profit or loss and OCI.

Derecognition
The Group derecognizes a financial asset when the contractual rights to collect cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is amortized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is amortized in profit or loss.

Hedge accounting
The general hedge accounting model in IFRS 9 requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a qualitative and forward-looking approach to assessing hedge effectiveness.

The Group uses an interest rate cap arrangement to hedge the variability in interest rates and applied the hedge accounting principles from IFRS 9 Financial Instruments. The movement in fair value of the interest rate cap is recognized as other comprehensive income and the cost of hedging is recognized on the face of profit or loss.

The change in fair values of the hedging instruments is recognized in other comprehensive income and deferred in equity, with any ineffectiveness recorded in profit or loss.

If the instruments do not qualify for hedge accounting, changes in market value are recognized directly in the income statement under financial items.

Maintenance reserves
In many aircraft operating leases, the lessee has the obligation to make periodic payments which are calculated based on the utilization of airframes, engines and other major life-limited components (supplemental amounts). In such leases, upon the lessee presenting invoices evidencing the completion of qualifying maintenance on the aircraft, the Group reimburses the lessee for the cost of the maintenance up to a maximum of the supplemental amounts received with respect to such work unless otherwise indicated in the lease.

Upon the acquisition of an aircraft with a lease, the provision is recorded at fair value and is subsequently reassessed in line with the Group's maintenance forecasting model.

Such maintenance reserves received in cash from lessees are recognized as maintenance reserves in the statement of financial position in recognition of the contractual commitment to either refund such receipts or to hold them for future scheduled maintenance work to be performed thereafter.

Generally, leases require a lessee to redeliver an aircraft in a specified maintenance condition (normal wear and tear excepted), with reference to major life-limited components of the aircraft. To the extent that such components are redelivered in a different condition than specified, there is generally

27 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

an end-of-lease compensation adjustment for the monetary difference. Amounts received or paid as part of these redelivery adjustments are recorded as revenue at lease termination. The Group includes amounts recorded as maintenance payments that are not expected to be reimbursed to lessees as revenue.

Lessor contributions
Lessor contributions represent contractual obligations on the part of the Group to contribute to a lessee's cost of a planned major maintenance event which is expected to occur during the lease. The Group regularly reviews the level of lessor contributions to cover its contractual obligations under current leases and makes adjustments as necessary.

Lessor contributions represent a lease incentive and are recorded as a charge against lease rental income over the life of the associated lease. When aircraft are sold, the portion of the accrued liability not specifically assigned to the buyer is derecognized from the statement of financial position as part of the gain or loss on disposal of the aircraft.

Lessor contributions in respect of end-of-lease adjustments are recognized when the Group believes it is probable that it will be required to reimburse an amount to a lessee and the amount can be reasonably estimated.

Receivables from finance leases
A finance lease is recognized when there is a contractual right to the asset's cash flows and derecognized when all contractual rights and obligations expire. Amounts due from lessees under finance leases are recorded as receivables at the amount of the net investment in the leases. The difference between the gross receivable and the present value of the receivable is recognized as unearned financial income. Progress payments made prior to the commencement of the primary lease are included at cost together with the amount of any interest charged on such payments.

Derivative financial instruments measured through OCI
Derivative financial instruments are measured at fair value. The fair values of derivative financial instruments are included in other receivables and other payables, and positive and negative values are offset only when the Group has the right and the intention to settle several financial instruments net.

Changes in the fair value of derivative financial instruments that qualify as a cash flow hedge, and which effectively hedge changes in the value of the hedged item are recognized in other comprehensive income and attributed to a separate reserve in equity.

When a hedged transaction results in gains or losses, amounts previously recognized in other comprehensive income are transferred to the same item as the hedged item when the hedged risk impacts the statement of profit or loss.

Provisions
Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Taxes
Tax for the period comprises current tax and changes in deferred tax for the year, including changes as a result of a change in the tax rate. The tax expense relating to the profit or loss for the period is recognized in the statement of profit or loss, and the tax expense relating to items recognized in other comprehensive income is recognized in other comprehensive income. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realized. Deferred tax is charged or credited to the statement of profit or loss except when it relates to items charged or credited directly to equity, in which case the deferred tax effect is recorded in equity.

In the course of conducting business globally, transfer-pricing disputes with tax authorities may occur and judgment is applied to assess the possible outcome of such disputes. The most probable outcome is used as the measurement method, and Management believes that the provision made for uncertain tax positions, not yet settled with tax authorities, has been appropriately reflected in the tax charge and liability. However, the actual obligation may deviate and is dependent on the results of a dispute resolution process and settlement with the relevant tax authorities. Corporation tax is disclosed on the balance sheet.

27 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Dividends
Proposed dividends are recognized as a liability at the date they are adopted by the Directors.

Hedging reserve
The hedging reserve includes the accumulated net change in the fair value of hedging transactions qualifying for hedge accounting and any ineffective part of the hedge relationship is expensed.

Financial assets measured at amortized cost
Trade and other receivables
Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances held for the purpose of meeting short-term cash commitments and investments which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash equivalents have a maturity of three months or less from the date of acquisition. Cash equivalents are carried at amortized cost.

Restricted cash
Restricted cash comprises cash held by the Group, but which is ring-fenced or used as security for specific financing arrangements and to which the Group does not have unfettered access. Restricted cash is measured at amortized cost.

Financial liabilities measured at amortized cost
Loans and borrowings
Loans and borrowings are recognized initially at fair value, net of transaction costs incurred. Loans and borrowings are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized as profit or loss in the consolidated statement of profit or loss and other comprehensive income over the period of borrowings using the effective interest rate method. A substantial modification of the terms of an existing financial liability or a part of it is accounted for as an extinguishment of the original financial liability and recognition of a new financial liability. The modification of the terms is assessed both from a quantitative and qualitative view. If the modification is assessed to be an extinguishment, the difference between the carrying amount of the financial liability and the consideration paid including liabilities assumed is recognized as gain or loss. Any cost or fees incurred are recognized as part of the gain or loss. If the modification is assessed as non-substantial the difference is accounted as an adjustment to the existing liability by restating the liability to net present value of the revised cash flows discounted at the original effective interest rate, and any adjustment is recognized in the profit or loss. Any cost or fees incurred as part of the modification are added to the liability and amortized over the term of the modified liability. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least one year after the reporting date.

Trade and other payables
Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Right-of-use assets/lease liabilities
Leases are recognized as a liability and a corresponding right-of-use asset at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

28 DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value for financial and non-financial assets and liabilities. Fair value is the amount at which an instrument could be exchanged in an arm's length transaction between informed and willing parties, other than as part of a forced liquidation sale. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

When measuring the fair value of an asset or a liability, the Group uses market-observable data as far as possible. Fair values are categorized into different levels of the fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or a liability might be categorized into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety into the same levels of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Property, plant and equipment
The fair value of property, plant and equipment recognized as a result of a business combination is based on market values.

The market value of property, plant and equipment is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion. The Group uses independent, professional valuations as an estimate of the fair value of aircraft.

Assets held for sale
Assets held for sale fall within Level 2. The fair value of assets held for sale is based on the contracted amount of the underlying asset.

Loans and borrowings
Loans and borrowings fall within Level 2. The fair value of loans and borrowings is estimated as the present value of future cash outflows discounted at market rates of similar credit quality.

Derivatives – interest rate caps
Interest rate cap contracts held by the Group are measured at fair value and fall within Level 2. Fair value is based on broker quotes, which are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Cash and cash equivalents
The carrying amount approximates to fair value due to the short-term nature of these instruments. Cash and cash equivalents comprise restricted and unrestricted cash as well as short-term investments. The fair value of cash and cash equivalents is considered to be approximately equal to their carrying amount as the components are highly liquid.

Finance lease receivables
Finance lease receivables measured at amortized cost fall within Level 2. The fair value of finance lease receivables is estimated by reference to lease market rates provided by external parties.

Trade and other receivables
The fair value of trade and other receivables fall within Level 2 and is estimated as the present value of future cash flows and is discounted at the market rate of interest when the impact is material.

The remaining financial assets and liabilities measured at amortized cost all fall within Level 2. Fair values are estimated on the basis that the carrying value has been determined to be a good approximation of fair value.

29 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 22 February 2023.

Company
Nordic Aviation Capital DAC
Gardens International
Henry Street
Limerick City
Ireland

Registered number
567526

Website
www.nac.dk

Directors
Klaus Heinemann (German), Chairman,
Non-Executive Director
Norman C. T. Liu (American), Executive Director
Patrick Blaney (Irish), Non-Executive Director
Martin Cooke (Irish), Non-Executive Director
Paul O'Donnell (Irish), Non-Executive Director
Catherine Duffy (Irish), Non-Executive Director
Dermot Mannion (Irish), Non-Executive Director

Independent auditors
KPMG
Chartered Accountants
1 Harbourmaster Place
IFSC
Dublin 1
Ireland

Annual general meeting
This year's annual general meeting
was held on 24 February 2023

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Nordic Aviation Capital

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