Nordic Aviation Capital

Annual Report 2019/2020

At the Heart of
Regional Aviation

Introduction

NAC at a glance

Nordic Aviation Capital ("NAC") is the world's leading regional aircraft leasing company. It focuses exclusively on regional aircraft and provides flexible and innovative aviation financing solutions to airlines globally.

NAC's history

Aviation entrepreneur Martin Møller founded NAC in 1990. The company grew through the 1990s and added more aircraft to the fleet. In 2004, we opened an office in Limerick, Ireland.

In 2008, a landmark deal was completed when we acquired 39 ATR 72s from American Airlines, and in 2010 the fleet exceeded 150 regional aircraft. We placed our first order with ATR for 25 aircraft in 2011.

In 2012, we added regional jets to the fleet. In 2013, we solidified our position as the leading regional aircraft leasing company when we placed a 90 aircraft order with ATR.

In 2015, Martin Møller partnered with EQT and KIRKBI to further accelerate growth. Subsequently, we acquired regional jet lessors Aldus and Jetscape. Together with the fleet acquisitions from Delta Airlines and Air Lease Corporation, the fleet exceeded 350 aircraft.

In 2019, GIC invested in NAC and became a shareholder alongside Martin Møller, EQT and KIRKBI. NAC also announced 2 new orders at the Paris Air Show with ATR and Airbus totaling 125 aircraft.

In 2020, the fleet reached 500 aircraft and our new headquarters opened at Gardens International, Limerick, Ireland.

Today NAC continues to be the world's largest regional aircraft lessor and the 5th largest commercial aircraft lessor.

2019/20 highlights

Despite a challenging end to the financial year, there were many highlights for the period, including:

75
Customers

We lease aircraft to 75 customers in 51 countries

490
Aircraft

We have a fleet of 490 owned and managed aircraft

7.4
Fleet age

Our fleet has a weighted average age of 7.4 years

#1
Regional lessor

We are the world's largest regional aircraft lessor

8.1bn
Total assets

NAC has total assets of $8.1 bn

210
Employees

We have 210 colleagues in 7 offices around the globe

A note from the Chairman

Unprecedented times

In my 30 years in aviation, 2019/20 has been, without a doubt, the single most challenging year. The commercial aviation industry is no stranger to demand shocks, but the challenges presented by COVID-19 are unlike anything experienced before.

2019/20 was off to an excellent start for NAC. It posted its strongest first-half financial performance to date and the company was on track to deliver its 24th consecutive year of increased profitability.

In early 2020, however, COVID-19 began to surface, and what unfolded was the gravest crisis the aviation industry has ever known. The pandemic grounded up to 90% of the global airline fleet and severely disrupted airline operations worldwide.

On the back of the consequent unprecedented depression of demand for air travel, NAC, in common with its peers, encountered a large number of lessees requesting a deferral of their lease payments.

> **Since its inception, NAC has faced and overcome many challenging cycles. As a company we are confident in the ability of our team to navigate this unprecedented crisis.**
>
> **Martin Møller, Founder and Chairman**

We proactively undertook several processes to counterbalance this fall in revenue. Firstly, our supportive shareholders collectively injected $60 million of new equity into the business.

We also engaged in constructive discussions with our lenders to standstill on and defer our debt obligations to ensure stability as the aviation market gradually recovers. This required us to apply to the High Court in Dublin to launch a Scheme of Arrangement, and on 22 July 2020, it was officially approved by the Court. We are deeply appreciative of the trust that all our lenders have shown in NAC and look forward to working alongside them as the economy begins to recover.

While the effects of the pandemic continue to unfold, we remain confident that the regional sector, as in previous downturns, will be the first to recover and that we will continue to lead the growth in regional aviation and remain firmly positioned at the heart of the industry.

On a final note, I wish to welcome our new CEO, Patrick de Castelbajac, to his new role. Patrick will shortly join us and lead the business through this critical period of change. At the same time, I would also like to personally thank and bid farewell to our current CEO, Søren M. Overgaard. Søren has played an instrumental role in the growth and development of NAC for over 8 years. He will be greatly missed following his departure. Søren will join my family office as CEO and, as such, will continue to be involved with NAC after the transition. I wish Patrick and Søren the very best in their future endeavors.

Martin Møller
Founder and Chairman

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Our values guide us in everything we do: how we work with our customers and interact with our business partners, how we develop our people and the role we play in our communities.

Martin Møller, Founder and Chairman

At the Heart of Regional Aviation

Our core values have laid the foundation for our company and its lasting success.

Our core values guide our actions and serve as a compass for how we conduct business. These values underpin our purpose; to help the world connect by enabling airlines to meet the fast-growing demand of regional air travel.

At NAC, we care. We care for our company, our people, our customers, our business associates, and our communities.

At NAC, trust is embedded in our DNA; every interaction is an opportunity to forge relationships and nurture trust. We are humble and act with integrity. We always endeavor to do the right thing, acting with sincerity and to the highest ethical standard.

Our people are passionate, working with urgency to deliver tailored solutions. In doing so, we strive to make a difference. We take huge pride in our work and never settle for anything but the best. We are 100% committed to regional aviation, and it is this commitment that ensures we remain at the beating heart of the industry.

> **Our values are the backbone of our company culture and how we aspire to do business every day.**
>
> **Martin Møller, Founder and Chairman**

Act Caring	Care for our company, people, customers and business associates
Be Trustworthy	Be true to your word – keep your promise
Stay Humble	Act with integrity – be respectful to others
Have Passion	Strive to make a difference in aviation

Statement from the CEO

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NAC entered the crisis in a strong liquidity position having posted its strongest first-half financial performance to date.

Søren M. Overgaard, CEO

2019/20 review

COVID-19-related travel restrictions virtually shut down domestic and international air travel. The impact on the industry is unparalleled.

Highlights
The first half of the financial year was a busy and exciting one for NAC, with many significant developments across the business.

We posted our strongest first-half performance in the company's 30-year history. The Business Performance result was close to double the result for the same period in 2018/19 and demonstrated that we were on track to deliver yet another year of increased profitability and growth.

We announced the addition of the 500th aircraft to our fleet. This was a landmark achievement for NAC as we continued to expand our fleet to meet the growing needs of our global customer base.

On the funding side, we priced a record-breaking US private placement of $859 million, representing the largest private placement by an aircraft lessor in the history of the market.

Early in 2020, we celebrated the opening of our new headquarters in Limerick, Ireland – a commitment that reflected the company's global growth and success to date. All the above advancements ensured that NAC was in its strongest position entering 2020.

In the opening months of 2020, however, the world entered a human crisis of epic proportions. COVID-19 has impacted all industries, sectors, and aspects of our lives, causing devastating consequences and significant uncertainty.

The impact on the aviation industry is unprecedented. Global airlines have had their fleets grounded as governments rushed to enforce lockdowns and implemented harsh travel restrictions. As a result, the vast majority of our customers grounded their fleets.

To strengthen our position now and into the future, NAC's long-term supportive shareholders injected $60 million of new equity into the company. Independent of this, we entered a Scheme of Arrangement to implement a standstill on and deferral of the payments of interest and principal on our borrowings. This Scheme was officially approved on 22 July 2020. Both moves will counteract the negative impact that COVID-19 has had on the business and ensure stability as the market gradually recovers.

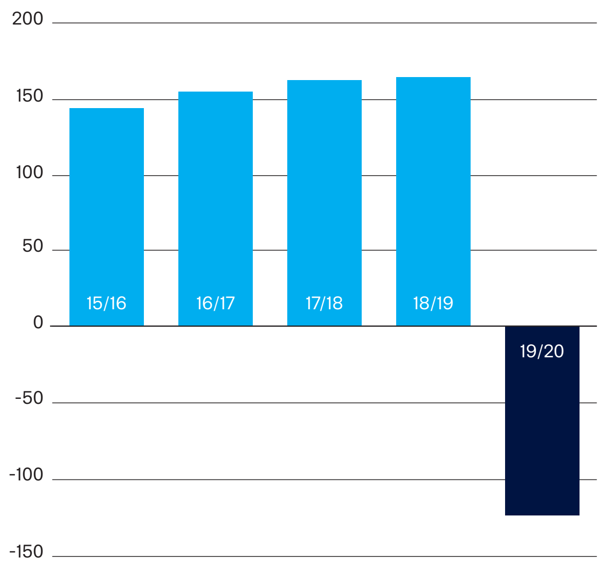
During the year, we strengthened our Executive Leadership with the appointment of Gareth Halpin as Chief Funding Officer and Morten Mikkelsen as Chief Financial Officer. Both have extensive experience in their fields and have already demonstrated resilient leadership during this critical time for the business.

I wish to thank our dedicated employees for their hard work, determination, and perseverance during such a difficult period. They have seamlessly adapted to working from home while demonstrating great spirit and enthusiasm in all their efforts.

On a personal note, the last 8 years have been very exciting and I am proud to have been part of the development of NAC. I look forward to being part of NAC's onward journey in my new role as CEO of Martin Møller's family office.

5-Year development in Business Performance

(Business Performance in $m)



15/16 is based on Danish GAAP, 16/17, 17/18, 18/19 and 19/20 are based on IFRS.

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The COVID-19 pandemic has resulted in considerable changes in all our lives and for businesses across the world, in every sector, but particularly for the travel industry. No aircraft lessor is immune.

Søren M. Overgaard, CEO

Fleet

Our diverse portfolio of aircraft enables us to provide comprehensive fleet solutions to leading airlines globally.

We ended the financial year 2019/20 with a total owned and managed fleet of 490 aircraft with a weighted age of 7.4 years. Our fleet represented approximately 8% of the global regional fleet and 29% of the regional fleet owned by lessors.

At 30 June 2020, our fleet comprised 291 turboprops (59%) and 199 regional jets (41%). Thus, we remain the largest lessor of ATRs, Dash 8-400 aircraft and larger regional jets. We have commitments for another 71 aircraft (49 turboprops and 22 regional jets), taking the fleet to 561.

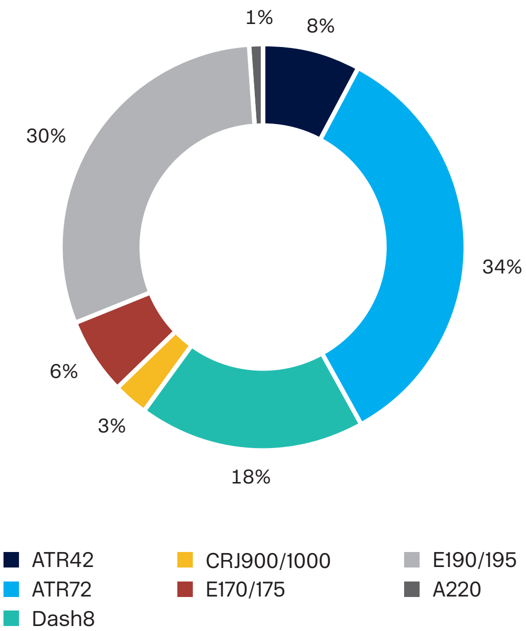
We demonstrated solid business activity for the year, recording a 22% increase in placements and extensions compared to last year.

This year, we took delivery of 19 new aircraft and purchased 6 second-hand aircraft (of which 4 were previously managed): 5 on lease and 1 in a sale and lease-back transaction. We also sold 11 aircraft.

Our in-house maintenance and delivery center continues to be of key strategic importance enabling us to deliver a unique customer experience. The facility, located in Billund, Denmark, has both EASA Part 145 and FAA Repair Station Approvals allowing us to perform maintenance on and transition all aircraft types in our fleet. During the year, our facility in Billund and the technical team handled a total of 11 aircraft deliveries to customers.

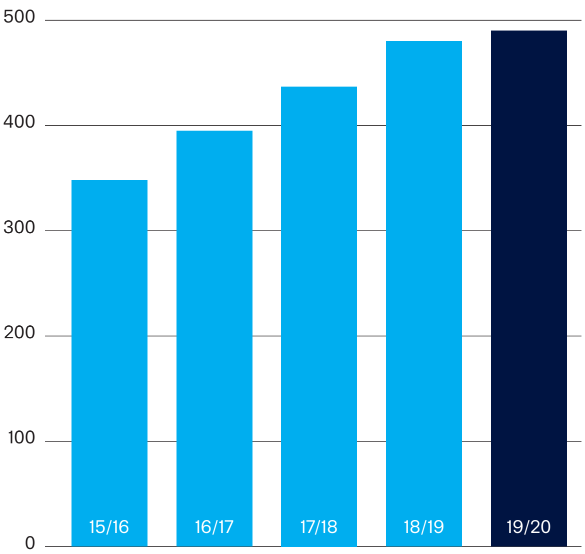
Owned and managed fleet

(By number of aircraft)



5-Year fleet development

(By number of aircraft)



37
ATR42

164
ATR72

90
Dash8

16
CRJ900/1000

27
E170/175

149
E190/E195

7
A220

Markets and customers

It is expected that the regional sector will be one of the first to recover. As the largest lessor of regional aircraft, NAC is well placed to overcome the challenges ahead.

Markets
Global air travel was forecast to continue its steady growth trends in 2019/20 with IATA predicting passenger traffic (RPKs) growth of 4.1% for the period*. In early 2020, as COVID-19 began to emerge, every aspect of the aviation industry was immediately affected by the pandemic.

Borders were shut down and almost all flights were canceled to control the spread of the virus. At the low point in April, global air travel was roughly 95% below 2019 levels**. It is difficult to determine how the market will evolve in the coming months, but we are already experiencing some positive sentiments towards aircraft leasing across all markets as airlines seek to conserve cash flow to pay down debts. Regional aviation also appears to be leading the recovery with 68% of turboprops in service at the end of June – the highest percentage of in-service aircraft recorded across all aircraft types for the period***.

We remain confident in the prospects for the regional aircraft leasing business.

We continued our growth in 2019/20 adding several new customers and countries to our portfolio.

Søren M. Overgaard, CEO

Customers
We added several new customers and countries to our portfolio this year. We ended the financial year with 75 customers in 51 countries. New customers of note included Caribbean Airlines, Hevilift, Link PNG, Loganair, MAP, Tarom and Windrose.

Our customers remain our key priority going forward. We continue to work closely with them during this challenging period to ensure a positive outcome for all parties.

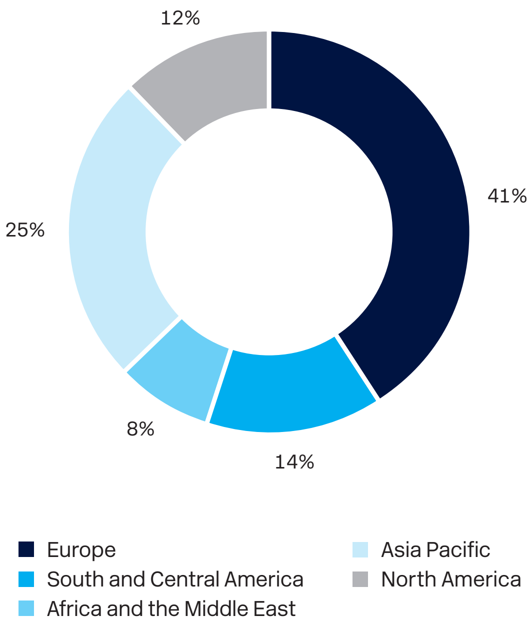
Significant transactions
During the financial year, we demonstrated our ability to execute a broad range of transactions. Deals of note during the year included Breeze Airways, Delta and Loganair.

Deal activity

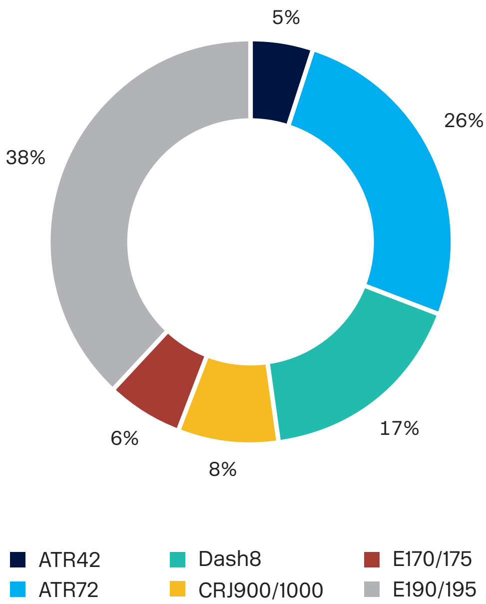
Despite COVID-19, it was a busy year as we signed a total of 56 LOIs, executed 62 contracts and transitioned 37 aircraft.

* IATA Pressroom Press Release No 69, December 2019
** IATA Pressroom Press Release No 50, June 2020
*** As per Cirium 30 June 2020

Lease revenue by geographical region



Lease revenue by aircraft type



Significant transactions

65 Lease extensions executed with with existing customers

15 Agreed to place E190s with Breeze Airways, a new customer

14 Placed aircraft with new customers

07 Sold CRJ900s to Delta

04 Purchased E170s and E190s from Merx with leases attached

04 Placed ATRs with Loganair, a new customer

Organization

Our people are crucial to our success. Their dedication and commitment have enabled us to cement our position as leaders in the industry.

There were many positive developments recorded in the first 9 months of the year. These are a direct result of our team of 210 people whose passion and commitment to regional aviation ensured that we entered the crisis in our strongest position yet. NAC has an incredible team of professionals with vast industry experience spanning decades.

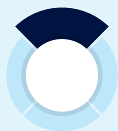
Implementing efficient systems and processes is critical to increasing productivity. During the year, we invested significantly in our proprietary operational and commercial system, Shamrock. We also built our own technical records and technical project management systems. These developments will cater for continued growth, enable greater efficiency for the business and ensure an improved customer experience.

We remain committed to improving our work environment to ensure that NAC continues to attract and retain the industry's best talent. Earlier this year, we opened our new headquarters at Gardens International, Limerick, Ireland. This state-of-the-art facility is a carefully considered combination of offices and bright and spacious open plan areas to cater for a range of business needs. The space lends itself to a very positive work environment promoting employee well-being and satisfying our desire to provide the best possible workplace experience for all team members.

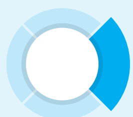
Graduate program
We continue to offer talented graduates the opportunity to work in the dynamic business of aircraft leasing. NAC's graduate program gives candidates the opportunity to rotate through a variety of departments within the company, a buddy and mentoring system and the opportunity to work abroad. Our graduate program plays a vital part in shaping the future of NAC.

NAC Graduate program

The NAC Graduate Program comprises a minimum of three rotations. Rotations range from 6-8 months. Graduates will have the opportunity to rotate through any number of the following departments; Commercial, Technical Operations, Contract Management and Finance. The order of the rotations is not restricted.

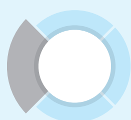


Commercial
- Reporting
- Pricing
- Research and analysis
- Participation in customer meetings
- Aircraft remarketing



Technical Operations
- Deal team participation
- Asset management
- Fleet maintenance and engines
- Portfolio inspections
- Technical analytics and projects

Contract Management
- Portfolio management
- Project management
- Data integrity
- Client relationships



Finance
- Treasury and liquidity
- Financial forecasting
- Accounting and reporting
- Tax and deal structuring

> Our people are at the core of our business and our success. We remain focused on improving our workplace environment and offerings to ensure that we continue to attract and retain the best talent in the industry.

Søren M. Overgaard, CEO

Financials

It has been a challenging period for the aviation sector. With our strong business fundamentals and the right team in place, we are well-equipped to overcome the current crisis.

Our financial performance was significantly affected by the impact of COVID-19 on global aviation. We successfully increased lease revenue this year by 2% to $760 million and recorded a $17 million gain from the sale of aircraft, a significant increase from the previous year. However, material impairments of goodwill and other intangible assets combined with the COVID-19 impact on the business in the last quarter of the financial year led to a loss of $639 million.

At financial year-end, we had entered into agreements for short-term rental deferrals with 7 customers, one of which had already met their obligations in full under the deferral agreement prior to the financial year-end. Repayment obligations under remaining agreements start in July and August 2020.

Many of our customers are in arrears on their payment obligations and, consequently, trade receivables and expected credit losses thereon have increased. The cash collection rate on revenue during the financial year was 77%.

We generated cash flow from operations of $377 million, made investments of $516 million and closed the year with $490 million in unrestricted cash.

Funding
On the funding side, we successfully raised a total of $1.3 billion, of which $1.1 billion was unsecured in line with our funding strategy. We increased our share of unsecured debt to 63%, up from 46% in the previous year. At 30 June 2020, our total debt was $5.7 billion.

This year, we also received Airfinance Journal's "Lessor Unsecured Bond Deal of the Year" for the $786 million US private placement issued in March 2019, our third senior unsecured private placement issuance, and the largest by any aircraft leasing company at the time. In February 2020, we broke industry records again when we issued our 4th private placement of $859 million.

Our shareholders demonstrated their continued support in us and injected additional equity of $60 million. We also entered a Scheme of Arrangement to implement a standstill on and deferral of the payments of interest and principal on our borrowings.

Summary financials

$m	2019/20	2018/19
Revenue	861.2	912.2
EBITDA	685.9	832.4
EBIT	-321.4	473.5
Business Performance result	-123.2	161.9
Loss/profit for the year	-639.1	143.2
Aircraft	6,933.6	6,843.4
Unrestricted cash	489.9	163.5
Total assets	8,137.8	8,243.6
Equity	1,171.9	1,825.8
Cash flow from operating activities	377.2	539.8
Aircraft investments	516.5	997.9
Cash flow from financing activities	373.8	382.3

Please refer to page 28 on EBITDA and Business Performance.

Tax
Following the conclusion of discussions, the Danish tax authorities issued the final assessment on 4 June 2020 regarding our taxable income in Denmark for the financial years 2012-2016. As the assessment includes multiple jurisdictions, we have initiated a Mutual Agreement Process (MAP) procedure. We expect the MAP process, which is projected to conclude in or around 2023, to result in a double taxation relief for the Group.

Scheme of Arrangement – Summary of main terms

On 22 July 2020, the High Court in Dublin sanctioned the Scheme of Arrangement. The main terms of the Scheme of Arrangement are:

Covenant waiver:

12-month waiver of certain financial and other covenants from 30 June 2020 (inclusive) to 30 June 2021 (exclusive)

Standstill on payments under financing arrangements:

No payment of interest between 22 July 2020 and 31 December 2020

On a specific significant loan facility, no payment of interest between 22 July 2020 and 31 December 2021

All principal amortization payments (except the final maturity payments) are deferred for 9 months from the date on which they were previously scheduled to fall due

Final maturity payments are deferred for 12 months from the date on which they were previously scheduled to fall due

Security:

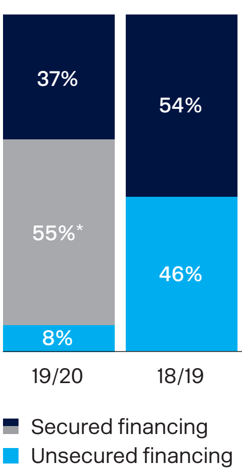
Security is granted to unsecured lenders over aircraft financed by unsecured facilities

This security will be automatically re-leased upon meeting certain covenants in 2 consecutive quarters post 30 June 2021

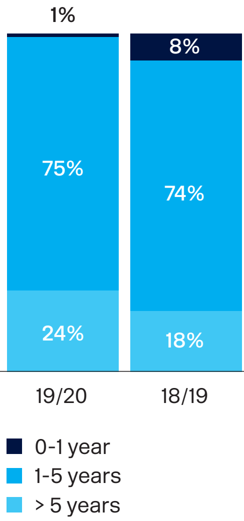
Funding profile

(Reflecting the Scheme of Arrangement)

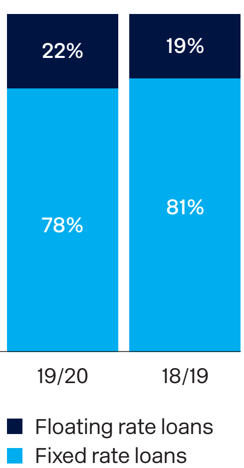
Debt profile



Debt maturity



Loans



* Security granted pursuant to the terms of the Scheme of Arrangement, the release of which will be subject to meeting certain covenants as per the terms of the Scheme of Arrangement.

Looking ahead

The pandemic's impact will be significant, and there will be many challenges ahead; however we are confident that the aviation industry will recover as it has done in previous downturns.

COVID-19 is one of the most challenging crises the aviation industry has ever faced. While the pandemic's impact will be significant and lead to many challenges for the business, we are confident that the industry will recover as it has done in previous downturns.

The commercial aviation industry has previously been resilient to external shocks and has doubled in size every 15 years; specifically, since 2000, it has more than doubled in size despite 3 major global crises. Even more significant was that these events followed one after the other. Despite this, each shock has resulted in a rebound where traffic returned to its long-term trend*. Although the recovery's timing is unclear, we are optimistic for a similar result in the wake of COVID-19.

As the pandemic wanes, the regional sector is well placed to recover at a faster pace. Due to the expected lower level of passenger demand in the coming years and a renewed focus on reducing costs, we expect more regional aircraft will be deployed on routes previously operated by larger aircraft types. As the largest lessor of regional aircraft, NAC is particularly well placed to take advantage of such changes in demand.

In addition, liquidity constraints and pressure on airlines' capex budgets may also increase the likelihood of leasing being seen as an effective way for airlines to finance their growth. We are seeing signs of these trends currently, with one of the world's leading global airlines announcing that it will finance future aircraft deliveries via the leasing market over the coming years to conserve cash flow to pay down debts.

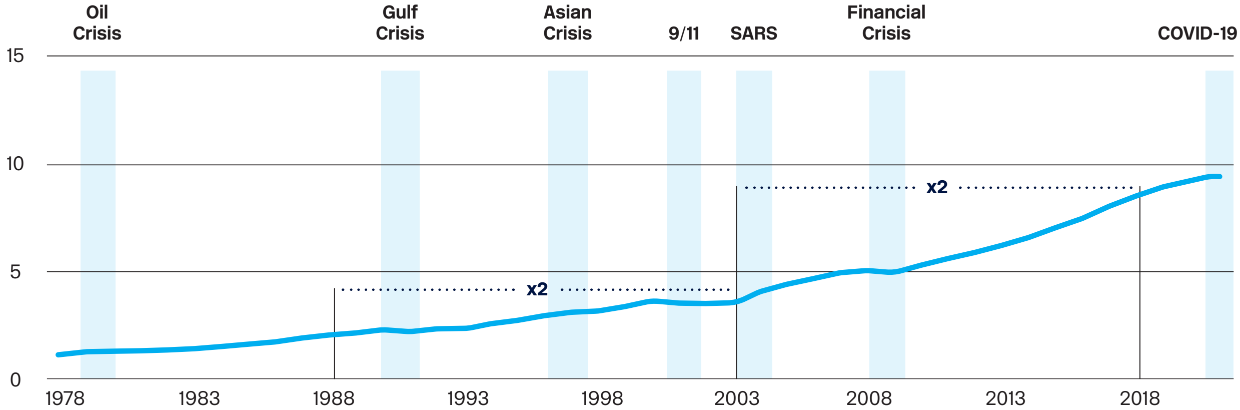
NAC faces many challenging months ahead as aircraft remain grounded amid passengers' reluctance to travel. It is likely that air travel recovery will be slow and that the impact on the business in the coming months will be considerable. However, we remain confident that, with our strong business fundamentals and the right team in place, we are well-equipped to overcome the current crisis and stay firmly positioned at the heart of regional aviation.

Søren M. Overgaard
Chief Executive Officer

World annual traffic (trillion RPKs)

Source; based on ICAO, Airbus GMF 2019
RPK: Revenue Passenger Kilometer

Traffic has proven to be resilient to external shocks and doubles every 15 years.



* Airbus Global Market Forecast – Cities, Airports & Aircraft 2019-2038.

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Our strategic ambition is to remain the world's number one regional aircraft lessor.

Søren M. Overgaard, CEO

Finance

Finance

Directors and other information

Directors[1]
Martin Møller Nielsen (Danish)
Søren M. Overgaard (Danish)
James Murphy (Irish)
Thomas Turley (Irish)
Patrick Blaney (Irish)

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] Alan Jenkins was appointed on 3 September 2019 and resigned on 3 April 2020.
Patrick Blaney was appointed on 22 July 2020.

Directors' report

The Directors present their annual report together with the audited consolidated financial statements of Nordic Aviation Capital DAC ("the Company") and its subsidiaries (together and hereinafter "NAC" or "the Group") for the year ended 30 June 2020. 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 acquiring, leasing and trading regional aircraft to airlines worldwide. 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 ("$") and this is the functional currency of the Company. The consolidated financial statements are presented in $.

Fleet
At 30 June 2020, NAC owned 483 aircraft and managed 7 aircraft. Additionally, it had purchase commitments for 71 aircraft. The customer base consisted of 75 airlines in 51 countries. The aircraft portfolio had a weighted-average age of 7.4 years and a weighted-average remaining lease term of 4.3 years.

Results and dividends
2019/20 was off to an excellent start for the Group. It posted its strongest first-half financial performance to date and was on track to deliver its 24th consecutive year of increased profitability.

In early 2020, however, COVID-19 began to surface, and what unfolded was the gravest crisis the aviation industry has ever known. The pandemic grounded up to 90% of the global airline fleet and severely disrupted airline operations worldwide.

On the back of the consequent unprecedented depression of demand for air travel, the Group, in common with its peers, encountered a large number of lessees requesting a deferral of their lease payments. The vast majority of lessees asked for a deferral. The Group proactively undertook several processes to counterbalance this fall in revenue. Firstly, the Group's orderbook was reprofiled and cost reduced. Additionally, the Group's supportive shareholders collectively injected $60 million of new equity into the business on 22 July 2020. The Group also engaged in constructive discussions with its lenders to standstill on and defer its debt obligations to ensure stability as the aviation market gradually recovers. This required the Group to apply to the High Court in Dublin to launch a Scheme of Arrangement, and on 22 July 2020 it was officially approved by the Court.

In light of these unprecedented challenges the Group delivered revenue of $861.2 million for the year ($912.2 million in 2018/19), operating profit before depreciation and amortization of $623.3 million ($793.4 million in 2018/19), a loss before tax of $613.5 million (a profit of $159.8 million in 2018/19) and a net loss of $639.1 million (a net profit $143.2 million in 2018/19).

The net result was impacted by impairment charges related to goodwill of $442.2 million, aircraft and related components of $121.4 million, other intangible assets of $24.5 million, in addition to expected credit losses on trade receivables of $115.4 million as set out in the notes 6, 7 and 12.

In June 2020 the Danish tax authorities issued an upward adjustment to the taxable income of Nordic Aviation Capital A/S for the years 2012-2016. The assessment is subject to a Mutual Agreement Procedure (MAP). The Group expects the MAP process, which is projected to conclude in or around 2023, to result in a double taxation relief for the Group. The net charge for 2019/20 was $42.0 million.

At 30 June 2020, the Group had total assets of $8.1 billion, including aircraft and related components of $7.0 billion. Equity was $1.2 billion.

The Group did not declare any dividends during the year.

Directors' report (continued)

Business Performance
NAC uses Business Performance as an alternative to the results prepared in accordance with IFRS. Business Performance outlined below best represents the financial performance of the Group in the reporting periods when adjusted for amortization and impairment of goodwill, lease premium, maintenance rights and other assets relating to the purchase price of NAC A/S.

In 2019/20, the Group recorded $565.5 million ($23.8 million in 2018/19) in amortization and impairment of goodwill, lease premium, maintenance rights and other intangible assets of which $486.1 million ($21.4 million in 2018/19) related to goodwill, lease premium, maintenance rights and other intangible assets which were acquired as part of the NAC A/S acquisition. Amortization and impairment of goodwill, lease premium, maintenance rights and other intangible assets are set out in notes 6 and 7.

Tax is calculated based on the assumption that the effective tax rate on amortization and impairment of lease premium, maintenance rights and other intangible assets is 12.5%, excluding the impairment of goodwill which is not tax deductible.

Business Performance

$'000	2019/20	2018/19
Loss/profit for the year	-639,109	143,183
Amortization and impairment of goodwill, lease premium, maintenance rights and other intangible assets	486,143	21,427
Tax	-12,224	-2,678
Net tax settlement	41,988	-
Loss/profit for the year adjusted for amortization, impairment and tax related to the NAC A/S acquisition	**-123,202**	**161,932**

Earnings before interest, taxes, depreciation, and amortization (EBITDA)
In 2019/20, the Group recorded EBITDA of $685.9 million ($832.4 million in 2018/19).

$'000	Note	2019/20	2018/19
Operating profit before depreciation and amortization		623,262	793,445
Reversal of amortization of lease incentives included in revenue	2	62,599	38,963
EBITDA		**685,861**	**832,408**

Financing
The Group continued to expand its number of financial partners and has obtained financing from an increasing number of international banks and institutional investors around the world.

At 30 June 2020, loans and borrowings were $5.7 billion. A key aim of the Group's funding strategy was to further expand and diversify its funding sources taking full advantage of the Group's market leading position. The Group successfully raised a total of $1.3 billion, out of which $1.1 billion was unsecured which included a US private placement issuance of $859 million.

As mentioned above the Group has agreed with its lenders to standstill on and defer debt obligations pursuant to a Scheme of Arrangement.

The Scheme of Arrangement enables the Group to defer its interest payments until 31 December 2020, defer scheduled principal amortization payments (except the final maturity payments) for 9 months, defer final maturities for 12 months in addition to a waiver of certain financial and other covenants until 30 June 2021 (exclusive).

On the face of the statement of financial position most debt is recorded as current as of 30 June 2020 since the Group was not in compliance with certain financial covenants under its financing arrangements. As part of the Scheme of Arrangement this was waived ensuring no default was continuing as at 30 June 2020.

Subsidiaries
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 – Related parties to these financial statements.

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.

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 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, NAC 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.

Directors' report (continued)

COVID-19
The Group's financial performance is significantly impacted by the COVID-19 Pandemic. The virus continues to spread around the globe. Consequently, authorities maintain widespread travel restrictions. The global financial markets reacted sharply to this pandemic, but much of this subsequently recovered. The pandemic is expected to have a material impact on the aviation industry, and by extension the aircraft leasing sector. The Directors continue to monitor the impact of COVID-19 on the activities of the Group as the situation develops and facts become clearer.

Brexit
Following the UK's withdrawal from the EU on 31 January 2020, the Directors have considered the potential impact of Brexit on the activities of the Group and have discussed potential outcomes. The Directors note that Brexit may impact the credit risk arising from some of the Group's UK-based lessees, but it is unlikely to be material to the Group. The Group also has certain UK-domiciled subsidiaries. However, these operations are minimal and are also unlikely to have a material impact on the Group. The Directors note that the Group's activities and legal arrangements are deemed to have a low risk of disruption in the event of a hard Brexit. The Directors continue to monitor the impact of Brexit on the activities of the Group as the situation develops and facts become clearer.

Interest rate and currency risks
Exposure to interest rate risk is minimized by the use of derivatives and maintaining a balance between fixed and floating rate debt instruments. The majority of the Group's transactions are denominated in $, the Company's functional currency.

Liquidity and financing risk
The Group continuously forecasts its liquidity requirements and consistently maintains contact with relevant credit institutions to retain access to competitive financing. Appropriate action has been taken to ensure timely refinancing of short-term credit facilities. 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. The Scheme of Arrangement waived certain loan covenants ensuring no default was continuing.

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 20 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 30 June 2020.

The Directors have in their going concern assessment considered the impact of COVID-19 on the aviation industry and the Group. COVID-19 has had a significant impact on airlines and aircraft lessors. This impact has been felt through an unprecedented reduction in the use of aircraft and a significant increase in the level of deferral requests and airlines unable to make scheduled rent payments. As of yet there is no cure to COVID-19 and therefore making an assessment of future cashflows is an extremely subjective and judgmental area.

In making this assessment, the Directors have formulated a number of scenarios which are based on three key elements in relation to the future cashflows of the Group, namely the debt and interest repayments, the commitments to purchase new aircraft and the collection of rental and other contractual cashflows.

In assessing the debt and interest repayments of the Group, the Group has entered into a Scheme of Arrangement on 22 July 2020 pursuant to which no payment of interest is to be made until 31 December 2020, all principal amortization payments (except the final maturity payments) are deferred for 9 months from the date on which they were previously scheduled to fall due, and final maturity payments are deferred for 12 months from the date on which they were previously scheduled to fall due. Further details of this Scheme are outlined in Note 16 and in the Supplemental unaudited information. This has the effect of ensuring that cashflows are conserved for use within the business and no defaults on loans or covenants will apply in this period where we expect the worst effect of COVID-19 to be felt. In addition, the Group has received an equity injection of $60 million from its shareholders on 22 July 2020.

The Group engaged with aircraft manufacturers to secure flexibility and reprofiling of the timing of aircraft purchase commitments. While subject to final documentation, the Group is satisfied to include the deferred schedules of payments within the going concern period as it best reflects its understanding of the current negotiations, which may be subject to change. This assumption has meant that as of 30 June 2020 the Group had capital commitments of $245 million for the next 12 months in relation to acquisition of aircraft.

Assessing the level of cashflow collections is the most subjective and judgmental area of the cashflow forecast. The Group's assessment of the level of cashflow collections reflects the unprecedented nature of the situation as it is unclear when a cure for COVID-19 will be available and when air travel will recover. In assessing future cashflow collections we have looked at recent trends in collections, the financial strength of our lessees to make payments, including any government and shareholder support that may have been committed to or received by lessees, and also reviewed market data around expected recovery profiles for air travel. As outlined above, whilst the Group has used its best estimate of cashflow collections based on information available to it, the impact that COVID-19 will have on air travel and the duration of this impact remains uncertain.

In light of the above assessment and key areas of uncertainty, the Directors having considered the adequacy of the Group's funding, borrowing facilities and operating cash flows, for at least the next 12 months 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.

The estimated cashflows involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from forecasted cashflows.

Directors, secretary and their interests
The present Directors and Secretary are listed on page 26.

The Directors and Secretary who held office at 30 June 2020 had the following interests in the share capital of the Company or any group company at any time during the year: Martin Møller held 26.7% of the shares in NAC Luxembourg I which is the ultimate owner of NAC. The other Directors individually held shares totaling less than 1% in the Group.

Political donations
The Company did not make any political donations in the year ended 30 June 2020.

Charitable contributions
The Company did not make any charitable contributions in the year ended 30 June 2020.

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
The Board has considered the establishment of an Audit Committee and decided that this is not warranted as the Group's Board fulfils the function by performing the duties as required by Section 167 of the Companies Act 2014. The duties performed by the Board include oversight of (1) the

Directors' report (continued)

integrity of the financial statements of the Group, (2) compliance by the Group with legal and regulatory requirements, (3) independent auditor's qualifications and independence, and (4) the performance of the Group's independent auditor.

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
As referenced above, the High Court in Dublin officially approved the Scheme of Arrangement under the Irish Companies Act on 22 July 2020. The Scheme of Arrangement deferred loan obligations and waived certain loan covenants ensuring no default was continuing at 30 June 2020. The event has not resulted in any adjustments to the audited statement of financial position. However, the Scheme of Arrangement provided the Group with a waiver of certain covenants and therefore an unaudited adjusted pro forma consolidated statement of financial position and adjusted relevant notes reflecting the Scheme of Arrangement have been disclosed in the Supplemental unaudited information.

The Group's shareholders demonstrated their continued support and injected additional equity of $60 million on 22 July 2020.

On behalf of the Board
17 August 2020

Søren M. Overgaard
Director

James Murphy
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 European Union 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 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's 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 and 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 Group and 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 the Company 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.

On behalf of the Board
17 August 2020

Søren M. Overgaard
Director

James Murphy
Director

Independent auditor's report to the members of Nordic Aviation Capital DAC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Nordic Aviation Capital DAC ('the Company') and its subsidiaries ('the Group') for the year ended 30 June 2020, which comprise the Consolidated statement of 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.

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 30 June 2020 and of the Group's loss 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.

Emphasis of Matter – COVID-19 disclosures

We draw attention to note 27.D of the financial statements concerning the COVID-19 situation that exists and continues to develop at the date of approval of these financial statements and the related impact on the going concern basis of preparation. The financial statements have been prepared on the going concern basis and the directors are of the view that this uncertainty does not represent a material uncertainty that may cast significant doubt on the ability of the Group to continue as a going concern. The ultimate outcome of the COVID-19 situation cannot presently be foreseen and therefore the ultimate impact on the entity is unknown. Our opinion is not modified in respect of this matter.

We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

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 Introduction section of the Annual Report, the Statement from the CEO and the supplemental unaudited information. 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, we report that:

- we have not identified material misstatements in the directors' 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.

Opinions 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.

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 33, 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 and 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://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsiblities_for_audit.pdf.

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
17 August 2020

for and on behalf of

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

Consolidated financial statements

1st of July 2019 - 30th of June 2020

Consolidated statement of profit or loss and other comprehensive income

$'000	Note	2019/20	2018/19
Revenue	2	861,174	912,222
Expected credit loss on receivables	12	-115,442	-3,306
Other operating costs		-41,981	-40,201
Staff costs	3	-57,263	-45,669
Administrative expenses		-24,393	-30,489
Share of profit/loss after tax from equity-accounted investments	10	1,167	888
Operating profit before depreciation and amortization		**623,262**	**793,445**
Depreciation, impairment and amortization	6,7,8	-944,628	-319,950
Operating loss/profit (EBIT)		**-321,366**	**473,495**
Financial income	4	16,915	19,166
Financial expenses	4	-309,097	-332,823
Net finance costs		**-292,182**	**-313,657**
Loss/profit before tax		**-613,548**	**159,838**
Tax on loss/profit	5	-25,561	-16,655
Loss/profit for the year		**-639,109**	**143,183**

Loss/profit attributable to:

$'000	2019/20	2018/19
Equity owners of the Group	-639,109	143,183

Business Performance
NAC uses Business Performance as an alternative to the results prepared in accordance with IFRS. Business Performance outlined below best represents the financial performance of the Group in the reporting periods when adjusted for amortization and impairment of goodwill, lease premium, maintenance rights and other assets relating to the purchase price of NAC A/S.

In 2019/20, the Group recorded $565.5 million ($23.8 million in 2018/19) in amortization and impairment of goodwill, lease premium, maintenance rights and other intangible assets of which $486.1 million ($21.4 million in 2018/19) related to goodwill, lease premium, maintenance rights and other intangible assets which were acquired as part of the NAC A/S acquisition. Amortization and impairment of goodwill, lease premium, maintenance rights and other intangible assets are set out in notes 6 and 7.

Tax is calculated based on the assumption that the effective tax rate on amortization and impairment of lease premium, maintenance rights and other intangible assets is 12.5%, excluding the impairment of goodwill which is not tax deductible.

Business Performance

$'000	2019/20	2018/19
Loss/profit for the year	-639,109	143,183
Amortization and impairment of goodwill, lease premium, maintenance rights and other intangible assets	486,143	21,427
Tax	-12,224	-2,678
Net tax settlement	41,988	-
Loss/profit for the year adjusted for amortization, impairment and tax related to the NAC A/S acquisition	**-123,202**	**161,932**

Consolidated statement of comprehensive income

$'000	Note	2019/20	2018/19
Loss/profit for the year		-639,109	143,183
Other comprehensive income			
Items that may be reclassified to the statement of profit or loss:			
Fair value adjustment of hedging instruments	16	-16,616	-11,337
Tax		1,846	1,417
Other comprehensive income, net of tax		**-14,770**	**-9,920**
Total comprehensive income		**-653,879**	**133,263**

Total comprehensive income attributable to:

$'000	2019/20	2018/19
Equity owners of the Group	-653,879	133,263

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

The accompanying notes on pages 51 to 101 form an integral part of these consolidated financial statements.

Consolidated statement of financial position

$'000	Note	30 June 2020	30 June 2019
ASSETS			
Non-current assets			
Goodwill	6	-	442,167
Other intangible assets	6	27,094	66,097
Aircraft and related components	7	7,047,495	7,034,239
Other property, plant and equipment	8	64,786	12,529
Other assets	9	108,854	112,917
Investment in equity-accounted entities	10	12,376	11,209
Receivables from finance leases	11	109,027	144,218
Total non-current assets		**7,369,632**	**7,823,376**
Current assets			
Receivables from finance leases	11	52,634	52,827
Inventory		16,669	19,580
Trade and other receivables	12	134,394	77,911
Other assets	9	66,648	38,232
Cash and cash equivalents	14	497,816	231,627
Total current assets		**768,161**	**420,177**
Total assets		**8,137,793**	**8,243,553**

Consolidated statement of financial position

$'000	Note	30 June 2020	30 June 2019
EQUITY AND LIABILITIES			
Equity	15		
Share capital		3	3
Share premium		750,845	750,845
Capital contribution		626,079	626,079
Retained earnings and other reserves		-205,024	448,855
Total equity		**1,171,903**	**1,825,782**
Liabilities			
Non-current liabilities			
Loans and borrowings	16	43,874	4,959,545
Maintenance reserves	17	487,657	531,513
Trade and other payables	18	191,408	153,567
Deferred tax liabilities	13	56,203	97,414
Total non-current liabilities		**779,142**	**5,742,039**
Current liabilities			
Loans and borrowings	16	5,694,396	407,515
Maintenance reserves	17	208,574	160,621
Trade and other payables	18	206,253	85,379
Corporation tax	5	74,733	13,598
Deferred income	19	2,792	8,619
Total current liabilities		**6,186,748**	**675,732**
Total liabilities		**6,965,890**	**6,417,771**
Total equity and liabilities		**8,137,793**	**8,243,553**

The accompanying notes on pages 51 to 101 form an integral part of these consolidated financial statements.

On behalf of the Board
17 August 2020

Søren M. Overgaard
Director

James Murphy
Director

Consolidated statement of cash flows

$'000	Note	2019/20	2018/19
Cash flow from operating activities			
Loss/profit before tax		-613,548	159,838
Adjustments for:			
Change in receivables and payables	22	103,411	-6,074
Other adjusting and non-cash items	23	824,928	318,988
Instalment finance leases		25,642	21,510
Net finance costs		292,182	313,657
Interest received		15,739	17,857
Interest paid		-262,861	-275,844
Corporation tax paid		-8,245	-10,163
Net cash generated from operating activities		**377,248**	**539,769**
Cash flow from investing activities			
Acquisition of assets recognized as property, plant and equipment and finance leases		-516,457	-997,904
Disposal of assets recognized as property, plant and equipment and finance leases		91,762	144,259
Net cash used in investing activities		**-424,695**	**-853,645**
Cash flow from financing activities			
Effect of change in foreign exchange rates		-	132
Proceeds from indebtedness		2,142,740	3,408,696
Repayment of indebtedness		-1,824,021	-3,287,174
Repayment of lease liabilities		-5,083	-
Issuance of shares at a premium		-	150,000
Change in restricted cash		60,135	110,656
Net cash generated from financing activities		**373,771**	**382,310**
Total cash flows		**326,324**	**68,434**
Cash and cash equivalents at 1 July		163,529	95,095
Cash and cash equivalents at 30 June	**14**	**489,853**	**163,529**

The consolidated statement of cash flows includes unrestricted cash only. See Note 14 – Cash and cash equivalents for further details.

The accompanying notes on pages 51 to 101 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

2019/20

$'000	Share capital	Share premium	Capital contribution	Hedging reserve	Retained earnings	Total
Equity at 1 July	**3**	**750,845**	**626,079**	**2,022**	**446,833**	**1,825,782**
Loss for the year	-	-	-	-	-639,109	-639,109
Other comprehensive income:						
Fair value adjustment of hedging instruments	-	-	-	-16,616	-	-16,616
Tax relating to other comprehensive income	-	-	-	1,846	-	1,846
Total comprehensive income	**-**	**-**	**-**	**-14,770**	**-639,109**	**-653,879**
Transactions with owners of the Company and other equity transactions:						
Issuance of shares at a premium	-	-	-	-	-	-
Total transactions with owners of the Company and other equity transactions	**-**	**-**	**-**	**-**	**-**	**-**
Equity at 30 June	**3**	**750,845**	**626,079**	**-12,748**	**-192,276**	**1,171,903**

2018/19

$'000	Share capital	Share premium	Capital contribution	Hedging reserve	Retained earnings	Total
Equity at 1 July	**1**	**600,847**	**626,079**	**11,942**	**303,650**	**1,542,519**
Profit for the year	-	-	-	-	143,183	143,183
Other comprehensive income:						
Fair value adjustment of hedging instruments	-	-	-	-11,337	-	-11,337
Tax relating to other comprehensive income	-	-	-	1,417	-	1,417
Total comprehensive income	**-**	**-**	**-**	**-9,920**	**143,183**	**133,263**
Transactions with owners of the Company and other equity transactions:						
Issuance of shares at a premium	2	149,998	-	-	-	150,000
Total transactions with owners of the Company and other equity transactions	**2**	**149,998**	**-**	**-**	**-**	**150,000**
Equity at 30 June	**3**	**750,845**	**626,079**	**2,022**	**446,833**	**1,825,782**

The accompanying notes on pages 51 to 101 form an integral part of these consolidated financial statements.

Company financial statements

1st of July 2019 - 30th of June 2020

Company statement of financial position

$'000	Note	Company 30 June 2020	Company 30 June 2019
ASSETS			
Non-current assets			
Investments in subsidiaries	25	1,342,547	1,554,768
Deferred tax asset		19,699	-
Total non-current assets		**1,362,246**	**1,554,768**
Current assets			
Trade and other receivables		2,729	23
Inventory		579	147
Amounts owed from group companies		2,336,349	1,590,853
Other assets		59,466	9,805
Cash and cash equivalents	14	49,321	113,309
Total current assets		**2,448,444**	**1,714,137**
Total assets		**3,810,690**	**3,268,905**

Company statement of financial position

$'000	Note	Company 30 June 2020	Company 30 June 2019
EQUITY AND LIABILITIES			
Equity	15		
Share capital		3	3
Share premium		750,845	750,845
Capital contribution		626,079	626,079
Retained earnings and other reserves		-205,024	-20,900
Total equity		**1,171,903**	**1,356,027**
Liabilities			
Non-current liabilities			
Loans and borrowings	16	-	456,768
Total non-current liabilities		**-**	**456,768**
Current liabilities			
Loans and borrowings	16	459,733	-
Trade and other payables	18	22,420	21,397
Amounts owed to group companies		2,156,634	1,434,713
Total current liabilities		**2,638,787**	**1,456,110**
Total liabilities		**2,638,787**	**1,912,878**
Total equity and liabilities		**3,810,690**	**3,268,905**

The accompanying notes on pages 51 to 101 form an integral part of these Company financial statements.

On behalf of the Board
17 August 2020

Søren M. Overgaard
Director

James Murphy
Director

Company statement of cash flows

$'000	Note	Company 2019/20	Company 2018/19
Cash flow from operating activities			
Loss/profit before tax		-203,823	3,974
Adjustments for:			
Changes in receivables and payables		-51,776	4,760
Change in provision for expected credit losses		4,979	1,478
Impairment of investments in subsidiaries		212,221	-
Change in accrued interest		-	-1,731
Foreign currency translation adjustments		-1,254	-
Net finance costs		-9,905	-16,854
Interest received		58,674	69,151
Interest paid		-44,550	-46,987
Net cash generated from operating activities		**-35,434**	**13,791**
Cash flow from investing activities			
Investments in subsidiaries	25	-	105,427
Net cash generated from investing activities		**-**	**105,427**
Cash flow from financing activities			
Proceeds from indebtedness		721,921	1,296,291
Repayment of indebtedness		-750,475	-1,518,926
Issuance of shares at a premium		-	150,000
Net cash generated from financing activities		**-28,554**	**-72,635**
Total cash flows		**-63,988**	**46,583**
Cash and cash equivalents at 1 July		113,309	66,726
Cash and cash equivalents at 30 June		**49,321**	**113,309**

The accompanying notes on pages 51 to 101 form an integral part of these Company financial statements.

Company statement of changes in equity

$'000	Share capital	Share premium	Capital contribution	Retained earnings	Company 2019/20 Total
Equity at 1 July	**3**	**750,845**	**626,079**	**-20,900**	**1,356,027**
Loss for the year	-	-	-	-184,124	-184,124
Transactions with owners of the Company and other equity transactions:					
Issuance of shares at a premium	-	-	-	-	-
Total transactions with owners of the Company and other equity transactions	**-**	**-**	**-**	**-**	**-**
Equity at 30 June	**3**	**750,845**	**626,079**	**-205,024**	**1,171,903**

$'000	Share capital	Share premium	Capital contribution	Retained earnings	Company 2018/19 Total
Equity at 1 July	**1**	**600,847**	**626,079**	**-24,874**	**1,202,053**
Profit for the year	-	-	-	3,974	3,974
Transactions with owners of the Company and other equity transactions:					
Issuance of shares at a premium	2	149,998	-	-	150,000
Total transactions with owners of the Company and other equity transactions	**2**	**149,998**	**-**	**-**	**150,000**
Equity at 30 June	**3**	**750,845**	**626,079**	**-20,900**	**1,356,027**

The accompanying notes on pages 51 to 101 form an integral part of these Company financial statements.

Notes

1st of July 2019 - 30th of June 2020

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. In January 2020, the Company opened its new headquarters and consequently changed the address of the Company’s registered office to Gardens International, Henry Street, Limerick City, Ireland.

The current group structure was established on 4 September 2015 to facilitate a partnership between Martin Møller, the founder and chairman of Nordic Aviation Capital A/S, EQT VI, a European private equity firm and KIRKBI Invest A/S, a Danish investment company. On 29 January 2019, GIC, Singapore’s sovereign wealth fund, became a new shareholder.

These parties are the ultimate shareholders.

The financial statements of the Group comprise the consolidated statement of financial position at 30 June 2020 and 30 June 2019 as well as the results for the years then ended for the Company and its subsidiaries.

2 REVENUE

$'000	**2019/20**	**2018/19**
Lease rental income	759,565	747,990
Supplemental rent income	136,208	189,641
Other revenue	11,292	12,398
Profit on disposal of property, plant and equipment	16,708	1,156
Lease incentives amortization	-62,599	-38,963
Total revenue	**861,174**	**912,222**

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.

Most of the Group’s lease rental income is fixed for the duration of the leases. In 2019/20, the Group earned variable rental income of $1.7 million ($1.9 million in 2018/19).

Supplemental rent income is impacted by the effect of COVID-19 on global aviation in the 4th quarter of the financial year which resulted in the lower utilization of aircraft.

Other revenue consists of management fees, proceeds from the sale of spare parts and compensation from lessees in lieu of meeting redelivery conditions.

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

$'000	**2019/20**	**2018/19**
Geographical lease rental income split		
Europe	41%	41%
Asia Pacific	25%	24%
South and Central America	14%	15%
North America	12%	12%
Africa and the Middle East	8%	8%
Total revenue	**100%**	**100%**

Notes to the consolidated financial statements

2 REVENUE (CONTINUED)

	2019/20	2018/19
Lease rental income from top 5 lessees	37%	37%
No single customer accounted for more than	11%	12%

$'000	2019/20		2018/19	
Future minimum contracted lease rentals				
0-1 year	685,714	22%	748,801	21%
1-2 years	612,238	20%	662,371	19%
2-3 years	501,343	16%	574,260	16%
3-4 years	350,181	11%	453,799	13%
4-5 years	278,934	9%	305,942	9%
> 5 years	682,721	22%	799,660	23%
Total	**3,111,131**	**100%**	**3,544,833**	**100%**

3 STAFF COSTS

$'000	2019/20	2018/19
Wages and salaries	56,514	44,978
Pensions	662	531
Other social security costs	87	160
Total staff costs	**57,263**	**45,669**
Average number of employees	208	222

Directors' remuneration is disclosed in Note 25 – Related parties.

No staff costs have been capitalized.

Notes to the consolidated financial statements

4 FINANCIAL INCOME AND EXPENSES

$'000	**2019/20**	**2018/19**
Financial income		
Under effective interest rate method:		
Interest income	15,739	17,857
Other financial income:		
Foreign currency translation adjustments	1,176	1,309
Total financial income	**16,915**	**19,166**
Financial expenses		
Under effective interest rate method:		
Interest on financial liabilities measured at amortized cost	274,475	290,356
Interest on lease liabilities	2,799	-
Amortization of capitalized borrowing costs	31,024	40,455
Total financial expenses under effective interest rate method	**308,298**	**330,811**
Other financial expenses:		
Foreign currency translation adjustments	799	2,012
Total financial expenses	**309,097**	**332,823**
Net finance costs	**292,182**	**313,657**

During 2019/20, borrowing costs for aircraft of $9.4 million ($6.3 million in 2018/19) were capitalized.

Notes to the consolidated financial statements

5 INCOME TAX

$'000	2019/20	2018/19
Current tax expense		
Current tax expense	5,796	8,841
Deferred tax (benefit)/expense		
Deferred tax reversal of obligation and reversal of temporary differences	-22,223	7,814
Net tax settlement	41,988	-
Total tax charge for the year	**25,561**	**16,655**

Reconciliation of effective tax rate		
Loss/profit before tax	-613,548	159,838
Expected tax (credit)/charge @ 12.5%	-76,694	19,980
Effects of:		
Non-deductible items	57,947	1,508
Non-taxable items	-	-163
Income taxable at a different rate	1,255	-5,994
Net tax settlement	41,988	-
Other	1,065	1,324
Total tax charge for the year	**25,561**	**16,655**

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

Net tax 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 is 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 arises on income already subject to tax in other countries. The assessment will therefore be 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 has therefore been 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. A net provision of $42.0 million, including surcharges and interest, has been recognized in the "Tax on profit" line of the statement of profit or loss and other comprehensive income. As the adjustments relate to a change in accounting estimate, no prior year restatement has been made in relation to these matters.

Notes to the consolidated financial statements

6 GOODWILL AND OTHER INTANGIBLE ASSETS

2019/20

		Other intangible assets		
$'000	Goodwill	Customer relationships	Order book	Total
Cost at 1 July	**442,167**	**71,892**	**16,377**	**88,269**
Additions for the year	-	-	-	-
Disposals	-	-	-	-
Transferred to aircraft	-	-	-6,659	-6,659
Cost at 30 June	**442,167**	**71,892**	**9,718**	**81,610**
Amortization and impairment losses at 1 July	**-**	**22,172**	**-**	**22,172**
Amortization	-	5,991	1,827	7,818
Impairment losses	442,167	24,526	-	24,526
Amortization and impairment losses at 30 June	**442,167**	**52,689**	**1,827**	**54,516**
Carrying amount at 30 June	**-**	**19,203**	**7,891**	**27,094**

2018/19

		Other intangible assets		
$'000	Goodwill	Customer relationships	Order book	Total
Cost at 1 July	**442,167**	**71,892**	**43,422**	**115,314**
Additions for the year	-	-	-	-
Disposals	-	-	-	-
Transferred to aircraft	-	-	-27,045	-27,045
Cost at 30 June	**442,167**	**71,892**	**16,377**	**88,269**
Amortization and impairment losses at 1 July	**-**	**16,181**	**-**	**16,181**
Amortization	-	5,991	-	5,991
Impairment losses	-	-	-	-
Amortization and impairment losses at 30 June	**-**	**22,172**	**-**	**22,172**
Carrying amount at 30 June	**442,167**	**49,720**	**16,377**	**66,097**

6 GOODWILL AND OTHER INTANGIBLE ASSETS (CONTINUED)

Amortization of other intangible assets is included in depreciation, impairment and amortization in the consolidated statement of profit or loss and other comprehensive income.

During 2019/20 an impairment charge of $24.5 million (nil in 2018/19) related to customer relationships was recorded.

At each reporting period, management performs an impairment test of the carrying amount of goodwill. Impairment tests are based on the management forecasts and other assumptions required to comply with IAS 36. An estimate is made to determine if parts of the enterprise, cash-generating units (“CGUs”), related to goodwill are able to generate sufficient positive net cash flows to support the carrying amount of goodwill with an indefinite useful life and other net assets of the enterprise. During 2019/20 an impairment charge related to goodwill of $442.2 million (nil in 2018/19) was recorded. The carrying value of goodwill is now nil and the Group identified only one CGU which related to the leasing of aircraft.

The key estimates in relation to the goodwill assessment relate to the future expected cashflows and the discount rate used. These cashflows have been impacted since the prior year due to the impact that COVID-19 has had on air travel and the Group. The future expected cashflows are based upon the judgments and estimates outlined as part of the going concern assessment in Note 27.

A discount rate of 6.1% per annum (6.1% at 30 June 2019) was used in the goodwill assessment. Whilst there has been no change in rate from prior year, this is due to the fact that during the year the Group lowered its cost of debt as existing debt was refinanced at lower rates, however as a result of COVID-19 funding costs started to increase which therefore resulted in these items offsetting each other.

Notes to the consolidated financial statements

7 AIRCRAFT AND RELATED COMPONENTS

2019/20

$'000	Aircraft	Predelivery payments	Lease premium	Maintenance rights	Total
Cost at 1 July	**7,647,590**	**77,171**	**159,529**	**20,084**	**7,904,374**
Additions for the year	483,991	65,298	855	-	550,144
Transferred from maintenance rights and order book	7,841	-	-	-1,182	6,659
Transferred predelivery payments	51,502	-51,502	-	-	-
Transferred to inventory	3,235	-	-	-	3,235
Disposals	-115,090	-	6,464	-8,292	-116,918
Cost at 30 June	**8,079,069**	**90,967**	**166,848**	**10,610**	**8,347,494**
Depreciation and impairment losses at 1 July	**804,216**	**-**	**75,684**	**-9,765**	**870,135**
Depreciation and amortization	312,503	-	21,383	5,732	339,618
Impairment losses	57,494	-	63,894	-	121,388
Disposals	-28,737	-	5,887	-8,292	-31,142
Depreciation and impairment losses at 30 June	**1,145,476**	**-**	**166,848**	**-12,325**	**1,299,999**
Carrying amount at 30 June	**6,933,593**	**90,967**	**-**	**22,935**	**7,047,495**

2018/19

$'000	Aircraft	Predelivery payments	Lease premium	Maintenance rights	Total
Cost at 1 July	**6,861,604**	**105,105**	**172,100**	**19,259**	**7,158,068**
Additions for the year	930,066	62,352	-10,973	-	981,445
Transferred from maintenance rights and order book	28,725	-	-	-1,680	27,045
Transferred predelivery payments	89,001	-89,001	-	-	-
Transferred to inventory	-11,612	-	-	-	-11,612
Disposals	-250,194	-1,285	-1,598	2,505	-250,572
Cost at 30 June	**7,647,590**	**77,171**	**159,529**	**20,084**	**7,904,374**
Depreciation and impairment losses at 1 July	**519,719**	**-**	**53,929**	**-8,281**	**565,367**
Depreciation and amortization	291,116	-	21,931	-4,169	308,878
Impairment losses	3,431	-	-	-	3,431
Transferred to inventory	-3,277	-	-	-	-3,277
Disposals	-6,773	-	-176	2,685	-4,264
Depreciation and impairment losses at 30 June	**804,216**	**-**	**75,684**	**-9,765**	**870,135**
Carrying amount at 30 June	**6,843,374**	**77,171**	**83,845**	**29,849**	**7,034,239**

Lease premium consists of nil lease premium assets ($109.5 million at 30 June 2019) and nil lease premium liabilities ($25.7 million at 30 June 2019).

Maintenance rights consist of $30.8 million maintenance rights assets ($41.6 million at 30 June 2019) and $7.9 million maintenance rights liabilities ($11.8 million at 30 June 2019).

Notes to the consolidated financial statements

7 AIRCRAFT AND RELATED COMPONENTS (CONTINUED)

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

Amortization and impairment of lease premium and maintenance rights are accelerated upon disposal of the aircraft or termination of the lease to which the asset relates.

During the year ended 30 June 2020, an impairment review identified that 22 aircraft with a net book value of $303.0 million were impaired by $57.5 million to a net book value of $245.5 million (for the year ended 30 June 2019 the impairment charge was $3.4 million). During the year the Group lowered its cost of debt as existing debt was refinanced at lower rates, however as a result of COVID-19 funding costs started to increase towards the end of the financial year. As a result, a discount rate of 6.1% per annum (6.1% at 30 June 2019) was applied in the impairment review.

During the year ended 30 June 2020 an impairment charge of $63.9 million (nil at 30 June 2019) of lease premium was recorded.

Lease agreements, lease rentals and insurance amounts have been assigned to the lender, mortgages registered with the mortgagor and letters of indemnity have been issued totaling $3.5 billion at 30 June 2020 ($4.4 billion at 30 June 2019), providing security in aircraft. The security has been registered with the aviation authority of the country or in its national register.

As referenced in the Directors report, the High Court in Dublin officially approved the Scheme of Arrangement under the Irish Companies Act on 22 July 2020. As part of the Scheme of Arrangement, security was granted to unsecured lenders pursuant to the terms of the Scheme of Arrangement, the release of which will be subject to meeting certain covenants as per the terms of the Scheme of Arrangement. When adjusting for this, the amount of lease agreements, lease rentals and insurance amounts assigned to the lender, mortgages registered with the mortgagor and letters of indemnity issued would have totaled $7.0 billion at 30 June 2020, providing security in aircraft.

Certain financings have concentration and/or loan-to-value limitations which may require additional repayments as a result of the purchase or sale of an aircraft.

Notes to the consolidated financial statements

8 OTHER PROPERTY, PLANT AND EQUIPMENT

2019/20

$'000	Buildings	Fixtures and fittings, tools and equipment	Right-of-use assets	Total
Cost at 1 July	**11,924**	**5,060**	**-**	**16,984**
Recognition of right-of-use assets on initial application of IFRS 16	-	-	50,805	50,805
Adjusted cost at 1 July	**11,924**	**5,060**	**50,805**	**67,789**
Additions for the year	9,093	1,265	174	10,532
Cost at 30 June	**21,017**	**6,325**	**50,979**	**78,321**
Depreciation and impairment losses at 1 July	**2,953**	**1,502**	**-**	**4,455**
Depreciation	1,236	1,192	6,652	9,080
Depreciation and impairment losses at 30 June	**4,189**	**2,694**	**6,652**	**13,535**
Carrying amount at 30 June	**16,828**	**3,631**	**44,327**	**64,786**

2018/19

$'000	Buildings	Fixtures and fittings, tools and equipment	Right-of-use assets	Total
Cost at 1 July	**11,924**	**2,972**	**-**	**14,896**
Additions for the year	-	2,088	-	2,088
Cost at 30 June	**11,924**	**5,060**	**-**	**16,984**
Depreciation and impairment losses at 1 July	**2,165**	**640**	**-**	**2,805**
Depreciation	788	862	-	1,650
Depreciation and impairment losses at 30 June	**2,953**	**1,502**	**-**	**4,455**
Carrying amount at 30 June	**8,971**	**3,558**	**-**	**12,529**

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 30 June 2020, security of $2.1 million ($2.4 million at 30 June 2019) had been provided to lenders for buildings with a carrying amount of $7.7 million ($8.5 million at 30 June 2019).

The Group adopted IFRS 16 Leases from 1 July 2019. IFRS 16 introduced a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and lease liability – see Note 18 - representing its obligation to make lease payments.

Expenses relating to short-term leases and low-value lease assets not forming part of right-of-use assets of $0.5 million have been recognized in administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

$'000	**2019/20**	**2018/19**
Depreciation, impairment and amortization:		
Aircraft and related components	461,006	312,309
Goodwill and other intangible assets	474,542	5,991
Other property, plant and equipment	9,080	1,650
Total depreciation, impariment and amortization	**944,628**	**319,950**

Notes to the consolidated financial statements

9 OTHER ASSETS

$'000	30 June 2020	30 June 2019
Deposits in connection with aircraft	10,134	10,132
Lease incentives	143,863	141,017
Prepaid debt transaction fees	21,505	-
Total other assets	**175,502**	**151,149**

$'000	30 June 2020	30 June 2019
Non-current	108,854	112,917
Current	66,648	38,232
Total other assets	**175,502**	**151,149**

$'000	30 June 2020	30 June 2019
Lease incentives at 1 July	**141,017**	**137,943**
Additions	66,179	45,077
Amortization	-62,599	-42,003
Disposals	-734	-
Lease incentives at 30 June	**143,863**	**141,017**

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

In accordance with IFRS 9 and the approach outlined in Note 27 – Significant accounting policies, the Group estimated the expected loss provision related to deposits in connection with aircraft as an immaterial amount.

10 INVESTMENT IN EQUITY-ACCOUNTED INVESTMENT ENTITIES

At 30 June 2020, the Group held a 50% ownership interest in KN Operating Limited accounted for as a joint venture.

The joint venture is measured under the equity method as described in the accounting policies.

$'000	30 June 2020	30 June 2019
Value at 1 July	**11,209**	**10,321**
Share of results of the JV	1,167	888
Value at 30 June	**12,376**	**11,209**

Summarized financial information on the joint venture and a reconciliation with the carrying amount of the investment are set out below. The Group guarantees its share of the joint venture's liabilities.

$'000	30 June 2020	30 June 2019
Non-current assets	53,473	56,240
Current assets	5,256	9,641
Non-current and current liabilities	38,465	47,950
Revenue	8,160	8,160
Profit	2,333	1,776
Equity	20,264	17,931
Equity, including purchase price allocation items	24,752	22,418
The Group´s percentage ownership of the investment	50%	50%

Notes to the consolidated financial statements

11 RECEIVABLES FROM FINANCE LEASES

Amounts receivable under finance leases
Minimum lease payments:

$'000	30 June 2020	30 June 2019
0-1 year	64,558	67,868
1-2 years	29,444	30,454
2-3 years	22,930	34,334
3-4 years	22,709	27,389
4-5 years	18,441	27,153
> 5 years	39,638	81,950
	197,720	269,148
Less: future finance charges	-33,177	-72,103
Present value of lease obligations	**164,543**	**197,045**
Expected credit loss	-2,882	-
Total receivables from finance leases	**161,661**	**197,045**

Present value of minimum lease payments:		
0-1 year	55,516	52,827
1-2 years	22,187	18,207
2-3 years	17,142	23,744
3-4 years	18,293	18,819
4-5 years	15,272	20,100
> 5 years	36,133	63,348
Total receivables from finance leases	**164,543**	**197,045**
Expected credit loss (current)	-2,882	-
Total receivables from finance leases	**161,661**	**197,045**

Non-current	109,027	144,218
Current	52,634	52,827
Total receivables from finance leases	**161,661**	**197,045**

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 $2.9 million (nil in 2018/19).

Notes to the consolidated financial statements

12 TRADE AND OTHER RECEIVABLES

The Group's trade receivables are secured by security deposits, letters of credit and the aircraft for finance lease receivables. The expected credit loss is based on an assessment of individual lessees and the risk that the lessee is unlikely to pay its credit obligations as described under "significant accounting policies". The COVID-19 pandemic has significantly increased the risk of lessees defaulting.

At 30 June 2020, the vast majority of all customers had requested deferral of payments and deferral arrangements had been agreed with 7 customers.

$'000	30 June 2020	30 June 2019
Trade receivables	230,769	41,700
Other receivables	12,187	39,342
Total gross receivables	**242,956**	**81,042**
Less: Expected credit loss	-108,562	-3,131
Trade and other receivables, net	**134,394**	**77,911**

Expected credit loss for the year

$'000	30 June 2020	30 June 2019
Expected credit loss at 1 July	**-3,131**	**-4,037**
Written off during the year	4,129	4,212
Expected credit loss for the year	-109,560	-3,306
Expected credit loss at 30 June	**-108,562**	**-3,131**

Expected credit loss for the year according to the income statement relates to:

$'000	30 June 2020	30 June 2019
Trade and other receivables	109,560	3,306
Finance lease receivables	2,882	-
Other assets	3,000	-
Total expected credit loss for the year	**115,442**	**3,306**

13 DEFERRED TAX LIABILITIES

$'000	30 June 2020	30 June 2019
Deferred tax assets and liabilities are summarized as follows:		
Deferred tax liabilities relating to aircraft assets	303,929	220,061
Deferred tax assets relating to tax losses	-253,888	-148,399
Deferred tax liabilities on IFRS transitional adjustments and capitalized loan cost	6,162	25,752
Deferred tax liabilities at 30 June	**56,203**	**97,414**

Notes to the consolidated financial statements

14 CASH AND CASH EQUIVALENTS

Consolidated

$'000	30 June 2020	30 June 2019
Unrestricted bank balances	489,853	163,529
Bank balances subject to withdrawal restrictions	7,963	68,098
Cash and cash equivalents at 30 June	**497,816**	**231,627**

$'000	30 June 2020	30 June 2019
Bank balances subject to withdrawal restrictions:		
Carrying amount at 1 July	**68,098**	**178,754**
Released on refinancing of debt	-35,100	-32,325
Drawdown and deposits, net	-25,035	-78,331
Carrying amount at 30 June	**7,963**	**68,098**

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	30 June 2020	30 June 2019
Unrestricted bank balances	49,321	113,309
Cash and cash equivalents at 30 June	**49,321**	**113,309**

15 SHARE CAPITAL

	30 June 2020	30 June 2019
Ordinary shares of $1		
Number of shares authorized and issued	2,501	2,501
Share price	1	1

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

Capital contribution
During 2015/16, the shareholders made capital contributions of $626.1 million which consisted of the forgiveness of a loan note and a cash contribution.

Issuance of shares at a premium
On 29 January 2019, the shareholders made a capital cash contribution of $150 million for 1,500 ordinary shares issued at a share price of $1.

Other reserves
The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges, pending subsequent recognition in profit or loss as the hedged cash flows or items affect profit or loss.

Issuance of shares
After year end, on 22 July 2020 the Company authorized and issued 60 million of shares.

Notes to the consolidated financial statements

16 LOANS AND BORROWINGS

	Consolidated		Company	
$'000	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Aircraft financing	5,276,422	4,907,900	-	-
Other term loans	459,733	456,768	459,733	456,768
Real estate debt	2,115	2,392	-	-
Total carrying amount of loans and borrowings	**5,738,270**	**5,367,060**	**459,733**	**456,768**

On the face of the statement of financial position and the information presented in the following note most debt is considered as current at 30 June 2020 as the Group was not able to meet certain financial covenants in certain funding agreements. After 30 June 2020 the Group has entered a Scheme of Arrangement which included covenant waivers ensuring no default was continuing at 30 June 2020.

In addition, the Scheme of Arrangement enables the Group to defer its scheduled principal payments for 9 months and interest payments for approximately 5 months (aircraft financing) and approximately 17 months (other term loans), for the majority of its various financing agreements while also extending the final maturity date for each of those loans until 12 months after the previously scheduled final maturity date. The Scheme of Arrangement contains a mechanism where the deferred principal and interest payments will be partially repaid when unrestricted cash exceeds a predetermined level after 31 March 2021.

An unaudited adjusted pro forma consolidated statement of financial position and related notes reflecting the terms agreed with lenders in the Scheme of Arrangement has been included in the Supplemental unaudited information.

Aircraft financing consists of both secured and unsecured financing. Unsecured financing in the form of revolving credit facility drawdowns, term loans provided by commercial banks and debt notes issued. Secured financing comprises of term loans provided by commercial banks, loans provided or guaranteed by various export credit agencies, JOLCO financing and notes issued in asset-backed securities.

On 30 June 2020, 478 aircraft (468 on 30 June 2019) were subject to debt financing. 236 aircraft (167 on 30 June 2019) were financed with the proceeds from unsecured aircraft financing with covenants ensuring a minimum relative share of assets compared to the debt outstanding. 75 aircraft (78 on 30 June 2019) were financed with proceeds funded directly or guaranteed by various export credit agencies. 150 aircraft (176 on 30 June 2019) were financed by a combination of secured bank loans. 17 aircraft (18 on 30 June 2019) were JOLCO financed. Finally, no aircraft were financed by asset-backed securities (29 on 30 June 2019).

Security in the form of aircraft mortgages was in place for all financed aircraft except those financed by unsecured loans and notes. Under the Scheme of Arrangement, the unsecured lenders included under aircraft financing benefit from security over an asset pool financed by these unsecured loans. The security will remain in place until NAC is in compliance with certain covenants for two consecutive quarters. Guarantees were provided by the Company for all aircraft financing post 30 June 2021.

Other term loans consist of unsecured financing raised by the Group.

Real estate debt consists of borrowings for buildings owned by the Group subject to mortgages.

An increasing percentage of outstanding debt has been raised as unsecured debt. Total unsecured financing consisting of other term loans and part of aircraft financing made up 63% of total borrowings on 30 June 2020 (46% on 30 June 2019).

Including the impact of interest rate swaps, fixed rate debt made up 78% of the borrowings at 30 June 2020 (81% at 30 June 2019).

16 LOANS AND BORROWINGS (CONTINUED)

	Consolidated			
	2019/20		2018/19	
	$'000	%	$'000	%
Unsecured financing	3,652,698	63%	2,484,424	46%
Secured financing	2,150,109	37%	2,966,900	54%
Total financing	**5,802,807**	**100%**	**5,451,324**	**100%**
Capitalized loan costs	-64,537		-84,264	
Total carrying amount of loans and borrowings	**5,738,270**		**5,367,060**	

Maturity of loans and borrowings

Consolidated 30 June 2020

$'000	Aircraft financing	Other term loans	Real estate debt	Total
0-1 year	5,234,424	459,733	239	5,694,396
1-5 years	38,211	-	930	39,141
> 5 years	3,787	-	946	4,733
Total	**5,276,422**	**459,733**	**2,115**	**5,738,270**

Consolidated 30 June 2019

$'000	Aircraft financing	Other term loans	Real estate debt	Total
0-1 year	407,280	-	235	407,515
1-5 years	3,545,459	456,768	955	4,003,182
> 5 years	955,161	-	1,202	956,363
Total	**4,907,900**	**456,768**	**2,392**	**5,367,060**

Notes to the consolidated financial statements

16 LOANS AND BORROWINGS (CONTINUED)

Terms and conditions of outstanding loans and borrowings

Unsecured debt

$'000	Average nominal interest rate	Year of maturity	Consolidated 30 June 2020 Principal
Senior notes	5.98%	2020	2,183,580
Revolving credit facility	2.44%	2020	755,000
Term loans	3.02%	2020-2021	244,118
Other term loans	6.92%	2020	470,000
Total unsecured debt			**3,652,698**

Secured debt

$'000	Average nominal interest rate	Year of maturity	Principal
Term loans	3.96%	2020-2026	1,304,007
ECA financings	3.63%	2020	563,090
Other secured debt	3.75%	2020	280,897
Real estate debt	1.61%	2025-2032	2,115
Total secured debt			**2,150,109**
Total loans and borrowings before capitalized loan costs			**5,802,807**
- of which (including impact of interest rate swaps) fixed rate debt			*4,553,405*
- of which (including impact of interest rate swaps) floating rate debt			*1,249,402*
Capitalized loan costs			-62,724
Loan modification gain			-1,813
Total carrying amount of loans and borrowings			**5,738,270**
Outstanding interest rate swaps made for hedging floating rate loans (notional)			795,800

16 LOANS AND BORROWINGS (CONTINUED)

Unsecured debt

			Consolidated 30 June 2019
$'000	Average nominal interest rate	Year of maturity	Principal
Senior notes	5.66%	2022-2028	1,324,750
Revolving credit facility	4.65%	2020-2022	490,000
Term loans	4.48%	2020-2023	201,950
Other term loans	6.92%	2023	470,000
Total unsecured debt			**2,486,700**

Secured debt

$'000	Average nominal interest rate	Year of maturity	Principal
Term loans	4.77%	2019-2026	1,590,477
ECA financings	3.69%	2022-2029	682,176
Other secured debt	4.77%	2021-2026	691,855
Real estate debt	2.22%	2025-2032	2,392
Total secured debt			**2,966,900**
Total loans and borrowings before capitalized loan costs			**5,453,600**
- of which (including impact of interest rate swaps) fixed rate debt			*4,429,875*
- of which (including impact of interest rate swaps) floating rate debt			*1,023,725*
Capitalized loan costs			-84,264
Loan modification gain			-2,276
Total carrying amount of loans and borrowings			**5,367,060**
Outstanding interest rate swaps made for hedging floating rate loans (notional)			939,077

Notes to the consolidated financial statements

16 LOANS AND BORROWINGS (CONTINUED)

Company 30 June 2020

$'000	Other term loans	Total
0-1 year	459,733	459,733
1-5 years	-	-
Total carrying amount of loans and borrowings	**459,733**	**459,733**

Unsecured debt	Average nominal interest rate	Year of maturity	
Other term loans	6.92%	2020	470,000
Total unsecured debt			**470,000**
Total loans and borrowings before capitalized loans costs			**470,000**
- of which (including impact of interest rate swaps) fixed rate debt			*470,000*
- of which (including impact of interest rate swaps) floating rate debt			-
Capitalized loan costs			**-10,267**
Total carrying amount of loans and borrowings			**459,733**

Company 30 June 2019

$'000	Other term loans	Total
0-1 year	-	-
1-5 years	456,768	456,768
Total carrying amount of loans and borrowings	**456,768**	**456,768**

Unsecured debt	Average nominal interest rate	Year of maturity	
Other term loans	6.92%	2023	470,000
Total unsecured debt			**470,000**
Total loans and borrowings before capitalized loans costs			**470,000**
- of which (including impact of interest rate swaps) fixed rate debt			*470,000*
- of which (including impact of interest rate swaps) floating rate debt			-
Capitalized loan costs			**-13,232**
Total carrying amount of loans and borrowings			**456,768**

16 LOANS AND BORROWINGS (CONTINUED)

Derivatives at fair value
All financial derivatives at the end of June 2020 and 2019 were floating to fixed interest rate swaps denominated in $ and cross currency swaps from EUR to $. Financial derivatives are included in other payables.

30 June 2020

$'000	Group notional contracts	Group fair values		Company notional contracts	Group fair values	
		Assets	Liabilities		Assets	Liabilities
Derivatives designated as hedging instruments in cash flow hedges:						
Interest rate swaps	742,805	-	16,244	-	-	-
Ineffective hedging instruments	52,995	-	2,265	-	-	-
Total	**795,800**	**-**	**18,509**	**-**	**-**	**-**

30 June 2019

$'000	Group notional contracts	Group fair values		Company notional contracts	Group fair values	
		Assets	Liabilities		Assets	Liabilities
Derivatives designated as hedging instruments in cash flow hedges:						
Interest rate swaps	939,077	-	1,949	-	-	-
Total	**939,077**	**-**	**1,949**	**-**	**-**	**-**

The periods in which the cash flows are expected to occur and affect the financial statement of comprehensive income are as follows:

30 June 2020

$'000	0-1 year	1-2 years	2-5 years	>5 years	Total
Cash inflows	138,612	577,520	85,315	-	801,447
Cash outflows	-150,832	-582,291	-87,143	-	-820,266

30 June 2019

$'000	0-1 year	1-2 years	2-5 years	>5 years	Total
Cash inflows	82,662	146,253	670,822	29,291	929,028
Cash outflows	-81,596	-148,248	-671,495	-29,280	-930,619

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

	Consolidated	
$'000	**2019/20**	**2018/19**
Adjustment to fair value for the year	-16,616	-11,337
Total	**-16,616**	**-11,337**

Notes to the consolidated financial statements

16 LOANS AND BORROWINGS (CONTINUED)

Reconciliation of movement of liabilities arising from financing activities

Consolidated 30 June 2020

$'000	Aircraft financing	Other term loans	Real estate debt	Total
Loans and borrowings at 1 July	**4,907,900**	**456,768**	**2,392**	**5,367,060**
Proceeds from indebtedness	2,173,613	-	-	2,173,613
Repayment of indebtedness	-1,823,820	-	-201	-1,824,021
Transaction costs related to loans and borrowings	-30,873	-	-	-30,873
Total changes from financing cash flows	**318,920**	**-**	**-201**	**318,719**
Effect of changes in foreign exchange rates	**-**	**-**	**-38**	**-38**
Other changes				
Prepaid transaction cost, other assets	21,505	-	-	21,505
Amortization of capitalized borrowing costs	28,059	2,965	-	31,024
Change in accrued interest	-14.413	-	-	-14.413
Interest expense	229,935	33,075	41	263,051
Interest paid	-215,522	-33,075	-41	-248,638
Total other changes	**49,564**	**2,965**	**-**	**52,529**
Loans and borrowings at 30 June	**5,276,384**	**459,733**	**2,153**	**5,738,270**

Consolidated 30 June 2019

$'000	Aircraft financing	Other term loans	Real estate debt	Total
Loans and borrowings at 1 July	**4,584,199**	**618,066**	**2,686**	**5,204,951**
Proceeds from indebtedness	2,989,838	470,000	-	3,459,838
Repayment of indebtedness	-2,666,880	-620,000	-162	-3,287,042
Transaction costs related to loans and borrowings	-36,265	-14,877	-	-51,142
Total changes from financing cash flows	**286,693**	**-164,877**	**-162**	**121,654**
Effect of changes in foreign exchange rates	**-**	**-**	**-132**	**-132**
Other changes				
Amortization of capitalized borrowing costs	37,008	3,579	-	40,587
Change in accrued interest	-12,781	-1,731	-	-14,512
Interest expense	257,549	30,869	53	288,471
Interest paid	-244,768	-29,138	-53	-273,959
Total other changes	**37,008**	**3,579**	**-**	**40,587**
Loans and borrowings at 30 June	**4,907,900**	**456,768**	**2,392**	**5,367,060**

16 LOANS AND BORROWINGS (CONTINUED)

Reconciliation of movements of liabilities arising from financing activities (continued)

Company 30 June 2020

$'000	Amounts owed from group companies	Amounts owed to group companies	Other term loans	Total
Loans and borrowings at 1 July	**-1,590,853**	**1,434,713**	**456,768**	**300,628**
Proceeds from indebtedness	-	721,921	-	721,921
Repayment of indebtedness	-750,475	-	-	-750,475
Transaction costs related to loans and borrowings	-	-	-	-
Total changes from financing cash flows	**-750,475**	**721,921**	**-**	**-28,554**
Effect of changes in foreign exchange rates	**-**	**-**	**-**	**-**
Other changes				
Amortization of capitalized borrowing costs	-	-	2,965	2,965
Change in provision for expected credit losses	4,979	-	-	4,979
Change in accrued interest	-	-	-	-
Interest expense	-57,597	13,443	33,075	-11,079
Interest paid	57,597	-13,443	-33,075	11,079
Total other changes	**4,979**	**-**	**2,965**	**7,944**
Loans and borrowings at 30 June	**-2,336,349**	**2,156,634**	**459,733**	**280,018**

Company 30 June 2019

$'000	Amounts owed from group companies	Amounts owed to group companies	Other term loans	Total
Loans and borrowings at 1 July	**-693,405**	**593,545**	**618,066**	**518,206**
Proceeds from indebtedness	-	841,168	470,000	1,311,168
Repayment of indebtedness	-898,926	-	-620,000	-1,518,926
Transaction costs related to loans and borrowings	-	-	-14,877	-14,877
Total changes from financing cash flows	**-898,926**	**841,168**	**-164,877**	**-222,635**
Effect of changes in foreign exchange rates	**-**	**-**	**-**	**-**
Other changes				
Amortization of capitalized borrowing costs	-	-	3,579	3,579
Change in provision for expected credit losses	1,478	-	-	1,478
Change in accrued interest	-	-	-1,731	-1,731
Interest expense	-89,009	19,757	30,869	-38,383
Interest paid	89,009	-19,757	-29,138	40,114
Total other changes	**1,478**	**-**	**3,579**	**5,057**
Loans and borrowings at 30 June	**-1,590,853**	**1,434,713**	**456,768**	**300,628**

Notes to the consolidated financial statements

17 MAINTENANCE RESERVES

$'000	30 June 2020	30 June 2019
Non-current	487,657	531,513
Current	208,574	160,621
Total maintenance reserves	**696,231**	**692,134**

$'000	30 June 2020	30 June 2019
Carrying amount at 1 July	**692,134**	**672,596**
Supplemental rent billings	273,221	302,675
Maintenance reserves acquired, aircraft on lease	8,869	-
Lessor contribution additions	25,367	17,926
Supplemental rent income recognized during the year	-136,208	-189,641
Reimbursement of maintenance costs and other movements	-167,152	-111,422
Carrying amount at 30 June	**696,231**	**692,134**

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 2 – Revenue.

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.

Notes to the consolidated financial statements

18 TRADE AND OTHER PAYABLES

		Consolidated
$'000	30 June 2020	30 June 2019
Trade payables	11,363	2,946
Deposits held	172,098	172,201
Accrued costs	44,097	30,451
Other payables	124,206	33,348
Lease liabilities	45,897	-
Total trade and other payables	**397,661**	**238,946**
Non-current	191,408	153,567
Current	206,253	85,379
Total trade and other payables	**397,661**	**238,946**

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

Deposits are split into a current portion of $21.7 million ($18.6 million at 30 June 2019) and a non-current portion of $150.4 million ($153.6 million at 30 June 2019). 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.

The Group adopted IFRS 16 Leases from 1 July 2019. IFRS 16 introduced a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset – see Note 8 – and lease liability representing its obligation to make lease payments.

Lease liabilities are split into a current portion of $4.9 million and a non-current portion of $41.0 million.

Financial derivatives of $18.5 million ($1.9 million at 30 June 2019) is included in other payables.

		Company
$'000	30 June 2020	30 June 2019
Other payables	22,420	21,397
Total trade and other payables	**22,420**	**21,397**
Current	22,420	21,397
Total trade and other payables	**22,420**	**21,397**

Notes to the consolidated financial statements

19 DEFERRED INCOME

$'000	30 June 2020	30 June 2019
Deferred lease rental income and rental payments received in advance	2,340	12,335
Straight-line rental adjustment	452	-3,716
Total deferred income	**2,792**	**8,619**
Non-current	-1,461	-3,397
Current	4,253	12,016
Total deferred income	**2,792**	**8,619**

20 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 16 – Loans and borrowings, the Group's interest-bearing liabilities are primarily comprised of unsecured notes and loans, ECA-backed financing and other secured borrowings.

Aircraft financing and other term loans are conditional on the Group meeting certain financial covenants. Under the approved Scheme of Arrangement, all NAC lenders have agreed to waive any potential covenant breaches by NAC for the 12-month period from 30 June 2020 up to but excluding 30 June 2021.

With the aim of managing liquidity risk, the Group ensures 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 and unutilized credit facilities. At 30 June 2020, cash and cash equivalents amounted to $498 million which included $490 million of unrestricted cash. There were no unutilized credit facilities.

The table below 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. For interest rate swaps, the cash flows have been estimated using forward interest rates applicable at the end of the reporting period.

20 FINANCIAL RISK MANAGEMENT (CONTINUED)

Consolidated 30 June 2020

$'000	Carrying amounts	Capital amounts and assumed interest	Within 1 year	Between 2-5 years	Beyond 5 years
Non-derivatives (liabilities)					
Aircraft financing	5,276,422	5,378,038	5,332,485	41,621	3,932
Other term loans	459,733	471,988	471,988	-	-
Real estate debt	2,115	2,291	272	1,024	995
Trade and other payables	379,152	378,842	194,034	110,678	74,130
Maintenance reserves	696,231	696,231	208,574	455,890	31,767
Total non-derivatives (liabilities)	**6,813,653**	**6,927,390**	**6,207,353**	**609,213**	**110,824**
Derivatives (liabilities)					
Interest rate swap	18,509	18,819	12,219	6,600	-
Total derivatives (liabilities)	**18,509**	**18,819**	**12,219**	**6,600**	**-**

Notes to the consolidated financial statements

20 FINANCIAL RISK MANAGEMENT (CONTINUED)

Company
30 June 2020

$'000	Carrying amounts	Capital amounts and assumed interest	Within 1 year	Between 2-5 years	Beyond 5 years
Non-derivatives (liabilities)					
Other term loans	459,733	471,988	471,988	-	-
Amounts owed to group companies	2,156,634	2,191,787	2,191,787	-	-
Trade and other payables	22,420	22,420	22,420	-	-
Total non-derivatives (liabilities)	**2,638,787**	**2,686,195**	**2,686,195**	**-**	**-**
Derivatives (asset)					
Interest rate swap	10,997	11,854	1,680	9,877	297
Total derivatives (asset)	**10,997**	**11,854**	**1,680**	**9,877**	**297**

Notes to the consolidated financial statements

20 FINANCIAL RISK MANAGEMENT (CONTINUED)

Consolidated 30 June 2019

$'000	Carrying amounts	Capital amounts and assumed interest	Within 1 year	Between 2-5 years	Beyond 5 years
Non-derivatives (liabilities)					
Aircraft financing	4,907,900	5,863,795	658,251	4,155,208	1,050,336
Other term loans	456,768	618,569	33,166	585,403	-
Mortgage debt	2,392	2,685	286	1,107	1,292
Trade and other payables	236,997	237,355	86,444	90,062	60,849
Maintenance reserves	692,134	692,134	160,621	489,285	42,228
Total non-derivatives (liabilities)	**6,296,191**	**7,414,538**	**938,768**	**5,321,065**	**1,154,705**
Derivatives (assets)					
Interest rate swap	1,949	1,591	-1,065	2,668	-12
Total derivatives (assets)	**1,949**	**1,591**	**-1,065**	**2,668**	**-12**

Company 30 June 2019

$'000	Carrying amounts	Capital amounts and assumed interest	Within 1 year	Between 2-5 years	Beyond 5 years
Non-derivatives (liabilities)					
Other term loans	456,768	618,569	33,166	585,403	-
Amounts owed to group companies	1,434,713	1,470,810	1,470,810	-	-
Trade and other payables	21,397	21,397	21,397	-	-
Total non-derivatives (liabilities)	**1,912,878**	**2,110,776**	**1,525,373**	**585,403**	**-**

20 FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk
Interest rate risk consists of the risk that a change of 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 swaps. On 30 June 2020, fixed rate debt including interest rate swaps constituted 78% of the total debt and floating rate debt constituted 22% of the total outstanding debt. The nominal value of interest rate swaps constituted 14% of the total debt. More information about floating and fixed rate loans can be found in Note 16 – Loans and borrowings.

Sensitivity analysis, interest rate risk
At the current fixed-to-floating interest ratio, taking interest rate swaps into account, an increase of the market interest rate by 1 percentage point will increase the Group's annual interest expenses by approximately $12 million and increase other comprehensive income through the adjustment of interest rate swap values by approximately $9 million. Similarly, a decrease of the market interest rate by 1 percentage point from current levels will lower the Group's annual interest expenses by approximately $4 million and decrease other comprehensive income through the adjustment of interest rate swap values by approximately $6 million. Therefore, an increase of the market interest rate by 1 percentage point will impact total comprehensive income negatively by approximately $3 million and a decrease will impact total comprehensive income negatively by approximately $2 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 $. As all subsidiaries are preparing and presenting financial statements in $, no material translation exposure exists.

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 obtains 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 incidents 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 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 12 - 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 & Fitch) or A3 (Moody's). The duration of any cash deposit is limited to a maximum of 90 days.

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 $ zero-coupon rates with the addition of an estimated credit spread. Since the Group enters into financing agreements on an ongoing basis, 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 our fixed rate debt (not including interest rate swaps) corresponds to the net book value of our 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.

Notes to the consolidated financial statements

20 FINANCIAL RISK MANAGEMENT (CONTINUED)

Receivables and cash and cash equivalents

$'000	Consolidated 30 June 2020	Consolidated 30 June 2019
Financial assets not measured at fair value		
Receivables from finance leases	164,543	197,045
Trade and other receivables	134,394	77,911
Other assets (deposits)	10,134	10,132
Cash and cash equivalents	497,816	231,627
Total financial assets not measured at fair value	**806,887**	**516,715**
Total financial assets	**806,887**	**516,715**

Financial liabilities at fair value through profit or loss and other comprehensive income

$'000	30 June 2020	30 June 2019
Financial liabilities at fair value		
Interest rate derivatives	18,509	1,949
Total financial liabilities at fair value	**18,509**	**1,949**

Financial liabilities at amortized cost

$'000		30 June 2020	30 June 2019
Financial liabilities not measured at fair value			
Aircraft financing	5,330,692		
Other term loans	470,000		
Real estate debt	2,115		
Capitalized loan costs and loan modification gain	-64,537	5,738,270	5,367,060
Trade and other payables		379,152	236,997
Maintenance reserves		696,231	692,134
Total financial liabilities not measured at fair value		**6,813,653**	**6,296,191**
Total financial liabilities		**6,832,162**	**6,298,140**

Notes to the consolidated financial statements

20 FINANCIAL RISK MANAGEMENT (CONTINUED)

Receivables and cash and cash equivalents

	Company	
$'000	**30 June 2020**	**30 June 2019**
Financial assets not measured at fair value		
Amounts owed from group companies	2,336,349	1,590,853
Cash and cash equivalents	49,321	113,309
Total financial assets not measured at fair value	**2,385,670**	**1,704,162**
Total financial assets	**2,385,670**	**1,704,162**

Financial liabilities at amortized cost

$'000		**30 June 2020**	**30 June 2019**
Financial liabilities not measured at fair value			
Other term loans	470,000		
Capitalized loan costs	-10,267	459,733	456,768
Amounts owed to group companies		2,156,634	1,434,713
Trade and other payables		22,420	21,397
Total financial liabilities not measured at fair value		**2,638,787**	**1,912,878**
Total financial liabilities		**2,638,787**	**1,912,878**

Notes to the consolidated financial statements

21 COMMITMENTS AND CONTINGENT LIABILITIES

Capital commitments
At 30 June 2020, the Group had committed to acquiring 71 ATR, Airbus and Embraer aircraft (32 aircraft at 30 June 2019). Further, the Group had options to purchase 35 aircraft from ATR (7 ATRs at 30 June 2019). Total contracted firm order commitments at 30 June 2020 were $1.4 billion ($0.7 billion at 30 June 2019).

22 CHANGE IN RECEIVABLES AND PAYABLES

$'000	**2019/20**	**2018/19**
Change in inventory	2,911	-5,857
Change in deposits (assets)	-2	29
Change in trade and other receivables	-56,483	-32,232
Change in maintenance reserves	4,097	19,538
Change in trade and other payables	158,715	14,080
Change in deferred income (liabilities)	-5,827	-1,632
Total change in receivables and payables	**103,411**	**-6,074**

Notes to the consolidated financial statements

23 OTHER ADJUSTING AND NON-CASH ITEMS

$'000	2019/20	2018/19
Depreciation, amortization and impairment	1,007,227	358,913
Recognition of right-of-use assets	-50,979	-
Movement in payables related to aircraft	-58,716	-
Lease incentive additions	-51,508	-19,639
Aircraft transferred to inventory	-3,235	8,335
Profit or loss from the sale of fixed assets	4,492	-1,156
Fair value adjustment of hedging instruments	-16,616	-11,337
Fair value adjustment on acquisition of shares	4,749	-
Repayment of lease liability	5,083	-
Change in accrued interest	-14,413	-14,512
Share of profit/loss in equity-accounted investments	-1,167	-888
Other non-cash items	11	-728
Total other adjusting and non-cash items	**824,928**	**318,988**

24 FEE PAID TO AUDITORS

$'000	2019/20	2018/19
Audit services	717	731
Tax advice services	1,113	812
Other non-audit services	552	254
Total fee paid to auditors	**2,382**	**1,797**

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

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
NAC Luxembourg II S.A., the shareholding entity, is owned by NAC Luxembourg I S.A., the ultimate shareholding entity. EQT, GIC and KIRKBI hold 73.3% of the shares in NAC Luxembourg I S.A. and Martin Møller holds the remaining 26.7% of the shares.

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. Total compensation to the Directors was $11.1 million in 2019/20 ($8.2 million in 2018/19), of which $0.2 million ($0.1 million in 2018/19) related to retirement benefits and $0.1 million ($0.6 million in 2018/19) related to compensation in respect of loss of office or other termination benefits. No interest or related fees were paid on any shareholder loan in 2019/20 ($8.8 million in 2018/19).

Subsidiaries

Aruba: Belgiestraat 36, Oranjestad, Aruba.
(100% owned. This subsidiary engages in investments): NAC Aviation Aruba A.V.V.

Bermuda: Clarendon House, 2 Church Street, Hamilton, HM11, Hamilton.
(100% owned. This subsidiary engages in aircraft leasing): ATLAS 2014-1 Ltd

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): Fortuna Aviation Holding Limited, Jetscape Aviation Group Ltd., Jetscape Commercial Jets Limited and Tyche Aviation Holding Limited

Canada: 3219 Yonge Street, Suite #226, Toronto, Ontario M4N 3S1, 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% beneficially owned. This subsidiary engages in aircraft leasing and 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 maintenance): Nordic Aviation Capital A/S, Nordic Aviation Financing ApS, NAC Aviation 2 A/S and NAC Aviation 3 A/S

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 Services 2 Ltd, NAC Aviation 2 Ltd, NAC Aviation 3 Ltd, NAC Aviation 4 Ltd, NAC Aviation 6 Ltd, NAC Aviation 7 Ltd, NAC Aviation 8 Ltd, NAC Aviation 9 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 31 Ltd, NAC Aviation 32 Ltd, NAC Aviation 33 Ltd, NAC Aviation 34 Ltd, NAC Aviation 35 Ltd, NAC Aviation 36 Ltd, NK Leasing Ltd, NK Aviation Ltd, Argos Aviation One Ireland DAC, Argos Aviation Two Ireland DAC, Argos Aviation Three Ireland DAC, Argos Aviation Four Ireland DAC, Argos Aviation Five Ireland DAC, Argos Aviation Six Ireland DAC, Astona (Ireland) DAC, Fortuna Aviation DAC, Melanajet (Ireland) DAC, Minerva Airlease One DAC, Minerva Airlease Three DAC, Minerva Air-lease Two DAC, Rockjet (Ireland) DAC, Tyche Aviation DAC, Freyja Aviation One Ireland DAC, Freyja Aviation Two Ireland Limited, Freyja Aviation Three Ireland Limited, Freyja Aviation Four Ireland Limited, Aldus Portfolio Leasing Limited, Aldus Portfolio A Limited, Aldus Portfolio B Limited, Aldus Portfolio

25 RELATED PARTIES (CONTINUED)

T Limited, Tiradentes Port-folio A Ltd, Tiradentes Portfolio B Ltd, Tiradentes Portfolio C Ltd and Tiradentes Portfolio D Ltd

(50% owned. This subsidiary engages in aircraft leasing services): KN Operating Ltd: Gardens International, Henry Street, Limerick City, Ireland.

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

Singapore: 20 Bendemeer Road #03-12, Singapore 339914.
(100% owned. These subsidiaries engage in aircraft leasing and management services): Nordic Aviation Capital Pte, 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 Eighteen Pte. Ltd, Nordic Aviation Leasing Nineteen 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 Five Pte. Ltd, Nordic Aviation Leasing Twenty Six Pte. Ltd, Nordic Aviation Leasing Twenty Seven Pte. Ltd, Nordic Aviation Leasing Twenty Eight Pte. Ltd, Nordic Aviation Leasing Twenty Nine Pte. Ltd and Nordic Aviation Financing One Pte Ltd

South Africa: 57 Sloane Street, 1st Floor, The Gabba Building, The Campus, 2191 Bryanston, 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. These subsidiaries engage in aircraft leasing): Enclave Aviation Sweden AB and 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 Limited.

United States - Colorado: 7700 E Arapahoe Road STE 220, Centennial 80112, United States.
(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 1086, LLC, ALC ATR 726 1103, LLC, ALC ATR 726 1112, LLC, E Notes Investor LLC, Jetscape, Inc. (Delaware) and E-Note Investor Malta LLC

United States – Florida: 401 East Las Olas Blvd, Suite 1700, Fort Lauderdale, Florida 33301, United States.
(100% owned. These subsidiaries engage in aircraft leasing and management services): JAG VIII LLC, JAG XXI LLC, Jetscape Aviation Group LLC, NAC Aviation US LLC and Nordic Aviation Capital Inc.

Investment in subsidiaries

		Company
$'000	**30 June 2020**	**30 June 2019**
Carrying amount at 1 July	**1,554,768**	**1,660,195**
Impairment loss	-212,221	-
Disposals	-	-105,427
Carrying amount at 30 June	**1,342,547**	**1,554,768**

The disposals during 2018/19 were intercompany transfers of investments.

Notes to the consolidated financial statements

26 SUBSEQUENT EVENTS

The High Court in Dublin officially approved the Scheme of Arrangement under the Irish Companies Act on 22 July 2020. The Scheme of Arrangement deferred loan obligations and waived certain loan covenants ensuring no default was continuing at 30 June 2020. The event has not resulted in any adjustments to the audited statement of financial position. However, the Scheme of Arrangement provided the Group with a waiver of certain covenants and therefore an unaudited adjusted pro forma consolidated statement of financial position and adjusted relevant notes reflecting the Scheme of Arrangement have been disclosed in the Supplemental unaudited information.

The Group's shareholders demonstrated their continued support and injected additional equity of $60 million on 22 July 2020.

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.

Notes to the consolidated financial statements

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 30 June 2020.

This is the first set of the Group's financial statements where IFRS 16 has been applied. Changes to significant accounting policies are described below in B.

B. New IFRS and IFRIC which have been adopted

IFRS 16 Leases
The Group adopted IFRS 16 Leases from 1 July 2019. IFRS 16 introduced a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the previous standard, i.e. lessors continue to classify leases as finance and operating leases.

IFRS 16 replaced existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement Contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Group has used the following practical expedients at the date of initial application: a) applied a single discount rate (5.81%) to its portfolio of leases that have reasonably similar characteristics, b) not reassessed whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17, c) for leases for which lease term ends within 12 months of the date of initial application the Group has elected the same recognition as for short-term leases, d) excluded initial direct costs from the measurement of the right-of-use-asset at the date of initial application, e) used hindsight, such as in determining the lease term if the contract contained term extension or termination options.

Leases in which the Group is a lessee
The Group recognized new assets and liabilities for its operating leases. The nature of expenses related to those leases has changed because the Group recognizes a depreciation charge for right-of-use assets and interest expenses on lease liabilities. Previously, the Group recognized operating lease expenses on a straight-line basis over the term of the lease, and recognized assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognized.

The Group's finance leases were not materially impacted by IFRS 16.

The Group recognized right-of-use-assets and lease liabilities of $50.8 million at 1 July 2019 using the modified retrospective approach according to which the right-of-use assets and lease liabilities are based on the remaining lease term at the date of initial recognition in the statement of financial position.

When measuring lease liabilities for operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted-average rate applied was 5.81%.

Short-term leases and low-value items have not been recognized as right-of-use-assets and lease liabilities. Right-of-use assets are included in the same line item as the underlying assets would be if they were owned. The related lease liabilities are included in Trade and other payables.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

Leases in which the Group is a lessor
The Group leases out its aircraft as operating leases as well as finance leases. The classification into operating and finance leases and measurement is based on the same principles as applied previously under IAS 17 and no adjustments are required on the transition to IFRS 16. The Group does not sub-lease its aircraft.

IFRIC 23
IFRIC 23 came into effect on 1 January 2019 and was adopted by the Group on 1 July 2019. This Interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty about income tax treatments. In such circumstances, an entity must recognize and measure its current or deferred tax asset or liability applying the requirements in IAS 12 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined applying this Interpretation. In assessing whether and how an uncertain tax treatment affects the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, an entity must assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations. The introduction of IFRIC 23 did not result in any material impact.

C. New IFRS not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

Notes to the consolidated financial statements

27 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

— Amendments to References to Conceptual Framework in IFRS Standards.

— Definition of a Business (Amendments to IFRS 3).

— Definition of Material (Amendments to IAS 1 and IAS 8).

— IFRS 17 Insurance Contracts.

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.

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 20 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 30 June 2020.

The Directors have in their going concern assessment considered the impact of COVID-19 on the aviation industry and the Group. COVID-19 has had a significant impact on airlines and aircraft lessors. This impact has been felt through an unprecedented reduction in the use of aircraft and a significant increase in the level of deferral requests and airlines unable to make scheduled rent payments. As of yet there is no cure to COVID-19 and therefore making an assessment of future cashflows is an extremely subjective and judgmental area.

In making this assessment, the Directors have formulated a number of scenarios which are based on three key elements in relation to the future cashflows of the Group, namely the debt and interest repayments, the commitments to purchase new aircraft and the collection of rental and other contractual cashflows.

In assessing the debt and interest repayments of the Group, the Group has entered into a Scheme of Arrangement on 22 July 2020 pursuant to which no payment of interest is to be made until 31 December 2020, all principal amortization payments (except the final maturity payments) are deferred for 9 months from the date on which they were previously scheduled to fall due, and final maturity payments are deferred for 12 months from the date on which they were previously scheduled to fall due. Further details of this Scheme are outlined in Note 16 and in the Supplemental unaudited information. This has the effect of ensuring that cashflows are conserved for use within the business and no defaults on loans or covenants will apply in this period where we expect the worst effect of COVID-19 to be felt. In addition, the Group has received an equity injection of $60 million from its shareholders on 22 July 2020.

The Group engaged with aircraft manufacturers to secure flexibility and reprofiling of the timing of aircraft purchase commitments. While subject to final documentation, the Group is satisfied to include the deferred schedules of payments within the going concern period as it best reflects its understanding of the current negotiations, which may be subject to change. This assumption has meant that as of 30 June 2020 the Group had capital commitments of $245 million for the next 12 months in relation to acquisition of aircraft.

Assessing the level of cashflow collections is the most subjective and judgmental area of the cashflow forecast. The Group's assessment of the level of cashflow collections reflects the unprecedented nature of the situation as it is unclear when a cure for COVID-19 will be available and when air travel will recover. In assessing future cashflow collections we have looked at recent trends in collections, the financial strength of our lessees to make payments, including any government and shareholder support that may have been committed to or received by lessees, and also reviewed market data around expected recovery profiles for air travel. As outlined above, whilst the Group has used its best estimate of cashflow collections based on information available to it, the impact that COVID-19 will have on air travel and the duration of this impact remains uncertain.

In light of the above assessment and key areas of uncertainty, the Directors having considered the adequacy of the Group's funding, borrowing facilities and operating cash flows, for at least the next 12 months 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.

The estimated cashflows involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from forecasted cashflows.

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

27 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 on-going 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.

Goodwill
At each reporting period, management performs an impairment test of the carrying amount of goodwill. Impairment tests are based on the management forecasts and other assumptions required to comply with IAS 36. In impairment testing of goodwill, an estimate is made to determine how parts of the enterprise related to goodwill will be able to generate sufficient future positive net cash flows to support the value of goodwill with an indefinite useful life and other net assets of the enterprise in question. The estimate of the future free net cash flows is based on a forecast for subsequent years. A forecast for the coming years is based on specific future business initiatives for which the risks relating to key parameters have been assessed and recognized in estimated future free cash flows.

These assumptions and the judgments of management that are based on them are subject to change as new information becomes available. Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Group's impairment evaluation and future results.

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.

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 13 – Deferred tax liabilities. 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 ECLs, 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)

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.

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.

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 estimate. 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. Residual value of aircraft is based on their estimated scrap value for turboprop aircraft and an assumed residual value for jet aircraft.

27 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 worse than the expected maintenance condition on redelivery. A maintenance rights liability exists if, on the acquisition date, the maintenance condition is better than 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. 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 disposal or retirement of items of other property, plant and equipment is recognized under revenue.

Notes to the consolidated financial statements

27 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

The Group assesses the objective of the business model in which a financial asset is held at a 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 to be 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.

27 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 as 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 ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, 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.

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 6-level ranking 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 12 – 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 interest rate swaps and cross currency swaps to hedge the variability in cash flows arising from changes in interest rates and exchange rates in floating and foreign currency borrowings.

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. The amount which is deferred in equity is recycled to profit or loss to the extent that the hedged item impacts profit or loss through translation of foreign currency borrowing balances at spot rate at the reporting date.

27 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 amount to a lessee and the amount can be reasonably estimated.

Other intangible assets
Order book
Order book is initially recognized at the fair value at the date of acquisition. Order book is capitalized together with the aircraft when it is delivered.

Customer relationships
Customer relationships are initially recognized at fair value at the date of acquisition. Customer relationships are depreciated over the expected length of the customer contracts which have been estimated at 12 years.

Goodwill and impairment
Goodwill is the excess of the cost of an acquisition over the Group's share of the fair value of the identifiable assets and liabilities acquired.

Goodwill is subject to impairment testing on an annual basis, at a consistent time each year, and at any time an impairment indicator is considered to exist. Impairment is determined by comparing the carrying amount to the estimated recoverable amount.

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

27 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Equity-accounted investments
Investments in joint ventures are accounted for using the equity method of accounting. Under the equity method, the investment in joint ventures is initially recognized at cost, and the carrying amount is increased or decreased to recognize the Group's share of profit or loss of the investee after the date of acquisition. The Group's investment in joint ventures includes goodwill identified on acquisition.

When a Group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint ventures are recognized in the consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

Equity

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. 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
The fair value of assets held for sale is based on the contracted amount of the underlying asset.

Loans and borrowings
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 swaps
Interest rate swaps and interest rate cap contracts held by the Group are measured at fair value. 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.

Finance lease receivables
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 is estimated as the present value of future cash flows and is discounted at the market rate of interest when the impact is material.

29 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 17 August 2020.

Supplemental unaudited information

Supplemental unaudited information

The unaudited adjusted pro forma consolidated statement of financial position below reflects the terms of the Scheme of Arrangement. In particular lenders have waived certain financial covenants ensuring that no default was continuing at 30 June 2020 and consequently debt maturities have been adjusted accordingly such that most debt is reclassified from current to non-current debt. Additionally, capitalized loan cost and a loan modification gain have been reflected. Finally, the $60 million equity injection received 22 July 2020 has been reflected. This is reflected in adjustments to other assets, cash and cash equivalents, equity, loans and borrowings as well as trade and other payables. Other line items have not been adjusted.

Unaudited adjusted pro forma consolidated statement of financial position

$'000	Note	30 June 2020	30 June 2019
ASSETS			
Non-current assets			
Goodwill		-	442,167
Other intangible assets		27,094	66,097
Aircraft and related components		7,047,495	7,034,239
Other property, plant and equipment		64,786	12,529
Other assets		108,854	112,917
Investment in equity-accounted entities		12,376	11,209
Receivables from finance leases		109,027	144,218
Total non-current assets		**7,369,632**	**7,823,376**
Current assets			
Receivables from finance leases		52,634	52,827
Inventory		16,669	19,580
Trade and other receivables		134,394	77,911
Other assets		45,143	38,232
Cash and cash equivalents		527,822	231,627
Total current assets		**776,662**	**420,177**
Total assets		**8,146,294**	**8,243,553**

Supplemental unaudited information

Unaudited adjusted pro forma consolidated statement of financial position

$'000	Note	30 June 2020	30 June 2019
EQUITY AND LIABILITIES			
Equity			
Share capital		60,003	3
Share premium		750,845	750,845
Capital contribution		626,079	626,079
Retained earnings and other reserves		-203,157	448,855
Total equity		**1,233,770**	**1,825,782**
Liabilities			
Non-current liabilities			
Loans and borrowings	A	5,627,631	4,959,545
Maintenance reserves		487,657	531,513
Trade and other payables		191,408	153,567
Deferred tax liabilities		56,203	97,414
Total non-current liabilities		**6,362,899**	**5,742,039**
Current liabilities			
Loans and borrowings	A	39,173	407,515
Maintenance reserves		208,574	160,621
Trade and other payables		224,353	85,379
Corporation tax		74,733	13,598
Deferred income		2,792	8,619
Total current liabilities		**549,625**	**675,732**
Total liabilities		**6,912,524**	**6,417,771**
Total equity and liabilities		**8,146,294**	**8,243,553**

Supplemental unaudited information

A LOANS AND BORROWINGS

This note presents relevant information included in Note 16 – Loans and borrowings as stated in the consolidated financial statements. Additionally this information in the original note has been adjusted to reflect the terms of the Scheme of Arrangement.

As per consolidated financial statements

	Consolidated		Company	
$'000	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Aircraft financing	5,276,422	4,907,900	-	-
Other term loans	459,733	456,768	459,733	456,768
Real estate debt	2,115	2,392	-	-
Total carrying amount of loans and borrowings	**5,738,270**	**5,367,060**	**459,733**	**456,768**

As per unaudited adjusted pro forma consolidated statement of financial position

	Consolidated		Company	
$'000	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Aircraft financing	5,209,335	4,907,900	-	-
Other term loans	455,354	456,768	455,354	456,768
Real estate debt	2,115	2,392	-	-
Total carrying amount of loans and borrowings	**5,666,804**	**5,367,060**	**455,354**	**456,768**

In the consolidated financial statements most debt was considered as current at 30 June 2020 as the Group was not able to meet certain financial covenants in certain funding agreements. After 30 June 2020 the Group has entered a Scheme of Arrangement which included covenant waivers ensuring no default was continuing at 30 June 2020. In this note, where applicable, maturity schedules of the consolidated financial statements at 30 June 2020 are compared with the maturity schedules reflecting the terms of the Scheme of Arrangement.

In addition, the Scheme of Arrangement enables the Group to defer its scheduled principal payments for 9 months and interest payments for approximately 5 months (aircraft financing) and approximately 17 months (other term loans), for the majority of its various financing agreements while also extending the final maturity date for each of those loans until 12 months after the originally scheduled final maturity date. The Scheme of Arrangement contains a mechanism where the deferred principal and interest payments will be partially repaid when unrestricted cash exceeds a predetermined level after 31 March 2021.

For the details in this note showing the maturity for the debt following the Scheme of Arrangement it is not assumed that any debt will be prepaid following this mechanism.

Aircraft financing consists of both secured and unsecured financing. Unsecured financing in the form of revolving credit facility drawdowns, term loans provided by commercial banks and debt notes issued. Secured financing comprises of term loans provided by commercial banks, loans provided or guaranteed by various export credit agencies, JOLCO financing and notes issued in asset-backed securities.

On 30 June 2020, 478 aircraft (468 on 30 June 2019) were subject to debt financing. 236 aircraft (167 on 30 June 2019) were financed with the proceeds from unsecured aircraft financing with covenants ensuring a minimum relative share of assets compared to the debt outstanding. 75 aircraft (78 on 30 June 2019) were financed with proceeds funded directly or guaranteed by various export credit agencies. 150 aircraft (176 on 30 June 2019) were financed by a combination of secured bank loans. 17 aircraft (18 on 30 June 2019) were JOLCO financed. Finally, no aircraft were financed by asset-backed securities (29 on 30 June 2019).

Security in the form of aircraft mortgages was in place for all financed aircraft except those financed by unsecured loans and notes. Under the Scheme of Arrangement, the unsecured lenders included under aircraft financing benefit from security over an asset pool financed by these unsecured loans.

Supplemental unaudited information

A LOANS AND BORROWINGS (CONTINUED)

The security will remain in place until NAC is in compliance with certain covenants for two consecutive quarters. Guarantees were provided by the Company for all aircraft financing post 30 June 2021.

Other term loans consist of unsecured financing raised by the Group.

Real estate debt consists of borrowings for buildings owned by the Group subject to mortgages.

Consolidated

As per consolidated financial statements	**2019/20**		**2018/19**	
	$'000	%	$'000	%
Unsecured financing	3,652,698	63%	2,484,424	46%
Secured financing	2,150,109	37%	2,966,900	54%
Total financing	**5,802,807**	**100%**	**5,451,324**	**100%**
Capitalized loan costs	-64,537		-84,264	
Total carrying amount of loans and borrowings	**5,738,270**		**5,367,060**	

As per unaudited adjusted pro forma consolidated statement of financial position

Consolidated

	2019/20		**2018/19**	
	$'000	%	$'000	%
Unsecured financing	472,623	8%	2,484,424	46%
Secured financing pursuant to Scheme of Arrangement terms	3,180,075	55%	-	-
Secured financing	2,150,109	37%	2,966,900	54%
Total financing	**5,802,807**	**100%**	**5,451,324**	**100%**
Capitalized loan costs	-136,003		-84,264	
Total carrying amount of loans and borrowings	**5,666,804**		**5,367,060**	

Supplemental unaudited information

A LOANS AND BORROWINGS (CONTINUED)

Maturity of loans and borrowings

As per consolidated financial statements

Consolidated 30 June 2020

$'000	Aircraft financing	Other term loans	Real estate debt	Total
0-1 year	5,234,424	459,733	239	5,694,396
1-5 years	38,211	-	930	39,141
> 5 years	3,787	-	946	4,733
Total	**5,276,422**	**459,733**	**2,115**	**5,738,270**

As per unaudited adjusted pro forma consolidated statement of financial position

Consolidated 30 June 2020

$'000	Aircraft financing	Other term loans	Real estate debt	Total
0-1 year	38,934	-	239	39,173
1-5 years	3,806,308	455,354	930	4,262,592
> 5 years	1,364,093	-	946	1,365,039
Total	**5,209,335**	**455,354**	**2,115**	**5,666,804**

As per consolidated financial statements

Consolidated 30 June 2019

$'000	Aircraft financing	Other term loans	Real estate debt	Total
0-1 year	407,280	-	235	407,515
1-5 years	3,545,459	456,768	955	4,003,182
> 5 years	955,161	-	1,202	956,363
Total	**4,907,900**	**456,768**	**2,392**	**5,367,060**

Supplemental unaudited information

A LOANS AND BORROWINGS (CONTINUED)

Terms and conditions of outstanding loans and borrowings

As per consolidated financial statements

Unsecured debt

$'000	Average nominal interest rate	Year of maturity	Consolidated 30 June 2020 Principal
Senior notes	5.98%	2020	2,183,580
Revolving credit facility	2.44%	2020	755,000
Term loans	3.02%	2020-2021	244,118
Other term loans	6.92%	2020	470,000
Total unsecured debt			**3,652,698**

Secured debt

$'000	Average nominal interest rate	Year of maturity	Principal
Term loans	3.96%	2020-2026	1,304,007
ECA financings	3.63%	2020	563,090
Other secured debt	3.75%	2020	280,897
Real estate debt	1.61%	2025-2032	2,115
Total secured debt			**2,150,109**
Total loans and borrowings before capitalized loan costs			**5,802,807**
- of which (including impact of interest rate swaps) fixed rate debt			*4,553,405*
- of which (including impact of interest rate swaps) floating rate debt			*1,249,402*
Capitalized loan costs			-62,724
Loan modification gain			-1,813
Total carrying amount of loans and borrowings			**5,738,270**
Outstanding interest rate swaps made for hedging floating rate loans (notional)			795,800

Supplemental unaudited information

A LOANS AND BORROWINGS (CONTINUED)

As per unaudited adjusted pro forma consolidated statement of financial position

Unsecured debt

$'000	Average nominal interest rate	Year of maturity	Consolidated 30 June 2020 Principal
Term Loans	3.15%	2021	2,623
Other Term Loans	6.92%	2024	470,000
Total unsecured debt			**472,623**

Secured debt, pursuant to Scheme of Arrangement terms

$'000	Average nominal interest rate	Year of maturity	Principal
Senior Notes	5.98%	2023-2029	2,183,580
Revolving Credit Facility	2.44%	2023	755,000
Term Loans	3.02%	2021-2024	241,495
Total secured debt, pursuant to Scheme of Arrangement terms			**3,180,075**

Secured debt

$'000	Average nominal interest rate	Year of maturity	Principal
Term Loans	3.96%	2020-2027	1,304,007
ECA Financings	3.63%	2023-2030	563,090
Other secured debt	3.75%	2024-2026	280,897
Real estate debt	1.61%	2025-2032	2,115
Total secured debt			**2,150,109**
Total loans and borrowings before capitalized loan costs			**5,802,807**
- of which (including impact of interest rate swaps) is fixed rate debt			*4,553,405*
- of which (including impact of interest rate swaps) is floating rate debt			*1,249,402*
Capitalized loan costs			-132,322
Loan modification gain/loss			-3,681
Total carrying amount of loans and borrowings			**5,666,804**
Outstanding interest rate swaps made for hedging floating rate loans (notional)			795,800

Supplemental unaudited information

A LOANS AND BORROWINGS (CONTINUED)

As per consolidated financial statements

Unsecured debt

Consolidated 30 June 2019

$'000	Average nominal interest rate	Year of maturity	Principal
Senior notes	5.66%	2022-2028	1,324,750
Revolving credit facility	4.65%	2020-2022	490,000
Term loans	4.48%	2020-2023	201,950
Other term loans	6.92%	2023	470,000
Total unsecured debt			**2,486,700**

Secured debt

$'000	Average nominal interest rate	Year of maturity	Principal
Term loans	4.77%	2019-2026	1,590,477
ECA financings	3.69%	2022-2029	682,176
Other secured debt	4.77%	2021-2026	691,855
Real estate debt	2.22%	2025-2032	2,392
Total secured debt			**2,966,900**
Total loans and borrowings before capitalized loan costs			**5,453,600**
- of which (including impact of interest rate swaps) fixed rate debt			*4,429,875*
- of which (including impact of interest rate swaps) floating rate debt			*1,023,725*
Capitalized loan costs			-84,264
Loan modification gain			-2,276
Total carrying amount of loans and borrowings			**5,367,060**
Outstanding interest rate swaps made for hedging floating rate loans (notional)			939,077

Supplemental unaudited information

B FINANCIAL RISK MANAGEMENT

This note presents relevant information included in Note 20 – Financial risk management as stated in the consolidated financial statements. Additionally this information in the original note has been adjusted to reflect the terms of the Scheme of Arrangement.

As per statement of financial position

Consolidated 30 June 2020

$'000	Carrying amounts	Capital amounts and assumed interest	Within 1 year	Between 2-5 years	Beyond 5 years
Non-derivatives (liabilities)					
Aircraft financing	5,276,422	5,378,038	5,332,485	41,621	3,932
Other term loans	459,733	471,988	471,988	-	-
Real estate debt	2,115	2,291	272	1,024	995
Trade and other payables	379,152	378,842	194,034	110,678	74,130
Maintenance reserves	696,231	696,231	208,574	455,890	31,767
Total non-derivatives (liabilities)	**6,813,653**	**6,927,390**	**6,207,353**	**609,213**	**110,824**
Derivatives (liabilities)					
Interest rate swap	18,509	18,819	12,219	6,600	-
Total derivatives (liabilities)	**18,509**	**18,819**	**12,219**	**6,600**	**-**

As per unaudited adjusted pro forma consolidated statement of financial position

Consolidated 30 June 2020

$'000	Carrying amounts	Capital amounts and assumed interest	Within 1 year	Between 2-5 years	Beyond 5 years
Non-derivatives (liabilities)					
Aircraft financing	5,209,335	6,438,109	212,239	4,657,644	1,568,226
Other term loans	455,354	633,061	-	633,061	-
Real estate debt	2,115	2,291	272	1,024	995
Trade and other payables	379,152	378,842	194,034	110,678	74,130
Maintenance reserves	696,231	696,231	208,574	455,890	31,767
Total non-derivatives (liabilities)	**6,742,187**	**8,148,534**	**615,119**	**5,858,297**	**1,675,118**
Derivatives (liabilities)					
Interest rate swap	18,509	18,819	12,219	6,600	-
Total derivatives (liabilities)	**18,509**	**18,819**	**12,219**	**6,600**	**-**

Supplemental unaudited information

B FINANCIAL RISK MANAGEMENT (CONTINUED)

As per statement of financial position

Consolidated 30 June 2019

$'000	Carrying amounts	Capital amounts and assumed interest	Within 1 year	Between 2-5 years	Beyond 5 years
Non-derivatives (liabilities)					
Aircraft financing	4,907,900	5,863,795	658,251	4,155,208	1,050,336
Other term loans	456,768	618,569	33,166	585,403	-
Mortgage debt	2,392	2,685	286	1,107	1,292
Trade and other payables	236,997	237,355	86,444	90,062	60,849
Maintenance reserves	692,134	692,134	160,621	489,285	42,228
Total non-derivatives (liabilities)	**6,296,191**	**7,414,538**	**938,768**	**5,321,065**	**1,154,705**
Derivatives (assets)					
Interest rate swap	1,949	1,591	-1,065	2,668	-12
Total derivatives (assets)	**1,949**	**1,591**	**-1,065**	**2,668**	**-12**

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Annual general meeting
This year's annual general meeting
was held on 17 August 2020

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