Nordic Aviation Capital A/S

Stratusvej 12
7190 Billund
Denmark

CVR no. 19 39 89 94

Annual report for the period 1 July 2019 – 30 June 2020

The annual report was presented and approved at the Company's annual general meeting on

30 September 2020

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chairman

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Nordic Aviation Capital A/S for the financial year 1 July 2019 – 30 June 2020.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 30 June 2020 and of the results of the Company's operations for the financial year 1 July 2019 – 30 June 2020.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Billund, 30 September 2020
Executive Board:

Morten Kjærholm Mikkelsen
Chief Executive Officer

Board of Directors:

Martin Møller Nielsen Chairman	Morten Kjærholm Mikkelsen	Jette Mariann Hulgaard

Statement by the Board of Directors and the Executive Board

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The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 30 June 2020 and of the results of the Company's operations for the financial year 1 July 2019 – 30 June 2020.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Billund, 30 September 2020
Executive Board:

Morten Kjærholm Mikkelsen
Chief Executive Officer

Board of Directors:

Martin Møller Nielsen Chairman	Morten Kjærholm Mikkelsen	Jette Mariann Hulgaard

Independent auditor's report

To the shareholders of Nordic Aviation Capital A/S

Opinion

We have audited the financial statements of Nordic Aviation Capital A/S for the financial year 1 July 2019 – 30 June 2020 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 30 June 2020 and of the results of the Company's operations for the financial year 1 July 2019 – 30 June 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

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

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

Emphasis of matter regarding matters in the financial statements

We draw attention to note 2 of the financial statements concerning the COVID-19 situation that exists and continues to develop at the date of approval of the financial statements and the related impact on the going concern basis of preparation. The financial statements have been prepared on a going concern basis, and the directors are of the view that this does not represent a material uncertainty that may cast significant doubt on the ability of the NAC 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.

Management's responsibility for the financial statements

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

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

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

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

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

— identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

— obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

— evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

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

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

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

Independent auditor's report

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

Kolding, 30 September 2020
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Nikolaj Møller Hansen
State Authorised
Public Accountant
mne33220

Management's review

Company details

Nordic Aviation Capital A/S
Stratusvej 12
7190 Billund
Denmark

Telephone:	+4576511200
Fax:	+4576511212
Website:	www.nac.dk
CVR no.:	19 39 89 94
Established:	26 June 1996
Registered office:	Billund
Financial year:	1 July – 30 June

Board of Directors

Martin Møller Nielsen, Chairman
Morten Kjærholm Mikkelsen
Jette Mariann Hulgaard

Executive Board

Morten Kjærholm Mikkelsen, Chief Executive Officer

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Jupitervej 4
6000 Kolding
Denmark

Management's review

Financial highlights

USDm	2019/20	2018/19*	2017/18*	2016/17*	2015/16*
Key figures					
Revenue	43	34	31	51	45
Operating profit/loss	23	0	-1	8	6
Profit/loss from financial income and expenses	7	8	129	34	19
Profit for the year	31	4	122	32	19
Total assets	565	420	1,185	1,055	943
Equity	428	398	394	272	239
Investment in property, plant and equipment	0	0	3	7	84
Ratios					
Return on equity	7.4%	1.0%	36.8%	12.5%	5.0%
Solvency ratio	75.8%	94.8%	33.2%	25.8%	25.3%
Other key figures					
Average number of full-time employees	86	92	85	74	64

Financial ratios are calculated in accordance with the guidelines "Recommendations & Ratios" issued by the Danish Society of Financial Analysts. The financial ratios have been calculated as follows:

*The numbers for 2015/16 to 2018/19 are have not been restated to account for the impact of IFRS 16.

Return on equity $$\frac{\text{Profit/loss from ordinary activities after tax} \times 100}{\text{Average equity}}$$

Solvency ratio $$\frac{\text{Equity ex. non-controlling interests at year end} \times 100}{\text{Total equity and liabilities at year end}}$$

Management's review

Operating review

Principal activities

The Company's activities consist of providing shared services to other Group members. The services are primarily hangar, technical and financial services. Additionally, the Company has an aircraft on lease with an external customer. In consideration of the volume of transactions with other Group members this management review includes Group considerations. Thus, the sections below include Company information as well as comments from the Group annual report for the financial year 2019/20 ('Group annual report').

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

Development in activities and financial position

"Company development in activities and financial position"

The Company provides services to other Group members, this activity continued for the financial year ending 30 June 2020.

As of 30 June 2020, the Company had receivables from Group members in a total amount of $462,174 thousand (PY $339,179 thousand), of which the receivable from Nordic Aviation Capital DAC accounted for $428.214 thousand.

Company total assets was $564,873 thousand (PY $419,822 thousand) and equity was $428,474 thousand (PY $397,758 thousand).

The Company delivered revenue of $43,399 thousand for the year (PY $33,992 thousand) of which $41,982 thousand was revenue from other Group members (PY $33,482 thousand). The Company's income statement for the year shows a profit of $30,716 thousand (PY $3,674 thousand).

In June 2020, the Danish tax authorities issued an upward adjustment to the taxable income of the Company 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. Further detail can be found in Note 5 of the Group annual report.

Resulting from the uncertainty referenced below under the Group development in activities and financial position, the Company is not providing guidance as to future results at present.

"Group development in activities and financial position"

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 were 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 a net loss of $639.1 million for the year (PY a net profit of $143.2 million).

Management's review

Operating review

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

Both the Company and the Group's financial performances are significantly impacted by the COVID-19 pandemic. The virus continues to spread around the globe. Consequently, authorities maintain widespread travel restrictions. The pandemic is expected to have a material impact on the aviation industry, and by extension the aircraft leasing sector. The Company and Group continue to monitor the impact of COVID-19 on the activities of the Company and Group as the situation develops and facts become clearer, noting that risk at group level has the potential to impact any of the Group subsidiaries.

Going concern/outlook

"Company"

As previously mentioned, the Company is primarily servicing other Group members and consequently in assessing the going concern of the Company, it is important to consider the going concern assessment of the Group. Further details of the Nordic Aviation Capital DAC going concern assessment is outlined in the Group annual report, which is available on the Group corporate webpage.

"Group"

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 of the Group annual report 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 Group has in its 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 Group 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.

Management's review

Operating review

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 of the Group annual report. 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 it is expected that the worst effect of COVID-19 would 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 the Group 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 Group having considered the adequacy of the its funding, borrowing facilities and operating cash flows, for at least the next 12 months is satisfied that its financial statements for the financial year 2019/20 were prepared on a going concern basis based on the future plans that the Group has for its 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.

"Conclusion"

In light of the going concern assessment made by Nordic Aviation Capital DAC, and after having considered the adequacy of the Company's operating cash flows and borrowing facilities, for at least the next twelve months, the Directors of the Company 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.

Events after the balance sheet date

"Company events after the balance sheet date"

The Company is primarily a service Company with one aircraft on lease. There has been no change in this activity post balance sheet date.

"Group events after the balance sheet date"

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 Group annual report under Supplemental unaudited information.

Management's review

Operating review

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

Corporate social responsibility

Since our establishment in 1990 by aviation entrepreneur Martin Møller, NAC has strived to make a difference for our customers, our partners and our people.

NAC has a set of core values which have guided our lasting success. These values represent the essence of our beliefs, culture and everyday actions. They are timeless guiding principles – the essential and enduring beliefs of our company, ingrained in our corporate culture. Through our core values, we have global guidance on how to act and behave. Our values unite us and create a sense of purpose and belonging.

Aligned to these values, NAC has a set of behaviours and policies in place which reflect its social and environmental concerns. All company policies are pragmatic and accessible to all team members via the company intranet site.

We continuously assess our impact on our surroundings and seek to mitigate/proactively address any CSR risk identified. This is done either directly or through industry /outside industry network. For FY19/20 we have not identified any substantial CSR risk, but we continue to have a high focus on our environmental impact and on how we as a company can work more sustainable.

People and work environment

We are committed to providing positive, productive and encouraging working environments where all employees are valued and supported in being the best they can be.

Equality and dignity at work

NAC is committed to creating an environment promoting equality and dignity at work. We are inspired by the UN sustainable development goals and are dedicated to work actively on Goals 4, 5 and 8: Quality Education, Gender Equality and Decent Work and Economic Growth. NAC wishes to create a workplace that provides equal opportunities for all employees and potential employees where their integrity is always protected and respected.

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Training and development continue to be a focus area during the financial year 2020/2021. The NAC online training platform is now well established, providing easy access to learning opportunities for all team members. In addition to this, NAC is running a Leadership training program with an emphasis on developing our leaders of the future and enabling cross-cultural knowledge-sharing. One of our priorities is to continue to provide people at every level within the business with ample development opportunities to enhance career progression and to ensure that as our company grows, so does our personnel.

Bullying and harassment

NAC is committed to providing a safe working environment for its employees with an environment free from bullying and harassment. The Company has in place both informal and formal procedures to deal with the issue of bullying or harassment at work. More information is available in the local handbook.

Management's review

Operating review

In the FY 2018/19, NAC conducted a work environment assessment (in Danish APV) focusing both on mental and physical wellbeing at work. The results were very positive and showed a social and friendly working environment. During the year, NAC has taken additional steps to ensure a caring work environment, including activities such as;

- after-work yoga
- motivational speaker giving a session on wellbeing – work-life balance
- monthly breakfast sessions
- weekly walk-and-talk sessions
- virtual events during COVID-19 to keep a social environment.

The UN 17 sustainable development goals, Goal 3 and Goal 8: Good Health, Wellbeing and Decent Work and Economic Growth offers inspiration on good practice and how NAC can and will approach a good working environment for all our team members.

Climate and environment

NAC follows all mandatory requirements and guidelines regarding climate and environment. We comply with all relevant legislation and monitor the guidelines from EASA and ICAO. We have therefore decided not to have a separate policy regarding climate and environment.

Internally as a natural part of our value "caring", we encourage our team members to think of ways to reduce our environmental impact.

Anti-corruption policy

We are dedicated to act with integrity and to develop our business in a responsible manner. Our Anti-Corruption and Bribery policy is a no-tolerance policy and clearly outlines the acceptable actions about anti-corruption and bribery from our employees, suppliers and third parties.

Corporate compliance is important to NAC, and NAC ensures that its employees and contractors are trained in regulations affecting commercial businesses acting in an international environment. The corporate policies are at all times available on NAC's Intranet.

As part of their onboarding program, new joiners will be required to take an e-learning course and tests to make sure they have the needed knowledge and understanding with respect to this policy.

For the FY 2019/20, no incidents of violation of the Company's anti-corruption and bribery policy were recorded.

Human rights

NAC follows all mandatory requirements and guidelines regarding Human Rights. We comply with all relevant legislation and monitor the guidelines from the UN. We have therefore decided not to have a separate policy regarding Human Rights, but consider it a natural part of our values to care for others. We encourage our team members to think of ways to support Human Rights globally.

Management's review

Operating review

Gender composition in the Board of Directors and Management

Board of Directors

Under Danish legislation, NAC sets an objective to ensure the necessary development of the gender composition on the Board of Directors. Our ambition is that no gender should account for less than 25% of our members. We have successfully achieved our target as the Board of Directors of NAC consists of three members.

Managers

NAC is dedicated to maintaining a working environment where diversity and equal opportunities are available to all employees. We continuously strive to enhance diversity and mitigate gender underrepresentation.

During 2019/20, we continued our focus on having a work environment which would attract and retain female representatives at management positions. This has primarily included flexible working hours and internal leadership training for talents. Globally, we are committed, until a balanced gender representation has been met, to have a positive bias towards female candidates when candidate competencies are at an equal level.

The total number of female leaders (4) has remained unchanged during FY19/20. Thus, we will continue to actively seek ways to enforce gender diversity in the management team to achieve a more balanced gender representation. Overall current female share is 30% and within our executive leadership 18%.

Financial statements 1 July – 30 June

Income statement

USD'000	Note	2019/20	2018/19
Revenue	3	43,399	33,992
Production costs	4	-13,785	-14,714
Gross profit		29,614	19,278
Administrative expenses	4	-21,270	-18,834
Other operating income		22,959	0
Other operating costs		-7,962	0
Operating profit		23,341	444
Income from equity investments in group entities		74,000	0
Financial income	5	10,366	18,968
Financial expenses	6	-3,345	-11,323
Profit before tax		104,362	8,089
Tax on profit for the year	7	-73,646	-4,415
Profit for the year	8	30,716	3,674

Financial statements 1 July – 30 June

Balance sheet

USD'000	Note	30/6 2020	30/6 2019
ASSETS			
Fixed assets			
Property, plant and equipment	9		
Buildings		15,923	0
Fixtures and fittings, tools and equipment		691	1,301
Aircraft		28,423	3,249
Prepayments for property, plant and equipment		19,610	32,055
		64,647	36,605
Investments	10		
Equity investments in group entities		20,430	20,323
Receivables from group entities		1,805	7,252
Deposits		8,582	8,582
		30,817	36,157
Total fixed assets		95,464	72,762
Current assets			
Inventories			
Consumables		4,373	4,349
Receivables			
Trade receivables		144	213
Receivables from group entities		462,174	339,179
Other receivables		2,268	445
		464,586	339,837
Securities		3	4
Cash at bank and in hand		447	2,870
Total current assets		469,409	347,060
TOTAL ASSETS		564,873	419,822

Financial statements 1 July – 30 June

Balance sheet

USD'000	Note	30/6 2020	30/6 2019
EQUITY AND LIABILITIES			
Equity			
Contributed capital	11	747	747
Retained earnings		427,727	397,011
Total equity		428,474	397,758
Provisions	12		
Provisions for deferred tax		438	698
Total provisions		438	698
Liabilities other than provisions			
Non-current liabilities other than provisions	13		
Aircraft financing		0	3,229
Lease obligations		38,345	111
Corporation tax		73,611	0
Maintenance reserve		0	421
Deposits		80	80
		112,036	3,841
Current liabilities other than provisions			
Current portion of non-current liabilities	13	3,917	1,114
Other credit institutions, current liabilities		3,492	0
Trade payables		3,146	367
Payables to group entities		0	4,524
Corporation tax		1,813	7,024
Other payables		11,557	4,496
		23,925	17,525
Total liabilities other than provisions		135,961	21,366
TOTAL EQUITY AND LIABILITIES		564,873	419,822

Financial statements 1 July – 30 June

Statement of changes in equity

USD'000	Contributed capital	Retained earnings	Total
Equity at 1 July 2019	747	397,011	397,758
Transferred over the profit appropriation	0	30,716	30,716
Equity at 30 June 2020	747	427,727	428,474

Financial statements 1 July – 30 June

Notes

1 Accounting policies

The annual report of Nordic Aviation Capital A/S for 2019/20 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

Omission of consolidated financial statements

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of Nordic Aviation Capital A/S and group entities are included in the consolidated financial statements of Nordic Aviation Capital DAC, Ireland, Registered number 567526.

Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of Nordic Aviation Capital DAC, Ireland, Registered number 567526.

Change in accounting policies

With effect from 1 July 2019, the Company has chosen to use IFRS 16 Leases as the basis of interpretation for recognising and measurement of leases to which the Company is the lessee.

Consequently, with effect from 1 July 2019, the Company recognises all finance and operating leases in the balance sheet as a right-of-use asset and a lease liability except for:

- Short-term leases with a maximum lease term of 12 months.
- Leases for low-value assets.

For such leases, lease payments are recognised on a straight-line basis in the income statement over the lease term.

When changing its basis of interpretation, the Company has used the lessee accounting model under IFRS 16 from 1 July 2019 without restatement of comparative figures. The effect of the change as of 1 July 2019 has been recognised directly in equity. The Company has applied the following practical expedients for right-of-use assets and lease liabilities previously accounted for as operating leases:

- Applied a single discount rate to a portfolio of leased assets with reasonably similar characteristics.
- Not recognised leases for which the lease term ends within 12 months from the date of transition.
- Excluded initial direct costs from the measurement of the right-use-assets at 1 July 2019.
- At 1 July 2019, the right-of-use asset is measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments.
- Not applied the new lease definition to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.
- On 1 July 2019, not separated non-lease components from lease components, but considered them a single lease component.

Financial statements 1 July – 30 June

Notes

1 Accounting policies (continued)

Profit/loss for the year remains substantially unchanged. This is due to the depreciation of the right-of-use assets and interest expenses from the lease liabilities being almost equal to the operating lease expense.

Reporting currency

The financial statements are presented in USD as the Company's most significant transactions are settled in USD. At the balance sheet date, the DKK/USD exchange rate was 6.66. For the year 2018/19, the DKK/USD exchange rate at the balance sheet date was 6.56.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised in the balance sheet at cost and subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognised as other receivables and other payables, respectively.

Income statement

Revenue

The Company 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, lease agreements provide for rentals based on aircraft usage which may be calculated based on hours or on cycles operated. The Company accounts for lease rentals under such agreements on a basis that represents the time pattern in which revenue is earned.

Most of the Company's lease contracts require lease payments to be paid in advance. Additional payments are paid in arrears. Rentals received but unearned at the reporting date are recorded as deferred income.

Generally, lease contracts require a lessee to redeliver aircraft in 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 lease rental income on lease termination. The Company recognises amounts recorded as maintenance payments that are not expected to be reimbursed to lessees as revenue.

Other revenue comprises group fee from group entities.

Financial statements 1 July – 30 June

Notes

1 Accounting policies (continued)

Production costs

Production costs comprise costs, including depreciation, amortisation, wages and salaries, incurred to generate revenue for the year. Such costs include direct costs of acquisition/value adjustments (regarding aircraft recognised as current assets) and maintenance of aircraft.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration of the Group, including expenses for administrative staff, Management, office premises, office expenses and amortisation/depreciation of assets used for administrative purposes.

Other operating income

Other operating income comprises items secondary to the activities of the entity, including gains on the disposal of equity investments in group entities.

Other operating costs

Other operating costs comprise items secondary to the activities of the entity, including losses on the disposal of equity investments in group entities.

Income from equity investments in group entities

Dividends from equity investments in group entities measured at cost are recognised as income in the Parent Company's income statement in the financial year when the dividends are declared.

In case of indication of impairment, an impairment test is conducted. Indication of impairment exists if distributed dividend exceeds profit for the year or if the carrying amount of equity investments exceeds the consolidated carrying amounts of the net assets in the subsidiary.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities and associates, declared dividends from other securities and investments, financial expenses relating to finance leases, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses and amortisation of financial assets and liabilities.

Tax on profit/loss for the year

The Parent Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date on which they are included in the consolidated financial statements and up to the date on which they are excluded from the consolidation.

The Parent Company is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

Financial statements 1 July – 30 June

Notes

1 Accounting policies (continued)

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Property, plant and equipment

Buildings, aircraft and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Buildings	22 years
Aircraft	25-30 years
Fixtures and fittings, tools and equipment	5 years

The useful life and residual value are reassessed annually. Changes are accounted for as accounting estimates, and the effect on depreciation is recognised prospectively.

Depreciation is recognised in the income statement as production costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Prepayments for property, plant and equipment, comprise payments regarding future acquisitions of aircraft.

Equity investments in group entities

Equity investments in group entities are measured at cost. Dividends received that exceed accumulated earnings in the subsidiary during the period of ownership are accounted for as a reduction in the cost of acquisition.

Financial statements 1 July – 30 June

Notes

1 Accounting policies (continued)

Impairment of fixed assets

The carrying amount of property, plant and equipment as well as equity investments in group entities is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when recognition is no longer motivated.

Leases

When entering into a contract, the Company assesses whether the contract is a lease or contains a lease component. A lease is defined as a contract or part of a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. When an assessing whether a contract contains a lease component, it must be considered whether, during the period of use, the lessee has the right to substantially all economic benefits from the use of the identified asset and the right to direct the use of the identified asset.

The Company recognises a right-of-use asset and a lease liability at the commencement date.

Lease liabilities recognised as "Credit institutions and interest-bearing liabilities" are initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate.

The lease payments consist of fixed and variable lease payments that depend on an index or a rate, guaranteed residual values, purchase options and extension options if the Company is reasonably certain to exercise the option and termination penalties if the lease term reflects the Company exercising an option to terminate the lease. The lease liability is subsequently adjusted as follows if:

- The value of the index or rate on which the lease payments are based is changed.
- The exercise of options is changed in order to extend or terminate the lease due to significant events or a significant change in circumstances within the Company's control.
- The lease term is changed if the option is exercised in order to extend or terminate the lease.
- Estimated residual value guarantee is changed.
- The contract is renegotiated or modified.

Any subsequent adjustment of the future lease liability is recognised as an adjustment to the right-of-use asset, If the carrying amount of the right-of-use asset is DKK 0, a negative adjustment to the right-of-use asset is, however, recognised in the income statement.

Financial statements 1 July – 30 June

Notes

1 Accounting policies (continued)

The right-of-use asset is initially measured at cost comprising amount of initial measurement of the lease liability plus any initial direct costs and any estimated costs of dismantling and removal of the asset at the end of the lease term which the Company is under an obligation to incur and any prepaid lease payments and less any lease incentives received.

The right-of-use asset is depreciated over the shorter of the lease term and the useful life of the right-of-use asset.

Short-term leases with a maximum lease term of 12 months and leases for low-value assets are not recognised in the balance sheet.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss is recognised on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined on the basis of historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Cash at bank and in hand

Cash comprises bank deposits.

Equity

Dividends

The expected dividend payment for the year is disclosed as a separate item under equity.

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Notes

1 Accounting policies (continued)

Corporation tax and deferred tax

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

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income comprises payments received regarding income in subsequent years.

Segment information

The allocation of revenue to activities and geographical markets is disclosed where these activities and markets differ significantly with regard to the organisation of the sale of goods and services.

Financial statements 1 July – 30 June

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2 Basis of preparation

In their going concern assessment, the Directors have considered the impact of COVID-19 on the aviation industry and the NAC 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 cash flows is an extremely subjective and judgmental area.

In assessing debt and interest repayments of the NAC Group, the NAC Group 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 amortisation payments (except the final maturity payments) are deferred for nine 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. This has the effect of ensuring that cash flows are conserved for use within the business, and no defaults on loans or covenants will be evidenced during this period when we expect the worst effect of COVID-19 to be felt. In addition, the NAC Group received an equity injection of USD 60 million from its shareholders on 22 July 2020.

Assessing the level of cash flow collections is the most subjective and judgmental area of the cash flow forecast. The NAC Group's assessment of the level of cash flow 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 cash flow 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 NAC Group has used its best estimate of cash flow collections based on information available, 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 NAC 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.

Estimated cash flows involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from forecast cash flows.

Financial statements 1 July – 30 June

Notes

USD'000	2019/20	2018/19

3 Segment information

Lease income	360	378
Engine reserve	828	25
Workshop sales	229	107
Other income & Group Fee	41,982	33,482
	43,399	33,992
Breakdown of revenue by geographical segments		
Asia and the Pacific	5	0
Europe	42,182	33,868
South and Central America	1,188	403
North America	24	-279
	43,399	33,992

4 Staff costs and incentive schemes

Wages and salaries	20,224	14,789
Pensions	311	318
Other social security costs	66	97
	20,601	15,204
Average number of full-time employees	86	92
Staff costs are recognised in the financial statements as follows:		
Production	3,639	2,856
Administration	16,962	12,348
	20,601	15,204

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

5 Financial income

Interest income from group entities	9,674	18,911
Income from fixed asset investments	53	0
Other financial income	40	57
Exchange gains	599	0
	10,366	18,968

Financial statements 1 July – 30 June

Notes

USD'000	2019/20	2018/19
6 Financial expenses		
Interest expense to group entities	0	10,465
Impairment losses on financial assets	407	0
Other financial costs	2,938	793
Exchange losses	0	65
	3,345	11,323
7 Tax on profit for the year		
Current tax for the year	3,758	2,796
Deferred tax for the year	-260	-484
Adjustment of tax concerning previous years	70,148	2,561
Adjustment of deferred tax concerning previous yea	0	-458
	73,646	4,415
8 Proposed profit appropriation		
Retained earnings	30,716	3,674

9 Property, plant and equipment

USD'000	Buildings	Fixtures and fittings, tools and equipment	Aircraft	Prepayments for property, plant and equipment	Total
Cost at 1 July 2019	0	2,479	8,499	32,055	43,033
Additions for the year	16,656	91	29,803	7,875	54,425
Disposals for the year	0	0	0	-20,320	-20,320
Cost at 30 June 2020	16,656	2,570	38,302	19,610	77,138
Depreciation and impairment losses at 1 July 2019	0	-1,178	-5,250	0	-6,428
Depreciation for the year	-733	-701	-4,629	0	-6,063
Depreciation and impairment losses at 30 June 2020	-733	-1,879	-9,879	0	-12,491
Carrying amount at 30 June 2020	15,923	691	28,423	19,610	64,647
Assets held under finance leases	15,923	0	25,478	0	41,401

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10 Investments

USD'000	Equity investments in group entities
Cost at 1 July 2019	20,323
Additions for the year	614
Cost at 30 June 2020	20,937
Revaluations at 1 July 2019	0
Revaluations for the year, net	-507
Revaluations 30 June 2020	-507
Carrying amount at 30 June 2020	20,430

USD'000	Deposits
Cost at 1 July 2019	8,582
Cost at 30 June 2020	8,582
Revaluations at 1 July 2019	0
Revaluations 30 June 2020	0
Carrying amount at 30 June 2020	8,582

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Investments (continued)

Name	Legal form	Domicile	Equity	Profit/loss for the year
Subsidiaries:			USD'000	USD'000
Nordic Aviation Financing	ApS	Billund	5,590	351
NAC Aviation 2	A/S	Billund	4,439	-1,034
NAC Aviation 3	A/S	Billund	6,794	-1,014
NAC Aviation 3	Ltd	Ireland	5,073	479
NAC Aviation 4	Ltd	Ireland	75,726	17,135
NAC Aviation 6	Ltd	Ireland	2,487	14
NAC Aviation 8	Ltd	Ireland	-20,984	-15,383
NAC Aviation 9	Ltd	Ireland	24,064	1,052
NAC Aviation 10	Ltd	Ireland	6,131	2,566
NAC Aviation 11	Ltd	Ireland	4,598	1,194
NAC Aviation 16	Ltd	Ireland	718	778
NAC Aviation 17	Ltd	Ireland	12,040	4,761
NAC Aviation 18	Ltd	Ireland	4,157	3,850
NAC Aviation 20	Ltd	Ireland	10,238	6,598
NAC Aviation 21	Ltd	Ireland	-9,663	823
NAC Aviation 22	Ltd	Ireland	4,095	-154
NAC Aviation 23	Ltd	Ireland	-5,443	742
NAC Aviation 25	Ltd	Ireland	43,874	3,471
NAC Aviation 26	Ltd	Ireland	-54	-523
NAC Aviation 27	Ltd	Ireland	-2,829	-5,551
Nordic Aviation Contractor	Ltd	Ireland	56,035	-3,161
NK Leasing	Ltd	Ireland	16,668	-1,132
Nordic Aviation Leasing Pte	Ltd	Singapore	1,213	224
Nordic Aviation Leasing Two Pte	Ltd	Singapore	3,507	733
Nordic Aviation Leasing Six Pte	Ltd	Singapore	8,546	1,443
Nordic Aviation Leasing Seven Pte	Ltd	Singapore	110,234	27,631
Nordic Aviation Leasing Eight Pte	Ltd	Singapore	3,606	-152
Nordic Aviation Leasing Nine Pte	Ltd	Singapore	19,221	4,470
Nordic Aviation Leasing Eleven Pte	Ltd	Singapore	24,402	7,968
Nordic Aviation Leasing Twelve Pte	Ltd	Singapore	-6	-6
Nordic Aviation Leasing Fourteen Pte	Ltd	Singapore	2,463	483
Nordic Aviation Leasing Fifteen Pte	Ltd	Singapore	31	34
Nordic Aviation Leasing Sixteen Pte	Ltd	Singapore	10,646	3,561

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Investments (continued)

Name	Legal form	Domicile	Equity	Profit/loss for the year
Subsidiaries:			USD'000	USD'000
Nordic Aviation Leasing Seventeen Pte	Ltd	Singapore	1,609	491
Nordic Aviation Leasing Eighteen Pte	Ltd	Singapore	1,974	751
Nordic Aviation Leasing Nineteen Pte	Ltd	Singapore	348	98
Nordic Aviation Leasing Twenty Pte	Ltd	Singapore	1,800	684
Nordic Aviation Leasing Twentyone Pte	Ltd	Singapore	2,279	1,274
Nordic Aviation Leasing Twentytwo Pte	Ltd	Singapore	1,158	701
Nordic Aviation Leasing Twentythree Pte	Ltd	Singapore	164	363
Nordic Aviation Leasing Twentyfour Pte	Ltd	Singapore	222	351
Nordic Aviation Leasing Twentyfive Pte	Ltd	Singapore	2,077	1,623
Nordic Aviation Leasing TwentysixPte	Ltd	Singapore	-2	-2
Nordic Aviation Leasing TwentysevenPte	Ltd	Singapore	483	483
Nordic Aviation Leasing Twentyeight Pte	Ltd	Singapore	3,498	3,498
Nordic Aviation Leasing Twentynine Pte	Ltd	Singapore	-4	-2
Nordic Aviation Capital Pte	Ltd	Singapore	882	62
Nordic Aviation Financing One Pte	Ltd	Singapore	4,384	1,089
NAC Aviation France 1	SAS	France	31	-112
NAC Aviation France 2	SAS	France	87	-21
NAC Aviation France 4	SAS	France	81	-13
NAC Aviation France 5	SAS	France	-20	-40
NAC Aviation France 6	SAS	France	165	0
NAC Aviation Cyprus 1	Ltd	Cyprus	3,842	1,524
NAC Aviation Cyprus 3	Ltd	Cyprus	-44	-16
Merlano	Ltd	Cyprus	-291	-24
NAC Aviation UK 2	Ltd	United Kingdom	87	15
The following subsidiaries are owned at 50%:				
KN Operating	Ltd	Ireland	9,995	859

The above figures are based on the 2018/19 annual reports except for the Danish entities. Annual reports for 2019/20 are not yet available.

11 Equity

The contributed capital consists of 4,500 shares of a nominal value of DKK 1000 each.

All shares rank equally.

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12 Provisions

USD'000	30/6 2020	30/6 2019
Deferred tax at 1 July	698	1,182
Adjustment of deferred tax	-260	-484
Deferred tax at 30 June	438	698
Deferred tax relates to:		
Property, plant and equipment	628	715
Maintenance reserves	0	-93
Other non-taxable temporary differences	0	76
Right of use assets	9,108	0
Lease obligation	-9,298	0
	438	698

13 Non-current liabilities other than provisions

USD'000	Total debt at 30/6 2020	Repayment, first year	Outstanding debt after five years
Lease obligations	42,262	3,917	23,046
Corporation tax	73,614	0	0
Deposits	80	0	0
	115,956	3,917	23,046

Financial statements 1 July – 30 June

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14 Contractual obligations, contingencies, etc.

Contingent liabilities

As management company, the Company is jointly taxed with other Danish group entities. The companies have indefinite, joint and several liability for Danish corporation taxes and withholding taxes on profit, interest and royalties within the jointly taxed entity. Any subsequent corrections of the taxable joint taxation income or withholding taxes may entail an increase in the entities' liability.

15 Mortgages and collateral

As collateral for the Company's debt to mortgage credit institutions and other credit institutions totalling USD 3.5 million, the Company has provided collateral or other security secured on its assets. The total carrying amount of these assets is USD 3.1 million.

Aircraft with a carrying amount of USD 2,945 thousand at 30 June 2020 has been provided as collateral for aircraft financing of USD 759 thousand.

A bank account in Jutlander bank, of an amount of USD 0 thousand, has been provided as collateral for all accounts in Jutlander bank.

Other shares in Salling Bank, of an amount of USD 3 thousand, have been provided as collateral for all accounts in Salling Bank.

16 Related party disclosures

Nordic Aviation Capital A/S' related parties comprise the following:

Control

Nordic Aviation Capital Designated Activity Company, Gardens International, Henry Street, Limerick, Ireland.

Nordic Aviation Capital Designated Activity Company holds the majority of the contributed capital in the Company.

Nordic Aviation Capital A/S is part of the consolidated financial statements of Nordic Aviation Capital Designated Activity Company, Ireland, which is both the smallest and largest group, in which the Company is included as a subsidiary.

The consolidated financial statements of Nordic Aviation Capital Designated Activity Company can be obtained at the above address.

Related party transactions

In accordance with section 98 c(7) of the Danish Financial Statements Act, the Company has not disclosed any related party transactions as they were conducted on an arm's length basis.

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17 Disclosure of events after the balance sheet date

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 Group annual report under Supplemental unaudited information.

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

Besides above no events have occurred after the balance sheet date to this date that would influence the assessment of the annual report in any substantial way.