

Nordic Aviation Financing ApS

Stratusvej 12
DK-7190 Billund

CVR no. 21 16 74 01

Annual report for the period 1 July – 31 December 2021

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

28 June 2022

Edward James Sheard
Chairman of the annual general meeting

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Nordic Aviation Financing ApS
Annual report 2021
CVR no. 21 16 74 01

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 Financing ApS for the financial period 1 July – 31 December 2021.

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 31 December 2021 and of the results of the Company's operations for the financial period 1 July – 31 December 2021.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Billund, 28 June 2022
Executive Board:

Morten Kjærholm Mikkelsen
Chief Executive Officer

Board of Directors:

Morten Kjærholm Mikkelsen
Chairman

Kenneth Ullerup

Frank Nissen Pedersen

Independent auditor's report

To the shareholders of Nordic Aviation Financing ApS

Opinion

We have audited the financial statements of Nordic Aviation Financing ApS for the financial period 1 July – 31 December 2021 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 31 December 2021 and of the results of the Company's operations for the financial period 1 July – 31 December 2021 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Material uncertainty related to going concern

We draw attention to note 2 of the financial statement, which indicates that the operations of the Company and the Nordic Aviation Capital Group (the Group) have been adversely affected due to the prolonged impact of COVID-19 on the regional aircraft market. As a result, the Group (including the Danish entity) has been in a comprehensive restructuring transaction with its equity holders and certain of its lenders, to restructure its debt obligations. As stated in note 2, the dependence of liquidity from Group, along with the other matters explained in note 2, indicate that material uncertainty exists that may cast significant doubt on the Company and the Group's ability to continue as a going concern.

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.



Independent auditor's report

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.

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.

Fredericia, 28 June 2022

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Nikolaj Møller Hansen
State Authorised
Public Accountant
mne33220

Michael Lund Siegumfeldt
State Authorised
Public Accountant
mne28662

Nordic Aviation Financing ApS
Annual report 2021
CVR no. 21 16 74 01

Management's review

Company details

Nordic Aviation Financing ApS
Stratusvej 12
7190 Billund
Denmark

CVR no.: 21 16 74 01
Established: 1 July 1998
Financial period: 1 July – 31 December

Board of Directors

Morten Kjærholm Mikkelsen, Chairman
Kenneth Ullerup
Frank Nissen Pedersen

Executive Board

Morten Kjærholm Mikkelsen, Chief Executive Officer

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Vesterballevej 27, 2.
7000 Fredericia
Denmark
CVR no. 25 57 81 98

Management's review

Operating review

Principal activities

Nordic Aviation Financing ApS (the Company) activities are to purchase properties and to create rental of these within the Group.

In consideration of the volume of transactions with other Group members, this Management's review includes Group considerations. Accordingly, the sections below include Company information as well as commentary from the Group's annual report for the partial financial year 2021 July – December ("Group Annual Report").

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

Development in activities and financial position

The Company's income statement covering 2021 July – December (2021 6m) shows a profit of USD 196,534 as against a profit of USD 346,569 for the 12-month period from 1 July 2020 through 30 June 2021.

Equity in the Company's balance sheet on 31 December 2021 stood at USD 6,133,059 as against USD 5,936,525 on 30 June 2021.

The COVID-19 pandemic and the travel restrictions adopted by governments worldwide have significantly impacted the aviation industry and the Group. 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 being unable to make scheduled lease rental payments.

While recent months have witnessed the removal of widespread travel restrictions and increased demand for air travel, the COVID-19 pandemic is continuing to have a material impact on the aviation industry, and by extension the aircraft leasing sector. Consequently, the effects of COVID-19 continue to impact the Group and by that the Company as part of the Group

The Group depends on the Company as a service company to provide rental of its properties within the Group. The Company, in turn, relies on the Group's ability to navigate the unprecedented challenges of Covid-19 and the continued need of building and land rentals.

Management's review

Operating review

Going concern

The Group's aircraft financing comprises secured external financing and non-recourse group borrowings. As a member of the Group, the Company benefits from the support and a financial guarantee from NAC DAC and is also subject to Group lending requirements.

In response to the year over year challenges related to COVID-19, the Group, in December 2021, entered a voluntary restructuring process under Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of Virginia (the "Court").

A restructuring process under Chapter 11 of the U.S. Bankruptcy Code is not always recognized in Denmark, but as a subsidiary of NAC DAC, which entered the Chapter 11 restructuring process with almost all of its subsidiaries, the Company also entered Chapter 11 in December 2021.

The Group began their voluntary restructuring process under Chapter 11 of the U.S. Bankruptcy Code in the Court in December 2021.

The Chapter 11 restructuring prevented creditors from exercising remedies with respect to the Group's prior debt obligations, while the Group seeks to effectuate the financial restructuring transactions.

It provided the Group with the opportunity to implement the financial restructuring transactions negotiated over most of the past year and continue to work with its lenders and other stakeholders to reduce its debt, rebalance costs, access new sources of financing, and continue operating, while adapting its business to the new reality. The Group sought to ensure financial sustainability and continue to generate value for its stakeholders.

The Group emerged from Chapter 11 in the second quarter of 2022 with approval from the Court and with a Court approved Chapter 11 plan of reorganization (the "Plan"). The Plan memorializes the Restructuring Support Agreement (the "RSA"), which had the support of equity holders and lenders holding approximately 95% of the Group's debt obligations.

Following several months of diligence and extensive, arm's-length negotiations with creditors and existing shareholders, NAC reached agreement with certain key creditor constituencies and existing shareholders on the terms of a crucial and comprehensive reorganization, which was memorialized in the RSA on 17 December 2021. NAC continued to negotiate with the remaining key creditor constituencies and executed a second and third amended and restated version of the RSA, on 13 January 2022 and 23 March 2022, respectively, which had the support of equity holders and lenders holding approximately 95% of the Group's debt obligations.

The transactions agreed to in the RSA were incorporated in the Plan, which was confirmed by the Court on 19 April 2022. The terms of the financial transactions as incorporated into the Plan restructured the Group's debt obligations, provided additional capital through a new equity right offering and new exit financing facility, and best positioned the Group for future growth and success as global economic and industry conditions continue to improve. The Group ultimately emerged from chapter 11 on 1 June 2022.

To accommodate the Group's diverse creditor constituencies, the RSA provides a flexible structure by offering differing restructuring and recapitalization transactions specific to each (or multiple) ad hoc group of creditors, as reflected by the various bespoke term sheets. These transactions include, among others: (i) the Option A/D Equitization Restructuring Transaction; (ii) the Option C2 Restructuring Transaction; (iii) the Option E Restructuring Transaction, which includes the JOLCO Restructuring Transactions, the Investec NAC 8 Restructuring Transactions, the NAC 33/34 Transactions, and the EDC Exiting Restructuring Transaction; (iv) the EDC Reinstating Restructuring Transactions; (v) the ECA Restructuring Transactions; (vi) the NYL Restructuring Transactions; (vii) the Rights Offering; and (viii) the Exit Facility.

Management's review

Operating review

- Option A/D Equitization Restructuring Transaction: the equitization of approximately \$583 million in secured note obligations and facility agreements obligations held by holders of NAC 29 Funded Debt Claims, KfW Funded Debt Claims, and DB Nightjar Funded Debt Claims, in exchange for new equity to be issued by the reorganized parent, as well as the issuance of the debt by NAC 29 in the form of notes and/or term loans.
- Option C2 Restructuring Transaction: the amendment and restatement of that certain prepetition term loan credit agreement by and among NAC Aviation 27 Limited and the lenders thereto, partially guaranteed by NAC DAC as reorganized pursuant to the restructuring transactions ("Reorganized NAC DAC").
- Option E Transaction: creditors that do not wish to retain a go-forward relationship with the Group have the option of an orderly exit with the transfer of silo collateral outside the Group.
- EDC Reinstating Restructuring Transactions: the amendment and restatement of certain EDC financing facilities.
- ECA Restructuring Transactions: the assumption and assignment of certain leveraged aircraft leases subject to certain modifications and the reinstatement of the outstanding principal plus accrued and unpaid interest under such amended leveraged leases as set forth in the RSA.
- NYL Restructuring Transactions: the assumption and assignment of the NYL Head Leases, subject to certain modifications as set forth in the RSA, together with the settlement of the outstanding claims arising under the NYL Financing Documents and certain other amounts.

Term sheets for each of these options have been signed and agreed to by the various creditor groups. These terms and conditions were embodied in the Court-approved Plan and will allow the Group to continue to operate in the ordinary course on a go forward basis.

Material uncertainties regarding going concern

The Company is part of the Group and has a positive balance. However, the Company and its operating situation is depended on the need of building and land rentals, reference to which is made in note 12, and relies on the Group's ability to navigate the unprecedented challenges of Covid-19 and continued need of rental of the Company's properties.

On basis of the successfully emergence from Chapter 11 the Company is confident that the need of rental of its properties e.g. hangar the building and land will continue considering the business plan of the Group of continued growth and adapting the need of its customers e.g., conversion of some of the old fleet to cargo aircraft and later in 2022 there is an intention to diversify the fleet with adjacent single-aisle aircraft, like Boeing 737s and Airbus A320s.

In light of the Going Concern assessment made by NAC DAC and after having considered the adequacy of the Company's operating cash flows and borrowing facilities the Directors of the Company are satisfied that the financial statements are prepared on a going concern basis and on the future plans the Directors have for the business.

Outlook

With the emergence from Chapter 11 the Company as a subsidiary of the Group is also a part of the plans for growth for the Group. The future plans the Directors have for the business as a whole are still in early stages such that it is not currently possible to predict fair estimates for company performance. On that basis expected revenue and net result for 2022 is not included.

Management's review

Operating review

Events after the balance sheet date

On June 1, 2022, NAC successfully emerged from the Chapter 11 restructuring process, having received confirmation of its Plan from the Court on April 19, 2022. The Group emerged well-positioned for the future having eliminated \$4.1bn of debt, while significantly enhancing its liquidity, with access to approximately \$537m in additional capital to fund operations and growth opportunities.

Moreover, reference is made to note 2, in which the Company's financial situation is described in further detail.

Financial statements 1 July – 31 December

Income statement

USD	Note	01/07 2021 - 31/12 2021	01/07 2020 - 30/06 2021
Revenue		709,849	1,400,655
Production costs		<u>-390,582</u>	<u>-803,700</u>
Gross profit		319,267	596,955
Administrative expenses		<u>-175,551</u>	<u>-8,362</u>
Profit before financial income and expenses		143,716	588,593
Other financial income		120,217	0
Other financial expenses	3	<u>-16,399</u>	<u>-139,833</u>
Profit before tax		247,534	448,760
Tax on profit for the year	4	<u>-51,000</u>	<u>-102,191</u>
Profit for the period		<u>196,534</u>	<u>346,569</u>
Proposed profit appropriation			
Retained earnings		<u>196,534</u>	<u>346,569</u>

Financial statements 1 July – 31 December

Balance sheet

USD	Note	31/12 2021	30/06 2021
ASSETS			
Fixed assets			
Property, plant and equipment			
Land and buildings	5	<u>7,088,031</u>	<u>7,478,383</u>
Total fixed assets		<u>7,088,031</u>	<u>7,478,383</u>
Current assets			
Receivables			
Receivables from group entities		1,347,496	1,201,868
Other receivables		0	8,579
Deferred tax asset		<u>215,506</u>	<u>141,015</u>
		<u>1,563,002</u>	<u>1,351,462</u>
Cash at bank and in hand		<u>541</u>	<u>0</u>
Total current assets		<u>1,563,543</u>	<u>1,351,462</u>
TOTAL ASSETS		<u><u>8,651,574</u></u>	<u><u>8,829,845</u></u>

Financial statements 1 July – 31 December

Balance sheet

USD	Note	31/12 2021	30/06 2021
EQUITY AND LIABILITIES			
Equity			
Contributed capital		200,977	200,977
Revaluation reserve		81,937	81,937
Retained earnings		<u>5,850,145</u>	<u>5,653,611</u>
Total equity		<u>6,133,059</u>	<u>5,936,525</u>
Liabilities			
Non-current liabilities			
Mortgage loans	6	1,518,273	1,725,013
Lease obligations		<u>506,226</u>	<u>555,504</u>
		<u>2,024,499</u>	<u>2,280,517</u>
Current liabilities			
Current portion of non-current liabilities	6	280,907	276,869
Corporation tax		125,490	155,732
Other payables		<u>87,619</u>	<u>180,202</u>
		<u>494,016</u>	<u>612,803</u>
Total liabilities		<u>2,518,515</u>	<u>2,893,320</u>
TOTAL EQUITY AND LIABILITIES		<u><u>8,651,574</u></u>	<u><u>8,829,845</u></u>

Financial statements 1 July – 31 December

Statement of changes in equity

USD	Contributed capital	Revaluation reserve	Retained earnings	Total
Equity at 1 July 2021	200,977	81,937	5,653,611	5,936,525
Transferred over the profit appropriation	0	0	196,534	196,534
Equity at 31 December 2021	200,977	81,937	5,850,145	6,133,059

Financial statements 1 July – 31 December

Notes

1 Accounting policies

The annual report of Nordic Aviation Financing ApS for 2021 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

Due to change in accounting periods in the NAC Group the company has changed the accounting period accordingly. The year 01/07 2021 to 31/12 2021 comprises of 6 months. The comparative figures comprises of 12 months.

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 6.56. For the year 2020/21, the DKK/USD exchange rate at the balance sheet date was 6.26.

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.

Income statement

Revenue

Revenue consists of rental income.

Production costs

Production costs, which among other things comprise depreciation and maintenance, include costs incurred in generating revenue of the year. This include direct and indirect costs of the properties.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for the management and administration of the Group.

Financial income and expenses

Financial income and expenses comprise interest income and expense, realised and unrealised gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on account tax scheme, etc.

Financial statements 1 July – 31 December

Notes

1 Accounting policies (continued)

Tax on profit/loss for the year

Nordic Aviation Financing ApS is taxed jointly with the Parent Company, Nordic Aviation Capital A/S. The current Danish corporation tax is allocated by the settlement of joint taxation contribution between the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carryforwards receive joint taxation contribution from companies that have used these losses to reduce their own taxable profits. The jointly taxed companies are taxed under the on-account tax scheme.

Tax for the year comprises current tax for the year and changes in deferred tax. 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

Land and buildings 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	20 years
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The useful life and residual value are reassessed annually. Changes are accounted for as accounting estimates, and the effect on depreciation is recognised prospectively.

Land is not depreciated.

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

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 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.

Financial statements 1 July – 31 December

Notes

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses based on an individual assessment of receivables.

Equity

Dividends

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

Income taxes

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.

Liabilities

Financial liabilities and loan from group entities are recognised on the date of borrowing as net proceeds received less transaction costs incurred. In subsequent periods, the loans are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Other financial liabilities are measured at net realisable value.

Deferred income

Deferred income comprises payments received regarding income in subsequent years.

Financial statements 1 July – 31 December

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2 Material uncertainties regarding going concern

Nordic Aviation Financing ApS (the Company) activities are to purchase properties and to create rental of these within the Group.

The Group's aircraft financing comprises secured external financing and non-recourse group borrowings. As a member of the Group, the Company benefits from the support and a financial guarantee from NAC DAC and is also subject to Group lending requirements.

In response to the year over year challenges related to COVID-19, the Group, in December 2021, entered a voluntary restructuring process under Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of Virginia (the "Court").

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The Group began their voluntary restructuring process under Chapter 11 of the U.S. Bankruptcy Code in the Court in December 2021.

The Chapter 11 restructuring prevented creditors from exercising remedies with respect to the Group's prior debt obligations, while the Group seeks to effectuate the financial restructuring transactions.

It provided the Group with the opportunity to implement the financial restructuring transactions negotiated over most of the past year and continue to work with its lenders and other stakeholders to reduce its debt, rebalance costs, access new sources of financing, and continue operating, while adapting its business to the new reality. The Group sought to ensure financial sustainability and continue to generate value for its stakeholders.

The Group emerged from Chapter 11 in the second quarter of 2022 with approval from the Court and with a Court approved Chapter 11 plan of reorganization (the "Plan"). The Plan memorializes the Restructuring Support Agreement (the "RSA"), which had the support of equity holders and lenders holding approximately 95% of the Group's debt obligations.

Following several months of diligence and extensive, arm's-length negotiations with creditors and existing shareholders, NAC reached agreement with certain key creditor constituencies and existing shareholders on the terms of a crucial and comprehensive reorganization, which was memorialized in the RSA on 17 December 2021. NAC continued to negotiate with the remaining key creditor constituencies and executed a second and third amended and restated version of the RSA, on 13 January 2022 and 23 March 2022, respectively, which had the support of equity holders and lenders holding approximately 95% of the Group's debt obligations.

The transactions agreed to in the RSA were incorporated in the Plan, which was confirmed by the Court on 19 April 2022. The terms of the financial transactions as incorporated into the Plan restructured the Group's debt obligations, provided additional capital through a new equity right offering and new exit financing facility, and best positioned the Group for future growth and success as global economic and industry conditions continue to improve. The Group ultimately emerged from chapter 11 on 1 June 2022.

Financial statements 1 July – 31 December

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To accommodate the Group's diverse creditor constituencies, the RSA provides a flexible structure by offering differing restructuring and recapitalization transactions specific to each (or multiple) ad hoc group of creditors, as reflected by the various bespoke term sheets. These transactions include, among others: (i) the Option A/D Equitization Restructuring Transaction; (ii) the Option C2 Restructuring Transaction; (iii) the Option E Restructuring Transaction, which includes the JOLCO Restructuring Transactions, the Investec NAC 8 Restructuring Transactions, the NAC 33/34 Transactions, and the EDC Exiting Restructuring Transaction; (iv) the EDC Reinstating Restructuring Transactions; (v) the ECA Restructuring Transactions; (vi) the NYL Restructuring Transactions; (vii) the Rights Offering; and (viii) the Exit Facility.

- Option A/D Equitization Restructuring Transaction: the equitization of approximately \$583 million in secured note obligations and facility agreements obligations held by holders of NAC 29 Funded Debt Claims, KfW Funded Debt Claims, and DB Nightjar Funded Debt Claims, in exchange for new equity to be issued by the reorganized parent, as well as the issuance of the debt by NAC 29 in the form of notes and/or term loans.
- Option C2 Restructuring Transaction: the amendment and restatement of that certain prepetition term loan credit agreement by and among NAC Aviation 27 Limited and the lenders thereto, partially guaranteed by NAC DAC as reorganized pursuant to the restructuring transactions ("Reorganized NAC DAC").
- Option E Transaction: creditors that do not wish to retain a go-forward relationship with the Group have the option of an orderly exit with the transfer of silo collateral outside the Group.
- EDC Reinstating Restructuring Transactions: the amendment and restatement of certain EDC financing facilities.
- ECA Restructuring Transactions: the assumption and assignment of certain leveraged aircraft leases subject to certain modifications and the reinstatement of the outstanding principal plus accrued and unpaid interest under such amended leveraged leases as set forth in the RSA.
- NYL Restructuring Transactions: the assumption and assignment of the NYL Head Leases, subject to certain modifications as set forth in the RSA, together with the settlement of the outstanding claims arising under the NYL Financing Documents and certain other amounts.

Term sheets for each of these options have been signed and agreed to by the various creditor groups. These terms and conditions were embodied in the Court-approved Plan and will allow the Group to continue to operate in the ordinary course on a go forward basis.

Material uncertainties regarding going concern

The Company is part of the Group and has a positive balance. However, the Company and its operating situation is depended on the need of building and land rentals, reference to which is made in note 12, and relies on the Group's ability to navigate the unprecedented challenges of Covid-19 and continued need of rental of the Company's properties.

On basis of the successfully emergence from Chapter 11 the Company is confident that the need of rental of its properties e.g. hangar the building and land will continue considering the business plan of the Group of continued growth and adapting the need of its customers e.g., conversion of some of the old fleet to cargo aircraft and later in 2022 there is an intention to diversify the fleet with adjacent single-aisle aircraft, like Boeing 737s and Airbus A320s.

In light of the Going Concern assessment made by NAC DAC and after having considered the adequacy of the Company's operating cash flows and borrowing facilities the Directors of the Company are satisfied that the financial statements are prepared on a going concern basis and on the future plans the Directors have for the business.

Financial statements 1 July – 31 December

Notes

USD	01/07 2021 - 31/12 2021	01/07 2020 - 30/06 2021
3 Other financial expenses		
Other financial expenses	16,399	80,851
Exchange adjustments costs	<u>0</u>	<u>58,982</u>
	<u>16,399</u>	<u>139,833</u>
4 Tax on profit for the year		
Joint taxation contribution	125,490	155,732
Deferred tax for the year	<u>-74,490</u>	<u>-53,541</u>
	<u>51,000</u>	<u>102,191</u>
5 Property, plant and equipment		
USD		<u>Land and buildings</u>
Cost at 1 July 2021		<u>15,339,279</u>
Cost at 31 December 2021		<u>15,339,279</u>
Revaluations at 1 July 2021		<u>105,047</u>
Revaluations at 31 December 2021		<u>105,047</u>
Depreciation and impairment losses at 1 July 2021		<u>-7,965,943</u>
Depreciation for the year		<u>-390,352</u>
Depreciation and impairment losses at 31 December 2021		<u>-8,356,295</u>
Carrying amount at 31 December 2021		<u>7,088,031</u>
Assets held under finance leases		<u>493,974</u>

Financial statements 1 July – 31 December

Notes

6 Non-current liabilities

USD	31/12 2021	30/06 2021
Credit institutions:		
0-1 years	250,614	262,155
1-5 years	858,619	936,145
>5 years	659,654	788,868
	<u>1,768,887</u>	<u>1,987,168</u>
Lease obligations:		
0-1 years	30,293	14,714
1-5 years	50,650	70,753
>5 years	455,575	484,751
	<u>536,518</u>	<u>570,218</u>
Total liabilities	<u>2,305,405</u>	<u>2,557,386</u>

7 Contractual obligations, contingencies, etc.

Contingent liabilities

The Company is jointly taxed with its Parent Company, Nordic Aviation Capital A/S, which serves as management company, and together with other jointly taxed group entities, the Company has joint and several liability for the payment of income taxes as well as withholding taxes on interest, royalties and dividends.

8 Mortgages and collateral

The buildings at Stratusvej 2 and 12, title no. 2CQ Billund, at leased land with a carrying amount of USD 7,088 thousand have been provided as collateral for the Company's mortgage debt of USD 1,769 thousand.

9 Related party disclosures

Nordic Aviation Financing ApS' related parties comprise the following:

Control

Nordic Aviation Capital A/S, Stratusvej 12, 7190 Billund, Denmark.

Nordic Aviation Capital A/S, Stratusvej 12, 7190 Billund, Denmark, holds the majority of the contributed capital in the Company.

Nordic Aviation Financing ApS is part of the consolidated financial statements of Nordic Aviation Capital Designated Activity Company, Ireland, which is the smallest group in which the Company is included as a subsidiary.

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

