Atlantic Holdco Limited

Annual report and consolidated financial statements

Registered number 12155837

31 December 2021

Contents

Company Information

Directors

R J James
L W Mollan
V Hahn-Petersen
A Hoad
M J Humphreys
P Nolan
P Ryttergaard
S Goodson

Company secretary

S Ades

Registered number

12155837

Registered office

Unit D Greenway
Bedwas
Caerphilly
Wales
CF83 8DW

Independent auditor

KPMG LLP
Britannia Quay
Cardiff
CF10 4AX

Group Strategic Report

Business review

2021 was the second successive year in which the COVID19 pandemic had a profound impact on the aviation industry. In light of this continuing challenge, we have pleasure in sharing AerFin's financial results that demonstrate the ongoing resilience of the business that is seeing the demand for products and services recover ahead of global air traffic.

Although 2020 concluded on a positive footing, both in terms of AerFin's business resilience and also the optimism around successful vaccine trials by several pharmaceutical giants, much challenge was still expected through 2021 in terms of the global regulatory approval, roll-out and take up of the vaccines.

The businesses forecasts for 2021 remained relatively true to what transpired in terms of the slow start in air traffic recovery. Many developed economies had full 'lock downs' through the 1st quarter as vaccines were rolled out through the population.

Eurocontrol, the body responsible for European air traffic management, charted average European air traffic levels at ~36% of pre-pandemic (2019) levels for the first 5 months 2021. The USA saw a slightly quicker recovery over the same period with the Transportation Security Administration ("TSA") recording average passenger checkpoint activity for the 1st 5 months of 2021 at 52% of 2019 levels. Both regions saw good recovery in air traffic and passenger numbers in the last 7 months of 2021 with European air traffic at ~69% of 2019 levels and US TSA checkpoint activity at ~79% of 2019 levels. These left the annualised recovery rates at ~55% and ~69% respectively.

AerFin's 2021 financial performance was pleasing against this backdrop of challenging market conditions.

Revenue hit $84.4m, up $26.5m (46%) from 2020 ($57.9m for the 12-month period ended 31 December 2020) and standing at 67% of 2019 levels ($125.6m). The recovery in revenues was largely driven by growth in sales in North America where customer appetite for used serviceable aircraft parts was generally increasing as airlines looked to preserve cash and rebuild balance sheets by buying cost-effective used vs. new parts.

Gross margins softened through the period, falling from 28% in 2020 to 24% in 2021, largely as a result of the volume of lower-margin consignment parts. Accessing inventory via consignments was favoured as it allowed the business to maintain continuity of supply whilst preserving liquidity and managing ownership exposure to potentially volatile asset values.

Pleasingly, the overall number remains low of aircraft being retired, that could otherwise provide competing inventory to AerFin. In addition, bidding levels on assets for sale is returning to pre-pandemic values, giving us a high confidence factor that gross margins will recover as the consignment inventory depletes.

The organisation maintained good control over operating costs with EBITDA (Operating profit/loss add back depreciation, amortization and exceptional administrative expenses) coming in at $8.2m up 110% from 2020 ($3.9m for the 12-month period ended 31 December 2020).

The financial health of the business remains on firm footing heading into 2022, with an inventory portfolio of $79.6m, predominantly made up of parts received from young-vintage narrow body and regional jet aircraft and engines: these are the platforms that will continue to lead the air traffic recovery. The business has no material reliance on revenues or residual value realisation from wide-body aircraft or engines. AerFin has continued to invest in inventory to ensure the business is ready as recovery and demand ramps up through 2022.

Proactive debtor management over 2021 saw the bad debt provision reduce as doubtful debts were received. Debtor days were managed to 49 days, an increase from 35 days in 2020 due to the need to assist customers at a time when support was most required.

Operational cash generation of $4.6m in 2021 was an increase of 15% from 2020 (for the 12-month period ended 31 December 2020), despite investment in inventory increasing by $1.9m over the same period. Most of the cash generated was utilised to pay down the revolving credit facility (advanced against inventory and trade receivables) with bank borrowings falling by $4.3m over the period. Over 20% of the facility remains available to draw down at 31st December 2021.

Overall borrowings for the group fell by $20.4m as the holders of preference shares elected to convert stock to ordinary shares in response to the improving financial performance and positive prospects for a fast return to growth. The encouraging results leave AerFin well poised heading into 2022 with a strong portfolio and good liquidity to take advantage of the uncertain market conditions that will bring fresh opportunities.

Group Strategic Report *(continued)*

Business review *(continued)*

On behalf the board and the co-investors I would like to thank the team at AerFin for their efforts through 2021 in achieving these pleasing results against the challenging market headwinds.

On behalf of the company and all shareholders, I would like to pay particular thanks to AerFin's founder and retiring CEO Bob James for his commitment and continued support in building the business from its inception to the well-respected, professional, aviation services provider that it is today. AerFin has experienced significant growth under his leadership we look forward to Bob's continued support as he transitions to the role of Non-Executive Director.

We are also pleased to welcome Simon Goodson as CEO. Simon has a wealth of experience gained through a career spanning the Royal Navy, asset backed finance, engine leasing and latterly Rolls Royce PLC where he served in various roles, most recently as Senior Vice President – Customer Business, Civil Aerospace, heading up global sales for civil engines and services. We are very excited about the future of AerFin under Simon's stewardship.

Principal risks and uncertainties

The group uses financial instruments comprising borrowings, some cash and liquid resources and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to assist in financing the group's operations.

The directors consider the group well placed in mitigating asset risk, due to the liquid nature of the group's existing inventory/trading assets. The directors have an established and successful track record of operating in this sector and managing the below risks as far as possible through detailed market analysis, technical due diligence, and careful investment.

The following factors have the ability to impact the future trading success of the business:

- Oil prices: the group focuses on civil aircraft which are aged typically from 7 to 20 years. Newer-generation aircraft have been designed to maximise fuel efficiencies through the introduction of fuel-efficient technologies. With fuel costs typically accounting for around 40% of an airline's operating cost, rising fuel costs can render older aircraft less profitable, whereas falling fuel costs can increase the profitability of these older aircraft, due to their lower operating cost;
- Global demand for air travel: demand for global air travel drives aircraft utilisation which increases the requirement for leased engines, leased aircraft and components used in the refurbishment of aircraft and engines and the Maintenance Repair and Overhaul (MRO) sector. A reduction in global air travel will impact the volume of MRO and thus spares parts demand;
- New equipment manufacture/aircraft retirement cycle: both market-leading aircraft manufacturers (Boeing and Airbus) boast significant order books for new generation aircraft. The ability of the manufacturers to meet delivery timescales will in effect determine the rate at which older equipment is phased out. Mass retirements of a particular model of aircraft will reduce aircraft utilisation and MRO and thus the demand for parts. This would reduce the acquisition price at which the group acquires new inventory and would in turn reflect the reduced sale and lease opportunities of parts;
- Original Equipment Manufacturers (OEMs) and air safety regulations: in the interest of improving the operating reliability of products, from time to time equipment modifications are enforced by the OEMs or the relevant air safety agency. Such modifications can affect the merchantability or airworthiness of a component or aircraft which can lead to unforeseen overhaul costs or even the scrapping of inventory where no such corrective programme exists;
- Cost/availability of financing: both the cost and availability of financing may play a part in deciding the type of an aircraft that an airline will operate. The low cost of capital and increased availability of financing opportunities provides established and new start-up airlines opportunities for new technology aircraft that require less MRO spend;

Group Strategic Report *(continued)*

Principal risks and uncertainties *(continued)*

- Exchange fluctuations: AerFin transacts in US dollars (asset sales, purchases and lease revenues), with operating costs mainly incurred in Sterling. US dollars is therefore the functional currency, thereby creating foreign exchange translation risk;
- Brexit: the UK leaving the European Union had the potential to disrupt AerFin's business with European customers and suppliers. Aviation parts continue to attract low levels of duty as the industry is reliant on a global supply chain to keep aircraft in service. The principal risk for the business is ensuring that the parts get to the customers as quickly as possible with frictionless movement at the borders.

  To minimise exposure to possible border delays and to strategically position the business to attract new customers and to maintain a competitive advantage, the business obtained a licence to operate a Customs Warehouse and is further looking into Obtaining Authorised Economic Operator (AEO) status. AerFin increased its available pool of inventory outside of the UK on signing of new agreements in 2021;
- COVID-19: during the audit period, the COVID-19 pandemic has continued to represent a major risk to the global economy. Countries responded to stop the spread of the virus through imposing social distancing and quarantine measures, in addition to closing borders to non-nationals and imposing restrictions on international travel. As a consequence, the financial impact of entire aircraft fleets being grounded created a liquidity challenge for all companies exposed to the commercial aviation passenger industry. AerFin has taken steps to adjust the 2022 business plan to take into account the key risks to the business posed by COVID-19;
- Customer Credit Risk: While AerFin makes informed decisions when granting credit lines to its customers, counterparty credit risk remains a key consideration to the financial performance of the business. Despite a clear focus on debtors and managing overdue accounts, with many customers seeking to extend payment terms, an increase in debtor days and increased risk of airline defaults would represent clear risks to the business;
- Asset Values: with the debt facility advanced against appraised value of inventory, a reduction in the 12-month Orderly Liquidated Value and Current Market Value of assets could reduce the amount of leverage available to AerFin under the credit facility, thereby adversely impacting funding availability;
- Interest Rates: the business is financed in part through a revolving credit facility that is funded through 1-month USD LIBOR loans. The business can be impacted by changes in 1-month USD LIBOR rates and potentially through the replacement of LIBOR itself;
- Asset Availability: a reduction in the economic life of commercial aircraft that are core products of the business could result from the grounding of aircraft fleets. Although an increase in supply and a reduction demand could see declining market pricing achievable from AerFin inventory, no such declines have been experienced to date; and,
- Maintenance Activity: increased availability of used aircraft could result in global repair facilities and OEMs reducing their MRO capacity as airlines seek to conserve cash and minimise maintenance spend. A reduction in MRO activity could see a decline in material demand and result in a reduction in revenues.

Group Strategic Report *(continued)*

Section 172 statement

Commensurate with an investment by CataCap, a roadmap for establishing best practice in governance has been established:

Board Composition:

A team of industry-experienced and independent non-executive directors (5) has been established. The non-executive team comprises seasoned commercial aviation industry professionals, each bringing a different specialism, to ensure a diverse range of viewpoints is considered at board meetings and to support the strategic growth of the company.

The role of the non-executive team is to ensure that the performance of the business continues to align with the desired strategy of the board. The independent nature of the appointment also ensure that board decisions are balanced and not in favour of any particular shareholder nor group of shareholders.

Strategy and Development of 5-year Plan:

The business has developed a 5-year strategic plan with input from an industry-leading consultancy firm that provided an independent in-depth review of the business, working with AerFin's Leadership Team and the board to validate the outcome.

The review looked at AerFin's existing core skills and competencies, its products and services and considered the future size and shape of the industry, key global markets and changes in fleet composition. The review identified improvements and areas of focus for the business to meet the investment goals and timeframe. The review culminated in creating a sustainable and attractive business model focussed on growing the enterprise value of AerFin for the benefit of all stakeholders.

To ensure complete alignment throughout the business of Key Performance Indicators, the Leadership Team and key managers were fully engaged in the development of the strategy that was ultimately agreed by the Leadership Team and Board to ensure alignment with the goals of the stakeholders.

Management Incentivisation:

The retention and incentivisation of key management within the business is considered key to underpinning enterprise value of the organisation. The Management Investment and Incentivisation Programme was rolled out to all management in March 2021 to provide the ability to purchase shares in the business.

Staff training and development is a key focus of the future strategy of the business, as we look to build upon the skillset of the excellent team at AerFin. Skills and competencies are regularly assessed through an appraisal system and as a result of strategic and operational management reviews.

The directors aim to create a challenging, enjoyable and rewarding place to work where all staff have equal opportunity to thrive and develop.

Group Strategic Report *(continued)*

Section 172 statement *(continued)*

Quality and Consistency:

With AerFin being a key supplier to many international airlines across the globe, safety and quality are considered of primary importance throughout the organisation.

The business maintains AS9120 and EASA part 145 approvals:

We are committed to continuously evaluating and improving our Quality Management System (QMS) and rigorously adhere to the following code of conduct:

- Promoting a culture of ethical behaviour throughout the organization, with an emphasis on customer support and high levels of customer service;
- Remaining focused on the market we serve, targeting areas of opportunity so that we can continue to work in line with our strategy for growth;
- Ensuring product safety remains a priority throughout every aspect of our operations and that our staff are acutely aware of their contribution to this;
- Ensuring our objectives and KPI's add value and drive the correct behaviour in line with group values;
- Empowering staff to fulfil their duties whilst ensuring they remain aware of their responsibilities to uphold group values at all times; and,
- Maintaining effective communication channels through a series of informal and formal meetings and communications at various levels of the organization.

As proof of AerFin's commitment to delivering the highest standards of Quality Procedure, we have been examined and accredited by one of the world's leading certification bodies, ASACB (ASA Certification Body).

External Stakeholders:

AerFin follows the guidance of our quality standards in the approval of both customers and suppliers prior to transactions being entered into.

Relationships with both customers and suppliers are key to ensuring that the organisation thrives.

Key metrics are established on behalf of both customers and suppliers and performance in relation to turn around times and despatch times which are closely monitored.

Regularly meetings are held with key customers and suppliers to evaluate and review performance to ensure that highest standards are adhered to at all times.

Group Strategic Report *(continued)*

Going Concern:

As at 31 December 2021, the group's financial arrangements consisted of a revolving credit facility of USD $80m in place through to October 2024. AerFin's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group will be able to operate within the level of its facilities for a forecast period of at least 12 months from the approval date of these financial statements. Accordingly, the group continues to adopt the going concern basis in preparing its consolidated financial statements.

In particular, the uncertainty as to the future impact on the group of the COVID-19 pandemic has been considered as part of the group's adoption of the going concern basis.

The aviation industry has been significantly impacted by the COVID-19 pandemic: at its most severe impact point in Q2 2020, 3 quarters of the global commercial aircraft fleet were grounded, as many countries closed borders to stop the spread of the virus. The global fleet grounding drove a sudden drop in the demand for aircraft parts and aircraft maintenance and repair services. At the back end of 2020, the discoveries of several vaccines were announced, and these were rolled out en-masse to the populations through the 1st half of 2021. The demand and ability to travel by air has increased through 2021, with global utilisation levels for the year at ~64% of pre-pandemic (2019) levels.

The business has managed to retain a large proportion of revenues, due to a strong committed forward order book, embedded relationships with creditworthy customers, supply to cargo operators and wide global reach allowing continuity of trade with regions less affected by the pandemic.

AerFin has also benefitted through its primary strategic focus and inventory holding that supports young narrow-body and regional jet aircraft types. The group has further benefitted through having no dependency on revenues from wide-body, long-haul aircraft and out-of-production legacy product lines that continue to experience significant levels of grounding and low market demand. The business has also taken the opportunity to secure additional long-term revenue contracts as many operators have sought to minimise their costs and review pre-existing contractual arrangements.

Management consider AerFin to be prudently resourced, well stocked with in-demand inventory and to have retained ability to control repair investment expenditure. Collectively, this has enabled the business to manage its liquidity position through a protracted period of aviation industry downturn resulting from the COVID-19 pandemic.

In light of the current pandemic and the uncertainty of recovery timings, AerFin's management has used data from various aviation bodies and analysts such as Eurocontrol, IATA and Oliver Wyman consultancy. AerFin has created a flexible model to assess performance under a range of scenarios. Under the most adverse set of foreseeable circumstances (using 2021 as the floor), the forecast has concluded that the group has sufficient cash and covenant headroom during this period to conclude that the business remains a going concern.

In line with the industry analysts' projections, the base model assumes a progressive recovery in air traffic levels through 2022, with a gradual ramp up from Q1 expected. The reverse stress-tested model assumes that the recovery will extend through Q2, with the upturn in air traffic kicking in from H2 2022 and overall remaining at a similar level to 2021. The base model assumes an increase in the business operating costs to service the increase in demand, which under the reverse, stress-tested model have not been incurred.

The management team continues to closely monitor performance and update regular rolling forecasts. These take into account various commercial aviation outlook forecasts, and commentary produced by reputable consultancy and advisory firms, to balance the emergence of the business in a strong position post COVID-19 and preserving its liquidity position.

Under the most severe of the "worst-case scenarios" considered by the reverse stress-testing, management remains confident that the business will be able to take sufficient mitigation action to ensure that the group's financial resources remain sufficient over the forecast.

Group Strategic Report *(continued)*

Streamlined Energy and Carbon Reporting:

AerFin's principal business activities include the recycling and reuse of aircraft parts. In order to prevail this environmentally responsible outlook throughout the operation, the business is continually considering the impact of its wider activities on the environment and looking at ways to improve and reduce its carbon footprint.
The quality control levels of our commodity demand that parts are stored within certain temperature and humidity ranges which means that storage temperatures at our facilities need to be maintained using heating.
The business operates over 2 main UK based sites, one of which is staffed twenty-four hours a day, seven days a week. The sites need to be well lit and heated to ensure a safe operating environment for our colleagues. Therefore, electricity and gas are the main drivers of AerFin's carbon emissions.

In the year the following energy efficiency actions were taken:

- Provided staff with required hardware to work from home
- Revisited the layout of storage facility to heat and light only where needed
- More extensive use of video communication to drive down internal inter-site travel
- 1.6t of general waste was diverted from landfill and 0.9t was recycled, saving 0.4t of CO_2e

The following projects have aimed at reducing the business carbon footprint are being considered:

- Revisit energy providers and use green energy where possible
- Adopt hybrid working following return-to-work guidance form the Government
- Electric vehicle salary sacrifice and cycle to work schemes
- Carbon offsetting

The business will continue to monitor its energy usage and effect improvements where practically possible, whilst maintaining a safe environment for our colleagues to work in.
Energy and carbon reporting for 2021:

	2021	2020	2019
UK energy use (kWh) - see (1)	1,555,035	1,443,120	1,751,664
Associated Greenhouse gas emissions (tonnes CO2 equivalent) - see (2)	306	284	349
Intensity Ratio: Emissions (Tonnes) per square ft of floor space	0.002	0.007	0.003

(1) UK energy use covers electricity, gas and transport as follows:

Activity	Source of Information
Electric use	Total kWh used from electricity bills
Natural gas use	Total kWh used from gas bills
Fuel used in company owned vehicles	Litres of fuel purchased from invoices and receipts
Business Travel - Land	Mileage travelled taken from expense claims

(2) The collected data is converted into greenhouse gas emissions associated with each activity, using the Government conversion factors for company reporting of greenhouse gas emissions (Data x Emission Factor = Greenhouse gas emissions).

This report was approved by the board on 23rd February 2022 and signed on its behalf:

P Ryttergaard
Director

Directors' report

The directors present their report and financial statements of Atlantic Holdco Limited ("the Company"), and the group headed by the Company (together the "Group") for the year ended 31 December 2021.

The Company was incorporated on 14 August 2019, and on 18 October 2019 acquired the entire share capital of Atlantic Offerco Limited and its subsidiaries, AerFin Holdings Limited and AerFin Limited (the "AerFin Group"). The consolidated financial statements presented throughout this Annual report represent the year ended 31 December 2021. The comparative information represents the 15-month period ended 31 December 2020 during which the Company controlled Atlantic OfferCo Limited and its subsidiary companies. The Group did not exist before 14 August 2019.

Principal activity

The principal activity of the group is to supply aircraft components and technical services to the aviation industry.

Results and dividends

The loss for the year, after taxation, amounted to $2,064,000 (*15-month period ended 31 December 2020: $8,870,000)*.

No dividends have been paid in the period.

Directors

The directors who served during the period were:

R J James
L W Mollan
V Hahn-Petersen
A Hoad
M J Humphreys
P Nolan
P Ryttergaard
S Goodson (appointed 6 December 2021)

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company and the Group's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company and the Group's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

P Ryttergaard
Director

Unit D Greenway,
Bedwas, Caerphilly,
CF83 8DW

23 February 2022

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the Annual Report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the group's profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

KPMG LLP

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United Kingdom

Independent auditor's report to the members of Atlantic Holdco Limited

Opinion

We have audited the financial statements of Atlantic Holdco Limited ("the company") for the year ended 31 December 2021 which comprise the Consolidated Statement of Comprehensive Income, Consolidated and Company Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated and Company Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group or the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the group or the company will continue in operation.

Independent auditor's report to the members of Atlantic Holdco Limited *(continued)*

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Considering remuneration incentive schemes and performance targets for management, directors and sales staff.
- Using analytical procedures to identify any usual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and the risk that Group management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements such as inventory valuation and provision for doubtful debts.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of some of the Company-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included journal entries with specific keywords, or journal entries posted to unusual accounts.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, regulatory capital and liquidity and CAA, EASA and FAA regulations.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Independent auditor's report to the members of Atlantic Holdco Limited
(continued)

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial period is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 10, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Jeremy Thomas

Jeremy Thomas (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX

24th February 2022

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2021

	Note	**Year ended 31 December 2021 $'000**	Period ended 31 December 2020 $'000
Turnover	*5*	**84,444**	77,901
Cost of sales		**(63,906)**	(55,995)
Gross profit		**20,538**	21,906
Administrative expenses		**(18,494)**	(25,307)
Exceptional administrative expenses	*12*	**(92)**	(1,978)
Operating profit/(loss)	*6*	**1,952**	(5,379)
Interest payable and similar expenses	*10*	**(3,238)**	(3,991)
Loss before taxation		**(1,286)**	(9,370)
Tax on loss	*11*	**(778)**	500
Loss and total comprehensive income for the financial year/period		**(2,064)**	(8,870)

The consolidated statement of comprehensive income for 2021 is in respect of the 12-month period ending 31 December 2021. The consolidated statement of comprehensive income for 2020 is in respect of the period from 14 August 2019 (the date of incorporation of the Company) to 31 December 2020 but reflects the 15-month trading period from the acquisition of Atlantic Holdco Limited and the AerFin Group on 18 October 2019.

The notes on pages 21 to 39 form part of these financial statements.

Consolidated Statement of Financial Position
as at 31 December 2021

	Note	2021 $'000	2021 $'000	2020 $'000	2020 $'000
Fixed assets					
Intangible assets:					
Goodwill	*13*		**23,004**		25,972
Other intangibles	*13*		**518**		884
			23,522		26,856
Tangible assets	*14*		**17,097**		17,895
			40,619		44,751
Current assets					
Stocks	*16*	**79,627**		77,723	
Debtors: amounts falling due within one year	*17*	**18,931**		10,534	
Cash at bank and in hand	*18*	**475**		5,337	
		99,033		93,594	
Creditors: amounts falling due within one year	*19*	**(16,149)**		(24,276)	
Net current assets			**82,884**		69,318
Total assets less current liabilities			**123,503**		114,069
Creditors: amounts falling due after more than one year	*20*		**(56,584)**		(61,975)
Provisions for liabilities					
Deferred taxation	*24*		**(1,621)**		(1,176)
Net assets			**65,298**		50,918
Capital and reserves					
Called up share capital	*25*		**76,232**		59,788
Profit and loss account	*26*		**(10,934)**		(8,870)
Equity attributable to the parent's shareholders			**65,298**		50,918

The financial statements were approved and authorised for issue by the board on 23rd February 2022 and were signed on its behalf by:

P Ryttergaard
Director

Company registered number: 12155837

The notes on pages 21 to 39 form part of these financial statements.

Company Statement of Financial Position
as at 31 December 2021

	Note	2021 $'000	2021 $'000	2020 $'000	2020 $'000
Fixed assets					
Investments	15		57,500		57,500
Current assets					
Debtors: amounts falling due within one year	17	17,794		17,794	
Cash at bank and in hand	18	-		-	
		17,794		17,794	
Creditors: amounts falling due within one year	19	-		(15,989)	
Net current assets			17,794		1,805
Total assets less current liabilities			75,294		59,305
Creditors: amounts falling due after more than one year	20		-		-
Net assets			75,294		59,305
Capital and reserves					
Called up share capital	25		76,232		59,788
Profit and loss account	26		(938)		(483)
			75,294		59,305

The financial statements were approved and authorised for issue by the board on 23rd February 2022 and were signed on its behalf by:

P Ryttergaard
Director

Company registered number: 12155837

The notes on pages 21 to 39 form part of these financial statements.

Consolidated Statement of Changes in Equity

	Called up Share capital $'000	Retained earnings $'000	Total equity $'000
Balance on incorporation 14 August 2019	-	-	-
Comprehensive income for the period:			
Loss for the period	-	(8,870)	(8,870)
Total comprehensive income for the period	-	(8,870)	(8,870)
Transactions with owners, recorded directly in equity:			
Issue of share capital	59,788	-	59,788
At 31 December 2020	**59,788**	**(8,870)**	**50,918**
Balance at 1 January 2021	59,788	(8,870)	50,918
Comprehensive income for the period:			
Loss for the year	-	(2,064)	(2,064)
Total comprehensive income for the period	-	(2,064)	(2,064)
Transactions with owners, recorded directly in equity:			
Issue of share capital	16,444	-	16,444
At 31 December 2021	**76,232**	**(10,934)**	**65,298**

The Statement of Changes in Equity above is in respect of the period from 1 January 2021 to 31 December 2021
The notes on pages 21 to 39 form part of these financial statements.

Company Statement of Changes in Equity

	Called up Share capital $'000	Retained earnings $'000	Total equity $'000
Balance on incorporation at 14 August 2019	-	-	-
Comprehensive income for the period:			
Loss for the period	-	(483)	(483)
Total comprehensive income for the period	-	(483)	(483)
Transactions with owners, recorded directly in equity:			
Issue of share capital	59,788	-	59,788
At 31 December 2020	**59,788**	**(483)**	**59,305**
Balance at 1 January 2021	59,788	(483)	59,305
Comprehensive income for the period:			
Loss for the year	-	(455)	(455)
Total comprehensive income for the period	-	(455)	(455)
Transactions with owners, recorded directly in equity:			
Issue of share capital	16,444	-	16,444
At 31 December 2021	**76,232**	**(938)**	**75,294**

The Statement of Changes in Equity above is in respect of the period from 1 January 2021 to 31 December 2021

The notes on pages 21 to 39 form part of these financial statements.

Consolidated Statement of Cash Flows
for year ended 31 December 2021

	Note	2021 $'000	2020 $'000
Cash flows from operating activities			
Loss for the year/period		**(2,064)**	(8,870)
Adjustments for:			
Amortisation of intangible assets	*13*	**3,334**	6,168
Depreciation of tangible assets	*14*	**2,800**	3,368
Loss/(profit) on disposal of tangible assets		**366**	308
Interest payable and similar charges	*10*	**3,238**	3,991
Taxation		**778**	(500)
(Increase)/decrease in trade and other debtors		**(8,398)**	2,835
(Increase)/decrease in stocks		**(1,904)**	(13,186)
Decrease/(increase) in trade and other creditors		**6,559**	(8,502)
Corporation tax paid		**(65)**	(858)
Net cash from operating activities		**4,644**	(15,246)
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		**996**	838
Acquisition of a subsidiary	*4*	**-**	(112,374)
Acquisition of tangible fixed assets		**(3,363)**	(2,929)
Net cash from investing activities		**(2,367)**	(114,465)
Cash flows from financing activities			
Proceeds from the issue of share capital		**-**	59,788
Proceeds from new borrowings:			
- Revolving credit facility		**-**	58,080
- Secured loan		**-**	5,238
- Preference shares		**-**	15,989
Repayment of borrowings		**(4,315)**	-
Repayment of/new finance lease liabilities		**(41)**	(56)
Interest paid		**(2,783)**	(3,991)
Net cash from financing activities		**(7,139)**	135,048
Net (decrease)/increase in cash and cash equivalents		**(4,862)**	5,337
Cash and cash equivalents at beginning of period		**5,337**	-
Cash and cash equivalents at 31 December		**475**	5,337

Notes
(forming part of the financial statements)

1 General information

Atlantic Holdco Limited (the "Company") and its subsidiaries (together the "Group") supply aircraft components and technical services to the aviation industry.

The Company is a limited liability company incorporated on 14 August 2019 in England and Wales. The registered number is 12155837 and the registered office is Unit D Greenway, Bedwas, Caerphilly, Wales CF83 8DW.

2 Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The parent company is included in the consolidated financial statements and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- No separate parent company Cash Flow Statement with related notes is included;
- Key Management Personnel compensation has not been included a second time; and
- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The group's functional and presentational currency is USD. Monetary amounts in the financial statements are rounded to the nearest $1,000.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 3.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

2.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2021. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

Notes *(continued)*

2 Accounting policies *(continued)*

2.3 Going concern

As at 31 December 2021, the group had net current assets of $69,318,000, net assets of $50,918,000 and reported a loss for the period then ended of $8,870,000. The directors have prepared the financial statements on a going concern basis which they consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of the ongoing impact of COVID-19 and a severe but plausible downside, the group will have sufficient funds, through its existing revolving credit facility, recently secured loan and ongoing trading, to meet its liabilities as they fall due for that period.

In preparing these forecasts the directors have considered reasonably possible downside scenarios including factors resulting from the ongoing impact of COVID-19. Please refer to the Strategic Report on page 1 that references the going concern review undertaken by the board.

As at 31 December 2021 the group had drawn down USD $58m of the USD $80m revolving credit debt facility, which is in place through to October 2024. In addition to this, in December 2020, the group obtained loan finance of $5,238,000 from the Development Bank of Wales to provide liquidity during the COVID-19 crisis and to support the purchase of stock and assets. The loan was drawn down in one tranche in December 2020. The 3-year loan is subject to capital repayment holiday for the first 6 months, and then repayable in 30 monthly instalments. The repayments have been included in the forecast cashflows as described above in accordance with the terms. The Group had significant liquidity availability at 31 December 2021, being well within its covenant requirements and is forecast to remain so including under a downside scenario.

Based on the forecasts prepared and assumptions described above, including reasonably possible downside scenarios, the Directors are confident that the group will have sufficient funds and covenant headroom to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods: Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services: Revenue from arrangements to provide services, including the continual access to serviceable parts, is recognised in the period in which the services are provided using the method that measures most reliably the work performed and when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably; and
- it is probable that the Group will receive the consideration associated with the service.

2 Accounting policies *(continued)*

2.4 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of the identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Consolidated statement of comprehensive income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Goodwill	-	10 years
Customer contracts	-	contract life
Development expenditure	-	5 years
Trademarks	-	5 years

Intangible assets acquired in a business combination

The Group and Company recognises intangible assets from goodwill if the intangible meets all of the following three criteria:

- meets the recognition criteria per FRS 102.18.4; and
- are separable; and
- arise from contractual or other legal rights.

2.5 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the Group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

When the excess is negative, this is recognised and separately disclosed on the face of the balance sheet as negative goodwill.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

Notes *(continued)*

2 Accounting policies *(continued)*

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	-	5 years
Plant and machinery	-	3-4 years
Fixtures and fittings	-	4 years
Office equipment	-	4 years
Capitalised inventory	-	4-12 years
Warehouse and storage equipment	-	4-12 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of comprehensive income.

2.7 Valuation of investments

Investments in subsidiaries are valued at cost less provision for impairment.

2.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

The group is involved with purchasing aircraft or engines. The purchase price paid is specific to the aircraft or engine as a whole. The group may make sales of many components that are obtained from the aircraft or the engine. There is no purchase price allocated for the individual components.

In line with standard industry practice, for each sale of a component, an element of the aircraft purchase price and capitalised inventory cost is recognised in the profit and loss as the cost of the goods sold. The cost of the goods sold is calculated based on the forecast margins achievable from the sale of all the components taken from the original engine or aircraft.

The carrying value of the inventory consists of the initial purchase price and capitalised inventory costs, less all amounts recognised in the Consolidated statement of comprehensive income through the above outlined costs of goods sold calculations.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using _the effective interest method, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

Notes *(continued)*

2 Accounting policies *(continued)*

2.11 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss· is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation ·of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is USD.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Notes *(continued)*

2 Accounting policies *(continued)*

2.14 Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.15 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard continue to be charged over the period to the first market rent review rather than the term of the lease.

2.16 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

The company operates a defined contribution pension scheme and the pension charge represents the accounts payable by the company to the fund in respect of the period.

2.17 Borrowing costs

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the year in which they are incurred.

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.19 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

Notes *(continued)*

2 Accounting policies *(continued)*

2.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.21 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

3 Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make Judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Estimates are based on historical experience and other assumptions that are considered reasonable in the circumstances. The actual amount or values may vary in certain instances from the assumptions and estimates made. Changes will be recorded, with corresponding effect in profit or loss, when, and if, better information is obtained.

Critical judgements that management have made in the process of applying accounting policies disclosed herein and that have a significant effect on the amounts recognised in the financial statements relate to the following:

Inventory valuation

Stock models are used to value the carrying value of stock as well as the cost of sale to be recognised in the Statement of comprehensive income. These include forecasted sales, forecasted costs and actual costs incurred to date. There is a detailed approval process for forecasted performance and estimates are updated regularly.

Provision for doubtful debts

Uninsured debts are regularly and carefully reviewed and a judgement made as to what level of provision is required against default. This will be based on age of debt, knowledge of customer and communications with the customer.

Notes *(continued)*

4 Acquisitions and disposal of businesses

Acquisitions in the current period

There are no acquisitions in the current period

Acquisitions in the prior period

On 18 October 2020, the Group acquired all of the shares of Atlantic OfferCo Limited and the companies that made up the AerFin group for $145,933,601. The Group's revenue and net loss are entirely attributable to the acquired activities of the AerFin group. There was no Group trading prior to this acquisition.

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities.

	Book values $'000	Fair value adjustments $'000	Recognised values on acquisition $'000
Acquiree's net assets at the acquisition date:			
Tangible fixed assets	19,480	-	19,480
Intangible assets	-	3,342	3,342
Stocks	64,536	-	64,536
Trade and other debtors	13,369	-	13,369
Cash	35,321	-	35,321
Interest-bearing loans and borrowings	(112)	-	(112)
Trade and other creditors	(16,807)	-	(16,807)
Deferred tax liabilities	(481)	(635)	(1,116)
Net identifiable assets and liabilities	**115,306**	**2,707**	**118,013**
Total cost of business combination:			
Initial cash price paid			130,934
Deferred consideration			15,000
Initial cash consideration relating to business combination			145,934
Costs directly attributable to the business combination			1,761
Total consideration			**147,695**
Goodwill on acquisition			**29,682**

The initial consideration of $145,933,601 was paid for by a mixture of debt, equity and cash. Equity of $57,500,001 was introduced, an asset backed loan of $53,500,000 was put in place via a fixed and floating charge over assets, $15,000,000 was deferred consideration, paid in June 2021 and the remainder was funded using the cash on AerFin Limited's balance sheet. The identifiable net assets of the acquired subsidiary included cash of $35,321,000.

Company

On 18 October 2019, the Group acquired all of the shares of Atlantic OfferCo Limited and the companies that made up the AerFin Group for $145,933,601. This company is an intermediate holding company through which the acquisition made by CataCap, and described above, was implemented.

As part of the initial consideration that the Group paid for the acquisition of Atlantic OfferCo Limited and the companies that made up the AerFin group, the company introduced equity of $57,500,001.

The business combination is accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the company.

Notes *(continued)*

5 Turnover

The whole of the turnover is attributable to sales, repairs and leasing of airline components.

Analysis of turnover by country of destination:

	Year ended 31 December 2021 $'000	Period ended 31 December 2020 $'000
United Kingdom	**12,193**	18,903
United States of America	**22,239**	12,993
Rest of the World	**50,012**	46,005
	84,444	77,901

6 Operating profit/(loss)

Included in operating profit/(loss) are the following:

	Year ended 31 December 2021 $'000	Period ended 31 December 2020 $'000
Depreciation of tangible fixed assets	**2,800**	3,368
Amortisation of intangible assets, including goodwill	**3,334**	6,168
Exchange differences	**(205)**	136
Income received from the Coronavirus Job Retention Scheme	**-**	(533)

7 Auditor's remuneration

Included in profit/loss are the following:

	Year ended 31 December 2021 $'000	Period ended 31 December 2020 $'000
Audit of these financial statements	**12**	16
Fees payable to the Group's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the company	**106**	89
Taxation compliance services	**13**	17

Notes *(continued)*

8 Employees

Staff costs, including directors' remuneration, were as follows:

	Group	**Company**	Group	Company
	Year ended 31 December		Period ended 31 December	
	2021	**2021**	2020	2020
	$'000	**$'000**	$'000	$'000
Wages and salaries	**7,184**	-	9,836	-
Social security costs	**805**	-	1,738	-
Cost of defined contribution scheme	**327**	-	462	-
	8,316	-	12,036	-

The average monthly number of employees, including the directors, during the period was as follows:

	Year ended 31 December 2021 Number	Period ended 31 December 2020 Number
Operational	**38**	41
Administration	**65**	69
Management	**8**	9
	111	119

9 Directors' remuneration

	Year ended 31 December 2021 $'000	Period ended 31 December 2020 $'000
Directors' emoluments	**796**	805
Company contributions to defined contribution pension schemes	**114**	135
	910	940

During the period retirement benefits were accruing to 1 director *(2020: 1)* in respect of defined contribution pension schemes.

The highest paid director received remuneration of $555,183 *(2020: $676,562)*. The value of the group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to $107,491 *(2020: $130,978)*.

10 Interest payable and similar expenses

	Year ended 31 December 2021 $'000	Period ended 31 December 2020 $'000
Bank interest payable	**2,781**	3,153
Finance leases and hire purchase contracts	**2**	4
Preference share interest	**455**	483
Other interest	**-**	351
	3,238	3,991

Notes *(continued)*

11 Taxation

	2021 $'000	2020 $'000
Current tax		
Current tax on income for the year/period	**362**	(560)
Adjustments in respect of prior periods	**(29)**	-
Total current tax	**333**	(560)
Deferred tax		
Origination and reversal of timing differences	**75**	60
Adjustments in respect of prior periods	**(1)**	-
Effect of tax rate change on opening balance	**371**	
Total deferred tax	**445**	60
Total tax	**778**	(500)

Reconciliation of effective tax rate

	2021 $'000	2020 $'000
Loss for the year/period	**(2,064)**	(8,870)
Total tax expense/(credit)	**778**	(500)
Loss excluding taxation	**(1,286)**	(9,370)
Tax using the corporation tax in the UK of 19% *(2020: 19%)*	**(244)**	(1,780)
Effects of:		
Non-deductible expenses	**655**	1,003
Fixed asset differences	**8**	7
Non-taxable income	**-**	(12)
Change in tax rate on deferred tax balances	**389**	5
Remeasurement of acquired current and deferred tax	**-**	277
Adjustments in respect of prior periods	**(30)**	-
Total tax expense/(credit) included in profit or loss	**778**	(500)

Factors that may affect future tax charges
A UK corporation rate of 19% (effective 1 April 2021) was substantively enacted on 17 March 2021, reversing the previously enacted reduction in the rate from 19% to 17%.

In the 3 March 2021 Budget, it was announced that the UK tax rate will increase to 25% from 1 April 2023 and was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly. The deferred tax liability at 31 December 2021 has been calculated based on these rates, reflecting the expected timing of reversal of the related timing differences.

Notes *(continued)*

12 Exceptional items

	2021 $'000	2020 $'000
Costs relating to the acquisition of the group	-	1,842
Professional fees	**92**	-
Staff costs – redundancy	-	136
	92	1,978

The exceptional costs relate to professional fees incurred with the recruitment of a new CEO.

13 Intangible assets

Group

	Development $'000	**Trademarks $'000**	**Customer contracts $'000**	**Goodwill $'000**	**Total $'000**
Cost					
At 1 January 2021	33	5	3,342	29,682	33,062
Additions	-	-	-	-	-
At 31 December 2021	**33**	**5**	**3,342**	**29,682**	**33,062**
Amortisation					
At 1 January 2021	33	5	2,458	3,710	6,206
Charge for the period	-	-	366	2,968	3,334
At 31 December 2021	**33**	**5**	**2,824**	**6,678**	**9,540**
Net book value					
At 31 December 2021	-	-	**518**	**23,004**	**23,522**
At 31 December 2020	-	-	884	25,972	26,856

As part of the acquisition of the AerFin Group, contractual customer contracts were recognised separately from goodwill.

Amortisation for the period is included in administrative expenses in the consolidated profit and loss account. The remaining amortisation periods as at 31 December 2021 are as follows:

Goodwill	9 years
Customer contracts	Life of the contracts

Company

The company had no intangible assets and goodwill.

Notes *(continued)*

14 Tangible fixed assets

Group	Long-term leasehold property $'000	Plant and machinery $'000	Warehouse and storage equipment $'000	Fixtures & fittings $'000	Office equipment $'000	Capitalised inventory $'000	Total $'000
Cost or valuation							
At 1 January 2021	56	1,886	707	1,383	1,300	23,964	29,296
Additions	-	6	248	52	56	3,001	3,363
Disposals	-	(12)	-	-	-	(1,698)	(1,710)
At 31 December 2021	56	1,880	955	1,435	1,356	25,267	30,949
Depreciation							
At 1 January 2021	24	1,760	649	1,257	1,057	6,654	11,401
Charge for the period	13	103	66	74	150	2,394	2,800
Disposals	-	(12)	-	-	-	(337)	(349)
At 31 December 2021	37	1,851	715	1,331	1,207	8,711	13,852
Net book value							
At 31 December 2021	**19**	**29**	**240**	**104**	**149**	**16,556**	**17,097**
At 31 December 2020	32	126	58	126	243	17,310	17,895

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2021 $'000	2020 $'000
Furniture, fittings and equipment	-	11
	-	11

15 Fixed asset investments

Company

	Investment in subsidiary undertakings $'000
Cost or valuation	
At 1 January 2021 and 31 December 2021	57,500
Net book value	
At 1 January 2021 and 31 December 2021	**57,500**

Notes *(continued)*

15 Fixed asset investments *(continued)*

Included within the fixed asset investment additions above is $6,900,000 of loan notes issued to Atlantic Offerco Limited as part of the acquisition of Aerfin Holdings Limited. These loan notes are considered to be long term in nature and recoverable in more than one year and have therefore been classified as part of the investment in subsidiary undertakings.

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Registered office	Principal Activity	Class of shares	Holding
Atlantic Offerco Limited	United Kingdom	Intermediate holding company	Ordinary	100%
AerFin Holdings Limited	United Kingdom	Intermediate holding company	Ordinary	(Indirectly 100%)
AerFin Limited	United Kingdom	Sale and repair of airline components	Ordinary	(Indirectly 100%)
AerFin Ireland Limited	Ireland	Non-trading	Ordinary	(Indirectly 100%)

AerFin Ireland Limited underwent a voluntary strike off during the period and is no longer on the Irish company register.

The registered office for the above subsidiaries is the same as for the company.

16 Stocks

	Group 2021 $'000	Group 2020 $'000
Finished goods	**79,627**	77,723

17 Debtors

	Group 2021 $'000	Company 2021 $'000	Group 2020 $'000	Company 2020 $'000
Trade debtors	**12,385**	**-**	6,182	-
Amounts owed by group undertakings	**-**	**16,769**	-	16,769
Prepayments and accrued income	**5,521**	**-**	3,327	-
Other debtors	**1,025**	**1,025**	1,025	1,025
	18,931	**17,794**	10,534	17,794

Amounts owed by group undertakings are repayable on demand and interest free.

Other debtors in the company relates to advances made by the company to certain individuals to subscribe for shares in relation to the Management Incentive and Investment Programme (MIIP). The receivable is to be repaid directly by the individuals, and any remaining balance will become payable in full in the case of an exit event, or in the event an employee leaves the company.

18 Cash and cash equivalents

	Group 2021 $'000	Company 2021 $'000	Group 2020 $'000	Company 2020 $'000
Cash at bank and in hand	**475**	**-**	5,337	-

Notes *(continued)*

19 Creditors: amounts falling due within one year

	Group 2021 $'000	**Company 2021 $'000**	Group 2020 $'000	Company 2020 $'000
Bank loans	**2,418**	-	1,358	-
Trade creditors	**5,240**	-	2,116	-
Corporation tax	**301**	-	33	-
Other taxation and social security	**228**	-	228	-
Obligations under finance lease and hire purchase contacts	**16**	-	42	-
Other creditors	**565**	-	631	-
Accruals and deferred income	**7,381**	-	3,879	-
Preference shares	-	-	15,989	15,989
	16,149	-	24,276	15,989

Bank loans consist of $2,418,000 (*2020: $1,222,000*) being amounts falling due within one year in respect of a loan from the Development Bank of Wales and $nil (*2020: $136,000*) due under the Group's senior revolving credit facility. See note 22 for details of repayment terms.

20 During the period the Company issued 16,444,031 ordinary shares upon conversion of the 15,509,923 existing preference shares, previously recorded as a liability, plus the preference share dividend as accrued at the time of conversion of $938,108, see note 25. **Creditors: amounts falling after more than one year**

	Group 2021 $'000	**Company 2021 $'000**	Group 2020 $'000	Company 2020 $'000
Bank loans	56,584	-	61,960	-
Obligations under finance leases and hire purchase contracts	-	-	15	-
	56,584	-	61,975	-

Bank loans consist of $2,048,000 (*2020: $4,016,000*) being amounts falling after more than one year in respect of a loan from the Development Bank of Wales and $54,536,000 (*2020: $57,944,000*) due under the group's senior revolving credit facility.

The group's senior revolving credit facility is secured via a fixed and floating charge over assets of the group headed by Atlantic Offerco Limited. The facility is in place until October 2024 and interest is charged at 1-month USD Libor +350 Bps. The loan from the Development Bank of Wales, obtained in December 2020, is secured against certain assets of the group and a second priority ranked fixed and floating charge over assets of the group, repayable over 36 months with interest only being applied for the first six months. Interest is charged at 5% p.a.

21 Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2021 $'000	Group 2020 $'000
Within one year	16	42
Between 1-2 years	-	15
	16	57

Notes *(continued)*

22 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	Group 2021 $'000	Company 2021 $'000	Group 2020 $000	Company 2020 $000
Creditors falling due after more than one year				
Revolving credit facility	**54,536**	-	57,944	-
Secured bank loan	**2,048**	-	4,016	-
Finance lease liabilities	-	-	15	-
	56,584	-	61,975	-
Creditors falling due within less than one year				
Revolving credit facility	-	-	136	-
Secured bank loan	**2,418**	-	1,222	-
Finance lease liabilities	**16**	-	42	-
Preference shares	-	-	15,989	15,989
	2,434	-	17,389	15,989

Secured bank loans consist of $4,466,000 in respect of a loan from the Development Bank of Wales. The loan, obtained in December 2020, is repayable over 36 months subject to a capital repayment holiday for the first six months and then repayable in 30 monthly instalments. Interest is charged at 5% per annum.

Amounts of $54,537,000 due under the group's senior revolving credit facility are secured via a fixed and floating charge over all assets of the group headed by Atlantic Offerco Limited. The facility is in place until October 2024 and interest is charged at 1-month USD Libor +350 Bps.

Terms and debt repayment schedule

	Currency	nominal interest rate	Year of maturity	Repayment schedule	2021 $000	2020 $000
Revolving credit facility	**USD($)**	**Variable**	**2024**	**Variable**	**54,537**	58,080
Secured bank loan	**GBP(£)**	**5%**	**2023**	**Monthly**	**4,466**	5,238
Finance lease liabilities	**GBP(£)**	**Variable**	**2021**	**Monthly**	**16**	57
Preference shares	**USD($)**	**6%**	**n/a**	**n/a**	-	15,989
					59,019	79,364

Notes *(continued)*

23 Financial instruments

	Group 2021 $'000	Company 2021 $'000	Group 2020 $'000	Company 2020 $'000
Financial assets				
Financial assets measured at fair value through profit or loss			-	-
Financial assets measured at amortised cost	**14,539**	**17,794**	12,544	17,794
Financial liabilities				
Financial liabilities measured at amortised cost	**(71,640)**	-	(86,218)	(15,989)

Financial assets that are measured at amortised cost comprise of cash balances, trade debtors, amounts due from group undertakings and other debtors, excluding prepayments.

Financial liabilities measured at amortised cost comprise of bank loans, trade creditors, amounts owed to group undertakings, finance lease obligations and accruals, excluding the taxation liabilities.

Net debt

The below is an analysis of changes in net debt of the Group from the beginning to the end of the reporting period:

Group	Borrowings due within one year $'000	Borrowings due after one year $'000	Obligations under finance lease liabilities $'000	**Subtotal $'000**	Cash and cash equivalents $'000	**Net debt $'000**
Net debt analysis						
At 31 December 2020	(1,358)	(77,949)	(57)	(79,364)	5,337	(74,027)
Conversion of Preference Shares to Ordinary	-	15,989	-	15,989	-	15,989
Movement between Non-Current and Current	(2,418)	2,418	-	-	-	-
Cash flows	1,358	2,958	41	**4,357**	(4,862)	**(505)**
At 31 December 2021	**(2,418)**	**(56,584)**	**(16)**	**(59,018)**	**475**	**(58,543)**

24 Deferred taxation

	Group 2021 $'000	Company 2021 $'000	Group 2020 $'000	Company 2020 $'000
At beginning of period	1,176	-	-	-
Acquired in the period	-	-	1,116	-
Charged to profit or loss	445	-	60	-
At 31 December	1,621	-	1,176	-

The provision for deferred taxation is made up as follows:

	Group 2021 $'000	Company 2021 $'000	Group 2020 $'000	Company 2020 $'000
Accelerated capital allowances	1,621	-	1,180	-
Short term timing differences	-	-	(4)	-
	1,621	-	1,176	-

Notes *(continued)*

25 Share capital

		$
Share issues:		
At 14 December 2019 – issued 1 A1 Ordinary share of $1		1
Issued on 18 October 2019:		
32,889,630	A1 Ordinary shares of $1	32,889,630
370	A2 Ordinary shares of $1	370
17,710,000	A3 Ordinary shares of $1	17,710,000
6,900,000	B1 Ordinary shares of $1	6,900,000
Issued on 12 March 2020:		
1,616,539	B2 Ordinary shares of $1	[illegible]
6,505,765	C Ordinary shares of $0.10	[illegible]
Issued on 27 March 2020:		
13,806	B2 Ordinary shares of $1	[illegible]
69,030	C Ordinary shares of $0.10	[illegible]
At 31 December 2020		**59,787,825**
Issued on 27 June 2021:		
14,015,328	A1 Ordinary Shares of $1	14,015,328
158	A2 Ordinary Shares of $1	158
2,428,545	A3 Ordinary Shares of $1	2,428,545
At 31 December 2021		**76,231,856**

	2021 **$'000**	2020 $'000
Allotted, called up and fully paid		
46,904,959 (*2020: 32,889,631*) A1 Ordinary shares of $1 each	**46,905**	32,890
528 (*2020: 370*) A1 Ordinary shares of $1 each	**1**	-
20,138,545 (*2020: 17,710,000*) A3 Ordinary shares of $1 each	**20,139**	17,710
6,900,000 (*2020: 6,900,000*) B1 Ordinary shares of $1 each	**6,900**	6,900
1,630,345 (*2020: 1,630,345*) B2 Ordinary shares of $1 each	**1,630**	1,630
6,574,795 (*2020: 6,574,795*) C Ordinary shares of $0.10 each	**657**	657
	76,232	59,787

During the period the Company issued 16,444,031 ordinary shares upon conversion of the 15,509,923 existing preference shares, previously recorded as a liability, plus the preference share dividend as accrued at the time of conversion ($938,108). No share premium arose on shares issued in the period.

The holders of the A1 Ordinary, A2 Ordinary, A3 Ordinary and B1 Ordinary are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

The holders of the B2 Ordinary and C Ordinary are entitled to receive dividends as declared from time to time and have no voting rights.

There are no restrictions on dividends and the repayment of capital.

26 Reserves

Profit and loss account

Includes all current period retained profits and losses, less any dividends paid.

Notes *(continued)*

27 Pension commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to $327,000 (*2020: $462,000*).

28 Commitments under operating leases

At the end of the period the Group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2021 $'000	Group 2020 $'000
Not later than 1 year	**821**	648
Later than 1 year and not later than 5 years	**2,873**	3,113
Later than 5 years	**1,852**	2,486
	5,546	6,247

29 Related party transactions

During the period, the Group made purchases of $10,360 from CataCap Management A/S (*2020: $635,502)*. CataCap Management A/S, an entity incorporated in Denmark, is affiliated with the ultimate controlling party. The Group made $nil purchases from REDI 216 Limited (*2020: $1,650,000)*, an entity incorporated in England and Wales, of which AerFin Director Robert James is the ultimate shareholder.

The Group has taken the exemption permitted by Financial Reporting standard 102 section 33 not to disclose any related party transactions with any companies in the group headed by Atlantic Holdco Limited, on the basis that they are a wholly owned group and consolidated accounts are publicly available.

30 Parent and ultimate controlling party

The Group's ultimate controlling parent is CataCap II K/S, a company registered in Denmark.

The accounts of CataCap II K/S are prepared in accordance with IFRS as an investment vehicle, hence there is no consolidation. Accounts are available at CataCap, Oster Alle 42, 7th, DK-2100 Copenhagen, Denmark.