GTLK EUROPE DESIGNATED ACTIVITY COMPANY

DIRECTORS' REPORT AND CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Registration Number: 512927

Contents

Directors and other information

Directors	Roman Lyadov - Russian citizen
	Patrick Flynn
	Declan Fitzpatrick
	Anton Borisevich - Russian citizen (resigned on 18 September 2020)
	Artem Dovlatov - Russian citizen (appointed on 18 September 2020,
	resigned on 31 December 2020)
	Victor Boykov – Russian citizen (appointed on 31 December 2020)
	Natalia Kravtsova - Russian citizen (appointed as alternate
	director for Roman Lyadov on 14 February 2020- resigned on
	3 October 2020)
Registered office	2nd Floor, 2 Hume Street
	Dublin 2, Ireland.
Secretary	Flynn O'Driscoll Secretarial Limited
Independent auditor	Grant Thornton
	Chartered Accountants and Statutory Audit Firm
	13-18 City Quay
	Dublin
	D02 ED70
	Ireland
Principal bankers	Barclays Bank PLC
	Molesworth Street One
	Two Park Place
	Dublin
	D02 RF29
	Ireland
	J.P. Morgan Bank Luxembourg S.A., Dublin Branch
	200 Capital Dock
	79 Sir John Rogerson's Quay
	Dublin 2,
	DO2 RK57
	Ireland
Solicitors	Flynn O'Driscoll
	1 Grant's Row
	Lower Mount Street
	Dublin 2, Ireland

Directors' report

The Directors present their annual report together with the audited consolidated and Company financial statements of GTLK Europe Designated Activity Company (the "Company") and its subsidiaries (together and hereinafter "the Group") for the financial year ended 31 December 2020.

Principal activities, business review and future developments
The Company is a Designated Activity Company incorporated under the Companies Acts 2014 of Ireland with a registration number of 512927. The Company was incorporated on 9 May 2012 and the principal activity of the Company is the purchasing and leasing of aircraft and ships. The Company is owned 99% by GTLK Finance Limited (the "Parent") and 1% by JSC "GTLK" (the "Ultimate Parent"). GTLK Finance Limited is incorporated under the laws of the Russian Federation, and is fully owned by JSC "GTLK" , a company also incorporated under the laws of the Russian Federation, with a registered address at Room 100, Bld. 73, ul. Respubliki, Salekhard, Yamalo-Nenetsky Avtonomny Okrug, Russian Federation, 629008.The Group consider the "Ultimate Parent" to be JSC "GTLK" . As at 31 December 2020, the Company had incorporated sixty-two (2019: fifty-four) subsidiaries, (the "Subsidiaries").

The operational highlights of the financial year are summarised below:

Purchases – the Group purchased two aircraft and two vessels during the year (2019: fourteen aircraft and two vessels) and made pre-delivery payments in relation to the construction of four further vessels which are to be delivered during 2021 and 2022.

Sales – the Group did not dispose of any aircraft or vessels in the current year (2019: disposed of two aircraft that were on finance lease to a third party when the lessee exercised the purchase option under the lease agreements).

Leases – Two aircraft and two vessels purchased during the year were leased under either operating or finance lease agreements. During the year, the Group entered into lease agreements for two aircraft that were previously in storage following lease terminations in the prior year.
At the year end the Group had six aircraft in storage. Since the year end, the Group entered into lease agreements for two of these aircraft and management is actively seeking lessees for the other four aircraft.

At 31 December 2020, there were ten aircraft lease agreements which had reached the end of their respective lease tenors and five which were due to expire in 2021. Since the financial year end, lease extensions for six of these aircraft were signed. Management are actively negotiating lease extensions with current lessees in relation to eight of these aircraft and has taken redelivery of one of these aircraft since the year end which is currently being remarketed.

During the year several lessees made requests for forbearance arrangements in relation to contracted lease rental payment obligations and the Group signed a number of agreements for the short-term deferral of a number of contracted lease payments which are to be collected at future dates.

Financing – During the year, the Group issued USD 1.1b guaranteed notes on the Euronext Dublin. The notes are payable between 2027-2028 with bi-annual interest repayments at rates between 4.65%-4.8%. The notes are guaranteed by the Ultimate Parent. The funds raised were subsequently used to finance Group transactions for the purchase of assets through intercompany loan arrangements.

The Directors will continue to evaluate new opportunities for the Group during 2021.

Directors' report (continued)

Subsidiaries and associates
Details of the activities carried out by subsidiary undertakings together with the information required by Section 314 of the Companies Act 2014 are set out in note 26 and 14 to these financial statements.

Principal risks and uncertainties
Any of the following risks could adversely affect the financial performance, position and / or growth potential of the Group. The Directors have overseen Management putting in place systems and controls designed to mitigate these risks to a level that is considered appropriate for the Group.

Geopolitical and economic risks
As a global business, the Group leases aircraft and vessels to customers in many jurisdictions exposing it to many and varying economic, social, legal and political risks. Demand for passenger and cargo aviation and shipping freight is also closely correlated to changes in GDP. Exposure to multiple jurisdictions may adversely affect the Group's future performance, position and growth potential. The adequacy and timeliness of Management's response to risks in these jurisdictions are of critical importance to the mitigation of this risk.

The Company is a subsidiary of a Russian Parent entity that is a state-owned enterprise. The United States and the EU (as well as other nations, such as Australia, Canada, Japan and Switzerland) have imposed sanctions against Russian individuals and legal entities in connection with Crimea's accession to the Russian Federation, the armed conflict in Eastern Ukraine and Russia's alleged interference in the 2016 US elections. These sanctions have significantly interrupted international business relationships and seriously reduced the ability of Russian companies to access the international capital markets. Further sanctions against Russian individuals and legal entities cannot be ruled out.

The lack of liquidity and available credit at rates attractive to businesses, or at all, has curtailed the capital expenditure of many Russian companies, including state-owned enterprises. The longer-term effects of recently implemented sanctions, as well as the threat of additional future sanctions, are difficult to determine. The Group's management believes that it has taken and will continue to take all the necessary efforts to support the economic stability of the Group in the current environment, however, there continues to be uncertainty regarding further economic growth and access to and cost of capital, which could negatively affect the Group's future financial position, results of operations and business prospect.

Covid-19 risk
The current global concerns related to COVID-19 have resulted in most countries imposing travel restrictions and mandatory quarantine periods for people traveling to and from affected regions, causing significant economic disruption, a reduction in commercial airline demand & cancellations. Travel restrictions, cancellations and greater reluctance to travel will continue until sufficient vaccination rollout is achieved. Furthermore, continued economic disruption as a result of travel restrictions will have a broader adverse impact on the transportation industry. In addition, the first months of 2021 have seen continued significant global market volatility since the outbreak of the coronavirus in 2020. Together with other factors, this has resulted in a sharp decrease in the oil price, reduction in bank liquidity and the stock market indices, as well as a depreciation of the Russian Rouble. These developments are further increasing the level of uncertainty in the aviation and shipping business environments. In this environment the company has activated a business continuity plan. This includes setting up a management steering committee which is meeting regularly to assess the effect on main priorities including our people and our clients.

Directors' report (continued)

Principal risks and uncertainties (continued)

Covid-19 risk (continued)
During the year, several lessees requested forbearance arrangements in relation to contracted lease payment obligations and the Group has signed agreements for the short term deferral of a number of contacted lease rental payments which are to be collected at future dates. Due to the developing nature of the outbreak it is not possible to quantify the impact of the outbreak the Directors continue to assess and monitor the impact on the activities of the Group.

Refer to the going concern section below for further assessments relating to this risk.

Brexit
The Directors do not expect the decision of the UK to withdraw from the EU to have a significant impact on the Group given the nature of its operation, that the Groups functional currency in USD and operational currencies are both EUR and USD and the majority of the lessees operate outside the UK. The implications will continue to be assessed as separate UK trade agreements and sanctions framework are implemented.

Exposure to the commercial airline and shipping industries
As a supplier to and partner of the airline & shipping industries, the Group is exposed to the financial condition of the airline & shipping industries as it leases all of its aircraft and vessels to commercial airline and chartering customers. The financial condition of the airline and shipping industries is affected by, among other things, geopolitical events, outbreaks of communicable pandemic diseases and natural disasters, fuel costs and the demand for air and sea travel. To the extent that any of these factors adversely affect the airline or shipping industries they may result in (i) downward pressure on lease rates and aircraft/vessel values, (ii) higher incidences of lessee defaults, restructuring and repossessions and (iii) inability to lease aircraft and vessels on commercially acceptable terms.

Risks relating to the leasing of aircraft
In order to continue to generate profits and cash flows, the Group as an owner and lessor of aircraft must address risks associated with (i) the releasing of aircraft subject to market and competitive conditions at lease end dates, (ii) the maintaining of aircraft and funding of maintenance activities, (iii) government and environment regulations relating to aircraft and their operation, (iv) ongoing risks relating to financing and ownership of aircraft. Improper management of any of these risks could adversely affect the financial performance, position and growth potential of the Group.

The principal financial risks and uncertainties to which the Group is exposed are addressed in note 27 to these financial statements. These include:

- Asset risk;
- Economic risk;
- Foreign exchange risk;
- Interest rate risk;
- Credit risk; and
- Liquidity risk.

Results and dividends
The results for the year ended 31 December 2020 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 20 and in the Consolidated Statement of Changes in Equity on page 25 and the Company Statement of Changes in Equity on page 26.

Directors' report (continued)

Results and dividends (continued)

Total comprehensive income was USD 16.1 million for the year ended 31 December 2020 (2019: USD 14.8 million). During the year ended 31 December 2020, there was an increase in total revenue of USD 47.7 million reflecting the acquisition of new aircraft and vessels during the year and a full year of lease operation on aircraft and vessels acquired during the prior year. The increase is also being attributed to an increase in interest income on group lending activities and accrued interest income on forbearance arrangements. This increase in revenue was offset by an increase in depreciation expenses, general administration expenses and finance expenses which resulted from the increased activities of the Group.

The Directors did not recommend payment of an interim dividend for the year ended 31 December 2020 (2019: USD 16 million). The Directors do not recommend payment of a final dividend for the year (2019: USD Nil).

Profit before tax reduced to USD 19.2 million for the year ended 31 December 2020 (2019: profit before tax of USD 23.2 million). The reduction of profit for the year was due to storage and depreciation of aircraft during the lease break periods and an increase in finance expenses primarily resulting from additional bonds issues during the year.

Total cash and cash equivalents as at 31 December 2020 were USD 536.2 million (2019: USD 99.9 million).

Total assets as at 31 December 2020 were USD 4.5 billion (2019: USD 3.5 billion).

Going concern

These consolidated financial statements have been prepared assuming that the Group will be a going concern in the foreseeable future. The management of the Group does not intend to liquidate the Group or discontinue its operations. As part of the going concern assumption, the assets and liabilities are accounted for on the basis that the Group will be able to sell its assets and discharge its liabilities in the ordinary course of business.

The Group earned a profit before tax during the year of USD 19.2 million (2019: profit USD 23.2 million) and has net assets of USD 56 million (2019: net assets USD 39.9 million). The Company incurred a loss during the year before tax of USD 1.3 million (2019: profit USD 21.5 million) and had net assets of USD 10 million (2019: net assets USD 11.2 million). The Group and the Company have cash and cash equivalents at the year-end of USD 536.2 million and USD 89.7 million (2019: USD 99.9 million and USD 12.6 million) respectively.

As at 31 December 2020, the Group and Company have current liabilities of USD 693 million and USD 518.7 million (2019: USD 190.3 million and USD 24 million) respectively. The majority of these liabilities relate to loans from the Ultimate Parent and third-party loans. During the year, the Group issued USD 1.1 billion in guaranteed notes which are due in 2027 and 2028 with interest payable bi-annually. The average lease period for investments of the Group is ten years. The directors acknowledge that the notes are due to mature before the leases.

The Group timely and without delay pays salaries to employees, timely and fully pays the relevant social contributions to insurance funds and other taxes, and makes without delay all payments related to the financial and economic activities of the Group, including servicing loans, credits, and other liabilities to all creditors.

Directors' report (continued)

Going concern (continued)

The Group expects to generate sufficient cash flows from the leases and the Ultimate Parent has confirmed that it will continue to provide support to enable the Group to meet its obligations under the facility agreements and to provide for extensions on loans payable to the Ultimate Parent.

During the year, the Group entered into agreements to purchase two aircraft and two vessels. These aircraft and vessels were in turn leased under operating and finance leases to third party airlines and third-party bareboat charterers. The directors plan to enter into further agreements to purchase additional aircraft and vessels. It is expected that these new aircraft and vessels will be leased at a profit and will provide a further cash inflow to the Group and Company to help support the ongoing operations.

The directors believe that the Group and the Company are a going concern and have sufficient resources to meet the day-to-day expenses of the Group and the Company. They have also received a letter of support from the Ultimate Parent confirming that the Ultimate Parent will continue to support the Group and Company for a period of at least 12 months from the date of signing of the financial statements.

As with any Group placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Concerning measures taken by the Group to minimize risks for employees during the global outbreak of COVID-19.

Since 19 March 2020, the Group has transferred all of its employees to remote work from home until further notice, except for the persons required to run the critical office systems. The IT Directorate of the Group has tested the capabilities of the company's software and systems to ensure a smooth transition to remote work and flawless operation of all work processes. The employees' health and safety are still the focus of attention of the management. The Group continues to monitor the COVID-19 threat level and assess potential health risks of its employees using all existing monitoring systems.

The measures taken have had no impact on a decrease of the Group's revenue or extent of business.

Directors, secretary and their interests

The names of the Directors and Company Secretary together with details of appointments and resignations during the reporting period are listed on page 2.

The Directors and secretary who held office at 31 December 2020 and 31 December 2019 had no interests in the share capital of the Company or any Group company at any time during the current or prior financial year.

Political donations

During the year ended 31 December 2020 the Group made no donations for political purposes (2019: nil).

Directors' report (continued)

Subsequent events
Details of important events affecting the Group and Company which have taken place since the end of the reporting period are disclosed in note 28 to the financial statements.

Relevant audit information
The Directors believe there is no relevant audit information of which auditors are unaware. The Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and they have established that the auditors are aware of that information.

Audit committee
The Company has decided to establish an audit committee in accordance with Section 167 of the Companies Act 2014.

Director's compliance statement
The directors, in accordance with Section 225(2) of the Companies Act 2014, acknowledge that they are responsible for securing the Company's compliance with certain obligations specified in that section arising from the Companies Act 2014, the Market Abuse (Directive 2003/6/EC) Regulations 2005, the Prospectus (Directive 2003/71/EC) Regulations 2005, the Transparency (Directive 2004/109EC) Regulations 2007, and Tax laws ('relevant obligations'). The directors confirm that:

- a compliance policy statement has been drawn up setting out the Company's policies with regard to such compliance;
- appropriate arrangements and structures that, in their opinion, are designed to secure material compliance with the Company's relevant obligations, have been put in place; and
- a review has been conducted, during the financial year, of the arrangements and structures that have been put in place to secure the Company's compliance with its relevant obligations.

Accounting records
The Directors believe that they have complied with the requirements of Sections 281 to 285 of the Companies Act 2014 with regard to keeping adequate accounting records by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The accounting records of the Company are maintained at 2nd Floor, 2 Hume Street, Dublin 2, Ireland.

Corporate governance statement

The Group Corporate Governance Statement is laid out in appendix A to these financial statements.

Auditors
Grant Thornton, Chartered Accountants & Statutory Audit Firm will continue in office in accordance with Section 383(2) of the Companies Act 2014.

Signed on behalf of the Board of Directors by:

Roman Lyadov	Patrick Flynn
Director	*Director*

Date: 30 April 2021

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

The directors are responsible for preparing the directors report and the Group and Company financial statements, in accordance with applicable law and regulations.

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

Under company law the directors must not approve the Group and Company financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Company and of the Groups profit or loss for that year. In preparing financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU; and
- assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records of the Group and Company which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Group and enable them to ensure that the financial statements comply with the Companies Act 2014. They are responsible for such internal controls 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 Company and to prevent and detect fraud and other irregularities. The directors are also responsible for preparing a directors report that complies with the requirements of the Companies Act 2014.

Signed on behalf of the Board of Directors by:

Roman Lyadov *Director*	Patrick Flynn *Director*

Date: 30 April 2021

Independent auditor's report to the members of GTLK Europe Designated Activity Company

Report on the audit of the financial statements

Opinion

We have audited the financial statements of GTLK Europe DAC ("the Company") and its subsidiaries (together "the Group"), which comprise the Consolidated statement of profit or loss and other comprehensive income, Consolidated and Company statements of financial of financial position, the Consolidated and Company statements of cash flows and the Consolidated and Company statements of changes in equity, for the financial year ended 31 December 2020, and the related notes to the financial statements, including the summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is Irish law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion, GTLK Europe DAC's financial statements:

- give a true and fair view in accordance with IFRS as adopted by the European Union of the assets, liabilities and financial position of the Group and the Company as at 31 December 2020 and of the Group's financial performance and Group and Company's cash flows for the financial year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ('ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the 'Responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the Group and company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accountancy Supervisory Authority (IAASA), and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group and Company's ability to continue as a going concern basis of accounting included:

- We reviewed GTLK's assessment of going concern and the impact of COVID-19 on the Group and Company and are satisfied that appropriate disclosures are made within the financial statements.
- We have considered the adequacy of the Group and Company's funding, borrowing facilities, cash flows and profitability for at least the next twelve months. We have considered the future budgets and projected cash flows of the Group and Company.

Independent auditor's report to the members of GTLK Europe Designated Activity Company

Conclusions relating to going concern (continued)

- Challenged the sensitivities and stress testing that management performed on the going concern forecast.
- Challenged the external inputs and assumptions within the going concern model by comparing them to assumptions and estimates used elsewhere in the preparation of the financial statements and benchmarking them against market observable external data.
- Assessed the capacity and willingness of the Ultimate Parent Company to provide the required financial support.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current financial period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and the directing of efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and therefore we do not provide a separate opinion on these matters.

Overall audit strategy

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example, the Group's impairment assessment and component depreciation policy for Property, Plant and Equipment and the Group's assessment on the recoverability of finance lease receivables. We also addressed the risk of management override of internal controls, including evaluating whether there was any evidence of potential bias that could result in a risk of material misstatement due to fraud.

How we tailored the audit scope

The Group is the owner of a portfolio of aircraft and cargo vessels, which it leases to airlines and vessel operators around the world. Revenues are mainly generated from these operations. The Group has listed debt in Euronext Dublin. We tailored the scope of our audit taking into account the structure of the Group and Company, the portfolio of assets they own and operate, the accounting processes and controls, and the industry in which they operate.

Independent auditor's report to the members of GTLK Europe Designated Activity Company

Key audit matter (continued)

How we tailored the audit scope (continued)

In establishing the overall approach to our audit we assessed the risk of material misstatement at a Group level, taking into account the nature, likelihood and potential magnitude of any misstatement. We performed an audit of the complete financial information of all the components of the Group. Components represent business units across the Group considered for audit scoping purposes. As part of our risk assessment, we considered the control environment in place for the Group and Company.

Materiality and audit approach

The scope of our audit is influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, such as our understanding of the entity and its environment, the history of misstatements, the complexity of the Group and Company and the reliability of the control environment, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the Group ($40.3 million) and Company ($14 million) as 1% of Total Assets at 31 December 2020. We have applied this benchmark because of the nature of the Group and Company's activities, significance of the assets they hold and our experience in auditing companies in this sector.

We have set Performance materiality for the Group ($30.2 million) and Company ($10.5 million) at 75% of materiality, having considered our prior year experience of the risk of misstatements, business risks and fraud risks associated with the Group and its control environment. This is to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole.

We agreed with the audit committee that we would report to them misstatements identified during our audit above 5% of materiality for Group ($2 million) and Company ($0.7 million), as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Significant matters identified

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are set out below as significant matters together with an explanation of how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole. This is not a complete list of all risks identified by our audit.

Independent auditor's report to the members of GTLK Europe Designated Activity Company

Property, Plant and Equipment – Impairment assessment

Description of significant matter

The carrying value for the Group's Property, Plant and Equipment, comprising substantially of aircraft and engines, is the most significant asset in its statement of financial position accounting of 49% of total assets at 31 December 2020.

Management reviews the aircraft portfolio at the end of each financial year in order to identify whether events or changes in circumstances indicate that the carrying value of any aircraft type or individual aircraft may not be recoverable.

Where indicators of impairment are identified, the recoverable amount is determined as the higher of net realisable value, which is determined by reference to external appraised values, and the value in use of the particular aircraft, which is determined based on a discounted cash flow analysis. Preparing discounted cash flow forecasts requires the exercise of significant judgement, particularly in relation to forecasting future revenue and estimating future costs, the growth rates and the discount rates applied in assessing the recoverable amount of each aircraft.

We have identified the impairment assessment of aircraft as a significant matter and key audit focus area because the impairment assessments prepared by management contain certain judgemental and subjective assumptions which may be subject to error or potential management bias.

Information on the impairment of property, plant and equipment is included in Note 2 and Note 11 to the financial statements.

Audit response to significant matter

- Obtained understanding of the process and testing the design and implementation of key controls over the impairment assessment process;
- Evaluated the competence and independence of the external aircraft appraisers appointed by the Group as management experts. We obtained the external valuation reports to validate inputs to the valuation calculation;
- Performed enquiry of management about plans for aircraft disposals or other corporate actions that may impact on aircraft recoverable amounts;
- Evaluating management's identification of impairment indicators, challenging the underlying assumptions and judgements and considering whether the discounted cash flow forecasts on an aircraft-by-aircraft basis support the carrying value of the relevant assets and assessing the methodology adopted in its preparation of the discounted cash flow forecasts with reference to our understanding of the Group's business and the requirements of prevailing accounting standards;
- Critically evaluating management's discounted cash flow forecasts for each aircraft by:
  - i.) comparing the key assumptions adopted with the historical performance of the Group's aircraft portfolio, contractual arrangements (specifically in-force lease agreements), recent trends and externally available industry economic and other data; and
  - ii.) Performing sensitivity analysis of the discount rates applied and the assumptions in respect of lease rates and residual values used by management in the discounted cash flow forecasts to assess what changes thereto, either individually or collectively, would result in a different conclusion being reached and assessing whether there were any indicators of management bias in the setting of key assumptions.
- Assessed the appropriateness and adequacy of disclosures in the financial statements for compliance with the relevant accounting standards.

Grant Thornton

Independent auditor's report to the members of GTLK Europe Designated Activity Company

Property, Plant and Equipment – Depreciation

Description of significant matter

The Group has adopted a component based depreciation policy for its aircraft assets in accordance with IAS 16.

Depreciation is calculated to write off the cost of each component of the aircraft, less its estimated residual value, on a straight-line basis over its estimated useful life from the date of manufacture in the case of the airframe or from the last maintenance event in the case of other components. The annual depreciation amount is determined based on the computation of the forecast utilisation of the components and the predicted cost of future maintenance.

There is significant judgement and estimation involved in the inputs into the Group's depreciation model and there is the risk that both the timing of intervals and costs of various components within the model contain errors that could lead to a misstatement in the depreciation calculation.

Information on the depreciation of property, plant and equipment is included in Note 2 and Note 11 to the financial statements.

Audit Response to significant matter

- Obtained understanding of the process and testing the design and implementation of key controls over the process of calculating depreciation.
- Analysing the Group's component accounting policies and procedures to ensure continued compliance with IFRS (IAS 16);
- Evaluating all relevant reports received from the Group's internal technical team regarding estimated costs and timing of repairs;
- Comparing the technical team reports to available industry guidance and discussing with the technical team any significant differences identified;
- Obtaining and evaluating supporting documentation to corroborate management's estimates of expected maintenance payments;
- Evaluating and challenging management's key judgements and assumptions by comparing them to evidence obtained through external sources where possible, our industry knowledge and market experience;
- Performing a retrospective review of depreciation model noting any material changes in estimates; and
- Checking depreciation accuracy and reasonableness of significant inputs.
- Assessed the appropriateness and adequacy of disclosures in the financial statements for compliance with the relevant accounting standards.

Independent auditor's report to the members of GTLK Europe Designated Activity Company

Finance lease receivable - Valuation:

Description of the significant matter

The Group holds interests in a number of finance leases where there is an obligation on the lessee to pay the Group lease income.

Net investment in finance lease receivable accounts for 10% of total assets in the Group's statement of financial position at 31 December 2020.

Net investment in finance lease receivable are stated net of allowance for expected credit losses (ECL). ECL assessment requires management to apply professional judgment and to make subjective assumptions.

The Group applied the simplified approach when calculating lifetime credit losses for finance lease receivables. The Group applied the provision matrix approach to recognise expected credit losses on finance lease receivables.

Due to the material volume of net investment in leases as well as uncertainty inherent to the estimation of allowance for ECL, this area is a key audit matter. There is a risk that the finance lease receivable as included in the Statement of Financial Position is not recoverable as at 31 December 2020.

Information on finance lease receivables is included in Notes 2, 13, and 27 to the financial statements.

Audit Response to significant matter

- Verified all finance leases to source documentation and ensured that all inputs used in the finance lease calculation were correct
- Verified other inputs in the calculation of the balance to independent sources where possible
- Recalculated lease receivables based on the lease agreements in place.
- Assessed the Group's estimated credit loss ('ECL') model for reasonableness
- Analysed the adequacy of professional judgment and assumptions made by the management in relation to the estimation of allowance for ECL.
- Ensured that measurement and disclosures made are reasonable. All of the above was done in accordance with IFRS 16 'Leases'.

Independent auditor's report to the members of GTLK Europe Designated Activity Company

Other information

Other information comprises information included in the annual report, other than the financial statements and the auditor's report thereon, including the Director's report. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies in the financial statements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by the Companies Act 2014

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the Group and Company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the Directors' report is consistent with the financial statements. Based solely on the work undertaken in the course of our audit, in our opinion, the Directors' report has been prepared in accordance with the requirements of the Companies Act 2014.

Matters on which we are required to report by exception

Based on our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of the Act have not been made.

We have no exceptions to report arising from this responsibility.

Corporate governance statement

In our opinion, based on the work undertaken in the course of our audit of the financial statements, the description of the main features of the internal control and risk management systems in relation to the financial reporting process,, specified for our consideration and included in the Corporate Governance Statement, is consistent with the financial statements and has been prepared in accordance with section 1373(2)(c) of the Companies Act 2014.

Independent auditor's report to the members of GTLK Europe Designated Activity Company

Corporate governance statement (continued)
Based on our knowledge and understanding of the Company and its environment obtained in the course of our audit of the financial statements, we have not identified material misstatements in the description of the main features of the internal control and risk management systems in relation to the financial reporting process included in the Corporate Governance Statement.

Responsibilities of management and those charged with governance for the financial statements
As explained more fully in the Statement of directors' responsibilities, management is responsible for the preparation of the financial statements which give a true and fair view in accordance with IFRS as adopted by the European Union, and for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group and Company's financial reporting process.

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

As part of an audit in accordance with ISAs (Ireland), the auditor will exercise professional judgment and maintain professional scepticism throughout the audit. The auditor will also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent auditor's report to the members of GTLK Europe Designated Activity Company

Responsibilities of the auditor for the audit of the financial statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If they conclude that a material uncertainty exists, they are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify their opinion. Their conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Group or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

The auditor communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that may be identified during the audit.

Where the auditor is reporting on consolidated financial statements, the auditor's responsibilities are to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. The group auditor is responsible for the direction, supervision and performance of the group audit, and the group auditor remains solely responsible for the audit opinion.

From the matters communicated with those charged with governance, the auditor determines those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. These matters are described in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the auditor determines that a matter should not be communicated in the report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent auditor's report to the members of GTLK Europe Designated Activity Company

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

Report on other legal and regulatory requirements

We were appointed by the Board of Directors on 13 September 2019 to audit the financial statements for the year ended 31 December 2020. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is two years.

We are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs. Our audit approach is a risk-based approach and is explained more fully in the 'Responsibilities of the auditor for the audit of the financial statements' section of our report.

We have not provided non-audit services prohibited by the IAASA's Ethical Standard and have remained independent of the entity in conducting the audit.

The audit opinion is consistent with the additional report to the audit committee.

Colin Feely
For and on behalf of
Grant Thornton
Chartered Accountants & Statutory Audit Firm
Dublin

Date:

Consolidated statement of profit or loss and other comprehensive income
For the financial year ended 31 December 2020
In thousands of US Dollars

	Note	2020	2019
Revenues			
Lease revenue	3	329,752	310,464
Other income	4	4,206	2,235
Expenses			
Depreciation and amortisation	11/15	(158,231)	(147,852)
Loss on disposal of assets		-	(368)
Aircraft maintenance	9	(3,618)	(14,783)
Reversal of asset impairment	11	-	2,849
Net Impairment loss on financial assets at amortised cost	13/17/18	(530)	(1,649)
Operating expenses	5	(4,332)	(5,451)
General and administration expenses	6	(22,988)	(13,415)
Results from operating activities		**144,259**	**132,030**
Finance income	8	84,743	58,314
Finance expenses	8	(209,714)	(166,816)
Net finance costs		**(124,971)**	**(108,502)**
Share of loss of equity accounted investees, net of tax	14	(62)	(288)
Profit before income tax		**19,226**	**23,240**
Total tax charge	10	(3,077)	(8,437)
Profit for the year		**16,149**	**14,803**
Other comprehensive income (items that are or may be reclassified to profits or loss)		-	-
Total comprehensive income for the year		**16,149**	**14,803**

All activities derive from continuing operations. All profits and total comprehensive income for the financial year and the preceding financial year are attributable to the owners of the Company.

The accompanying notes form an integral part of these financial statements.

Consolidated statement of financial position
As at 31 December 2020
In thousands of US Dollars

	Note	2020	2019
Assets			
Property, plant and equipment	11	2,174,724	2,301,260
Other non-current assets	12	26,384	30,441
Finance lease receivable	13	366,157	369,497
Equity accounted investees	14	-	-
Intangible assets	15	42,253	43,597
Trade and other receivables	17	51,980	24,165
Loans to related parties	26	354,022	217,914
Total non-current assets		**3,015,520**	**2,986,874**
Cash and cash equivalents	16	525,725	59,137
Restricted cash	16	10,448	40,815
Other current assets	12	4,330	4,302
Trade and other receivables	17	162,667	29,327
Prepayments		2,587	2,638
Deposits for asset purchases	18	144,880	61,606
Loans to shareholders	26	352,152	240,553
Loans to related parties	26	169,564	3,844
Finance lease receivable	13	57,223	38,540
Intangible assets	15	11,373	9,069
Total current assets		**1,440,949**	**489,831**
Total assets		**4,456,469**	**3,476,705**
Equity			
Share capital	24	12	12
Capital contribution	24	3,076	3,076
Retained earnings		52,926	36,777
Total equity		**56,014**	**39,865**
Liabilities			
Loans and borrowings	20	3,041,372	2,537,461
Borrowings from shareholders	26	287,588	296,305
Deferred tax liabilities	21	16,023	14,274
Finance lease liability	22	323,803	357,846
Non-current trade and other payables	23	38,652	40,693
Total non-current liabilities		**3,707,438**	**3,246,579**
Loans and borrowings	20	480,721	96,776
Borrowings from shareholders	26	151,013	28,178
Trade and other payables	23	27,473	30,939
Finance lease liability	22	33,800	32,286
Current tax		10	2,082
Total current liabilities		**693,017**	**190,261**
Total liabilities		**4,400,455**	**3,436,840**

The accompanying notes form an integral part of these financial statements.

Signed on behalf of the Board of Directors by:

Roman Lyadov
Director

Patrick Flynn
Director

Date: 30 April 2021

Company statement of financial position
As at 31 December 2020
In thousands of US Dollars

	Note	2020	2019
Assets			
Property, plant and equipment	11	133,001	150,197
Investments in subsidiaries	26	59,166	59,133
Equity accounted investees	14	-	-
Intangible asset	15	184	-
Loans to related parties	26	610,388	767,075
Finance lease receivable	13	3,308	4,773
Total non-current assets		**806,047**	**981,178**
Cash and cash equivalents	16	89,725	12,570
Trade and other receivables	17	20,871	1,604
Prepayments		995	780
Finance lease receivable	13	1,464	1,313
Deposits for aircraft purchases	18	-	7,500
Loans to shareholders	26	172,272	190,482
Loans to related parties	26	237,593	-
Receivables from related parties	26	73,917	70,313
Intangible asset	15	51	-
Total current assets		**596,888**	**284,562**
Total assets		**1,402,935**	**1,265,740**
Equity attributable to owners of parent			
Share capital	24	12	12
Capital contribution	24	3,076	3,076
Retained earnings		6,944	8,113
Total equity		**10,032**	**11,201**
Liabilities			
Loans and borrowings	20	522,385	1,030,402
Borrowings from shareholders	26	210,323	191,500
Borrowings from related party		134,910	-
Deferred tax liability	21	3,384	3,518
Finance lease liability	22	1,125	1,291
Non-current trade and other payables	23	2,120	3,850
Total non-current liabilities		**874,247**	**1,230,561**
Loans and borrowings	20	384,623	17,645
Borrowings from shareholders	26	122,764	-
Finance lease liability	22	176	160
Payable to related parties	26	4,594	1,336
Trade and other payables	23	6,498	4,836
Current tax		1	1
Total current liabilities		**518,656**	**23,978**
Total liabilities		**1,392,903**	**1,254,539**
Total equity and liabilities		**1,402,935**	**1,265,740**

The accompanying notes form an integral part of these financial statements.

Signed on behalf of the Board of Directors by:

Roman Lyadov
Director

Patrick Flynn
Director

Date: 30 April 2021

Consolidated statement of cash flows
For the financial year ended 31 December 2020
In thousands of US Dollars

	Note	2020	2019
Cash flows from operating activities			
Profit for the financial year		16,149	14,803
Adjustments for:			
Depreciation and amortisation	11/15	158,231	147,852
Asset impairment reversal	11	-	(2,849)
Bad debt provision	13/17/19	530	1,649
Loss on disposal of assets		-	368
Share of loss of equity accounted investees	14	62	288
Gain on transfer to finance lease receivable	4	(169)	(158)
Net finance costs	8	124,971	108,502
Tax expense	10	3,077	8,437
Amortisation of deferred lease expenses	5	4,332	4,300
Lease deferred expenses		(1,144)	(114)
Interest received		61,861	56,239
Cash interest paid		(179,888)	(165,928)
Premium paid	8	(4,125)	-
Tax paid		(3,399)	(2,873)
Changes in operating assets and liabilities:			
Increase in trade and other receivables	17	(149,410)	(31,994)
(Decrease) / Increase in trade and other payables	23	(2,101)	3,221
Net cash from operating activities		**28,977**	**141,743**
Cash flows from investing activities			
Acquisition of property, plant and equipment	11	(37,704)	(787,041)
Acquisition of assets sold under finance lease	13	(9,709)	(11,118)
Acquisition of lease intangible assets	15	(11,452)	(25,517)
Deposits paid for asset purchases refunded	18	5,300	-
Aircraft maintenance expenses	11	(7,926)	(21,621)
Investment in equity accounted investee	14	(1,000)	(281)
Receipt of finance lease principal instalments	13	22,500	59,968
Loans to shareholders	26	(150,000)	(50,000)
Repayment of loan to shareholders	26	38,600	73,650
Loans to related parties	26	(304,387)	(220,850)
Loans to related parties repaid	26	6,600	151,000
Acquisition of subsidiary net of cash acquired	14	-	467
Loans to third parties	19	-	(2,882)
Net deposits paid for the purchase of assets	18	(87,697)	(61,703)
Net cash used in investing activities		**(536,875)**	**(895,928)**
Cash flow from financing activities			
Receipt of shareholder financing	26	286,628	335,597
Repayment of shareholder financing	26	(189,540)	(714,239)
Proceeds from borrowings	20	11,936	302,758
Repayment of borrowings	20	(74,673)	(53,599)
Third party bonds received	20	1,100,000	1,050,000
Third party bonds repaid	20	(150,000)	-
Payment of finance lease liabilities	22	(32,529)	(306,124)
Finance lease liability drawn down	22	-	182,735
Transaction costs related to loan and borrowings	20	(19,880)	(18,644)
Dividends paid		-	(16,000)
Net cash from financing activities		**931,942**	**762,484**
Net increase in cash and cash equivalents		**424,044**	**8,299**
Foreign translation differences		12,177	138
Cash and cash equivalents at beginning of the year		99,952	91,515
Cash and cash equivalents at 31 December	**16**	**536,173**	**99,952**

The accompanying notes form an integral part of these consolidated financial statements.

Company statement of cash flows
For the financial year ended 31 December 2020
In thousands of US Dollars

	Note	2020	2019
Cash flows from operating activities			
Profit/(loss) for the financial year		(1,169)	6,674
Adjustments for:			
Depreciation and amortisation	11/15	17,451	14,908
Bad debt provision		112	(64)
Net finance costs	8	17,239	11,313
Share of loss of equity accounted investees	14	-	7
Income tax		(130)	902
Increase in trade and other receivables	17	(19,243)	(1,757)
Decrease in trade and other payables	23	(63)	(111)
Movement in related party balances	26	(700)	(26,318)
Interest received		51,010	64,609
Interest paid		(61,073)	(97,788)
Premium paid		(4,125)	-
Tax paid		(3)	(1)
Net cash used in operating activities		**(694)**	**(27,626)**
Cash flows from investing activities			
Acquisition of property, plant and equipment	11	(114)	(196)
Dividend received		-	13,907
Aircraft maintenance expenses	11	(120)	(3,777)
Receipt of finance lease principal instalments	13	1,316	1,181
Repayment of loans to shareholders	26	18,200	73,650
Purchase of intangible assets	15	(256)	
Loans to third parties		(156,352)	-
Loans to related parties repaid	19	-	151,000
Investment in subsidiary undertakings	26	(33)	(54,642)
Deposits refunded / (paid) for the purchase of aircraft	18	7,500	(7,500)
Net cash (used in) / from investing activities		**(129,859)**	**173,623**
Cash flows from financing activities			
Issue of intercompany loans	26	(212,738)	(637,934)
Intercompany loans repaid	26	308,534	960,534
Proceeds from shareholder financing	26	286,629	335,597
Repayments of shareholder financing	26	(162,000)	(707,714)
Proceeds from related party borrowings	26	268,360	-
Repayments of related party borrowings	26	(138,595)	-
Payment of transaction costs related to loan and borrowings	20	(218)	(568)
Dividend paid		-	(16,000)
Payment of finance lease liabilities	22	(150)	(136,147)
Proceeds from borrowings	20	11,936	37,558
Repayment of borrowings	20	(5,990)	-
Third party bonds repaid	20	(150,000)	-
Net cash used in financing activities		**(205,768)**	**(164,674)**
Net (decrease) / increase in cash and cash equivalents		**75,215**	**(18,677)**
Cash and cash equivalents at beginning of year		12,570	31,964
Foreign translation differences		1,940	(717)
Cash and cash equivalents at 31 December	16	**89,725**	**12,570**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
For the financial year ended 31 December 2020
In thousands of US Dollars

	Share Capital	Capital Contribution	Retained Earnings	Total Equity
At 31 December 2018	**12**	**3,076**	**37,974**	**41,062**
Total comprehensive income for the year				
Profit for the year	-	-	14,803	14,803
Transaction with shareholders recorded directly in equity				
Dividend paid	-	-	(16,000)	(16,000)
At 31 December 2019	**12**	**3,076**	**36,777**	**39,865**
Total comprehensive income for the year				
Profit for the year	-	-	16,149	16,149
Transaction with shareholders recorded directly in equity	-	-	-	-
At 31 December 2020	**12**	**3,076**	**52,926**	**56,014**

All equity is attributable to the holders of the ordinary shares in the Company.
The accompanying notes form an integral part of these financial statements.

Company statement of changes in equity
For the financial year ended 31 December 2020
In thousands of US Dollars

	Share Capital	Capital Contribution	Retained Earnings	Total Equity
At 31 December 2018	**12**	**3,076**	**3,532**	**6,620**
Total comprehensive income for the year				
Profit for the year	-	-	20,581	20,581
Transaction with shareholders recorded directly in equity				
Dividend paid	-	-	(16,000)	(16,000)
At 31 December 2019	**12**	**3,076**	**8,113**	**11,201**
Total comprehensive loss for the year				
Loss for the year	-	-	(1,169)	(1,169)
Transaction with shareholders recorded directly in equity	-	-	-	-
At 31 December 2020	**12**	**3,076**	**6,944**	**10,032**

All equity is attributable to the holders of the ordinary shares in the Company.
The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

1. Reporting entity

GTLK Europe Designated Activity Company (the “Company") is a limited liability company incorporated and domiciled in the Republic of Ireland. The address of the Company's registered office is 2nd Floor, 2 Hume Street, Dublin 2, Ireland. The consolidated financial statements of the Company as at 31 December 2020 and for the financial year ended 31 December 2020 comprise the Company its subsidiaries and equity accounted investees (the “Group”).

The Company’s 99% shareholder is GTLK Finance Limited (the “Parent”), a company incorporated under the laws of the Russian Federation, which is owned by JSC “GTLK” (the “Ultimate Parent”) a company also incorporated under the laws of the Russian Federation, which in turn is wholly owned by the Ministry of Transport of the Russian Federation.

The Company is the parent undertaking of the Group for which consolidated financial statements including the Company are prepared. The financial statements of the Company are filed with the Registrar of Companies, Companies Office, Parnell Square Dublin 1, and may be obtained by writing to The Secretary, GTLK Europe Designated Activity Company, 2nd Floor, 2 Hume Street, Dublin 2, Ireland. The financial results of the Group are consolidated with the Ultimate Parent and may be obtained from the Ultimate Parent's website https://www.gtlk.ru/en/.

As at 31 December 2020 the Company held investments in sixty -two subsidiaries (2019: Fifty - four).

As a holding company, GTLK Europe Designated Activity Company has taken advantage of the exemption from the requirement to publish a separate profit and loss account from the Group which forms part of the statutory financial statements approved by the directors under S304 of the Companies Act 2014. The Company incurred a loss during the year before tax of USD 1.3 million (2019: profit USD 21.5 million).

2. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company and Group’s financial statements.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as adopted by the European Union (“EU”) and in the case of the Company as applied in accordance with the Companies Act 2014. The Directors of the Company are of the view that the Company will continue as a going concern.

Going concern

These consolidated financial statements have been prepared assuming that the Group will be a going concern in the foreseeable future. The management of the Group does not intend to liquidate the Group or discontinue its operations. As part of the going concern assumption, the assets and liabilities are accounted for on the basis that the Group will be able to sell its assets and discharge its liabilities in the ordinary course of business.

Notes to the financial statements

2. Accounting policies (continued)

Going concern (continued)

The Group earned a profit before tax during the year of USD 19.2 million (2019: profit USD 23.2 million) and has net assets of US 56 million (2019: net assets USD 39.9 million). The Company also incurred a loss during the year before tax of USD 1.3 million (2019: profit USD 21.5 million) and had net assets of USD 10 million (2019: net assets USD 11.2 million). The Group and the Company have cash and cash equivalents at the year-end of USD 536.2 million and USD 89.7 million (2019: USD 99.9 million and USD 12.6 million) respectively.

As at 31 December 2020, the Group and Company have current liabilities of USD 693 million and USD 516.7 million (2019: USD 190.3 million and USD 24 million) respectively. The majority of these liabilities relate to loans from the parent and third-party loans. During the year, the Group issued USD 1.1 billion in guaranteed notes which are due in 2027 and 2028 with interest payable bi-annually. The average lease period for investments of the Group is ten years. The directors acknowledge that the notes are due to mature before the leases.

The Group timely and without delay pays salaries to employees, pays the relevant social contributions to insurance funds and other taxes, and makes without delay all payments related to the financial and economic activities of the Group, including servicing loans, credits, and other liabilities to all creditors.

The Group expects to generate sufficient cash flows from leases and the Ultimate Parent has confirmed that it will continue to provide support to enable the Group to meet its obligations under the facility agreements and to provide for extensions on loans payable to the Ultimate Parent if necessary.

During the year the Group entered into agreements to purchase two aircraft and two vessels. These aircraft and vessels were in turn leased under operating and finance leases to third party airlines and third-party bareboat charterers. The directors plan to enter into further agreements to purchase additional aircraft and vessels. It is expected that these new aircraft and vessels will be leased at a profit and will provide a further cash inflow to the Group and Company to help support the ongoing operations.

The directors believe that the Group and the Company are going concerns and have sufficient resources to meet the day to day expenses of the Group and the Company. They have also received a letter of support from the Ultimate Parent confirming that the Ultimate Parent will continue to support the Group and Company for a period of at least 12 months from the date of signing of the financial statements.

As with any Group placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Notes to the financial statements

2. Accounting policies (continued)

Going concern (continued)

Concerning measures taken by the Group to minimize risks for employees during the global outbreak of COVID-19.

Since 19 March 2020, the Group has transferred all of its employees to remote work from home until further notice, except for the persons required to run the critical office systems. The IT Directorate of the Group has tested the capabilities of the company's software and systems to ensure a smooth transition to remote work and flawless operation of all work processes. The employees' health and safety are still the focus of attention of the management. The Group continues to monitor the COVID-19 threat level and assess potential health risks of its employees using all existing monitoring systems.
The measures taken have had no impact on a decrease of the Group's revenue or extent of business.

Basis of measurement
The financial statements are stated in United States Dollars ("USD"), the functional currency of the Company. The Directors of the Company believe that USD most accurately represents the economic effects of underlying transactions, events and conditions.

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies.

Standards, amendments and interpretations that are effective from 1 January 2020 and adopted by the Group and Company during the reporting period:
The following amendments to existing IFRS became effective for and have been applied in preparing these financial statements.

- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- Amendments to Refences to the Conceptual Framework (Various Standards)
- COVID-19 Rent Related Concessions (Amendments to IFRS 16)

The application of these amendments did not result in material changes to the Group and Company's financial statements.

Notes to the financial statements

2. Accounting policies (continued)

Accounting standards in issue that are not yet effective and have not been early adopted:
A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020 and have not been applied in preparing these financial statements. The Group and Company do not plan to adopt these standards early; instead they will apply them from their effective dates as determined by their dates of EU endorsement

The following amendments are not expected to have a significant impact on the financial statements upon application:

- IFRS 17 Insurance Contracts
- Amendments to IFRS 17 Insurance Contracts (Amendments to IFRS 17 and IFRS 4)
- References to the Conceptual Framework
- Proceeds before Intended Use (Amendments to IAS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020 Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

There are no other new standards, amendments to standards and interpretations that are effective subsequent to the year-end that would have a material impact on the results or financial position of the Group and Company.

Significant accounting judgements and estimates
The preparation of the financial statements requires management to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates with revisions being recognised prospectively.

Estimates and underlying assumptions are reviewed on an ongoing basis. Information about estimates and underlying assumptions that have a significant risk of resulting in a material adjustment to the results for the year ending 31 December 2020 is included in the following accounting policies:

- Judgement applied in determining the appropriate classification of lease arrangements (finance lease or operating lease) where the Group is lessor. (refer to Note 11 and 13 for carrying amounts)
- Assumptions used in assessing the recoverability of finance lease receivables (refer to Note 13 for carrying amounts)
- Assumptions used in assessing impairment of Property, Plant and Equipment and depreciation calculation. (refer to Note 11 for carrying amounts)
- Assumptions used in assessing the recoverability of loans and receivables (refer to Notes 17, 19 and 26 for carrying amounts)

See the specific accounting policies for more detail of the judgements and estimates used.

Notes to the financial statements

2. Accounting policies (continued)

Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. Assets acquired and liabilities assumed are measured at their acquisition-date fair values.

Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The Group's financial statements consolidate those of the parent company and all of its subsidiaries as of 31 December 2020. All subsidiaries have a reporting date of 31 December. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transaction with equity- accounted investees are eliminated against the investment to the extent of the Company's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Associates and joint ventures

Investments in associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investments in associates and joint ventures are accounted for using the equity method. The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Notes to the financial statements

2. Accounting policies (continued)

Associates and joint ventures(continued)
When the Group's share of losses exceeds the Group's interest (including long-term loans) in the associate, that interest is reduced to nil and recognition of further losses is discontinued, except to the extent that the Group has incurred obligations in respect of the associate or joint venture.

Foreign currencies
Transactions in foreign currencies are translated to USD at exchange rates ruling at the dates of the transactions. Monetary assets and liabilities are retranslated to the functional currency at the currency rate ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency rate are translated using the exchange rate as at the date of initial transaction. Profit or losses arising from foreign currency translation and on settlement of amounts receivable and payable in other currencies are dealt with in the Statement of Comprehensive Income.

Taxation
Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using the tax rate enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary difference between the carrying amounts of assets and liabilities for the financial reporting purposes and the amount used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future profits will be available against which they can be used. Deferred tax assets are reviewed at the reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it
has become probable that future taxable profit will be available against which they can be used. Deferred tax assets and liabilities are offset only if certain criteria are met.

Lease revenue
Revenue from aircraft on operating lease is recognised as lease revenue over the term of the lease. The rental received under an operating lease is recorded on a straight-line basis over the lease term, even if the payments are not made on such a basis. Lease revenue received but unearned under the lease agreements is recorded in “Deferred income” on the Statement of Financial Position until earned.

Notes to the financial statements

2. Accounting policies (continued)

Lease revenue(continued)

Supplemental rent is maintenance reserves that are paid by the lessee for future maintenance costs that may be incurred for the Group's aircraft assets. Supplemental rent is recorded as lease revenue in the Statement of Comprehensive Income on an earned basis in the case cash supplemental rent received and on accrued straight line basis in the case of end of lease payment arrangements as the Group has adopted a component-based depreciation policy for its aircraft assets.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased assets and recognised as an expense over the lease term on the same basis as the lease income.

Leased assets

The Group as a lessee

For any new contracts entered into, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group assesses the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

Notes to the financial statements

2. Accounting policies (continued)

Leased assets (continued)

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been presented separately.

Sublease accounting

A sublease is a transaction for which the Group as a lessee grant a right to use the asset to a third party, and the lease between the original lessor and the Group remains in effect. A lease and a sublease in accounting records are reflected as two different agreements. Such subleases are reclassified based on the remaining contractual terms and conditions in leases and sublease and where applicable are accounted for as finance leases in the consolidated statement of financial position.

The Group as a lessor

As a lessor the Group classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not. Amounts due from lessees under finance leases are recognised as receivables at the amount of the Groups's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Notes to the financial statements

2. Accounting policies (continued)

Property, plant and equipment

Aircraft are recorded at the cost of the individual components, net of any manufacturer credits and inclusive of applicable technical and legal costs, less accumulated depreciation and impairment loss. Interest and other costs that are directly attributable to the financing of process payments for aircraft are capitalised as part of the cost of those assets.

The Group has adopted component-based depreciation on all of the aircraft which it holds, in which the annual depreciation amount is determined based on the computation of the forecast utilisation of the components and the predicted cost of future maintenance. The annual depreciation amount for each component based on component-based depreciation is reviewed annually and adjusted if necessary.

Depreciation is calculated to write off the cost of each component of the aircraft, less its estimated residual value, on a straight-line basis over its estimated useful life "EUL" from the date of manufacture in the case of the airframe or from the last maintenance event in the case of other components. The following table outlines the estimated useful life per aircraft component:

Component	Estimated Useful Life
6 year check	6 years
8 year check	8 years
10 year check	10 years
12 year check	12 years
Landing Gear	10 years
APU	3-8 years per approved manufacturer maintenance program for APU type/model and adjusted for utilisation and number of performed shop visits
Engine	3-15 years per approved manufacturer maintenance program for engine type/model and adjusted for engine thrust, utilisation, number of performed shop visits and environment
Life Limited Parts (LLP)	8-30 years (for new LLP) per approved manufacturer maintenance program for engine type/model and adjusted for engine thrust and utilisation
Airframe	25 years with 10% residual value

The estimates of useful lives and residual values are reviewed periodically.

Aircraft are assessed for recoverability in accordance with IAS 36-Impairment of Assets ("IAS 36"), whenever events or changes in circumstances indicate that their carrying value may not be recoverable. An Impairment loss is charged to reduce the carrying value of specific assets to their recoverable amount where an impairment is considered to have occurred. Where the recoverable amount is greater than the carrying value, no adjustment is made to the carrying value unless the asset was previously impaired. For the purpose of measuring an impairment loss, each aircraft is tested individually by comparing carrying value to recoverable amount.

Notes to the financial statements

2. Accounting policies (continued)

Property, plant and equipment (continued)

Recoverable amount is the higher of the fair value less cost to sell and value in use. Fair value less cost to sell is the amount at which an asset could be disposed of less any direct selling costs. The Directors estimate the net realisable value using aircraft specific “half-life” appraiser values.

The Directors then estimate the amounts required to adjust the “half-life” values to reflect the specific maintenance condition of the aircraft.

A review of technical event cost estimates throughout the fleet is carried out on a regular basis. As required under IAS 8 Accounting Policies, Change in Estimates and Errors the following table outlines the effect of these changes in estimates on the current year depreciation charge and subsequent years:

In thousands of USD	**2020**	**2021**	**2022**	**2023**	**2024**	**2025 onwards**
Increase / (decrease) in depreciation charge	(16,123)	(9,297)	(5,188)	(5,518)	(3,535)	(26,091)

Value in use is the present value of future cash flows. The key inputs into the value in use calculation are the current contracted rent receipts per the lease agreement, projected maintenance income based on the estimated utilisation in the future, projected maintenance expenses based on third party reports and estimated residual value of the aircraft supplied by an independent appraiser.

In determining the present value of future cash flows the Directors are of the view that the use of a 5.59% discount rate is reasonable. This represents the Directors view of what a market participant would apply to equally risky assets.

In the prior year, a risk adjusted discounting rate of 5.49% was used for all aircraft on lease to a third-party airline.

Computers, software and other plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a straight-line basis over the useful life of 3 years.

Lease intangible assets

Lease intangible asset represents the value of an acquired lease where the contractual rent payments are above the market lease rate at the date of acquisition. This asset is recognised at cost based on discounted cashflows and is amortised on a straight-line basis over the remaining term of the related lease and recorded as a reduction in lease rental income.

Dividends

Dividends are recognised in the financial statements when they have been appropriately approved or authorised by the Directors.

Notes to the financial statements

2. Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents for the purpose of the Statement of Financial Position include cash on hand and deposits repayable on demand with any qualifying financial institution. Deposits are repayable on demand if they can be withdrawn at any time without notice and without penalty or if a maturity or period of notice of not more than 24 hours or one working day has been agreed. Cash includes cash in hand and deposits denominated in foreign currencies.

Cash and cash equivalents for the purpose of Statement of Cash Flows includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

Trade debtors

Trade debtors are stated net of impairment for expected credit losses.

Loans and receivables

Loans and receivables are recognised in the Statement of Financial Position initially at fair value and subsequently measured at amortised cost. Interest due on loans and receivables is accrued in the Statement of Comprehensive Income.

Loans and borrowings

Loans and borrowings are initially booked at fair value less transaction costs and subsequently measured at amortised cost in the Statement of Financial Position using the effective interest method.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. The total amount of interest paid during a year is disclosed in the cash flows statement whether it has been recognised as an expense in profit or loss or capitalised.

Finance income and expense

Interest income and expenses are recognised on an accrual basis by reference to the principal outstanding using the effective interest rate method.

Finance lease income is recognised at a constant periodic rate of return commencing from lease inception.

Other expenses

Other expenses have been recognised in the Statement of Comprehensive Income on an accruals basis.

Share capital

Ordinary shares are classified as equity as per the Company's Articles of Association.

Notes to the financial statements

2. Accounting policies (continued)

Capital contribution

Any capital contribution received by the Company is reported within equity. In the year in which the capital contribution is made, it is also reported in the reconciliation of movements of equity.

Provisions

A provision is recognised if, as a result of a past event, a present legal or constructive obligation exists that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Financial instruments

(i) Recognition and measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

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

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

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

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

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

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

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

Notes to the financial statements

2. Accounting policies (continued)

Financial instruments (continued)

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. The financial assets held by the Group and Company are trade receivables, cash and other receivables. IFRS 9 replaces the ‘incurred loss’ model with an expected credit loss (“ECL”) model.

(ii) Impairment of financial assets

The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39. IFRS 9 also covered the impairment of amounts recoverable under leases carried under IAS 17 / IFRS 16.

The financial assets at amortised cost consist of trade receivables and cash. Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group has recorded ECLs on their financial assets measured at amortised cost and on its finance lease receivables in accordance with IFRS 9.

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

The company recognises loss allowances for expected credit loss (“ECL”) on:

- Financial assets measured at amortised cost including finance and operating lease receivables;
- Debt instruments measured at FVOCI; and
- Lease commitments and financial guarantee contracts.

Financial assets measured at fair value, including debt investments or equity securities measured at FVTPL, equity securities designated at FVOCI and derivative financial assets, are not subject to the ECL assessment.

Notes to the financial statements

2. Accounting policies (continued)

Financial instruments (continued)

(ii) impairment of financial assets (continued)
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. ECLs are measured as followed:

- Financial assets that are not credit-impaired: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

- Financial assets that are credit-impaired: as the difference between the gross carrying amount and the present value of estimated cash flows

The Group applied the simplified approach when calculating lifetime credit losses for lease receivables and contract assets. The Group applied the simplified provision matrix approach to recognise expected credit losses on trade and other receivables.

The Lifetime ECL is calculated by multiplying the lifetime Probability of default (PD) by Loss given default (LGD). PD estimates are calculated based on statistical rating models and assessed using rating tools tailored using both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. The Group estimates LGD parameters are based on the history of recovery rates and consider the specific factors associated with the leased asset. LGD is calculated on a discounted cash flow basis using the effective interest rate as the discounting factor. The Group did not recognise any ECL provision during the year in respect of loan receivables.

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Write-off
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have the assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

Notes to the financial statements

2. Accounting policies (continued)

Financial instruments (continued)

(iii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised from the Group's consolidated statement of financial position when:

- The rights to receive cash flows from the asset have expired or;
  The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

A financial liability is derecognised by the Group when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

Notes to the financial statements

3. Lease revenue

In thousands of USD	**2020**	**2019**
Lease rental income	263,797	241,285
Supplemental income	65,955	69,179
Total lease revenue	329,752	310,464
Included in the above are the following amounts:		
Contingent rent	41,797	46,785

The contingent element relates to lease rentals that are variable based on market interest rates. The rates can be in the favour of the lessee or the Group depending on the contract and prevailing market rates.

Lease rental income and supplemental income is derived mainly from leasing commercial aircraft to various operators around the world. The distribution of lease rental income by operator's geographical region is as follows:

In thousands of USD	**2020**	**%**	**2019**	**%**
Emerging Europe	245,429	74	256,671	83
Modern / Developed Europe	27,358	8	29,844	10
Middle East	56,965	18	23,949	7
Total	329,752	100	310,464	100

At 31 December 2020, there were fifteen aircraft subject to lease contracts with customers which had expired or are scheduled to expire during year ended 31 December 2021. (2019: ten aircraft scheduled to expire during year ended 31 December 2020). Management are actively negotiating extensions with current lessees or seeking new lessees for these aircraft.

At 31 December 2020, the Group had contracted to receive the following minimum cash lease rentals under non-cancellable operating leases:

	Minimum lease payments due						
In thousands of USD	**Within 1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**After 5 years**	**Total**
31 December 2020	357,586	217,597	197,778	164,589	146,271	423,641	**1,507,463**
31 December 2019	262,775	228,454	215,101	194,303	160,317	571,527	**1,632,477**

4. Other income

In thousands of USD	**2020**	**2019**
Gain on transfer to finance lease	169	158
Net security deposit releases	758	300
Other income	3,279	1,777
Total other income	4,206	2,235

Notes to the financial statements

4. Other income (continued)

Other income includes late payment interest income earned during the year of USD 3 million (2019: USD 1 million) from third party lessees and other fee income USD 260k (2019: USD 758k).

During the prior year, lease agreements relating to six aircraft were terminated resulting in a release of security deposits held of USD 300k. An additional USD 758k was recognised in the current year relating to further aircraft lease termination.

5. Operating expenses

In thousands of USD	**2020**	**2019**
Operating lease expense	-	1,151
Amortisation of deferred fees	4,332	4,300
Total operating expenses	4,332	5,451

Deferred fees relate to lease premium and arrangements fee paid by the Group as a lessor which have been capitalised and are being amortised in line with the underlying lease agreements in accordance with the Group's accounting policy.

6. General and administrative expenses

In thousands of USD	**2020**	**2019**
Compensation and benefit expenses	5,828	3,719
Legal and professional fees	4,528	5,392
Office expenses	677	762
Travel expenses	397	1,151
Administrative expenses	372	932
Other expenses	509	449
Foreign translation differences	10,677	1,010
Total general and administrative expenses	22,988	13,415

Compensation and benefit expenses breakdown is as follows:

In thousands of USD	**2020**	**2019**
Salaries and wages	4,976	3,052
Contributions to defined contribution pension plans	228	144
Health and welfare	32	17
Other compensation	592	506
Total	5,828	3,719

The Company had 25 persons (2019: 25) in employment as at 31 December 2020. The Company had four directors at the end of the year (2019: four directors).

Costs of employer PRSI in respect of employees amounted to USD 372k (2019: USD 277k). Payroll and taxation services are outsourced to TMF Management (Ireland) Limited.

The Company sponsor an employee defined contribution scheme. The total expense to the Company in 2020 was USD 228k (2019: USD 144k).

Notes to the financial statements

7. Statutory information

In thousands of USD	**2020**	**2019**
The profit for the year has been arrived at after charging:		
Directors remuneration:		
Fees & remuneration	1,258	970
Contributions to defined contribution plan	34	30
Total	1,292	1,000

In thousands of USD	**2020**	**2019**
Auditors remuneration exclusive of VAT:		
Audit of group financial statements	161	148
Other services	239	217
Other non-audit services	-	129
Total	400	494

8. Finance income and expenses

In thousands of USD	**2020**	**2019**
Interest income		
- Third party	515	6,321
- Related party loans	26,724	2,388
- Interest on shareholder loans	20,652	15,262
Finance lease interest income	33,112	34,343
Gain on redemption of note	3,740	-
Finance income	84,743	58,314
Interest expense		
- Third party	(162,879)	(105,844)
- Interest on shareholder loans	(15,834)	(29,402)
Interest expense on lease liability	(19,421)	(27,042)
Premium on early repayment of loan	(4,125)	-
Amortisation of deferred costs	(7,455)	(4,528)
Finance expense	(209,714)	(166,816)
Net finance income and expenses	(124,971)	(108,502)

Notes to the financial statements

9. Aircraft and vessel maintenance

In thousands of USD	**2020**	**2019**
Aircraft and vessel maintenance	3,618	14,783
Total aircraft and vessel maintenance expense	3,618	14,783

Aircraft and vessel maintenance costs includes storage, insurance, inspection and preservation costs incurred on ongoing basis and during aircraft lease break periods. During the prior year leases relating to three aircraft were terminated. The Group has since entered into new agreements for all these aircraft.

10. Income tax expense included in the determination of profit or loss for the year

In thousands of USD	**2020**	**2019**
Current tax expense		
Current period	3,348	4,218
Adjustments for prior period	(2,020)	227
Total current tax expense	1,328	4,445
Deferred tax liability		
Origination and reversal of temporary differences	2,495	3,570
Adjustment for prior periods	(746)	422
Total deferred tax liability	1,749	3,992
Total income tax expense	3,077	8,437

Reconciliation of effective tax rate

In thousands of USD		
Profit for the year	19,225	23,240
Income tax using the Company's domestic tax rate (12.5%)	2,403	2,905
Movement in unrecognised deferred tax asset	(490)	90
Losses acquired during the year	-	372
Expenses not deductible for tax purposes	787	606
Income taxable at different rates	2,667	3,816
Adjustment to prior periods and movement in provision	(1,920)	649
Relief on foreign tax paid	(370)	-
Income not taxable	-	(1)
Total tax charge	3,077	8,437

Notes to the financial statements

11. Property, plant and equipment

Consolidated

In thousands of USD	**Aircraft and engines**	**Other assets**	**Total**
Cost			
Balance at 31 December 2018	**1,916,064**	**366**	**1,916,430**
Additions	845,000	195	845,195
Adjustments on transition to IFRS 16	-	1,593	1,593
Disposals	(500)	(100)	(600)
Balance at 31 December 2019	**2,760,564**	**2,054**	**2,762,618**
Additions	40,170	122	40,292
Transfer to finance lease	(39,472)	-	(39,472)
Balance at 31 December 2020	**2,761,262**	**2,176**	**2,763,438**
Depreciation			
Balance at 31 December 2018	**(342,679)**	**(199)**	**(342,878)**
Depreciation for the year	(142,759)	(278)	(143,037)
Disposals	-	87	87
Impairment reversal for the year	2,849	-	2,849
Capitalised maintenance	21,621	-	21,621
Balance at 31 December 2019	**(460,968)**	**(390)**	**(461,358)**
Depreciation for the year	(147,415)	(325)	(147,740)
Transfer to finance lease	12,458	-	12,458
Capitalised maintenance	7,926	-	7,926
Balance as at 31 December 2020	**(587,999)**	**(715)**	**(588,714)**
Carrying amounts			
At 31 December 2019	**2,299,596**	**1,664**	**2,301,260**
At 31 December 2020	**2,173,263**	**1,461**	**2,174,724**

Included in the net carrying amount of other asset above is a right of use asset over the following:

In thousands of USD	**2020**	**2019**
Office building	1,218	1,405

As of 31 December 2020, the Group owned 56 aircraft (2019: 57 aircraft) 50 held for lease on an operating basis and 6 in storage. During the year ended 31 December 2020, the Group purchased 1 aircraft (2019: 13 aircraft) for lease on an operating lease basis and transferred two aircraft to finance leases.

As at 31 December 2020, the Group had prepaid commitment fees or pre-delivery payments of USD 140.6 million in respect of 4 vessels (2019: USD 61 million in respect of 6 aircraft and 2 vessels).

Notes to the financial statements

11. Property, plant and equipment (continued)

The Group's obligations under its secured bank loans are secured by charges over, amongst other things, some of the Group's aircraft with a carrying value of USD 690.1 million (2019: USD 765 million)

At 31 December 2020, the net carrying value of aircraft held under finance lease was USD 279 million (2019: USD 218 million).

The Directors develop the assumptions used in assessing the recoverability of aircraft and engines based on their knowledge of active lease contracts, current and future expectations of the global demand for particular aircraft types and historical experience in the aircraft leasing market and aviation industry, as well as information received from third party sources.

For the year ended 31 December 2020, the Group recorded impairment of USD Nil (2019: Impairment reversal for 2.8 million).

The recoverable amount was determined on the basis of the higher of the value in use and current open market value and management judgement.

Company

In thousands of USD	**Aircraft and engines**	**Other assets**	**Total**
Cost			
Balance at 31 December 2018	**237,155**	**266**	**237,421**
Additions	1	195	196
Adjustments on transition to IFRS 16	-	1,593	1,593
Disposal	-	-	-
Balance at 31 December 2019	**237,156**	**2,054**	**239,210**
Additions	-	114	114
Disposal	-	-	-
Balance at 31 December 2020	**237,156**	**2,168**	**239,324**
Depreciation			
Balance at 31 December 2018	**(77,770)**	**(112)**	**(77,882)**
Depreciation for the year	(14,630)	(278)	(14,908)
Capitalised maintenance	3,777	-	3,777
Balance at 31 December 2019	**(88,623)**	**(390)**	**(89,013)**
Depreciation for the year	(17,106)	(324)	(17,430)
Capitalised maintenance	120	-	120
Balance at 31 December 2020	**(105,609)**	**(714)**	**(106,323)**
Carrying amounts			
At 31 December 2019	**148,533**	**1,664**	**150,197**
At 31 December 2020	**131,547**	**1,454**	**133,001**

Notes to the financial statements

11. Property, plant and equipment (continued)

Included in the net carrying amount of other asset above is a right of use asset over the following:

In thousands of USD	**2020**	**2019**
Office building	1,218	1,405

As of 31 December 2020, the Company owned 7 aircraft (2019: 7 aircraft) held for lease on an operating basis recorded within property, plant and equipment.

For the year ended 31 December 2020, the Company recorded an impairment charge of USD Nil (2019: Nil). The recoverable amount was determined on the basis of the higher of the value in use and current open market value and management judgement.

The Directors develop the assumptions used in assessing the recoverability of aircraft and engines based on their knowledge of active lease contracts, current and future expectations of the global demand for particular aircraft types and historical experience in the aircraft leasing market and aviation industry, as well as information received from third party sources.

12. Other assets

In thousands of USD	**2020**	**2019**
Deferred charges	4,330	4,302
Total other current assets	4,330	4,302
Deferred charges	26,384	30,441
Total other non-current assets	26,384	30,441

Deferred charges
Initial direct costs associated with negotiating and arranging a lease are capitalised as deferred charges. This asset is amortised over the respective lease terms and amortisation recorded as part of operating expenses.

13. Net investment in finance lease receivable

Consolidated

The total net investment in finance leases included in the consolidated statement of financial position represents total lease payments receivable in relation to thirteen aircraft and nineteen vessels as at 31 December 2020 (2019: ten aircraft and seventeen vessels), net of finance charges related to future accounting periods. Finance income is allocated to accounting periods so as to give a constant rate of return on the net cash investment in the lease. During 2020 the Group recognised interest income on lease receivables of USD 33 million (2019: USD 34 million).

Notes to the financial statements

13. Net investment in finance lease receivable (continued)

Consolidated (continued)

The Group subleases seven aircraft that it leased in 2016. The Group has classified the sub leases as finance leases because the subleases are for the whole of the remaining term of head leases. Total interest income on the subleases recognised during the year was USD 16.8 million (2019: USD 18 million).

As at 31 December 2020, the Group has an allowance for expected credit losses on minimum lease payments receivable of USD 507k (2019: USD 246K).

Finance lease receivables are presented in the statement of financial position as follows:

In thousands of USD	**2020**	**2019**
Non-current receivables	366,164	369,626
Less impairment allowance	(7)	(129)
Total non-current receivables	366,157	369,497
Current receivables	57,723	38,657
Less impairment allowance	(500)	(117)
Total current receivables	57,223	38,540

The cost of assets acquired and leased under finance lease at 31 December 2020 was USD 279 million (2019: USD 230 million).

In thousands of USD	**2020**	**2019**
Gross receivables from finance leases:		
No later than one year	97,103	65,956
Later than one year and no later than two years	65,508	65,574
Later than two year and no later than three years	64,859	62,074
Later than three year and no later than four years	62,789	61,451
Later than four year and no later than five years	62,471	59,408
Later than five years	222,364	229,161
Total gross receivables from finance leases	575,094	543,624
Unearned future finance income:	(151,207)	(135,341)
Present value of minimum lease payments receivable	423,887	408,283
Less impairment allowance	(507)	(246)
Net investment in finance leases	423,380	408,037

Notes to the financial statements

13. Net investment in finance lease receivable (continued)

Company

The total net investment in finance leases included in the Company statement of financial position represents total lease payments receivable in relation to two aircraft as at 31 December 2020 (2019: two aircraft), net of finance charges related to future accounting periods. Finance charges are allocated to accounting periods so as to give a constant rate of return on the net cash investment in the lease. During 2020, the company recognised interest income on lease receivables of USD 611k (2019: USD 745k).

As at 31 December 2020, the Company has an allowance for expected credit losses on minimum lease payments receivable of USD 6k. (2019: 8k).

In thousands of USD	**2020**	**2019**
Non-current receivables	3,308	4,778
Less impairment allowance	-	(5)
Total non-current receivables	3,308	4,773
Current receivables	1,470	1,316
Less impairment allowance	(6)	(3)
Total current receivables	1,464	1,313

The cost of assets acquired and leased under finance lease at 31 December 2020 was USD 14.5 million (2019: USD 14.5 million).

In thousands of USD	**2020**	**2019**
Gross receivables from finance leases:		
No later than one year	1,922	1,922
Later than one year and no later than two years	1,922	1,922
Later than two year and no later than three years	1,761	1,922
Later than three year and no later than four years	-	1,761
Later than four year and no later than five years	-	-
Later than five years	-	-
Total gross receivables from finance leases	5,605	7,527
Unearned future finance income on finance leases:	(827)	(1,433)
Present value of minimum lease payments receivable	4,778	6,094
Less impairment allowance	(6)	(8)
Net investment in finance leases	4,772	6,086

Notes to the financial statements

14. Equity accounted investee

A. Associate

In thousands of USD	
Balance at 31 December 2018	474
Share of post-acquisition loss	(7)
Transfer to investment in subsidiary	(467)
Balance at 31 December 2019	-
Balance at 31 December 2020	-

During the prior year, GTLK Europe DAC's equity interest in its associate, Advanced Logistics and Finance Solutions SA ('ALFS'), increased from 49% to 100% and ALFS became a subsidiary from that date. The principal activity of ALFS is planned to be the sourcing and manufacture of aircraft spare parts, however, as at the reporting date ALFS has not yet commenced trading.

The associate was accounted for using the equity method in these consolidated financial statements up to the date of acquisition of full shareholding.

B. Joint venture

In thousands of USD	
Balance at 31 December 2018	-
Cost of investment in joint venture	281
Share of post-acquisition loss (limited to investment balance)	(281)
Balance at 31 December 2019	-
Transfer from loans to related parties (net of impairment)	62
Share of post -acquisition loss (limited to investment balance)	(62)
Balance at 31 December 2020	-

During the prior year, the Group acquired a 50% equity interest in Aurum Leasing Limited (Aurum) and has joint control. The principal activity of Aurum is the purchasing and leasing of aircraft. The results of the joint venture for the year were not material for the Group. During the current year, the Group converted a loan to the joint venture with a carrying value of USD 62k to equity.

The investment in the joint venture is accounted for using the equity method in these consolidated financial statements in accordance with IAS 28.

Notes to the financial statements

15. Intangible assets

Consolidated

In thousands of USD	**2020**	**2019**
Current intangible assets	11,373	9,069
Non- current intangible assets	42,253	43,597
Total intangible assets	53,626	52,666

The Group recognises lease intangibles in relation to the acquisition of aircraft that were purchased with a lease attached. These intangibles are accounted for in accordance with IAS 38 - Intangible assets.

Lease intangibles represent the value of an acquired lease rental above or below the market rate for leases of a similar type of aircraft. Lease intangibles recognised at 31 December 2020 relate to 17 aircraft (2019: 17 aircraft).

During the year ended 31 December 2020, the Group entered into an agreement to acquire a treasury management system. The license and implementation of the system was capitalised as an intangible asset.

Movements

In thousands of USD	
Balance at 31 December 2018	31,964
Amortisation	(4,815)
Additions	25,517
Balance at 31 December 2019	52,666
Amortisation	(10,491)
Additions	11,451
Balance at 31 December 2020	53,626

Lease intangibles are amortised on a straight-line basis over the remaining life of the lease. Software intangible asset will be amortised over the term of the licensing agreement. The amortisation is recognised in depreciation and amortisation.

Company

In thousands of USD	**2020**	**2019**
Current intangible assets	51	-
Non- current intangible assets	184	-
Total intangible assets	235	-

During the year ended 31 December 2020, the Company entered into an agreement to acquire treasury management system. The license and implementation of the system was capitalised as an intangible asset.

Notes to the financial statements

15. Intangible assets (continued)

Company (continued)

Movements

In thousands of USD	
Balance at 31 December 2019	-
Amortisation	(21)
Additions	256
Balance at 31 December 2020	235

Software intangible asset will be amortised over the term of the licensing agreement. The amortisation is recognised in depreciation and amortisation.

16. Cash and cash equivalents

Consolidated

In thousands of USD	**2020**	**2019**
Unrestricted bank balances	525,725	59,137
Cash and cash equivalents	525,725	59,137
Bank balances subject to withdrawal restrictions	10,448	40,815
Restricted cash	10,448	40,815

Total cash and cash resources comprise cash and cash equivalent and restricted cash.

Cash and cash resources subject to withdrawal restrictions represent cash securing the Group's obligations under third party loan and lease agreements.

Company

In thousands of USD	**2020**	**2019**
Unrestricted bank balances	89,725	12,570
Cash and cash equivalents	89,725	12,570

Notes to the financial statements

17. Trade and other receivables

Consolidated

In thousands of USD	**2020**	**2019**
Trade receivables	161,358	27,510
Notes and other receivables	1,730	1,994
Deposits paid	-	130
Less impairment allowance	(421)	(307)
Total current trade and other receivables	162,667	29,327

In thousands of USD	**2020**	**2019**
Trade receivables	50,025	22,210
Deposits paid	1,955	1,955
Less impairment allowance	-	-
Total non-current trade and other receivables	51,980	24,165

Trade receivables represent rent, maintenance and other charges related to the lease of aircraft and vessels to lessees, owing by lessees. Notes and other receivables represent mainly consumption tax receivable which the Group collects on behalf of local tax authorities. Deposits paid relate to cash security paid in respect of 5 aircraft. Security deposits are refundable at the end of the contract lease period after all lease obligations have been met.

All of the Group’s trade and other receivables in the comparative periods have been reviewed for indicators of impairment. Both the current and comparative impairment provisions apply the IFRS 9 expected loss model.

The Group had the following activity in allowance for impairment of receivables:

In thousands of USD	
Balance at 31 December 2018	324
Credit for the year	(17)
Balance at 31 December 2019	307
Debit for the year	114
Balance at 31 December 2020	421

Information about the Group’s exposure to credit and market risks, and impairment losses for trade receivables is included in note 27.

The Group's trade receivables are secured by security deposits, letters of credits and maintenance reserves that the Group holds on behalf of its customers. See details of the Group's risk management policies in note 27.

Notes to the financial statements

17. Trade and other receivables(continued)

Company

In thousands of USD	**2020**	**2019**
Trade receivables	19,658	467
Other receivables	1,327	1,137
Less impairment allowance	(114)	-
Net trade and other receivables	20,871	1,604

Trade receivables represent rent and other charges related to the lease of aircraft and vessels to lessees, owing by lessees. Other receivables represent mainly consumption tax receivable which the Company collects on behalf of local tax authorities.

The Company had the following activity in allowance for impairment of receivables:

In thousands of USD	
Balance at 31 December 2018	21
Credit for the year	(21)
Balance at 31 December 2019	-
Debit for the year	114
Balance at 31 December 2020	114

Information about the Company's exposure to credit and market risks, and impairment losses for trade receivables is included in note 27.

The Company's trade receivables are secured by security deposits, letters of credits and maintenance reserves that the Company holds on behalf of its customers. See details of the Group's risk management policies in note 27.

18. Deposits for asset purchases

Consolidated

In thousands of USD	
Balance at 31 December 2018	58,153
Increase in purchase deposits	61,703
Less impairment allowance	(97)
Transferred to property plant and equipment as aircraft	(58,153)
Balance at 31 December 2019	61,606
Increase in purchase deposits	84,173
Capitalised interest	7,144
Less movement in impairment allowance	(155)
Amounts refunded	(5,300)
Transferred to property plant and equipment as aircraft	(2,588)
Balance at 31 December 2020	144,880

Notes to the financial statements

18. Deposits for asset purchases(continued)

Company

In thousands of USD	
Balance at 31 December 2018	-
Increase in purchase deposits	7,500
Balance at 31 December 2019	7,500
Transferred to property plant and equipment as aircraft in subsidiary	(2,500)
Amounts refunded	(5,000)
Balance at 31 December 2020	-

19. Loans and other receivables

Consolidated

Movements *In thousands of USD*	**Total**
Balance at 31 December 2018	160,346
Advanced during the year	2,882
Net movement in interest accrued	(945)
Repayments during the year	(162,296)
Impairment reversal	13
Balance at 31 December 2019	-
Balance at 31 December 2020	-

During prior years, the Group entered into a loan agreement with a third party to finance the construction of two cranes and pontoons. As part of this agreement, the same third party has entered into a sale and lease back agreement with the Group in relation to these assets upon completion of construction.

During prior years, the Group entered into a loan agreement with a third-party entity to secure its intention to acquire an aircraft owned by the same entity. The facility was secured by a charge over the underlying aircraft and the issued shares of the entity. The facility provided for either the purchase of the aircraft or the acquisition of the shares in the entity upon completion. During the prior year, the Group purchased the shares of the entity and the loan was repaid.

Notes to the financial statements

19. Loans and other receivables(continued)

Company

Movements

In thousands of USD	**Total**
Balance at 31 December 2018	151,403
Net movement in interest accrued	(406)
Repayments during the year	(151,000)
Impairment reversal	3
Balance at 31 December 2019	-
Balance at 31 December 2020	-

During prior years, the Company entered into a loan agreement with a third-party entity to secure its intention to acquire an aircraft owned by the same entity. The facility was secured by a charge over the underlying aircraft and the issued shares of the entity. The facility provided for either the purchase of the aircraft or the acquisition of the shares in the entity upon completion. During the prior year, the Company purchased the shares of the entity and the loan was repaid.

20. Loans and borrowings

Consolidated

The contractual terms of the Group's interest-bearing loans and borrowings are:

In thousands of USD	**2020**	**2019**
Secured bank loans	473,216	541,899
Unsecured bank loans	49,084	38,420
Unsecured bond issues	2,996,259	2,050,000
Accrued and unpaid interest	41,808	29,768
Total bank loans	3,560,367	2,660,087
Debt issuance costs	(38,274)	(25,850)
Net loans and borrowings	3,522,093	2,634,237

In thousands of USD	**2020**	**2019**
Non-current liabilities		
Secured bank loans	400,710	473,216
Unsecured bank loans	24,542	34,151
Unsecured bond issues	2,646,259	2,050,000
Debt issuance costs	(30,139)	(19,906)
Non-current loans and borrowings	3,041,372	2,537,461
Current liabilities		
Secured bank loans	73,574	69,959
Unsecured bank loans	24,546	4,272
Unsecured bond issues	390,736	28,488
Debt issuance costs	(8,135)	(5,943)
Current loans and borrowings	480,721	96,776

Amortisation of debt issuance costs included in finance expenses was USD 7.5 million during the year ended 31 December 2020 (2019: USD 4.5 million). The unamortised debt issuance costs amortise over the term of the related borrowing.

Notes to the financial statements

20. Loans and borrowings (continued)

Consolidated (**continued**)

Movements

In thousands of USD	**Total**
Balance at 31 December 2019	**2,634,237**
Charges from finance cashflows	
Loans issued	1,108,195
Loans repaid	(224,673)
Forex translation differences	4,717
Total charges from finance cashflows	**888,239**
Other charges	
Interest paid	(148,972)
Interest expense	161,013
Debt issuance costs paid	(19,879)
Debt issuance costs amortised	7,455
Total other charges	**(383)**
Balance at 31 December 2020	**3,522,093**

Terms and conditions of outstanding loans at 31 December 2020 were as follows:

In thousands of USD	**Average nominal interest rate**	**Year of maturity**	**2020**
Fixed rate loans:			
Unsecured bond issue	5.95%	2021	350,000
Unsecured bond issue	5.125%	2024	500,000
Unsecured bond issue	5.95%	2025	500,000
Unsecured bond issue	4.949%	2026	550,000
Unsecured bond issue	4.65%	2027	600,000
Unsecured bond issue	4.8%-5.27%	2028	496,259
Unsecured bank loan	3.20%	2022	49,084
Secured bank loans	5.66%-5.7%	2022-2025	255,900
Total interest-bearing liabilities			3,301,243

In thousands of USD	**Average nominal interest rate**	**Year of maturity**	**2020**
Floating rate loans			
Floating secured bank loan	LIBOR+ 2.5%	2027	217,316

Notes to the financial statements

20. Loans and borrowings (continued)

Consolidated (**continued**)

Terms and conditions of outstanding loans at 31 December 2019 were as follows:

In thousands of USD	**Average nominal interest rate**	**Year of maturity**	**2019**
Fixed rate loans:			
Unsecured bond issue	5.95%	2021	500,000
Unsecured bond issue	5.125%	2024	500,000
Unsecured bond issue	5.95%	2025	500,000
Unsecured bond issue	4.949%	2026	550,000
Unsecured bank loan	3.20%	2022	38,420
Secured bank loans	5.66%-5.7%	2022-2025	294,151
Total interest-bearing liabilities			2,382,571

In thousands of USD	**Average nominal interest rate**	**Year of maturity**	**2019**
Floating rate loans			
Floating secured bank loan	LIBOR+ 2.5%	2027	247,748

Number of aircraft and vessels used as collateral for the following facilities:

Facility:	**2020**	**2019**
Secured bank loan	17 Aircraft	17 Aircraft

In addition, the secured bank loans, unsecured bank loans and unsecured bond issues are guaranteed by the Ultimate Parent.

The aggregate principal repayment amounts of loans for each of the fiscal years subsequent to 31 December 2020 is as follows:

	Principal cash flows		**Contractual cash flow ***	
In thousands of USD	**2020**	**2019**	**2020**	**2019**
Due within one year	447,048	72,952	621,701	210,234
Due between one and five years	1,384,567	1,411,333	1,947,997	1,856,485
Due after five years	1,686,944	1,146,034	1,807,432	1,206,792
Total	3,518,559	2,630,319	4,377,130	3,273,511

* Contractual cash flows include both scheduled payments of principal and interest.

Notes to the financial statements

20. Loans and borrowings (continued)

Company

The contractual terms of the Company's interest-bearing loans and borrowings are:

In thousands of USD	**2020**	**2019**
Unsecured bank loans	49,084	38,420
Unsecured bond issues	850,000	1,000,000
Accrued and unpaid interest	11,616	15,646
Total bank loans	910,700	1,054,066
Debt issuance costs	(3,692)	(6,019)
Net loans and borrowings	907,008	1,048,047

In thousands of USD	**2020**	**2019**
Non-current liabilities		
Unsecured bank loans	24,542	34,151
Unsecured bond issues	500,000	1,000,000
Debt issuance costs	(2,157)	(3,749)
Non-current loans and borrowings	522,385	1,030,402
Current liabilities		
Unsecured bank loans	24,546	4,272
Unsecured bond issues	361,612	15,643
Debt issuance costs	(1,535)	(2,270)
Current loans and borrowings	384,623	17,645

Amortisation of debt issuance costs included in finance expenses was USD 2.5 million during the year ended 31 December 2020 (2019: USD 2 million). The unamortised debt issuance costs amortise over the term of the related borrowing.

Movements

In thousands of USD	**Total**
Balance at 31 December 2019	**1,048,047**
Charges from finance cashflows	
Loans issued	11,936
Loans repaid	(155,990)
Forex translation differences	4,725
Total charges from finance cashflows	**(139,329)**
Other charges	
Interest paid	(59,448)
Interest expense	55,411
Debt issuance costs paid	(218)
Debt issuance costs amortised	2,545
Total other charges	**(1,710)**
Balance at 31 December 2020	**907,008**

Terms and conditions of outstanding loans at 31 December 2020 were as follows:

Notes to the financial statements

20. Loans and borrowings (continued)

Company (continued)

In thousands of USD	**Average nominal interest rate**	**Year of maturity**	**2020**
Fixed rate loans:			
Unsecured bank loan	3.20%	2022	49,084
Unsecured bond issue	5.95%	2021	350,000
Unsecured bond issue	5.125%	2024	500,000
Total interest-bearing liabilities			899,084

Terms and conditions of outstanding loans at 31 December 2019 were as follows:

In thousands of USD	**Average nominal interest rate**	**Year of maturity**	**2019**
Fixed rate loans:			
Unsecured bank loan	3.20%	2022	38,420
Unsecured bond issue	5.95%	2021	500,000
Unsecured bond issue	5.125%	2024	500,000
Total interest-bearing liabilities			1,038,420

The unsecured bond issues and bank loans are guaranteed by the Ultimate Parent.

The aggregate principal repayment amounts of loans for each of the fiscal years subsequent to 31 December 2020 is as follows:

	Principal cash flows		**Contractual cash flow ***	
In thousands of USD	**2020**	**2019**	**2020**	**2019**
Due within one year	374,542	4,269	422,289	60,899
Due between one and five years	524,542	1,034,151	589,112	1,154,850
Due after five years	-	-	-	-
Total	899,084	1,038,420	1,011,401	1,215,749

* Contractual cash flows include both scheduled payments of principal and interest.

Notes to the financial statements

21. Deferred tax assets and liabilities

Consolidated

Consolidated deferred tax assets and liabilities are attributable to the following:

In thousands of USD	**Assets 2020**	**Liabilities 2020**	**Net 2020**
Property, plant and equipment	-	(90,355)	(90,355)
Trade losses	74,332	-	74,332
Tax assets / (liabilities)	74,332	(90,355)	(16,023)
Set off	(74,332)	74,332	-
Net tax liabilities	-	(16,023)	(16,023)

In thousands of USD	**Assets 2019**	**Liabilities 2019**	**Net 2019**
Property, plant and equipment	-	(68,717)	(68,717)
Trade losses	54,443	-	54,443
Tax assets / (liabilities)	54,443	(68,717)	(14,274)
Set off	(54,443)	54,443	-
Net tax liabilities	-	(14,274)	(14,274)

The Group uses the balance sheet method for accounting for deferred taxes. Under the balance sheet method, deferred taxes are recognised for all temporary differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled. The effect on deferred taxes of changes in the tax rate is recognised in the statement of profit or loss and other comprehensive income in the period that includes the enactment date.

The Group records a valuation allowance for deferred tax assets when the probability of realisation of the asset is less than more likely. Changes in recognition or measurement are reflected in the period in which the change in judgement occurs. In assessing the reliability of deferred tax assets, the Group considers whether it is probable that some or all of the deferred tax assets will not be realised.

All available evidence is considered and weighed to determine whether a valuation allowance is needed or should be removed. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of existing taxable temporary differences (including the impact of available carry-back and carry·-forward periods) projected future taxable income and tax planning strategies in making this assessment. Based upon the level of historical taxable income, the fact that the Group has an overall net deferred tax liability as opposed to a net deferred tax asset and projections for future taxable income over periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Group will realise the benefits of these deductible differences (net of the existing valuation allowances at 31 December 2020) in the future when it realises the value from its assets and ongoing business operations. This position will continue to be closely monitored by management and assessments of realisability will be revised as appropriate based on all available evidence.

Notes to the financial statements

21. Deferred tax assets and liabilities (continued)

Consolidated (continued)

At 31 December 2020, the Group had an unrecognised deferred tax asset of USD 20.7 million in respect of tax losses (2019: USD 15 million). The Group is allowed to carry forward any Irish tax losses for an indefinite period to be offset against income of the same trade.

Deferred tax assets are only recorded when the probability of realisation of that assets against future taxable income is more likely than not. The Group in assessing the above probability considers whether it is probable that future taxable income amounts would be enough to cover the total amount of temporary differences, non-deductible costs and unused tax credits. Deferred tax assets may be reduced to the extent that the probability that some or all of such assets will not be realised no longer exists.

The Group files income tax returns in Ireland, Lithuania and Malta. The period from 31 December 2014 to 31 December 2020 remain open to examination by the Irish Revenue authorities.

Company

Deferred tax assets and liabilities are attributable to the following:

In thousands of USD	**Assets 2020**	**Liabilities 2020**	**Net 2020**
Property, plant and equipment	-	(14,266)	(14,266)
Trade losses	10,882	-	10,882
Tax assets / (liabilities)	10,882	(14,266)	(3,384)
Set off	(10,882)	10,882	-
Net tax liabilities	-	(3,384)	(3,384)

In thousands of USD	**Assets 2019**	**Liabilities 2019**	**Net 2019**
Property, plant and equipment	-	(12,636)	(12,636)
Trade losses	9,118	-	9,118)
Tax assets / (liabilities)	9,118	(12,636)	(3,518)
Set off	(9,118)	9,118	-
Net tax liabilities	-	(3,518)	(3,518)

At 31 December 2020, the Company had no unrecognised deferred tax asset in respect of tax losses (2019: USD nil).

Notes to the financial statements

22. Finance lease liabilities

Consolidated

Lease liabilities are presented in the statement of financial position as follows:

In thousands of USD	**2020**	**2019**
Current lease liabilities	33,800	32,286
Non-current lease liabilities	323,803	357,846
Total lease liabilities	357,603	390,132

During the year the Group recognised an interest expense on lease liabilities of USD 19 million (2019: USD 27 million).

The Group has leases on office buildings and aircraft. With the exception of subleased assets and short-term leases, each lease is reflected in the statement of financial position as a right of use asset or property plant and equipment and a lease liability. The Group classifies its right of use assets in a consistent manner to its property plant and equipment (see note 11).

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on balance sheet:

Right of use asset	No. of right of use assets leased	Range of remaining terms	Average lease term	No. of leases with extension options	No. of leases with options to purchase	No. of leases with variable payments linked to an index	No of leases with termination options
Office buildings	1	6 years	10 years	0	0	0	0

Future minimum lease payments required as at 31 December 2020 were as follows:

In thousands of USD	**2020**	**2019**
Gross payables :		
No later than one year	51,345	51,714
Later than one year and no later than two years	51,710	51,710
Later than two year and no later than three years	51,710	51,710
Later than three year and no later than four years	51,710	51,710
Later than four year and no later than five years	51,709	51,709
Later than five years	187,883	239,593
Total gross payables	446,067	498,146
Future finance charges finance leases:	(88,464)	(108,013)
Net finance leases payables	357,603	390,132

The Group has elected not to recognise a lease liability for short term leases with an expected lease term of 12 months or less. Payments made under such leases are expensed on a straight-line basis.

Notes to the financial statements

22. Finance lease liabilities (continued)

Consolidated (continued)

Additional information on right of use assets is as follows:

In thousands of USD	Carrying value	Depreciation	Impairment
Office building	1,218	187	-

Company

Lease liabilities are presented in the statement of financial position as follows:

In thousands of USD	**2020**	**2019**
Current lease liabilities	176	160
Non-current lease liabilities	1,125	1,291
Total lease payables	1,301	1,451

The Company has a lease for an office building. The lease is reflected on the statement of financial position as a right of use asset and a finance lease liability. The Company classifies its right of use asset in a consistent manor to its property, plant and equipment (see note 11).

The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognised on balance sheet:

Right of use asset	No. of right of use assets leased	Range of remaining terms	Average lease term	No. of leases with extension options	No. of leases with options to purchase	No. of leases with variable payments linked to an index	No of leases with termination options
Office buildings	1	6 years	10 years	0	0	0	0

Future minimum lease payments required as at 31 December 2020 were as follows:

In thousands of USD	**2020**	**2019**
Gross payables:		
No later than one year	253	247
Later than one year and no later than two years	243	243
Later than two year and no later than three years	243	243
Later than three year and no later than four years	243	243
Later than one year and no later than five years	243	243
Later than five years	364	607
Total gross payables	1,589	1,826
Future finance charges finance leases:	(288)	(375)
Net finance leases payables	1,301	1,451

Notes to the financial statements

22. Finance lease liabilities (continued)

Company (continued)

The Company has elected not to recognise a lease liability for short term leases with an expected lease term of 12 months or less. Payments made under such leases are expensed on a straight-line basis.

Additional information on right of use assets is as follows:

In thousands of USD	Carrying value	Depreciation	Impairment
Office building	1,218	187	-

23. Trade and other payables

Consolidated

In thousands of USD	**2020**	**2019**
Deferred lease revenue	16,189	19,783
Deposits held	5,712	2,194
Gain on transfer to finance lease	215	180
Other liabilities and accruals	5,357	8,782
Total current trade and other payables	27,473	30,939

In thousands of USD	**2020**	**2019**
Deferred lease revenue	21,616	24,925
Deposits held	15,837	14,898
Gain on transfer to finance lease	1,199	870
Total non-current trade and other payables	38,652	40,693

Deposits held
Deposits held relate to cash security received with respect to 24 aircraft, 4 vessels and 1 helicopter (2019: 22 aircraft and 1 helicopter). In addition, the Group holds security on lease obligations in the form of letters of credit in the amount of USD 26.3 million as of 31 December 2020 (2019: USD 26.2 million). Security deposits are refundable at the end of the contract lease period after all lease obligations have been met by the lessee.

Company

In thousands of USD	**2020**	**2019**
Deferred lease revenue	1,208	1,213
Deposits held	2,520	790
Other liabilities and accruals	2,770	2,833
Total current trade and other payables	6,498	4,836

In thousands of USD	**2020**	**2019**
Deposits held	2,120	3,850
Total non-current trade and other payables	2,120	3,850

Deposits held
Deposits held relate to cash security received with respect of 7 aircraft and 1 helicopter (2019: 7 aircraft and 1 helicopter). Security deposits are refundable at the end of the contract lease period after all lease obligations have been met by the lessee.

Notes to the financial statements

24. Share capital and capital contribution

Consolidated and Company

In thousands of USD	Share capital	Capital contribution
At 31 December 2018	12	3,076
At 31 December 2019	12	3,076
At 31 December 2020	12	3,076

The authorised share capital of the Company at 31 December 2020 and 31 December 2019 comprised 100 ordinary shares of EUR 100 par value each.

The issued share capital of the Company at 31 December 2020 and 31 December 2019 comprised 100 ordinary shares of EUR 100 each issued and fully paid.

25. Financial instruments fair value

Consolidated

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

- Level 1: quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The following table analyses the fair value of financial instruments not measured at fair value and whose carrying value does not equal fair value by the level in the fair value hierarchy into which each fair value measurement is categorised as at 31 December 2020.

Notes to the financial statements

25. Financial instruments fair value (continued)

Consolidated (continued)

In thousands of USD	Level 1	Level 2	Level 3	Total	Carrying amount
Trade and other receivables	-	214,193	-	**214,193**	**214,647**
Finance lease receivable	-	432,339	-	**432,339**	**423,380**
Loans and other receivables	-	897,411	-	**897,411**	**875,738**
External borrowings	-	(3,698,639)	-	**(3,698,639)**	**(3,560,367)**
Borrowings from shareholder	-	(439,191)	-	**(439,191)**	**(438,601)**
Trade and other payables	-	(26,211)	-	**(26,211)**	**(26,906)**

The fair value of such financial instruments is categorised as at 31 December 2019 is as follows:

In thousands of USD	Level 1	Level 2	Level 3	Total	Carrying amount
Trade and other receivables	-	50,044	-	**50,044**	**53,515**
Finance lease receivable	-	416,569	-	**416,569**	**408,038**
Loans and other receivables	-	475,118	-	**475,118**	**462,311**
External borrowings	-	(2,717,270)	-	**(2,717,270)**	**(2,660,087)**
Borrowings from shareholder	-	(318,119)	-	**(318,119)**	**(324,483)**
Trade and other payables	-	(23,882)	-	**(23,882)**	**(25,874)**

Company

In thousands of USD	Level 1	Level 2	Level 3	Total	Carrying amount
Finance lease receivable	-	5,133	-	**5,133**	**4,772**
Loans and other receivables	-	1,099,492	-	**1,099,492**	**1,094,171**
External borrowings	-	(953,484)	-	**(953,484)**	**(910,700)**
Borrowings from shareholder	-	(328,020)	-	**(328,020)**	**(333,087)**
Trade and other payables	-	(7,463)	-	**(7,463)**	**(7,410)**

The fair value of such financial instruments is categorised as at 31 December 2019 is as follows:

In thousands of USD	Level 1	Level 2	Level 3	Total	Carrying amount
Finance lease receivable	-	6,418	-	**6,418**	**6,086**
Loans and other receivables	-	1,042,418	-	**1,042,418**	**1,027,132**
External borrowings	-	(1,059,153)	-	**(1,059,153)**	**(1,054,066)**
Borrowings from shareholder	-	(183,322)	-	**(183,322)**	**(191,500)**
Trade and other payables	-	(7,891)	-	**(7,891)**	**(7,473)**

25. Financial instruments fair value (continued)

The fair value of financial assets and financial liabilities are measured as the net present value of the future cash flows included in the level 2 categories above discounted at the underlying interest rate as adjusted for movements in market interest rates.

26. Related party transactions

Parent and ultimate controlling party

The Company's 99% shareholder is GTLK Finance Limited (the "Parent") and 1% shareholder is JSC "GTLK" ("The Ultimate Parent"). GTLK Finance Limited is a wholly owned subsidiary of JSC "GTLK", therefore the Group consider the ultimate controlling party of the Group to remain JSC "GTLK", a company incorporated under the laws of the Russian Federation.

During prior years, the Company provided a guarantee to a third-party financier as security for the Ultimate Parent's obligations. Pursuant to the guarantee, the Company, as guarantor, guaranteed to the third-party financier the payment, discharge and performance by the Ultimate Parent of all the present and future liabilities under the facilities or any unpaid portion thereof.

The guarantee will continue in force until the Ultimate Parent discharges in full all obligations under the facilities.

During prior years, the Ultimate Parent provided guarantees to the Group in respect of guaranteed notes it issued and facilities drawn down. As security for the Group's obligations under the notes and facilities the Ultimate Parent guaranteed to the trustee of the notes the payment of principal and/or interest and/or any other amounts payable under the notes and facilities. The Ultimate Parent's obligations under the guarantee are continuing and will remain in force until all sums under the guaranteed bonds and facilities have been discharged. Pursuant to the guarantee, the Ultimate Parent has also provided an indemnity to the trustee for any cost, losses and expenses incurred as a result of the recovery of any amounts due to the trustee by the Company.

Notes to the financial statements

26. Related party transactions (continued)

Significant subsidiaries and registered offices

Company	Registered Office	Shareholding
GTLK 5 737 Limited	2 Hume Street, Dublin 2, Ireland.	100%
GTLK AFL Limited	3rd Floor, Par La Ville, 14 Par-La-Ville Road, Hamilton HM 08, Bermuda	100%
GTLK BO1 Limited	3rd Floor, Par La Ville, 14 Par-La-Ville Road, Hamilton HM 08, Bermuda	100%
GTLK BO2 Limited	3rd Floor, Par La Ville, 14 Par-La-Ville Road, Hamilton HM 08, Bermuda	100%
GTLK BO3 Limited	3rd Floor, Par La Ville, 14 Par-La-Ville Road, Hamilton HM 08, Bermuda	100%
GTLK BO4 Limited	3rd Floor, Par La Ville, 14 Par-La-Ville Road, Hamilton HM 08, Bermuda	100%
GTLK BO5 Limited	3rd Floor, Par La Ville, 14 Par-La-Ville Road, Hamilton HM 08, Bermuda	100%
GTLK BO6 Limited	3rd Floor, Par La Ville, 14 Par-La-Ville Road, Hamilton HM 08, Bermuda	100%
GTLK Lietuva 01 UAB	Savickio str. 4, Vilnius, the Republic of Lithuania	100%
STLC Europe One Leasing Limited	2 Hume Street, Dublin 2, Ireland.	100%
STLC Europe Two Leasing Limited	2 Hume Street, Dublin 2, Ireland.	100%
STLC Europe Three Leasing Limited	2 Hume Street, Dublin 2, Ireland.	100%
STLC Europe Four Leasing Limited	2 Hume Street, Dublin 2, Ireland.	100%
STLC Europe Five Leasing Limited	2 Hume Street, Dublin 2, Ireland.	100%
STLC Europe Six Leasing Limited	2 Hume Street, Dublin 2, Ireland.	100%
STLC Europe Seven Leasing Limited	2 Hume Street, Dublin 2, Ireland.	100%
STLC Europe Eight Leasing Limited	2 Hume Street, Dublin 2, Ireland.	100%
STLC Europe Nine Leasing Limited	2 Hume Street, Dublin 2, Ireland.	100%
STLC Europe Ten Leasing Limited	2 Hume Street, Dublin 2, Ireland.	100%
STLC Europe Eleven Leasing Limited	2 Hume Street, Dublin 2, Ireland.	100%
STLC Europe Twelve Leasing Limited	2 Hume Street, Dublin 2, Ireland.	100%
STLC Europe Thirteen Leasing Limited	2 Hume Street, Dublin 2, Ireland.	100%
STLC Europe Fourteen Leasing Limited	2 Hume Street, Dublin 2, Ireland.	100%
STLC Europe Fifteen Leasing Limited	2 Hume Street, Dublin 2, Ireland.	100%
STLC Europe Sixteen Leasing Limited	2 Hume Street, Dublin 2, Ireland.	100%
STLC Europe Seventeen Leasing Limited	2 Hume Street, Dublin 2, Ireland.	100%
STLC Europe Eighteen Leasing Limited	2 Hume Street, Dublin 2, Ireland.	100%
STLC Europe Nineteen Leasing Limited	2 Hume Street, Dublin 2, Ireland.	100%
STLC Europe Twenty Leasing Limited	2 Hume Street, Dublin 2, Ireland.	100%
STLC Europe Twenty-One Leasing Limited	2 Hume Street, Dublin 2, Ireland.	100%
STLC Europe Twenty-Two Leasing Limited	2 Hume Street, Dublin 2, Ireland.	100%
STLC Europe Twenty-Three Leasing Limited	2 Hume Street, Dublin 2, Ireland.	100%
STLC Europe Twenty-Four Leasing Limited	2 Hume Street, Dublin 2, Ireland.	100%
STLC Europe Twenty-Five Leasing Limited	2 Hume Street, Dublin 2, Ireland.	100%
STLC Europe Twenty-Seven Leasing Limited	2 Hume Street, Dublin 2, Ireland.	100%
STLC Europe Twenty-Eight Leasing Limited	2 Hume Street, Dublin 2, Ireland.	100%
STLC Europe Twenty-Nine Leasing Limited	2 Hume Street, Dublin 2, Ireland.	100%
STLC Europe Thirty Leasing Limited	2 Hume Street, Dublin 2, Ireland.	100%
STLC Europe Thirty -One Leasing Limited	2 Hume Street, Dublin 2, Ireland.	100%
STLC Europe Thirty- Two Leasing Limited	2 Hume Street, Dublin 2, Ireland.	100%

Notes to the financial statements

26. Related party transactions (continued)

Significant subsidiaries and registered offices (continued)

Company	Registered Office	Shareholding
STLC Europe Thirty- Three Leasing Limited	2 Hume Street, Dublin 2, Ireland.	100%
STLC Europe Thirty-Four Leasing Limited	2 Hume Street, Dublin 2, Ireland.	100%
STLC Europe Thirty-Five Leasing Limited	2 Hume Street, Dublin 2, Ireland.	100%
STLC Finance One Limited	2 Hume Street, Dublin 2, Ireland.	100%
STLC Finance Two Limited	2 Hume Street, Dublin 2, Ireland.	100%
GTLK Europe Capital Limited	2 Hume Street, Dublin 2, Ireland.	100%
GTLK Malta Limited	171, Old Bakery St., Valletta VLT 1455, Malta	100%
GTLK Malta Two Limited	171, Old Bakery St., Valletta VLT 1455, Malta	100%
GTLK Malta Three Limited	171, Old Bakery St., Valletta VLT 1455, Malta	100%
GTLK Malta Four Limited	171, Old Bakery St., Valletta VLT 1455, Malta	100%
GTLK Malta Five Limited	171, Old Bakery St., Valletta VLT 1455, Malta	100%
GTLK Malta Six Limited	171, Old Bakery St., Valletta VLT 1455, Malta	100%
GTLK Middle East Limited	7WA Building, Dubai Airport Freezone, Dubai, United Arab Emirates.	100%
GTLK Middle East SPV One Limited*	3530, 35th Floor, Al Maqam Tower, Abu Dhabi Global Market Square,United Arab Emirates	100%
GTLK Middle East SPV Two Limited*	3530, 35th Floor, Al Maqam Tower, Abu Dhabi Global Market Square, United Arab Emirates	100%
GTLK Middle East SPV Three Limited*	Unit 15 -139, 15th Floor, Al Khatem Tower, Abu Dhabi Global Market Square, Al Maryah Island	100%
GTLK Middle East SPV Four Limited*	Unit 15 -139, 15th Floor, Al Khatem Tower, Abu Dhabi Global Market Square, Al Maryah Island	100%
GTLK Middle East SPV Five Limited*	Unit 15 -139, 15th Floor, Al Khatem Tower, Abu Dhabi Global Market Square, Al Maryah Island	100%
GTLK Middle East SPV Six Limited*	Unit 15 -139, 15th Floor, Al Khatem Tower, Abu Dhabi Global Market Square, Al Maryah Island	100%
GTLK Middle East SPV Seven Limited*	Unit 15 -139, 15th Floor, Al Khatem Tower, Abu Dhabi Global Market Square, Al Maryah Island	100%
GTLK Middle East SPV Eight Limited*	Unit 15 -139, 15th Floor, Al Khatem Tower, Abu Dhabi Global Market Square, Al Maryah Island	100%
Advanced Logistics & Finance Solutions SA	39 Via Clementa Mariani, 6900 Lugano, Switzerland	100%

**Entities newly incorporated during 2020*

Notes to the financial statements

26. Related party transactions (continued)

Significant subsidiaries and registered offices (continued)

The principal activity of the above entities is the sale and leasing of aircraft and vessels and provision of administrative services to related parties.

Company	**Net assets / (liabilities)**	**Profit / (loss)**
	As at 31 December 2020	**Year / period ended 31 December 2020**
In thousands of USD		
GTLK 5 737 Limited	(8,446)	(392)
GTLK AFL Limited	(14)	(9)
GTLK BO1 Limited	21	(9)
GTLK BO2 Limited	(3)	(12)
GTLK BO3 Limited	12	(9)
GTLK BO4 Limited	12	(9)
GTLK BO5 Limited	(21)	(9)
GTLK BO6 Limited	82	(9)
GTLK Lietuva 01 UAB	175	(35)
STLC Europe One Leasing Limited	31,890	7,966
STLC Europe Two Leasing Limited	25,952	11,868
STLC Europe Three Leasing Limited	5,761	2,494
STLC Europe Four Leasing Limited	16,711	7,363
STLC Europe Five Leasing Limited	(20,024)	(5,230)
STLC Europe Six Leasing Limited	(3,888)	(970)
STLC Europe Seven Leasing Limited	6,041	4,482
STLC Europe Eight Leasing Limited	995	(381)
STLC Europe Nine Leasing Limited	(6,530)	(6,031)
STLC Europe Ten Leasing Limited	61	90
STLC Europe Eleven Leasing Limited	(881)	(332)
STLC Europe Twelve Leasing Limited	(24,157)	(19,467)
STLC Europe Thirteen Leasing Limited	1,961	2,080
STLC Europe Fourteen Leasing Limited	3,036	1,845
STLC Europe Fifteen Leasing Limited	(14,560)	(1,341)
STLC Europe Sixteen Leasing Limited	35,021	7,368
STLC Europe Seventeen Leasing Limited	892	802
STLC Europe Eighteen Leasing Limited	(106)	(56)
STLC Europe Nineteen Leasing Limited	(75)	(24)
STLC Europe Twenty Leasing Limited	(75)	(24)
STLC Europe Twenty-One Leasing Limited	(75)	(24)
STLC Europe Twenty-Two Leasing Limited	(74)	(24)
STLC Europe Twenty-Three Leasing Limited	(150)	(100)
STLC Europe Twenty-Four Leasing Limited	(74)	(24)
STLC Europe Twenty-Five Leasing Limited	(74)	(24)
STLC Europe Twenty-Seven Leasing Limited	8,732	4,998
STLC Europe Twenty-Eight Leasing Limited	6,289	2,607
STLC Europe Twenty-Nine Leasing Limited	(49)	(24)
STLC Europe Thirty Leasing Limited	(49)	(24)
STLC Europe Thirty -One Leasing Limited	(49)	(25)
STLC Europe Thirty- Two Leasing Limited	(49)	(25)
STLC Europe Thirty- Three Leasing Limited	(49)	(25)
STLC Europe Thirty-Four Leasing Limited	(128)	(103)
STLC Europe Thirty-Five Leasing Limited	(3,732)	(3,276)

Notes to the financial statements

26. Related party transactions (continued)

Significant subsidiaries and registered offices (continued)

Company	Net assets / (liabilities) As at 31 December 2020	Profit / (loss) Year / period ended 31 December 2020
STLC Finance One Limited	1,201	(24)
STLC Finance Two Limited	968	(24)
GTLK Europe Capital Limited	2,263	2,245
GTLK Malta Limited	613	(32)
GTLK Malta Two Limited	1,538	1,895
GTLK Malta Three Limited	6,202	1,754
GTLK Malta Four Limited	2,038	873
GTLK Malta Five Limited	861	319
GTLK Malta Six Limited	(51)	(21)
GTLK Middle East Limited	(2,128)	(457)
GTLK Middle East SVP One Limited	(1,492)	(1,492)
GTLK Middle East SVP Two Limited	(36)	(36)
GTLK Middle East SVP Three Limited	(32)	(32)
GTLK Middle East SVP Four Limited	(32)	(32)
GTLK Middle East SVP Five Limited	(32)	(32)
GTLK Middle East SVP Six Limited	(32)	(32)
GTLK Middle East SVP Seven Limited	(32)	(32)
GTLK Middle East SVP Eight Limited	(32)	(32)
Advanced Logistics & Finance Solutions SA	(962)	(29)

Remuneration of key management personnel

The remuneration of the key management personnel of the Group, which includes Directors and certain members of the management team, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

In thousands of USD	**2020**	**2019**
Short term employment benefits	1,258	970
Contributions to defined contribution plan	38	30
Total expenses	1,292	1,000

The carrying amount of liabilities in relation to the key management personnel is set out below in accordance with IAS 24 Related Party Disclosures.

In thousands of USD	**2020**	**2019**
Short term employment benefits	-	-
Total expenses	-	-

Notes to the financial statements

26. Related party transactions (continued)

Consolidated (continued)

a) Balances with related parties

In thousands of USD	**Loans to shareholders (i)**	**Borrowings from shareholders (ii)**	**Loans to related parties (iii)**
Balance at 31 December 2018	264,530	(720,152)	-
Drawdowns	50,000	(335,596)	220,850
Net movement in interest accrued	(327)	16,304	1,846
Repayments	(73,650)	714,238	-
Foreign exchange differences	-	723	-
Less impairment provision	-	-	(938)
Balance at 31 December 2019	240,553	(324,483)	221,758
Drawdowns	150,000	(286,629)	304,387
Net movement in interest accrued	199	(9,654)	3,103
Repayments	(38,600)	189,540	(6,600)
Foreign exchange differences	-	(7,375)	-
Transfer to investment in joint venture net of impairment	-	-	(62)
Balance at 31 December 2020	352,152	(438,601)	523,586

(i) During the year, the Group entered into a new loan agreement with the Ultimate Parent. The Ultimate Parent drew down USD 150 million in loans during the year under a new loan agreement and made principal repayments of USD 38.6 million under new and existing agreements. All of the loans to the Ultimate Parent are repayable on presentation of request from the Group. Interest on loans to shareholders accrues at rates between 6% - 6.7%.

(ii) During the year the Group entered into 5 new loan agreements with the Ultimate Parent. The Group drew down USD 287 million under these loan agreements during the year. The Group made principal repayments to the Ultimate Parent of USD 189.5 million during the year under new and existing loan agreements. Outstanding loans with the Ultimate Parent are repayable between 2021 and 2030. Interest on loans from shareholders accrues at rates between 3.57% - 6.88%.

(iii) During the year the Group entered into 5 new loan agreements with related party companies being companies under common control with the Group and companies over which the Group holds joint control. The total loans drawn down were USD 304 million during the year, Interest on loans to related parties accrues at rates between 5.2% - 6.5% and loans with related parties are repayable between 2021 and 2027.

b) Other

During the year, the Group paid an amount of USD 528k (2019: USD 1.2k million) to a related company for legal services. As at 31 December 2020 the Group had an outstanding trade payable of USD nil (2019: USD 164k) to a related company included within trade and other payables and an outstanding amount receivable of USD 7.5 million from related companies included with trade and other receivables.

Notes to the financial statements

26. Related party transactions (continued)

Consolidated(continued)

There were no other transactions, and there are no other outstanding balances, relating to related companies, key management personnel and/ or entities over which they have control or significant influence.

Company

a) Balances with related parties

	Loans to shareholders (i)	Loans to related parties (ii)	Investments in subsidiary undertakings (iii)	Receivables from related parties (iv)
In thousands of USD				
Balance at 31 December 2018	264,530	1,079,709	4,024	45,522
Drawdowns	-	637,934	-	-
Net movement in interest accrued	(398)	9,118	-	-
Investments in subsidiaries during the year	-	-	54,706	-
Net advances	-	-	-	24,791
Repayments	(73,650)	(960,534)	-	-
Transfer from investments in associates	-	-	403	-
Foreign translation differences	-	848	-	-
Balance at 31 December 2019	190,482	767,075	59,133	70,313
Drawdowns	-	369,090	-	-
Net movement in interest accrued	(10)	10,102	-	-
Investments in subsidiaries during the year	-	-	33	-
Net advances	-	-	-	3,604
Repayments	(18,200)	(308,534)	-	-
Foreign translation differences		10,248	-	-
Balance at 31 December 2020	172,272	847,981	59,166	73,917

(i) During the year the Company received principal repayments of USD 18.2 million on existing loans. All of the loans to the shareholders are repayable on presentation of request from the Company. Interest on loans to shareholders accrues at rates between 6.0% - 6.7%.

(ii) During the year the Company issued loans totalling USD 369 million to related parties. Related parties made loan repayments during the year of USD 309 million. Interest on loans to other related party accrues at a rates between 3.57% and 6.94%.

(iii) Eight new group member companies were incorporated during 2020.

(iv) Receivables from related parties represent accumulated expenses paid by the Company on behalf of related parties and balances outstanding on lease and management agreements between the Company and its related parties. These balances do not bear any interest and are repayable on presentation of invoice by the Company.

Notes to the financial statements

26. Related party transactions (continued)

Company (continued)

b) Balances payable to related parties

In thousands of USD	Borrowings from shareholders (i)	Borrowings from related party (ii)	Payables to related parties (iii)
Balance at 31 December 2018	(580,404)	-	(2,830)
Drawdowns	(335,596)	-	-
Net movement in interest accrued	16,063	-	-
Repayments	707,714	-	-
Net advances /(drawdowns)	-	-	1,494
Foreign translation differences	723	-	-
Balance at 31 December 2019	(191,500)	-	(1,336)
Drawdowns	(286,629)	(268,360)	-
Net movement in interest accrued	(9,583)	(5,145)	-
Repayments	162,000	138,595	-
Net advances /(drawdowns)	-	-	(3,258)
Foreign translation differences	(7,375)	-	-
Balance at 31 December 2020	(333,087)	(134,910)	(4,594)

(i) During the year the Company entered into 5 new loan agreements with the Ultimate Parent. The Company drew down USD 287 million under these loan agreements during the year. The Company made principal repayments to the Ultimate Parent of USD 162 million during the year under new and existing loan agreements. Outstanding loans with the Ultimate Parent are repayable between 2021 and 2030. Interest on loans from shareholders accrues at rates between 3.57% - 6.88%.

(ii) During the year the Company entered into 4 new loan agreements with a related party company. The Company drew down USD 268 million under these loan agreements during the year. The Company made principal repayments to the related party of USD 138 million during the year under new loan agreements. Outstanding loans with the related party are repayable between 2023 and 2027. Interest on loans from shareholders accrues at rates between 5.01% - 5.38%.

(iii) Payables to related parties represent outstanding balances payable on lease agreements between the Company and its related parties. These balances do not bear any interest and are payable within one year.

Notes to the financial statements

26. Related party transactions (continued)

c) Transactions with subsidiaries

Company (continued)

d) Income

During the year ended 31 December 2020 the Company earned loan interest income of USD 49 million (2019: USD 53.7 million) on loans to related parties. In addition, the Company earned interest income of USD 11.5 million (2019: USD 13.3 million) on loans to the Ultimate Parent.

The Company earned USD 9.3 million (2019: 8.8million) in management fees to related parties during the year.

e) Expenses

During the year ended 31 December 2020, the Company incurred interest expenses of USD 16.2 million (2019: 22.9 million) on loans from related parties. The company incurred interest expenses on finance leases with subsidiaries of USD 88k during 2020 (2019: 3.2 million).

The Company incurred operating lease expenses of USD Nil (2019: 14.5k) with subsidiaries during the year.

f) Other

During the year, the Company paid an amount of USD 528k (2019: USD 1.2 million) to a related company for legal services.

There were no other transactions, and there are no other outstanding balances, relating to related companies, key management personnel and/ or entities over which they have control or significant influence.

27. Risks and uncertainties

The Group's directors have overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's exposure to risk on its financial instruments and the management of such risk is carried out on an ongoing basis. The Group's activities and the role of each party to the transaction are clearly defined and documented.

The Directors monitor the Group's performance, reviewing management accounts on the performance of the loan and lease portfolio. Such review is designed to ensure that the terms of the documentation have been complied with and that no unforeseen risks have arisen.

Asset risk

The Group bears the risk of re-leasing or selling the aircraft in its fleet at the end of their lease terms. If demand for aircraft decreases market lease rates may fall, and should such conditions continue for an extended period, it could affect the market value of aircraft in the fleet and may result in an impairment charge. The Directors have employed personnel with appropriate experience of the aviation industry to manage the fleet and remarket or sell aircraft as required in order to reduce this risk.

Notes to the financial statements

27. Risks and uncertainties (continued)

Asset risks (continued)

The Group is highly dependent upon the continuing financial strength of the commercial airline industry. A significant deterioration in this sector could adversely affect the Group through a reduced demand for aircraft in the fleet and/ or reduced market rates, higher incidences of lessee default and an increase in aircraft on the ground. The Group periodically performs reviews of its carrying values of aircraft and associated assets, trade receivables, notes receivables and the recoverable amount of deferred tax assets and the sufficiency of accruals and provisions, substantially all of which are susceptible to the above risks and uncertainties.

Geopolitical and economic risks

As a global business, the Group leases aircraft and vessels to customers in many jurisdictions exposing it to many and varying economic, social, legal and political risks. Demand for passenger and cargo aviation and shipping freight is also closely correlated to changes in GDP. Exposure to multiple jurisdictions may adversely affect the Group's future performance, position and growth potential. The adequacy and timeliness of Management's response to risks in these jurisdictions are of critical importance to the mitigation of this risk.

The Company is a subsidiary of a Russian Parent entity that is a state-owned enterprise. The United States and the EU (as well as other nations, such as Australia, Canada, Japan and Switzerland) have imposed sanctions against Russian individuals and legal entities in connection with Crimea’s accession to the Russian Federation, the armed conflict in Eastern Ukraine and Russia’s alleged interference in the 2016 US elections. These sanctions have significantly interrupted international business relationships and seriously reduced the ability of Russian companies to access the international capital markets. Further sanctions against Russian individuals and legal entities cannot be ruled out.

The lack of liquidity and available credit at rates attractive to businesses, or at all, has curtailed the capital expenditure of many Russian companies, including state-owned enterprises. The longer term effects of recently implemented sanctions, as well as the threat of additional future sanctions, are difficult to determine. The Group’s management believes that it has taken and will continue to take all the necessary efforts to support the economic stability of the Group in the current environment, however, due to the threat of sanctions there continues to be uncertainty regarding further economic growth and access to and cost of capital, which could negatively affect the Group’s future financial position, results of operations and business prospect.

Foreign exchange risk

Foreign exchange risk is the risk of loss as a result of adverse movements in currency exchange rates. The biggest contributors to currency risk for the Group and Company are Euro loans and leases. Since the Groups and Company’s loans and lease transactions are both denominated in Euro, any unfavourable movement in exchange rates on loan balances will be matched by an equally favourable movement on loans issued in the case of the Company and lease balances on delivery in the case of the Group and vice versa. Prior to lease delivery the Group has exposure to exchange rates risk due to loans payable denoted in Euro.

Notes to the financial statements

27. Risks and uncertainties (continued)

Interest rate risk

Consolidated

Interest rate risk is the risk (variability in value) borne by an interest-bearing financial instrument, such as a loan or a bond, due to variability of interest rates. The Group's floating rate loans and borrowings partially offset the floating rate nature of some of the Group's lease rental contracts, whereby an increase in interest rates will be expected to be offset by higher rentals earned.

The effect on Group profit before tax of a 50 and 100 basis point decrease in interest rate, assuming all other variables are held constant, would be as follows:

In thousands of USD	**50BPS**	**100BPS**
2020	1,087	2,173
2019	1,239	2,477

Whereas, an increase of 50 and 100 basis points change in interest rates, would have had the equal but opposite effect, on the basis that all other variables remain constant.

Company

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company has fixed interest rates per annum for loans and is therefore not exposed to fluctuations in interest rates as a result no sensitive analysis is included.

Credit risk

Consolidated

The Group is subject to the credit risk of its lessees as to collection of rental payments under its operating leases. Credit risk is defined as the loss in cash and earnings if the counterparty is unable to pay its obligations in due time. The effective monitoring and controlling of airline customer credit risk is a competency of a dedicated Risk Management team.

Creditworthiness of each new customer is assessed and the Group seeks security deposits in the form of cash or letters of credit to mitigate overall financial exposure to its lessees. The assessment process takes into account qualitative and quantitative information about the customer such as business activities, senior management team, financial fitness, resources and performance, and business risks, to the extent that this information is publicly available or otherwise disclosed to the Group.

Notes to the financial statements

27. Risks and uncertainties (continued)

Consolidated (continued)

Credit risk

The Group holds significant cash balances which are invested on a short term basis and are classified as cash and cash equivalents. These deposits and other financial instruments give rise to credit risk on amounts due from counterparties. Credit risk is managed by limiting the aggregate amount and duration of exposure to any one counterparty. The Group typically does not enter into deposits with a duration of more than three months.

The value of trade receivables and other receivables is highly dependent upon the financial strength of the commercial aviation industry as described in the asset risk section. Defaults by one or more of the Group's major customers could have a material adverse effect on cash flow and earnings and ability to meet debt obligations.

Exposure to credit risk
The carrying amount of financial assets represents the maximum credit exposure before security. The maximum exposure to credit risk at the reporting date was:

In thousands of USD	**2020**	**2019**
Cash and cash equivalents	525,725	59,137
Restricted cash	10,448	40,815
Finance lease receivable	423,380	408,037
Loans to shareholder	352,152	240,553
Loans to related parties	523,586	221,758
Trade and other receivables	214,647	53,492
Total	2,049,938	1,023,792

Receivables represent rent, maintenance and other charges related to the lease of aircraft to lessees.

The Group had the following activity in allowance for impairment of receivables:

In thousands of USD	
Balance at 31 December 2018	161
Credit for the year	488
Balance at 31 December 2019	649
Credit for the year	530
Balance at 31 December 2020	1,179

Notes to the financial statements

27. Risks and uncertainties (continued)

Credit risk (continued)

Consolidated (continued)

The table below presents credit and default risk relating to the Group's trade and other receivables by gross carrying amount:

In thousands of USD	**Neither past due nor impaired 2020**	**Past due and not impaired 2020**	**Impaired 2020**	**Total 2020**
Measured at amortised cost:				
Trade receivables	97,769	112,720	421	210,910
Deposits paid	1,955	-	-	1,955
Other receivables	1,782	-	-	1,782
Finance lease receivables	423,380	-	507	423,887
Total	524,886	112,720	928	638,534

In thousands of USD	**Neither past due nor impaired 2019**	**Past due and not impaired 2019**	**Impaired 2019**	**Total 2019**
Measured at amortised cost:				
Trade receivables	42,502	6,655	307	49,464
Deposits paid	2,085	-	-	2,085
Other receivables	1,944	-	-	1,944
Finance lease receivables	408,037	-	246	408,283
Total	454,568	6,655	553	461,776

The majority of trade receivables over 30 days are considered past due. As at 31 December 2020, of the past due and not impaired amount, USD 111 million are over 90 days (2019: USD 4,95k).

Included in trade and other receivables is an estimate of supplementary rent that the Group expects to receive at the end of the lease. The estimate is reviewed and adjusted on a regular basis. The end of lease compensation is therefore not included in our impairment analysis.

The Group's trade receivables are secured by security deposits, letters of credit and maintenance reserves that the Group holds on behalf of its customers.

Company

The Company holds significant cash balances which are invested on a short-term basis and are classified as cash and cash equivalents. These deposits and other financial instruments give rise to credit risk on amounts due from counterparties. Credit risk is managed by limiting the aggregate amount and duration of exposure to any one counterparty. The Company typically does not enter into deposits with a duration of more than three months.

Notes to the financial statements

27. Risks and uncertainties (continued)

Credit risk (continued)

Company (continued)

Exposure to credit risk
The carrying amount of financial assets represents the maximum credit exposure before security. The maximum exposure to credit risk at the reporting date was:

In thousands of USD	**2020**	**2019**
Cash and cash equivalents	89,725	12,570
Receivable from related parties	73,917	69,575
Finance lease receivable	4,772	6,086
Loans to shareholder	172,272	190,482
Loans to related parties	847,981	767,075
Trade and other receivables	20,871	1,604
Total	1,209,538	1,047,392

Receivables represent rent, maintenance and other charges related to the lease of aircraft to lessees.

Receivables from related parties represent trading balances with entities within the Group. These are unsecured and have no fixed term of repayments. No interest was charged on these receivables during year ended 31 December 2020.

The Company had the following activity in allowance for impairment of receivables:

In thousands of USD	
Balance at 31 December 2018	65
Debit for the year	(57)
Balance at 31 December 2019	8
Credit for the year	112
Balance at 31 December 2020	120

The table below presents credit and default risk relating to the Company's trade and other receivables by gross carrying amount:

In thousands of USD	**Neither past due nor impaired 2020**	**Past due and not impaired 2020**	**Impaired 2020**	**Total 2020**
Measured at amortised cost:				
Trade receivables	3,497	16,213	114	19,824
Other receivables	1,047	-	-	1,047
Finance lease receivable	4,772	-	6	4,778
Total	9,316	16,213	120	25,649

Notes to the financial statements

27. Risks and uncertainties (continued)

Credit risk (continued)

Company (continued)

In thousands of USD	Neither past due nor impaired 2019	Past due and not impaired 2019	Impaired 2019	Total 2019
Measured at amortised cost:				
Trade receivables	1,112	25	-	1,137
Other receivables	467	-	-	467
Finance lease receivable	6,086	-	6	6,094
Total	7,665	25	6	7,698

The Company's trade receivables are secured by security deposits, letters of credits and maintenance reserves that the Company holds on behalf of its customers.

Liquidity risk

Consolidated

The Group has funded a significant part of its operations with debt financing. The ability of the Group to continue to operate is dependent upon its ability to meet its payment obligations and adhere to covenant requirements under the respective loan agreements, which are dependent, among other things, upon the factors outlined above.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

In thousands of USD	Carrying amount	Contractual cash flows	12 months or less	2 -5 years	After 5 years
2020					
External borrowings	3,522,093	4,377,130	621,701	1,947,997	1,807,432
Borrowings from shareholder	438,601	507,145	159,793	247,875	99,477
Finance lease liabilities	357,603	446,067	51,345	206,839	187,883
Trade and other payables	26,906	26,906	11,069	4,770	11,067
Total	4,345,203	5,357,248	843,908	2,407,481	2,105,859

In thousands of USD	Carrying amount	Contractual cash flows	12 months or less	2 -5 years	After 5 years
2019					
External borrowings	2,634,237	3,273,511	210,233	1,856,485	1,206,793
Borrowings from shareholder	324,483	404,114	33,997	270,640	99,477
Finance lease liabilities	390,132	498,146	51,714	206,839	239,593
Trade and other payables	25,874	25,874	10,976	8,018	6,880
Total	3,374,726	4,201,645	306,920	2,341,982	1,552,743

It is not expected that the cash flows in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Notes to the financial statements

27. Risks and uncertainties (continued)

Liquidity risk (continued)

As explained in note 20, the Group has principal repayments due under its existing loans from external parties which fall due during the next 12month period. These will be financed via operational cash flows (rental and disposal/ acquisition of aircraft activities), new debt financing and potentially new equity.

As at 31 December 2020, the Group had committed to purchase a total of 2 helicopters and 5 vessels scheduled to deliver from 1 January 2021 through financial year 2022. The directors anticipate that a significant portion of the aggregate purchase price for the aircraft will be funded by incurring additional debt. The exact amount of the indebtedness to be incurred will depend upon the actual purchase price of the aircraft, which can vary due to a number of factors, including inflation, and the percentage of the purchase price of the aircraft which will be financed.

If the Group cannot meet its obligations or if it breaches certain covenants under the various debt arrangements, it may be subject to contract breach damages suits, it may be required to restrict or apply all cash flows from aircraft pledged as collateral for certain debt facilities to meet principal and interest payments, and/ or to pay down such debt facilities on an accelerated basis.

Company

The Company has funded a significant part of its operations with debt financing. The ability of the Company to continue to operate is dependent upon its ability to meet its payment obligations and adhere to covenant requirements under the respective loan agreements, which are dependent, among other things, upon the factors outlined above. The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

In thousands of USD	**Carrying amount**	**Contractual cash flows**	**12 months or less**	**Between 2 and five years**	**After 5 years**
2020					
External borrowings	907,008	1,011,401	422,289	589,112	-
Borrowings from shareholder	333,087	507,145	159,793	247,875	99,477
Finance lease liabilities	1,291	1,579	243	972	364
Payables to related parties	4,594	4,594	4,594	-	-
Borrowings from related party	134,910	178,736	-	-	178,736
Trade and other payables	7,410	7,410	5,290	2,120	-
Total	1,388,300	1,710,865	592,209	840,079	278,577

Notes to the financial statements

27. Risks and uncertainties (continued)

Liquidity risk (continued)

In thousands of USD	**Carrying amount**	**Contractual cash flows**	**12 months or less**	**Between 2 and five years**	**After 5 years**
2019					
External borrowings	1,048,047	1,215,749	60,899	1,154,850	-
Borrowings from shareholder	191,500	253,671	-	154,194	99,477
Finance lease liabilities	1,451	1,826	247	972	607
Payables to related parties	1,336	1,336	1,336	-	-
Trade and other payables	7,473	7,473	3,623	3,850	-
Total	1,249,807	1,480,055	69,945	1,313,866	100,084

It is not expected that the cash flows in the maturity analysis could occur significantly earlier, or at significantly different amounts.

As explained in note 20, the Company has principal repayments due under its existing loans from external parties which fall due during the next 12-month period. These will be financed via operational cash flows (rental and disposal / acquisition of aircraft activities) from related entities, new debt financing and potentially new equity. If the Company cannot meet its obligations or if it breaches certain covenants under the various debt arrangements, it may be subject to restrictions.

28. Significant subsequent events

In February 2021, the Group repaid USD 95.3 million unsecured bonds.

Since the reporting date, the Group (as borrower) entered into intercompany loan agreements for EUR 57 million plus USD 13.5 million with the Ultimate Parent. The Group (as borrower) also made loan repayments totalling EUR 6.4 million under existing loan agreement with the Ultimate Parent.

The Group (as lender) has also loaned EUR 16.4 million plus USD 137 million under new loan agreements to related parties.

Since the beginning of 2020, the COVID-19 coronavirus outbreak has spread throughout the world, which has affected the global economy. The Group considers the spread of coronavirus and increased volatility (instability) at the markets to be significant non-adjusting events after the reporting date (in accordance with IAS 10 Events after the Reporting Period).

During the first and, probably, the second half of 2021, it is expected to impact the measurement of financial instruments at fair value, measurement of expected credit losses for the relevant types of financial assets in accordance with IFRS 9 Financial Instruments, and measurement of impairment for certain types of non-financial assets in accordance with IAS 36 Impairment of Assets. Due to the uncertainty and length of the events, the Group cannot accurately and reliably estimate the quantitative impact of these events on its financial position or financial results. Currently, the Group closely monitors the financial consequences caused by these events.

Notes to the financial statements

28. Significant subsequent events (continued)

Since the financial year end the Group also acquired one aircraft which was subsequently place on lease with a third party lessee and entered into construction contracts for the construction of five new vessels. The Group also delivered one stored aircraft on lease to a third party lessee, signed lease extensions in relation to six aircraft which had expired during 2020 and took redelivery of one aircraft that had reached the end of its lease tenor.

There have been no other significant subsequent events since the year end until the date of signing of this report that would require adjustment or disclosure in these financial statements.

29. Contingent liabilities and capital commitments

The future commitment to loans can be seen in note 27 and the future obligation under finance lease can be seen in note 22.

There have been no capital commitments other than those stated above as at 31 December 2020.

There were no contingent liabilities at 31 December 2020 (2019: nil). Contingent liabilities are assessed continually to determine whether transfers of economic benefits have become probable. Where future transfers of economic benefits change from previously disclosed contingent liabilities, provisions are recognised in the year in which the changes in probability occur.

30. Charges

The Company has one charge registered with the Companies Registration Office in favour of a third-party financier.

GTLK 5 737 Limited has one charge registered with the Companies Registration Office in favour of a third-party financier.

STLC Europe One Leasing Limited has six charges registered with the Companies Registration Office in favour of a third-party financier.

STLC Europe Two Leasing Limited has four charges registered with the Companies Registration Office in favour of a third-party financier.

STLC Europe Three Leasing Limited has seven charges registered with the Companies Registration Office in favour of a number of third-party financiers.

STLC Europe Six Leasing Limited has four charges registered with the Companies Registration Office in favour of a third-party financier.

STLC Europe Fourteen Leasing Limited has five charges registered with the Companies Registration Office in favour of a third-party financier.

STLC Europe Fifteen Leasing Limited has four charges registered with the Companies Registration Office in favour of a third-party financier.

Notes to the financial statements

30. Charges (continued)

STLC Europe Sixteen Leasing Limited has seven charges registered with the Companies Registration Office in favour of a third-party financier.

STLC Europe Twenty-Eight Leasing Limited has two charges registered with the Companies Registration Office in favour of a third-party financier.

31. Capital management

The Group and Company maintains an actively managed capital base to cover risks inherent in the business. The primary objectives of capital management are to ensure that the Group and Company maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise the shareholders' value.

The Group and Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and risk characteristics of is activities.

In order to maintain or adjust the capital structure (share capital, capital contributions and retained earnings), the Group and Company may adjust the amount of distribution payments to the shareholders and the amount of bonuses paid to employees.

The Group and Company monitors net assets using a gearing ratio, which is total liabilities divided by total equity.

At 31 December 2020 and 31 December 2019, the gearing ratio of the Group and Company is calculated as follows:

Consolidated

In thousands of USD	**2020**	**2019**
Total liabilities	4,400,455	3,436,840
Total equity	56,014	39,865
Gearing ratio	**78.6**	**86.2**

Company

In thousands of USD	**2020**	**2019**
Total liabilities	1,392,903	1,254,539
Total equity	10,032	11,201
Gearing ratio	**138.8**	**112.3**

32. Approval of the financial statements

The Directors approved these financial statements on 30 April 2021.

APPENDIX A. CORPORATE GOVERNANCE STATEMENT

Introduction

Corporate Governance Statement

GTLK Europe Designated Activity Company (the "Company") is subject to compliance with the Companies Act 2014, the Market Abuse (Directive 2003/6/EC) Regulations 2005, the Prospectus (Directive 2003/71/EC) Regulations 2005, the Transparency (Directive 2004/109EC) Regulations 2007, and the Listing Rules of the Irish Stock Exchange ("ISE") as applicable to companies with debt listed on the ISE.

The Company is not subject to the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006 because it has not issued any transferable securities carrying voting rights within the meaning of Regulation 1 (definitions) of the Act.

No person has a significant direct or indirect holding of securities in the Company. No person has any special rights of control over the Company's share capital. There are no restrictions on voting rights.

The Directors have put in place a framework for corporate governance which they believe is adequate and appropriate and is suitable for the Group and which enables the Group to operate in an environment of good governance throughout the year.

Control Systems

a) Internal Controls

The Company's and its subsidiaries' (the "Group") internal control procedures are designed to safeguard the Group's net assets, ensure business risk management is adequate and appropriate and that information created is reliable to support effective management of the Group resources and provide reliable and timely financial reporting both internally to management and to those charged with governance and externally to other stakeholders. They include (i) an organisational structure with formally defined lines of responsibility and delegation of authority, (ii) establishing systems and procedures to identify, control and report on key risks. Exposure to these risks is monitored by the Directors.

Internal control comprises of processes that provide reasonable assurance regarding the achievement of the company's objectives in the efficiency of operations, cost effective use of resources, reliability of financial reporting, standard financial framework and compliance with the laws and regulations as well as the internal practices. The Directors and management take part in internal control processes.

The objective of the Group's internal control is to ensure that:

- the Group's operations are efficient and profitable;
- financial and operational information is reliable;
- the Group comply with the regulations and policies.

b) Risk Management

Risk management is an integral part of the Group's internal control. Risk management is a systematic process to identify, evaluate and control risks arising due to external and internal factors in the course of the Group's activities.

The Board coordinates and develops assessment principles to identify the risk management objectives and general practices, and also the tasks and responsibilities connected to risk management.

Corporate Governance Statement (continued)

The Group regularly assesses the risks and opportunities related to its business environment, operations and financial performance in order to limit unnecessary or excessive risks. The Group has invested substantially in its risk department in 2018.

The risks are identified at the functional level and reported to the management, with key risks that threaten the Group's performance reported to the Directors.

The Chief Financial Officer (CFO) is charged with coordinating risk management within the Group. The Directors review risks on a regular basis and implement the steps to control and manage same.

c) Main features of internal control and risk management related to financial reporting

The Directors are responsible for establishing and maintaining adequate internal control and risk management systems of the Group in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of error or fraud in achieving the Group's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Risk evaluation and management is an important part of the Group's annual business planning and strategy process, budgeting, as well as the preparatory and decision-making processes connected with commercial offers, agreements, investments and other activities.

The preparation and issue of financial reports, including the Group Financial Statements is managed by the finance function with oversight from the Directors. The Group's financial reporting process is controlled using documented accounting policies and reporting formats prepared by finance department within the Group in advance of each reporting period end. The process is supported by finance professionals, who have responsibility and accountability to provide information according to agreed policies, including the completion of reconciliations of financial information to processing systems.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Group and which enable them to ensure that the Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and comply with the Irish Companies Act, 2014.

The measures taken by the Directors to secure compliance with the Group's obligation to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons.

The Directors have procedures in place to ensure all relevant accounting records are properly maintained and are readily available, including production of statutory Financial Statements. The statutory Financial Statements of the Group are required to be approved by the Directors and filed with Companies Registration Office. The statutory Financial Statements are required to be audited by independent auditors who report annually to the Directors on their findings. The Directors evaluate and discuss significant accounting and reporting issues as the need arises.

Internal control is part of the Group's day-to-day operations. It covers internal processes, policies and organisational structures that help to ensure that the Group is achieving its objectives, the assets are managed responsibly, and that financial reporting is prepared according to agreed standards.

The Group's quarterly management planning and financial reporting process represents a key control procedure in ensuring the effectiveness and efficiency of operations. The Group Financial Statements are based on the quarterly management reporting process which includes detailed analysis of differences between actual performance, budget, forecast and prior year performance. The analysis includes the financial ratios as well as key performance indicators which demonstrate operational performance. Quarterly accounts are reported to the Directors for review, discussion and strategy correction, if required.

Corporate Governance Statement (continued)

Significant transactions are evaluated using specifically designed control and monitoring financial models. These models ensure fitness of transactions into the overall Group's strategy and positively affect financial performance of the Group. These monitoring models are reviewed on a regular basis and aligned with changes to the financial standards. Significant deviations are reported to the Directors.

The internal control and risk management strategy is supported by extensive internal and external training of the personnel and through the recruitment of the experienced professionals.

The external opinion is obtained where more in-depth expertise is required for risk management purposes, for example, international tax, asset evaluation, sanctions, jurisdictional advice.

Other internal control includes, inter alia, lease management, IT controls and specific safeguards, HR management, and monitoring the compliance with regulations and policies, in accordance with the best industry practices.

Corporate governance

1. Shareholder Meetings

The convening and conduct of shareholder meetings are governed by the Constitution of the Company and the Companies Act 2014. The Company may be required to hold an annual general meeting in each year and not more than 15 months may elapse between the date of one annual general meeting of the Company and that of the next. The Directors may call general meetings and extraordinary general meetings may be convened in such manner as provided by the Companies Act 2014.

Subject to the provisions of the Companies Act 2014 allowing a general meeting to be called by shorter notice, an annual general meeting and a general meeting called for the passing of a special resolution will be called by at 21 clear days' notice.

2. Composition and Operation of the Board

The Directors have established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company for the year under review and up to the date of approval of the Financial Statements. This risk management process is regularly reviewed by the Directors. The Directors review the Financial Statements. There are formal procedures in place for the external auditors to report findings and recommendations to the Directors. Any significant findings or identified risks are examined so that appropriate action can be taken.

The Board of directors established the Audit committee during the current year. The principal tasks of the audit committee are to consider financial reporting and internal control issues. The Audit Committee, which consists of the CFO, Financial Controller and one Non-Executive Director, meets at least quarterly to review the financial statements of the Company, to consider internal control procedures and to liaise with external auditors. In the year ended 31 December 2019 the Audit Committee met on one occasion. The role and responsibility of the audit committee is to monitor the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance, profit guidance and reviewing significant financial reporting judgements contained therein.

The business of the Company is managed by the Directors who exercise all such powers of the Company which are not by the Companies Act 2014 or by the Constitution of the Company required to be exercised by the shareholders in a general meeting. Unless otherwise determined by the shareholders in a general meeting, the number of Directors shall not be less than 4. Currently the Board of Directors of the Company is composed of 4 Directors, being those listed on page 2 of these Financial Statements.

Corporate Governance Statement (continued)

The Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit. The quorum is 3 Directors. Matters arising at any meeting of the Directors are determined by a majority of votes. A Director may, and the Company's Secretary on the request of a Director will, at any time call a meeting of the Directors.

Signed on behalf of the Board of Directors by:

Roman Lyadov
Director

Patrick Flynn
Director

Date: 30 April 2021