S-JETS 2017-1 LIMITED AND SUBSIDIARIES ("S-JETS Group")

DIRECTORS' REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

S-JETS Group

CONTENTS

COMPANY DEFINITIONS

S-JETS	S-JETS 2017-1 Limited (the “Company”), a limited liability exempted company incorporated on 31 July 2017 under the laws of Bermuda with its registered office located at Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda.
S-JETS GROUP	S-JETS 2017-1 Limited and its consolidated subsidiaries (the “Group”).
GROUP ENTITIES	See list of subsidiaries included in note 24.
FINANCIAL YEAR	The year ended 31 December 2021.
PHOENIX	Phoenix American Financial Services, Inc. as Managing Agent to S-JETS
CLH	Chronos Leasing HoldCo Limited, as Servicer to S-JETS

DIRECTORS AND OTHER INFORMATION

DIRECTORS:	Ms. Rose Hynes (Irish) Mr. Jonathan Law (Irish) Mr. David Odlum (Irish)
COMPANY SECRETARY:	Conyers Dill & Pearman Limited Clarendon House 2 Church Street Hamilton HM11 Bermuda
REGISTERED OFFICE:	Clarendon House 2 Church Street Hamilton HM11 Bermuda
BANKERS:	Wells Fargo Corporate Trust Services 260 North Charles Lindbergh Drive Salt Lake City USA
	Citibank Europe PLC 1 N Wall Quay North Dock Dublin Ireland
	Bank Of Ireland 2 Burlington Plaza Burlington Road Dublin 4 Ireland
INDEPENDENT AUDITOR:	KPMG Chartered Accountants 1 Harbourmaster Place IFSC Dublin 1 Ireland
SOLICITORS: (IRL)	McCann Fitzgerald Riverside One Sir John Rogerson's Quay Dublin 2 Ireland
SERVICER:	Chronos Leasing Holdco Limited (“CLH”) One Molesworth Street Dublin 2 Ireland
MANAGING AGENT:	Phoenix American Financial Services, Inc. (“Phoenix”) 2401 Kermer Blvd San Rafael, CA 94901 United States of America

S-JETS Group

DIRECTORS' REPORT

The Directors present their annual report together with the audited consolidated Financial Statements (the “Financial Statements”) of S-JETS 2017-1 Limited and Subsidiaries (the “S-JETS Group”) for the financial year ended 31 December 2021.

In accordance with Section 1305 of the Irish Companies Act 2014, S-JETS 2017-1 Limited, as a non EEA branch established in Ireland is required to file, on an annual basis, audited consolidated financial statements with the Irish Companies Registration Office.

PRINCIPAL ACTIVITIES, BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The principal activity of the Group is the purchasing, leasing and disposal of aircraft.

1. The Initial Notes were issued in July 2017 on the terms described below and are listed on The Bermuda Stock Exchange.

Notes	Initial Principal Amount	Coupon Interest Rate	Final Maturity Date
Class A	$ 657,800,000	3.967%	August 15, 2042
Class B	$ 81,000,000	5.682%	August 15, 2042
Class C	$ 42,000,000	7.021%	August 15, 2042
E Certificates	$ 218,765,542	*	August 15, 2042

* Interest is based on the residual cash flows, defined as the Available Profit for the collection period less $200.

2. S-JETS 2017-1 Limited (“S-JETS”), a special purpose exempted limited liability Company incorporated under the laws of Bermuda co-issued Series A, Series B and Series C Notes ("The Initial Notes"). The terms of Series A, Series B and Series C Notes are disclosed in Note 17. The Initial Notes part financed the acquisition of 100% of the ordinary share capital of 21 companies that contained 21 aircraft which were on operating leases with 16 lessees based in 13 countries. The balance of the purchase price of the companies was funded through the issuance by S-JETS of an E Certificate. The E Certificates were issued to Pontus Aviation SARL ("PA") (Formerly known as Sky Aviation Leasing Funding S.A.R.L ("SALF")). The Notes issued by S-JETS in August 2017 constitute direct obligations of S-JETS. In order to secure the repayment of the Notes and the payment and performance of all obligations of the Group and each of its subsidiaries, the Group and each of its subsidiaries has entered into a Security Trust Agreement with the Security Trustee, Wells Fargo Bank N.A., as regards all Secured Obligations.

The Directors expect these activities to continue for the foreseeable future and will continue to review and seek business opportunities for the Group.

RESULTS AND DIVIDENDS FOR THE FINANCIAL YEAR AND FINANCIAL POSITION AT 31 DECEMBER 2021

The Statement of Profit or Loss and Other Comprehensive Income for the Financial Year and the Statement of Financial Position at 31 December 2021 are set out on page 12 and 13, respectively. The Group's profit after taxation for the financial year amounted to $1.4 million (2020:Profit $0.1 million) and includes an impairment charge of $18.7 million (2020: $14.8 million) in respect of aircraft assets and related components and a write back of $24.4 million (2020: $6.6 million) on remeasurement of the E Note. The Group’s portfolio of aircraft and related components has a carrying value of $757.9 million as at 31 December 2021 (2020: $814.5 million).

IMPACT OF THE COVID-19 PANDEMIC

In both the financial years ended 31 December 2021 and 2020 respectively, the COVID-19 pandemic and the measures adopted by governments and countries worldwide to mitigate the spread has significantly impacted the Group’s airline customers’ operations and by extension the activities, financial results and position of the Group.

Towards the end of 2021, demand for air travel worldwide began to improve primarily driven by large domestic markets including the US. European markets have also been boosted by the introduction of the EU vaccine passport and the re-opening of transatlantic travel. The outlook for the industry is one of cautious optimism with recent evidence of pent up demand for travel when markets are re-opened. At the same time, authorities continue to maintain a high level of vigilance for new variants of the virus which could result in the re-imposition of travel restrictions in the future.

There is still significant uncertainty over how the future development of the virus and new variants will impact the Group’s airline-lessee customers and the Group itself as a consequence. The Directors will continue to actively monitor the situation in relation to COVID-19 and any impact on the activities of the Group.

During the year, the Group engaged with and supported a number of its airline customers who sought near term rent relief. Notwithstanding this, the Group maintained a collection rate for the year of 103%, as observed by the movement in trade receivables relative to lease revenue.

GOING CONCERN

The Financial Statements have been prepared on a going concern basis, which assumes that the Group will be able to meet the mandatory repayment terms of the Notes, which is the interest on the Senior A Notes, for the foreseeable future as set out in Note 17.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operation for at least the next twelve months and that the going concern basis of preparation remains appropriate. The aviation industry in general has been one of the hardest hit industries as a result of Covid-19 over the past two years due to the various country lockdowns and waves of the virus. As noted in a number of industry reports that have been published in recent months, there is a cause for cautious optimism in the overall aviation market. Some of the key causes for this optimism in the wider market include but are not limited to the following: During the past two years, global airlines have suffered significant losses, however, in several cases airline failures have been avoided due to high levels of government support. This support is expected to continue due to the strategic importance of air travel both socially and commercially. The recovery in air travel itself has been material in 2021 when compared to 2020. This recovery has been primarily driven by large domestic markets including the US market and also there was a recovery in the European market, as the benefits of the EU vaccine passport and the reopening of transatlantic travel could be seen. In 2022 and beyond this trend of increased travel is expected to continue to pre pandemic levels.

Per the terms of the Trust Indenture non-payment of Series A Note interest would result in an Event of Default ("EOD"). In order to avoid such a default event arising, the Group needs to make payments of USD $18.3 million within the next 12 months. The Group has a liquidity facility in place of USD $16.5 million at the date of approval of these financial statements which covers Series A and Series B interest payments for a period of nine months. The Group has an additional USD $33.0 million of available resources comprising cash and cash equivalents of USD $0.1 million and restricted cash of USD $32.9 million at the date of approval of these financial statements. Furthermore, under the terms of the Trust Indenture the Company has a limited recourse nature. This means the Group is only required to make payments to the extent that cash is available and failure to do so doesn’t result in a default, except for the aforementioned, that would call going concern assumptions into question.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operation for at least the next twelve months and that the going concern basis of preparation remains appropriate.

The appropriateness of the going concern basis of preparation is dependent on the continued availability of the Group’s borrowings on the terms originally agreed and in compliance with the related covenants.

Based on these factors, the Directors have a reasonable expectation that the Group has adequate liquidity and financial resources to continue in operation for at least the next twelve months and that the going concern basis of preparation remains appropriate.

DIRECTORS' REPORT - continued

PRINCIPAL RISKS AND UNCERTAINTIES

The Group, in the course of its business activities, is exposed to various risks including:

(i) Credit risk
(ii) Market risk
(iii) Liquidity risk
(iv) Operational risk
(v) Asset risk
(vi) Concentration risk
(vii) Technical maintenance and environmental risk
(viii) Public liability risk
(ix) Impact of COVID-19

The aforementioned risks are discussed in more detail in Note 21.

DIRECTORS AND COMPANY SECRETARY AND THEIR INTERESTS

The Directors and Secretary of the Group are as outlined on page 2 of these financial statements.

The Directors and the Company Secretary who held office at 31 December 2021 (2020: Nil) do not have any direct or beneficial interest in the shares, deferred shares, share options or debentures of the Company, or any Group company at that date or during the financial year.

TRANSACTIONS INVOLVING DIRECTORS

There were no loans advanced to the Directors at any time during the financial year, (2020: Nil). There were no contracts or arrangements in relation to the business of the Group in which the Directors had any interest at any time during the financial year to 31 December 2021, (2020: Nil).

David Odlum, is an employee of Goshawk Management Limited ("GML"). GML is owned by Goshawk Aviation Limited (a Cayman entity). Mr. Odlum is considered key management personnel in accordance with IAS 24 Related Party Disclosures. Mr. Odlum did not receive any compensation for carrying out duties as a Director of the Company during the period.

EVENTS AFTER THE FINANCIAL YEAR

The Group is exposed to political and economic risks in certain geographical regions in which lessees are concentrated.

Following the invasion of Ukraine, the EU, along with other jurisdictions, imposed wide-ranging sanctions on Russia. The Group intends to fully comply with all applicable sanctions, including a cessation of leasing activities with Russian airlines.

Refer to Note 4 and 11 for analysis of the Group's distribution of aircraft by geographical market and the allocation of lease rental income by airline location.

As at 31 December 2021, the Group had two aircraft on lease to an operator in Russia. One aircraft is currently located in Russia, with the other aircraft now located in Europe.

At the date of approval of these financial statements, the financial impact on the Group of the invasion of Ukraine and the resulting wide-ranging sanctions on Russia is unknown.

ACCOUNTING RECORDS

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time, the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that the financial statements of the Group are prepared in accordance with applicable IFRS and comply with provisions of the Companies Act 1981 (Bermuda). They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company. The books of account of the Company are maintained at Unit J, Block 1, Shannon Business Park, Shannon, Co. Clare, Ireland.

RELEVANT AUDIT INFORMATION

The Board of Directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have ensured that the Company's statutory auditors are aware of that information. In so far as they are aware, there is no relevant audit information of which the Company's statutory auditors are unaware.

The Board of Directors ensures that risks are identified and managed in accordance with the objectives of the Group.

INDEPENDENT AUDITOR

KPMG, Chartered Accountants will continue in office.

On behalf of the Board

Rose Hynes

Director
Rose Hynes
Date: 14 March 2022

Jonathan Law

Director
Jonathan Law

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

Directors are responsible for preparing the consolidated financial statements in accordance with the applicable financial reporting framework. They have decided to prepare the consolidated financial statements in accordance with International Financial Reporting Framework (IFRS) as issued by the IASB and EU-endorsed IFRS.

In preparing these consolidated financial statements, management have:

• selected suitable accounting policies and applied them consistently;
• made judgements and estimates that are reasonable and prudent;
• stated whether they have been prepared in accordance with IFRS;
• assessed the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
• applied the going concern basis of accounting unless they either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Group and which enable them to ensure that these consolidated financial statements comply with IFRS. They are also responsible for such internal controls as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, and have a general responsible for safeguarding the assets of the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board:

Rose Hynes

Director
Rose Hynes
Date: 14 March 2022

Jonathan Law

Director
Jonathan Law

KPMG
Audit
1 Harbourmaster Place
IFSC
Dublin 1
D01 F6F5
Ireland

Independent Auditors' Report to the Directors of S-Jets 2017-1 Limited

1 Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of S-JETS 2017-1 Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31 December 2021, set out on pages 12 to 36, which comprise the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and related notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, together with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants ("IESBA Code")* and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairmet Assessment of Aircraft and Related Components $757.9m (2020: $814.5m)
Refer to page 19 (accounting policy) and pages 25 to 26 (financial disclosures)

The key audit matter	**How the matter was addressed in our audit**
At 31 December 2021, the carrying value of the Group's aircraft portfolio, including related components	In relation to the audit of the impairment assessment of aircraft and related components, the procedures we undertook included, amongst others:

amounted to $757.9m or 90.0% of Total Assets.

The Group applies the requirements of IAS-36 in order to determine whether it is necessary to recognise an impairment loss on any Aircraft and Related Components.

Determining whether or not an impairment exists, and the amount of any impairment, requires the exercise of significant judgement around the forecasted timing of sales and sales proceeds, discount rate as well as aircraft values provided by independent appraisers.

We obtained an understanding of and tested the design and implementation of the relevant controls around the impairment assessment of aircraft and related components, including consideration of approval by the Board of Directors.

We inquired of the Servicer about plans for aircraft disposals or other actions that may negatively impact on aircraft recoverable amounts.

We evaluated the (i) competence, capabilities and objectivity of experts employed by the Group to provide aircraft current market values and (ii) the appropriateness of their work as audit evidence. We obtained the current market value reports to validate these inputs to the impairment model.

We evaluated the Managing Agent's identification of impairment indicators, and assessed the methodology adopted in its impairment model with reference to our understanding of the Group's business and the requirements of IAS-36.

We assessed the calculations underlying the impairment model by checking that the data and assumptions input into the model were in agreement with those that we had evaluated.

We assessed and evaluated the significant assumptions used in Managing Agent's determination of recoverable amounts for each aircraft (aircraft current market values, lease rental streams, residual values, discount rate) by comparing these to the historical performance of the Group's aircraft portfolio, in-force contractual arrangements (specifically lease and any related deferral (or similar) arrangements), recent trends (including the continuing impact of COVID-19) and externally available industry, economic and other data (including that provided by the Group's experts).

We performed sensitivity analysis of the significant assumptions in respect of the discount rates, lease rates and residual values used by the Managing Agent in the impairment model, taking into consideration the impact of COVID-19 through applying additional downside sensitivities to assess what changes thereto, either individually or collectively, would result in a different conclusion being reached and assessed whether there were any indicators of management bias in the setting of key assumptions.

We assessed the adequacy of the disclosures made by the Group regarding the impairment assessment of aircraft and related components in the financial statements for compliance with the relevant accounting standards.

Re-measurement of the carrying amount of the E-Note under the Effective Interest Rate (EIR) Method $138.6m (2020: $148.6m)

Refer to page 21 (accounting policy) and pages 28 to 30 (financial disclosures)

The key audit matter

The Group’s E-Note is measured at amortised cost using the effective interest rate (EIR), a rate that exactly discounts estimated future cash payments through the expected life of the E-Note to its amortised cost.

Changes in the timing of amounts of estimated cash flows result in an adjustment to the gross carrying amount of the E-Note in the period of the change to reflect the revised actual or estimated cash flows, with a corresponding income or expense being recognised in profit or loss.

The application of the EIR method requires the exercise of significant judgement as well as consideration of both internal and external sources of information. The Managing Agent estimates the amount and timing of cashflows that are expected to be paid by the Group to their Noteholder over the period that the Note is expected to be outstanding.

These cashflows are highly dependent upon assumptions made relating to the rental of aircraft (both contracted and future assumed); residual values/disposition proceeds upon the sale of the aircraft (including the timing of such dispositions) and the amounts of maintenance receipts and expenses during the period that the E-Note is expected to be outstanding.

How the matter was addressed in our audit

In relation to the audit of the remeasurement of the carrying amount of the E-Note under the EIR, the procedures we undertook included, amongst others:

We obtained an understanding of, and documented the process around the EIR calculation, including consideration of approval by the Board of Directors.
We obtained the EIR calculation model and we:

(i) Assessed and evaluated the assumptions and data used in Managing Agent’s EIR calculation (current market values, lease rental streams, residual values) by comparing these to in-force contractual arrangements (specifically lease and any related deferral (or similar) arrangements), recent trends (including the continuing impact of COVID-19 and externally available industry, economic and other data (including that provided by the Group’s experts).

(ii) Considered whether forecasted cashflows per the EIR calculation attributed to the E-Note have been determined in line with the overall priority of payments/waterfall in the Trust Indenture.

We assessed the mathematical accuracy of the underlying calculations, and reconciled the assumptions used to those we had evaluated.

We assessed the consistency of cash flow projections used in the E-Note model with those used for determining the recoverable amount of aircraft.

We assessed the adequacy of the disclosures made by the Group regarding the re-measurement of the E-Note in the financial statements for compliance with the relevant accounting standards.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' report but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the 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, 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.

2 Respective responsibilities and restrictions on use

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs 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.

Further details relating to our work as auditor is set out in the Scope of Responsibilities Statement contained in the appendix of this report, which is to be read as an integral part of our report.

Independent Auditors' Report to the Directors of S-Jets 2017-1 Limited (continued)

Our report is made solely to the Group's Directors, as a body, in accordance with the terms of our engagement. Our audit work has been undertaken so that we might state to the Directors those matters we are required to state to them in an auditor's report and for no other purpose. We do not accept or assume responsibilities to anyone other than the Directors as a body, for our audit work, for this report, or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditors' report is Terence Coveney.

14 March 2022

Terence Coveney
For and on behalf of KPMG
Chartered Accountants,
1 Harbourmaster Place,
IFSC,
Dublin 1

Appendix to the Independent Auditor's Report

Further information regarding the scope of our responsibilities as auditor

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We 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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the director'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's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group 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 fair presentation.

- 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. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

- From those matters communicated with those charged with governance, we determine 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. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

S-JETS Group

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the financial year ended 31 December 2021

	Note	31/12/2021 USD	31/12/2020 USD
REVENUE			
Lease revenue	4	79,632,655	85,634,510
TOTAL REVENUE		79,632,655	85,634,510
EXPENSES			
Administrative expenses	7	(6,166,930)	(5,394,157)
Depreciation	11	(35,924,142)	(36,832,521)
Impairment charge on aircraft and components	11	(18,673,303)	(3,036,939)
Bad debts	5	(912,798)	-
Expected credit loss ("ECL") on receivables	6	(3,026,351)	(1,561,001)
TOTAL EXPENSES		**(64,703,524)**	**(46,824,618)**
Finance income	9	1,685,493	114,001
Gain on remeasurement of E Certificate	9	24,361,119	6,645,327
Finance expenses	9	(39,757,007)	(41,259,624)
NET FINANCE EXPENSES		(13,710,395)	(34,500,296)
PROFIT BEFORE TAX FOR THE FINANCIAL YEAR		1,218,736	4,309,596
Tax for the financial year	10	161,864	(4,193,230)
PROFIT FOR THE FINANCIAL YEAR		**1,380,600**	**116,366**
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**1,380,600**	**116,366**

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

The accompanying notes on pages 16 to 36 form an integral part of these financial statements.

S-JETS Group

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

	Note	As at 31/12/2021 USD	As at 31/12/2020 USD
ASSETS			
NON-CURRENT ASSETS			
Aircraft and related components	11	757,887,368	814,452,741
Lease incentives	14	16,564,521	15,906,017
TOTAL NON-CURRENT ASSETS		774,451,889	830,358,758
CURRENT ASSETS			
Cash and cash equivalents	12	102,414	1,193
Restricted cash	12	36,542,328	23,362,687
Trade and other receivables	13	30,162,135	32,376,203
TOTAL CURRENT ASSETS		66,806,877	55,740,083
TOTAL ASSETS		**841,258,766**	**886,098,841**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	16	100	100
Retained surplus	23	4,043,010	2,662,410
TOTAL EQUITY		**4,043,110**	**2,662,510**
LIABILITIES			
NON-CURRENT LIABILITIES			
Indebtedness	17	625,364,269	666,499,366
Maintenance provisions	19	58,750,093	65,129,440
Lessor contributions	20	27,602,416	30,585,453
Deferred tax	10	8,863,183	9,025,047
Security deposits	18	7,912,958	9,694,669
TOTAL NON-CURRENT LIABILITIES		728,492,919	780,933,975
CURRENT LIABILITIES			
Indebtedness	17	66,248,945	73,189,089
Interest payable	17	1,010,848	1,071,670
Trade and other payables	15	5,591,307	4,705,810
Maintenance provisions	19	26,080,732	21,238,337
Lessor contributions	20	9,790,905	-
Security deposits	18	-	2,297,450
TOTAL CURRENT LIABILITIES		108,722,737	102,502,356
TOTAL LIABILITIES		**837,215,656**	**883,436,331**
TOTAL EQUITY AND LIABILITIES		**841,258,766**	**886,098,841**

The accompanying notes on pages 16 to 36 form an integral part of these financial statements.

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 14 March 2022 and signed on its behalf by:

Rose Hynes

Director
Rose Hynes
Date: 14 March 2022

Jonathan Law

Director
Jonathan Law

S-JETS Group

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the financial year to 31 December 2021

	Share capital USD	Retained Surplus USD	Total Surplus USD
Balance at 1 January 2021	100	2,662,410	2,662,510
Total comprehensive profit for the financial year	-	1,380,600	1,380,600
Balance at 31 December 2021	**100**	**4,043,010**	**4,043,110**

	Share capital USD	Retained Surplus USD	Total Surplus USD
Balance at 1 January 2020	100	2,546,044	2,546,144
Total comprehensive profit for the financial year	-	116,366	116,366
Balance at 31 December 2020	**100**	**2,662,410**	**2,662,510**

The accompanying notes on pages 16 to 36 form an integral part of these financial statements.

S-JETS Group

CONSOLIDATED STATEMENT OF CASH FLOWS
for the financial year ended 31 December 2021

	Note	31/12/2021 USD	31/12/2020 USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Result on ordinary activities before tax		1,218,736	4,309,596
Adjustments For:			
Depreciation and impairment	11	54,597,445	51,607,534
Finance expense	9	39,757,007	41,259,624
Interest income	9	(1,685,493)	(114,001)
Gain on remeasurement of E-Note	9	(24,361,119)	(6,645,327)
Amortisation of lease incentive	14	7,611,274	6,462,705
(Increase) in receivables	13	(6,055,710)	(25,413,955)
Increase in payables	10,15,19	5,994,547	1,177,070
Tax expense	10	161,864	(4,193,230)
NET CASH FROM OPERATING ACTIVITIES		77,238,551	68,450,016
CASH FLOWS FROM INVESTING ACTIVITIES			
(Addition)/disposal of aircraft and related components	11	1,967,928	(1,370,100)
(Decrease)/Increase in security deposits	18	(4,079,161)	246,000
Movement in restricted cash	12	(13,179,641)	(10,263,138)
Interest received	9	1,685,493	114,001
NET CASH USED IN INVESTING ACTIVITIES		(13,605,381)	(11,273,237)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Notes	9,17	(40,481,160)	(31,010,881)
Interest paid on Notes	9,17	(23,050,789)	(27,293,822)
NET CASH FROM FINANCING ACTIVITIES		(63,531,949)	(58,304,703)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		101,221	(1,127,924)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	12	1,193	1,129,117
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	12	102,414	1,193

The accompanying notes on pages 16 to 36 form an integral part of these financial statements.

Restricted cash comprises cash held by the Group but which is ring-fenced or used as security for specific financing arrangements, and to which the Group does not have unfettered access.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

S-JETS 2017-1 Limited (“S-JETS”) is a special purpose exempted Company incorporated with limited liability under the laws of Bermuda on 31 July 2017.

S-JETS was established to purchase and own a portfolio of aircraft that are subject to leases. The principal activity of the Company and its subsidiary companies is the leasing of aircraft.

S-JETS co-issued Series A, Series B and Series C Notes ("The Initial Notes") in July 2017. The Initial Notes part financed the acquisition of 100% of the ordinary share capital of 21 companies that contained 21 aircraft which were on operating leases with sixteen lessees based in thirteen countries. The balance of the purchase price of the aircraft was funded through the issuance by S-JETS of an E Certificate. The E Certificate was issued to Pontus Aviation SARL (Formerly known as SALF) with inter-group funding repaid.

Chronos Leasing HoldCo Limited ("CLH") (Formerly known as Sky Aviation Leasing International Limited), an exempted limited company incorporated under the laws of the Cayman Islands, acts as the servicer (the ‘‘Servicer’’) with respect to the aircraft owning entities acquired by the S-JETS and its subsidiaries (together, the ‘‘S-JETS Group’’, each an ‘‘S-JETS Group Member’’). Wells Fargo Bank, N.A. (‘‘WFB’’) acts as trustee, security trustee and operating bank and Phoenix American Financial Services, Inc. (‘‘PAFS’’) acts as administrative agent to the Issuer Group. Crédit Agricole Corporate and Investment Bank acting through its NewYork Branch (‘‘Crédit Agricole CIB’’) provides a liquidity facility to the Issuer, which may be drawn upon, subject to certain conditions, only to pay certain expenses, including certain maintenance expenses and lessee reimbursements, senior hedge payments and interest on the Initial Series A Notes, Initial Series B Notes and the Initial Series C Notes.

Notes	Initial Principal Amount	Coupon Interest Rate	Final Maturity Date
Class A	$ 657,800,000	3.967%	August 15, 2042
Class B	$ 81,000,000	5.682%	August 15, 2042
Class C	$ 42,000,000	7.021%	August 15, 2042
E Certificates	$ 218,765,542	*	August 15, 2042

* Interest is based on the residual cash flows, defined as the Available Profit for the collection period less $200.

2 BASIS OF PREPERATION AND MEASUREMENT

STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB.

The consolidated financial statements include the results of the Company and its subsidiaries as listed in Note 24. IFRSs applied by the Group in the preparation of these consolidated financial statements are those that were effective and applicable at 31 December 2021.

BASIS OF PREPARATION

In accordance with the Section 1305 of the Irish Companies Act 2014, S-JETS 2017-1 Limited, as a non EEA branch (908727) established in Ireland is required to file, on an annual basis, audited consolidated financial statements with the Irish Companies Registration Office.

S-JETS is governed by the Companies Act 1981 (Bermuda).

The financial statements have been prepared on the historical cost basis.

IMPACT OF THE COVID-19 PANDEMIC

In both the financial years ended 31 December 2021 and 2020 respectively, the COVID-19 pandemic and the measures adopted by governments and countries worldwide to mitigate the spread has significantly impacted the Group’s airline customers' operations and by extension the activities, financial results and position of the Group.

Towards the end of 2021, demand for air travel worldwide began to improve primarily driven by large domestic markets including the US. European markets have also been boosted by the introduction of the EU vaccine passport and the re-opening of transatlantic travel. The outlook for the industry is one of cautious optimism with recent evidence of pent up demand for travel when markets are re-opened. At the same time, authorities continue to maintain a high level of vigilance for new variants of the virus which could result in the re-imposition of travel restrictions in the future.

There is still significant uncertainty over how the future development of the virus and new variants will impact the Group’s airline-lessee customers and the Group itself as a consequence. The Directors will continue to actively monitor the situation in relation to COVID-19 and any impact on the activities of the Group.

During the year, the Group engaged with and supported a number of its airline customers who sought near term rent relief. Notwithstanding this, the Group maintained a collection rate for the year of 103%, as observed by the movement in trade receivables relative to lease revenue.

GOING CONCERN

The Financial Statements have been prepared on a going concern basis, which assumes that the Group will be able to meet the mandatory repayment terms of the Notes, which is the interest on the Senior A Notes, for the foreseeable future as set out in Note 17.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operation for at least the next twelve months and that the going concern basis of preparation remains appropriate. The aviation industry in general has been one of the hardest hit industries as a result of Covid-19 over the past two years due to the various country lockdowns and waves of the virus. As noted in a number of industry reports that have been published in recent months, there is a cause for cautious optimism in the overall aviation market. Some of the key causes for this optimism in the wider market include but are not limited to the following: During the past two years, global airlines have suffered significant losses, however, in several cases airline failures have been avoided due to high levels of government support. This support is expected to continue due to the strategic importance of air travel both socially and commercially. The recovery in air travel itself has been material in 2021 when compared to 2020. This recovery has been primarily driven by large domestic markets including the US market and also there was a recovery in the European market, as the benefits of the EU vaccine passport and the reopening of transatlantic travel could be seen. In 2022 and beyond this trend of increased travel is expected to continue to pre pandemic levels.

Per the terms of the Trust Indenture non-payment of Series A Note interest would result in an Event of Default ("EOD"). In order to avoid such a default event arising, the Group needs to make payments of USD $18.3 million within the next 12 months. The Group has a liquidity facility in place of USD $16.5 million at the date of approval of these financial statements which covers Series A and Series B interest payments for a period of nine months. The Group has an additional USD $33.0 million of available resources comprising cash and cash equivalents of USD $0.1 million and restricted cash of USD $32.9 million at the date of approval of these financial statements. Furthermore, under the terms of the Trust Indenture the Company has a limited recourse nature. This means the Group is only required to make payments to the extent that cash is available and failure to do so doesn’t result in a default, except for the aforementioned, that would call going concern assumptions into question.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operation for at least the next twelve months and that the going concern basis of preparation remains appropriate.

2 BASIS OF PREPERATION AND MEASUREMENT - continued

GOING CONCERN - CONTINUED

The appropriateness of the going concern basis of preparation is dependent on the continued availability of the Group's borrowings on the terms originally agreed and in compliance with the related covenants.

Based on these factors, the Directors have a reasonable expectation that the Group has adequate liquidity and financial resources to continue in operation for at least the next twelve months and that the going concern basis of preparation remains appropriate.

SIGNIFICANT JUDGEMENTS AND ASSUMPTIONS

The preparation of the Financial Statements in conformity with IFRS requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities at the reporting date, income and expenses during the reporting period. These estimates and associated assumptions are based upon historical experience of the Service Providers and various other factors which are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed by the Directors on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements:

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

• Functional and Presentation Currency (Note 21)

FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in United States Dollars ("USD$"), which is the functional currency of the Company and its subsidiaries. The Directors believe that USD$ most faithfully represents the economic effects of the underlying transactions, events and conditions of the Company and its subsidiaries.

Estimates:
Information about assumptions and estimates at 31 December 2021 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

• Aircraft impairment (Note 11)
• Remeasurement of E Certificate (Note 9)
• Deferred tax asset/liabilities (Note 10)
• Expected Credit Loss ("ECL") (Note 21)
• Maintenance Provisions (Note 19)

Aircraft Impairment

The aircraft owned by the Group have been placed on operating lease with airlines around the world. Due to the economic disruption caused by the COVID-19 coronavirus pandemic, the Group has granted concessions to several of its airline customers. The highly uncertain economic outlook for the period has (i) impacted the appraised values for the Group's aircraft due to market disruption caused by the COVID-19 pandemic, which resulted in reduced transactional activity; lower sale proceeds achieved on transfer of aircraft and reduced rental rates, and (ii) may have a material adverse effect on certain airlines' operations, the viability of their business and their ability to meet their rental obligations. This uncertainty has been factored into the determination of the significant inputs into the recoverable amount of the Group's aircraft specifically in estimating residual values and discount rates.

In accordance with IAS 16 - Property, Plant and Equipment, the Group's owned and leased aircraft are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the aircraft may not be recoverable. An impairment review involves consideration as to whether the carrying amount of an aircraft is not recoverable and is in excess of its fair value. In such circumstances, an impairment charge is recognized as a write-down of the carrying amount of the aircraft to the higher of value in use or fair value less cost to sell.

This process involves the use of judgements and estimates. Estimates are utilised in determining the recoverable amount and fair value. The estimates and assumptions used are based on historical trends as well as future expectations. For some of these estimates, the Group utilises the services of independent valuation firms to determine the appropriate values.

The Group has utilised judgement in evaluating whether there are indicators of impairment. In this regard, the Directors rely on market conditions and the operational performance of the leased assets. The estimated residual values are based on estimates received from independent appraisers or management's view when supporting transaction data exists. Changes in global and regional economic and political conditions, government regulations, technological changes and other factors could cause the Group to revise the residual value assumptions. The Group evaluates the appropriateness of these judgements and assessments each reporting period.

In accounting for aircraft, the Group makes estimates about the expected useful lives and the estimated residual value of aircraft. In determining these estimates, management relies upon actual industry experience supported by estimates received from independent appraisers and considers anticipated utilization of the aircraft.

The review for recoverability has a level of subjectivity and requires the use of judgment in the assessment of estimated future cash flows associated with the use of an item of property, plant and equipment and its eventual disposal. Future cash flows are assumed to occur under current market conditions and assume adequate time for a sale between a willing buyer and a willing seller. Expected future lease rates are based upon all relevant information available, including the existing lease, current contracted rates for similar aircraft, appraisal data and industry trends.

Remeasurement of E Certificate

The E Certificate is held at its contractual value at closing. At the end of each reporting period, an assessment is required to estimate the cash flows due to the E-Certificate holders. The estimated cash flows are derived from the Group budget and the contractual lease rates in place since closing and estimated for future periods. The key assumptions are as follows: i) Contractual rents are to lease expiry ii) Future maintenance inflows and outflows have been factored into the cash flows on the aircraft ii) Aircraft are projected to be sold at the end of the current lease at which point the remaining Class Loans and E Certificate are paid in full. The estimated cash flows are then discounted at the original EIR and included in the EIR calculation to calculate the amortised cost of the E Certificate. The original EIR was determined to be 8.65%. This estimate is based on expectations of cash flows that will be subject to revision on a recurring basis.

2 BASIS OF PREPERATION AND MEASUREMENT - continued

Deferred tax assets/liabilities

The Group's accounting policy is to recognise deferred tax assets to the extent that they are recoverable in future periods. No deferred tax asset has been recognised in the current period, as the Group does not have sufficient evidence to indicate that they will be sufficiently profitable in future periods to utilise the deferred tax asset.

The Group's accounting policy is to recognise deferred tax assets to the extent that they are recoverable in future periods.

The Group considers forecast cash flows adjusted to determine an estimated taxable profit, in assessing the recoverability of deferred tax assets but exercise judgement in determining whether to recognise such assets given that the long-lived nature of its assets increases the estimation uncertainty in the assessment of recoverability.

Expected Credit Loss

As discussed in the accounting policy below, the Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs ("Expected Credit Loss"). Lifetime ECLs are ECLs that result from all possible default events over the expected life of a financial instrument. In any other year, the recoverability of receivables would not ordinarily give rise to a significant estimate in an aircraft-leasing securitisation. However, given the backdrop of the COVID-19 pandemic and an accumulation of overdue lease rentals from lessees the recoverability of receivables will constitute a significant estimate at 31 December 2021. Factors considered in estimating the recoverability of trade receivables are impacted by changes in contracted lease payments, future projected lease payments, estimated downtime, bankruptcy proceedings and government support/aid. If applicable, cash security deposits and letters of credit are also considered and netted off the trade receivables amount before calculating each lessee's ECL.

Maintenance Provisions

The Group records maintenance provisions revenue as the aircraft is operated when it is determined that a Qualifying Event will occur outside the non-cancellable lease term or after the Group has collected maintenance provisions equal to the amount that it expects to reimburse to the lessee as the aircraft is operated. Should such estimates be inaccurate, the Group may be required to reverse revenue previously recognized. In addition, if the Group can no longer make accurate estimates with respect to a particular lease, it will stop recognizing any maintenance provisions revenue until the end of such lease.

Estimating when it is virtually certain that maintenance provisions payments will not be reimbursed requires judgments to be made as to the timing and cost of future maintenance events. In order to determine virtual certainty with respect to this contingency, the Servicer's Technical department analyses the terms of the lease, utilizes available cost estimates published by the equipment manufacturers, and thoroughly evaluates an airline's maintenance planning documents. The Servicer's Technical department utilizes this information, combined with their cumulative industry experience, to determine when major Qualifying Events are expected to occur for each relevant component of the aircraft, and translates this information into a determination of how much the Group will ultimately be required to reimburse to the lessee.

3 SIGNIFICANT ACCOUNTING POLICIES

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

A NEW STANDARDS NOT YET ADOPTED

Standards issued but not yet effective up to the date of issuance of the Group's consolidated financial statements are listed below. This listing is of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt those standards when they become effective. The Group is currently assessing the impact of such changes on the consolidated financial statements.

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

Amendment		**Effective for annual periods beginning on or after**
IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
IFRS	Annual Improvements to IFRS Standards 2018-2020	1 January 2022
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
IFRS 3	Reference to the Conceptual Framework	1 January 2022
IFRS 17	Insurance Contracts	1 January 2023
IAS 1	Classification of liabilities as current or non-current	1 January 2023
IFRS 17	Amendments to IFRS 17	1 January 2023
IAS 8 & 12	Amendments to IAS 8 & 12	1 January 2023
IAS 1 & IFRS Practice Statement 2	Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023

B BASIS OF CONSOLIDATION

The consolidated financial statements include the results of the Group and its subsidiaries as listed in Note 24 below. All intercompany profits, transactions and account balances have been eliminated on consolidation.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 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.

C FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated into the functional currency at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Foreign currency differences are recognised in profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES - continued

D AIRCRAFT AND RELATED COMPONENTS

Items of property, plant and equipment consist of aircraft that management intends to hold and lease are stated at cost, less accumulated depreciation and any impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset, including any cost attributable to bringing the asset to a working condition for intended use. Depreciation is calculated on a straight line basis over the asset's useful life of 25 years from the date of manufacture of the aircraft. The remaining useful economic life of the aircraft range from 13 to 20 years. The Depreciation is recognised in the Statement of Comprehensive Income over the remaining useful life from the date of manufacture or purchase to a residual value.

Aircraft acquired on lease are assessed for the existence of intangible maintenance return assets as well as lease intangibles. To the extent that these exist, the lease intangible is amortised over the remaining lease term to its estimated residual value.

Depreciation methods, residual values and useful lives are reviewed at the reporting date.

Residual values are determined based on the estimated values at the end of the useful lives of the aircraft assets, which are estimated to be 15% of cost and are subsequently reviewed on an annual basis. In accordance with IAS 16, the Group's aircraft that are to be held and used are reviewed for impairment whenever events or changes in circumstance indicate that the carrying value may not be recoverable. S-JETS assesses at the end of each reporting period whether there is any indication that an impairment loss recognised in prior periods for an asset other than goodwill may no longer exist or may have decreased. Impairment is charged through the Statement of Profit or Loss and Other Comprehensive Income to reduce the carrying value of aircraft to the recoverable amount where impairment is considered to have occurred in accordance with IAS 36 "Impairment of Assets". An impairment review is carried out when there has been an indication of impairment, usually on the basis of independent market appraisals and indications of significant changes in market demand. Where the recoverable amount is greater than the carrying value, no impairment is required. An impairment review involves consideration as to whether the carrying value of an aircraft is not recoverable and in these circumstances a loss is recognised as a write down of the carrying value to the higher value of its value in use and net realisable value. The net realisable value of the aircraft is estimated using current market value ("CMV") per three independent appraisers, as adjusted to remove outliers where considered appropriate. Value in use is calculated as the present value of the future cash flows to be derived from the operation of the asset. Future cash flows are discounted using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset.

If recoverable amounts are lower than carrying values, assets are reduced to their recoverable amounts with the resultant impairment charges being recorded through profit or loss. Where a prior impairment loss has decreased or reversed, the carrying amount of the asset is increased and the impairment loss reversed in the profit or loss in the Statement of Comprehensive Income to the extent that the asset is not carried at a higher value than if no impairment loss had been recognised in prior years.

The Group identifies, measures and accounts for maintenance right assets and liabilities associated with the acquisition of aircraft with in-place leases. A maintenance right asset represents the fair value of the contractual right under a lease to receive an aircraft in an improved maintenance condition as compared to the maintenance condition on the acquisition date. A maintenance right liability represents the obligation to pay the lessee for the difference between the lease end contractual maintenance condition of the aircraft and the actual maintenance condition of the aircraft on the acquisition date.

In certain contracts, the lessee is required to re-deliver the aircraft in similar maintenance condition (normal wear and tear excepted) as when accepted under the lease, with reference to major life-limited components of the aircraft. To the extent that such components are redelivered in a different condition than at acceptance, there is normally an end-of-lease compensation adjustment for the difference at re-delivery. Amounts received as part of these re-delivery adjustments are recorded as lease rental income at lease termination.

The Group's fleet is typically subject to triple-net leases pursuant to which the lessee is responsible for maintenance, which is accomplished through one of two types of provisions in the Group's leases:
(i) end of lease return conditions (EOL Leases) or
(ii) periodic maintenance payments (Cash Paying Leases).

EOL Leases
Under EOL Leases, the lessee is obligated to comply with certain return conditions which require the lessee to perform lease end maintenance work or make cash compensation payments at the end of the lease to bring the aircraft into a specified maintenance condition.

Maintenance right assets in EOL Leases represent the difference in value between the contractual right to receive an aircraft in an improved maintenance condition as compared to the maintenance condition on the acquisition date. Maintenance right liabilities exist in EOL Leases if, on the acquisition date, the maintenance condition of the aircraft is greater than the contractual return condition in the lease and the Group is required to pay the lessee in cash for the improved maintenance condition. Maintenance right assets, net are recorded as a separate line item on the Group statement of financial position.

When the Group has recorded maintenance right assets with respect to Cash Paying Leases, no amortisation is recorded during the remaining term of the lease and one (or combination) of the following possibilities occur at lease end
(i) the aircraft is returned at lease expiry in the contractually specified maintenance condition without any cash payment to the Group by the lessee, or the maintenance event is performed by the lessee and the Group has sufficient information in relation to the performance of the event, the maintenance right asset is relieved and an aircraft improvement is recorded to the extent the improvement is substantiated and deemed to meet the Group's capitalisation policy;
(ii) the lessee pays the Group cash compensation at lease expiry in excess of the value of the maintenance right asset, the maintenance right asset is relieved and any excess cash is recognised as end of lease income consistent with the existing policy; or
(iii) the lessee pays the Group cash compensation at lease expiry that is less than the value of the maintenance right asset, the cash is applied to the maintenance right asset and the balance of such asset is relieved and recorded as an aircraft improvement to the extent the improvement is substantiated and meets the capitalisation policy.

Cash Paying Leases
Under Cash Paying Leases, the lessee is required to make periodic payments to the Group for maintenance, based upon usage of the aircraft. When qualified major maintenance is performed during the lease term, the Group is required to reimburse the lessee for the costs associated with such maintenance. At the end of lease, the Group is entitled to retain any cash receipts in excess of the required reimbursements to the lessee.

Maintenance right assets in Cash Paying Leases represent the right to receive an aircraft in an improved condition relative to the actual condition on the acquisition date. The aircraft is improved by the performance of qualified major maintenance paid for by the lessee who is reimbursed by us from the periodic maintenance payments that the Group receives. Maintenance right assets, net will be recorded as a separate line item on our statement of financial position.

When the Group has recorded maintenance right assets with respect to Cash Paying Leases, the following accounting scenarios exist:
(i) the aircraft is returned at lease expiry and no qualified major maintenance has been performed by the lessee since the acquisition date, the maintenance right asset is offset by the amount of the associated maintenance payment liability and any excess is recorded as end of lease income; or
(ii) the Group has reimbursed the lessee for the performance of qualified major maintenance, the maintenance right asset is relieved and an aircraft improvement is recorded. Any aircraft improvements recognised are depreciated over the remaining useful economic life of the aircraft.

When aircraft are sold, maintenance return components and liabilities are derecognised from the Statement of Financial Position and are included as part of the gain or loss on disposal recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Maintenance return component assets are assessed at the end of the underlying lease for reclassification to Aircraft or write-off through the profit or loss depending on the form of the economic benefits received from such assets. The revised aircraft balance is depreciated over the remaining estimated useful economic life of the aircraft. Any end of lease payments are recognised in profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES - continued

E TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised initially at fair value and are subsequently measured at amortised cost using an effective interest rate less any provision for impairment. Trade and other receivables are discounted when the time value of money is considered material.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs ("Expected Credit Loss"). Lifetime ECLs are ECLs that result from all possible default events over the expected life of a financial instrument.

F CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than investing or other purposes. Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

Restricted cash

Restricted cash comprises cash held by the Group but which is ring-fenced or used as security for specific financing arrangements, and to which the Group does not have unfettered access. Restricted cash is measured at amortised cost.

G FINANCIAL LIABILITIES

Issued financial instruments or their components will be classified as liabilities where the substance of the contractual arrangement results in S-JETS having a present obligation to either deliver cash or another financial asset to the holder, to exchange financial instruments on terms that are potentially unfavourable or to satisfy the obligation otherwise than by the exchange of a fixed amount of cash for a fixed number of equity shares.

Financial liabilities will be initially recognised at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Financial liabilities are subsequently measured at amortised cost, with any difference between the proceeds net of transaction costs and the redemption value recognised in the income statement using the effective interest method.

The Series notes A, B and C Notes and E Certificate have been classified as debt, due to the contractual obligation to make payments whenever the appropriate cash is available. Instruments were initially recorded at fair value and subsequently at amortised cost. The portfolio of aircraft are pledged as security against the Series A, B and C Notes.

The E-Note bears no contracted interest rate or principal payments. Funds are distributed when available in line with the priority of payments as outlined in the Trust Indenture. Interest on the E-Note is calculated on an EIR basis whereby future cashflows to the E-Note holders are estimated. The carrying value of the E-Note reflects the principal payment due at the end of the deal, together with accrued interest. The E-Note have a final legal maturity date of 15 August 2042. The assumptions regarding future cash flows are re-estimated at each reporting date and the revised cash flows are discounted at the original effective rate and any remeasurement of the carrying amount is recorded in the financing line of the statement profit or loss and comprehensive income.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired, or subject to a substantial modification of terms.

H SECURITY DEPOSITS

Security deposits on leased aircraft are generally paid by the lessee on the execution of the lease and are non-refundable during the term of the lease. The amounts are held as a security for the timely and faithful performance by the lessee of its obligations during the lease and are included on the Consolidated Statement of Financial Position. Security deposits are refundable to the lessees, based on the terms of the various aircraft lease agreements. The deposit may be applied against amounts owing from the lessee for rent or returned to the lessee on the termination of the lease.

I MAINTENANCE PROVISIONS

In accordance with lease agreements, maintenance provisions are subject to reimbursement to the lessee upon the occurrence of a qualifying event. The reimbursable amount is capped by the amount of maintenance provisions payments received by the Group, net of previous reimbursements. The Group is only required to reimburse for qualifying event according to the lease agreement during the lease term.

Maintenance provisions which the Group may be required to reimburse to the lessee are reflected in our maintenance provision liability on the Statement of Financial Position.

All amounts of maintenance provisions unclaimed by the lessee at the end of the lease term are retained by the Group. The Group records as rental revenue the portion of maintenance provisions that it is virtually certain will not require reimbursement to the lessee as a component of Lease revenue in the Statement of Profit or Loss and Other Comprehensive Income.

The Group records maintenance provisions revenue as the aircraft is operated when it is determined that a Qualifying Event will occur outside the non-cancellable lease term or after the Group has collected maintenance provisions equal to the amount that it expects to reimburse to the lessee as the aircraft is operated. Should such estimates be inaccurate, the Group may be required to reverse revenue previously recognized. In addition, if the Group can no longer make accurate estimates with respect to a particular lease, it will stop recognizing any maintenance provisions revenue until the end of such lease.

Estimating when it is virtually certain that maintenance provisions payments will not be reimbursed requires judgments to be made as to the timing and cost of future maintenance events. In order to determine virtual certainty with respect to this contingency, the Servicer's Technical department analyses the terms of the lease, utilizes available cost estimates published by the equipment manufacturers, and thoroughly evaluates an airline’s maintenance planning documents. The Servicer's Technical department utilizes this information, combined with their cumulative industry experience, to determine when major Qualifying Events are expected to occur for each relevant component of the aircraft, and translates this information into a determination of how much the Group will ultimately be required to reimburse to the lessee.

3 SIGNIFICANT ACCOUNTING POLICIES - continued

J LESSOR CONTRIBUTIONS/LEASE INCENTIVE ASSET

At the beginning of each new lease, subsequent to the first lease on a new aircraft, lessor contributions representing contractual obligations on the part of the Company to contribute to the lessee's cost of the next planned major maintenance event, expected to occur during the lease, are established. The Company regularly reviews the level of lessor contributions under current lease contracts and makes adjustments as necessary. When aircraft are sold the portion of the accrued liability not specifically assigned to the buyer is derecognised from the statement of financial position as part of the gain or loss on disposal of the aircraft. Lessor contributions represent a lease incentive and are recorded as a charge against lease rental income over the life of the associated lease.

K REVENUE

Operating Leases
The Group, as lessor, leases aircraft under operating leases and records rental income rateably over the life of the lease as it is earned. The Group accounts for lease rental income under lease agreements that include step rent clauses on a straight-line basis. Where a deferral arrangement is reached with a lessee, which does not change the total consideration or the right to use the aircraft, lease rental income continues to be recorded under the original straight line basis.

For past-due rentals on all leases, an impairment provision may be established on the basis of management's assessment of collectability and to the extent such rentals exceed related security deposits held and any provision so established is recorded as an expense in the Statement of Comprehensive Income.

If the Group's lease contracts require payment in advance, rentals received, but unearned under these lease agreements, are recorded as operating lease income prepaid in liabilities on the Statement of Financial Position.

L FINANCE INCOME AND EXPENSES

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in the Statement of Profit or Loss and Other Comprehensive Income, using the effective interest method.

Finance expenses comprise interest expense on borrowings. All borrowing costs are recognised in the Statement of Profit or Loss and Other Comprehensive Income on an accruals basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial liability to the net carrying amount of the financial liability. The application of the method has the effect of recognising expenses payable on the liability evenly in proportion to the amount outstanding over the period to maturity or repayment.

In calculating the effective interest rate, the Group estimates cash flows (using projections based on repayments) considering all contractual terms of the financial liability.

The calculation will take into account all fees that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts.

The Group will review it's estimate of payments each year and if necessary adjust the carrying amount of the financial liability to reflect actual and revised estimated cash flows. This process involves computing the present value of estimated future cash flows at the financial instrument's original effective interest rate. As such the Group shall recognise the adjustment as income or expense in profit or loss at the date of such revision.

M TAXATION

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the period and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable in line with IFRIC 23 of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

— temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
— temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
— taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised to the extent that it is probable that the future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that is no longer probable that the related tax benefit will be realised.

N OPERATING SEGMENTS

As a consequence of listing the Group's A, B, and C Notes on Bermuda Stock Exchange, the Group applies IFRS 8 Operating Segments. The Group activities are organized into one reporting segment. The principal activities of the Group involve the acquisition, leasing and disposal of aircraft.

3 SIGNIFICANT ACCOUNTING POLICIES - continued

O LEASES

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a Lessor
When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risk and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of revenue.

P TRADE AND OTHER PAYABLES

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Q PROVISIONS

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation 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.

R SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from retained earnings, net of any tax effects.

S DIVIDENDS

Dividends are recognised in the consolidated financial statements when they have been appropriately approved or authorised by the shareholders. No dividend was declared or paid in the reporting financial year ending 31 December 2021 (2020:USD$Nil).

4 LEASE REVENUE

	31/12/2021	31/12/2020
	USD	USD
Lease rentals	83,993,914	92,097,215
Lease incentive amortisation (note 14)	(7,611,274)	(6,462,705)
EOL Payments	3,244,259	-
Other income	5,756	-
	79,632,655	85,634,510

Lease revenue is earned on a monthly basis in line with the lease agreements. There are three floating rate leases. Total revenue on floating rate leases for the year to 31 December 2021 totalled USD$14.9 million (2020:USD$20.5 million). Lease rental also includes a net End of Lease ("EOL") payment received in the amount of $3.2 million (gross amount of $5.2 million netted against the maintenance intangible released of $2.0 million) in relation to one of the aircraft.

Lease rental is derived mainly from leasing commercial aircraft to various operators around the world. The distribution of lease rental income by geographical market (airline location) is as follows:

	31/12/2021	31/12/2021	31/12/2020	31/12/2020
	USD	%	USD	%
Brazil	7,830,794	10%	8,901,244	10%
Canada	2,160,000	3%	2,160,000	3%
China	8,288,187	10%	9,326,845	11%
Ethiopia	9,456,533	12%	9,480,023	12%
Finland	4,982,737	6%	4,986,758	6%
India	144,919	0%	3,742,743	4%
Indonesia	12,646,848	16%	9,686,634	11%
Japan	2,695,801	3%	3,585,059	4%
Kazakhstan	4,764,265	6%	-	0%
Malaysia	-	0%	2,173,419	3%
Mexico	3,810,081	5%	3,815,893	4%
Russia	11,545,131	15%	12,628,063	15%
Thailand	-	0%	1,141,532	1%
United Kingdom	853,059	1%	1,046,753	1%
USA	10,454,300	13%	12,959,544	15%
	79,632,655	100%	85,634,510	100%

Five of the Group's customers, which are located in Brazil, Ethiopia, Russia, Indonesia and China each account for greater than 10% of the Groups revenue, the largest of which represented 15%.

The following is a schedule of contracted future rentals receivable, by year, on operating leases as of 31 December 2021 as amended for changes in the underlying lease agreements up to and including 31 December 2021. The interest rates prevailing at 31 December 2021 have been applied in determining rentals which are variable in accordance with prevailing interest rates.

	31 December 2021	31 December 2020
	USD	USD
Due within one year	80,536,612	80,938,561
Due between one and two years	77,699,169	75,053,724
Due between two and three years	62,854,902	70,889,941
Due between three and four years	49,952,152	58,761,297
Due between four and five years	38,525,636	44,723,333
Due after five years	23,665,673	54,392,609
	333,234,144	384,759,465

As at December 31, 2021, 20 Aircraft were on lease to 14 Airlines in 12 countries, (2020: 20 Aircraft were on lease to 14 Airlines in 12 countries). Within the next 12 months $8.2 million of revenue is due in relation to Russian leased aircraft.

5 BAD DEBTS

	31/12/2021	31/12/2020
	USD	USD
Bad debts	912,798	-
	912,798	-

6 EXPECTED CREDIT LOSS ("ECL") ON RECEIVABLES

	31/12/2021	31/12/2020
	USD	USD
Expected credit loss ("ECL") on receivables	3,026,351	1,561,001
	3,026,351	1,561,001

At December 31, 2021 an expected loss allowance was recognised in the consolidated statement of comprehensive income of $3.0 million (2020: $1.6 million) on a expected credit loss basis. ECL on receivables is based on a number of factors, including expected loss rates and the credit quality of the lessees. Further information is set out in Note 21.

7 ADMINISTRATIVE EXPENSES

	31/12/2021	31/12/2020
	USD	USD
Bank charges	4,050	3,479
Audit and tax advisory fees	185,388	182,650
Directors' fees	93,652	93,019
Legal and professional fees	1,198,812	823,774
Other professional fees	93,843	110,853
Management agent fees	273,966	259,691
Servicer fee	2,539,417	2,209,563
Insurance	705,523	891,771
Trustee fees	320,381	256,697
Other operating costs	751,898	562,660
	6,166,930	5,394,157

8 STAFF NUMBERS AND COSTS

The Group had no employees during the year ending 31 December 2021 (2020:Nil).

9 FINANCE EXPENSES AND FINANCE INCOME

	31/12/2021	31/12/2020
Assets measured at amortised cost	USD	USD
Bank interest income	7,842	60,791
Lessee interest income	1,677,651	53,210
	1,685,493	114,001
Liabilities measured at amortised cost		
Interest expense on A notes	19,370,418	20,536,015
Interest expense on B notes	3,613,461	3,639,083
Interest expense on C notes	2,088,070	1,964,087
Interest expense on E Note	14,352,620	12,841,779
Amortisation of deferred finance costs	332,438	2,278,660
	39,757,007	41,259,624
E Certificate remeasurement		
E Certificate remeasurement	24,361,119	6,645,327
	24,361,119	6,645,327
NET FINANCE COST	13,710,395	34,500,296

IFRS 9 requires the interest on the Series A, B and C Notes and the E Certificate to be calculated using the effective interest rate ('EIR') which is the rate that exactly discounts the expected cash flows over the expected life of the Series A, B and C Notes and the E Certificate to their net carrying amount at inception. The EIR for the E Certificate has been calculated at 8.65%.

Changes in the timing or amount of estimated cash flows result in an adjustment to the gross carrying amount of the E Certificate in the period of the change to reflect the revised actual or estimated cash flows, with a corresponding income or expense being recognised in the Statement of Profit or Loss and Other Comprehensive Income. An amount of $24,361,119 was recognised on remeasurement of the E Certificate in respect of the financial year ended 31 December 2021 (2020: $6,645,327). This adjustment does not affect the legal contracted nominal amount of the E Certificate outstanding.

10 TAX ON PROFIT ON ORDINARY ACTIVITIES FOR THE FINANCIAL YEAR

(a) Analysis of tax charge for year

	31/12/2021	31/12/2020
Current tax:	USD	USD
Corporation tax on net profit for the year	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of timing differences	(161,864)	4,193,230
	(161,864)	4,193,230
Total taxation for the year	(161,864)	4,193,230

(b) Factors affecting current tax charge for the year

The reconciliation of tax on profit for the financial year at the standard rate of Irish corporation tax to the Group's actual tax charge is analysed as follows:

Profit for the financial year tax	1,218,736	4,309,596
Current tax at 12.5%	152,342	538,700
Effects of:		
Prior year over/under provision of DT	-	3,211
Non taxable income	1,309,731	2,027,381
Movement in unrecognised DTA	(1,623,937)	1,623,938
Total tax expense	(161,864)	4,193,230

(c) Circumstances affecting current and future tax charges

Tax is chargeable in future periods unless group relief is available. To the extent losses are incurred in the future, these can be carried forward. The corporation tax rate is expected to remain at its current rate of 12.5%.

(d) Current tax

A current tax credit of $Nil (Credit - 2020:$Nil) has been recognised in the year.

10 TAX ON PROFIT ON ORDINARY ACTIVITIES FOR THE FINANCIAL YEAR - continued

(e) Deferred tax

Deferred tax represents the amount of tax recoverable in respect of tax losses available in the current year which are available for carry forward against future taxable profits, temporary timing differences and an excess of capital allowances over accounting depreciation.

The components of the deferred income tax assets and liabilities as at December 31, 2021 are as follows:

	31 December 2020	31 December 2021	Movement in the year
	USD	USD	USD
Assets	26,028,670	35,898,556	9,869,886
Liabilities	(35,053,717)	(44,761,739)	(9,708,022)
	(9,025,047)	(8,863,183)	161,864

The components of the deferred income tax assets and liabilities as at December 31, 2020 are as follows:

	31 December 2019	31 December 2020	Movement in the period
	USD	USD	USD
Assets	21,054,986	26,028,670	4,973,684
Liabilities	(25,886,803)	(35,053,717)	(9,166,914)
	(4,831,817)	(9,025,047)	(4,193,230)

11 AIRCRAFT AND RELATED COMPONENTS

	Aircraft	Maintenance Intangible Asset	Total
Cost	USD	USD	USD
At 1 January 2021	876,975,395	76,154,494	953,129,889
Additions	908,615	-	908,615
Maintenance Intangible Release	-	(1,967,928)	(1,967,928)
Transfer to aircraft	-	(908,615)	(908,615)
At 31 December 2021	877,884,010	73,277,951	951,161,961
Depreciation and Impairment			
At 1 January 2021	(128,920,310)	(9,756,838)	(138,677,148)
Depreciation charge for the financial year	(35,924,142)	-	(35,924,142)
Impairment	(15,032,985)	(3,640,318)	(18,673,303)
At 31 December 2021	(179,877,437)	(13,397,156)	(193,274,593)
Net book value	698,006,573	59,880,795	757,887,368

	Aircraft	Maintenance Intangible Asset	Total
Cost	USD	USD	USD
At 1 January 2020	873,882,667	77,877,122	951,759,789
Additions	3,092,728	-	3,092,728
Transfer to aircraft	-	(1,722,628)	(1,722,628)
At 31 December 2020	876,975,395	76,154,494	953,129,889
Depreciation and Impairment			
At 1 January 2020	(87,069,614)	-	(87,069,614)
Depreciation charge for the financial year	(36,832,521)	-	(36,832,521)
Impairment	(5,018,175)	(9,756,838)	(14,775,013)
At 31 December 2020	(128,920,310)	(9,756,838)	(138,677,148)
Net book value	748,055,085	66,397,656	814,452,741

Cost of aircraft represents the cost of the aircraft acquired by the Group as part of the transaction on 22 August 2017.

For the financial year, USD$0.9 million (2020: $1.7 million) of maintenance intangible's were transferred to aircraft within the consolidated statement of financial position.

The aircraft are held in Trust by the Security Trustee (Wells Fargo) as security against the issued A, B and C Notes. At 31 December 2021 S-JETS Group owned twenty aircraft all of which were on lease. There were no aircraft held for sale at 31 December 2021.

Due to COVID-19 and the impact it has had on the industry and the recognition of aircraft based on their fair values as estimated by the average of three appraisers, the Directors are satisfied that indicators of impairment have arisen at 31 December 2021.

The average remaining life of the fleet is 16 years.

Impairment as presented in the Statement of Profit or Loss and Other Comprehensive Income is net of USD$Nil million (2020: $11.7 million) (net of charges/releases of maintenance intangible assets and maintenance reserves) of maintenance reserves released. During the financial year 2020 the decision was made to release the maintenance reserve balance for the Engines and LLPs as held in subsidiary Jetair 2 Limited of USD$11.7 million.

11 AIRCRAFT AND RELATED COMPONENTS - continued

The distribution of aircraft and related components by geographical market, based on airline location, is as follows:

	31/12/2021 USD	31/12/2021 %	31/12/2020 USD	31/12/2020 %
Brazil	71,318,151	9%	74,338,996	9%
Canada	23,642,440	3%	24,551,463	3%
China	84,970,551	11%	91,740,145	11%
Ethiopia	114,576,670	15%	121,819,765	15%
Finland	43,201,194	6%	45,014,168	6%
Indonesia	110,960,003	15%	115,636,857	14%
Japan	28,513,738	4%	30,399,522	4%
India	28,055,511	4%	37,167,262	5%
Mexico	37,491,686	5%	39,048,673	5%
Russia	80,917,708	11%	92,637,702	11%
United Kingdom	38,940,869	5%	41,447,618	5%
USA	95,298,847	12%	100,650,570	12%
	757,887,368	100%	814,452,741	100%

The Group recognises maintenance intangibles in relation to the acquisition of aircraft that were purchased on lease. These intangibles are accounted for as a separate component of aircraft and related components.

When the Group recognises maintenance right assets with respect to EOL Leases, no amortisation is recorded during the remaining term of the lease and one (or combination) of the following possibilities occur at lease-end (i) the aircraft is returned at lease expiry in the contractually specified maintenance condition without any cash payment to the Group by the lessee, or the maintenance event is performed by the lessee and the Group has sufficient information in relation to the performance of the event, the maintenance right asset is relieved and re-classified as an aircraft improvement; (ii) the lessee pays the Group cash compensation at lease expiry in excess of the value of the maintenance right asset, the maintenance right asset is relieved and any excess is recognised as end of lease income; or (iii) the lessee pays the Group cash compensation at lease expiry that is less than the value of the maintenance right asset, the cash is applied in the first instance to the maintenance right asset and the balance of such asset is reclassified as an aircraft improvement.

When the Group has recorded maintenance right assets with respect to Cash Paying Leases, no amortisation is recorded during the remaining term of the lease and one (or combination) of the following possibilities occur at lease end (i) the aircraft is returned at lease expiry and no qualified major maintenance has been performed by the lessee since the acquisition date, the maintenance right asset is offset by the amount of the associated maintenance payment liability and any excess liability is recorded as end of lease income; or (ii) the Group has already reimbursed the lessee for the performance of certain qualified major maintenance. Maintenance liabilities that have not been reimbursed to the lessee are applied in the first instance to the maintenance right asset and the balance of such asset is reclassified as an aircraft improvement. Any aircraft improvements recognised are depreciated over the remaining useful economic life of the aircraft.

When aircraft are sold, maintenance return intangible assets are released from the balance sheet as part of the gain or loss on disposal.

In accordance with the relevant accounting policy, as disclosed in Note 3 to the financial statements, the Directors have undertaken a review to determine whether an impairment provision is required in respect of the Group's aircraft and related components. The following table details the technique used to determine whether an impairment provision is required, as well as the significant inputs used:

Assessment techniques	Significant inputs	Relationship between significant inputs and potential impairment charge
In considering whether impairment exists, the Directors used inputs for current market values from three external independent appraisers to assess current market value and to assess value-in-use and have estimated future cash flows from the aircraft discounted at a risk adjusted market rate expected to be obtainable as a result of an asset's continued use.	• Changes in contracted lease rates reflect all concessions granted during the financial year. • Residual values are based on the average of three external independent appraisers' estimates for these amounts. • Discount rate applied to the portfolio 5.2%	In certain instances the carrying amount of the aircraft asset would increase/(decrease) if: • Lease rates collected were higher/(lower) than currently contracted. • Future residual values grow more/(less) than expected.

Based on this review, an impairment charge of $18.7 million (2020: $14.8 million) has been recognised within the Statement of Profit or Loss and Other Comprehensive Income.

Significant judgement is required when evaluating the inputs into the recoverable amount of the Group's aircraft. Reasonable possible changes at the reporting date to one of the significant inputs, while holding others constant, would have affected the impairment charge recorded by the amounts shown below.

Reasonable possible changes at the reporting date to one of the significant inputs, while holding the others constant, was considered for the variables set out below:
• Discount rate applied +/- 0.5%
• Uncontracted future lease rental rates +/- 10%
• Residual values +/- 2%
• Downtime between leases + 3months

None of the above possible changes in significant inputs would have given rise to a materially different impairment charge for the Group's aircraft than was recorded for the financial year.

The Directors are satisfied that the net book value of the aircraft is appropriate.

12 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	31 December 2021 USD	31 December 2020 USD
Current		
Cash and cash equivalents	102,414	1,193
Restricted cash	36,542,328	23,362,687
	36,644,742	23,363,880

All of the restricted cash of the Group at 31 December 2021 was held for specific purposes under the terms of the Trust Indenture. The term restricted above represents the obligation of S-JETS to retain certain cash balances or pay them through the priority of payments outlined within the Trust Indenture.

13 TRADE AND OTHER RECEIVABLES

	31 December 2021 USD	31 December 2020 USD
Trade receivables	29,811,152	32,034,107
VAT receivables	179,494	131,012
Other tax receivable	6,664	6,664
Other prepaids	103,547	103,547
Interest receivable	57,512	97,107
Other	3,766	3,766
	30,162,135	32,376,203

Trade receivables comprise amounts due in respect of lease rental payments due from lessees. At December 31, 2021 an expected loss allowance was recognised of $6.6 million (2020: $3.6 million).

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

The impact of IFRS 9 and the impairment of trade receivables using ECL is outlined in Note 21.

14 LEASE INCENTIVE ASSETS

	31 December 2021 USD	31 December 2020 USD
At 1 January	15,906,017	22,368,722
Additions	8,269,778	-
Amortisation	(7,611,274)	(6,462,705)
At 31 December	16,564,521	15,906,017

During the year the Group entered into a Lessor Contribution with a new Lessee in the amount of $8.3 million (2020: USD$nil million). This represents a contractual obligations on the part of the Group to contribute to the lessee's cost of the next planned major maintenance event.

15 TRADE AND OTHER PAYABLES

	31 December 2021 USD	31 December 2020 USD
Deferred income	5,046,874	3,729,418
Accrued expenses	128,429	135,627
Accounts payable	416,004	840,765
	5,591,307	4,705,810

16 SHARE CAPITAL

	31 December 2021 USD	31 December 2020 USD
Authorised, issued and fully paid		
100 Ordinary shares of 1 USD each	100	100

The authorised share capital of the Company is USD$100 divided into two classes: (i) 90 Class A common shares of par value USD$1.00 each (the "Class A Common Shares") and (ii) 10 Class B common shares of par value USD$1.00 each (the "Class B Common Shares"). Each holder of Class A Common Shares is entitled to one vote per share. Each holder of Class B Common Shares is not entitled to a vote.

17 INDEBTEDNESS

(a) Principal

The Notes issued by S-JETS in August 2017 constitute direct obligations of S-JETS. In order to secure the repayment of the Notes and the payment and performance of all obligations of the Group and each of its subsidiaries, the Group and each of its subsidiaries has entered into a Security Trust Agreement with the Security Trustee, Wells Fargo Bank N.A., as regards all Secured Obligations.

On 22 August 2017, S-JETS issued Series A, Series B and Series C Notes with nominal value of $657,800,000 and bears a fixed interest rate of 3.967%; $81,000,000 and bears a fixed interest rate of 5.682% and $42,000,000 bears a fixed interest rate of 7.021% respectively. These Notes have a final maturity date of 15 August 2042. These Notes are limited recourse obligations of S-JETS to the assets held by its subsidiaries. The effective interest rate charged on the notes is as follows - Series A Notes – 4.4%, Series B Notes – 6.14%, Series C Notes – 7.66%.

In addition to above Notes, S-JETS also issued E Certificates upon the transfer of equity interest of Aircraft Owning Entities ("AOEs"). The carrying amount of the E Certificate amounted to $138,596,625 (2020:USD$ 148,605,124) and carries an EIR of 8.65% (2020:8.65%) with a final maturity contractual date of 15 August 2042.

The following table outlines nominal and carrying value each Note at 31 December 2021:

	Nominal Amount USD	Paydown to date USD	31 December 2021 USD
Series A Notes	657,800,000	191,833,580	465,966,420
Series B Notes	81,000,000	17,405,127	63,594,873
Series C Notes	42,000,000	11,206,598	30,793,402
Deferred finance costs		-	(7,335,629)
Discounts/closing costs - Series A, B, C			(2,477)
			553,016,589
	Nominal Amount USD	EIR Remeasurement USD	
E Certificate	167,217,439	(28,620,814)	138,596,625
			691,613,214

The following table outlines nominal and carrying value each Note at 31 December 2020:

	Nominal Amount USD	Paydown to date USD	31 December 2020 USD
Series A Notes	657,800,000	151,352,420	506,447,580
Series B Notes	81,000,000	17,405,127	63,594,873
Series C Notes	42,000,000	13,288,578	28,711,422
Deferred finance costs		-	(7,668,067)
Discounts/closing costs - Series A, B, C			(2,477)
			591,083,331
	Nominal Amount USD	EIR Remeasurement USD	
E Certificate	167,217,439	(18,612,315)	148,605,124
			739,688,455

	31 December 2020 USD	31 December 2021 USD
Current liabilities – Indebtness	73,189,089	66,248,945
Non-current liabilities – Indebtness	666,499,366	625,364,269
	739,688,455	691,613,214

Repayments of principal on Series A, B and C Notes commenced in September 2017. The repayment of principal of the Notes is dependent upon the cash available at each monthly determination date and is governed by the priority of payments set out in the Trust Indenture. Monthly Determination Date means the last day of the calendar month immediately preceding each Payment Date.

The E Certificate is measured at amortised cost using the effective interest rate (EIR). The application of the EIR method requires re-measurement of the E Certificate at each financial year end date is based on the then estimated future cash payments forecasted to occur throughout the expected life of the E Certificate, discounted at the original EIR rate. The following table shows the technique used in re-measuring the E Certificate, as well as the significant unobservable inputs used:

Valuation techniques	Significant inputs	Relationship between key inputs and carrying amount re-measurement
Discounted cash flows: The re-measurement of the E Certificate considers the discounted value of the cash outflows expected to be paid taking into account changes in contracted lease rates, future projected lease rates, net maintenance flows, transition costs, estimated residual values, economic conditions and technological development. The expected cash outflows are discounted at the original EIR as determined at the issuance of the E Certificate.	• Changes in contracted lease rates reflect all concessions granted during the year. • Residual values are based on the average of three external independent appraisers' estimates for these amounts. • Down time between leases and transition costs are based on historical experience observed by the Managing Agent (with input from the Servicer as appropriate). • With respect to CLH, the inputs used reflect the Servicer's best estimate of when the aircraft will be back on lease and their best estimate of the re-lease rate and term. • The timing and the expected cost of maintenance events has been estimated based on the forecasts provided by the external independent maintenance evaluator (with input from the Servicer as appropriate). • EIR rate applied was 8.65%.	The carrying amount of the E Certificate would increase/(decrease) if: • Lease rates collected were higher/(lower) than currently contracted. • Future lease rates and/or residual values grow more/(less) than expected. • Downtime between leases and transition costs are less/(more) than expected.

17 INDEBTEDNESS - continued

(a) Principal - continued

Significant judgement is required when evaluating the inputs into the re-measurement of the E Certificate. Reasonable possible changes at the reporting date to one of the significant inputs, while holding others constant, would have affected the re-measurement charge recorded by the amounts shown below. The effect of the COVID-19 pandemic has meant that the range of possible changes is wider for 2021 than for the comparative financial period.

Reasonable possible changes at the reporting date to one of the significant inputs, while holding the others constant, was considered for the variables set out below:

• Uncontracted future lease rental rates +/- 10%
• Residual values +/- 2%
• Downtime between leases + 3months

None of the above possible changes in significant inputs would have given rise to a materially different re-measurement charge for the Group's E Certificate than was recorded for the financial year.

(b) Interest payable

The Series A, Series B and Series C Notes bear interest at fixed rates as per the Note Purchase Agreement - Series A Notes – 3.967%, Series B Notes – 5.682% and Series C Notes – 7.021%. The effective interest rate charged on the notes is as follows - Series A Notes – 4.4%, Series B Notes – 6.14%, Series C Notes – 7.66%. The E Certificates bear no contracted interest rate, however carries an obligation to return available residual cash to the E Certificate holder.

At year end the following amounts of interest were accrued for but unpaid:

	31 December 2021	31 December 2020
	USD	USD
Series A Notes	770,204	837,116
Series B Notes	150,561	150,561
Series C Notes	90,083	83,993
Total	1,010,848	1,071,670

The E Certificate does not carry an interest rate, however the effective interest rate is calculated as 8.65%.

(c) Total principal and interest payable

	31 December 2021	31 December 2020
	USD	USD
Current principal and interest	67,259,793	74,260,759
Non-current principal and interest	625,364,269	666,499,366
Total	692,624,062	740,760,125

(d) Debt maturity

The repayment terms of the Series A Notes, Series B Notes and Series C Notes are such that certain principal amounts are expected to be repaid on certain dates based on certain assumptions made at the time of their issue (the "Expected Final Payment Dates") or refinanced through the issue of new notes by specified Expected Final Payment Dates but in any event are ultimately due for repayment on specified final maturity dates (the "Final Maturity Dates"). The Final Contractual Maturity Dates, Outstanding Principal Balance and interest rates applicable to each class of Notes outstanding at 31 December 2021 are set out below:

Class of Notes	Interest Rate (contractual)	Final Contractual Maturity Date	Expected Maturity Date
Series A Notes	3.967%	15 August 2042	15 August 2025
Series B Notes	5.682%	15 August 2042	15 August 2025
Series C Notes	7.021%	15 August 2042	15 May 2025
E Certificate	* NA	15 August 2042	15 August 2025

* No fixed rate of interest is payable on the E Certificates, however, interest payments are based on the residual Available Profit within the Group, less $200.

The expected principal repayments on the Class A Note, Class B Note, Class C Note and E Certificate facilities are:

	31 December 2021	31 December 2020
	USD	USD
Within 1 year	67,986,238	75,123,269
Between 1 and 2 years	110,961,328	63,908,939
More than 2 years but not later than 5 years	180,437,575	608,326,792
Later than five years	339,566,178	-
Total	698,951,319	747,359,000

Payments of principal, interest due on the Notes, and other payments required to be made by the Issuer including to replenish the Expense Account, the Maintenance Reserve Account and the Security Deposit Account to required amounts, are made on each Payment Date depending on available collections in accordance with the priority of payments described in the Trust Indenture.

There were no defaults on loans payable during the year.

Under the terms of the Indenture, the Group is required to comply with a Debt Service Coverage Ratio ("DSCR").

The Debt Service Coverage Ratio (the "DSCR") is calculated every payment date by taking the available collections (comprising of lease rent income, supplementary rent income and end of lease payments) divided by the Series A and Series B principal and interest payments over the past six month period. If the DSCR falls below 1.20 or 1.15 this will trigger a Cash Trap event or a Rapid Amortisation Event respectively. If either of these events are triggered, cash will get trapped in accordance with the Trust Indenture. The DSCR must be above 1.20 and 1.15 for three consecutive months before the Group is cured from the respective DSCR events. The Managing Agent monitors the DSCR on behalf of and reports the results thereof on a regular basis to the Board. During the financial year 2020 the Group experienced a Rapid Amortisation Event which is continuing as at 31 December 2021.

17 INDEBTEDNESS - continued

(e) Cash flows maturity

The table below shows the movement in cashflow liabilities from 1 January to 31 December 2021.

	31 December 2021 USD	31 December 2020 USD
Current liabilities – liability to cashflow from financial activities	73,189,089	82,288,100
Non-current liabilities – liability to cashflow from financial activities	666,499,366	681,040,367
Balance at 1 January	739,688,455	763,328,467
Charges from finance cashflows		
Interest paid	(23,050,789)	(27,293,822)
Loans repaid	(40,481,160)	(31,010,881)
Total charges from finance cashflows	676,156,506	705,023,764
Other charges		
Interest income	(24,361,119)	(6,645,327)
Interest expense	39,424,569	38,980,964
Interest accrual	60,822	50,394
Debt costs amortised	332,436	2,278,660
Total other charges	15,456,708	34,664,691
Balance at 31 December	691,613,214	739,688,455
Current liabilities – liability to cashflow from financial activities	66,248,945	73,189,089
Non-current liabilities – liability to cashflow from financial activities	625,364,269	666,499,366
	691,613,214	739,688,455

18 SECURITY DEPOSITS

	31 December 2021 USD	31 December 2020 USD
Current		
Security deposits	-	2,297,450
Total	-	2,297,450

	31 December 2021 USD	31 December 2020 USD
Non-Current		
Security deposits	7,912,958	9,694,669
Total	7,912,958	11,992,119

Security deposits of USD $7.9 million at 31 December 2021 (2020:USD $12.0 million) are held by the Group as security obligations in accordance with the terms of certain leases. The deposits are held as cash. Security deposits are classified based on the maturity of the underlying lease. In addition, the Group holds security on lease obligations in the form of letters of credit in the amount of USD$4.1 million (2020:USD$3.8 million).

19 MAINTENANCE PROVISIONS

	31 December 2021 USD	31 December 2020 USD
At 1 January	86,367,777	89,611,416
Maintenance received	7,585,935	8,494,435
Maintenance provision charged/(released)	(9,122,887)	(11,738,074)
At 31 December	84,830,825	86,367,777

The classification of maintenance provisions based on expected future maintenance events is as follows:

	31 December 2021 USD	31 December 2020 USD
Current maintenance provisions	26,080,732	21,238,337
Non-current maintenance provisions	58,750,093	65,129,440
	84,830,825	86,367,777

Maintenance Provisions represent the maintenance amounts paid by the lessees as per the individual lease agreements. The lessor reimburses the lessee for all maintenance payments made by way of reducing the liability. At the end of the lease, any excess maintenance that has not previously been recognised as income under the accounting policy is released to income.

Maintenance provisions are classified based on maintenance forecasts.

The Group holds security in the form of maintenance letters of credits in the amount of USD$16.0 million (2020:USD$26.0 million) .

20 LESSOR CONTRIBUTIONS

	31 December 2021	31 December 2020
	USD	USD
At 1 January	30,585,453	30,585,453
Additions	8,269,778	-
Claims	(1,461,910)	-
At 31 December	37,393,321	30,585,453

The classification of lessor contribution based on expected future maintenance events is as follows:

Current portion of lessor contribution	9,790,905	-
Non -current portion of lessor contribution	27,602,416	30,585,453
Total	37,393,321	30,585,453

21 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

The Directors have overall responsibility for the establishment and oversight of the Group’s risk management framework.

Risk management processes incorporate the regular and continuing analysis of trading operations and performance and the monitoring of capital adequacy and asset valuations. This note seeks to further describe the key business and financial instrument risks faced by the Group and the policies and procedures used to mitigate these risks.

The Group's financial instruments comprise loans and borrowings in the form of the initial Series A, B and C Notes and the E Certificate, cash and cash equivalents, trade and other receivables and security deposits.

The Group's activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The most significant types of financial risk to which the Group is exposed are credit risk, interest rate, currency risk and liquidity risk.

The nature and extent of the financial instruments outstanding at the reporting date and the risk management policies employed by the Group are discussed below.

(i) Credit risk
(ii) Market risk
(iii) Liquidity risk
(iv) Operational risk
(v) Asset risk
(vi) Concentration risk
(vii) Technical maintenance and environmental risk
(viii) Public liability risk
(ix) Impact of COVID-19

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group’s receivables from customers.

There is a risk that should the lessees experience financial difficulties this could result in default or the early termination of the Group's lease. The Directors mitigate this risk by collecting maintenance provisions, security deposits and letters of credit from its lessees where appropriate.

The Group manages its exposure to credit risk by placing its restricted cash with Wells Fargo, a recognised financial institution. At the year end a total of USD$36.5 million (2020:USD$23.4 million) was held by Wells Fargo. Unrestricted cash totalling USD$0.1 million (2020:USD$0.01 million) at the year end was held in Citibank Europe PLC and Bank Of Ireland.

The S&P credit ratings of Wells Fargo is:	Wells Fargo
Long Term	BBB+
Short Term	A-2

The Group leases the aircraft to various airlines. The airline industry is cyclical, economically sensitive and highly competitive. A key determinant of the Group's success is its ability to react to and cope with the competitive environment in which it operates.

The Group's exposure to credit risk arising from its leasing arrangements with its airline customers is influenced by the strategic, financing and operating characteristics of each airline-lessee customer. The Board, with input from the Servicer, considers these characteristics and other factors that may affect the credit risk of its airline-lessee customer base including risk associated with the country, countries and/or geographic regions in which they operate.

The Servicer analyses and assess the creditworthiness of existing and new airline-lessee customers of the Group. This analysis includes consideration of external ratings (where available), financial statements, industry and other information. The Group manages the creditworthiness of its airline-lessee customers by collecting security deposits and letters of credit of varying amounts as appropriate.

The carrying amount of financial assets represents the Group’s maximum credit exposure as follows:

	31 December 2021	31 December 2020
	USD	USD
Financial assets		
Cash and cash equivalents and restricted cash	36,644,742	23,363,880
Trade and other receivables	30,162,135	32,376,203
	66,806,877	55,740,083

Trade receivables comprise amounts due in respect of lease rental payments due from a number of lessees.

21 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS - continued

(i) Credit risk -continued

The Group's exposure to credit risk relates to the leasing of aircraft. The recovery of trade receivables is highly dependent on the financial strength of the commercial aviation industry. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating the expected credit losses, the Group considers all 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 credit experience, an informed credit assessment and incorporating forward-looking information.

The Group prepared an analysis of each lessee based on historic loss rates and certain publicly available information to estimate a credit rating on a scale of one to ten, with one being minimal risk. The Group then uses this risk rating to assign a percentage expected loss rate to determine the ECL. The percentage expected loss rate is applied to outstanding trade receivable balances at period end.

In accordance with section B5.5.55 of IFRS 9, security deposits and letters of credit received have been treated as credit enhancement and included in the measurement of the expected credit loss credit enhancement are integral to the contractual terms of the lease and are not required under IFRS standards to be recognised separately.

An impairment percentage expected loss provision has been applied based on the risk rating determined. The percentage is multiplied by the outstanding receivables balance at year end to calculate an expected loss over the life of the lease.

The gross 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 arises when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write-off. Financial assets that are written off, could however still be subject to enforcement actions in compliance with the Group's procedures for recovery of amounts due.

The table below shows the ageing of financial assets that are past due but not impaired and those that are impaired at the end of the reporting period.

As at 31 December 2021	**Less than one month**	**One to two months**	**More than two months**	**Total**
	USD	**USD**	**USD**	**USD**
Amounts past due				
Trade receivables	2,008,500	2,008,500	32,399,511	36,416,511
Expected credit loss	-	-	(6,605,359)	(6,605,359)

As at 31 December 2020	**Less than one month**	**One to two months**	**More than two months**	**Total**
	USD	**USD**	**USD**	**USD**
Amounts past due				
Trade receivables	3,898,663	3,183,304	28,531,148	35,613,115
Expected credit loss	-	-	(3,579,008)	(3,579,008)

The table below sets out the movement in the allowance for impairment of amounts due from airline-lessee customers:

	31 December 2021	31 December 2020
	USD	USD
At 1 January	3,579,008	2,018,007
Remeasurement of loss allowance	3,026,351	1,561,001
At 31 December	6,605,359	3,579,008

(ii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holding of financial instruments.

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 and/or reduced market rates, higher incidences of lessee default and aircraft on the ground all of which may require that the carrying value of the aircraft to be materially reduced. Interest rate risk and foreign exchange risk are managed through matching lease and debt payment profiles where possible.

Interest rate risk

The Group manages its exposure to interest rate risk by fixing the rate of interest on its financial liabilities (Series A, Series B, and Series C Notes). This excludes E Certificates due to the fact that these do not carry contractual interest rate.

The Group's exposure to interest rate risk as at 31 December 2021 is limited to movements in variable rates on certain lease agreements and is not considered material.

Currency risk

The principal assets and liabilities of the Group are denominated in USD, which is the functional currency of the Group. Therefore the Group has limited currency risk exposure.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group manages its exposure to currency risk by effectively matching its foreign currency assets and liabilities.

The Group's exposure to currency risk as at 31 December 2021 is not significant.

21 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS - continued

(iii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations that are settled by delivering cash or another financial asset. The Group's objective when managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meets its liabilities when they are due, under both normal and stressed conditions (such as those currently being experienced as a consequence of the impact that the COVID-19 pandemic is having on the Group's airline-lessee customers), without incurring unacceptable losses or damaging the Group's reputation. The Group has sought to match the cash inflows from lease arrangements with the cash outflows on its indebtedness (comprising Initial and E-Notes).

Only after the payment of amounts due and owing in respect of, among other things, operating expenses, insurance, repossession and remarketing costs, taxes and obligations to Lessees, certain amounts due to credit support providers (including the Liquidity Facility Expenses), Hedge Counterparties (if any), trustees and various service providers (including, without limitation, the Servicer, the Managing Agent, the Asset Manager, the Trustee, the Security Trustee and the Operating Bank), the cash flows derived from the Leases and the Aircraft will be used by S-JETS to make payments to Holders of each Series of Notes and the E Notes. Payments on the Notes will be applied in the order of priority set forth in ''Description of the Notes and the Indenture—Priority of Payments—Priority of Payments before an Event of Default'' or ''—Priority of Payments after an Event of Default,'' as applicable. Any increase or decrease in the cashflows derived from the leases will have an impact on the Priority of Payments. DSCR has no impact on the going concern of the Group.

The Group uses its annual budget and forecasting process, together with monthly and quarterly Servicer and Managing Agent reports to monitor its use of cash and ensure compliance with the terms of the Trust Indenture.

In accordance with the terms of the Trust Indenture, the amounts due on the Series A, B and C Notes is recourse only to the available assets of the Group. Payments to the E Certificate holders are based on available cash flows only.

The table below shows the undiscounted contractual cash flows of the Group's financial liabilities as at 31 December 2021:

	Carrying amount	Gross contractual cash flows	Less than one year	One to five years	More than five years
	USD	USD	USD	USD	USD
Indebtedness *	691,613,214	933,371,911	90,086,256	422,787,251	420,498,404
Maintenance provisions	84,830,825	84,830,825	26,080,732	58,750,093	-
Security deposit **	7,912,958	7,912,958	-	3,610,280	4,302,678
Interest Payable	1,010,848	1,010,848	1,010,848	-	-
Trade Payables	5,591,307	5,591,307	5,591,307	-	-
Total liabilities	790,959,152	1,032,717,849	122,769,143	485,147,624	424,801,082

The table below shows the undiscounted contractual cash flows of the Group's financial liabilities as at 31 December 2020:

	Carrying amount	Gross contractual cash flows	Less than one year	One to five years	More than five years
	USD	USD	USD	USD	USD
Indebtedness *	739,688,455	912,734,733	99,126,416	813,608,317	-
Maintenance provisions	86,367,777	86,367,777	21,238,337	65,129,440	-
Security deposit **	11,992,119	11,992,119	2,297,450	5,166,975	4,527,694
Interest Payable	1,071,670	1,071,670	1,071,670	-	-
Trade Payables	4,705,810	4,705,810	4,705,810	-	-
Total liabilities	843,825,831	1,016,872,109	128,439,683	883,904,732	4,527,694

*Carrying amount consisting of Principal and accrued interest on the Series A Note, Series B Notes, and E Certificate. This is based on the expected payment schedules as outlined in the Trust Indenture. As disclosed in Note 16 the future interest and principal repayments under the E-Notes may be different from the amounts disclosed in the table above if lease rates collected are higher(lower) than contracted, future lease rates and/or residual values grow more (less) than expected and downtime between leases and transition costs are less (more) than expected. Except for these matters, it is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

** Security deposits are classified based on the maturity of the underlying lease.

Liquidity Facilities

The Group maintains a line of credit to support its liquidity management. A revolving credit facility in the amount of $16.5 million provided by Crédit Agricole CIB (the Liquidity Provider) provides additional funds for the payment of certain liabilities if and to the extent that sufficient funds are not available from operating activities of the Group.

Subject to certain conditions, the Group may draw upon the credit facility to pay interest on the Series A Note and Series B Note and certain other expenses. Upon each drawing under the Liquidity Facility, the Group will be required to reimburse the Liquidity Facility Provider for the amount of such drawing in accordance with the priority of payments specified in the Trust Indenture. The repayment of the liquidity facility amounts is junior to the payment of interest on the Series A Note and Series B Note on subsequent payment dates. No drawdown of the liquidity facility occurred during the financial year (2020:USD$Nil).

21 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS - continued

(iv) Operational risk

The Group has no employees. All aircraft and lease management services are outsourced to CLH as Servicer and all administrative, accounting and company secretarial services are outsourced to Phoenix. Operational risk is the risk of indirect or direct loss arising from a wide variety of causes associated with the Group's operations. The Group's objective is to manage operational risk and does so primarily by outsourcing all functions to professional service providers.

The Directors have considered the potential risks associated with Brexit based on the currently available information and are satisfied that due to the nature of the Group's operations, there is no significant risk to the Group.

(v) Asset risk

Asset risk is the risk of deterioration in the underlying value of the aircraft. The Directors look to mitigate this risk by collecting maintenance provisions. The Directors have outsourced the fleet management services to the Servicer and Asset Manager with appropriate experience of the industry to manage the fleet and remarket or sell aircraft as required in order to reduce this risk.

A significant deterioration in this sector could adversely affect the Group through a reduced demand for aircraft and/or reduced market rates, higher incidences of lessee default and aircraft on ground. The Group periodically performs reviews of its carrying value of aircraft and associated assets, receivables and the sufficiency of accruals and provisions, substantially all of which are susceptible to the above risks and uncertainties.

(vi) Concentration risk

Concentration risk is the risk that a high percentage of aircraft are on lease to a single lessee or region resulting in the returns on aircraft being less diverse and more correlated. The Group mitigates its exposure to this risk by adhering to the concentration limits under the terms of the Trust Indenture. See note 4 for details by geographical market of lessees.

(vii) Technical maintenance and environmental risk

Technical, maintenance and environmental risk is the risk that a lessee undertakes responsibility for ensuring that the aircraft complies with current environmental, technical and maintenance regulations and statutory obligations as applicable. The Directors monitor these risks in conjunction with CLH, as Servicer, under a servicing agreement.

viii) Public liability risk

Public liability risk is the risk that a lessee is responsible for ensuring that the aircraft has adequate insurance cover, and the Directors have put appropriate monitoring systems in place, through the servicing agreement, to ensure that the lessee remains compliant.

(ix) Impact of COVID-19

The Group's financial performance is significantly impacted by the COVID-19 Pandemic. The virus continues to spread around the globe. Consequently, authorities maintain widespread travel restrictions. The global financial markets reacted sharply to this pandemic, but much of this subsequently recovered. The pandemic is expected to have a material impact on the aviation industry, and by extension the aircraft leasing sector. The Directors, in conjunction with the Managing Agent and the Servicer, continue to monitor the risk that the impact of COVID-19 may have on the activities of the Group as the situation develops and facts become clearer. Further detail is disclosed within Note 2 to the financial statements.

22 FAIR VALUE ESTIMATION

Fair Value Disclosure by fair value hierarchy level

Under IFRS 13 Fair Value Measurement, the fair value of a financial asset and liability is the amount at which it could be exchanged in an arm's length transaction between informed and willing parties, other than in a forced sale or liquidation. The carrying value of cash and cash equivalents, restricted cash balances, trade receivables and trade payables are assumed to approximate their fair values. The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1	Quoted prices for similar instruments
Level 2	Directly observable market inputs other than Level 1 inputs
Level 3	Significant inputs not based on observable market data

The financial instruments not measured at fair value through profit or loss are financial assets and financial liabilities whose carrying amounts approximate fair value.

The Financial Instruments that were not measured at fair value as at 31 December 2021 are as follows:

	Fair Value				
	Level 1 USD	**Level 2 USD**	**Level 3 USD**	**Total USD**	**Carrying Value USD**
Financial assets					
Trade and other receivables	-	30,162,135	-	30,162,135	30,162,135
Cash and equivalents	36,644,742	-	-	36,644,742	36,644,742
	36,644,742	30,162,135	-	66,806,877	66,806,877
Financial liabilities					
Security deposit	-	7,912,958	-	7,912,958	7,912,958
Trade Payables	-	5,591,307	-	5,591,307	5,591,307
Interest payable	-	1,010,848	-	1,010,848	1,010,848
	-	14,515,113	-	14,515,113	14,515,113

22 FAIR VALUE ESTIMATION - continued

The Financial Instruments that were not measured at fair value as at 31 December 2020 are as follows:

	Fair Value Level 1 USD	Level 2 USD	Level 3 USD	Total USD	Carrying Value USD
Financial assets					
Trade and other receivables	-	32,376,203	-	32,376,203	32,376,203
Cash and equivalents	23,363,880	-	-	23,363,880	23,363,880
	23,363,880	32,376,203	-	55,740,083	55,740,083
Financial liabilities					
Security deposit	-	11,992,119	-	11,992,119	11,992,119
Trade Payables	-	4,705,810	-	4,705,810	4,705,810
Interest payable	-	1,071,670	-	1,071,670	1,071,670
	-	17,769,599	-	17,769,599	17,769,599

23 RETAINED SURPLUS

	31 December 2021 USD	31 December 2020 USD
Reserves at the beginning of the financial year	2,662,410	2,546,044
Profit for the financial year	1,380,600	116,366
Profit at the end of the financial year	4,043,010	2,662,410

24 SUBSIDIARY COMPANIES

S-JETS had the following subsidiary companies as at 31 December 2021:

Name	Country of incorporation	Principal Activity	% of shares held
Jetair 1 Limited	Ireland	Aircraft leasing	100%
Jetair 2 Limited	Ireland	Aircraft leasing	100%
Jetair 3 Limited	Ireland	Aircraft leasing	100%
Jetair 4 Limited	Ireland	Aircraft leasing	100%
Jetair 5 Limited	Ireland	Aircraft leasing	100%
Jetair 6 Limited	Ireland	Aircraft leasing	100%
Jetair 7 Limited	Ireland	Aircraft leasing	100%
Jetair 8 Limited	Ireland	Aircraft leasing	100%
Jetair 9 Limited	Ireland	Aircraft leasing	100%
Jetair 10 Limited	Ireland	Aircraft leasing	100%
Jetair 11 Limited	Ireland	Aircraft leasing	100%
Jetair 12 Limited	Ireland	Aircraft leasing	100%
Jetair 13 Limited	Ireland	Aircraft leasing	100%
Jetair 14 Limited	Ireland	Aircraft leasing	100%
Jetair 15 Limited	Ireland	Aircraft leasing	100%
Jetair 16 Limited	Ireland	Aircraft leasing	100%
Jetair 18 Limited	Ireland	Aircraft leasing	100%
Jetair 19 Limited	Ireland	Aircraft leasing	100%
Jetair 20 Limited	Ireland	Aircraft leasing	100%
Jetair 21 Limited	Ireland	Aircraft leasing	100%

The registered office of the Irish subsidiaries is Unit J, Block 1, Shannon Business Park, Shannon, Co. Clare, Ireland.

Effective 29 December 2021, Jetair 16 Norway AS Limited was dissolved.

25 RELATED PARTY TRANSACTIONS

Pontus Aviation SARL (Formerly known as SALF) is the E Certificate investor in the Group (refer note 17 - Indebtedness) and is considered as a related party. Pontus Aviation SARL is ultimately controlled by Goshawk Aviation Limited. During the financial year ended 31 December 2021, $Nil million was paid as interest to the E Certificate holders (2020: $2.5 million).

Chronos Leasing HoldCo Limited ("CLH") (Formerly known as SALI) acts as Servicer to the Group. CLH received a fee as the Servicer which amounted to USD$2.5 million for the year (2020:USD$2.2 million). CLH is ultimately controlled by Goshawk Aviation Limited. At the year end, servicing fees of USD$0.2 million (2020:USD$0.2 million) were accrued but unpaid. During the financial year Goshawk Aviation Limited paid invoices on behalf of the Group totalling USD$Nil million (2020:USD$0.3) of which USD$Nil million (2020:USD$0.3 million) was accrued and payable to Goshawk Aviation Limited as at year end. The Group engages in intercompany transactions with its subsidiaries, these transactions are deemed to be related party transactions. These transactions cancel on consolidation.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of that entity. Key management personnel for the Group are the Board of Directors. Compensation paid to key management personnel for the financial year amounted to USD$0.09 million (2020:USD$0.09 million).

David Odlum, is an employee of Goshawk Management Limited ("GML"). GML is owned by Goshawk Aviation Limited (a Cayman entity). Mr. Odlum is considered key management personnel in accordance with IAS 24 Related Party Disclosures. Mr. Odlum did not receive any compensation for carrying out duties as a Director of the Company during the period.

The outstanding due to related parties (refer note 15 - Trade and other payables) at the year end amounted to USD$0.2 million (2020:USD$0.2 million).

26 COMMITMENTS AND CONTINGENCIES

The members of S-JETS Group have no long-term contracts other than those with their service providers and lessees. The Group has no capital commitments or contingent liabilities.

Foreign taxation

The international character of the Company's operations may expose the Company to taxation in certain countries. The position is kept under continuous review and provision would be made for known liabilities where it is probable that such liabilities will crystallise.

27 ULTIMATE BENEFICIAL OWNERSHIP

The ultimate beneficial owner of the Group is Goshawk Aviation Limited being the ultimate parent of the E Note Holder, Pontus Aviation SARL, a company incorporated in Luxembourg with registered office at 2633, Niederanven Luxembourg. The results of the Group are consolidated by Goshawk Aviation Limited for accounting purposes. Goshawk Aviation Limited is incorporated in the Cayman Islands, with a registered office at PO Box 309, George Town, KY1-1104, KY. Goshawk Aviation Limited is ultimately controlled by NATAL Global Limited and Zion Sky Holdings Limited who both own a 50% share and are both incorporated in the British Virgin Islands.

28 SUBSEQUENT EVENTS

The Group is exposed to political and economic risks in certain geographical regions in which lessees are concentrated.

Following the invasion of Ukraine, the EU, along with other jurisdictions, imposed wide-ranging sanctions on Russia. The Group intends to fully comply with all applicable sanctions, including a cessation of leasing activities with Russian airlines.

Refer to Note 4 and 11 for analysis of the Group's distribution of aircraft by geographical market and the allocation of lease rental income by airline location.

As at 31 December 2021, the Group had two aircraft on lease to an operator in Russia. One aircraft is currently located in Russia, with the other aircraft now located in Europe.

At the date of approval of these financial statements, the financial impact on the Group of the invasion of Ukraine and the resulting wide-ranging sanctions on Russia is unknown.

29 APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised by the Board of Directors on 14 March 2022.