

# Genesis Aircraft Services Limited and subsidiaries

Directors' report and consolidated  
financial statements

**Year ended 31 December 2023**

***Registered number: 545764***

# Genesis Aircraft Services Limited and Subsidiaries

Contents	Page
Directors and other information .....	1
Directors' report.....	2
Directors' responsibilities statement in respect of the Directors' report and financial statements .....	7
Independent auditor's report to the members of Genesis Aircraft Services Limited and subsidiaries .....	8
Consolidated statement of comprehensive income .....	11
Consolidated statement of financial position.....	12
Consolidated statement of changes in equity .....	14
Consolidated statement of cash flows .....	15
Company statement of financial position .....	16
Company statement of changes in equity.....	18
Company statement of cash flows .....	19
Notes to the consolidated financial statements.....	20

# Genesis Aircraft Services Limited and Subsidiaries

## Directors and other information

### Directors

Karl Griffin  
Adam Smyth  
Matthew Elwood (USA)  
Thomas Juterbock (USA)  
John McMahon

### Registered office

Riverside One  
Sir John Rogerson's Quay  
Dublin 2  
Ireland

### Secretary

HMP Secretarial Limited

### Independent auditor

KPMG  
Chartered Accountants  
1 Harbourmaster Place  
IFSC  
Dublin 1

### Bankers

Allied Irish Bank plc  
Bankcentre  
Ballsbridge  
Dublin 4

Citibank  
1 North Wall Quay, North Dock  
Dublin 1  
Ireland

### Solicitors

McCann FitzGerald  
Riverside One  
Sir John Rogerson's Quay  
Dublin 2  
Ireland

McGuireWoods  
201 North Tryon Street  
Suite 3000  
Charlotte  
NC 28202, USA

### Registered number

545764

# Genesis Aircraft Services Limited and Subsidiaries

## Directors' report

The Directors present this annual report together with the audited financial statements of Genesis Aircraft Services Limited (the "Company") and the audited consolidated financial statements of Genesis Aircraft Services Limited and Subsidiaries (the "Group" or "Genesis") for the financial year ended 31 December 2023. The comparative is for the financial year ended 31 December 2022. In compiling the Directors' Report we have considered the following areas:

### Directors' Report Table of Contents

- About Genesis
- Business Strategy
  - Principal activities, business review and future developments
  - Market commentary
  - Management Team
- Governance
  - Principal Risks and Uncertainties
    - Asset and Market Risk
    - Liquidity Risk
    - Credit Risk
    - Operational Risk
    - Geopolitical Risk
  - Directors, Secretary and their interest
  - Transactions involving Directors
- Financial results
  - Results for the financial year and the state of affairs as of 31 December 2023
  - Dividend
  - Going concern
  - Subsequent events
  - Accounting records
  - Relevant audit information
  - Political and charitable donations
  - Independent auditor

### About Genesis

Genesis is a full-service aircraft leasing company headquartered in Dublin, Ireland with 27 customers in 18 countries globally, with a fleet of 62 owned and managed Airbus and Boeing commercial aircraft assets.

The Company provides commercial aircraft on operating lease to airlines around the world to meet their unique network fleet requirements.

The Company values innovation and strives to provide the Company's customers with a solution tailored to meet their business needs.

# Genesis Aircraft Services Limited and Subsidiaries

## Directors' report (*continued*)

### **Business Strategy**

#### **Principal activities, business review and future developments**

The principal activities of the Company are leasing of owned and managed aircraft through its subsidiaries. The Company, an affiliate of Mass Mutual Life Insurance Company ("Mass Mutual"), is the servicer in respect of the Group. The Servicer is responsible on behalf of the Group for the day-to-day aircraft lease management and other operational activities of the Group such as sourcing acquisitions of aircraft, arranging financing for such acquisitions and managing, servicing, remarketing and disposing of aircraft and other related assets. The Group increased its staff head count from 31 at 31 December 2022 to 38 at 31 December 2023.

During the financial year the Group established ReGEN Aviation Limited, a 100% subsidiary, to provide airframe and engine component solutions to the global airline and MRO markets as a key part of Genesis's full life cycle strategy. ReGEN works with customers across the globe, offering component support solutions.

During the year the Group acquired Genesis Aviation Trading Ireland 3 Limited from a related party for an amount of \$45.6 million.

The Group entered a fixed rate loan with an available commitment amount of US\$215 million and a final maturity date on 31 August 2029. The Group extended the maturity date on its floating rate loan by one year and increased the available commitment amount under the facility by US\$150 million. The Group made total debt repayments of \$151.2 million and debt drawdowns of \$562.7 million.

#### **Market Commentary**

During the financial year, the Group acquired 18 aircraft (2022: seven aircraft and two engines). The total value of the aircraft & related components acquired amounted to US\$547.7 million (2022: US\$106 million). The acquisition was financed through a combination of third-party debt and cash. In addition, eight aircraft were acquired from related parties for an amount of US\$55 million. The Group disposed of two airframes and six engines resulting in a gain on disposal of US\$9.7 million (2022: US\$1.5 million). The Group's aircraft are currently on lease in Europe, Latin America, North America and Asia.

The Group has a strategic alliance with Heston Aviation to provide further opportunities to lease aircraft. The partnership allows the Company to work in innovative ways to bring flexible lift directly into the charter and ACMI airline market, providing both wet and dry leasing solutions to airlines. During the year Heston Airlines became an affiliate when the Group exercised an option to acquire a 22.5% interest in Heston Airlines.

#### **Management Team**

The Company's management team are committed to building a dynamic team for the future while strengthening the Company's position in the industry, providing closer support to meet the Company's customers' needs during such turbulent times and is focused on the Company's long-term growth strategy.

### **Governance**

#### **Principal Risks and Uncertainties**

The Group is exposed to asset, market, credit, operational and liquidity risk during the course of its business activities. The Group has a risk management policy that is managed by the Directors. The Directors ensure that risks are identified and managed in accordance with the objectives of the Group.

#### **Asset and Market Risk**

The Group is highly dependent upon the continuing financial strength of the airline industry, which is cyclical, economically sensitive and highly competitive. The Group operates as a lessor to its lessees and bears the risk of non-performing leases by the airlines operating the aircraft. A significant deterioration in this sector could adversely affect it through a reduced demand for aircraft in the fleet, and/or reduced market rates, higher incidences of lessee default and aircraft off-lease.

# Genesis Aircraft Services Limited and Subsidiaries

## Directors' report (*continued*)

### Principal Risks and Uncertainties (*continued*)

#### **Asset and Market Risk (*continued*)**

A significant deterioration in the financial condition of or bankruptcy by a lessee could impair their ability to comply with their lease payment obligations to the Group and expose the Group to significant financial loss. The Group periodically perform reviews of aircraft values, trade receivables, and the sufficiency of accruals and provisions, substantially all of which are susceptible to the above risks and uncertainties. Additionally, exposures to market and asset risk are managed through the requirement of airlines, that lease the Group's aircraft, to maintain insurance and adequate maintenance policies.

#### **Liquidity Risk**

The ability of the Group to continue to operate is dependent upon its ability to meet its payment obligations and adhere to covenant requirements under respective arrangements, which are dependent on factors outlined above. If the Group cannot meet its obligations under the various debt arrangements or its capital commitments, it may breach contracts and may even be unable to operate on a going concern basis.

#### **Credit Risk**

Credit risk is defined as an unexpected loss in cash and earnings if the counterparty is unable to pay its obligations in due time. The Group is subject to the credit risk of its lessees as to collections of rental payments under its leases.

The value of trade receivables is highly dependent upon the financial strength of the commercial aviation industry. Defaults by the lessee could have a material adverse effect on the Group's cash flow, earnings and its ability to meet debt obligations.

The Group's objective in managing credit risk is to minimise potential losses incurred due to non-payment by lessees. The Directors review and monitor airline customer credit risk periodically. The creditworthiness of each customer is assessed on a continuous basis and the Group seeks deposits in the form of cash or letters of credit to mitigate its overall financial exposure to its lessees. The assessment process takes into account qualitative and quantitative sources of information with respect to the lessee's business activities, financial resources and performance or business risks, to the extent that the information is publicly available or otherwise disclosed to the Group.

The Group continue to perform frequent reviews for customers. Credit policies are reviewed regularly and the Group has no deferral arrangements in place with customers at the year end. The Group continue to monitor the economic environment and perform reviews of its trade receivables for expected credit losses based on the above assessment.

#### **Operational Risk**

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 by implementing appropriate processes and controls and monitoring those controls.

The Group is also exposed to interest rate risk, foreign currency risk and public liability risk. The Directors oversee the management of these risks and ensure these risks are governed by appropriate policies and procedures and that risks are identified, measured and managed in accordance with policies of the Group and the Group's risk appetite. The Directors have identified the risks facing the Group and have undertaken approaches to deal with the relevant risks, as outlined in the financial risk management disclosures in note 31.

# Genesis Aircraft Services Limited and Subsidiaries

## Directors' report (*continued*)

### **Geopolitical Risk**

Geopolitical risks and uncertainties include political instability, regulatory changes, trade tensions and security threats. These elements pose potential disruptions to operations, affecting financial performance and global market dynamics. The Group proactively monitors geopolitical developments and maintains a diversified operational footprint. The Group employs risk mitigation instruments, such as insurance, to safeguard against unforeseen disruptions and minimise losses from geopolitical risks.

### **Directors, Secretary and their interest**

In accordance with the Constitution of the Company, the Directors are not required to retire by rotation. The names of the persons who were Directors during the year ended 31 December 2023 and 31 December 2022 are set out below, unless indicated otherwise they served for the entire period:

Director	Function	Appointment	Resignation
Karl Griffin	Chief Executive Officer	-	-
Adam Smyth	Chief Financial Officer	-	-
John McMahon	Independent Non-executive	-	-
Matthew Elwood	Non-executive (US)	-	-
Thomas Juterbock	Non-executive (US)	-	-

The Directors and Secretary, who held office during the year and at 31 December 2023, had no interest in the shares in, or debentures or loan stock of the Company or Group companies (2022: no director or secretary held shares in the Company or Group companies).

### **Transactions involving Directors**

There were no loans advanced to the Directors at any time during the financial year. There were no contracts or arrangements in relation to the business of the Group in which the Directors had any interest, as defined by the Companies Act 2014, at any time during the financial year ended 31 December 2023 or 31 December 2022.

## **Financial results**

### **Results for the financial year and the state of affairs as of 31 December 2023**

The Consolidated Statement of Comprehensive Income for the financial year to 31 December 2023 and the Consolidated Statement of Financial Position at 31 December 2023 are set out on pages 11, 12 and 13. The Group profit on ordinary activities before taxation for the financial year amounted to US\$7.3 million (2022: loss of US\$32.9 million). After charging taxation of US\$1.9 million (2022: credit of US\$5.0 million), a net profit of US\$5.4 million (2022: loss of US\$27.9 million) is transferred to reserves. Consolidated Shareholders' funds at 31 December 2023 amounted to a surplus of US\$366.2 million (2022: US\$258.1 million). The Group received a capital contribution of US\$150.3 million during the financial year (2022: US\$92.5 million).

### **Dividend**

The Directors declared and paid a dividend for the financial year ended 31 December 2023 of US\$ 2.0 million (2022: US\$Nil).

### **Going concern**

The Directors have prepared the financial statements for the year ended 31 December 2023 on the going concern basis of preparation. In assessing this basis of preparation, the Directors assess for the existence of matters which might give rise to any uncertainty in realising assets or discharging liabilities in the normal course of business. The Directors have not identified the existence of such issues, evidenced by a strong net asset position at the year-end including sufficient cash and cash equivalents to satisfy all short-term liabilities falling due within 12 months from the date of this report. The Directors have also completed an assessment of the cashflows arising from the aircraft for 12 months from the approval date of the financial

# Genesis Aircraft Services Limited and Subsidiaries

## Directors' report (*continued*)

### **Going concern (*continued*)**

statements (please see Note 2 Uses of Estimates and Judgements Impairment for details of the inputs and judgement) and have concluded that cash and cash equivalents on hand at the financial reporting date combined with expected cash inflows are significantly in excess of the forecasted cash outflows for 12 months from the approval date of the financial statements. The Group has no near-term refinancing commitments.

The material assumptions, judgements and estimates used as part of the director's assessment, covering twelve months from the approval date of the financial statements, are as follows:

- current cash and liquidity position of the Group;
- lessee credit risk assessments and security;
- debt covenants and repayments;
- estimated cash inflows and outflows; and
- applying a stress test to each of the assumptions.

Based on the above assessment, the Directors have concluded that this does not represent a material uncertainty in relation to the Company's ability to continue as a going concern for at least twelve months from the approval date of these financial statements.

### **Subsequent events**

The Group sold two engines for proceeds of \$8.4 million in February 2024. There have been no other significant events subsequent to the end of the reporting period that would require adjustment or disclosure in these financial statements.

### **Accounting records**

The Directors have taken all necessary steps to make themselves aware of relevant audit information and to establish that the Group's auditors are aware of this information.

The Directors believe that they have complied with the requirements of Sections 281 to 285 of the Companies Act 2014 with regard to maintaining adequate accounting records by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The accounting records of the Group are maintained at 7th Floor Block I, Central Park, Leopardstown, Dublin 18.

### **Relevant audit information**

The Directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Group's statutory auditor is aware of that information. Insofar as they are aware, there is no relevant audit information of which the Group's statutory auditor is unaware.

### **Political and charitable donations**

There were no political donations during the financial year (2022: US\$Nil). There were charitable donations of US\$7,960 during the financial year (2022: US\$2,675).

### **Independent auditor**

KPMG, Chartered Accountants, the Company's auditor, will continue in office in accordance with Section 383(2) of the Companies Act 2014.

Approved by the board and authorised for issue on 28 March 2024.



Adam Smyth  
Director



Karl Griffin  
Director



# Genesis Aircraft Services Limited and Subsidiaries

## Directors' responsibilities in respect of the Directors' report and the consolidated financial statements

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

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

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

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

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 Group and which enable them to ensure that the financial statements of the Group and Company are prepared in accordance with applicable IFRS, as adopted by the EU and comply with the provisions of the Companies Act 2014. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Act 2014.

On behalf of the board



Adam Smyth  
Director



Karl Griffin  
Director

28 March 2024



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**Audit**  
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## **Independent Auditor's Report to the Members of Genesis Aircraft Services Limited**

### **Report on the audit of the financial statements**

#### ***Opinion***

We have audited the financial statements of Genesis Aircraft Services Limited ('the Company') and its consolidated undertakings ('the Group') for the year ended 31 December 2023 on pages 11 to 60, which comprise the Consolidated statement of comprehensive income, the Consolidated and Company statement of financial position as at 31 December 2023, the Consolidated and Company statement of changes in equity and the Consolidated and Company statement of cash flows for the year then ended and related notes, including the material accounting policies set out in note 2.

The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union and as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2014.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Group and Company as at 31 December 2023 and of the Group's result for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 2014; and
- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

#### ***Basis for opinion***

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), 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.

#### ***Conclusions relating to going concern***

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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



## **Independent Auditor's Report to the Members of Genesis Aircraft Services Limited (continued)**

### ***Other information***

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the directors' report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information undertaken during the course of the audit, we report that:

- we have not identified material misstatements in the directors' report;
- in our opinion, the information given in the directors' report is consistent with the financial statements; and
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

Our opinions on other matters prescribed by the Companies Act 2014 are unmodified.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

### **Matters on which we are required to report by exception**

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

### **Respective responsibilities and restrictions on use**

#### **Responsibilities of directors for the financial statements**

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.



## **Independent Auditor's Report to the Members of Genesis Aircraft Services Limited (continued)**

### **Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on IAASA's website at <https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements/>.

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

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

29 March 2024

Liam McNally  
for and on behalf of  
KPMG  
Chartered Accountants, Statutory Audit Firm  
1 Harbourmaster Place  
IFSC  
Dublin 1  
D01 F6F5

# Genesis Aircraft Services Limited and Subsidiaries

## Consolidated statement of comprehensive income for the financial year ended 31 December 2023

		31 December 2023 US\$'000	31 December 2022 US\$'000
	Note		
Operating income	3	69,907	45,351
Expected credit loss allowance	19	2,097	(583)
Operating expense	4	(35,725)	(28,991)
Other operating income	5	27,130	21,424
<b>Net operating profit from continuing operations</b>		<b>63,409</b>	<b>37,201</b>
Gain on sale of aircraft and aircraft equipment	6	9,693	1,474
Depreciation	12, 13, 16	(40,477)	(30,493)
Impairment	12	–	(26,446)
Loss on transfer to held for sale	12	(526)	(12,452)
Gain/(loss) on debt modification	25	557	(4,495)
Fair value movement of derivatives	7	(6,921)	11,935
Interest expense	8	(30,114)	(10,337)
Interest income	8	11,029	688
Share of equity accounted investments	24	683	–
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>7,333</b>	<b>(32,925)</b>
Tax on profit/(loss) on ordinary activities	11	(1,979)	5,035
<b>Profit/(loss) for the financial year after taxation</b>		<b>5,354</b>	<b>(27,890)</b>
Other comprehensive income		–	–
<b>Total comprehensive income/(loss) for the financial year attributable to the equity holders of the Group</b>		<b>5,354</b>	<b>(27,890)</b>

All items dealt with and arriving at the profit or loss for the year ended 31 December 2023, or preceding financial year, relate to continued activities.

The accompanying notes are an integral part of the consolidated financial statements.

# Genesis Aircraft Services Limited and Subsidiaries

## Consolidated statement of financial position at 31 December 2023

	Note	2023 US\$'000	2022 US\$'000
<b>Assets</b>			
<b>Non-current assets</b>			
Aircraft & related components	12	871,487	320,343
Property, plant and equipment	13	1,097	1,273
Right of use asset – office lease	16	11,624	12,435
Investment in affiliates	24	5,000	–
Deferred tax	11	11,402	13,615
Derivatives	7	2,496	12,701
Lease incentive asset	18	19,018	5,519
<b>Total non-current assets</b>		<u>922,124</u>	<u>365,886</u>
<b>Current assets</b>			
Cash and cash equivalents	14	72,517	110,583
Restricted cash	15	3,915	10,230
Trade receivables	19	10,600	5,332
Inventories	20	16,071	–
Amounts due from related parties	29	47,506	–
Aircraft & related components - Held for sale	12	3,999	12,820
Other assets	17	41	8,081
Right of use asset – office lease	16	811	811
Lease incentive asset	18	4,083	1,022
<b>Total current assets</b>		<u>159,543</u>	<u>148,879</u>
<b>Total assets</b>		<u><u>1,081,667</u></u>	<u><u>514,765</u></u>
<b>Liabilities and Equity</b>			
<b>Non-current liabilities</b>			
Term loan	25	568,445	172,937
Office lease liability	16	13,927	14,449
Maintenance reserves and security deposits	26	61,080	36,124
<b>Total non-current liabilities</b>		<u>643,452</u>	<u>223,510</u>
<b>Current liabilities</b>			
Term loan	25	36,476	18,313
Office lease liability	16	549	549
Maintenance reserves and security deposits	26	27,298	7,655
Current tax liability	11	237	471
Other liabilities	27	7,496	6,163
<b>Total current liabilities</b>		<u>72,056</u>	<u>33,151</u>
<b>Total liabilities</b>		<u>715,508</u>	<u>256,661</u>

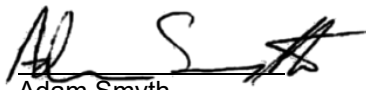
# Genesis Aircraft Services Limited and Subsidiaries

## Consolidated statement of financial position (*continued*) at 31 December 2023

	Note	2023 US\$'000	2022 US\$'000
<b>Equity</b>			
Share capital	21	—	—
Capital contribution	21	464,110	315,843
Merger reserve	23	(45,566)	—
Retained deficit		(52,385)	(57,739)
<b>Total equity</b>		<u>366,159</u>	<u>258,104</u>
<b>Total equity and liabilities</b>		<u>1,081,667</u>	<u>514,765</u>

The accompanying notes are an integral part of the consolidated financial statements.

Approved by the board and authorised for issue on 28 March 2024.

  
Adam Smyth  
Director

  
Karl Griffin  
Director

# Genesis Aircraft Services Limited and Subsidiaries

## Consolidated statement of changes in equity for the financial year ended 31 December 2023

### Attributable to equity holders of the Group

	Share capital US\$'000	Capital contribution US\$'000	Merger reserve US\$'000	Retained deficit US\$'000	Total equity US\$'000
<b>Balance at 1 January 2022</b>	–	223,355	–	(29,849)	193,506
Capital contribution	–	92,488	–	–	92,488
Total comprehensive loss	–	–	–	(27,890)	(27,890)
<b>Balance at 31 December 2022</b>	–	315,843	–	(57,739)	258,104
Capital contribution	–	150,267	–	–	150,267
Capital distribution	–	(2,000)	–	–	(2,000)
Merger reserve	–	–	(45,566)	–	(45,566)
Total comprehensive income	–	–	–	5,354	5,354
<b>Balance at 31 December 2023</b>	–	464,110	(45,566)	(52,385)	366,159

The accompanying notes are an integral part of the consolidated financial statements.



# Genesis Aircraft Services Limited and Subsidiaries

## Consolidated statement of cash flows for the financial year ended 31 December 2023

	Note	31 December 2023 US\$'000	31 December 2022 US\$'000
<b>Cash flows from operating activities</b>			
Profit/(loss) before tax		7,333	(32,925)
<i>Adjustment for:</i>			
Depreciation and amortisation	12,13,16	40,477	30,493
Impairment	12	—	26,446
Loss on transfer to held for sale	12	526	12,452
Interest expense	8	30,114	10,337
Interest income	8	(11,029)	(688)
Fair value movement of derivatives	7	6,921	(11,935)
(Gain)/loss on debt modification	25	(557)	4,495
Gain on disposal of aircraft and aircraft equipment	6	(9,693)	(1,474)
Office lease rental payments	16	(1,081)	(495)
Change in amounts due to/from related parties	29	(44,461)	—
Change in trade receivables and other assets	17,19	(14,892)	(6,415)
Increase in inventory	20	(16,071)	—
Change in maintenance reserves and security deposits	26	45,699	10,971
Share in profit of equity accounted investments	24	(683)	—
Change in other liabilities	27	246	1,838
		32,849	43,100
Taxation paid		(53)	(1,809)
Interest paid		(17,697)	(6,758)
<b>Net cash flows from operating activities</b>		15,099	34,533
<b>Cash flows used in investing activities</b>			
Purchase of aircraft & related components	12	(611,382)	(151,637)
Purchase of property, plant and equipment	13	(36)	—
Proceeds from disposal of aircraft and aircraft equipment	12	30,159	73,118
Transfer to Inventory		8,613	—
Equity investments	24	(1,033)	—
Merger reserve	23	(45,566)	—
<b>Net cash flows from investing activities</b>		(619,245)	(78,519)
<b>Cash flows from financing activities</b>			
Drawdown of term debt	25	562,705	96,530
Repayment of term debt	25	(151,207)	(89,243)
Capital contribution received	21	150,267	92,488
Capital distribution	21	(2,000)	—
Change in restricted cash	15	6,315	(1,363)
<b>Net cash flows from financing activities</b>		566,080	98,412
Net movement in cash and cash equivalents		(38,066)	54,426
Cash and cash equivalents at the beginning of the year	14	110,583	56,157
<b>Cash and cash equivalents at the end of the year</b>	14	72,517	110,583

# Genesis Aircraft Services Limited and Subsidiaries

## Company statement of financial position at 31 December 2023

		31 December 2023 US\$'000	31 December 2022 US\$'000
<b>Assets</b>	<i>Note</i>		
<b>Non-current assets</b>			
Aircraft & related components	12	175	249
Property, plant and equipment	13	1,097	1,273
Investment in subsidiaries	22	270,976	215,546
Deferred tax	11	3,726	3,382
Right of use asset – office lease	16	11,624	12,435
<b>Total non-current assets</b>		<u>287,598</u>	<u>232,885</u>
<b>Current assets</b>			
Cash and cash equivalents	14	17,532	73,030
Restricted cash	15	1,372	1,021
Amounts due from related parties	30	152,938	7,036
Right of use asset – office lease	16	811	811
Other receivables		11	1,147
<b>Total current assets</b>		<u>172,664</u>	<u>83,045</u>
<b>Total assets</b>		<u><u>460,262</u></u>	<u><u>315,930</u></u>
<b>Liabilities and Equity</b>			
<b>Non-current liabilities</b>			
Office lease liability	16	13,927	14,449
<b>Total non-current liabilities</b>		<u>13,927</u>	<u>14,449</u>
<b>Current liabilities</b>			
Other liabilities	27	4,758	4,014
Office lease liability	16	549	549
<b>Total current liabilities</b>		<u>5,307</u>	<u>4,563</u>
<b>Total liabilities</b>		<u>19,234</u>	<u>19,012</u>

# Genesis Aircraft Services Limited and Subsidiaries

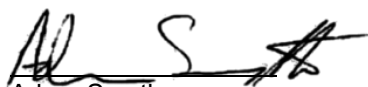
## Company statement of financial position (*continued*)

at 31 December 2023

		31 December 2023 US\$'000	31 December 2022 US\$'000
	Note		
<b>Equity attributable to equity holders</b>			
Share capital	21	—	—
Capital contribution		464,110	315,843
Retained deficit		(23,082)	(18,925)
<b>Total equity</b>		<u>441,028</u>	<u>296,918</u>
<b>Total equity and liabilities</b>		<u>460,262</u>	<u>315,930</u>

The accompanying notes form an integral part to the financial statements.

Approved by the board and authorised for issue on 28 March 2024.



Adam Smyth  
Director



Karl Griffin  
Director

# Genesis Aircraft Services Limited and Subsidiaries

## Company statement of changes in equity for the financial year ended 31 December 2023

### Attributable to equity holders

	Share capital US\$'000	Capital contribution US\$'000	Retained deficit US\$'000	Total equity US\$'000
<b>Balance at 1 January 2022</b>	–	223,355	(16,718)	206,637
Capital contribution	–	92,488	–	92,488
Total comprehensive income	–	–	(2,207)	(2,207)
<b>Balance at 31 December 2022</b>	–	315,843	(18,925)	296,918
Capital contribution - in	–	150,267	–	150,267
Capital contribution – out	–	(2,000)	–	(2,000)
Total comprehensive income	–	–	(4,157)	(4,157)
<b>Balance at 31 December 2023</b>	–	464,110	(23,082)	441,028

The accompanying notes are an integral part of the consolidated financial statements.

# Genesis Aircraft Services Limited and Subsidiaries

## Company statement of cash flows for the financial year ended 31 December 2023

	Note	31 December 2023 US\$'000	31 December 2022 US\$'000
<b>Cash flows from operating activities</b>			
Loss before tax		(4,325)	(2,913)
<i>Adjustment for:</i>			
Depreciation	12,13,16	1,051	1,074
Loss on sale of aircraft equipment	12	11	–
Office lease rental payments	16	(1,081)	(495)
Interest expense		559	–
Change in trade receivables and other assets	17,19	1,136	(4,006)
Amounts due from related parties	30	(145,902)	148
Change in trade payables and other liabilities	27	557	97
<b>Cash used in operations</b>		<u>(147,994)</u>	<u>(6,095)</u>
Tax paid		11	146
<b>Net cash used in operating activities</b>		<u>(147,983)</u>	<u>(5,949)</u>
<b>Cash used in investing activities:</b>			
Investment in subsidiary undertakings	22	(55,430)	(36,589)
Proceeds from sale of aircraft equipment		35	–
Acquisition of property, plant and equipment	13	(36)	–
<b>Net cash flows used in investing activities</b>		<u>(55,431)</u>	<u>(36,543)</u>
<b>Cash flows from financing activities:</b>			
Capital contribution received		150,267	92,489
Distributions		(2,000)	–
Increase in restricted cash	15	(351)	518
<b>Net cash flows from financing activities</b>		<u>147,916</u>	<u>93,007</u>
<b>Net movement in cash and cash equivalents</b>		<u>(55,498)</u>	<u>50,515</u>
Cash and cash equivalents at the beginning of the year	14	73,030	22,515
<b>Cash and cash equivalents at the end of the year</b>	14	<u>17,532</u>	<u>73,030</u>

The accompanying notes are an integral part of the consolidated financial statements.

# Genesis Aircraft Services Limited and Subsidiaries

## Notes to the financial statements

31 December 2023

### 1 Reporting entity

The Company is incorporated in the Republic of Ireland, with a registration number 545764. The Group's registered office is Riverside One, Sir John Rogerson's Quay, Dublin 2. The financial statements of the Group are presented as at and for the financial year ended 31 December 2023 and for the comparative financial year ended to 31 December 2022.

The principal activity of the Company is the acquisition, financing, leasing and selling of commercial jet aircraft. The Directors expect these activities to continue for the foreseeable future.

### 2 Material accounting policies

#### Basis of preparation and statement of compliance

The consolidated financial statements have been prepared on a historical cost basis. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), as issued by the International Accounting Standards Board (IASB) and adopted by the European Union ("EU").

The Group's financial statements consolidate the financial statements of the Company and all subsidiary undertakings for the financial year ending 31 December 2023. The financial statements are prepared on a going concern basis. The Group is operated and managed as a single operating segment in Ireland.

#### *Going Concern*

The Directors have prepared the financial statements for the year ended 31 December 2023 on the going concern basis of preparation. The Directors assess for the existence of matters which might give rise to any uncertainty in realising assets or discharging liabilities in the normal course of business. The Directors have not identified the existence of such issues, evidenced by a strong net asset position at the year-end including sufficient cash and cash equivalents to satisfy all short-term liabilities falling due within 12 months from the date of this report.

The Directors have also completed an assessment of the cashflows arising from the aircraft for 12 months from the approval date of the financial statements (please see Note 2 Uses of Estimates and Judgements Impairment for details of the inputs and judgement) and have concluded that cash and cash equivalents on hand at the financial reporting date combined with expected cash inflows are significantly in excess of the forecasted cash outflows for 12 months from the approval date of the financial statements. The Group has no near-term refinancing commitments due and there are no future orderbooks for purchase in the pipeline.

The material assumptions, judgements and estimates used as part of the director's assessment, covering twelve months from the approval date of the financial statements, are as follows:

- current cash and liquidity position of the Company;
- lessee credit risk assessments and security;
- debt covenants and repayments;
- estimated cash inflows and outflows; and
- applying a stress test to each of the assumptions.

Based on the above assessment, the Directors have concluded that this does not represent a material uncertainty in relation to the Company's ability to continue as a going concern for at least twelve months from the approval date of these financial statements.

# Genesis Aircraft Services Limited and Subsidiaries

## Notes to the financial statements

31 December 2023

### 2 Material accounting policies (*continued*)

#### Basis of preparation and statement of compliance (*continued*)

##### *New and amended accounting standards adopted*

In preparing the financial statements, the Group adopted the following standards, interpretations and amendments which have been issued by the International Accounting Standards Board ("IASB") and have been adopted for use by the EU for annual reporting periods beginning on or after 1 January 2023:

Description	Effective date (Period beginning)
- Amendments to IAS 8 – Definition of Account Estimates	1 January 2023
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies	1 January 2023
- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
- Amendments to IFRS 17 – Insurance Contracts	1 January 2023
- Amendments to IAS 12 – International Tax Reform <i>Pillar Two Model Rules</i>	23 May 2023

The Group has reviewed the impact of the initial application of these amendments and has determined that there is no material impact for the Group.

##### *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 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:

Description	Effective date (Period beginning)
- Amendments to IFRS 16 – Sale and Leaseback	1 January 2024
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current	1 January 2024
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements	1 January 2024
- Amendments to IAS 21 – Lack of Exchangeability	1 January 2025
- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Indefinitely deferred

#### Functional and presentation currency

These financial statements are presented in US Dollars, being the functional currency of the Group. All financial information is presented in US Dollar.

# Genesis Aircraft Services Limited and Subsidiaries

## Notes to the financial statements

31 December 2023

### 2 Material accounting policies (*continued*)

#### Foreign currency

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

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are not translated. Foreign currency differences are generally recognised in profit or loss.

#### Inventory

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Costs include all costs of purchase, costs of conversion and costs incurred in bringing goods to their present location and condition.

#### Operating income

##### *Lease income*

Operating income consists of rental income from operating leases which is recognised on a straight-line basis over the term of the lease. The difference between lease rentals invoiced and amounts recognised in the Statement of Comprehensive Income, resulting from the straight-lining of rental income, are deferred on the Statement of Financial Position. Rental income received in advance is recognised as deferred on the Statement of Financial Position until earned.

Operating income arising from lease arrangements where payments are dependent on variable factors is recognised as payment falls due.

Modifications to lease contracts are accounted for at the effective date of signing. Leases are straight-lined from that date and the existing balances included within the straight-line assessment. Deferral agreements are considered as received on a case-by-case basis. If approved by the Board an assessment is performed to determine if the deferral constitutes a modification to the terms or consideration of the lease. If so, the deferral is accounted for as a modification to the lease, otherwise it is accounted for as standard operating lease rentals.

##### *Trading income*

Trading income represents income arising on the sale of aircraft parts. Trading income is recognised when the risks and rewards of ownership have transferred to the buyer, usually on despatch of the goods, the amount of revenue can be measured reliably, it is probable that the associated economic benefits will flow to the group and the cost incurred or to be incurred in respect of the transactions can be measured reliably.

#### Operating expenses

Operating expenses are recognised in the Statement of Comprehensive Income on an accruals basis.



# Genesis Aircraft Services Limited and Subsidiaries

## Notes to the financial statements

31 December 2023

### 2 Material accounting policies (*continued*)

#### Interest expense

Interest on loans payable is recognised on an effective interest rate basis. A prepayment is recorded for interest payments made and not yet incurred. For interest that has been incurred but unpaid at the end of the financial year, an accrual is recorded.

#### Retirement benefit obligations

Pension benefits for employees are met by payments to a defined contribution pension fund. Contributions are charged to the statement of comprehensive income in the year in which they fall due.

#### Office Lease

The Group entered into an office lease during 2019 and it is recognised in accordance with IFRS 16 *Leases*. On initial recognition, the Group is required to recognise a right-of-use asset and a lease liability.

The right-of-use asset is measured at cost less any accumulated depreciation, impairment losses and adjusted for any remeasurement of the lease liability. Initial cost of the right-of-use asset is measured at (a) the amount of the initial measurement of the lease liability; (b) any lease payments made at or before the commencement date less any lease incentives received; and (c) any initial direct costs incurred by the lessee.

The carrying value of the right-of-use asset is reviewed for impairment in accordance with IAS 36 *Impairment of Assets* if events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount has been assessed as the fair value less costs to sell and/or the value in use being the net present value of future lease cash flows discounted at the Group's incremental borrowing rate.

The lease liability is measured at (a) the present value of expected lease payments discounted at the Group's incremental borrowing rate; (b) plus interest; and (c) less any lease rentals paid. Interest is recognised in the statement of comprehensive income over the term of the lease at a rate equal to the discount rate. Any amendments to the lease will give rise to a remeasurement of the lease liability and a subsequent adjustment to the right-of-use asset. If the adjustment exceeds the carrying value of the right-of-use asset, the excess is recognised in the statement of comprehensive income.

#### Aircraft & related components

The Group recognises all aircraft & related components at cost less accumulated depreciation and impairment. The costs of the assets consist of the initial direct acquisition costs incurred plus any costs directly attributable to bringing the asset into working condition for its intended use.

The depreciable amount of the aircraft & related components, consisting of the asset costs, maintenance right component less its estimated salvage value, is allocated on a systematic basis over the assets' useful economic life. The useful economic life of the aircraft & related components is assessed to be 25 years from the date of manufacture.

Impairment of assets are recognised in accordance with IAS 36 *Impairment of Asset* which stipulates that the recoverable amount of an asset is measured if events or changes in circumstances indicate that the carrying amount of an asset is impaired. At the end of the financial year, the Company assesses whether there is an indication that an asset may be impaired. If an event or circumstance

# Genesis Aircraft Services Limited and Subsidiaries

## Notes to the financial statements

31 December 2023

### 2 Material accounting policies (*continued*)

#### **Aircraft & related components (*continued*)**

exists, the Company measures the asset's recoverable amount which is the higher of an asset's fair value less costs to sell and its value in use.

Value in use is the estimated future cash flows associated with the aircraft & related components, discounted to their present value using a pre-tax discount rate that reflects current market assessments at the time value of money and the risks specific to the asset. The aircraft & related components cash flows consist of current contractual lease rental payments, forecast lease rentals over the asset's useful economic life, maintenance adjusting cash flows and any other relevant cash flow.

When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount with the resultant impairment charge recognised in the Statement of Comprehensive Income.

#### *Change in estimates*

During the financial year, the Group conducted a review of assets owned and the future economic benefits expected to flow from those assets. In some instances, assets coming to the end of their useful economic life are now employed in new leasing arrangements that exceeds their current useful economic life of 25 years from date of manufacture. As a result, the expected useful economic life increased to at least 25 years and estimated residual value decreased.

#### *Lease premium/discounts*

Lease premium / discounts represent the value of an acquired lease where the contractual rent payments are above/below the market lease rate at the date of acquisition. Such premium / discounts are recognised at cost and the estimated cost is amortised on a straight-line basis over the remaining term of the related lease and recorded as a component of amortisation in revenue.

#### **Aircraft & related components – held for sale**

An asset is classified as held for sale only when the sale is highly probable, management are committed to a plan to sell and the sale is expected to be completed within one year from the date of classification. The Company classifies aircraft & related components as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use and are measured as the lower of their carrying amount or fair value less costs to sell. Costs to sell are the costs directly attributable to the disposal of the asset, excluding finance costs and tax. When the carrying amount of the asset exceeds its recoverable amount, an impairment charge is recognised.

#### **Property, plant and equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

At the time of acquisition of aircraft & related components with an in-place lease, the Group identifies, measures and recognises maintenance right component assets and liabilities associated with its acquisition. Maintenance right components represent the difference in value between: (i) the Group's contractual right under the acquired lease to receive the aircraft in a specified maintenance condition at lease expiry; and (ii) the maintenance condition at the date of acquisition. The Group's aircraft

# Genesis Aircraft Services Limited and Subsidiaries

## Notes to the financial statements

31 December 2023

### 2 Material accounting policies (*continued*)

#### Maintenance right component (*continued*)

usually enter into leases where the lessee is responsible for the maintenance of the aircraft through one of two types of leases: (i) Periodic maintenance payments throughout the term of the lease ("MR Leases"); and (ii) payments at the end of leases based on return conditions of the aircraft ("EOL Leases").

##### *i. MR Leases*

Under MR Leases, the lessee has the obligation to pay for usage of the aircraft and to make a full or partial prepayment, calculated at an hourly rate, into a maintenance reserve fund held by the Group against which the lessee can draw down upon in respect of maintenance expenditures for major overhauls. At the end of the lease, the Group retains any cash in excess of the required reimbursement to the lessee.

A maintenance right asset is held on the Statement of Financial Position until the end of the lease at which point, subject to no qualified major maintenance has been performed by the lessee since acquisition, the maintenance right asset is offset by the maintenance reserve liability with any excess recorded as end of lease income. Where the Group reimburses the lessee for the performance of a qualified major maintenance event, the portion of the maintenance right asset, associated with the component of the aircraft in question for which maintenance is performed, is relieved and capitalised as part of the aircraft cost.

No maintenance right liabilities exist for MR Leases as the Group does not have an obligation to pay the lessee for the difference in value between the contractual return condition and the actual maintenance condition of the aircraft at lease expiry.

##### *ii. EOL Leases*

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

A maintenance right asset is held on the Statement of Financial Position until the end of the lease at which point, subject to the aircraft returning in the specified maintenance condition, the value differential is capitalised as part of the aircraft cost. Where the lessee compensates the Group with cash in excess of a maintenance right asset at lease expiry, the asset is relieved, and any excess is recognised as end of lease income. Where the lessee compensates the Group with cash that is less than the maintenance right asset, the cash is applied to the asset and the balance is capitalised as part of the aircraft cost.

A maintenance right liability is held on the Statement of Financial Position until the end of the lease at which point, subject to the aircraft returning in the specified maintenance condition, the value differential is relieved and recognised as end of lease income. Where the Group compensates the lessee with cash that is less than the maintenance right liability at lease expiry, the liability is relieved, and the difference is recognised as end of lease income. Where the Group compensates the lessee with cash that is in excess of the maintenance right liability, the cash payment is applied to the liability and the balance is capitalised as part of the aircraft cost.

# Genesis Aircraft Services Limited and Subsidiaries

## Notes to the financial statements

31 December 2023

### 2 Material accounting policies (*continued*)

#### Leases

Assets leased to customers shall be classified as either operating leases or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise, a lease is classified as an operating lease.

#### Loan payable

Loan notes payable are initially recognised at fair value, which is usually their issue proceeds, net of any incremental transaction costs incurred. The term loans are subsequently measured at amortised cost, with the difference between the proceeds net of transaction costs and the redemption value and interest payments recognised in the statement of income using the effective interest rate method.

#### Financial Instruments

The Group holds and has issued a number of financial instruments. These comprise of:

- Cash and cash equivalents
- Trade receivables
- Derivatives
- Maintenance reserves and security deposits
- Notes payable to related parties
- Other liabilities

#### *Financial assets*

Financial assets are classified on initial recognition and subsequently measured at either of the following:

- At amortised cost;
- At Fair Value Through Other Comprehensive Income ("FVTOCI"); or
- At Fair Value Through Profit or Loss ("FVTPL").

The Group classifies financial assets on initial recognition at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

#### *i. Financial assets at amortised cost*

Financial assets are measured at amortised cost if the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are subsequently measured using the Effective Interest Rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is

# Genesis Aircraft Services Limited and Subsidiaries

## Notes to the financial statements

31 December 2023

### 2 Material accounting policies (*continued*)

#### Financial Instruments (*continued*)

derecognised, modified or impaired. The Group's financial assets at amortised cost are cash and cash equivalents and trade receivables.

##### *ii. Financial assets at FVTOCI (Equity instruments)*

Upon initial recognition, the Group can elect to classify irrevocably its equity instruments designated at FVTOCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis. A financial asset is not held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments and there is evidence of recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Gains and losses on these financial assets are never recycled to profit and loss. Dividends are recognised as other income in the Statement of Comprehensive Income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in Other Comprehensive Income. Equity instruments designated at FVTOCI are not subject to impairment assessment. The Group does not hold any equity instruments at FVTOCI.

##### *iii. Financial assets at FVTOCI (Debt instruments)*

Financial assets are measured at FVTOCI if the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at FVTOCI, foreign exchange revaluation and impairment losses or reversals are recognised in the Statement of Comprehensive Income and computed in the same manner as for financial assets at amortised cost. The remaining fair value changes are recognised in Other Comprehensive Income. Upon Group does not hold any debt instruments at FVTOCI.

##### *iv. Financial assets at FVTPL*

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivative, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVTOCI, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

# Genesis Aircraft Services Limited and Subsidiaries

## Notes to the financial statements

31 December 2023

### 2 Material accounting policies (*continued*)

#### Financial Instruments (*continued*)

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised includes any dividends or interest earned on the financial asset.

##### *v. Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and a corresponding liability that reflects the rights and obligations that the Group has retained.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss in the investment's revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in an equity instrument measured at FVTOCI, the cumulative gain or loss in the revaluation reserve is not reclassified to profit or loss but is transferred to retained earnings.

##### *v. Impairment of financial assets*

The Group recognises an allowance for Expected Credit Losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two stages:

- For credit loss exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for that result from default events that are possible within the next 12-months ("12-month ECL").
- For credit loss exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("lifetime ECL").

For financial assets measured at amortised cost, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group, in assessing whether a financial asset is in default, considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience, informed credit assessments and other relevant forward-looking information. Factors such as length of maturity of exposures, current credit risk based on credit ratings and fluctuations in the credit risk based on the risk of default occurring over the expected life of the asset are considered. Loss allowances, if any, are

# Genesis Aircraft Services Limited and Subsidiaries

## Notes to the financial statements

31 December 2023

### 2 Material accounting policies (*continued*)

#### Financial Instruments (*continued*)

deducted from the gross carrying amount of the assets. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### *Financial liabilities*

All financial liabilities are recognised initially at fair value and, in the case of notes payable and other liabilities, net of directly attributable transaction costs. Financial liabilities are subsequently measured at either amortised cost or FVTPL.

##### *i. Financial liabilities at amortised cost*

Financial liabilities measured subsequently at amortised cost use the EIR method. The EIR method is a method of calculating the amortised cost of a financial liability and allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts), through the expected life of the financial liability, to the amortised cost of a financial liability. The Group holds notes payable to a related party and other liabilities at amortised cost.

##### *ii. Financial liabilities at FVTPL*

Financial liabilities are classified as FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading (criteria specified under financial assets), or (iii) designated as at FVTPL. Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group does not hold financial liabilities at FVTPL.

##### *iii. Foreign exchange gains and losses*

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the Statement of Comprehensive Income for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses are recognised in OCI and accumulated as a separate component of equity. The Group does not hold financial liabilities that are denominated in a foreign currency.

##### *iv. Derecognition of financial liabilities*

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

If the terms are not substantially different, the modification does not result in derecognition, and the Company recalculates the gross carrying amount based on the revised cash flows of the liability discounted at the original EIR with the difference in carrying amounts recognised as a modification

# Genesis Aircraft Services Limited and Subsidiaries

## Notes to the financial statements

31 December 2023

### 2 Material accounting policies (*continued*)

#### Financial Instruments (*continued*)

gain or loss in the Statement of Comprehensive Income. The present value of the modified cash flow is subsequently amortised using the EIR method over the remaining life of the financial liability and recognised as interest expense in the Statement of Comprehensive Income. The terms of the Group's existing financial liabilities have not been modified.

#### *Non-derivative financial instruments*

##### *i. Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less. Cash equivalents are short-term highly liquid investments with an original maturity of three months or less from the date of acquisition that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Restricted cash comprises cash held by the Group where a third-party lender holds a legal charge, incorporating a right of set off, over bank deposit accounts as security in respect of outstanding loans payable as at the statement of financial position date.

##### *ii. Trade receivables*

Trade receivables represent amounts due from lessees under operating lease contracts and are recognised initially at fair value. Trade receivables are subsequently measured at amortised cost less any expected credit loss ("ECL") allowance. Please see detail in Estimates.

##### *iii. 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.

##### *iv. Maintenance reserves*

Maintenance reserves are accounted for as a provision in accordance with *IAS 37 — Provisions, Contingent Liabilities and Contingent Assets*.

The Group's aircraft usually enter into leases where the lessee is responsible for the maintenance of the aircraft through one of two types of leases: (i) Periodic maintenance payments throughout the term of the lease ("MR Leases"); and (ii) payments at the end of leases based on return conditions of the aircraft ("EOL Leases").

Under MR Leases, the lessee has the obligation to pay for usage of the aircraft and to make a full or partial prepayment, calculated at an hourly rate, into a maintenance reserve fund held by the Group against which the lessee can draw down upon in respect of maintenance expenditures for major overhauls. The Group retains any cash in excess of the required reimbursement to the lessee, only when the lessee's right to reimbursement has expired, and is recognised as other operating income in the Statement of Comprehensive Income.



# Genesis Aircraft Services Limited and Subsidiaries

## Notes to the financial statements

31 December 2023

### 2 Material accounting policies (*continued*)

#### Financial Instruments (*continued*)

##### *v. Lessor contributions*

At the beginning of each new lease, accruals for lessor contributions representing net contractual obligations on the part of the Group to contribute to the lessee's cost of the next planned major maintenance event, expected to occur during the lease, are established. These are subject to a large degree of estimation given the nature of these costs. Lessor contributions represent a lease incentive and are recorded as a charge to the income statement over the life of the associated lease.

When aircraft are sold, any balance of lessor contribution amounts are released from the statement of financial position as part of the gain or loss on sale of the aircraft.

#### Provisions

A provision is recognised in the Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured 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 risks specific to the liability.

#### Ordinary shares

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

Ordinary dividends declared as final dividends are recognised as a liability in the period in which they are approved by shareholders. Interim dividends are recognised as a liability when declared.

#### Taxation

Income tax expense comprises current and deferred tax. It is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised in Other Comprehensive Income or directly in equity, in which case it is recognised in Other Comprehensive Income or directly in equity.

Current tax is the expected tax payable on the taxable income for the financial year using tax rates and laws that have been enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax is not recognised for differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination, and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of reversal and it is probable that they will not reverse in the foreseeable future. In

# Genesis Aircraft Services Limited and Subsidiaries

## Notes to the financial statements

31 December 2023

### 2 Material accounting policies (*continued*)

#### Taxation (*continued*)

addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

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

#### Investment in subsidiary undertakings

Investment in subsidiary undertaking is carried at cost less impairment charges recognised. The Company reviews its investment in subsidiary undertaking at each reporting date or when there is an indication of a possible impairment. An investment in subsidiary undertaking is considered impaired when its carrying value is higher than its recoverable amount. Recoverable amount is the higher of its fair value less costs to sell and value in use. Each of these is determined by reference to the assets and liabilities of all subsidiary undertakings that are directly or indirectly owned. Where an investment is considered to be impaired, it is written down to its recoverable amount with the resultant impairment charge being recorded in the Statement of Comprehensive Income.

#### Basis of consolidation

The consolidation financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the Subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-

# Genesis Aircraft Services Limited and Subsidiaries

## Notes to the financial statements

31 December 2023

### 2 Material accounting policies (*continued*)

#### Basis of consolidation (*continued*)

controlling interest having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

#### Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control or joint control over those policies.

The Group's investments in its associates are accounted for using the equity method from the date significant influence is deemed to arise until the date on which significant influence ceases to exist or when the interest becomes classified as an asset held for sale. The Consolidated Income Statement reflects the Group's share of result after tax of the related associates. Investments in associates are carried in the Consolidated Balance Sheet at cost adjusted in respect of post-acquisition changes in the Group's share of net assets, less any impairment in value. If necessary, impairment losses on the carrying amount of an investment are reported within the Group's share of equity accounted investments' results in the Consolidated Income Statement. If the Group's share of losses exceeds the carrying amount of an associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

#### Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Where a business is transferred between entities under common control, and that control is not transitory in nature, it is the policy of the Group to account for such transactions at predecessor book value. In such cases, the difference between the consideration transferred and the carrying value of the net identifiable assets and liabilities assumed is recognised as a merger reserve.

#### Use of estimates and judgements

In preparing the financial statements in accordance with IFRS, the Directors have made judgements, estimates and assumptions that affect application of the Group accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated judgements are based on historical experience and various other factors that are believed to be reasonable under the

# Genesis Aircraft Services Limited and Subsidiaries

## Notes to the financial statements

31 December 2023

### 2 Material accounting policies (*continued*)

#### Use of estimates and judgements (*continued*)

circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

In the process of applying the Group's accounting policies, the Directors have made the following estimates that have the most significant impact on the amounts recognised in the financial statements.

#### *i. Maintenance reserves*

When calculating excess maintenance reserves, the Group estimates the future maintenance costs based on forecasted aircraft utilisation. Refer to Note 2 *Financial Instruments: Non-derivative financial instruments* for more detail.

#### *ii. Impairment*

To assess if there is an impairment charge, the Group uses estimates of future cash flows expected resulting from the use of assets and their eventual disposal. These estimated cash flows are then adjusted to the present value using an appropriate discount rate that reflects the risks and uncertainties associated with the forecasted cash flows. Actual outcomes could vary from such estimates. Refer to Note 12 *Aircraft & related components* for more detail.

Significant judgement is required when evaluating the inputs into the recoverable amount of aircraft. In assessing the impairment charge the following table sets out the key items in relation to the impairment value in use assessment;

Valuation technique	Discounted cash flows: In considering whether impairment exists, the Directors assess: (i) current market values using external independent appraisers; and (ii) value-in-use. Value-in-use are the estimated future cash flows from an asset discounted at a risk adjusted market rate expected to be obtainable as a result of an asset's continued use.
Significant inputs	<ul style="list-style-type: none"><li>– Changes in contracted lease rates reflect all concessions granted during the financial year.</li><li>– Expected utilisation of aircraft</li><li>– Future lease rates as based on market rates adjusted for aircraft specific release terms</li><li>– Estimated residual values are equal to scrap value plus maintenance value remaining on return or expected sales proceeds</li><li>– Discount rate.</li></ul>

#### *iii. Depreciation*

When estimating depreciation, the Group uses assumptions about the salvage value and useful economic life of aircraft & related components based on historical information and industry standards. Refer to Note 2 *Aircraft & related components* for more details.

# Genesis Aircraft Services Limited and Subsidiaries

## Notes to the financial statements

31 December 2023

### 2 Material accounting policies (*continued*)

#### Use of estimates and judgements (*continued*)

##### *iv. Maintenance right components*

Maintenance right components are estimated by calculating the current condition of the aircraft in value terms based on aircraft utilisation to date and the Servicer's best estimate of maintenance costs. This is then compared with the redelivery condition of the aircraft from the underlying lease, and the value differential is considered for recognition as a component with reference to any underlying maintenance reserves or contributions. Refer to Note 2 *Aircraft & related components* for more details.

##### *v. Expected credit loss*

Expected credit losses are calculated based on credit risk profiles assigned to each lessee. Credit risk profiles are internally generated and determined based on a weighed profile which includes external ratings, financial statements, industry information, days overdue and security available to the Group.

IFRS 9 establishes a simplified impairment approach for qualifying trade receivables and lease receivables and allows the Group to recognize a loss allowance based on lifetime expected credit losses at each reporting date. Management calculates expected credit losses by reviewing amounts collectable, net of security, under the lease, applying the product of: (i) a probability of loss based on S&Ps average default rates; and (ii) loss given default. The loss given default is based on credit risk profiles assigned to each lessee and other factors. Credit risk profiles are internally generated and determined based on a weighted profile which includes external ratings, financial statements, industry information, days overdue and security available to the Group. Refer to Note 19 *Trade receivables* for more details.

##### *vi. Deferred tax*

Deferred tax assets are recognised to the extent that there are future taxable profits within 5 years, based on best estimate forecasting by the Group. Tax estimate is outlined in Note 11.

##### *vii. Lease modifications*

Lease modifications are considered as received on a case-by-case basis. If approved by the Board an assessment is performed to determine if the deferral constituted a modification which would include a review of, but not limited to, the term or consideration of the lease. Concession arrangements which do not alter the consideration or term of a lease or where there may be compensation received to offset this change, are deemed no modification.

##### *viii. Investment in subsidiaries*

To assess if there is an impairment charge required against investment in subsidiaries, the Company performs an assessment comparing the carrying value with a third-party appraised value in use for each investment. In preparing the value in use, judgement is applied on inputs such as the forecasted cashflows and the present value discount rate. The discount rate is provided by the third-party appraisers and is representative of the cost of equity in each of the investments.

# Genesis Aircraft Services Limited and Subsidiaries

## Notes to the financial statements

31 December 2023

### 3 Operating income

	2023 US\$'000	2022 US\$'000
<i>Operating income is comprised of the following:</i>		
Operating lease rentals	61,381	45,843
Amortisation of lease incentive	(1,799)	(492)
Trading income	10,325	—
	<u>69,907</u>	<u>45,351</u>

Lease incentives include lessor contributions that relate to existing leases that have been extended and new leases. These are capitalised to the Statement of Financial Position and amortised over the life of the lease. Refer to Note 18 *Lease incentive asset*. The aircraft are managed by geographical region.

#### Geographical split of revenue generation

	2023 US\$'000	2022 US\$'000
Europe	32,804	12,957
Asia	19,447	23,269
Americas	9,130	9,617
	<u>61,381</u>	<u>45,843</u>

There are three floating rate leases. Contingent revenue on the floating rate leases for the period to 31 December 2023 totalled US\$ 0.3 million (2022: Three floating rate leases: US\$0.4 million).

The Group has entered into non-cancellable operating leases on its aircraft. The leases have remaining terms of different length, with no restrictions placed upon the Group. Future minimum rentals receivable under the current signed leases are as follows:

	2023 US\$'000	2022 US\$'000
Within 1 year	104,748	42,124
More than 1 year but less than 2 years	85,588	35,568
More than 2 years but less than 3 years	63,685	22,266
More than 3 years but less than 4 years	51,064	13,704
More than 4 years but less than 5 years	42,839	10,495
Later than five years	107,776	12,766
	<u>455,700</u>	<u>136,923</u>

### 4 Operating expenses

	2023 US\$'000	2022 US\$'000
Personnel costs	10,636	8,540
Professional fees	8,882	6,232
Aircraft related costs	5,784	11,655
Cost of goods sold	6,270	—
Other expenses	4,153	2,564
	<u>35,725</u>	<u>28,991</u>

Aircraft related costs consists of light maintenance expenses incurred usually when placing an aircraft on lease or leasing in engines. Other expenses include office related costs, administration and IT costs.

# Genesis Aircraft Services Limited and Subsidiaries

## Notes to the financial statements

31 December 2023

<b>5 Other operating income</b>	<b>2023 US\$'000</b>	<b>2022 US\$'000</b>
Service income	6,133	6,517
End of lease income	7,403	3,480
Maintenance income	12,153	9,613
Other operating income	1,441	1,814
	<u>27,130</u>	<u>21,424</u>

Service income relates to service fees earned from the management of certain aircraft portfolios for which the Group has servicing agreements in place.

<b>6 Gain on sale of aircraft and aircraft equipment</b>	<b>2023 US\$'000</b>	<b>2022 US\$'000</b>
Net gain on disposal of aircraft & related components	<u>9,693</u>	<u>1,474</u>

The Group sold two airframes and six engines during the financial year (2022: six aircraft, one airframe and six engines). The Group has no assets remaining on consignment during the financial year (2022: two airframes). The disposals generated a net gain amounting to US\$9.7 million (2022: US\$1.5 million) during the financial year.

<b>7 Derivative financial instruments</b>	<b>2023 US\$'000</b>	<b>2022 US\$'000</b>
At beginning of period	12,701	1,204
(Loss)/profit on derivative at fair value through profit or loss	(6,921)	11,935
Exercises, sales and purchases	(3,284)	(438)
At end of year	<u>2,496</u>	<u>12,701</u>

The gain on derivative at fair value through profit or loss relates to interest rate caps, interest rate swaps and an equity option. The fair value for the interest rate caps is determined by reference to external valuations. The equity option is valued using a binomial model. Please refer to Note 31.

<b>8 Interest expense and income</b>	<b>2023 US\$'000</b>	<b>2022 US\$'000</b>
<i>Interest expense</i>		
Interest arising from external bank financing	22,239	7,960
Intragroup interest	4,586	–
Amortisation of deferred financing costs	2,730	1,816
Office lease interest expense	559	561
	<u>30,114</u>	<u>10,337</u>
<i>Interest income</i>		
Swap interest income	3,398	688
Intragroup interest	7,631	–
	<u>11,029</u>	<u>688</u>

Financing costs incurred in relation to the financing of aircraft are deferred over the financing period and amortised through the Statement of Comprehensive Income. Refer to Note 25 for further details. Interest is calculated on an effective interest rate basis and relate to financial instruments measured at amortised cost.

# Genesis Aircraft Services Limited and Subsidiaries

## Notes to the financial statements

31 December 2023

### 9 Staff numbers

The Group had 38 employees at 31 December 2023 (2022: 31 employees). The average number of employees during the financial year was 35 (2022: 30 average).

### 10 Other information

	2023 US\$'000	2022 US\$'000
Audit of Group accounts	352	258
Tax advice and compliance	629	158
	<u>981</u>	<u>416</u>

Auditor's remuneration for the current financial year arises on fees incurred for the statutory audit and tax advice and compliance includes fees incurred on the expansion of the Group.

The total value adjustments for depreciation and impairment in respect of aircraft & related components is disclosed in Note 12. The total value adjustments for depreciation in respect of property, plant and equipment is disclosed in Note 13.

The table below reports the total remuneration receivable in respect of qualifying services by the Directors during the financial year ended 31 December 2023 and 31 December 2022:

	2023 US\$'000	2022 US\$'000
Salary/fees & bonus	—	—
Pension related benefits	—	—
Other long-term benefits	—	—
	<u>—</u>	<u>—</u>

The salary, fees and bonus amount above includes Directors' fees received by independent Directors of US\$0.1 million. The remaining balances relate to remuneration for Key Management personnel. The Group views key management personnel as Directors by nature of their interest in the Group and their ability to make decisions on behalf of the Group.

### 11 Tax on ordinary activities

	2023 US\$'000	2022 US\$'000
<i>Current tax</i>		
Current tax credit	<u>(234)</u>	<u>(677)</u>
<i>Deferred tax</i>		
Deferred tax origination	<u>2,213</u>	<u>(4,358)</u>
<b>Total tax charge/(credit) for the financial year</b>	<u><b>1,979</b></u>	<u><b>(5,035)</b></u>



# Genesis Aircraft Services Limited and Subsidiaries

## Notes to the financial statements

31 December 2023

### 11 Tax on ordinary activities (*continued*)

The tax assessed for the financial year is higher (2022: lower) than the standard rate of corporation tax in Ireland of 12.5%. The differences are explained below:

<b>Reconciliation of effective tax rate</b>	<b>2023 US\$'000</b>	<b>2022 US\$'000</b>
Profit/(loss) before taxation	7,333	(32,925)
Profit/(loss) multiplied by standard rate of corporation tax in Ireland of 12.5% (2022: 12.5%)	917	(4,116)
<i>Effects of:</i>		
Prior period (under)/over provision	636	(367)
Non assessable income/expense	48	(1,451)
Income taxed at a higher rate	378	–
Unrecognised deferred tax asset	–	899
<b>Total tax charge/(credit) for the financial year</b>	<b>1,979</b>	<b>(5,035)</b>

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 depreciation. Net deferred tax for the financial year are as follows:

<b>Deferred tax asset/liability (Group)</b>	<b>2023 US\$'000</b>	<b>2022 US\$'000</b>
Balance at 1 January	13,615	7,447
Current year provision	(2,213)	6,168
<b>Balance at 31 December</b>	<b>11,402</b>	<b>13,615</b>
<b>Current tax (Group)</b>	<b>2023 US\$'000</b>	<b>2022 US\$'000</b>
Balance at 1 January	(471)	(1,148)
Current tax provision	234	677
<b>Balance at 31 December</b>	<b>(237)</b>	<b>(471)</b>
<b>Deferred tax (Company)</b>	<b>2023 US\$'000</b>	<b>2022 US\$'000</b>
Balance at 1 January	3,382	2,824
Deferred tax credit	344	558
<b>Balance at 31 December</b>	<b>3,726</b>	<b>3,382</b>

Under the OECD's BEPS 2.0 initiative, the OECD has formulated rules known as "Pillar Two" designed to implement a global minimum effective tax rate ("ETR") of 15% on a jurisdictional basis in respect of multinational groups with annual turnover exceeding €750 million in two of the last four years. Ireland has enacted Pillar Two into domestic legislation with effect from January 1, 2024. Under these rules, the ETR for a jurisdiction is to be determined by reference to the financial accounting profits and tax expense (with some adjustments) derived from the relevant financial statements. Groups impacted are required to calculate ETR for each jurisdiction in which they operate and for jurisdictions where the ETR is below the 15% minimum rate, they will be liable to pay a top-up tax, known as the global

# Genesis Aircraft Services Limited and Subsidiaries

## Notes to the financial statements

31 December 2023

### 11 Tax on ordinary activities (*continued*)

minimum top-up tax, for the difference. The top-up tax is an additional tax designed to bring the minimum effective tax rate for a jurisdiction (i.e. including Ireland) to 15%.

The Group has reviewed the published Irish legislation alongside the OECD model rules and guidance and is currently assessing the impact, if any. However, given that further guidance is expected as to how certain aspects of Pillar Two will operate, the quantitative impact of these rules has not yet been determined. As there are entities within the Group which are tax resident in Ireland, which has enacted new legislation to implement the global minimum top-up tax, the Group may be subject to the top-up tax in relation to its operations in Ireland where the enacted trading corporate income tax rate is 12.5%. However, as the newly enacted legislation in Ireland is only effective from January 1, 2024 there is no current tax impact for the year ended December 31, 2023. The Group will continue to review further guidance due to be released by the OECD and governments implementing this new tax regime to assess the potential impact.

### 12 Aircraft & related components (Group)

	<b>Aircraft US\$'000</b>	<b>Maintenance rights US\$'000</b>	<b>Lease premium US\$'000</b>	<b>Total US\$'000</b>
<b>Cost</b>				
At 1 January 2023	463,701	50,502	4,252	518,455
Additions	545,132	53,910	14,614	613,656
Disposals	(3,819)	—	—	(3,819)
Transfer to held for sale	(45,638)	—	—	(45,638)
<b>At 31 December 2023</b>	<b>959,376</b>	<b>104,412</b>	<b>18,866</b>	<b>1,082,654</b>
<b>Depreciation/impairment</b>				
At 1 January 2023	181,173	15,143	1,796	198,112
Depreciation charge	34,958	—	4,496	39,454
Impairment charge	0	—	—	0
Disposals	(600)	—	—	(600)
Transfer to held for sale	(28,073)	—	—	(28,073)
Additions	2,274	—	—	2,274
<b>At 31 December 2023</b>	<b>189,732</b>	<b>15,143</b>	<b>6,292</b>	<b>211,167</b>
<b>Net book value</b>				
<b>At 31 December 2023</b>	<b>769,644</b>	<b>89,269</b>	<b>12,574</b>	<b>871,487</b>
<b>At 31 December 2022</b>	<b>282,528</b>	<b>35,359</b>	<b>2,456</b>	<b>320,343</b>

The carrying values of specific assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment is assessed by comparing the carrying value of an asset with its recoverable amount. The recoverable amount has been assessed as the fair value less costs to sell and/or the value in use being the net present value of future lease cash flows and expected residual value. Value in use is calculated based on a discount rate of 9.0% (2022: 9.8%). Impairment losses are recognised in the Statement of Comprehensive Income. The Group recorded an impairment of US\$ Nil (2022: US\$26.4 million) during the financial year.

# Genesis Aircraft Services Limited and Subsidiaries

## Notes to the financial statements

31 December 2023

### 12 Aircraft & related components (Group) (continued)

Reasonable possible changes at the reporting date to one of the significant inputs (see Note 2 *Estimates*), while holding the others constant, was considered for the variables set out below;

- Discount rate applied +/- 0.5%
- Residual values +/- 10%
- Future lease rates +/- 10%

Sensitivities on expected utilisation were excluded from consideration as the corresponding impact would be reflected in residual values upon disposition. 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 year.

Lease premiums consist of the lease premium or discounts acquired with the aircraft at the acquisition date.

Maintenance right components represent the value in the difference between the contractual right under the acquired leases to receive the aircraft in a specified maintenance condition at the end of the lease and the actual physical condition of the aircraft at the date of acquisition. Maintenance right components are held on the Statement of Financial Position until the end of the lease at which point the value differential of the aircraft is capitalised onto the asset to the extent realised in the return condition. At 31 December 2023, the Group held US\$89.3 million (2022: US\$35.4 million) in maintenance right components. All leases with maintenance right components are expected to expire within the next seven years.

There is, on average, sixteen years remaining in the depreciable useful economic lives of aircraft & related components within the Group (2022: seven years).

#### *Acquisitions*

During the financial year, the Group acquired 100% of Genesis Ireland Aviation Trading 3 Limited from a related party. Please refer to Note 23 for further details of acquisition.

During the financial year, the Group acquired 18 aircraft (2022: seven aircraft and two engines). The total value of the aircraft & related components acquired amounted to US\$556 million (2022: US\$106 million). The acquisition was financed through a combination of third-party debt and cash. In addition, eight aircraft were acquired from related parties for an amount of US\$55 million. There was no contingent consideration as part of the sale and the fair values of the assets acquired are not subject to revision.

The fair value of assets and liabilities acquired were:

	<b>2023</b> <b>US\$'000</b>	<b>2022</b> <b>US\$'000</b>
Aircraft & related components	611,383	106,186
Security deposits	(5,745)	—
Maintenance liabilities and lessor contributions	(30,065)	—
	<u>575,573</u>	<u>106,186</u>

# Genesis Aircraft Services Limited and Subsidiaries

## Notes to the financial statements

31 December 2023

### 12 Aircraft & related components (Group) (continued)

#### *Aircraft & related components - held for sale*

	<b>2023 US\$'000</b>	<b>2022 US\$'000</b>
At 1 January	12,820	7,149
Transfer from aircraft & related components	17,565	35,061
Additions	—	4,111
Disposals	(25,860)	(21,049)
Loss on transfer	(526)	(12,452)
At 31 December	<u>3,999</u>	<u>12,820</u>

During the financial year, five engines and six airframe with a value of US\$17.6 million were transferred to held for sale. During the prior financial year, eight engines and one airframe with a value of US\$35.1 million were transferred to held for sale.

#### *Aircraft & related components (Company)*

	<b>Aircraft US\$'000</b>	<b>Total US\$'000</b>
<b>Cost</b>		
At 1 January 2023	325	325
Disposals	(65)	(65)
<b>At 31 December 2023</b>	<u>260</u>	<u>260</u>
<b>Depreciation/impairment</b>		
At 1 January 2023	76	76
Charge for financial year	28	28
Disposals	(19)	(19)
<b>At 31 December 2023</b>	<u>85</u>	<u>85</u>
<b>Net book value</b>		
<b>At 31 December 2023</b>	<u>175</u>	<u>175</u>
<b>At 31 December 2022</b>	<u>249</u>	<u>249</u>

# Genesis Aircraft Services Limited and Subsidiaries

## Notes to the financial statements

31 December 2023

### 13 Property, plant and equipment – Group & Company

	Computer equipment US\$'000	Fixtures and fittings US\$'000	Total US\$'000
<b>Cost</b>			
At 1 January 2023	378	1,719	2,097
Additions	36	0	36
Disposals	(19)	(9)	(28)
<b>At 31 December 2023</b>	<b>395</b>	<b>1,710</b>	<b>2,105</b>
<b>Depreciation/impairment</b>			
At 1 January 2023	268	556	824
Charge for the financial year	63	149	212
Disposals	(19)	(9)	(28)
<b>At 31 December 2023</b>	<b>312</b>	<b>696</b>	<b>1,008</b>
<b>Net book value</b>			
<b>Balance at 31 December 2023</b>	<b>83</b>	<b>1,014</b>	<b>1,097</b>
<b>Balance at 31 December 2022</b>	<b>110</b>	<b>1,163</b>	<b>1,273</b>

### 14 Cash and cash equivalents

	2023 US\$'000	2022 US\$'000
Group	72,517	110,583
Company	17,532	73,030

Expected credit loss on cash and cash equivalents is not recognised due to immateriality.

### 15 Restricted cash

	2023 US\$'000	2022 US\$'000
Group	3,915	10,230
Company	1,372	1,021

Restricted cash relates to cash held in Allied Irish Banks Plc (AIB) and Citi Bank Europe (Citi) pledged accounts as required per financing arrangements. Rating agencies Moodys and S&P assign a credit rating of A1 and A- respectively to AIB and Aa3 and A+ respectively to Citi.

# Genesis Aircraft Services Limited and Subsidiaries

## Notes to the financial statements

31 December 2023

### 16 Office lease – Group & Company

#### At 31 December 2023

	<b>Right-of-Use Asset US\$'000</b>	<b>Lease Liability US\$'000</b>
Balance at 1 January 2023	13,246	(14,998)
Depreciation of right-of-use asset	(811)	–
Payments	–	1,081
Discount unwind included in interest expense	–	(559)
<b>Balance at 31 December 2023</b>	<b>12,435</b>	<b>(14,476)</b>

#### At 31 December 2022

	<b>Right-of-Use Asset US\$'000</b>	<b>Lease Liability US\$'000</b>
Balance at 1 January 2022	14,057	(15,493)
Depreciation of right-of-use asset	(811)	–
Payments	–	1,054
Discount unwind included in interest expense	–	(559)
<b>Balance at 31 December 2022</b>	<b>13,246</b>	<b>(14,998)</b>

#### At 31 December 2023

	<b>Right-of-Use Asset US\$'000</b>	<b>Lease Liability US\$'000</b>
<b>Operating lease commitments</b>		
Within one year	811	549
Between 2 to 5 years	3,244	2,733
Greater than 5 years	8,380	11,194
<b>Total commitments</b>	<b>12,435</b>	<b>14,476</b>

#### At 31 December 2022

	<b>Right-of-Use Asset US\$'000</b>	<b>Lease Liability US\$'000</b>
<b>Operating lease commitments</b>		
Within one year	811	549
Between 2 to 5 years	3,244	2,733
Greater than 5 years	9,191	11,716
<b>Total commitments</b>	<b>13,246</b>	<b>14,498</b>

# Genesis Aircraft Services Limited and Subsidiaries

## Notes to the financial statements

31 December 2023

<b>17 Other assets – Group</b>	<b>2023 US\$'000</b>	<b>2022 US\$'000</b>
Deferred income	(2,794)	(71)
Vat receivable	713	1,433
Pre-delivery payments	1,309	2,938
Other receivables	151	4,075
Prepayments	662	(294)
	<u>41</u>	<u>8,081</u>
<b>18 Lease incentive asset</b>	<b>2023 US\$'000</b>	<b>2022 US\$'000</b>
Current	4,083	1,022
Non-current	19,018	5,519
	<u>23,101</u>	<u>6,541</u>
<b>19 Trade receivables - Group</b>	<b>2023 US\$'000</b>	<b>2022 US\$'000</b>
Trade receivables	14,113	18,274
Expected credit loss	(5,745)	(12,942)
Other receivables	2,232	–
	<u>10,600</u>	<u>5,332</u>

Trade receivables at 31 December 2023 amounted to US\$10.6 million (2022: US\$5.3 million). Trade and other receivables are recognised initially at fair value and are thereafter measured at amortised cost less expected credit loss allowance. Trade and other receivables are discounted when the time value of money is considered material. IFRS 9 establishes a simplified impairment approach for qualifying trade receivables and lease receivables and allows the Group to recognize a loss allowance based on lifetime expected credit losses at each reporting date.

Management calculates expected credit losses by reviewing amounts collectable, net of security, under the lease, applying the product of: (i) a probability of loss based on S&Ps average default rates; and (ii) loss given default.

The loss given default is based on credit risk profiles assigned to each lessee and other factors. Credit risk profiles are internally generated and determined based on a weighted profile which includes external ratings, financial statements, industry information, days overdue and security available to the Group.

# Genesis Aircraft Services Limited and Subsidiaries

## Notes to the financial statements

31 December 2023

### 19 Trade receivables – Group (*continued*)

The table below shows the exposure to lease receivables by risk category, as categorised by the process detailed in Note 2.

#### At 31 December 2023

	Gross Exposure US\$'000	Security Held US\$000	Expected Credit Loss US\$'000
Low risk grade category	615	–	–
Medium risk grade category	–	5,134	–
High risk grade category	13,498	15,858	5,745

#### At 31 December 2022

	Gross Exposure US\$'000	Security Held US\$000	Expected Credit Loss US\$'000
Low risk grade category	434	519	–
Medium risk grade category	198	20,127	–
High risk grade category	18,139	4,977	12,942

#### Geographical distribution of ECL

	2023 US\$	2022 US\$
Europe	5,745	–
Asia	–	9,611
South America	–	3,331
	5,745	12,942

The movements in ECL during the financial year relate to reversals, provisions and write offs of receivables. The ECL provision recorded in the consolidated statement of comprehensive income is a release of \$2.1 million (2022: provision of \$0.6 million)

### 20 Inventory

	2023 US\$'000	2022 US\$'000
Finished goods and goods for resale	16,071	–

### 21 Called up share capital presented as equity

	2023 US\$'000	2022 US\$'000
<b>Authorised</b>		
1,000,000 ordinary shares of US\$1 each	1,000	1,000
<b>Allotted, called up and fully paid</b>		
1 ordinary share of US\$1	–	–



# Genesis Aircraft Services Limited and Subsidiaries

## Notes to the financial statements

31 December 2023

### 21 Called up share capital presented as equity (*continued*)

*Capital contributions:*

The Group received a capital contribution of US\$150.3 million (2022: US\$92.5 million) from GASL Bermuda Holdings Limited. The capital contribution is non-repayable.

*Distributions:*

The Directors issued a dividend for the financial year ended 31 December 2023 of US\$ 2.0 million (2022: US\$Nil).

### 22 Investment in subsidiaries – Company

The Group has a shareholding in the following subsidiaries;

Name	Registered address	Ownership
Genesis Aircraft Service (US) LLC	525 N. Tyron Street, Suite 1600, Charlotte, NC 28202, United States of America	100%
GASL Singapore Pte. Limited	77 Robinson Road, #13-00 Robinson 77, Singapore (068896)	100%

The principal activity of these subsidiaries is to provide professional services to the Irish company. Services are charged to the Company on a cost-plus basis.

In addition, the Group has a shareholding in the following subsidiaries, for which the principal activity of is the leasing and subleasing of aircraft and related assets.

Name	Registered address	Ownership
GASL Ireland Leasing A-1 Limited	Riverside One Sir John Rogerson's Quay, Dublin 2	100%
GASL Ireland Leasing 5 Limited (formerly Airspeed Ireland Leasing 5 Limited)	Riverside One Sir John Rogerson's Quay, Dublin 2	100%
GASL Ireland Leasing 6 Limited (formerly Airspeed Ireland Leasing 6 Limited)	Riverside One Sir John Rogerson's Quay, Dublin 2	100%
GASL Ireland Leasing 8 Limited (formerly Airspeed Ireland Leasing 8 Limited)	Riverside One Sir John Rogerson's Quay, Dublin 2	100%
GASL Ireland Leasing 11 Limited (formerly Airspeed Ireland Leasing 11 Limited)	Riverside One Sir John Rogerson's Quay, Dublin 2	100%
GASL Ireland Leasing 12 Limited (formerly Airspeed Ireland Leasing 12 Limited)	Riverside One Sir John Rogerson's Quay, Dublin 2	100%
GASL Ireland Leasing 13 Limited (formerly Airspeed Ireland Leasing 13 Limited)	Riverside One Sir John Rogerson's Quay, Dublin 2	100%
GASL Bermuda B-1 Limited	Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda	100%

# Genesis Aircraft Services Limited and Subsidiaries

## Notes to the financial statements

31 December 2023

### 22 Investment in subsidiaries – Company (*continued*)

Name	Registered address	Ownership
GASL Ireland Leasing B-1 Limited	Riverside One Sir John Rogerson's Quay, Dublin 2	100%
GASL Leasing Ireland No. 1 Limited	Riverside One Sir John Rogerson's Quay, Dublin 2	100%
GASL Leasing Ireland No. 2 Limited	Riverside One Sir John Rogerson's Quay, Dublin 2	100%
GASL Leasing Ireland No. 3 Limited	Riverside One Sir John Rogerson's Quay, Dublin 2	100%
GASL Leasing Ireland No. 4 Limited	Riverside One Sir John Rogerson's Quay, Dublin 2	100%
GASL Leasing Ireland No. 5 Limited	Riverside One Sir John Rogerson's Quay, Dublin 2	100%
GASL Leasing Ireland No. 6 Limited	Riverside One Sir John Rogerson's Quay, Dublin 2	100%
GASL Leasing Ireland No. 7 Limited	Riverside One Sir John Rogerson's Quay, Dublin 2	100%
GASL Leasing Ireland No. 8 Limited	Riverside One Sir John Rogerson's Quay, Dublin 2	100%
GASL Leasing Ireland No. 9 Limited	Riverside One Sir John Rogerson's Quay, Dublin 2	100%
GASL Leasing Ireland No. 10 Limited	Riverside One Sir John Rogerson's Quay, Dublin 2	100%
GASL Aviation Holdings Limited	Riverside One, Sir John Rogerson's Quay, Dublin	100%
GASL Leasing No. 1 LLC	Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda	100%
GASL Bermuda 1 Limited	Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda	100%
Genesis Aviation Trading 3 Limited	Riverside One Sir John Rogerson's Quay, Dublin 2	100%
ReGEN Aviation Limited	Riverside One Sir John Rogerson's Quay, Dublin 2	100%

No impairment was recognised related to investments in subsidiaries in the year (2022: US\$Nil).

# Genesis Aircraft Services Limited and Subsidiaries

## Notes to the financial statements

31 December 2023

### 23 Acquisition of subsidiaries

On 29 September 2023, the Group acquired 100% of the outstanding shares and therefore control of Genesis Ireland Aviation Trading 3 Limited from a related party Genesis Funding Limited for an amount of \$45.6 million. The entity was acquired from an entity under common control, assets and liabilities were recognised at their book values. The total net book value of the net assets acquired amounted to \$29.9million. The difference between the net assets acquired and the purchase price has been recognised as a merger reserve. The net assets were made up of the following major classes of assets and liabilities:

	<b>2023</b> <b>Book value</b> <b>US\$'000</b>
<i>Assets:</i>	
Trade receivables and other assets	2,297
Aircraft & related components	<u>30,176</u>
<i>Liabilities:</i>	
Accruals and other payables	<u>(2,596)</u>

### 24 Equity accounted investees

During the year, the Group exercised an option to acquire a 22.5% shareholding in Heston Airlines UAB. The Group's interest in Heston Airlines UAB is accounted for using the equity method in the consolidated financial statements.

	<b>2023</b> <b>US\$'000</b>
<i>Equity accounted investments:</i>	
Carrying value of option prior to exercise	3,284
Consideration of shares	1,033
Share of other comprehensive income	683
Carrying amount at 31 December 2023	<u>5,000</u>

Summarised financial information for the Group's investment in associates which are accounted for using the equity method is as follows:

	<b>US\$'000</b>
Non-current assets	68,242
Current assets	24,033
Non-current liabilities	(47,025)
Current liabilities	<u>(37,462)</u>
Net assets at 31 December 2023	<u>7,788</u>

# Genesis Aircraft Services Limited and Subsidiaries

## Notes to the financial statements

31 December 2023

### 25 Loans payable – Group

	Total US\$'000
<b>At 1 January 2023</b>	191,250
Additions	562,705
Repayments	(151,207)
Financing costs	2,173
<b>At 31 December 2023</b>	<u>604,921</u>

The additions during the year of \$562.5 million (2022: \$96.5 million) includes a gain on modification of \$0.6 million (2022: loss of \$4.5 million).

Loans are syndicated and due to several lenders. Summary detail of the loans are as follows:

Interest rate type	Initial Loan - US\$'000	Interest Rate	Maturity
Fixed	197,399	2 Yr. U.S Treasury + 2% - 4%	2029
Floating	37,601	SOFR + 2% - 4%	2028

The Group entered a fixed rate loan with an available commitment amount of US\$215 million and a final maturity date on 31 August 2029.

The Group extended the maturity date on its floating rate loan by one year and increased the available commitment amount under the facility by US\$150 million.

Minimum future contractual principal payments due under the loan payable as of 31 December 2023 are as follows:

	2023 US\$'000	2022 US\$'000
<b>Net of deferred loan costs</b>		
Within one year	36,476	18,313
More than 1 year but less than 5 years	473,971	172,937
Greater than 5 years	94,474	–
<b>Net of deferred loan costs</b>	<u>604,921</u>	<u>191,250</u>

#### *Guarantees and security*

The Group has entered into secured financing facilities with two commercial banks. The Group has granted first priority mortgages over aircraft & related components (fair valued at US\$970.1 million as at 31 December 2023) in favour of the financier as security for its obligations under the loan agreements.

### 26 Maintenance reserves and security deposits – Group

The obligation to pay for maintenance costs on the airframe and engines which arise, during the term of the leases are paid to the Group against which the lessee can draw down upon in respect of maintenance expenditures for major checks. Amounts held in respect of aircraft maintenance, which are net of any releases to the income statement, are presented as a component of other liabilities in the Group Statement of Financial Position. Any light maintenance costs borne directly by the Group which are not paid by the lessee are expensed as incurred.

# Genesis Aircraft Services Limited and Subsidiaries

## Notes to the financial statements

31 December 2023

### 26 Maintenance reserves and security deposits – Group (*continued*)

Maintenance reserves are held as security over maintenance obligations the lessee has on the aircraft. Once the maintenance tasks have been completed and paid to the satisfaction of the lessor, the relevant amount is reimbursed by the lessor to the lessee. At 31 December 2023, the Group held US\$66.2 million (2022: US\$29.7 million) maintenance reserves. There were maintenance additions to liability of US\$32.8 million and releases of maintenance liability obligations of US\$13.0 million, of which US\$0.9 million relates to maintenance claims. There were Lessor Contribution additions of US\$16.9 million, and a release of liability of US\$1.0 million, of which US\$0.4 million relates to a claim during the financial year. At 31 December 2023, the Group held US\$22.2 million (2022: US\$14.1 million) security deposits. The table below summarises the timing of repayment of maintenance reserves based on the expected timing of maintenance events:

	2023 US\$'000	2022 US\$'000
Within 1 year	16,278	6,110
More than 1 year but less than 5 years	32,037	19,159
More than 5 years	17,841	4,435
	<u>66,156</u>	<u>29,704</u>

The table below summarises the timing of repayment of security deposits based on the current expiry of leases:

	2023 US\$'000	2022 US\$'000
Within 1 year	11,020	1,545
More than 1 year but less than 5 years	7,154	10,450
More than 5 years	4,048	2,080
	<u>22,222</u>	<u>14,075</u>

Non-current maintenance reserves and security deposits	61,080	36,124
Current maintenance reserves and security deposits	27,298	7,655
	<u>88,378</u>	<u>43,779</u>

### 27 Other liabilities

	2023 US\$'000	2022 US\$'000
<b>Group:</b>		
<i>all amounts falling due within 1 year</i>		
Accrued expenses	5,242	4,268
Trade payables	613	1,046
Other payables	92	439
Accrued interest on term loan	1,549	410
	<u>7,496</u>	<u>6,163</u>
<b>Company:</b>		
<i>all amounts falling due within 1 year</i>		
Accrued expenses	1,440	2,884
Accounts payable	3,318	1,130
	<u>4,758</u>	<u>4,014</u>

# Genesis Aircraft Services Limited and Subsidiaries

## Notes to the financial statements

31 December 2023

### 28 Group membership and ultimate parent undertaking

As at 31 December 2023, the Company's immediate parent undertaking was GASL Bermuda Holdings Limited, a company incorporated in Bermuda. The Group's ultimate parent and controlling undertaking is Mass Mutual Life Insurance Company, 1295 State Street, Springfield, MA, 01111, USA.

### 29 Related party transactions

Related parties include Directors and associated companies, directly or indirectly owned by the Group's parent. The Directors of the Group also hold Directorships of associated companies and form part of key management personnel. The Group views key management personnel as Directors by nature of their interest in the Group and their ability to make decisions on behalf of the Group.

Directors' remuneration has been disclosed in Note 10. The Directors do not hold any interest in the Group or related companies.

Transactions with the Group's related parties are executed substantially on an arms' length basis. Details of transactions with related parties and balances with them as at the financial year end were as follows:

#### At 31 December 2023

	Income/ (Expense) US\$'000	Balance US\$'000
<b>Transactions with related parties:</b>		
Genesis Funding Limited	4,423	(4,669)
VGS Acquisition Holding Bermuda Limited	1,301	202
CRA Aircraft Holdings Bermuda Limited	236	239
GASL Bermuda Holdings Limited	—	51,734
	<u>5,960</u>	<u>47,506</u>

#### At 31 December 2022

	Income/ (Expense) US\$'000	Balance US\$'000
<b>Transactions with related parties:</b>		
Genesis Funding Limited	4,415	858
VGS Acquisition Holding Bermuda Limited	912	213
CRA Aircraft Holdings Bermuda Limited	290	141
	<u>5,617</u>	<u>1,212</u>

The Group received a capital contribution of US\$150.3 million (2022: US\$92.5 million) from GASL Bermuda Holdings Limited. The capital contribution is non-repayable. The Group made a distribution to GASL Bermuda Holdings Limited for an amount of US\$ 2.0 million (2022: US\$Nil)

During the year the Group acquired Genesis Aviation Trading Ireland 3 Limited from a related party for an amount of \$45.6 million. In addition, eight aircraft were acquired from related parties for an amount of US\$55 million.

# Genesis Aircraft Services Limited and Subsidiaries

## Notes to the financial statements

31 December 2023

### 30 Intercompany receivable

#### Company

	2023 US\$'000	2022 US\$'000
Intercompany receivable	152,938	7,036

The intercompany receivable/(payable) is repayable on demand and is not subject to an interest charge. The intercompany receivable/(payables) can be split as follows:

	2023 US\$'000	2022 US\$'000
Genesis Funding Limited	(3,027)	—
VGS Acquisition Holding Bermuda Limited	324	—
CRA Aircraft Holdings Bermuda Limited	507	—
GASL Bermuda Holdings Limited	51,734	—
GASL Bermuda B-1 Limited	125,824	1,351
GASL Bermuda A-1 Limited	(23,673)	4,840
GASL Bermuda 1	(1,195)	553
GASL Singapore Pte Ltd	515	266
Genesis Aircraft Services (US) LLC	22	26
ReGEN Aviation Limited	871	—
GASL Aviation Holdings Limited	1,036	—
	152,938	7,036

### 31 Financial instruments and associated risks

The Group is exposed to market, credit, interest rate, foreign currency, public liability and liquidity risk. The Group's Directors oversee the management of these risks. The Directors ensure these risks are governed by appropriate policies and procedures and that risks are identified, measured and managed in accordance with its policies and risk appetite.

#### Market risk

The Group is highly dependent upon the continuing financial strength of the commercial airline industry. A significant deterioration in this sector could adversely affect the Group through a reduced demand for aircraft in the fleet and/or reduced market rates and lessee default.

These exposures are managed through the requirement of the airlines that lease the Group's assets to maintain insurance, adequate maintenance policies and/or contribute to a maintenance reserve for the major maintenance on each aircraft. The Group also manages its risk by diversifying its leasing portfolio by leasing to different airlines across multiple geographical regions.

#### Credit risk

The Group is subject to the credit risk of its lessees as to collection of rental payments and maintenance payments under its leases. Credit risk is defined as potential loss in cash and earnings if the counterparty is unable to pay its obligations in due time. Creditworthiness of each new customer is assessed with specific focus on lease revenue contribution and the Group seeks security deposits in the form of cash or Letter of Credit to mitigate overall financial exposure to its lessees.

# Genesis Aircraft Services Limited and Subsidiaries

## Notes to the financial statements

31 December 2023

### 31 Financial instruments and associated risks (*continued*)

#### Credit risk (*continued*)

The Group continue to perform frequent reviews for customers. Credit policies are reviewed regularly and the Group has no deferral arrangements in place with customers at the year end. The Group continue to monitor the economic environment and perform reviews of its trade receivables for

expected credit losses based on the above assessment. IFRS 9 establishes a simplified impairment approach for qualifying trade receivables and lease receivables and allows the Group to recognize a loss allowance based on lifetime expected credit losses at each reporting date.

Management calculate expected credit losses by reviewing amounts collectable, net of security, under the lease, applying the product of: (i) a probability of loss based on S&Ps average default rates; and (ii) loss given default.

The loss given default is based on credit risk profiles assigned to each lessee and other factors. Credit risk profiles are internally generated and determined based on a weighed profile which includes external ratings, financial statements, industry information, days overdue and security available to the Group.

In instances where maintenance reserves and security deposits are not required by the Group. The Group considers that these lessees will be in a position to pay for any deterioration in the aircraft when required. Maximum exposure to credit risk at the reporting date was:

	2023 US\$'000	2022 US\$'000
Trade receivables	10,600	5,332
Other assets	41	8,081
Cash	72,517	110,583
Restricted cash	3,915	10,230
	<u>87,073</u>	<u>134,226</u>

Cash during the financial year relates to cash held in AIB and Citi pledged accounts as required per financing arrangements. Rating agencies Moodys and S&P assign a credit rating of A1 and A- respectively to AIB and Aa3 and A+ respectively to Citi.

The aviation industry is cyclical, economically sensitive and highly competitive. A key determinant of the Group's success is the financial strength of its customers and their ability to react to and cope with the competitive environment in which they operate. If a customer experiences financial difficulty, this may result in default. This risk is mitigated by comprehensive credit reviews of customers both prior to and during the course of a service contract.

#### Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest rate risk by linking inflows with floating rates from certain assets that are financed by variable interest debt. The Group enters into interest rate derivatives to help mitigate exposure to movements in interest rates. Interest rate risk on cash and cash equivalents is minimal.



# Genesis Aircraft Services Limited and Subsidiaries

## Notes to the financial statements

31 December 2023

### 31 Financial instruments and associated risks (*continued*)

#### Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities, when revenue or expense are dominated in a different currency from the Group's functional currency.

The Group manages its foreign currency risk by undertaking all major transactions both inflows and outflows, in the Company's functional currency and significant cash balances in US\$. Movements in foreign currencies do not materially affect the Group.

#### Liquidity risk

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

If the Group cannot meet its obligations under the various debt arrangements or its capital commitments, it may be subject to contract breach damages suits and may even be unable to continue to operate on a going concern basis. In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents on hand. It monitors the risk to shortage of funds by regular analysis of cash flow movements, forecasts and adherence to all loan covenants.

In addition to debt financing and the significant cash flow generated from the leasing of aircraft, as well as the cash generated from the collection of maintenance reserves and the requirement that lessees provide security deposits in respect of leased aircraft, the Group also includes cash generated from the potential sale of aircraft as an integral aspect of its liquidity strategy. The Group's exposure to liquidity risk is minimal as the Group can meet its short-term liabilities as they fall due.

The below tables summarise the expected cashflows of the financial assets for the financial year ended 31 December 2023 and 31 December 2022 of the Group:

At 31 December 2023	Less than 12 months US\$'000	Between 1-3 years US\$'000	More than 3 years US\$'000	Total US\$'000
<b>Financial assets:</b>				
Cash and cash equivalents	72,517	—	—	72,517
Restricted cash	3,915	—	—	3,915
Trade receivables	10,600	—	—	10,600
<b>Total</b>	<b>87,032</b>	<b>—</b>	<b>—</b>	<b>87,032</b>
<b>At 31 December 2022</b>	<b>Less than 12 months US\$'000</b>	<b>Between 1-3 years US\$'000</b>	<b>More than 3 years US\$'000</b>	<b>Total US\$'000</b>
<b>Financial assets:</b>				
Cash and cash equivalents	110,583	—	—	110,583
Restricted cash	10,230	—	—	10,230
Trade receivables	5,332	—	—	5,332
<b>Total</b>	<b>126,145</b>	<b>—</b>	<b>—</b>	<b>126,145</b>

# Genesis Aircraft Services Limited and Subsidiaries

## Notes to the financial statements

31 December 2023

### 31 Financial instruments and associated risks (*continued*)

#### Liquidity risk

The following tables summarise the gross contractual cashflows, excluding the effect of derivatives for the financial year ended 31 December 2023 and 31 December 2022 of the Group:

At 31 December 2023	Less than 12 months US\$'000	Between 1-3 years US\$'000	More than 3 years US\$'000	Total US\$'000
<b>Financial liabilities:</b>				
Term loan	36,476	89,026	479,419	604,921
Interest payable	46,025	85,313	73,839	205,177
Security deposits	11,020	6,084	5,118	22,222
Accrued interest	1,549	—	—	1,549
Other liabilities	5,947	—	—	5,947
<b>Total</b>	<b>101,017</b>	<b>180,423</b>	<b>558,376</b>	<b>839,816</b>

At 31 December 2022	Less than 12 months US\$'000	Between 1-3 years US\$'000	More than 3 years US\$'000	Total US\$'000
<b>Financial liabilities:</b>				
Term loan	18,313	94,641	78,296	191,250
Interest payable	11,997	20,268	9,679	41,944
Security deposits	1,545	10,450	2,080	14,075
Accrued interest	410	—	—	410
Other liabilities	11,258	—	—	11,258
<b>Total</b>	<b>43,523</b>	<b>125,359</b>	<b>90,055</b>	<b>258,937</b>

The below tables summarise the expected cashflows of the financial assets for the financial year ended 31 December 2023 and 31 December 2022 of the Company:

At 31 December 2023	Less than 12 months US\$'000	Between 1-3 years US\$'000	More than 3 years US\$'000	Total US\$'000
<b>Financial assets:</b>				
Cash and cash equivalents	17,532	—	—	17,532
Restricted cash	1,372	—	—	1,372
Other receivables	11	—	—	11
<b>Total</b>	<b>18,915</b>	<b>—</b>	<b>—</b>	<b>18,915</b>

# Genesis Aircraft Services Limited and Subsidiaries

## Notes to the financial statements

31 December 2023

### 31 Financial instruments and associated risks (*continued*)

#### Liquidity risk (*continued*)

At 31 December 2022	Less than 12 months US\$'000	Between 1-3 years US\$'000	More than 3 years US\$'000	Total US\$'000
<b>Financial assets:</b>				
Cash and cash equivalents	73,030	—	—	73,030
Restricted cash	1,021	—	—	1,021
Other receivables	7,864	—	—	7,864
<b>Total</b>	<b>81,915</b>	<b>—</b>	<b>—</b>	<b>81,915</b>

The following table summarises the gross contractual cashflows for the financial year ended 31 December 2023 and 31 December 2022 of the Company:

At 31 December 2023	Less than 12 months US\$'000	Between 1-3 years US\$'000	More than 3 years US\$'000	Total US\$'000
<b>Financial liabilities:</b>				
Office lease	549	1,647	12,280	14,476
Other liabilities	4,758	—	—	4,758
<b>Total</b>	<b>5,307</b>	<b>1,647</b>	<b>12,280</b>	<b>19,234</b>

At 31 December 2022	Less than 12 months US\$'000	Between 1-3 years US\$'000	More than 3 years US\$'000	Total US\$'000
<b>Financial liabilities:</b>				
Office lease	549	1,647	12,802	14,998
Other liabilities	4,014	—	—	4,014
<b>Total</b>	<b>4,563</b>	<b>1,647</b>	<b>12,802</b>	<b>19,012</b>

#### Capital management

Capital includes equity attributable to the equity holders of the parent. The primary objective of the Group's capital management is to minimise its weighted average cost of capital, while maintaining sufficient and relevant Equity to Asset ratio.

The Group manages its capital structure and adjusts it, considering changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

#### Fair value measurement

It is the Group's policy to maximise the use of observable inputs and minimise the use of unobservable inputs when developing fair value measurements, in accordance with the fair value hierarchy as described below. Where limited or no observable market data exists, fair value measurements for assets and liabilities are based primarily on management's own estimates and are calculated based upon our pricing policy, the economic and competitive environment, the characteristics of the asset or

# Genesis Aircraft Services Limited and Subsidiaries

## Notes to the financial statements

31 December 2023

### 31 Financial instruments and associated risks (*continued*)

#### Fair value measurement (*continued*)

liability and other such factors. Therefore, the results may not be realized in actual sale or immediate settlement of the asset or liability.

The three broad levels included in the fair value hierarchy is as follows:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as at the reported date.

Level 2 - The fair values determined through Level 2 of the fair value hierarchy are derived principally from or corroborated by observable market data. Inputs include quoted prices for similar assets, liabilities (risk adjusted) and market-corroborated inputs, such as market comparables, interest rates, yield curves and other items that are to be determined.

Level 3 - The fair values pertaining to Level 3 of the fair value hierarchy are derived principally from unobservable inputs from our own assumptions about market risk developed based on the best information available, subject to cost benefit analysis, and may include our own data.

When there are no observable comparables, inputs used to determine value are derived through extrapolation and interpolation and other company-specific inputs such as projected financial data and our own views about the assumptions that market participants would use.

The Group has financial assets at fair value, the following tables summarise the fair value at 31 December 2023 and 31 December 2022 by level within the fair value hierarchy:

As at 31 December 2023	Quoted prices in active markets for identical assets (level 1) US\$'000	Using significant other observable inputs (level 2) US\$'000	Significant unobservable inputs (level 3) US\$'000
Derivative at fair value through profit or loss	—	2,107	389
As at 31 December 2022	Quoted prices in active markets for identical assets (level 1) US\$'000	Using significant other observable inputs (level 2) US\$'000	Significant unobservable inputs (level 3) US\$'000
Derivative at fair value through profit or loss	—	11,672	1,029

# Genesis Aircraft Services Limited and Subsidiaries

## Notes to the financial statements

31 December 2023

### 31 Financial instruments and associated risks (*continued*)

#### Fair value measurement (*continued*)

The following tables summarise the fair value of our financial assets and financial liabilities held at amortised cost as at 31 December 2023 and 31 December 2022 by level within the fair value hierarchy. Due to the nature of these assets and liabilities the carrying value approximates fair value.

Group	Carrying Value US\$'000	Quoted prices in active markets for identical assets (level 1) US\$'000	Using significant other observable inputs (level 2) US\$'000	Significant unobservable inputs (level 3) US\$'000
<b>As at 31 December 2023</b>				
Cash and cash equivalents	72,517	72,517	—	—
Restricted cash	3,915	3,915	—	—
Trade receivables	10,600	—	10,600	—
Trade payables	613	—	613	—
Term loan	604,921	—	604,921	—
Security deposits	22,222	—	22,222	—

Group	Carrying Value US\$'000	Quoted prices in active markets for identical assets (level 1) US\$'000	Using significant other observable inputs (level 2) US\$'000	Significant unobservable inputs (level 3) US\$'000
<b>As at 31 December 2022</b>				
Cash and cash equivalents	110,583	110,583	—	—
Restricted cash	10,230	10,230	—	—
Trade receivables	5,332	—	5,332	—
Trade payables	1,046	—	1,046	—
Term loan	191,250	—	191,250	—
Security deposits	14,075	—	14,075	—

# Genesis Aircraft Services Limited and Subsidiaries

## Notes to the financial statements

31 December 2023

### 31 Financial instruments and associated risks (*continued*)

#### Fair value measurement (*continued*)

The Group engages an independent appraiser to value the Group including its term loan. As the term loan is non-transferable and a sale of the Group would have to be repaid at par the fair value of the debt is deemed to be equal to the balance outstanding. Additionally, the fair value of the floating rate loan is not expected to have moved significantly since drawdown.

Company	Quoted prices in active markets for identical assets (level 1) US\$'000	Using significant other observable inputs (level 2) US\$'000	Significant unobservable inputs (level 3) US\$'000
<b>As at 31 December 2023</b>			
Cash and cash equivalents	17,532	—	—
Restricted cash	1,372	—	—

Company	Quoted prices in active markets for identical assets (level 1) US\$'000	Using significant other observable inputs (level 2) US\$'000	Significant unobservable inputs (level 3) US\$'000
<b>As at 31 December 2022</b>			
Cash and cash equivalents	73,030	—	—
Restricted cash	1,021	—	—

### 32 Commitments and contingencies

Claims, suits and complaints arise in the ordinary course of our business. Currently, we are not aware of any such claims or contingent liabilities that would be material to our final position or results of operations that require disclosure.

### 33 Subsequent events

The Group sold two engines for proceeds of \$8.4 million in February 2024. There have been no other significant events subsequent to the end of the reporting period that would require adjustment or disclosure in these financial statements.

### 34 Approval of financial statements

The Directors approved these financial statements on 28 March 2024.