

AASET 2018-3 North America Aviation Trading Designated Activity Company

Directors' Report and Financial Statements

Financial year ended 31 December 2023

Registered number 672036

AASET 2018-3 North America Aviation Trading Designated Activity Company

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AASET 2018-3 North America Aviation Trading Designated Activity Company

Directors and other information

Directors	Julian Dunphy (Irish) Patrick Smyth (Irish) Mark Gordon (Irish)
Registered office	32 Molesworth Street Dublin 2 Ireland
Company secretary	MFD Secretaries Limited 32 Molesworth Street Dublin 2 Ireland
Independent auditor	KPMG 1 Harbourmaster Place IFSC Dublin 1 Ireland
Solicitors	Walkers The Anchorage 17-19 Sir John Rogerson's Quay Dublin 2 Ireland Maples and Calder 75 St. Stephens Green Dublin 2 Ireland
Managing agent	Maples Fiduciary Services (Ireland) Limited 32 Molesworth Street Dublin 2 Ireland
Servicer	Carlyle Aviation Management Limited Connaught House 1 Burlington Road Dublin 4 Ireland
Registered number of Incorporation	672036

AASET 2018-3 North America Aviation Trading Designated Activity Company

Directors' report

The Directors present their annual report and financial statements of AASET 2018-3 North America Aviation Trading Designated Activity Company (the "Company") for the financial year ended 31 December 2023.

Principal activities, business review and future developments

AASET 2018-3 North America Aviation Trading Designated Activity Company (the "Company") was incorporated in Ireland on 10 June 2020 and did not begin to trade until 12 February 2021. The Company was established to generate profits from the acquisition of aviation assets, which are then parted out for consignment.

The Directors have no plans to change the activities and operations of the Company in the foreseeable future.

During the financial year, the Company acquired one engine through an exchange transaction and another engine through a sale transaction with a related party. These engines were sold to external parties. The two parted-out airframes and one engine in the previous year were consigned to third parties while the two engines were transferred to a related party as part of the exchange transactions. At financial year end, all Company's assets are either consigned or sold. (2022: three engines and two parted-out airframes not yet consigned).

Principal risks and uncertainties

The Company is subject to various risks. The key risks and uncertainties facing the Company are asset risk, credit risk, liquidity risk, market risk, operational risk and geopolitical risk.

Asset risk

The Company bears the risk of selling the consignment stock at the end of its use. If demand for aircraft parts decreases or the parts become obsolete, this could affect market value. Should this condition continue for an extended year, it could affect the market value of the consignment stock and may result in an impairment charge. The Directors have engaged the services of a number of consignees, who have appropriate experience of the aviation industry, to manage, remarket or sell the consignment stock as required in order to reduce this risk.

Credit risk

The Company operates as a supplier to airlines. The airline industry is cyclical, economically sensitive and highly competitive. The Company's ability to succeed is dependent on the financial strength of its customers and their ability to react to and cope with the volatile competitive environment in which they operate. Credit risk is managed by limiting the aggregate amount and duration of exposure to any one counterparty by engaging a consignee who has the industry relationship.

Liquidity risk

The Company is funded mostly with intercompany payables due to its Parent Company. The ability of the Company to continue to operate is dependent upon its ability to meet its payment obligations. The Parent Company is responsible to manage the cash of the Company and will help with financing of any liquidity gap in case such arise.

Market risk

Market risk is the risk that changes in market prices, such as aircraft parts, foreign exchange rates and interest rates will affect the Company's income or the value of its holding of financial instruments. Market risk of this Company is more related to asset risk in aircraft part values. The aircraft part value is managed through engagement of a consignee which is doing up to date assessment of the market price and search for the best buyer in the industry.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The functional currency of the aviation industry is predominantly U.S. dollars. The Company's exposure to currency risk as at 31 December 2023 is not significant as there are no significant transactions in currency other than US\$.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not bear any significant interest rate risk as it does not hold any interest-bearing financial instruments.

AASET 2018-3 North America Aviation Trading Designated Activity Company

Directors' report (continued)

Operational risk

Operational risk is the risk of indirect or direct loss arising from a wide variety of causes associated with the Company's operations. The Company's objective is to manage operational risk and does so primarily by outsourcing all administration functions to a professional service provider.

The Company was incorporated with the purpose of engaging in those activities outlined in the Directors' Report. All administration functions are outsourced to the Managing Agent.

Geopolitical risk

Geopolitical risk is the risk associated with macro-economic forces. The Company's assets are subject to various environmental regulations and concerns, including those relating to climate change, that may be supplemented by additional regulations and requirements or become more stringent, which may negatively affect operations. In addition, corporate responsibility, specifically related to environmental, social and governance ("ESG") matters, may impose additional costs and expose the Company to new risks.

The Directors have considered the potential risks associated with continued impact of COVID-19 and Russia invasion of Ukraine based on the currently available information and are satisfied that due to the nature of the Company's operations there is no significant risk to the Company other than those disclosed above.

Results for the financial year and dividends

The Statement of Profit or Loss and Other Comprehensive Income for the financial year ended 31 December 2023 and the Statement of Financial Position at that date are set out on pages 10 and 11, respectively. The profit before taxation amounted to \$4,376,204 (2022: \$5,039,458 loss before taxation). The profit or loss account in deficit amounted to \$3,372,732 (2022: \$6,780,319). No dividends were declared or paid during the year (2022: None).

Key performance indicators

During the year,

- the Company made a profit after tax of \$4,376,204 (2022: loss after tax \$4,070,841)
- the Company's turnover for the year was \$7,675,181 (2022: \$3,670,328).

Political and charitable contributions

The Electoral Act 2012 requires companies to disclose all political donations over USD 221/EUR 200 in aggregate made during the financial year. The Directors have satisfied themselves that no such donations have been made during the financial year (2022: nil).

Issue of shares

Authorised share capital consists of 1,000 ordinary shares divided into 1,000 shares with a par value of \$1 each. The registered holder of the Company's ordinary share capital is AASET 2018-3 Note Issuer Designated Activity Company, a limited liability company incorporated under the laws of Ireland.

Directors, company secretary and registered office

The names of the Directors and Secretary are set out on page 2. Unless otherwise stated, the Directors and Secretary served throughout the financial year. The Directors and Secretary who held office at 31 December 2022 do not have any direct or beneficial interest in the shares, deferred shares, share options and debentures of the Company, or any group company at that date or during the financial year requiring disclosure pursuant to Section 329 of the Companies Act 2014 (the "Companies Act").

AASET 2018-3 North America Aviation Trading Designated Activity Company

Directors' report (continued)

Transactions involving directors

There were no loans advanced to the Directors at any time during the financial year. During the year, the Directors did not receive any emoluments for services provided to the Company. Patrick Smyth received all emoluments from AASET 2018-3 Note Issuer Designated Activity Company in respect of his duties for this Company. The managing agent and administration services (which include the provision of Directors) is incurred and paid by AASET 2018-3 Note Issuer Designated Activity Company. Mark Gordon and Julian Dunphy, as employees of the Managing Agent, had an interest in this fee. There were no other contracts or arrangements in relation to the business of the Company in which the Directors had any interest, as defined by the Companies Act 2014, at any time during the financial year.

Accounting records

The Directors are responsible for ensuring that adequate accounting records are kept by the Company. To achieve this, the Directors have appointed the Managing Agent to provide accounting services, who report to the Board and ensure that the requirements of Sections 281 to 285 of the Companies Act 2014, are complied with. The accounting records of the Company are maintained at its registered office.

Going concern

The Company is currently profit making and in a net liabilities position. The Company's financial statements have been prepared on a going concern basis. In determining the going concern basis of preparation of the financial statements, the Directors have considered that the Company is financed only with intercompany payables due to the Parent company. The Directors have considered the available resources to the Company through AASET 2018-3 Note Issuer Designated Activity Company ("Ultimate Parent") and related forecasts, which show that based on current information the Company would continue as a going concern for the foreseeable future.

Events after the reporting year

There have been no significant events after year end that would require adjustment or disclosure in these financial statements.

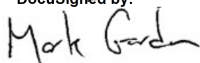
Auditors


KPMG, Chartered Accountants and Statutory Audit Firm, have indicated their intention to seek re-appointment as the Company's auditor.

Relevant audit information

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

Approved by the board and authorised for issuance on 8 December 2025.

DocuSigned by:

634FEA82106E400...
Mark Gordon
Director

DocuSigned by:

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Julian Dunphy
Director

AASET 2018-3 North America Aviation Trading Designated Activity Company

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

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

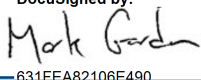
Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with FRS101 Reduced Disclosure Framework.

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

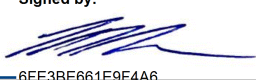
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess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

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that its financial statements are prepared in accordance with the applicable framework and comply with the provisions of the Companies Act 2014. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. The directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Act 2014.

Approved by the board and authorised for issue on 8 December 2025.

DocuSigned by:


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Mark Gordon
Director

Signed by:


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Julian Dunphy
Director



KPMG

Audit
1 Harbourmaster Place
IFSC
Dublin 1
D01 F6F5
Ireland

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AASET 2018-3 NORTH AMERICA AVIATION TRADING DESIGNATED ACTIVITY COMPANY

Report on the audit of the financial statements

Opinion

We have audited the financial statements of AASET 2018-3 North America Aviation Trading Designated Activity Company ('the Company') for the year ended 31 December 2023 set out on pages 10 to 21, which comprise the Statement of Profit or Loss and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the material accounting policies set out in note 3.

The financial reporting framework that has been applied in their preparation is Irish Law and FRS 101 Reduced Disclosure Framework issued in the United Kingdom by the Financial Reporting Council.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2023 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with FRS 101 *Reduced Disclosure Framework*; 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 Company 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 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 AASET 2018-3 NORTH AMERICA AVIATION TRADING DESIGNATED ACTIVITY COMPANY (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, those parts of the directors' report specified for our review, which does not include sustainability reporting when required by Part 28 of the Companies Act 2014, have 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 6, 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 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 Company or to cease operations, or have no realistic alternative but to do so.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AASET 2018-3 NORTH AMERICA AVIATION TRADING DESIGNATED ACTIVITY COMPANY (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.

9 December 2025

Killian Croke

for and on behalf of

KPMG

Chartered Accountants, Statutory Audit Firm

1 Harbourmaster Place

IFSC

Dublin 1

D01 F6F5

AASET 2018-3 North America Aviation Trading Designated Activity Company

Statement of Profit or Loss and Other Comprehensive Income
for the financial year ended 31 December 2023

		Year ended December 2023	Year ended December 2022
	Note	\$	\$
Revenue			
Turnover	4	7,675,181	3,670,328
Cost of sales of inventories- consignment parts	10	(1,283,431)	(2,198,989)
		6,391,750	1,471,339
Other income	5	835,879	170,000
Expenses			
Operating expenses	6	(2,059,230)	(655,776)
Write-down on inventories	10	(792,195)	(6,025,021)
Profit/(loss) before taxation		4,376,204	(5,039,458)
Taxation	8	(547,026)	968,617
Profit/(loss) for the year		3,829,178	(4,070,841)

All amounts relate to continuing operations.

There was no other comprehensive income for the year.

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

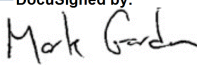
AASET 2018-3 North America Aviation Trading Designated Activity Company

Balance sheet
as at 31 December 2023


	Note	31 December 2023	31 December 2022
		\$	\$
Non-current assets			
Aircraft - engines	9	-	9,345,570
Deferred tax asset	8	421,591	968,617
		421,591	10,314,187
Current assets			
Inventories	10	7,390,347	6,874,562
Debtors: amounts falling due within one year	11	-	1,624,622
		7,811,938	18,813,371
Current liabilities			
Creditors: amounts falling due within one year	12	(10,763,078)	(25,593,689)
		(3,372,731)	(17,094,505)
Net current liabilities			
		(2,951,140)	(6,780,318)
Net liabilities			
		(2,951,140)	(6,780,318)
Capital and reserves			
Share capital	13	1	1
Profit and loss account		(2,951,141)	(6,780,319)
Shareholders' deficit		(2,951,140)	(6,780,318)

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

Approved by the board and authorised for issue on 8 December 2025.

DocuSigned by:

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Mark Gordon
Director

Signed by:

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Julian Dunphy
Director

AASET 2018-3 North America Aviation Trading Designated Activity Company

Statement of Changes in Equity
for the financial year ended 31 December 2023

	Called up share capital \$	Profit and loss account \$	Total deficit \$
Balance at 1 January 2022	1	(2,709,478)	(2,709,477)
Total comprehensive loss for the year	-	(4,070,841)	(4,070,841)
Balance at 31 December 2022	1	(6,780,319)	(6,780,318)
Total comprehensive income for the year	-	3,829,178	3,829,178
Balance at 31 December 2023	1	(2,951,141)	(2,951,140)

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

AASET 2018-3 North America Aviation Trading Designated Activity Company

Notes to the financial statements

1) General information

AASET 2018-3 North America Aviation Trading Designated Activity Company (the "Company") was incorporated on 10 June 2020. The Company's activities include the purchasing, leasing and consignment of aircraft. The registered number of the company is 672036 and the address of its registered office is 32 Molesworth Street Dublin 2 Ireland.

2) Basis of preparation of financial statements

Basis of preparation

The financial statements are prepared in accordance with Financial Reporting Standards ("FRS") 101 as issued by the Financial Reporting Council and the requirements of Companies Act 2014, applicable to companies that meet the definition of a qualifying entity under FRS 101. There have been no material departures from the Standards.

The Company's parent, AASET 2018-3 Note Issuer Designated Activity Company, prepares consolidated group financial statements which are publicly available from the Companies Registration Office located at Gloucester Place Lower, Mountjoy, Dublin, D01 C8P4 and include the Company. Therefore, the Company has taken advantage of disclosure exemptions under FRS 101 (see note 2 (a)).

New Standard Adoption and Amendments to IFRS

There were no new accounting standards / amendments to standards effective for annual periods beginning 1 January 2023 apart from minor amendments to IFRSs through both standalone amendments and through the Annual Improvements to IFRS Standards 2018 – 2020 cycle. None of these had a significant impact on reported results or disclosures. The Company has not early adopted any other standard or amendment that has been issued but is not yet effective.

a) FRS 101 Disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirement in paragraph 10 and 111 of IAS 1 Presentation of Financial Statements to present Cash Flow statement information,
- the requirements of paragraphs 134 – 136 Capital Management Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the requirements of paragraph 30 and 31 of IAS 8 to disclose new and amended standards issued but not yet adopted; and
- comparative information for certain tables as allowed under FRS 101.

b) Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The principal uses of judgement and sources of estimation uncertainty arise with respect to the valuation of consignment parts.

AASET 2018-3 North America Aviation Trading Designated Activity Company

Notes to the financial statements (continued)

2. Basis of preparation of financial statements (continued)

b) Use of estimates and judgements (continued)

Valuation of consignment parts

The Company has reviewed the recoverability of consignment parts for the financial year end. In determining the recoverability, the Company assessed the credibility and market position of the consignee in disposing of the consigned stocks, sales forecast and actual sales that took place subsequent to year end.

Deferred tax assets

The Company's accounting policy is to recognise deferred tax assets to the extent that they are recoverable in future years. Estimates have also been made in relation to forecasted cash flows adjusted to determine an estimated taxable profit in assessing the recoverability of deferred tax assets. The Company exercises judgment in determining whether to recognize such assets given that the long-lived nature of its assets increase the estimation uncertainty in the assessment of recoverability. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

c) Functional and presentation currency

These financial statements are presented in United States Dollars (\$) which is the Company's functional currency. Functional currency is the currency of the primary economic environment in which the Company operates.

d) Going concern

The Company is currently loss making and in a net liabilities position. The Company's financial statements have been prepared on a going concern basis. In determining the going concern basis of preparation of the financial statements, the Directors have considered that the Company is financed only with intercompany payables due to the Parent company. The Directors have considered the available resources to the Company through AASET 2018-3 Note Issuer Designated Activity Company ("Ultimate Parent") and related forecasts, which show that based on current information that the Company would continue as a going concern for the foreseeable future.

3. Material accounting policies

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

a) Aircraft and related components

Aircraft and engines are measured at cost less accumulated depreciation and impairment losses.

Aircraft and engines are assessed for recoverability at each reporting date or whenever events or changes in circumstances indicates that their carrying value may not be recoverable. For the purposes of measuring an impairment loss, each aircraft or engine is tested individually by comparing its carrying amount to the higher of value in use and fair value less cost to sell.

Value in use is determined as the total cash flows expected to be generated by an aircraft, discounted at a market rate. Fair value is determined based on estimates received from independent appraisers adjusted for the maintenance condition of aircraft at reporting period.

AASET 2018-3 North America Aviation Trading Designated Activity Company

Notes to the financial statements (continued)

3) Material accounting policies (continued)

a) Aircraft and related components (continued)

Depreciation is calculated using the straight-line method to residual value over the contractual lease term. Residual values are based on estimates received from independent appraisers adjusted for maintenance condition of aircraft at re-delivery date. The determination of residual values and depreciation method involve significant judgements and estimates. The Company evaluates the appropriateness of these judgements and assessments each reporting period. Depreciation is recognised in the Statement of Profit or Loss and Other Comprehensive Income. Modifications or improvements to aircraft and engines are normally expensed.

Where such modifications or improvements materially improve the value of the asset or extend its useful life, these are capitalised and depreciated over the economic life of the asset.

In instances where the purchase of aircraft includes consideration which can be allocated to either the maintenance condition or the value of an acquired lease containing above or below market terms, such allocated costs are recognised. Maintenance components are classified as components of aircraft and assessed for impairment at each period end. Maintenance components are capitalised at expiry of the current lease to the extent that they are viewed as impacting the value of the aircraft at that point in time. Lease components are classified under Aircraft and related components and depreciate on a straight-line basis over the term of the related lease as amortisation in the Statement of Profit or Loss and Other Comprehensive Income.

b) Financial instruments

Under IFRS 9 *Financial Instruments* the Standard includes requirements for recognition and measurement, impairment, de-recognition and general hedge accounting.

Recognition

The Company recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

Classification and measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or fair value through profit or loss ("FVTPL"). Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting year following the change in the business model.

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

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

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

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

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

AASET 2018-3 North America Aviation Trading Designated Activity Company

Notes to the financial statements (continued)

3) Material accounting policies (continued)

b) Financial instruments (continued)

The Company assesses the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model and how those risks are managed; and
- the frequency, volume and timing of sales of financial assets in prior years, the reasons for such sales and expectations about future sales activity.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the

Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

De-recognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the right to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in a transferred financial asset that is created or retained by the Company is recognised as a separate asset or liability. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or have expired.

Impairment

The Company recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost and debt investments measured at FVOCI. The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company 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 Company's historical experience and informed credit assessment and including forward-looking information. Lifetime losses are estimated by comparing the outstanding receivables at year-end, with post year-end collections and security deposits. Any deficit is 100% provided for as an estimate of lifetime losses. The carrying amount of the asset shall be reduced directly. The amount of the loss shall be recognised in the Statement of Comprehensive Income.

c) Interest income and expense

Interest income and expense is recognised in the Statement of Profit or Loss and Other Comprehensive Income on an effective interest basis on financial instruments carried at amortised cost.

AASET 2018-3 North America Aviation Trading Designated Activity Company

Notes to the financial statements (continued)

3) Material accounting policies (continued)

d) Taxation

Corporation tax is provided on taxable profits at current rates applicable to the Company's activities. Deferred taxation is accounted for, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the reporting date except as otherwise required by IAS 12 'Income Tax'. Provision is made at the tax rates which are expected to apply in the years in which the timing differences reverse. Deferred tax assets are recognised only to the extent that it is considered more likely than not that they will be recovered.

e) Foreign currency

Transactions, including income and expenditure, in foreign currencies are translated at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the foreign currency closing exchange rate ruling at the reporting date. Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

f) Trade and other receivables

Intercompany receivables and trade and other receivables are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost, less any impairment losses. If payments received from customers exceed the income recognised, then the difference is presented as deferred income.

A provision for impairment of trade and other receivables is recognised when there is objective evidence the Company will not be able to collect all amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

g) Administrative expenses

Expenses are generally recognised when the services are used or the expenses arise. These are incurred in the direction and general administration of the day-to-day operation of the Company.

h) Cash and cash equivalents

Cash and cash equivalents are comprised of cash held with banks which are subject to insignificant risk of changes in their fair values and are used by the Company in the management of its short-term commitments.

i) Consignment stock

Consignment stock are stated at the lower of cost and net realizable value (NRV). Cost is determined on each consignment part on an individual basis based on the demand and expected timing of sale. Net realizable value is the amount expected to be received based on the eventual sale or disposal of the consignment parts after deducting any associated costs. Any write-down to NRV which is assessed on an annual basis will be recognised as an expense in the year in which the write-down occurs. Any reversal will be recognised in the Statement of Profit or Loss and Other Comprehensive Income in the year in which the reversal occurs.

AASET 2018-3 North America Aviation Trading Designated Activity Company

Notes to the financial statements (continued)

4. Turnover

	31 Dec 2023	31 Dec 2022
	\$	\$
Turnover from consignment parts	7,675,181	3,670,328

5. Other income

	31 Dec 2023	31 Dec 2022
	\$	\$
Gain from engine transactions	835,879	170,000

Other income represents gain from sale and exchange transactions of engines with external and related parties.

6. Operating expenses

	31 Dec 2023	31 Dec 2022
	\$	\$
Group recharges	145,557	163,745
Maintenance and repairs	1,496,599	303,903
Audit and audit related services	41,279	41,279
Professional fees	351,273	146,849
Others	9,629	-
	<u>2,052,707</u>	<u>655,776</u>

7. Profit/(loss) on ordinary activities before tax

The profit on ordinary activities before taxation is stated after charging:

	31 Dec 2023	31 Dec 2022
	\$	\$
Directors remuneration (fees)	-	-
Directors remuneration (others)	-	-
	<u>-</u>	<u>-</u>

The Company had no employees during the year (2021: Nil). Maples Fiduciary Services (Ireland) Limited (the "Managing Agent") acts as a corporate administrator to the Company. Pursuant to Section 305 A(1)(a) of the Companies Act 2014 (as amended), Maples Fiduciary Services (Ireland) Limited received a single managing agent and administration fee, including the making available of individuals to act as directors of the Company. One of the Directors Patrick Smyth receives emoluments that are paid through the Parent Company the rest of the Directors do not receive any fee for acting or having acted as directors of the Company. A theoretical charge of \$2,198 (2022: \$6,656) per director would have been charged if costs were borne by the Company.

	31 Dec 2023	31 Dec 2022
	\$	\$
Audit of entity financial statements	16,480	16,480
Tax advisory services	24,799	24,799
Other non-audit services	-	-
	<u>41,279</u>	<u>41,279</u>

No other services were provided by the auditors.

AASET 2018-3 North America Aviation Trading Designated Activity Company

Notes to the financial statements (continued)

8. Taxation

a) Analysis of tax credit for the year

	31 Dec 2023	31 Dec 2022
	\$	\$
Current tax	-	-
Deferred tax	547,026	(968,617)
Income tax charge/(credit)	<u>547,026</u>	<u>(968,617)</u>

b) Factors affecting current tax charge for the year

The reconciliation of tax on profit on ordinary activities at the standard rate of Irish corporation tax to the Company's actual tax charge is analysed as follows:

	31 Dec 2023	31 Dec 2022
	\$	\$
Profit/(Loss) before taxation	4,376,204	(5,039,458)
Profit/(Loss) on ordinary activities multiplied by the standard rate of Irish corporation tax rate of 12.5%	547,025	(629,932)
<i>Effects of:</i>		
Movement in unrecognised deferred tax asset	-	(338,685)
Income tax charge/(credit)	<u>547,025</u>	<u>(968,617)</u>

c) Circumstances affecting current and future tax charges

Tax is chargeable in future years unless group relief is available. To the extent losses are incurred in the future, these can be carried forward. From 1 January 2024, the corporation tax rate is expected to remain at its current rate of 12.5%.

d) Deferred tax

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

The reconciliation of deferred tax assets and liabilities for the year is as follows:

Deferred tax (assets)/liabilities

	31 Dec 2023	31 Dec 2022
	\$	\$
Opening balance	(968,617)	-
Deferred tax credit	547,026	(968,617)
Closing balance	<u>(421,591)</u>	<u>(968,617)</u>

Management have exercised judgment over the decision as to whether a deferred tax asset should be recognised for the year ended 31 December 2023 and concluded that it should be recognised at this point in time based on the expected future taxable profits the Company will generate. Any deferred tax asset will arise due to unrelieved trading losses and is available to offset against future taxable income of the Company. In order for the Company to recognise these assets, it must be probable that sufficient future taxable profits will be available against which the losses can be utilised. Upon performing cash flow analysis up to the end of the loan term, the Directors concluded that the Company have sufficient profits against which these losses could be utilised. Hence, a deferred tax asset was recognised during the year.

AASET 2018-3 North America Aviation Trading Designated Activity Company

Notes to the financial statements (continued)

9. Aircraft

	31 Dec 2023	31 Dec 2022
	\$	\$
Opening Balance	9,345,570	6,754,159
Additions	3,460,796	16,543,296
Transferred to consignee (Note 10)	(2,591,411)	(13,951,885)
Disposals	(10,214,955)	-
Net book value at the year end	<u>-</u>	<u>9,345,570</u>

During the financial year, the Company acquired one engine through an exchange transaction and another engine through a sale transaction with a related party. These engines were sold to external parties. The two parted-out airframes and one engine in the previous year were consigned to third parties while the two engines were transferred to a related party as part of the exchange transactions. At financial year end, all Company's assets are either consigned or sold. (2022: three engines and two parted-out airframes not yet consigned).

10. Inventories - Consignment parts

At the year-end, the Company had six airframes and eight engines on consignment (2022: six airframes and five engines on consignment). The Servicer works with the consignee to determine the most suitable options for the disposal of the consigned assets.

	31 Dec 2023	31 Dec 2022
	\$	\$
Opening Balance	6,874,562	1,146,687
Additions	2,591,411	13,951,885
Cost of sales	(1,283,431)	(2,198,989)
Write-down on inventories	(792,195)	(6,025,021)
Closing Balance	<u>7,390,347</u>	<u>6,874,562</u>

During the financial year, consignment parts were sold and total revenue earned on sale of consignment stock amounted to \$7,675,181 (2022: \$3,670,328).

During the financial year, events and changes in circumstances occurred that indicate that the net realizable value of some elements of consignment parts may be lower than cost. Accordingly, a write-down on inventories totalling \$792,195 (2022: \$6,025,021) was recognized which includes 'Day One' loss of \$602,756 (2022: \$3,586,148). The write-down on inventories is recorded in the Statement of Profit or Loss and Other Comprehensive Income.

11. Debtors: amounts due within one year

	31 Dec 2023	31 Dec 2022
	\$	\$
Consignment receivable	-	1,624,622
	<u>-</u>	<u>1,624,622</u>

Consignment receivable are repayable on demand and non-interest bearing.

The Company applied IFRS 9 simplified approach to measuring expected credit losses ("ECLs") for trade receivables which uses a lifetime expected loss allowance for all consignment receivables. Any security from the debtor is considered an integral part of the model and calculation of impairment. For consignment receivables, a lifetime expected loss allowance of \$Nil was recognized as at the year ended 31 December 2022. This amount represents the Company's expectation of credit losses on amounts receivable at the reporting date, net of any security.

AASET 2018-3 North America Aviation Trading Designated Activity Company

Notes to the financial statements (continued)

12. Creditors: amounts falling due within one year

Current	31 Dec 2023	31 Dec 2022
	\$	\$
Intercompany payable	10,628,832	25,593,689
Other payables	134,246	-
	<u>10,763,078</u>	<u>25,593,689</u>

The Intercompany payable relate to the purchase of aircraft and expenses paid on behalf of the Company, net of any collections relating to the sale of inventories. The intercompany payable are non-interest bearing and are due and on demand.

13. Called up share capital

	31 Dec 2023	31 Dec 2022
	\$	\$
<i>Authorised</i>		
1,000 ordinary shares of \$1 each	<u>1,000</u>	<u>1,000</u>
<i>Allocated, called up and fully paid</i>		
1 ordinary share of \$1	<u>1</u>	<u>1</u>

The ultimate holding company is AASET 2018-3 Note Issuer Designated Activity Company, a limited liability company incorporated under the laws of Ireland.

14. Ultimate beneficial owner

The Company is a wholly owned subsidiary of AASET 2018-3 Note Issuer Designated Activity Company ("Parent company").

The Company is included in the consolidated financial statements of AASET 2018-3 Note Issuer Designated Activity Company, forming the smallest body of undertakings of which the Company forms as part of a subsidiary undertaking. AASET 2018-3 Note Issuer Designated Activity Company is incorporated in Ireland with a registered office at 32 Molesworth Street, Dublin 2.

15. Commitments and contingent liabilities

The Company has no commitments or contingent liabilities.

16. Subsequent events

There have been no significant events after year end that would require adjustment or disclosure in these financial statements.

17. Approval of financial statements

The Board of Directors approved these financial statements on 8 December 2025.