

Sato Aviation Ireland Limited

Directors' report and financial statements

For the financial year ended 31 March 2025

Registered company number: 585940

Sato Aviation Ireland Limited

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Sato Aviation Ireland Limited

Directors and other information

Directors	Shuhei Sato – Japanese Jumpei Sato – Japanese Julian Dunphy – Irish Claire O' Donovan – Irish (resigned 07 April 2025) Robert Morgan - Irish (appointed 07 April 2025)
Registered office	32 Molesworth Street Dublin 2 D02 Y512
Company secretary	MFD Secretaries Limited 32 Molesworth Street Dublin 2 D02 Y512
Solicitors	McCann Fitzgerald Riverside One Sir John Rogerson's Quay Dublin 2 D02 X576
Corporate administrator	Maples Fiduciary Services (Ireland) Limited 32 Molesworth Street Dublin 2 D02 Y512
Independent auditors	PricewaterhouseCoopers One Spencer Dock, North Wall Quay, Dublin 1 D01 X9R7
Bankers	Mizuho Bank Ltd Hong Kong Branch 17th Floor, Two Pacific Place 88 Queensway Hong Kong Sumitomo Mitsui Banking Corporation Hong Kong Branch 7-8/F, One International Finance Centre 1 Harbour View Street Hong Kong Allied Irish Bank 7-12 Dame Street Dublin 2 D02 KX20

Sato Aviation Ireland Limited

Directors and other information

Bankers

MUFG Bank
Hong Kong Branch
Connaught Road Central
Hong Kong

Sato Aviation Ireland Limited

Directors' Report

The Directors present their annual report and audited financial statements of Sato Aviation Ireland Limited (the "Company") for the financial year ended 31 March 2025 (the "Reporting Year").

These financial statements are presented in United States Dollars ("USD"), the functional currency of the Company.

Principal activities, business review and future developments

The Company is a special purpose entity with limited liability, which was incorporated on 12 July 2016 under the laws of Ireland. The principal activity of the Company is the purchasing, leasing and disposal of aircraft.

The Directors expect these activities to continue for the foreseeable future and will continue to review and seek business opportunities for the Company. The Company is operated and managed as a single operating segment.

The Company holds seven aircraft which are leased by way of operating leases to international airlines. The acquisition of the aircraft was funded by way of loan facilities from third party lenders, Sumitomo Mitsui Banking Corporation as "SMBC Lender", Mizuho Bank Ltd as "Mizuho Lender", MUFG Bank Ltd as "MUFG Lender" and a capital contribution from Sato Aviation Capital Limited (the "Parent Company").

Principal risks and uncertainties

The Company, in the course of its business activities, is exposed to various risks including asset risk, credit risk, market risk, liquidity risk and operational risk. The financial risks mentioned below are discussed in more detail in note 17.

Asset risk is the risk of re-leasing or selling the aircraft at the end of the lease term. If the demand for aircraft decreases or market lease rates decrease, this could affect market value.

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

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

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

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 was incorporated with the purpose of engaging in those activities outlined above. The Company's objective is to manage operational risk and does so primarily by outsourcing all administration functions to professional service providers, including Maples Fiduciary Services (Ireland) Limited (the "Administrator"), Dynam Aviation Ireland Limited and FPG Amentum Ltd. (the "Lease Managers").

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

Sato Aviation Ireland Limited

Directors' Report (continued)

Going concern

IAS 1 – Presentation of Financial Statements requires that management consider the Company's ability to continue as a going concern. Based on an impairment review of the underlying assets of the Company (i.e. the aircraft) the Directors are confident that the realisable value of the respective aircraft will be sufficient to discharge the liabilities of the Company upon maturity of the debt and operating leases. To date, the Company's lessees have been current on all lease rental payments.

Due to the conflicts in Russia, Ukraine, Israel, Palestine, India, Pakistan and other countries in the world significant volatility in international markets has been caused. There continues to be uncertainty around the impact of the situation on international economies and, as such, the Company is actively monitoring the extent of the impact to its operations, financial accounting and reporting. The scale of these conflicts is still unknown and the eventual impact on the global economy and markets will largely depend on the scale and duration of the conflicts. While the Company does not have any direct exposure to the conflicted areas and its performance has not been significantly impacted by the conflict, the Directors continue to monitor this situation.

On the basis of the above, the Directors have concluded that there are no material uncertainties which would cast a significant doubt on the Company's ability to continue as a going concern over the period of assessment being twelve months from the date of signing of the financial statements.

Results for the financial year and state of affairs at 31 March 2025

The Statement of Comprehensive Income for the Reporting Year and the Statement of Financial Position at that date are set out on pages 18 and 19, respectively. The profit on ordinary activities for the year before taxation amounted to USD 3,743,137 (2024: USD 4,446,165). After reflecting a taxation charge of USD 202,604 (2024: USD 690,954) a profit of USD 3,540,533 (2024: USD 3,755,211) is transferred to reserves. The Directors do not intend to declare a dividend in respect of the Reporting Year.

Directors and company secretary

The Directors and secretary who served during the Reporting Year are set out on page 1 of these financial statements.

In accordance with the Articles of Association, the Directors are not required to retire by rotation.

Directors interests

The Directors and the secretary who held office at 31 March 2025 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 reporting year that are required to be disclosed by the Companies Act 2014.

Transactions involving Directors

There were no loans advanced to the Directors at any time during the Reporting Year. There were no transactions entered into by the Company in which the Directors had any interest at any time during the Reporting Year.

Issue of shares

Authorised share capital consists of 40,000,000 ordinary shares divided into 40,000,000 shares of USD 1 each. As at 31 March 2025, the issued shares comprised 100 shares at USD1 held by Sato Aviation Capital Limited.

Sato Aviation Ireland Limited

Directors' Report (continued)

Key performance indicators

During the Reporting Year:

- The Company earned a profit after tax of USD 3,540,533 (2024: USD 3,755,211)
- The Company's lease revenue for the financial year was USD 24,625,384 (2024: USD 24,843,748)
- The Company's total assets for the financial year were USD 281,667,493 (2024: USD 294,801,521)

Political donations

The Electoral Act 2013 requires companies to disclose all political donations over EUR 200 in aggregate made during the financial year. The Directors have satisfied themselves that no such donations have been made during the Reporting Year (2024: None).

Accounting records

The Directors believe that they have complied with the requirements of section 281 of the Companies Act 2014 with regard to maintaining adequate accounting records through an outsourcing arrangement whereby the outsourced provider employs accounting personnel with the appropriate expertise and provide adequate resources to the finance function. The accounting records of the Company are maintained at Maples Fiduciary Services (Ireland) Limited, 32 Molesworth Street, Dublin 2.

Independent Auditors

PricewaterhouseCoopers, Chartered Accountants and Statutory Audit Firm have expressed their willingness to continue in office in accordance with Section 383(2) of the Companies Act 2014.

Statement of relevant audit information

In the case of the persons who are Directors at the time this report is approved in accordance with section 332 of the Companies Act 2014:

(a) so far as each Director is aware, there is no relevant audit information of which the Company's statutory auditors are unaware; and

(b) each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's statutory auditors are aware of that information.

Post balance sheet events

Post year end the following events have occurred.

The existing lease relating to one of the aircrafts expired in April 2025 and a new lease has been executed in July 2025 with a new lessee. The aircraft was delivered to the new lessee in August 2025.

In May 2025 the Company entered into a new corporate term loan facility, which replaced the corporate term loan facility which was held at 31 March 2025. There was no additional principal drawdown for this new facility.

In June 2025 the term loan facility relating to MSN 5651, was amended with the new maturity date being in February 2028. There was no additional principal drawdown for this amended facility.

Sato Aviation Ireland Limited

Directors' Report (continued)

In August 2025 the Company signed a letter of intent to purchase an A320-200 aircraft and has paid a security deposit. The purchase has not yet completed and is expected to complete by the end of September 2025.

In August 2025 the Company received a capital contribution of USD 22,000,000 from its parent, Sato Aviation Capital Limited.

In August 2025 the Company signed a letter of intent relating to the sale of one aircraft. In September 2025 there was a maintenance reserves claim relating to this aircraft which resulted in a reduction in maintenance reserves.

There have been no other significant events subsequent to the year-end that would require adjustment or disclosure in these financial statements..

Approved by the board and authorised for issue on 17 September 2025.

Signed by:

6FE3BE661E9F4A6...
Julian Dunphy
Director

DocuSigned by:

CC2FFDFCDBD524C1...
Robert Morgan
Director

Sato Aviation Ireland Limited

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with Irish Company law.

Irish law requires the Directors to Prepare Company financial statements for each financial year. Under Irish Company law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (EU) and applied in accordance with Irish Company Law.

In accordance with Irish Company Law, 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 for the financial period and otherwise comply with the Companies Act 2014.

In preparing these 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 the financial statements have been prepared in accordance with IFRS and ensure that they contain the additional information required by the Companies Act 2014; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to:

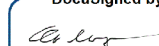
- correctly record and explain the transactions of the company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy; and
- enable the Directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

The Directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board:

Signed by:

6FE3BE661E9F4A6...
Julian Dunphy
Director

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CC2FFDFCDBD524C1...
Robert Morgan
Director



Independent auditors' report to the members of Sato Aviation Ireland Limited

Report on the audit of the financial statements

Opinion

In our opinion, Sato Aviation Ireland Limited's financial statements:

- give a true and fair view of the company's assets, liabilities and financial position as at 31 March 2025 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

We have audited the financial statements, included within the Directors' report and financial statements, which comprise:

- the Statement of Financial Position as at 31 March 2025;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Cash Flows for the year then ended;
- the Statement of Changes in Equity for the year then ended;
- the Statement of Accounting Policies; and
- the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law.

Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 on which the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Directors' report and financial statements other than the financial statements and our auditors' report thereon. The directors are responsible for 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 to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the Companies Act 2014 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below:

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 March 2025 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.
- Based on our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf

This description forms part of our auditors' report.



Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2014 opinions on other matters

- 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.
 - The financial statements are in agreement with the accounting records.
-

Other exception reporting

Directors' remuneration and transactions

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

Gillian Carroll
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
18 September 2025

Sato Aviation Ireland Limited

Statement of Accounting Policies

Statement of compliance

The financial statements of the Company are prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union and also in accordance with the relevant requirements of the Companies Act 2014.

The Directors confirm the Company has fully complied with all aspects of the Companies Act 2014.

Basis of preparation

The financial statements of the Company have been prepared on a going concern and historical cost basis. The financial statements are presented in USD.

IAS 1 – Presentation of Financial Statements requires that management consider the Company’s ability to continue as a going concern. Based on an impairment review of the underlying assets of the Company (i.e. the aircraft) the Directors are confident that the realisable value of the respective aircraft will be sufficient to discharge the liabilities of the Company upon maturity of the debt and operating leases. To date, the Company’s lessees have been current on all lease rental payments.

New standards, amendments or interpretations

The Company applied for the first-time the standards and amendments to standards listed below.

- IAS 12 International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12
- IFRS 7 Financial Instruments: Disclosures and IAS 7 Statement of Cash Flows- Supplier Finance Arrangements
- IFRS 16 Leases – Lease Liability in a Sale and Leaseback
- IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
- IAS 21 – Lack of Exchangeability – Amendments to IAS 21

The above amendments did not have a material effect on the Company.

Sato Aviation Ireland Limited

Statement of Accounting Policies (continued)

Standards issued but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU).

Amendment	Description	Effective for annual periods beginning on or after:
IFRS 9 and IFRS 7	Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments	1 January 2026
IFRS 9 and IFRS 7	Amendments to IFRS 9 and IFRS 7 – Power Purchase Agreements	1 January 2026
Annual Improvements to IFRS	Annual Improvements to IFRS Accounting Standards—Volume 11	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027

*Where new requirements are endorsed the EU effective date is disclosed. For un-endorsed standards and interpretations, the IASB's effective date is noted. Where any of the upcoming requirements are applicable to the Company, it will apply to them from their EU effective date.

The Directors have considered the new standards, amendments and interpretations as detailed in the above table and do not plan to adopt these standards early. The Directors do not anticipate a significant impact on the Company's financial statements.

Sato Aviation Ireland Limited

Statement of Accounting Policies (continued)

Critical accounting estimates and judgements

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

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

Key estimates and judgements made relate to the valuation of the aircraft assets. The Directors undertook an impairment review of the aircraft in line with IAS 36 – Impairment of Assets to ensure the appropriateness of carrying value in the Statement of Financial Position. Based on values obtained from third party appraisers and consideration of the aircraft’s value-in-use on a discounted cash flow basis, the Directors believe no impairment charge is required for the year and that the carrying value in the Statement of Financial Position is appropriate.

Foreign currency

The financial statements are prepared in USD and accordingly foreign currency transactions are translated at the spot rate of exchange on the day the transaction occurs.

Monetary assets and liabilities denominated in currencies other than USD are translated into USD at exchange rates prevailing at the end of the Reporting Year. Non-monetary assets are stated at cost based on the exchange rate prevailing at the date of transaction. All exchange differences are included in the Statement of Comprehensive Income other than those relating to qualifying cash flow hedges which are deferred in equity.

Operating income

The Company leases the aircraft under operating leases and lease rental revenue is recognised on a straight line basis over the lease term of the aircraft.

Operating expenses

The operating expenses of the Company are recognised in the financial statements on an accruals basis.

Interest income

Interest income earned on time deposits by the Company is recognised in the financial statements on an effective interest rate basis.

Interest expense

Interest on borrowings is recognised on an effective interest rate basis and with reference to the outstanding principal amounts as it is incurred. For interest that has been incurred but unpaid at the end of the period, an accrual is recorded.

Sato Aviation Ireland Limited

Statement of Accounting Policies (continued)

Leases

Leases are accounted for and classified in accordance with IFRS 16 Leases. Leases where the Company transfers substantially all of the risks and rewards of ownership to the lessee are classified as finance leases. All other leases are classified as operating leases.

On the basis that the Company retains substantially all of the risks and rewards of ownership of the aircraft, the leases have been classified as operating leases.

Aircraft

Pursuant to IAS 16, *Property, Plant and Equipment*, the Company states all aircraft held at cost less accumulated depreciation and impairment. The costs of the asset are made up of the purchase price of the asset plus any costs directly attributable to bringing the asset into working condition for its intended use. In determining the cost applicable to an aircraft, the Company considers the purchase price of the aircraft as compared to market values from external appraisers and also the lease rate compared to market rates from external appraisers.

Where it is apparent that there is a lease intangible asset or liability associated with a purchase transaction, the intangible asset or liability associated with the lease is recognised as a separate component of aircraft cost and is amortised over the current lease period through the Statement of Comprehensive Income.

The aircraft asset is depreciated on a straight line basis over the expected life of the asset of 25 years to the expected residual value of the asset at the end of its useful economic life. The residual value is estimated to be 10% of the original cost of the aircraft. The depreciation methodology was determined taking into consideration the pattern in which the asset's economic benefits are consumed by the Company. The asset's residual value, useful life, and depreciation method are reviewed and adjusted if appropriate at each financial period end.

The Company assesses at each reporting date whether there is an indication that an aircraft may be impaired. If any indication exists, the Company estimates the aircraft's recoverable amount.

Impairment of the asset is recognised in accordance with IAS 36, *Impairment of Assets*, which stipulates that the recoverable amount of an asset is measured whenever there is an indication that the asset is impaired.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell (its net realisable value) and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows from the aircraft are discounted to their present value using a pre-tax discount rate that reflects the market rate of return.

The net realisable value of the aircraft is based on periodic but at least annual valuations by external independent valuers who apply International Society of Transport Aircraft Trading (ISTAT) methodology. These valuations are used for the purpose of impairment testing.

Maintenance Reserves

Maintenance reserves are recorded on the Statement of Financial Position. Amounts are calculated in line with the respective leasing agreements and are paid monthly in arrears. Amounts not refunded during the duration of the lease are recognised in the Statement of Comprehensive Income when the obligation under the maintenance events is discharged or cancelled or expired.

Sato Aviation Ireland Limited

Statement of Accounting Policies (continued)

Maintenance Reserves (continued)

In lease contracts not requiring the payment of maintenance reserves, the lessee is required to re-deliver the aircraft in a similar maintenance condition as when accepted under the lease, with reference to major life-limited components of the aircraft. To the extent that such components are redelivered in a different condition than at acceptance, there is normally an end-of-lease compensation adjustment for the difference at redelivery. The Company recognise receipts of end-of-lease compensation adjustments as lease revenue when received and payments of end-of-lease adjustments as leasing expenses when paid.

Financial instruments

The financial instruments held or issued by the Company include the following:

- Cash and cash equivalents;
- Loans payable at amortised cost; and
- Derivative financial instruments.

Classification and measurement

IFRS 9 establishes specific categories into which all financial assets and financial liabilities must be classified. The classification of financial instruments determines how these financial assets or liabilities are subsequently measured in the financial statements.

There are three categories of financial assets: at amortised cost, at fair value through profit or loss (“FVTPL”) and at fair value through other comprehensive income (“FVTOCI”).

Financial liabilities held for trading are measured at FVTPL, and all other financial liabilities are measured at amortised cost unless the fair value option is applied.

Under IFRS 9, classification of a financial asset is determined by both the business model test and the cash flow characteristics test.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire or it transfers the rights 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.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Offsetting

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

Sato Aviation Ireland Limited

Statement of Accounting Policies (continued)

Financial instruments (continued)

Impairment

The Company applied the simplified approach to recognise lifetime expected credit losses for its trade receivables, finance lease receivables and contract assets as permitted by IFRS 9.

The Company only holds trade receivables with no financing component and which have maturities of less than 12 months, therefore no material impairment losses resulted from applying the ECLs model of IFRS 9.

Derivatives and hedging

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward exchange contracts to hedge its foreign exchange risk exposure on its fixed rate loans. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Company formally designates the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The effective portion of the gain or loss on the hedging instrument is recognised in Other Comprehensive Income (“OCI”) and is included in the cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss. The reserve account is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

For cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in OCI if the hedged future cash flows are still expected to occur. If the hedged cash flows are not expected to occur, the amount that has been accumulated in OCI will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI is reclassified to profit or loss.

Cash and cash equivalents

Cash and cash equivalents represent cash held at credit institutions with the original maturity of these amounts being less than three months and which are subject to insignificant risk in changes to fair value.

Sato Aviation Ireland Limited

Statement of Accounting Policies (continued)

Loans payable

Initial recognition

Loans payable are classified as loans and borrowings in accordance with IFRS 9 Financial Instruments: Recognition and Measurement. Loans payable are initially recognised at fair value less costs of any transaction costs incurred.

Subsequent measurement

After initial recognition, loans payable are subsequently measured at amortised cost. Any difference between the initial recognition and the redemption value is recognised in the Statement of Comprehensive Income using the effective interest rate method.

Share capital

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.

Deferred issuance costs

The cost of financing is deferred and is amortised to the Statement of Comprehensive Income over the expected term of debt.

Taxation

The Company is considered resident in Ireland for corporation tax purposes. Corporation tax payable is provided on the results for the financial year. The Company is subject to Irish Corporation tax on trading operations at the standard rate of 12.5%.

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

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the end of the reporting year where transactions or events have occurred at that date that will result in an obligation to pay more or right to pay less tax. Provision is made at the rates expected to apply when the timing differences reverse based on legislation substantively enacted at the end of the reporting year.

Temporary differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in taxable profits in year different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Sato Aviation Ireland Limited

Statement of Comprehensive Income for the financial year ended 31 March 2025

	<i>Note</i>	Year ended 31 March 2025	Year ended 31 March 2024
		USD	USD
Revenue			
Lease revenue	2	24,625,384	24,843,748
Other income	2	331,787	339,637
		<u>24,957,171</u>	<u>25,183,385</u>
Expenses			
Operating expenses	3	(14,936,431)	(14,596,829)
Interest expense	13	(6,277,603)	(6,140,391)
Profit before tax for the financial year		<u>3,743,137</u>	<u>4,446,165</u>
Tax charge for the financial year	5	(202,604)	(690,954)
Profit for the financial year		<u>3,540,533</u>	<u>3,755,211</u>
Other comprehensive expense			
Cash flow hedges	5 & 8	156,646	928,219
Total comprehensive income for the financial year		<u>3,697,179</u>	<u>4,683,430</u>

All items dealt with and arriving at the results for financial year ended 31 March 2025 relate to continued activities.

The accompanying notes on pages 22 to 39 form an integral part of these financial statements.

Refer to notes 5 and 8 of the financial statements for the breakdown of cash flow hedges presented under other comprehensive income above.

Sato Aviation Ireland Limited

Statement of Financial Position

as at 31 March 2025

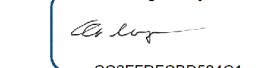
	<i>Note</i>	31 March 2025	31 March 2024
Non current assets		USD	USD
Aircraft	7	269,212,219	282,115,160
Lease intangible asset	7	2,011,293	3,119,460
Total non current assets		271,223,512	285,234,620
Current Assets			
Cash and cash equivalents	10	10,024,712	8,729,197
Trade and other receivables	11	81,878	254,566
Derivative financial asset	8	337,391	583,138
Total current assets		10,443,981	9,566,901
Total assets		281,667,493	294,801,521
Non current liabilities			
Loans payable	13	114,318,458	124,502,154
Maintenance reserves	9	7,530,341	7,530,330
Lease intangible liability	7	65,669	124,187
Deferred tax liability	5	3,582,429	3,523,850
Total non current liabilities		125,496,897	135,680,521
Current liabilities			
Loans payable	13	22,528,862	29,041,120
Corporation tax payable		14,173	84,910
Trade and other liabilities	14	2,701,157	2,765,744
Total current liabilities		25,244,192	31,891,774
Equity			
Share capital presented as equity	12	100	100
Capital contribution	12	105,000,000	105,000,000
Retained earnings		27,497,933	23,957,401
Cash flow hedge reserve		(1,571,629)	(1,728,275)
Total net surplus attributable to equity shareholders		130,926,404	127,229,226
Total liabilities and equity		281,667,493	294,801,521

The accompanying notes on pages 22 to 39 form an integral part of these financial statements.

On behalf of the Board

Signed by:

 6FE3BE661E9F4A6...
 Julian Dunphy
 Director
 Date: 17 September 2025

DocuSigned by:

 CC2FFDFCDBD524C1...
 Robert Morgan

Sato Aviation Ireland Limited

Statement of Changes in Equity for the financial year ended 31 March 2025

Year ended 31 March 2025	Share capital presented as equity USD	Capital contribution USD	Retained earnings USD	Hedge reserves USD	Total USD
Balance at 1 April 2024	100	105,000,000	23,957,401	(1,728,275)	127,229,226
Total comprehensive income for the financial year					
Profit for the financial year	-	-	3,540,533	-	3,540,533
Cash flow hedges	-	-	-	156,646	156,646
Balance at 31 March 2025	100	105,000,000	27,497,933	(1,571,629)	130,926,404

Year ended 31 March 2024	Share capital presented as equity USD	Capital contribution USD	Retained earnings USD	Hedge reserves USD	Total USD
Balance at 1 April 2023	100	85,000,000	20,202,190	(2,656,494)	102,545,796
Total comprehensive income for the financial year					
Profit for the financial year	-	-	3,755,211	-	3,755,211
Capital Contribution	-	20,000,000	-	-	20,000,000
Cash flow hedges	-	-	-	928,219	928,219
Balance at 31 March 2024	100	105,000,000	23,957,401	(1,728,275)	127,229,226

The accompanying notes on pages 22 to 39 form an integral part of these financial statements.

Sato Aviation Ireland Limited

Statement of Cash Flows

for the financial year ended 31 March 2025

	<i>Note</i>	Year ended 31 March 2025 USD	Year ended 31 March 2024 USD
Cash flows from operating activities			
Profit on ordinary activities before tax		3,743,137	4,446,165
Adjustments for:			
Depreciation	<i>3</i>	12,902,942	12,458,332
Amortisation	<i>3</i>	1,049,649	1,233,784
Interest expense	<i>13</i>	6,277,603	6,140,391
FX gain on retranslation of loan		168,017	205,929
Decrease/(Increase) in trade and other receivables	<i>11</i>	172,688	251,145
(Decrease)/Increase in trade and other liabilities	<i>14</i>	(53,927)	572,291
Corporation tax received/(paid)	<i>5</i>	9,756	(22,904)
Net cash generated by operations		24,269,865	25,285,133
Cash flows from investing activity			
Purchase of aircraft and related costs	<i>7</i>	-	(62,945,791)
Cash used in investing activity		-	(62,945,791)
Cash flows from financing activities			
Proceeds from borrowings	<i>13</i>	14,000,000	43,500,000
Payment of commitment fees		(100,000)	(435,000)
Interest paid	<i>13</i>	(6,011,768)	(5,703,374)
Principal loan repayments	<i>13</i>	(30,862,593)	(17,921,507)
Maintenance reserves	<i>9</i>	11	(426,752)
Proceeds from shareholder contributions		-	20,000,000
Net cash generated from financing activities		(22,974,350)	39,013,367
Net change in cash and equivalents		1,295,515	1,352,709
Cash and cash equivalents at the beginning of the financial year	<i>10</i>	8,729,197	7,376,488
Cash and cash equivalents at the end of the financial year	<i>10</i>	10,024,712	8,729,197

The accompanying notes on pages 22 to 39 form an integral part of these financial statements.

Sato Aviation Ireland Limited

Notes to the Financial Statements For the financial year ended 31 March 2025

1 General information

The Company was incorporated under the laws of Ireland on 12 July 2016 as a special purpose entity with limited liability, with a company registration number of 585940. The principal activity of the Company is the purchasing, leasing and disposal of aircraft.

2 Revenue

Lease revenue of USD 24,625,384 (2024: USD 24,843,748) comprises rentals from operating leases and is recognised in the Statement of Comprehensive Income on a straight line basis over the lease term.

Revenue	Year ended 31 March 2025 USD	Year ended 31 March 2024 USD
Lease revenue	24,625,384	24,843,748
Interest income – time deposits	331,787	339,637
	<u>24,957,171</u>	<u>25,183,385</u>

Details of the geographic concentration of lease revenue is provided below:

Geographical concentration	Year ended 31 March 2025 USD	Year ended 31 March 2024 USD
Netherlands	1,834,224	1,834,224
Hungary	6,251,520	6,443,030
Mexico	3,608,958	3,550,870
Spain	2,884,925	4,056,740
India	10,045,756	8,958,884
	<u>24,625,384</u>	<u>24,843,748</u>

3 Operating expenses

	Year ended 31 March 2025 USD	Year ended 31 March 2024 USD
Depreciation	12,902,942	12,458,332
Amortisation	1,049,649	1,233,784
Lease management fees	681,840	735,670
Legal fees	112,598	11,529
Audit and accounting	22,830	30,661
Foreign exchange gains	(124,623)	(92,916)
Other*	291,195	219,769
	<u>14,936,431</u>	<u>14,596,829</u>

Sato Aviation Ireland Limited

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2025

3 Operating expenses (continued)

*The Corporate Administrator received USD 3,465 (2024: USD 3,261) as consideration for making available of individuals to act as directors of the Company, which is included in other operating expenses.

4 Statutory and other information

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

	Year ended 31 March 2025	Year ended 31 March 2024
	USD	USD
Directors' emoluments:		
-Directors' Fees	-	-
Auditors' remuneration (excluding VAT)		
Audit of financial statements (excluding expenses)	32,445	30,661
Other assurance services	-	-
Tax advisory services	-	-
Other non-audit services	-	-
	32,445	30,661

PricewaterhouseCoopers are the statutory auditors to the Company. Other than statutory audit services, no other services were provided by the statutory auditors.

5 Tax charge for the financial year

	Year ended 31 March 2025	Year ended 31 March 2024
	USD	USD
(a) Analysis of tax charge for the year		
<i>Current tax:</i>		
Irish corporation tax on net profit for the year	14,173	84,910
<i>Deferred tax:</i>		
Origination and reversal of timing differences	188,431	606,044
Taxation for the year	202,604	690,954
(b) Factors affecting tax charge for the year		
	Year ended 31 March 2025	Year ended 31 March 2024
	USD	USD
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:		
Profit on ordinary activities before tax	3,743,137	4,446,165
Corporation tax at standard rate - 12.5% (2024: 12.5%)	467,892	555,771
<i>Effects of:</i>		
Income taxed at higher rate	7,086	84,910
Prior year (under)/over provision of deferred tax	(272,374)	50,273
Taxation for the year	202,604	690,954

Sato Aviation Ireland Limited

Notes to the Financial Statements (continued) For the financial year ended 31 March 2025

5 Tax charge for the financial year (continued)

	Year ended 31 March 2025 USD	Year ended 31 March 2024 USD
<i>Movement in deferred tax:</i>		
Opening Balance	3,523,850	2,701,772
Deferred tax charge	499,131	606,044
Deferred tax charge on OCI	(440,552)	216,034
Closing Balance	3,582,429	3,523,850
	Year ended 31 March 2025 USD	Year ended 31 March 2024 USD
(c) Deferred tax liability		
<i>Deferred tax asset:</i>		
Tax losses	15,307,531	12,298,240
Cash flow hedges	224,518	(216,034)
Total gross deferred tax asset	15,532,049	12,082,206
<i>Deferred tax liability:</i>		
Aircraft	(19,114,478)	(15,606,057)
Total gross deferred tax liability	(19,114,478)	(15,606,057)
Closing net deferred tax liability	(3,582,429)	(3,523,851)

(d) Circumstances affecting current and future tax charges

Tax is chargeable in future periods unless group relief is available. To the extent losses are incurred in the future, these can be carried forward. From 1 April 2025, the corporation tax rate is expected to remain at its current rate of 12.5%.

(e) Pillar II Rules

Sato Aviation Ireland Limited is not within the scope of the OECD Pillar Two model rules. Pillar Two legislation has been enacted in Ireland, the jurisdiction in which the company is incorporated, and is effective for accounting periods commencing on or after 31 December 2023.

(f) Recognised within other comprehensive income during the financial year

<i>Cash flow hedging reserve</i>	Year ended 31 March 2025 USD			Year ended 31 March 2024 USD		
	Gross	Tax	Net	Gross	Tax	Net
Amounts reclassified from the cash flow hedging reserves to the income statement because the hedge item has affected the income statement	168,017	(21,002)	147,015	205,929	-	205,929
Hedging (losses)/Gains recognised in other comprehensive income	(235,889)	29,486	(206,403)	722,290	-	722,290
Adjustment relating to tax on cash flow hedges in prior years	-	216,034	216,034	-	-	-
Total	(67,872)	224,518	156,646	928,219	-	928,219

Sato Aviation Ireland Limited

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2025

6 Employees

The Company has no employees (2024: none). Maples Fiduciary Services (Ireland) Limited (the “Administrator”) acts as a corporate administrator to the Company in accordance with the terms of the ‘Administration Agreement’.

7 Aircraft

The Company holds seven aircraft. In line with IAS 16 – Property, Plant and Equipment, the Company initially recognised each aircraft as an asset at cost, plus related costs associated with the purchase of the aircraft which are capitalised as a component of the cost of the relevant aircraft asset and are depreciated over the useful life of the aircraft to its residual value.

When determining the cost applicable to the aircraft, the Company considers the purchase price of the aircraft as compared to market values from external appraisers and also the lease rate compared to market rates from external appraisers. Lease intangible assets were associated with the aircraft, in the main, due to the lease rate being higher when compared to market rates and as such intangible lease assets were recognised in the Statement of Financial Position and are amortised over the current lease periods through the Statement of Comprehensive Income. A lease intangible liability was associated with the aircraft acquired in the prior year, due to the lease rate being lower when compared to market rates, and as such a lease intangible liability was recognised in the Statement of Financial Position and are amortised over the current lease periods through the Statement of Comprehensive Income.

As at 31 March 2025, the aggregate carrying value of the aircraft is USD 269,212,218 (2024: USD 282,115,160) and the carrying value of the lease intangible assets is USD 2,011,293 (2024: USD 3,119,460). The Directors believe that the carrying value of the aircraft and lease intangible assets at 31 March 2025 is appropriate and that no impairment is required.

	Year ended 31 March 2025	Year ended 31 March 2024
	USD	USD
Cost:		
At beginning of the financial year	334,672,117	273,960,305
Additions during the financial year	-	60,711,812
Balance at end of the financial year	<u>334,672,117</u>	<u>334,672,117</u>
Accumulated depreciation:		
Balance at the beginning of the financial year	(52,556,956)	(40,098,624)
Current year depreciation	(12,902,942)	(12,458,332)
Balance at the end of financial year	<u>(65,459,898)</u>	<u>(52,556,956)</u>
Net book value at end of financial year	<u><u>269,212,219</u></u>	<u><u>282,115,160</u></u>

The Aircraft are pledged as collateral for external funding arrangements.

Sato Aviation Ireland Limited

Notes to the Financial Statements (continued) For the financial year ended 31 March 2025

7 Aircraft (continued)

Lease intangible asset	Year ended	Year ended
	31 March 2025	31 March 2024
	USD	USD
Cost:		
At beginning of the financial year	13,262,628	11,028,649
Additions during the financial year	-	2,233,979
Balance at end of the financial year	13,262,628	13,262,628
Accumulated amortisation:		
Balance at the beginning of the financial year	(10,143,168)	(8,850,866)
Current year amortisation	(1,108,167)	(1,292,302)
Balance at the end of financial year	(11,251,335)	(10,143,168)
Net book value at end of financial year	2,011,293	3,119,460
Lease intangible liability	Year ended	Year ended
	31 March 2025	31 March 2024
	USD	USD
Cost:		
At beginning of the financial year	351,108	351,108
Additions during the financial year	-	-
Balance at end of the financial year	351,108	351,108
Accumulated amortisation:		
Balance at the beginning of the financial year	(226,921)	(168,403)
Current year amortisation	(58,518)	(58,518)
Balance at the end of financial year	(285,439)	(226,921)
Net book value at end of financial year	65,669	124,187

The Lease intangible assets and liabilities are recognised as Intangible Assets/Liabilities in line with IAS 38 – Intangible Assets and amortised over the life of the lease to a residual value of nil.

8 Derivative financial instruments

	31 March 2025	31 March 2024
	USD	USD
Foreign exchange forward contract	337,391	583,138
	337,391	583,138

In September 2022, the Company entered into a foreign exchange forward contract to mitigate the foreign exchange rate exposure arising on Tranche B of a Loan Facility. Please refer to Note 14 for details of the Loan Facility and its Tranche A and Tranche B.

Below are the details of the derivative:

EUR Amount	USD Amount	Forward rate	Maturity date	Description
14,350,927	16,370,102	1.14	19 September 2030	Pay USD/buy EUR

Sato Aviation Ireland Limited

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2025

8 Derivative financial instruments (continued)

Foreign exchange forward contract currently in place cover approximately 100% of the Tranche B loan principal outstanding. The foreign exchange contract mature on the settlement date of the loan facility.

The Company designated above foreign exchange forward contract as a cash flow hedge.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the foreign exchange forward contract match the terms of the underlying loan (i.e., notional amount and expected payment date). The Company has established a hedge ratio of 1:1 for the hedging relationship as the underlying risk of the foreign exchange forward contract are identical to the hedged risk components. To test the hedge effectiveness, the Company uses the hypothetical derivative method and compares the changes in the fair value of the hedging instrument against the changes in fair value of the hedged item attributable to the hedged risk.

To mitigate the foreign exchange risk on the contracted future lease rental receivables, the Company designated the Tranche A amortising loans as a cash flow hedge.

There is an economic relationship between the hedged item and the hedging instrument as the relevant terms of the underlying lease rental cash flows, the gross value of cash flows, timing and term length, are substantially aligned with the terms of the Tranche A loan. The Company has established a hedge ratio of approximately 0.9:1 for the hedging relationships as the underlying risk of the Tranche A loan are identical to the hedged risk components. To test the hedge effectiveness, the Company compares the changes in the fair value of the hedging instrument against the changes in fair value of the hedged item attributable to the hedged risks.

The hedge ineffectiveness can arise from:

- Different indexes (and accordingly different curves) linked to the hedged risk of the hedged items and hedging instruments
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items
- The differences in the timing of the cash flows of the hedged item and hedging instrument

The table below shows the fair value movement on the Company's derivative relating to Tranche B:

	Year ended 31 March 2025 USD	Year ended 31 March 2024 USD
At the beginning of the year	583,138	100,545
Fair value (loss)/gain during the year	(245,747)	482,593
At the end of the year	<u>337,391</u>	<u>583,138</u>

Sato Aviation Ireland Limited

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2025

8 Derivative financial instruments (continued)

The table below sets out the outstanding notional of the foreign exchange forward contract relating to Tranche B.

	31 March 2025 Amounts USD	31 March 2024 Amounts USD
Within 1 year	-	-
1 – 5 years	-	-
More than 5 years	16,370,102	16,370,102

Effects of hedge accounting on the financial position and performance

The effect of the foreign exchange forward contracts relating to Tranche B on the Company's financial position and performance are as follows:

	31 March 2025 USD	31 March 2024 USD
Foreign exchange forward contracts		
Carrying amount (non-current asset)	337,391	583,138
Notional amount	16,370,102	16,370,102
Maturity date	2030	2030
Hedge ratio	1:1	1:1
Change in the fair value of the hedging instrument from designation date	337,391	583,138
Change in the value of the hedged item used to determine hedge effectiveness	(337,391)	(583,138)

The table below details the Tranche A loan that has been designated as cash flow hedge:

	31 March 2025 USD	31 March 2024 USD
Opening balance	23,335,724	26,655,678
Proceeds from loans and borrowings	-	-
Repayment of principal	(3,229,555)	(3,172,102)
Effective portion of the cash flow hedge recognised in other comprehensive income	(15,597)	(147,852)
Closing balance	<u>20,090,572</u>	<u>23,335,724</u>

The table below sets out the total contractual cash flows of the Tranche A loan that has been designated as cash flow hedge.

	31 March 2025 Amounts USD	31 March 2024 Amounts USD
Within 1 year	4,005,682	3,999,365
1 – 5 years	16,024,341	16,018,415
More than 5 years	2,019,771	6,023,225

Sato Aviation Ireland Limited

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2025

8 Derivative financial instruments (continued)

The effect of designating the Tranche A loan as a cash flow hedge on the Company's financial position and performance are as follows:

Loans payable	31 March 2025 USD	31 March 2024 USD
Carrying amount	20,090,572	23,335,724
Maturity date	2030	2030
Hedge ratio	0.9:1	0.9:1
Change in the fair value of the hedging instrument from designation date	(1,590,461)	(1,606,058)
Change in the value of the hedged item used to determine hedge effectiveness	1,590,461	1,606,058

As at 31 March 2025, the ineffective portion of the hedge was USD nil. The effective portion of the hedge amounting to USD 156,646 (2024 effective portion of the hedge amounting to USD 928,219) was included in Other Comprehensive Income ("OCI") and in the cash flow hedge reserve under equity.

9 Maintenance Reserves

	Year ended 31 March 2025 USD	Year ended 31 March 2024 USD
Opening maintenance reserves	7,530,330	7,957,081
Maintenance receipts/(payments)	11	(426,751)
Closing maintenance reserves	7,530,341	7,530,330

One lessee is required to pay monthly maintenance deposit payments in arrears to the Company, as calculated in line with the respective lease novation agreements.

At 31 March 2025 the company holds security deposits by way of letter of credit of USD 694,302 and USD 1,073,277 (2024: USD 694,302 and USD 1,073,277)

Sato Aviation Ireland Limited

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2025

10 Cash and cash equivalents

	31 March 2025	31 March 2024
	USD	USD
Deposits are as follows:		
Time deposits	8,582,146	6,850,219
Other deposits	1,442,566	1,878,978
	<u>10,024,712</u>	<u>8,729,197</u>

The Company holds a USD 385,000 one month time deposit with a credit rated A1 counterparty (per Moody's). The maturity date is 30 April 2025. Monthly interest is accrued at an annual rate of 4.32%.

The Company holds a USD 2,052,661 one month time deposit with a credit rated A1 counterparty (per Moody's). The maturity date is 30 April 2025. Monthly interest is accrued at an annual rate of 4.32%.

The Company holds a USD 2,573,016 one month time deposit with a credit rated A1 counterparty (per Moody's). The maturity date is 30 April 2025. Monthly interest is accrued at an annual rate of 4.34%.

The Company holds a USD 3,320,633 one month time deposits with a credit rated A1 counterparty (per Moody's). The maturity date is 30 April 2025. Monthly interest is accrued at an annual rate of 4.35%.

11 Trade and other receivables

	31 March 2025	31 March 2024
	USD	USD
Interest receivable	829	49,302
Lease income receivable	55,782	163,126
Expenses prepaid	-	10,785
VAT receivable	24,962	31,353
Other receivable	305	-
	<u>81,878</u>	<u>254,566</u>

The Company will claim VAT of USD 24,962 (2024: USD 31,353) on expenses paid by the Company during the financial year ended 31 March 2025.

In accordance with IFRS 9, expected credit losses were considered and there is no material impact to the carrying value of the assets as a result of this assessment.

Sato Aviation Ireland Limited

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2025

12 Share capital presented as equity and capital contribution	31 March 2025	31 March 2024
	USD	USD
<i>Authorised</i>		
40,000,000 (2024: 40,000,000) ordinary shares of USD 1.00 each	40,000,000	40,000,000
<i>Allotted, called up and fully paid</i>		
100 (2024: 100) ordinary shares of USD 1.00 each	100	100
<i>Capital contribution</i>		
Capital contribution	105,000,000	105,000,000

Capital contributions represent the receipt of non-demandable considerations arising from transactions with the Parent Company. The contributions are classified as equity and may be either distributable or non-distributable. Capital contributions are distributable if the assets received are in the form of cash or another asset that is readily convertible to cash. Otherwise, they are treated as non-distributable. All the capital contributions received by the Company from the Parent Company were in the form of cash and are fully distributable.

13 Loans payable

The acquisition of MSN 42149 was partially funded by debt financing in the amount of USD 27,750,000. This was obtained by way of a loan agreement. The original loan was due to mature on 31 March 2022 but was extended originally through 19 June 2023 and further until 18 June 2027. The loan extension agreement was at a floating rate being the aggregate of Margin plus one month Term SOFR, until 19 June 2023 and is at a fixed annual rate payable on a monthly basis until 18 June 2027.

The acquisition of MSN 5651 was partially funded by debt financing in the amount of USD 29,829,100. This was obtained by way of a loan agreement. The loan is at a fixed annual rate and payable on a monthly basis. The loan is guaranteed by the Company's Parent Sato Aviation Capital Limited.

The acquisition of MSN 8244 was partially funded by debt financing in the amount of USD 29,700,000. This was obtained by way of a loan agreement. The original loan was due to mature in April 2024 but was extended until November 2029. The loan extension agreement is at a floating rate being the aggregate of Margin plus one month CME Term SOFR and is at a variable annual rate payable on a monthly basis until 18 June 2027.

The acquisition of MSN 9299 was partially funded by debt financing in the amount of USD 41,919,300. This was obtained by way of a loan agreement. The loan is at a fixed annual rate and payable on a monthly basis. The loan is guaranteed by the Company's Parent Sato Aviation Capital Limited.

Sato Aviation Ireland Limited

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2025

13 Loans payable (continued)

The acquisition of MSN 11022 was partially funded by debt financing in the amount of EUR USD 40,585,692 divided into two Tranches. Tranche A in the amount of EUR 26,234,765 at a fixed annual rate and Tranche B in the amount of EUR 14,350,927 ("The balloon payment") at a fixed annual rate. This was obtained by way of a loan agreement. Tranche A is payable on a monthly basis. The Maturity date of the loan is September 2030.

In July 2022, a corporate facility agreement was obtained and entered into in the amount of USD 13,500,000.

The outstanding balances of the loans at year end are as follows:

	31 March 2025	31 March 2024
	USD	USD
Loan payable - MSN 42149	7,256,000	8,480,000
Loan payable - MSN 5651	8,600,000	11,600,000
Loan payable - MSN 8244	12,199,594	14,228,376
Loan payable - MSN 9299	22,365,526	26,657,811
Loan payable - MSN 11022	35,611,099	38,850,511
Loan payable - MSN 11385	37,855,449	40,943,827
Loan Facility - Term Loan	13,500,000	13,500,000
Total	137,387,668	154,260,524
Arrangement fees subject to amortisation	(540,348)	(717,249)
	136,847,320	153,543,275

The Directors have determined that the carrying value of the loans is representative of fair value as at 31 March 2025.

Loans Payable	Year ended	Year ended
	31 March 2025	31 March 2024
	USD	USD
At beginning of the financial year	153,543,274	128,264,968
Drawdowns during the financial year	14,000,000	43,500,000
Principal repayment during the financial year	(30,862,593)	(17,921,507)
Payments of commitment fees	(100,000)	(435,000)
FX retranslation gain	(9,857)	(239,698)
Amortisation expense	276,497	374,512
Net book value at end of financial year	136,847,320	153,543,275
Current	22,528,862	29,041,120
Non-Current	114,318,458	124,502,155
	136,847,320	153,543,275
	Year ended	Year ended
	31 March 2025	31 March 2024
	USD	USD
The interest expense on the facilities are:		
Loan Interest expense	6,277,603	6,140,391
	6,277,603	6,140,391

Sato Aviation Ireland Limited

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2025

14 Trade and other liabilities

	31 March 2025 USD	31 March 2024 USD
Deferred lease income	2,291,133	2,498,875
Accruals	267,165	228,350
Loan interest payable	13,704	24,364
Intercompany loan payable	14,155	14,155
Security deposit	115,000	-
	<u>2,701,157</u>	<u>2,765,744</u>

The Company received prepayments of USD 2,291,133 (2024: USD 2,498,875) in respect of lease income.

15 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operation decisions.

The Company has entered into an Administration Agreement with Maples Fiduciary Services (Ireland) Limited as Administrator. On foot of this agreement, the Company considers the Administrator a related party. The Company recognised accounting and tax fees of USD 34,651 (2024: USD 35,688) in the Statement of Comprehensive Income during the year. The Company has recognised prepaid fees of USD nil as at 31 March 2025 (2024: USD Nil) relating to services provided by the Administrator.

As the ultimate holding company, the Company considers Sato Aviation Capital Limited a related party.

16 Commitments

Operating lease income

The Company has contracted to receive the following minimum cash lease rentals under the respective Lease Agreements entered into with KLM, Wizz Air, Volaris, Vueling and Indigo.

Operating lease income

	31 March 2025 USD	31 March 2024 USD
Within 1 year	22,152,261	17,334,109
Between 1 and 2 years	17,616,590	15,157,940
More than 2 years but less than 5 years	39,363,599	41,903,009
Later than five years	8,304,436	11,348,376
Total	<u>87,436,886</u>	<u>85,743,434</u>

Sato Aviation Ireland Limited

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2025

17 Risks and uncertainties

The Company has exposure to the following financial risks:

- Asset risk
- Credit risk
- Market risk

a) Asset risk

The Company bears the risk of re-leasing or selling the aircraft at the end of their respective lease terms. If demand for aircraft decreases or market lease rates decrease, this could affect market value. Should this condition continue for an extended period, it could affect the market value of the aircraft and may result in an impairment charge in accordance with IAS 36, Impairment of Assets.

The Directors have engaged the services of third party lease management companies as asset and leasing managers, who have appropriate experience of the aviation industry, to manage, remarket or sell the aircraft as required in order to reduce this risk.

The Company is highly dependent upon the continuing financial strength of the commercial airline industry. A significant deterioration in this sector could adversely affect the Company through a reduced demand for aircraft and/or reduced market rates, higher incidences of lessee default and aircraft on ground (“AOG”) all of which may require that the carrying value of aircraft be materially reduced.

b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. 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. If the Company’s customers experience financial difficulties this may result in defaults or the early termination of the leases. The Directors mitigate this risk by putting in place appropriate settlement conditions in the event of default or early termination of the lease by the lessees, as detailed in the lease agreements.

The Company monitors the performance of all lessees on an ongoing basis and is also actively engaged in reviewing the market with a view to acquiring additional commercial aircraft on existing lease to airlines / operators of good credit.

The Company manages its exposure to credit risk by placing all cash with Mitsubishi UFJ Financial Group (rated A- with S&P, 2024: A- with S&P), Mizuho Bank Ltd (rated A with S&P, 2024: A with S&P), Sumitomo Mitsubishi Banking Corporation (rated A with S&P, 2024: A with S&P) and Allied Irish Bank (rated A- with S&P, 2024: A- with S&P).

Sato Aviation Ireland Limited

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2025

17 Risks and uncertainties (continued)

b) Credit risk (continued)

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

Financial Assets	31 March 2025 USD	31 March 2024 USD
Cash and cash equivalents	10,024,712	8,729,197
Trade and other receivables	81,878	254,566
Derivative financial asset	337,391	583,138
Total	10,443,981	9,566,901

c) Market risk

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

Currency risk

The functional currency of the aviation industry is predominantly US Dollars. The Company manages its exposure to currency risk by effectively matching its lease revenue and the bulk of its expenses to the functional currency. The Company also manages its exposure to currency risk by entering into designated hedging instruments.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach in managing liquidity is to seek to match the cash inflows on lease receivables with the cash outflows on loan payables.

The Company will fund a significant part of its operations with debt financing. The ability of the Company to continue in operation will be dependent upon its continued adherence to its payment obligations and other covenant requirements under the respective loan agreements, which are dependent upon the factors outlined above.

Set out below is a table outlining the expected maturities of all financial liabilities of the Company as at 31 March 2025, totaling USD 139,974,230 (2024: USD 157,026,268).

31 March 2025

Financial Liabilities

	< 1 year	1 - 2 years	2 - 5 years	> than 5 years	Total contractual cash flows	Total carrying value
	USD	USD	USD	USD	USD	USD
Loans payable	22,574,264	27,912,902	49,251,550	37,649,360	137,388,074	137,388,074
Accruals	2,586,156	-	-	-	2,586,156	2,586,156
Total	25,160,420	27,912,902	49,251,550	37,649,360	139,974,230	139,974,230

Sato Aviation Ireland Limited

Notes to the Financial Statements (continued) For the financial year ended 31 March 2025

17 Risks and uncertainties (continued)

c) Market risk (continued)

31 March 2024

Financial Liabilities	< 1 year		1 - 2 years	2 - 5 years	> than 5 years	Total contractual cash flows	Total carrying value
	USD	USD	USD	USD	USD	USD	USD
Loans payable	29,085,621	20,773,015	59,018,478	45,383,410	154,260,524	154,260,524	154,260,524
Accruals	2,765,744	-	-	-	2,765,744	2,765,744	2,765,744
Total	31,851,365	20,773,015	59,018,478	45,383,410	157,026,268	157,026,268	157,026,268

The Company's repayment obligations under the Facility Agreements are limited in recourse to monies received under the terms of the Lease Agreements or monies received in realising the underlying collateral.

The Company will periodically perform reviews of its carrying values of aircraft, trade receivables and the sufficiency of accruals and provisions, substantially all of which are susceptible to the above risks and uncertainties.

The majority of the Company's financial assets are non-interest-bearing. As a result, the Company has negligible exposure to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates.

Interest rate risk

The interest rate profile and fair values of the Company's financial assets and liabilities at 31 March 2025 were:

31 March 2025 <i>Financial assets</i>	Floating rate assets	Fixed rate assets	Assets on which no interest is received	Total book value	Fair value
	USD	USD	USD	USD	USD
Cash and cash equivalents	8,881,079	-	1,143,633	10,024,712	10,024,712
Other receivables	-	-	81,878	81,878	81,101
Derivative financial asset	-	-	337,391	337,391	337,391
	8,881,079	-	1,562,902	10,443,981	10,443,981
31 March 2024 <i>Financial assets</i>	Floating rate assets	Fixed rate assets	Assets on which no interest is received	Total book value	Fair value
	USD	USD	USD	USD	USD
Cash and cash equivalents	7,735,194	-	994,003	8,729,197	8,729,197
Other receivables	-	-	254,566	254,566	254,566
Derivative financial asset	-	-	583,138	583,138	583,138
	7,735,194	-	1,831,707	9,566,901	9,566,901

Sato Aviation Ireland Limited

Notes to the Financial Statements (continued) For the financial year ended 31 March 2025

17 Risks and uncertainties (continued)

c) Market risk (continued)

31 March 2025 <i>Financial liabilities</i>	Floating rate liabilities	Fixed rate liabilities	Liabilities on which no interest is paid	Total book value	Fair value
	USD	USD	USD	USD	USD
Loans	(7,256,000)	(130,131,667)	-	(137,387,667)	(131,145,227)
Accruals	-	-	(2,701,626)	(2,701,626)	(2,701,626)
	(7,256,000)	(130,131,667)	(2,701,626)	(140,089,293)	(133,846,853)

31 March 2024 <i>Financial liabilities</i>	Floating rate liabilities	Fixed rate liabilities	Liabilities on which no interest is paid	Total book value	Fair value
	USD	USD	USD	USD	USD
Loans	(29,085,621)	(125,174,903)	-	(154,260,524)	(143,051,401)
Accruals			(2,826,289)	(2,826,289)	(2,826,289)
	(29,085,621)	(125,174,903)	(2,826,289)	(157,086,813)	(145,877,670)

18 Fair value estimation

Under IFRS 13 Fair Value Measurement, the fair value of a financial asset and liability is the amount at which it could be exchanged in an arm's length transaction between informed and willing parties, other than in a forced sale or liquidation.

The fair value of cash equivalents, accounts receivable and accounts payable approximate their carrying values due to their short term nature. The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 USD	Level 2 USD	Level 3 USD	Carrying Value USD
<i>As at 31 March 2025</i>				
Financial assets				
Cash and cash equivalents	-	10,024,712	-	10,024,712
Other receivables	-	-	81,878	81,878
Derivative financial asset	-	337,391	-	337,391
Total	-	10,362,103	81,878	10,443,981

Sato Aviation Ireland Limited

Notes to the Financial Statements (continued) For the financial year ended 31 March 2025

18 Fair value estimation (continued)

	Level 1	Level 2	Level 3	Carrying value
<i>As at 31 March 2025</i>	USD	USD	USD	USD
Financial liabilities				
Loans	-	-	(131,145,227)	(137,387,667)
Loan interest payable	-	-	(13,704)	(13,704)
Accruals	-	-	(2,701,626)	(2,701,626)
Total	-	-	(133,860,557)	(140,102,997)

	Level 1	Level 2	Level 3	Carrying Value
<i>As at 31 March 2024</i>	USD	USD	USD	USD
Financial assets				
Cash and cash equivalents	-	8,729,197	-	8,729,197
Other receivables	-	-	254,566	254,566
Derivative financial asset	-	583,138	-	583,138
Total	-	9,312,335	254,566	9,566,901

	Level 1	Level 2	Level 3	Carrying value
<i>As at 31 March 2024</i>	USD	USD	USD	USD
Financial liabilities				
Loans	-	-	(143,051,401)	(154,260,524)
Loan interest payable	-	-	(24,364)	(24,364)
Accruals	-	-	(2,826,289)	(2,826,289)
Total	-	-	(145,902,054)	(157,111,177)

The valuation techniques and significant inputs used in determining the fair values for the financial assets and liabilities classified as level 2 are as follows:

Receivables and accruals – for all receivables and accruals, the carrying value has been determined to be a good approximation of fair value as all are short term in nature or have recently been structured on an arm's length basis.

Cash and cash equivalents – the fair value approximates their carrying value due to their short term nature.

Derivatives – measured at fair value and changes therein are recognised in profit or loss with exception to those designated as hedging instrument where the effective portion is recognised in OCI and the ineffective portion in the Statement of comprehensive income.

19 Post balance sheet events

Post year end the following events have occurred.

The existing lease relating to one of the aircrafts expired in April 2025 and a new lease has been executed in July 2025 with a new lessee. The aircraft was delivered to the new lessee in August 2025.

Sato Aviation Ireland Limited

Notes to the Financial Statements (continued)

For the financial year ended 31 March 2025

19 Post balance sheet events (continued)

In May 2025 the Company entered into a new corporate term loan facility, which replaced the corporate term loan facility which was held at 31 March 2025. There was no additional principal drawdown for this new facility.

In June 2025 the term loan facility relating to MSN 5651, was amended with the new maturity date being in February 2028. There was no additional principal drawdown for this amended facility.

In August 2025 the Company signed a letter of intent to purchase an A320-200 aircraft and has paid a security deposit. The purchase has not yet completed and is expected to complete by the end of September 2025.

In August 2025 the Company received a capital contribution of USD 22,000,000 from its parent, Sato Aviation Capital Limited.

In August 2025 the Company signed a letter of intent relating to the sale of one aircraft. In September 2025 there was a maintenance reserves claim relating to this aircraft which resulted in a reduction in maintenance reserves.

There have been no other significant events subsequent to the year-end that would require adjustment or disclosure in these financial statements.

20 Parent and ultimate controlling party

As at 31 March 2025, the issued ordinary share capital is held by Sato Aviation Capital Limited, a Company registered in Hong Kong. 100% of the shares of Sato Aviation Capital Limited are held by Mr. Yoji Sato, who is the ultimate controlling party.

The Board of Directors are responsible for the day-to-day management and administration of the Company. The Board is comprised of four Directors, one of whom is an employee of the Administrator.

21 Approval of financial statements

The board of Directors approved these financial statements on 17 September 2025.