

**KESTREL AVIATION IRELAND NO. 2 LIMITED**  
**Annual report and financial statements**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

## KESTREL AVIATION IRELAND NO. 2 LIMITED

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## **KESTREL AVIATION IRELAND NO. 2 LIMITED**

### **Directors and Other Information**

#### **Directors**

William Brennan  
Christopher Cullen  
Joo Il Kim

#### **Company secretary**

MFD Secretaries Limited  
32 Molesworth Street  
Dublin 2  
Ireland

#### **Registered number**

639007

#### **Registered office**

32 Molesworth Street  
Dublin 2  
Ireland

#### **Independent auditor**

KPMG  
Chartered Accountants  
1 Harbourmaster Place  
IFSC  
Dublin 1  
Ireland

#### **Bankers**

J.P. Morgan Bank  
200 Capital Dock  
79 Sir John Rogerson's Quay  
Dublin 2  
Ireland

#### **Solicitors**

Matheson  
70 Sir John Rogerson's Quay  
Dublin 2  
Ireland

#### **Managing agent**

Maples Fiduciary Services (Ireland) Limited  
32 Molesworth Street  
Dublin 2  
Ireland

#### **Lease manager**

Dubai Aerospace Enterprise Limited  
Block B Riverside IV  
Grand Canal Dock  
Dublin 2  
Ireland

## **KESTREL AVIATION IRELAND NO. 2 LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2024**

The Directors present their annual report and the audited financial statements of Kestrel Aviation Ireland No. 2 Limited (the "Company") for the year ended 31 December 2024.

#### **Principal Activities, Business Review and Future Developments**

The Company was incorporated in the Republic of Ireland on 5 December 2018 as a special purpose company whose principal activity is the purchasing, leasing and disposal of jet aircraft. The aircraft came off lease in April 2023 and the Company subsequently sold the aircraft. Following the sale, the Company has ceased its leasing operations.

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

The Company ceased active leasing operations following the aircraft sale. As it remains part of the group it is required to remain compliant with the structure governing documents. These impose strict controls over cash movements, reporting and governance. As such the risk is considered low.

The Company is subject to risks arising from the general market conditions and other risks as described below:

##### **Market Risk**

The Company no longer has exposure to aircraft values, lease rates or market volatility. Market risk is therefore minimal.

##### **Credit and Counterparty Risk**

Following the sale of the aircraft, the Company has no exposure to airline counterparty risks. Residual credit exposure is limited to related service providers and is considered very low, in light of the fact that the Parent company meets all of the Company's operating expenses.

The Directors have considered the potential risks based on the currently available information and level of activity and are satisfied that due to the nature of the Company's operations there is no other significant risk to the Company other than those disclosed above.

#### **Going Concern**

The Directors plan to realise the assets and settle the liabilities of the Company with a view to liquidating the Company within 12 months from the date of signing these financial statements. As a result, the financial statements have been prepared on a basis other than going concern.

In assessing whether the going concern assumption was appropriate, the Directors considered all available information about the future of the Company. As a result, the financial statements have been prepared on a liquidation basis. Assets and liabilities have been reflected at their respective recoverable or contractual settlement amounts.

#### **Key Performance Indicators**

As the Company ceased trading, the Directors consider that traditional KPIs are no longer relevant. As a result the Directors monitor a limited set of indicators in line with the Company's operational profile and relate solely to administrative expenses incurred during the year:

- Operating income of US\$nil (2023: US\$133,799);
- Loss before tax of US\$34,769 (2023: profit before tax of US\$8,590,093); and
- Administrative expenses US\$34,769 (2023:US\$428,161)

## **KESTREL AVIATION IRELAND NO. 2 LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2024**

#### **Results for the year and Dividends**

The results of the Company for the financial year ended 31 December 2024 are set out in the Statement of Profit or Loss Account and Other Comprehensive Income on page 9 and in the Balance Sheet on page 10. The loss on ordinary activities for the financial year before taxation amounted to US\$34,769 (2023: profit before tax of US\$8,590,093), and after nil taxation credit (2023: US\$nil), the loss of US\$34,769 (2023: the profit of US\$8,590,093) was transferred to reserves. Shareholders' deficit at 31 December 2024 amounted to US\$5,419,338 (2023: 5,384,569). There were no dividends declared during the financial year (2023: US\$nil).

Total cash and cash equivalents at 31 December 2024 was US\$2,559 (2023: US\$2,517). Total assets at 31 December 2024 was US\$2,560 (2023: US\$2,518) and total liabilities was US\$5,421,898 (2023: US\$5,387,087).

#### **Directors and Secretary and their Interests**

The names of the persons who were Directors at any time during the financial year ended 31 December 2024 are set out below. In accordance with the Articles of Association, the Directors are not required to retire by rotation.

Directors:

William Brennan  
Christopher Cullen  
Joo Il Kim

Secretary:

MFD Secretaries Limited

#### **Interests**

The Directors and the Company Secretary's interest in shares are required to be disclosed in accordance with section 261 to 263 of the Companies Act, 2014. The Directors and the Company secretary who held office at 31 December 2024 do not have any direct or beneficial interest in the shares, deferred shares, share options and debentures of the Company, or any Company at that date or during the financial year.

#### **Transactions Involving Directors**

There were no loans advanced to the Directors at any time during the financial year. There were no 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.

#### **Issue of Shares**

Authorised share capital consists of 100,000 ordinary shares of US\$1 each. One share was issued on 11 December 2018 to Kestrel Aircraft Funding Limited ("KAFL"). Additional shares were allotted to KAFL on 1 September 2021, resulting to total of 6,140,379 issued shares.

#### **Political Contributions**

No political contributions were made by the Company during the financial year (2023: nil).

#### **Accounting Records**

The Directors are responsible for ensuring that proper books and accounting records, as outlined in Section 281 of the Companies Act 2014, are kept by the Company. To achieve this, the Directors have appointed Maples Fiduciary Services (Ireland) Limited ("Maples") to provide accounting services, who report to the board and ensure that the requirements of Section 281 to 285 of the Companies Act 2014, are complied with. The books of account of the Company are maintained at 32 Molesworth Street, Dublin 2, Ireland.

#### **Events after the end of the Reporting Date**

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

**KESTREL AVIATION IRELAND NO. 2 LIMITED**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2024**

**Relevant Audit Information**


Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:


- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Independent Auditor**

The auditors KPMG were appointed to office in accordance with Section 382(1) of the Companies Act, 2014 on 14 December 2018.

This report was approved by the Board on 13 February 2026 and signed on its behalf.

DocuSigned by:  
  
.....8479962323A5493.....  
William Brennan  
**Director**

Signed by:  
  
.....09D8F4769DA8468.....  
Christopher Cullen  
**Director**

## KESTREL AVIATION IRELAND NO. 2 LIMITED

### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

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 FRS 101 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 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 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 plan to realise the assets and settle the liabilities of the Company with a view to liquidating the Company within 12 months from the date of signing these financial statements. As a result, the financial statements have been prepared on a basis other than going concern.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that the financial statements comply with the Companies Act 2014. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the 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.

On behalf of the board

DocuSigned by:

*William Brennan*

8479962323A5493...

William Brennan  
Director

Signed by:

*Christopher Cullen*

09D8E47690A8468

Christopher Cullen  
Director



**KPMG**

Audit  
1 Harbourmaster Place  
IFSC  
Dublin 1  
D01 F6F5  
Ireland

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KESTREL AVIATION IRELAND NO. 2 LIMITED**

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

#### ***Opinion***

We have audited the financial statements of Kestrel Aviation Ireland No. 2 Limited ('the Company') for the year ended 31 December 2024 set out on pages 9 to 24, which comprise the Statement of Profit or Loss and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the summary of material accounting policies set out in note 2.

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 2024 and of its loss 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.

#### ***Emphasis of matter - non-going concern basis of preparation***

We draw attention to the disclosure made in note 2 to the financial statements which explains that the financial statements are not prepared on the going concern basis for the reasons set out in that note.

Our opinion is not modified in respect of this matter.

#### ***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



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KESTREL AVIATION IRELAND NO. 2 LIMITED (Continued)**

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 5, 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.

#### ***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.



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KESTREL AVIATION IRELAND NO. 2 LIMITED (Continued)

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.

16 February 2026

**James Gleeson**

for and on behalf of

**KPMG**

**Chartered Accountants, Statutory Audit Firm**

1 Harbourmaster Place

IFSC

Dublin 1

D01 F6F5

**KESTREL AVIATION IRELAND NO. 2 LIMITED****STATEMENT OF PROFIT OR LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Note	2024 US\$	2023 US\$
Operating income	3a	-	133,799
Other income	3b	-	10,683,618
Depreciation and amortisation	8	-	(626,749)
General and administration expenses	4	(34,769)	(428,161)
<b>Net operating (loss)/profit on continuing activities</b>		(34,769)	9,762,507
Finance expense	5	-	(1,172,414)
<b>(Loss)/Profit on ordinary activities before taxation</b>		(34,769)	8,590,093
Taxation	7	-	-
<b>(Loss)/Profit on ordinary activities after taxation</b>		(34,769)	8,590,093
Other comprehensive income		-	-
<b>Total comprehensive (loss)/profit for the financial year</b>		<b>(34,769)</b>	<b>8,590,093</b>

All results for the year are attributable to the owners of the Company. The Company had no continuing operations during 2024.


The accompanying notes on pages 12 to 24 form an integral part of these financial statements.

**KESTREL AVIATION IRELAND NO. 2 LIMITED**

**BALANCE SHEET  
AS AT 31 DECEMBER 2024**

	Note	2024 US\$	2023 US\$
<b>Non-current assets</b>			
Aircraft and related assets	8	-	-
<b>Current assets</b>			
Cash and cash equivalents		2,559	2,517
Other Assets		1	1
<b>Total current assets</b>		<u>2,560</u>	<u>2,518</u>
<b>Total assets</b>		<u><b>2,560</b></u>	<u><b>2,518</b></u>
<b>Capital and reserves</b>			
Share capital	10	6,140,379	6,140,379
Profit or loss account		(11,559,717)	(11,524,948)
<b>Shareholder's deficit</b>		<u><b>(5,419,338)</b></u>	<u><b>(5,384,569)</b></u>
<b>Liabilities - amounts falling due within one year</b>			
Other liabilities	9	5,421,898	5,387,087
		<u>5,421,898</u>	<u>5,387,087</u>
<b>Liabilities - amounts falling due for more than one year</b>			
		-	-
<b>Total liabilities</b>		<u><b>5,421,898</b></u>	<u><b>5,387,087</b></u>
<b>Total liabilities and equity</b>		<u><b>2,560</b></u>	<u><b>2,518</b></u>

Approved by the Board and authorised for issue on 13 February 2026.

DocuSigned by:  
  
 8479962323A5493  
 William Brennan  
 Director

Signed by:  
  
 99D8F47690A8468  
 Christopher Cullen  
 Director

The accompanying notes on pages 12 to 24 form an integral part of these financial statements.

**KESTREL AVIATION IRELAND NO. 2 LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Share capital	Profit or loss account	Total deficit
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
<b>At beginning of year</b>	6,140,379	(11,524,948)	(5,384,569)
Transactions with Shareholders	-	-	-
Comprehensive loss for the year	-	(34,769)	(34,769)
<b>Balance at 31 December 2024</b>	<b>6,140,379</b>	<b>(11,559,717)</b>	<b>(5,419,338)</b>

	Share capital	Profit or loss account	Total deficit
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
<b>At beginning of year</b>	6,140,379	(20,115,041)	(13,974,662)
Transactions with Shareholders	-	-	-
Comprehensive profit for the year	-	8,590,093	8,590,093
<b>Balance at 31 December 2023</b>	<b>6,140,379</b>	<b>(11,524,948)</b>	<b>(5,384,569)</b>

All equity is attributable to the shareholders of the Company.

The accompanying notes on pages 12 to 24 form an integral part of these financial statements.

## KESTREL AVIATION IRELAND NO. 2 LIMITED

### Notes to the financial statements For the year ended 31 December 2024

#### 1. General information

Kestrel Aviation Ireland No. 2 Limited (the "Company") is a limited liability company incorporated in Ireland on 11 December 2018 as a special purpose company whose principal activity is the purchasing, leasing and disposal of jet aircraft and is domiciled in the Republic of Ireland. The address of its registered office is 32 Molesworth Street, Dublin 2 and the registration number is 639007.

Due to the nature of the Company's business and the type of transactions the company is engaged in, the Directors have adopted the Profit or Loss Account and the Balance Sheet to suit the circumstances of the business in line with Section 291(4) of the Companies Act 2014.

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

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101") and Irish statute comprising of the Companies Act 2014.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("EU IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2014 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken. The financial statements of Kestrel Aircraft Funding Limited ("KAFL") are prepared in accordance with IFRS and are available to the public and may be obtained from the Companies Registration Office, Gloucester Place Lower, Dublin 1.

The financial statements have been prepared in US Dollars (US\$).

The financial statements have been prepared on a non-going concern basis.

##### Financial reporting standard 101 - reduced disclosure exemption

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Disclosures in respect of capital management;
- The effects of new standards and interpretations issued but not yet effective;
- Disclosures in respect of the compensation of Key Management Personnel;
- Requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members;
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.

As the consolidated financial statements of KAFL (whose accounts consolidate the accounts of the Company) and which have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), include equivalent disclosures, the Company has taken exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement; and
- The disclosures required by IFRS 7 Financial Instrument Disclosures.

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2024 that have a material effect on the financial statements of the Company.

## KESTREL AVIATION IRELAND NO. 2 LIMITED

### Notes to the financial statements For the year ended 31 December 2024

#### 2. Accounting policies (continued)

##### 2.1 Basis of preparation of financial statements (continued)

###### *Significant estimates and judgements*

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Note 10. Other liabilities

The preparation of the financial report in conformity with FRS 101 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.

###### *Judgements*

The key judgements that could affect the reported results are those concerning the going concern and determining the classification of lease arrangements entered into by the Company. Going concern is disclosed in Note 2.2. All leases entered into by the Company as lessor have been classified as operating lease.

###### *Estimates*

###### *Aircraft impairment*

Aircraft are evaluated for impairment in each reporting period, or when there are indicators of impairment. Estimates and judgement are used in determining the value in use and fair value of aircraft. The Company estimates future lease cash flows, useful economic life, discount rate, residual value, and current and future fair values. The estimates and assumptions used are based on historical trends as well as future expectations. For some of these estimates including residual values, the Company utilises independent appraisers to determine the appropriate inputs.

###### *Aircraft residual value and useful economic life*

Estimates are used in determining the residual value and useful economic life of aircraft. The useful economic life and residual value of aircraft are generally estimated being 25 years from the date of manufacture and 15% of cost, respectively. Where more relevant information indicates a different pattern in which the benefits associated with an aircraft are consumed, management adjust the residual value and useful economic life estimates for those specific aircraft.

Residual value and useful economic life estimates of aircraft and related assets are reviewed at a minimum at each annual reporting date considering management's experience and knowledge of the industry, the Company's strategy (that relating to the acquisition, disposition and leasing of the aircraft) as well as external market factors.

##### 2.2 Going concern

Following the sale of the aircraft and cessation of the principal activities of the Company, the Directors plan to realise the assets and settle the liabilities of the Company with a view to liquidating the Company within 12 months from the date of signing these financial statements. As a result, the financial statements have been prepared on a basis other than going concern.

In assessing whether the going concern assumption was appropriate, the Directors considered all available

## KESTREL AVIATION IRELAND NO. 2 LIMITED

### Notes to the financial statements For the year ended 31 December 2024

#### 2. Accounting policies (continued)

information about the future of the Company. As a result, the financial statements have been prepared on a liquidation basis. Assets and liabilities have been reflected at their respective recoverable or contractual settlement amounts.

##### 2.3 Revenue Recognition

Under IFRS 16 Leases, a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for the consideration and control is conveyed where the customer has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use. The Company, as lessor, leases aircraft under operating leases and records rental income over the life of the lease as it is earned. The Company accounts for lease rental income under lease agreements that include step rent clauses on a straight-line basis.

Leases where the Company transfers substantially all of the risks and rewards of ownership to the lessees are classified as finance leases. All other leases are classified as operating leases.

##### *Operating lease with the Company as lessor*

Rental income from operating leases (net of any incentives given to lessees) is recognised in the Statement of Comprehensive Income on a straight-line basis over the lease term.

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

##### 2.4 Finance expense

Finance expense comprises of interest expense on borrowings and financing fee amortisation. All borrowing costs are recognised in Statement of Profit or Loss Account and Other Comprehensive Income using the effective interest rate method.

##### 2.5 Cash and cash equivalents

Cash and cash equivalents comprise of amounts due from banks and where applicable, overdrafts. They are convertible into cash with an insignificant risk of changes in value and with original maturities of less than 90 days.

##### 2.6 Financial instruments

##### *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.

The financial assets held on the statement of financial position are simple financial assets which, in the form of receivables, are held to collect contractual cash flows through the underlying lease agreements on the aircraft. Accordingly, they continue to be classified at amortised cost under IFRS 9.

The financial liabilities held on the statement of financial position are all recognised at amortised cost.

##### *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 period following the change in the business model.

## KESTREL AVIATION IRELAND NO. 2 LIMITED

### Notes to the financial statements For the year ended 31 December 2024

#### 2. Accounting policies (continued)

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 instrument 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.

#### 2.6 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 periods, 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).

#### *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. Financial liabilities are initially measured at fair value (less directly attributable policies), and subsequently measured at amortized cost, on an effective interest rate basis. 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

## KESTREL AVIATION IRELAND NO. 2 LIMITED

### Notes to the financial statements For the year ended 31 December 2024

#### 2. Accounting policies (continued)

measured at amortised cost and debt investments measured at FVOCI. The Company measures loss allowances at an amount equal to lifetime ECLs.

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

Lifetime losses are estimated by comparing the outstanding receivables at year end, with post year end collections and security deposits deemed as credit enhancements. Any deficit is provided for based on estimates of probability and loss given default. The carrying amount of the asset shall be reduced directly. The amount of the loss shall be recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Financial liabilities are either 'other financial liabilities' or 'financial liabilities at FVPL'. 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. Other financial liabilities include 'security deposits', loans, and borrowings', and 'trade and other payables' in the statement of financial position.

#### 2.7 Aircraft and related assets

##### Cost

Aircraft assets are initially recorded at cost including directly attributable transaction costs on acquisition. Aircraft are subsequently measured at cost less accumulated depreciation and any impairment losses.

##### Maintenance rights asset

Maintenance rights asset represents the value in the difference between the contractual right under the acquired in-place leases to receive the aircraft in a specified maintenance condition at the end of the lease and the actual physical condition of the aircraft at the date of acquisition. A maintenance right asset represents the fair value of our contractual right under a lease to receive an aircraft in an improved maintenance condition as compared to the maintenance condition on the acquisition date. A maintenance right liability represents our obligation to pay the lessee for the difference between the lease end contractual maintenance condition of the aircraft and the actual maintenance condition of the aircraft on the acquisition date. The Company did not recognise any maintenance right liabilities in the current year.

##### Lease component asset and liabilities

At the time of an aircraft acquisition, the Company evaluates whether the lease acquired with the aircraft is at fair market value. A lease premium is recognised when it is determined that the acquired lease terms are above market value; lease discounts are recognised when it is determined that the acquired lease terms are below fair market value. Lease component asset and liabilities are capitalised as a portion of the Aircraft (and related) assets value and are amortised as lease revenue (for sale and lease back acquisitions) or depreciation, amortisation, and impairment (for portfolio acquisitions) on a straight-line basis over the lease term.

##### *Purchase price allocation of acquired aircraft and related assets*

Upon acquisition of an aircraft, the cost was determined through purchase price allocation based on the aircraft and related assets acquired - metal value, maintenance, and lease components. The Company employs appraisers in order to place a value on the assets acquired.

##### Aircraft

The Company depreciates aircraft (and related) assets on a straight-line basis to a residual value at the end of the useful economic life.

The useful economic life and residual value of aircraft and related assets are generally estimated as being 25 years from date of manufacture and 15% of cost, respectively. Where more relevant information

## **KESTREL AVIATION IRELAND NO. 2 LIMITED**

### **Notes to the financial statements For the year ended 31 December 2024**

#### **2. Accounting policies (continued)**

indicates a different pattern in which the benefits associated with an aircraft are consumed, management adjust the residual value and useful economic life estimates for those specific aircraft.

Residual value and useful economic life estimates of aircraft and related assets are reviewed at a minimum at each annual reporting date considering management's experience and knowledge of the industry, the Company's strategy (that relating to the acquisition, disposition and leasing of aircraft) as well as external market factors. Changes are accounted for as a charge in accounting estimate.

#### **2.7 Aircraft and related assets (continued)**

##### **Maintenance rights asset**

The commencement of amortisation of maintenance rights asset is triggered by maintenance events. Following a maintenance event, the portion of the cost of the event that relates to the maintenance rights asset is capitalised to aircraft asset and is then depreciated on a straight-line basis over the remaining useful economic life of the aircraft. On termination of a lease, any remaining maintenance rights asset is offset against any remaining Maintenance reserves cash balances. Excess maintenance reserves are then released to the Statement of Profit or Loss Account and Other Comprehensive Income, recognised as Other Income.

##### **Lease component assets and liabilities**

Lease component assets and liabilities are amortised on a straight-line basis over the remaining term of the related lease.

The assets' residual values, useful lives, and depreciation methods are reviewed and adjusted if appropriate as at each financial year end.

##### **Disposal of aircraft**

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These are included in the Statement of Profit or Loss Account and Other Comprehensive Income.

##### **Derecognition**

Aircraft (and related) assets are derecognised upon disposal or when no further future economic benefits are expected from their use or disposal.

##### **Impairment**

At each reporting date, the carrying values of aircraft (and related) assets are assessed for indications of impairment. If any indicator of impairment exists, an estimate of the asset's recoverable amount is calculated. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an assets fair value less cost to sell and value in use. A previously recognised impairment loss is only reversed if there has been an increase in the asset's recoverable amount since the last impairment loss was recognised. The impairment loss would be reversed to the revised estimate of its recoverable amount but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in the prior years. A reversal of an impairment loss is recognised immediately in Statement of Profit or Loss Account and Other Comprehensive Income.

## **KESTREL AVIATION IRELAND NO. 2 LIMITED**

### **Notes to the financial statements For the year ended 31 December 2024**

#### **2. Accounting policies (continued)**

##### **2.8 Maintenance reserves**

Under certain leases, the Company requires lessees to make regular additional rent payments based on aircraft utilisation. In all cases the leases require the lessees to be responsible for maintenance and repairs, including major airframe and engine overhauls (major maintenance events) over the term of the lease. Under the terms of some leases, the Company is obliged to reimburse the lessee for the cost of major maintenance events (up to the amount of supplemental rent paid).

In certain circumstances, the Company as lessor agrees to defer the receipt of the lessee's compensation for the use of the aircraft until the lease end. The compensation is typically calculated on the basis of the condition of each major component at the end of the lease relative to the commencement of the lease. If each major component is returned to the lessor in worse condition, the lessee is required to make a payment to the lessor. Such payment will be calculated on the basis of condition measured by hours, number of cycles or time at an agreed rate specified in the lease. End of lease compensation is recognised as supplemental rent when such amounts are virtually certain and estimable. Maintenance costs incurred when an aircraft is off lease are recognised as an expense in the period incurred.

##### **2.9 Leases**

The Company leases aircraft to airline operators. The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Leases in which the Company retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Initial direct costs incurred in negotiating and executing an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as lease rental revenue. Leases in which the risks and benefits of ownership transfer to the lessee are classified as finance leases.

##### **2.10 Other receivables**

Other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If payments received from customers exceed the income recognised, then the difference is presented as deferred income. Trade receivables include, but are not limited to, operating lease receivables, VAT recoverable and a number of other operating receivables.

##### **2.11 Other liabilities**

Trade payables represent amounts due by the Company in connection with the carrying on of its trade. Intercompany payables are measured at amortised cost, settlement terms are based on existing agreements. The Parent company has provided a letter of support in relation to the outstanding balances.

##### **2.12 Security deposits**

Security deposits on leased aircraft are generally paid by the lessee on the execution of the lease and are non-refundable during the term of the lease. The amounts are held as security for the timely and faithful performance by the lessee of its obligations during the lease and are included on the Statement of Financial Position. The deposit may be applied against amounts owing from the lessee for rent or returned to the lessee on the termination of the lease. The lease deposits are classified as financial liabilities initially measured at fair value and subsequently at amortised cost.

## KESTREL AVIATION IRELAND NO. 2 LIMITED

### Notes to the financial statements For the year ended 31 December 2024

#### 2. Accounting policies (continued)

##### 2.13 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 through profit or loss in the Statement of Comprehensive Income.

##### 2.14 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 temporary 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 periods in which the timing differences reverse, based on those tax which are enacted or substantively enacted for each jurisdiction. Deferred tax assets are recognised only to the extent that it is considered more likely than not that they will be recovered.

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

Current tax comprises of the expected tax payable or receivable on taxable income or loss for the financial year and any adjustments in respect of previous financial years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received. It is measured using the tax rates enacted or substantially enacted at the reporting date.

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

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

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted by the reporting date. A deferred tax asset is recognised to the extent that it is probable that the future tax able profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that is no longer probable that the related tax benefit will be realised.

##### 2.15 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributed to the issue of shares are recognised as a deduction from equity, net of tax effects.

## KESTREL AVIATION IRELAND NO. 2 LIMITED

### Notes to the financial statements For the year ended 31 December 2024

#### 3a. Operating income

	2024 US\$	2023 US\$
Lease rental revenue	-	133,799

Prior year income arises from the leasing of aircraft under operating leases. All income was derived from activities carried out in Europe.

#### 3b. Other income

	2024 US\$	2023 US\$
Release of maintenance reserves	-	9,389,403
EOL income	-	1,294,215
	<u>-</u>	<u>10,683,618</u>

The aircraft came off lease in April 2023 and the Company subsequently sold the aircraft. Following the sale, the Company has ceased its leasing operations.

#### 4. General and administration expenses

	2024 US\$	2023 US\$
Aircraft costs	862	270,595
Legal and professional fees	33,839	157,566
Other fees and expenses	68	-
	<u>34,769</u>	<u>428,161</u>

#### 5. Finance expense

	2024 US\$	2023 US\$
Interest expense on loans	-	1,172,414

#### 6. Profit on ordinary activities before tax

	2024 US\$	2023 US\$
<b>The profit is arrived at after charging:</b>		
Directors remuneration (fees)	-	-
Directors remuneration (other)	-	-
Depreciation and amortisation	-	626,749
Auditors' remuneration - Audit	7,500	7,500
Auditors' remuneration - Tax Compliance	-	-
Other non-audit services	-	-
	<u>7,500</u>	<u>634,249</u>

Auditors' remuneration arises on fees incurred for the statutory audit of the Company.

## KESTREL AVIATION IRELAND NO. 2 LIMITED

### Notes to the financial statements For the year ended 31 December 2024

#### 7. Taxation

	2024 US\$	2023 US\$
<b>Current tax</b>		
Income tax charge/(credit) for the year on ordinary activities	-	-
<b>Total current tax</b>	<u>-</u>	<u>-</u>
<b>Deferred tax</b>		
Origination of timing differences	4,345	-
Movement in unrecognised deferred tax asset	(4,345)	-
<b>Total deferred tax</b>	<u>-</u>	<u>-</u>
<b>Tax credit for the year</b>	<u>-</u>	<u>-</u>

#### Factors affecting 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:

	2024 US\$	2023 US\$
(Loss)/Profit on ordinary activities before tax	(34,769)	8,590,093
(Loss)/Profit on ordinary activities multiplied by standard rate of corporation tax in Ireland of 25% (2023: 12.5%)	8,692	(1,073,764)
Income taxed at a higher/(lower) rate	(4,345)	-
Movement in unrecognised deferred tax asset	(4,345)	1,073,764
<b>Total tax (charge) / credit for the year</b>	<u>-</u>	<u>-</u>

#### Factors that may affect future tax charges

Tax is chargeable in future years unless Company relief is available. From 1 January 2025, the corporation tax rate is expected to remain at its current rate of 25%.

#### Deferred tax

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

	2024 US\$	2023 US\$
Tax losses carried forward	4,345	1,073,764
Movement in unrecognised deferred tax asset	(4,345)	(1,073,764)
<b>Net deferred tax asset</b>	<u>-</u>	<u>-</u>

## KESTREL AVIATION IRELAND NO. 2 LIMITED

### Notes to the financial statements For the year ended 31 December 2024

#### 7. Taxation (continued)

The deferred tax balance is composed of:

	2024 US\$	2023 US\$
Capital allowances in excess of depreciation	-	-
Tax losses carried forward	-	-
<b>Net deferred tax asset</b>	<b>-</b>	<b>-</b>

#### 8. Aircraft and related assets

	Aircraft US\$	Maintenance component asset US\$	Lease component asset US\$	Lease component liability US\$	Total US\$
<b>Cost</b>					
At the beginning of the financial year	23,531,640	4,664,855	-	(888,083)	27,308,412
Disposals during the financial year	(23,531,640)	(4,664,855)	-	888,083	(27,308,412)
<b>Balance at 31 December 2023</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Accumulated depreciation and amortisation:</b>					
At the beginning of the financial year	(6,073,009)	-	-	862,103	(5,210,906)
Current year depreciation and amortisation	(626,749)	-	-	-	(626,749)
Depreciation and amortisation relating to disposals	6,699,758	-	-	(862,103)	5,837,655
<b>Balance at 31 December 2023</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Impairment:</b>					
At the beginning of the financial year	(12,016,606)	(3,266,406)	-	25,980	(15,257,032)
Impairment relating to disposals	12,016,606	3,266,406	-	(25,980)	15,257,032
<b>Balance at 31 December 2023</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book value At 31 December 2023</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The aircraft came off lease in April 2023 and the Company subsequently sold the aircraft in 2023.

## KESTREL AVIATION IRELAND NO. 2 LIMITED

### Notes to the financial statements For the year ended 31 December 2024

#### 9. Other liabilities

	2024 US\$	2023 US\$
Accruals and other payables	30,000	30,000
Payables to other group entities	5,391,898	5,357,087
	<u>5,421,898</u>	<u>5,387,087</u>

Amounts payable to other Company entities are due on demand and do not bear interest. Provisions for liquidation expenses are measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

#### 10. Ordinary share capital

	2024 US\$	2023 US\$
<b>Allotted, called up and unpaid</b>		
Ordinary shares	<u>6,140,379</u>	<u>6,140,379</u>

Authorised share capital consists of 100,000 ordinary shares of US\$1 each. One share was issued on 11 December 2018 to KAFL. Additional shares were allotted to KAFL on 1 September 2021, resulting to total of 6,140,379 issued shares.

Ordinary shares carry one vote per share. There are no additional rights, preferences or restrictions associated with these shares.

#### 11. Employees

Maples acts as corporate administrator to the Company in accordance with the terms of the Administration Agreement. The Company has entered into a lease management agreement with Dubai Aerospace Enterprise (DAE) Ltd ('DAE') to provide leasing and asset management services as per the service agreement. The Company did not directly employ any persons during the year.

#### 12. Capital commitments

At 31 December 2024, there are no outstanding capital commitments (2023: US\$nil).

#### 13. Related party transactions

DAE acts as leasing and asset manager of the Company. There no fees payable to DAE at the year end. During the financial year, the Company incurred fees relating to administration services provided by Maples which was borne by KAFL.

KAFL provided the intercompany loans to the Company. Total interest charged for the year in respect of the loans was US\$nil (2023: US\$1,172,414). The total balance of the loan was US\$nil (2023: US\$nil) as at 31 December 2024.

The balance payable to KAFL, excluding the intercompany loans, as at 31 December 2024 was US\$5,391,898 (2023: US\$5,357,087).

#### 14. Events after the end of the Reporting Date

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

## **KESTREL AVIATION IRELAND NO. 2 LIMITED**

### **Notes to the financial statements For the year ended 31 December 2024**

#### **15. Parent undertaking**

The Company's ultimate parent undertaking and controlling party is Kestrel Aircraft Funding Limited (a Cayman Islands incorporated company), registered as a branch in Ireland with a registered office located at 32 Molesworth Street, Dublin 2, Ireland.

The entire share capital of the Company is held by KAFL.

#### **16. Approval of financial statements**

The board of Directors approved these financial statements for issue on 13 February 2026.