

**INCLINE ALADDIN ENGINE FUNDING
DESIGNATED ACTIVITY COMPANY**

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

INCLINE ALADDIN ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (“DAC”)

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INCLINE ALADDIN ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (“DAC”)

COMPANY INFORMATION

Directors	Declan Cotter Gavin Mercer Maurice Prendergast James Conroy Darragh Smyth (alternate to Declan Cotter)
Company secretary	Gavin Mercer
Registered number of incorporation	628583
Registered office	West Pier Dun Laoghaire County Dublin Ireland
Independent auditor	Ernst & Young Chartered Accountants Ernst & Young Building Harcourt Centre Harcourt Street Dublin 2 Ireland
Solicitor	McCann Fitzgerald Riverside 1 Sir John Rogerson's Quay Dublin 2 Ireland

INCLINE ALADDIN ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (“DAC”)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

The Directors present herewith their report and audited financial statements of Incline Aladdin Engine Funding Designated Activity Company (the “Company”) for the financial year ended 31 December 2024. The comparative period was for the financial year ended 31 December 2023.

Principal Activities and Review of the Development of the Business

The principal activity of the Company is the leasing of jet engines. The Directors expect these activities to continue for the foreseeable future. The Directors continue to review and seek business opportunities for the Company. The Company’s Directors regularly review financial information related to the performance of the Company as well as relevant arrangements when making operating decisions. The principal key performance indicators used by management to monitor the performance are results from operating activities. The Company’s fixed-rate note is listed with the Cayman Islands Stock Exchange.

Principal Risks and Uncertainties

The Company, in the course of its business activities, is exposed to asset, market, credit, liquidity, foreign currency and interest rate risk as the principal risks facing the Company, as it bears the risk of non-performance under the leases by the airlines operating the aircraft. The Company in turn has a financial risk policy that is managed by a related party, BBAM Aviation Services Limited (“BBAM ASL”). The Board of Directors ensures that risks are identified and managed in accordance with the objectives of the Company. The financial risks are discussed in more detail in Note 27 ‘Risks and uncertainties’ which is included herein by reference.

Results for the Financial Year and State of Affairs at 31 December 2024

The Statement of Comprehensive Income for the financial year ended 31 December 2024 and the Statement of Financial Position at 31 December 2024 are set out on pages 13, 14 and 15, respectively. The Company’s profit on ordinary activities for the financial year before taxation amounted to US\$114,646 (2023: loss of US\$2,081,545). After charging tax of US\$28,662 (2023: credit of US\$520,386), a net profit of US\$85,984 (2023: net loss of US\$1,561,159) is transferred to reserves. Shareholders’ funds at 31 December 2024 amounted to a deficit of US\$3,954,945 (2023: US\$4,040,929). The Directors do not recommend a dividend to be paid in respect of the current financial year (2023: US\$Nil).

Directors’ and Secretary’s Interests

The Directors who served during the financial 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.

The Directors and the Company Secretary do not have any direct or beneficial interest in the shares, deferred shares, share options and debentures of the Company at 1 January 2024 or 31 December 2024 requiring disclosure in the Directors’ Report pursuant to Section 329 of the Companies Act 2014.

Going Concern

The Directors have prepared the financial statements for the financial year ended 31 December 2024 on the going concern basis of preparation.

The Directors have considered the impact on Incline B Aviation Limited Partnership, the ultimate parent undertaking and controlling party, and its subsidiaries, in the context of the Company’s use of the going concern basis of preparation at the date of signing these financial statements by evaluating all cash inflows and outflows of Incline B Aviation Limited Partnership and its subsidiaries, over the coming year under the following assumptions, judgments and estimates;

- the current cash and liquidity position and its committed income,
- the estimated cash outflows to cover all obligations for the next twelve months,
- the letter of support provided by the ultimate parent undertaking and controlling party, and
- the additional liquidity from available unfunded capital commitments. As at 31 December 2024 and as of the date of these financial statements, the unfunded capital commitments of the ultimate parent undertaking’s investors amount to US\$270.3 million and US\$248.1 million, respectively.

INCLINE ALADDIN ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (“DAC”)

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

Going Concern (continued)

Based on this analysis and all information available at present, the Directors believe that the Company has sufficient liquidity to meet its obligations as they fall due and that it continues to be appropriate to prepare the financial statements on a going concern basis of preparation for at least twelve months from the date of the approval of these financial statements.

Events after the Reporting Period

Subsequent to 31 December 2024, the Company sold one Airbus A320 aircraft that was off lease as well as two CFM56 type engines, both of which were off-lease and realised a gain on sale on these transactions.

There are no other significant events subsequent to 31 December 2024 that require adjustment to or disclosure in these financial statements.

Political Donations

No political donations were made by the Company during the financial year (2023: US\$Nil).

Charitable Contributions

No charitable contributions were made by the Company during the financial year (2023: US\$Nil).

Accounting Records

The measures that the Directors have taken to secure compliance with the requirements of Sections 281 to 285 of the Companies Act 2014, with regard to the keeping of accounting records, include the provision of appropriate resources to maintain adequate accounting records, including the appointment of personnel with appropriate qualifications, experience and expertise.

The accounting records are maintained by BBAM Limited Partnership (“BBAM LP”), a related party undertaking, at 150 Spear Street, Suite 850, San Francisco, CA 94105, USA. Although the accounting records are kept at a place outside the State, these are sent to and kept at a place in the State and such information and returns relating to the business dealt with in the accounting records will (a) disclose with reasonable accuracy the assets, liabilities, financial position and profit or loss of that business at intervals not exceeding 6 months, and (b) enable to be prepared in accordance with Part 6 of the Companies Act 2014 the Company’s statutory financial statements as required by Section 290, and the Directors’ Report as required by Section 325. These accounting records are held at the Company’s registered office.

Statement on Relevant Audit Information

In the case of each person who is a Director at the time this report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's statutory auditor is unaware, and
- the Director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's statutory auditor is aware of that information.

INCLINE ALADDIN ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (“DAC”)

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

Independent Auditor

Ernst & Young, Chartered Accountants, have expressed their willingness to continue in office in accordance with section 383(2) of the Companies Act 2014.

Directors' Responsibilities Statement

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


Irish company law requires the Directors to prepare the financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with IFRS as adopted by the European Union. 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 at the financial year end date and of the profit or loss of the Company for the financial year 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 judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards and note the effect and the reasons for any material departure from those standards.

The Directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record 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, enable them to ensure that the financial statements and Directors' Report comply with the Companies Act 2014 and enable the financial statements to be audited. They 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.

Approved by the Board and authorised for issue on 18 September 2025.



Declan Cotter
Director



Gavin Mercer
Director



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INCLINE ALADDIN
ENGINE FUNDING DESIGNATED ACTIVITY COMPANY**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Incline Aladdin Engine Funding Designated Activity Company ('the Company') for the year ended 31 December 2024, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes to the financial statements, including the material accounting policy information set out in Note 1. The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2014.

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- 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) as applied to listed entities, 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.



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INCLINE ALADDIN
ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (CONTINUED)**

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- In conjunction with our walkthrough of the Company's financial close process, we confirmed our understanding of management's Going Concern assessment process and also engaged with management early to ensure all key factors were considered in their assessment;
- We obtained management's going concern assessment, including the cash flow analysis and forecast for a period of 12 months from the expected date of signing of the financial statements.
- We reviewed the sources of cash inflows available to the Company and the various scenario analyses performed by management. We noted that in management's most stressed scenario, management's forecasted minimum cash requirement would still be generated by the Company.
- We have considered the assumptions included in the cash flow analysis prepared. We considered the appropriateness of the methods used within the cash flow analysis and determined through inspection and testing of the methodology and calculations that the methods utilised were appropriate.
- We have further stressed managements' sensitivities downwards in order to test the resilience of the Company's business under more pessimistic scenarios.
- We have reviewed the appropriateness of the disclosures made by management as detailed under Note 1 of the financial statements.

Conclusion

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 when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



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**INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF INCLINE ALADDIN
ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (CONTINUED)**

Risk	Our response to the risk
<p>Impairment of flight equipment assets held for operating lease, net (Fraud and Significant Risk)</p> <p>The carrying value of flight equipment assets represents the most significant asset in the financial statements of the Company. As at 31 December 2024, the carrying value of flight equipment assets reported is \$85.95 million (2023: \$96.89 million) as detailed in Note 12 of the financial statements.</p> <p>As set out within the ‘Significant Accounting Judgements, Estimates and Assumptions’ section of Note 1 ‘Corporate information and material accounting policy information’, management need to apply estimation and judgment as part of their assessment for recoverability of flight equipment assets. For the purposes of measuring an impairment loss, each asset is tested individually by comparing its carrying amount to the higher of value in use (‘VIU’) or fair value less cost of disposal.</p> <p>The fair value and VIU of flight equipment assets can fluctuate depending on market factors, the body types, fuel efficiency, demand in the former and lease cash flows, re-lease rates, residual values and discount factors for the latter. The level of estimates inherent in this analysis can have a significant impact on the financial statements.</p> <p>Management could override controls by manipulating the assumptions such as the discount rate using the weighted average cost of capital (‘WACC’) that is used in the impairment calculation of the VIU of the flight equipment assets in order to obtain a higher asset value as these rates include an element of subjectivity and judgement.</p> <p>The nature and size of the balance, together with the inherent uncertainty and significant amount of judgment and estimation required by management, are such that we have identified this as a key audit matter.</p>	<p>In obtaining sufficient, appropriate audit evidence, we:</p> <ul style="list-style-type: none"> • Understood and walked through the design effectiveness and implementation of key controls around the preparation and review of the impairment model including appropriate management review procedures. We did not rely on controls. • Assessed and evaluated management’s impairment assumptions (discount rate, current market values, future projected lease rates and residual values) to evaluate reasonableness of the key assumptions. • Obtained external aircraft valuation reports and compared the current market values, future re-lease rates and residual values against management’s assessment to support the carrying value recorded. • Reviewed the calculations underpinning the impairment model by checking that the data and the assumptions input into the model were in agreement with those that we had evaluated. • Evaluated the independence and competence of valuation experts engaged by management. • Assessed the appropriateness and presentation of disclosures in the financial statements for compliance with relevant accounting standards. <p>Our planned audit procedures were completed without material exception.</p>



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INCLINE ALADDIN
ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (CONTINUED)**

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

Materiality is the magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures. We determined materiality for the Company to be \$1.17m (2023: \$1.17m), which is 1% (2023: 1%) of total assets. We believe that total assets provides us with the most appropriate basis for materiality having considered the expectation of the users of the financial statements and the overall business environment.

During the course of our audit, we reassessed initial materiality and determined that our original assessment of materiality remained appropriate.

Performance materiality

Performance materiality is the application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2023: 75%) of our planning materiality, namely \$.88m (2023: \$.88m). We have set performance materiality at this percentage due to our assessment of the likelihood of occurrence of misstatements.

Reporting threshold

Reporting threshold is an amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Board of Directors that we would report to them all uncorrected audit differences in excess of \$.06m (2023: \$.06m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INCLINE ALADDIN
ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (CONTINUED)**

An overview of the scope of our audit report

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2014

In our opinion, based solely on the work undertaken in the course of the audit, we report that:

- the information given in the Directors' report is consistent with the financial statements; and
- the Directors' report, other than those parts relating to sustainability reporting where required by Part 28 of the Companies Act 2014, has been prepared in accordance with applicable legal requirements.

We have obtained all the information and explanations which, to the best of our knowledge and belief, are 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

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INCLINE ALADDIN
ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (CONTINUED)**

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that give a true and fair view, and 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 going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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.

Explanation to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud, that could reasonably be expected to have a material effect on the financial statements. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. In addition, the further removed any non-compliance is from the events and transactions reflected in the financial statements, the less likely it is that our procedure will identify such non-compliance. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INCLINE ALADDIN
ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (CONTINUED)**

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are Irish Law and IFRS as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2014.
- We understood how Incline Aladdin Engine Funding Designated Activity Company is complying with those frameworks by understanding the Company's entity level controls relevant to compliance with laws and regulations. Furthermore, we performed inquiries with management, those charged with governance and external legal counsel and review of minutes of meetings of those charged with governance.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by performing mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements, testing unusual transactions and reviewing significant accounting estimates for evidence of management bias.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved inquiry as to any known instances of non-compliance or suspected non-compliance with laws and regulations and review of minutes of meetings of those charged with governance.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: https://iaasa.ie/wp-content/uploads/docs/media/IAASA/Documents/audit-standards/Description_of_auditors_responsibilities_for_audit.pdf.

This description forms part of our auditor's report.

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.

A handwritten signature in cursive script, appearing to read 'Patrick O'Driscoll', written in dark ink.

Patrick O'Driscoll
for and on behalf of
Ernst & Young Chartered Accountants and Statutory Audit Firm
Office: Dublin
Date: 18 September 2025

INCLINE ALADDIN ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (“DAC”)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Note	Year ended 31 December 2024 US\$	Year ended 31 December 2023 US\$
Operating income	2	11,929,260	6,087,488
Operating expenses	4	(6,442,147)	(4,552,715)
Net operating profit on continuing operations		<u>5,487,113</u>	<u>1,534,773</u>
Interest income	5	930,045	410,943
Interest expense	6	(9,457,645)	(5,565,025)
Reversal of expected credit loss	3	109,846	1,537,764
Gain on sale of flight equipment assets	12	3,045,287	-
Profit/(loss) on ordinary activities before taxation		<u>114,646</u>	<u>(2,081,545)</u>
Income tax (charge)/credit on ordinary activities	7	(28,662)	520,386
Profit/(loss) on ordinary activities after taxation		<u><u>85,984</u></u>	<u><u>(1,561,159)</u></u>

The accompanying notes on pages 17 to 50 form an integral part of these financial statements.

The Company has adopted a single Statement of Comprehensive Income. There is no other comprehensive income item during the current financial year or the preceding financial year. All items of comprehensive income are due to continuing operations.

INCLINE ALADDIN ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (“DAC”)

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024**


	Note	2024 US\$	2023 US\$
Assets			
Flight equipment assets held for operating leases, net	12	85,950,295	96,890,040
Rent receivable, net	11	728,605	1,025,714
Deferred tax assets, net	7	1,920,314	1,948,976
Total non-current assets		<u>88,599,214</u>	<u>99,864,730</u>
Cash and cash equivalents	8	8,405,469	6,575,523
Restricted cash	9	-	2,045,890
Amounts due from fellow group undertakings	10, 25	18,369,548	5,806,476
Rent receivable, net	11	1,501,012	2,866,098
Total current assets		<u>28,276,029</u>	<u>17,293,987</u>
Total assets		<u>116,875,243</u>	<u>117,158,717</u>


INCLINE ALADDIN ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (“DAC”)

**STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2024**

	Note	2024 US\$	2023 US\$
Liabilities			
Maintenance payment liabilities	15	3,842,710	3,492,178
Notes payable to affiliates	14	100,204,932	88,640,768
Security deposits	16	250,000	910,000
Total non-current liabilities		<u>104,297,642</u>	<u>93,042,946</u>
Deferred operating lease rental income	17	466,229	196,229
Maintenance payment liabilities		8,403,797	12,895,908
Amounts due to fellow group undertakings	13, 25	757,270	1,765,098
Notes payable to affiliates	14	5,640,986	11,747,504
Other liabilities	18	154,264	51,961
Security deposits	16	1,110,000	1,500,000
Total current liabilities		<u>16,532,546</u>	<u>28,156,700</u>
Total liabilities		<u>120,830,188</u>	<u>121,199,646</u>
Net liabilities		<u>(3,954,945)</u>	<u>(4,040,929)</u>
Equity			
Share capital	19	1	1
Capital contributions	20	1,806,000	1,806,000
Retained deficit		(5,760,946)	(5,846,930)
Total equity		<u>(3,954,945)</u>	<u>(4,040,929)</u>

These financial statements were approved by the Board and authorised for issue on 18 September 2025.


Declan Cotter
 Director


Gavin Mercer
 Director

The accompanying notes on pages 17 to 50 form an integral part of these financial statements.

INCLINE ALADDIN ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (“DAC”)

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

	Share capital US\$	Capital contributions US\$	Retained deficit US\$	Total equity US\$
At 1 January 2023	1	1,806,000	(4,285,771)	(2,479,770)
Loss for the year	-	-	(1,561,159)	(1,561,159)
Total comprehensive loss for the year	-	-	(1,561,159)	(1,561,159)
At 31 December 2023	1	1,806,000	(5,846,930)	(4,040,929)
At 1 January 2024	1	1,806,000	(5,846,930)	(4,040,929)
Profit for the year	-	-	85,984	85,984
Total comprehensive income for the year	-	-	85,984	85,984
At 31 December 2024	1	1,806,000	(5,760,946)	(3,954,945)

The accompanying notes on pages 17 to 50 form an integral part of these financial statements.

No dividends were declared and paid during the financial year (2023: US\$Nil).

INCLINE ALADDIN ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (“DAC”)

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024**

		Year ended 31 December 2024 US\$	Year ended 31 December 2023 US\$
Cash flows from operating activities			
Profit/(loss) on ordinary activities before taxation		114,646	(2,081,545)
Depreciation	12	3,264,120	2,149,180
Interest income	5	(930,045)	(410,943)
Interest expense	6	9,457,645	5,565,025
Change in rent receivable	11	1,662,195	1,888,075
Change in amounts due from fellow group undertakings	10	(12,563,071)	(3,460,283)
Change in deferred operating lease rental income	17	270,000	(218,741)
Change in amounts due to fellow group undertakings	13	(1,007,828)	(187,063)
Change in other liabilities	18	102,302	18,526
Change in maintenance payment liabilities	15	(4,141,579)	1,505,565
Change in security deposits	16	(1,050,000)	950,000
Gain on sale of flight equipment assets	12	(3,045,287)	-
		<hr/>	<hr/>
Cash (outflow)/inflow from operations		(7,866,902)	5,717,796
Interest received	5	930,045	410,943
Interest paid	14	(15,564,163)	-
		<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities		(22,501,020)	6,128,739
		<hr/>	<hr/>
Cash flows from investing activities			
Proceeds from sale of flight equipment asset	12	4,000,000	-
Proceeds from sale of maintenance rights	12	11,264,642	-
Flight equipment improvements	12	(4,543,730)	-
		<hr/>	<hr/>
Net cash inflow from investing activities		10,720,912	-
		<hr/>	<hr/>
Cash flows from financing activities			
Net movement in restricted cash	9	2,045,890	(1,323,550)
Proceeds from notes payable to affiliates	14	89,719,867	-
Repayment of notes payable to affiliates	14	(78,155,703)	-
		<hr/>	<hr/>
Net cash inflow/(outflow) from financing activities		13,610,054	(1,323,550)
		<hr/>	<hr/>
Net movement in cash and cash equivalents		1,829,946	4,805,189
Cash and cash equivalents at the beginning of year		6,575,523	1,770,334
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year		8,405,469	6,575,523
		<hr/> <hr/>	<hr/> <hr/>

The accompanying notes on pages 17 to 50 form an integral part of these financial statements.

INCLINE ALADDIN ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (“DAC”)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1. Corporate information and material accounting policy information

1.1 Corporate information

The financial statements of Incline Aladdin Engine Funding Designated Activity Company (“the Company”) for the financial year ended 31 December 2024 were authorised for issue in accordance with a resolution of the Directors on 18 September 2025. The Company was incorporated on 15 June 2018. The Company is domiciled in the Republic of Ireland. The registered office is located at West Pier, Dun Laoghaire, County Dublin, Ireland. The registered number of incorporation is 628583.

The principal activities of the Company are described in the Directors’ Report on page 2. Information on the Company’s ultimate and immediate parent undertakings is provided in Note 24.

1.2 Basis of preparation and statement of compliance

The financial statements for the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union and with those parts of the Companies Act 2014 applicable to companies reporting under IFRS.

The financial statements have been prepared on a historical cost basis. The financial statements provide comparative information in respect of the previous period which covers the year ended 31 December 2023. The financial statements are presented in U.S. dollars (“US\$”).

Going Concern

The Directors have prepared the financial statements for the financial year ended 31 December 2024 on the going concern basis of preparation.

The Directors have considered the impact on Incline B Aviation Limited Partnership, the ultimate parent undertaking and controlling party, and its subsidiaries, in the context of the Company’s use of the of the going concern basis of preparation at the date of signing these financial statements by evaluating all cash inflows and outflows of Incline B Aviation Limited Partnership and its subsidiaries, over the coming year under the following assumptions, judgments and estimates;

- the current cash and liquidity position and its committed income,
- the estimated cash outflows to cover all obligations for the next twelve months,
- the letter of support provided by the ultimate parent undertaking and controlling party, and
- the additional liquidity from available unfunded capital commitments. As at 31 December 2024 and as of the date of these consolidated financial statements, the unfunded capital commitments of the ultimate parent undertaking’s investors amount to US\$270.3 million and US\$248.1 million, respectively.

Based on this analysis and all information available at present, the Directors believe that the Company has sufficient liquidity to meet its obligations as they fall due and that it continues to be appropriate to prepare the financial statements on a going concern basis of preparation for at least twelve months from the date of the approval of these financial statements.

INCLINE ALADDIN ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (“DAC”)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1. Corporate information and material accounting policy information (continued)

1.3 New and amended accounting standards adopted

The Company has adopted all relevant new standards that have come into effect for annual periods beginning 1 January 2024. The application of these amendments did not result in material changes to the Company’s financial statements.

1.4 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, several new, but not yet effective, standards, amendments to existing standards, and interpretations have been published by the IASB. None of these standards, amendments or interpretations have been adopted early by the Company.

- Lack of Exchangeability - *Amendments to IAS 21* (effective 1 January 2025)
- Classification and Measurement of Financial Instruments - *Amendments to IFRS 9 and IFRS 7* (effective 1 January 2026)
- Annual Improvements Volume 11 (effective 1 January 2026)
- IFRS 18 *Presentation and Disclosure in Financial Statements* (effective 1 January 2027)
- IFRS 19 *Subsidiaries without Public Accountability: Disclosures* (1 January 2027)
- Contracts Referencing Nature-Dependent Electricity - *Amendments to IFRS 9 and IFRS 7* (effective 1 January 2026)

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 them from their EU effective date.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. The Company is currently assessing the effect of the upcoming standards to determine the impact they will have on the Company's financial statements.

1.5 Foreign currencies

The Company’s financial statements are prepared in U.S. dollars (“US\$”), which is also the functional currency of the Company. All financial information presented in US\$ has been rounded to the nearest dollar unless otherwise indicated. Foreign currency transactions are initially recorded at the spot rate and are translated at the rate of exchange prevailing on the first day of the month. However, where there is a difference of more than 5% between this rate and the rate at the date of the transaction an adjustment is made.

Monetary assets and liabilities denominated in currencies other than US\$ are translated into US\$ at exchange rates prevailing at the end of the financial year. Non-monetary assets are stated at cost based on the exchange rate prevailing at the date of acquisition of the asset. All exchange differences are included in the Statement of Comprehensive Income.

INCLINE ALADDIN ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (“DAC”)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1. Corporate information and material accounting policy information (continued)

1.6 Operating income

Operating income is recognised on a straight-line basis over the term of the underlying lease. The difference between lease rentals invoiced and amounts recognised in income, resulting from the straight-lining of revenues, are included in deferred operating lease rental income in the Statement of Financial Position. As the Company’s lease contracts require payment in advance, rentals received but unearned under the lease agreements are recorded in deferred operating lease rental income.

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

1.7 Operating expenses

Operating expenses are administrative and other expenses primarily related to management, accounting, auditing, tax, legal and advisory fees. Operating expenses are recognised in the financial statements on an accrual basis. Depreciation for the financial year is included in operating expenses and is calculated and disclosed in line with IAS 16, *Property, Plant and Equipment* (see Note 12).

1.8 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.

1.9 Lease costs

Costs incurred and directly attributable to the leasing out of the aircraft are capitalised and amortised over the term of the lease.

1.10 Interest income

Interest on deposits with financial institutions is recognised as earned using the effective interest rate method. A receivable is recorded for interest income earned but not yet received. To the extent interest is received but not yet earned, deferred income is recorded for the unearned portion.

1.11 Interest expense

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

INCLINE ALADDIN ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (“DAC”)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1. Corporate information and material accounting policy information (continued)

1.12 Flight equipment assets held for operating leases, net

The Company states all flight equipment assets owned at cost, net of accumulated depreciation and accumulated impairment losses. The cost of the asset is 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.

The depreciable amount of flight equipment assets held for operating leases, comprised of the flight equipment’s cost less its estimated salvage value, is allocated on a systematic basis over the asset’s useful life, which was determined taking into consideration the service potential and maintenance condition of the asset. The useful life of the aircraft is assessed to be 25 years from the date of manufacture unless conversion has been undertaken on the equipment. Aircraft that have undergone conversion are assigned a 15-year life from the date being placed into service after the conversion is completed or 35 years from the date of manufacture, whichever is longer. The useful life of jet engines is assessed to 15 years from the date of acquisition. Residual values are generally estimated to be 15% of the original manufacturer’s cost for aircraft and 55% of the original manufacturer’s estimated realised price for the engine when new. Management may, at its discretion, make exceptions to this policy on a case-by-case basis when, in its judgment, the residual values calculated pursuant to this policy do not appear to reflect current expectations of residual values.

The depreciation methodology, which is straight-line for jet engines, is determined taking into consideration the pattern in which the asset’s economic benefits are consumed by the Company.

Impairment of an 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. The Company assesses at each reporting date, whether there is an indication that a non-financial asset may be impaired. If any condition exists, the Company estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s fair value less costs of disposal and its value in use. When 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 value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments at the time value of money and the risks specific to the asset. Future cash flows include contracted lease rental, forecast lease rentals, a forecast cash flow to adjust from full to half-life maintenance return condition and forecast half-life residual value at the end of the flight equipment asset’s life.

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

INCLINE ALADDIN ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (“DAC”)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1. Corporate information and material accounting policy information (continued)

1.13 Maintenance rights

At the time of acquisition of flight equipment with an in-place lease, the Company identifies, measures and accounts for maintenance right assets and liabilities associated with its acquisition. A maintenance right asset represents the fair value of its contractual right under a lease to receive flight equipment in an improved maintenance condition at lease expiry as compared to the maintenance condition on the acquisition date. A maintenance right liability represents the Company’s obligation to pay the lessee for the difference between the lease end contractual maintenance condition of the flight equipment at lease expiry and the actual maintenance condition of the flight equipment on the acquisition date.

The Company’s flight equipment is typically subject to triple-net leases pursuant to which the lessee is responsible for maintenance, which is accomplished through one of two types of provisions in its leases: (i) end of lease return conditions (“EOL Leases”) or (ii) periodic maintenance payments (“MR Leases”). Maintenance rights are not subject to amortisation.

EOL Leases

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

Maintenance right assets in EOL Leases represent the difference in value between the contractual right to receive flight equipment in an improved maintenance condition at lease expiry as compared to the maintenance condition on the acquisition date. Maintenance right assets are recorded in flight equipment assets held for operating leases.

Maintenance right liabilities exist in EOL Leases if, on the acquisition date, the maintenance condition of the flight equipment is greater than the contractual return condition in the lease at lease expiry and the Company is required to pay the lessee in cash for the improved maintenance condition. The Company has no maintenance rights liabilities in EOL Leases as of 31 December 2024 (2023: US\$Nil).

When the Company has recorded maintenance right assets with respect to EOL Leases, the following accounting scenarios exist: (i) the flight equipment is returned at lease expiry in the contractually specified maintenance condition without any cash payment to the Company by the lessee, the maintenance right asset is relieved and a flight equipment improvement is recorded to the extent the improvement is substantiated and deemed to meet the Company’s capitalisation policy; (ii) the lessee pays the Company cash compensation at lease expiry in excess of the value of the maintenance right asset, the maintenance right asset is relieved and any excess is recognised as end of lease income; or (iii) the lessee pays the Company cash compensation at lease expiry that is less than the value of the maintenance right asset, the cash is applied to the maintenance right asset and the balance of such asset is relieved and recorded as a flight equipment improvement to the extent the improvement is substantiated and meets the Company’s capitalisation policy. Any flight equipment improvement will be depreciated over a period to the next scheduled maintenance event in accordance with the Company’s policy with respect to major maintenance.

When the Company has recorded maintenance right liabilities with respect to EOL Leases, the following accounting scenarios exist: (i) the flight equipment is returned at lease expiry in the contractually specified maintenance condition without any cash payment by the Company to the lessee, the maintenance right liability is relieved and end of lease income is recognised; (ii) the Company pays the lessee cash compensation at lease expiry of less than the value of the maintenance right liability, the maintenance right liability is relieved and any difference is recognised as end of lease income; or (iii) the Company pays the lessee cash compensation at lease expiry in excess of the value of the maintenance right liability, the maintenance right liability is relieved and the excess amount is recorded as a flight equipment improvement.

INCLINE ALADDIN ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (“DAC”)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1. Corporate information and material accounting policy information (continued)

1.13 Maintenance rights (continued)

Maintenance Rights (MR) Leases

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

Maintenance right assets in MR Leases represent the right to receive flight equipment in an improved condition relative to the actual condition on the acquisition date. The flight equipment is improved by the performance of qualified major maintenance paid for by the lessee who is reimbursed by the Company from the periodic maintenance payments that it receives.

When the Company has recorded maintenance right assets with respect to MR Leases, the following accounting scenarios exist: (i) the flight equipment is returned at lease expiry and no qualified major maintenance has been performed by the lessee since the acquisition date, the maintenance right asset is offset by the amount of the associated maintenance payment liability and any excess is recorded as end of lease income, which is consistent with the Company’s existing policy; or (ii) the Company has reimbursed the lessee for the performance of qualified major maintenance, the maintenance right asset is relieved and a flight equipment improvement is recorded.

The Company has no maintenance right liabilities for MR Leases.

When flight equipment is sold, maintenance rights are released from the Statement of Financial Position as part of the disposition gain or loss.

1.14 Financial instruments

The Company’s financial asset categories are financial assets at amortised cost. Financial assets at amortised cost comprise of “cash and cash equivalents”, “restricted cash”, “amounts due from fellow group undertakings” and “rent receivable” in the Statement of Financial Position.

The Company’s financial liabilities categories are financial liabilities measured at amortised cost. Financial liabilities measured at amortised cost comprise of “amounts due to fellow group undertakings”, “notes payable to affiliates”, “maintenance payment liabilities”, “security deposits” and “other liabilities” in the Statements of Financial Position.

1) Financial assets

Initial recognition and measurement

Financial assets are classified at initial recognition, and subsequently measured at, amortised cost, fair value through Other Comprehensive Income (“OCI”), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Company’s business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (“SPPI”)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model. The Company’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

INCLINE ALADDIN ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (“DAC”)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1. Corporate information and material accounting policy information (continued)

1.14 Financial instruments (continued)

1) Financial assets (continued)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- financial assets at amortised cost;
- financial assets at fair value through OCI with recycling of cumulative gains and losses;
- financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition; and
- financial assets at fair value through profit or loss.

Financial assets at amortised cost

The Company measures financial assets at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company’s financial assets at amortised cost are cash and cash equivalents, restricted cash, amounts due from fellow group undertakings and rent receivable.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the Statement of Comprehensive Income when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company does not hold any equity instruments at fair value through OCI.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the Consolidated Statement of Profit or Loss and Comprehensive Income when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company does not hold any equity instruments at fair value through OCI.

Financial assets designated at fair value through OCI (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

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

INCLINE ALADDIN ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (“DAC”)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1. Corporate information and material accounting policy information (continued)

1.14 Financial instruments (continued)

1) Financial assets (continued)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss in the Statement of Comprehensive Income and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Company does not hold any debt instruments at fair value through OCI.

Financial assets at fair value through profit or loss

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

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

The Company does not hold any financial assets at fair value through profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement and either:
 - (a) the Company has transferred substantially all the risks and rewards of the asset, or
 - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in Note 27.

The Company recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

INCLINE ALADDIN ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (“DAC”)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1. Corporate information and material accounting policy information (continued)

1.14 Financial instruments (continued)

1) Financial assets (continued)

ECLs are recognised in two stages:

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

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off for these reasons when there is no reasonable expectation of recovering the contractual cash flows.

2) Financial liabilities

Initial recognition and measurement

The Company’s financial liabilities categories are financial liabilities measured at amortised cost. Financial liabilities measured at amortised cost comprise of “amounts due to fellow group undertakings”, “notes payable to affiliates”, “maintenance payment liabilities”, “security deposits” and “other liabilities” in the Statements of Financial Position.

All financial liabilities are recognised initially at fair value and, in the case of notes payable, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

After initial recognition, the Company’s financial liabilities that are classified as liabilities measured at amortised cost are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR recognised is included as finance costs in the Statement of Comprehensive Income.

This category generally applies to interest-bearing loans and borrowings.

INCLINE ALADDIN ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (“DAC”)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1. Corporate information and material accounting policy information (continued)

1.14 Financial instruments (continued)

2) Financial liabilities (continued)

Derecognition

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

3) Non-derivative financial instruments

Non-derivative financial instruments comprise of “cash and cash equivalents”, “restricted cash”, “amounts due from fellow group undertakings”, “rent receivable”, “amounts due to fellow group undertakings”, “notes payable to affiliates”, “maintenance payment liabilities”, “security deposits” and “other liabilities”.

Non-derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition non-derivative financial instruments are measured at amortised cost using the effective interest rate method, less any impairment losses. Where the terms of a loan facility are amended, the Company determines whether the amendment constitutes a substantial modification under both a quantitative and qualitative basis. If the amendment is deemed a substantial modification, the loan facility is deemed to be a new facility and the loan principal is deemed to have been repaid and all unamortised fees relating to the original loan facility are amortised to the Statement of Comprehensive Income and included under interest expense.

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Cash and cash equivalents

The Company considers cash and cash equivalents to be cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash. Cash and cash equivalents are held for the purpose of meeting short-term cash commitments and where required under operating lease contracts.

Restricted cash

The Company’s restricted cash consists of cash received from lessees that is pledged as collateral to the Company’s lenders.

Rent receivable

Rent receivable represents amounts due from lessees under operating lease contracts. Where amounts are outstanding from lessees, the Company will provide an allowance for doubtful accounts against these when necessary, based upon expected ability to collect the amounts, taking into consideration the credit quality of the lessee and the level of security held.

INCLINE ALADDIN ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (“DAC”)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1. Corporate information and material accounting policy information (continued)

1.14 Financial instruments (continued)

3) Non-derivative financial instruments (continued)

Notes payable to affiliates

Notes payable to affiliates (“notes payable”) are initially recognised at fair value, being their issue proceeds net of any transaction costs incurred. After initial recognition, interest bearing notes payable are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Notes payable are classified as financial liabilities at amortised cost in accordance with IFRS 9, *Financial Instruments*. Notes payable are debt instruments and all amounts, paid or payable by the Company (other than payments of principal on the notes) will be treated as interest expense in the Company’s Statement of Comprehensive Income. After initial recognition, interest bearing notes payable are subsequently measured at amortised cost. Any difference between the proceeds net of transaction costs and the redemption value is recognised in the Statement of Comprehensive Income using the effective interest rate method.

Loan costs

Loan costs incurred in connection with the issuance of debt are capitalized and amortised over the life of the specific loan. Subsequent debt-related fees are expensed in the period incurred.

Modification of loans

The Company assesses whether the new terms of modified third party loans where the modification results in a modification of contractual cash flows are substantially different to the original terms. In making this assessment, the Company considers, among others, significant changes in the interest rate. If the terms are substantially different, the Company derecognises the original financial liability and recognises a new financial liability at fair value and recalculates a new effective interest rate for the liability. If the terms are not substantially different, the modification does not result in derecognition, and the Company recalculates the gross carrying amount based on the revised cash flows of the liability recalculated by discounting the modified cash flows at the original effective interest rate and recognises a modification gain or loss in the Statement of Comprehensive Income. The present value of the modified cash flow of financial liability is subsequently amortised using the effective interest rate method over the remaining life of the loan and recorded as part of interest expense in the Statement of Comprehensive Income. There were no modifications to loans during the financial year (2023: None).

Maintenance payment liabilities

The Company receives maintenance payments under five (2023: five) of its flight equipment lease arrangements which are retained and subsequently drawn down by the lessees as maintenance costs are borne. Maintenance payments are accounted for on a cash basis. Any surplus arising on the maintenance payment liabilities account is retained by the Company. The lessee retains responsibility for maintenance costs that exceed the balance on deposit with the Company.

Security deposits

Security deposits represent cash received from the lessee that are held on deposit until lease expiry. The Company’s lease agreements also obligate the lessee to maintain the aircraft and comply with all governmental requirements during the lease term.

INCLINE ALADDIN ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (“DAC”)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1. Corporate information and material accounting policy information (continued)

1.15 Taxation

Corporation tax payable is provided on the results for the financial year. The Company has met the criteria to be treated as a qualifying company within the meaning of Section 110 of the Irish Tax Consolidation Act, 1997, which provides for a special tax regime applicable to taxable profits. A qualifying company will be subject to Irish corporation tax on trading operations at a rate of 25%.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the end of the financial 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 temporary differences reverse based on legislation enacted or substantively enacted at the end of the financial year. Temporary differences are differences between the carrying amount of an asset or liability in the Statement of Financial Position and its tax base.

A 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.

The Company offsets deferred tax assets and deferred liabilities only when it has a legally enforceable right to set off the amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.16 Share capital

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.

INCLINE ALADDIN ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (“DAC”)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

1. Corporate information and material accounting policy information (continued)

1.17 Significant accounting judgments, estimates and assumptions

The preparation of the Company’s financial statements requires the Directors to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainties about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. 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 judgments 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.

In particular, information regarding balances which include significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are detailed in the following notes:

Note 3 – Expected credit loss – key assumptions about the lessee’s credit risk and probability of default;

Note 7 – Deferred tax assets – key judgment about the availability of future taxable profits against which carry forward tax losses can be used; and

Note 12 – Flight equipment assets held for operating leases – key assumptions around the underlying recoverable amount, residual values and useful economic lives.

The Company based its judgments, estimates and assumptions on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

INCLINE ALADDIN ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (“DAC”)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

1. Corporate information and material accounting policy information (continued)

1.18 Determination of fair values

Some of the Company’s accounting policies and disclosures require the determination of fair value, for financial and non-financial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

1. Cash and cash equivalents and restricted cash

The carrying amount approximates to fair value due to the short-term nature of these instruments.

2. Rent receivable

The current portion of the rent receivable balance approximates to fair value due to the short-term nature of these instruments. Please refer to Note 1.14 for further consideration on the non-current portion of the rent receivable balance.

3. Amounts due to and due from fellow group undertakings

The carrying amount approximates to fair value due to the short-term nature of these instruments.

4. Other liabilities

The carrying amount approximates to fair value due to the short-term nature of these instruments.

5. Notes payable to affiliates

The fair value of the notes payable to affiliates was based on the present value of estimated future cash flows. Key inputs include the discount rate.

6. Security deposits

The lessee may at any time during the lease period elect to substitute for the security deposit held by the Company, a letter of credit. As this substitution can happen on demand, the carrying amount of the security deposit approximates to fair value.

7. Maintenance payment liabilities

Maintenance payment liabilities are paid to the lessee upon the occurrence of a qualifying event. As such, the timing and cost of qualifying maintenance events cannot be determined with certainty in advance.

INCLINE ALADDIN ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (“DAC”)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

2. Operating income

	Year ended 31 December 2024 US\$	Year ended 31 December 2023 US\$
Operating lease income	9,051,508	6,087,488
End of lease income	2,877,752	-
	<u>11,929,260</u>	<u>6,087,488</u>

The Company recognised US\$2,877,752 (2023: US\$Nil) in end of lease income in connection with the expiry of three leases relating to two engines, with a lessees domiciled in India, the Philippines and Spain.

The analysis of operating lease income by country of domicile of the lessee is as follows:

	Year ended 31 December 2024 US\$	Year ended 31 December 2023 US\$
India	5,158,462	3,068,324
Malaysia	1,947,661	1,947,661
Thailand	697,309	697,309
Philippines	-	374,194
Spain	1,248,076	-
	<u>9,051,508</u>	<u>6,087,488</u>

	Year ended 31 December 2024 US\$	Year ended 31 December 2023 US\$
--	-----------------------------------------------------	-----------------------------------------------------

Commitments for future lease receipts:

Due within one year	5,529,684	7,451,184
Due between one and two years	2,498,169	5,651,619
Due between two and three years	2,297,664	2,498,169
Due between three and four years	-	2,124,722
Due between four and five years	-	-
Due after five years	-	-
	<u>10,325,517</u>	<u>17,725,694</u>

INCLINE ALADDIN ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (“DAC”)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

3. Expected credit loss

During the financial year, the Company recognised in its Statement of Comprehensive Income an amount of \$0.1 million (2023: \$1.5 million), representing a partial reversal of previously recognised credit losses. An expected loss provision percentage has been applied based on the probability of default determined. This percentage is multiplied by the lessees outstanding receivable balance at year end, net of any security deposit, to calculate an expected credit loss over the life of the lease. None of the lessees have a 100% provision (2023: Nil).

	Year ended 31 December 2024 US\$	Year ended 31 December 2023 US\$
Movements		
Balance at beginning of financial year	127,501	1,665,265
Reversal of expected credit loss	(109,846)	(1,537,764)
Balance at end of financial year	17,655	127,501

4. Operating expenses

	Year ended 31 December 2024 US\$	Year ended 31 December 2023 US\$
Depreciation	3,264,120	2,149,180
Management fees	2,578,125	2,125,532
Selling, general and administrative	599,902	278,003
	6,442,147	4,552,715

INCLINE ALADDIN ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (“DAC”)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

5. Interest income

	Year ended 31 December 2024 US\$	Year ended 31 December 2023 US\$
Bank deposit interest income	350,609	119,913
Default interest income	579,436	291,030
	<u>930,045</u>	<u>410,943</u>

6. Interest expense

	Year ended 31 December 2024 US\$	Year ended 31 December 2023 US\$
Interest expense on notes payable to affiliates	9,457,645	5,565,025
	<u>9,457,645</u>	<u>5,565,025</u>

7. Tax on continuing operations

7.1 Analysis of tax in financial year

	Year ended 31 December 2024 US\$	Year ended 31 December 2023 US\$
Deferred tax		
Tax on continuing operations	(28,662)	520,386
Income tax for the financial year	<u>(28,662)</u>	<u>520,386</u>

INCLINE ALADDIN ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (“DAC”)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

7. Tax on continuing operations (continued)

7.2 Reconciliation of expected tax at the standard tax rate to the actual tax at the effective rate

The tax for the financial year is consistent with the tax on ordinary activities at the rate of corporation tax in the Republic of Ireland for qualifying companies within the meaning of Section 110 of the Irish Tax Consolidation Act, 1997 (25%). The differences are explained below:

	Year ended 31 December 2024 US\$	Year ended 31 December 2023 US\$
Profit/(Loss) on ordinary activities before taxation	114,646	(2,081,546)
	<u> </u>	<u> </u>
Tax on ordinary activities at standard Irish corporation tax rate of 25% (2023: 25%)	(28,662)	520,386
	<u> </u>	<u> </u>
Income tax for the financial year	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Company operates. However, this legislation does not apply to the Company as the consolidated revenue of its ultimate parent, of which the Company is a member, is lower than €750 million.

7.3 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 January 2025, the corporation tax rate for qualifying companies within the meaning of Section 110 of the Irish Tax Consolidation Act, 1997, is expected to remain at its current rate of 25%.

7.4 Deferred tax

Deferred tax generally relates to the timing of depreciation for tax purposes offset by losses available for offsetting against future taxable income.

In assessing the ability to realise the deferred tax assets, the Directors consider whether it is possible that some portion or all of the deferred tax assets will not be realised. All available evidence is considered and weighed to determine whether the de-recognition of a deferred tax asset is needed or should be removed. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. The tax losses carried forward where deferred tax assets were not recognised at 31 December 2024 amounted to US\$Nil (2023: US\$Nil).

The amount of the deferred tax assets is considered realisable, however, it could be significantly reduced in the near term if estimates of future taxable income during the carry-forward period are reduced due to prolonged dislocation in the capital markets and negative changes in economic conditions and their consequences for air travel generally and specifically demand for aircraft. The key judgments associated with the accounting for deferred taxes relate primarily to whether there will be enough taxable profits against which the tax losses can be utilised.

INCLINE ALADDIN ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (“DAC”)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

7. Tax on continuing operations (continued)

7.4 Deferred tax (continued)

Management believes that future taxable profits will be available based on the following:

- Favourable profit projections which are consistent with forecasts used for internal management and planning purposes, and also consistent with forecasts used to support other areas of financial reporting such as impairment analysis;
- Contractually committed lease agreements which support a future income stream in excess of the cost required to service the lease; and
- Appreciation of the value of flight equipment in excess of their carrying value.

Below is the analysis of deferred tax by source of temporary differences.

	Year ended 31 December 2024 US\$	Year ended 31 December 2023 US\$
Opening balance	11,382,112	8,218,712
Deferred tax	1,136,622	3,163,400
Deferred tax asset	<u>12,518,734</u>	<u>11,382,112</u>

Deferred tax assets are accumulated losses recognised to the extent that it is probable future taxable profits will be available for offset.

	Year ended 31 December 2024 US\$	Year ended 31 December 2023 US\$
Opening balance	9,433,136	6,790,122
Deferred tax	2,124,114	2,643,014
Depreciation recapture due to sale of flight equipment assets	(958,830)	-
Total deferred tax liability	<u>10,598,420</u>	<u>9,433,136</u>

Deferred tax liabilities are recognised temporary differences with respect to the timing of depreciation of assets.

INCLINE ALADDIN ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (“DAC”)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

8. Cash and cash equivalents

	31 December 2024 US\$	31 December 2023 US\$
Cash at bank	8,405,469	6,575,523
	<u>8,405,469</u>	<u>6,575,523</u>
	<u><u>8,405,469</u></u>	<u><u>6,575,523</u></u>

9. Restricted cash

	31 December 2024 US\$	31 December 2023 US\$
Pledged accounts	-	2,045,890
	<u>-</u>	<u>2,045,890</u>
	<u><u>-</u></u>	<u><u>2,045,890</u></u>

Pursuant to the Credit Facility that was previously in place, lessees were required to make all payments due to the Company into accounts that were pledged to the security trustee of the Credit Facility for the purpose of loan repayments.

10. Amounts due from fellow group undertakings

	31 December 2024 US\$	31 December 2023 US\$
Amounts due from fellow group undertakings	18,369,548	5,806,476
	<u>18,369,548</u>	<u>5,806,476</u>
	<u><u>18,369,548</u></u>	<u><u>5,806,476</u></u>

The above amounts are interest-free, unsecured and are repayable on demand.

INCLINE ALADDIN ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (“DAC”)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

11. Rent receivable, net

	31 December 2024 US\$	31 December 2023 US\$
Rent receivable, current	1,512,898	2,959,995
Rent receivable, non-current	734,374	1,059,318
Accumulated expected credit loss (Note 3)	(17,655)	(127,501)
Rent receivable, net	<u>2,229,617</u>	<u>3,891,812</u>
	31 December 2024 US\$	31 December 2023 US\$
Rent receivable, net (current)	1,501,012	2,866,098
Rent receivable, net (non-current)	728,605	1,025,714
	<u>2,229,617</u>	<u>3,891,812</u>

Included within the rent receivable balance is deferred rent amounting to US\$1.2 million (2023: US\$1.4 million) that resulted from the 2021 execution of four lease agreements with one lessee to restructure and extend leases for four engines by 72 months.

On August 23, 2024, Merah Aircraft 4 Limited, a fellow group undertaking, received revenue bonds from AirAsia Group Berhad with a principal balance of \$37.4 million.

A portion of this principal balance was used as partial settlement of \$1.6 million of the Company’s outstanding rent receivable, \$6.7 million of the Company’s end of lease compensation and \$0.3 million for default interest included in the interest income of the Company.

INCLINE ALADDIN ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (“DAC”)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

12. Flight equipment assets held for operating leases, net

During 2024, the company sold one engine and realised a gain on sale of US\$3.0 million (2023: None). At 31 December 2024, the Company had six engines and two aircraft (2023: seven engines and two aircraft).

	31 December 2024 US\$	31 December 2023 US\$
Flight equipment, at cost	94,038,086	101,713,711
Accumulated depreciation	(8,087,791)	(4,823,671)
Flight equipment assets held for operating leases, net	85,950,295	96,890,040
	Year ended 31 December 2024 US\$	Year ended 31 December 2023 US\$
Movements		
Balance at beginning of year	96,890,040	54,578,708
Flight equipment transferred, net of depreciation	-	28,088,370
Flight equipment sold, net of depreciation	(954,713)	-
Maintenance rights acquired from flight equipment transferred	-	16,372,142
Maintenance rights sold	(11,264,642)	-
Flight equipment improvements	4,543,730	-
Depreciation	(3,264,120)	(2,149,180)
Balance at end of year	85,950,295	96,890,040

As discussed in Note 1, the Directors of the Company undertake a review to determine whether an impairment expense is required in respect of the Company’s flight equipment assets. To aid in this assessment, the Company sought valuations from third party appraisers. These appraisers make assumptions and estimates with respect to the future valuations of aircraft.

For the purpose of recognition and measurement of an impairment expense, if it is determined that a test for impairment is required, each aircraft is tested individually by comparing its carrying amount to the higher of its value in use and fair value less costs to sell. Value in use is determined as the total discounted cash flows expected to be generated by an aircraft in the future. The estimated cash flows are discounted to their present value by using a discount rate of 7.00% (2023: 7.00%) that reflects current market assumptions of the time value of money and the risks specific to the asset in question. Fair value less costs to sell are determined by the Company based on the most relevant of observable market information, forecast cash flows or appraised values.

In cases where the carrying value of the aircraft exceeded the higher of value in use and fair value less costs to sell, an impairment expense is recognised. During the year, the Directors, in applying IAS 36, *Impairment of Assets*, have determined that no impairment expense (2023: US\$Nil) is required.

INCLINE ALADDIN ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (“DAC”)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

13. Amounts due to fellow group undertakings

	31 December 2024 US\$	31 December 2023 US\$
Amounts due to fellow group undertakings	757,270	1,765,098
	<u>757,270</u>	<u>1,765,098</u>
	<u><u>757,270</u></u>	<u><u>1,765,098</u></u>

The above amounts are interest-free, unsecured and are repayable on demand.

14. Notes payable to affiliates

FRN

In July 2018, the Company entered into a fixed-rate note (“FRN”) with Incline B Aviation Aladdin (Cayman) Holdings Limited Partnership (“Aladdin Cayman Holdings”), an affiliate, amounting to US\$13.7 million to partly fund the acquisition of jet engines. During the financial year, the Company did not enter into any additional FRN’s (2023: \$31.2 million as a result of the transfer of two aircraft from Merah Aircraft 4 Limited, a related party). The FRNs were listed on the Cayman Stock Exchange, bore interest at a fixed rate of 8.50% and were repaid in full during 2024.

In February 2019, the Company entered into a FRN with Incline Aladdin Holdings SARL (“Aladdin SARL”), an affiliate, amounting to US\$500,000. The FRN is listed on the Cayman Stock Exchange and bears interest at a fixed rate of 8.50%, maturing in July 2038.

	31 December 2024 US\$	31 December 2023 US\$
FRN		
Principal, non-current	500,000	78,655,703
Accrued and unpaid interest, current	226,549	11,747,504
	<u>726,549</u>	<u>90,403,207</u>
Total loans	<u><u>726,549</u></u>	<u><u>90,403,207</u></u>

	31 December 2024 US\$	31 December 2023 US\$
Movements		
Balance at beginning of financial year	90,403,207	53,687,791
Advanced during the financial year	-	31,150,391
Repaid during the financial year	(78,155,703)	-
Interest expense	43,208	5,565,025
Interest paid	(11,564,163)	-
	<u>726,549</u>	<u>90,403,207</u>
Balance at end of financial year	<u><u>726,549</u></u>	<u><u>90,403,207</u></u>

INCLINE ALADDIN ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (“DAC”)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

14. Notes payable to affiliates (continued)

PPN

In February 2019, the Company entered into a profit participating note (“PPN”) with Aladdin SARL, amounting to US\$10.0 million. In June 2024, the Company entered into an additional PPN with Aladdin SARL in an amount of \$89.7 million. PPN is structured as limited in recourse and entitles Aladdin SARL to a periodic return equal to the profit of the Company, less a cash retention amount of US\$1,200 per quarter. Notes issued in 2019 and 2024 mature in 2039 and 2044, respectively.

	31 December 2024 US\$	31 December 2023 US\$
PPN		
Principal, non-current	99,704,932	9,985,065
Accrued and unpaid interest	5,414,437	-
Total loans	<u>105,119,369</u>	<u>9,985,065</u>
	31 December 2024 US\$	31 December 2023 US\$
Movements		
Balance at beginning of financial year	9,985,065	9,985,065
Advanced during the financial year	89,719,867	-
Interest expense	9,414,437	-
Interest paid	(4,000,000)	-
Balance at end of financial year	<u>105,119,369</u>	<u>9,985,065</u>

15. Maintenance payment liabilities

	31 December 2024 US\$	31 December 2023 US\$
Maintenance payment liabilities, current	8,403,797	12,895,908
Maintenance payment liabilities, non-current	3,842,710	3,492,178
	<u>12,246,507</u>	<u>16,388,086</u>

During 2023, the Company assumed maintenance payment liabilities of US\$16.4 million as a result of the transfer of two aircraft from Merah Aircraft 4 Limited, a related party (see Note 12).

INCLINE ALADDIN ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (“DAC”)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

16. Security deposits

	31 December 2024 US\$	31 December 2023 US\$
Security deposits, current	1,110,000	1,500,000
Security deposits, non-current	250,000	910,000
	<u>1,360,000</u>	<u>2,410,000</u>

17. Deferred operating lease rental income

	31 December 2024 US\$	31 December 2023 US\$
Deferred operating lease rental income	466,229	196,229
	<u>466,229</u>	<u>196,229</u>

18. Other liabilities

	31 December 2024 US\$	31 December 2023 US\$
Accrued operating expenses	154,264	51,961
	<u>154,264</u>	<u>51,961</u>

INCLINE ALADDIN ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (“DAC”)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

19. Share capital

Authorised

	2024 Number	2024 €	2023 Number	2023 €
Shares treated as equity				
Ordinary shares of €1.00 each	100,000	100,000	100,000	100,000
	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
	<u><u>100,000</u></u>	<u><u>100,000</u></u>	<u><u>100,000</u></u>	<u><u>100,000</u></u>

Issued and fully paid

	2024 Number	2024 €	2023 Number	2023 €
Ordinary shares of €1.00 each				
At 1 January and 31 December	1	1	1	1
	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
	<u><u>1</u></u>	<u><u>1</u></u>	<u><u>1</u></u>	<u><u>1</u></u>

20. Capital contributions

The Company did not receive any capital contributions from its immediate parent undertaking, Incline Aladdin Holdings Limited during the financial year (2023: US\$Nil).

21. Fair value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities, for which fair value is measured or disclosed in the financial statements, are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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); or
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

INCLINE ALADDIN ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (“DAC”)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

21. Fair value (continued)

a) Fair value of financial assets and financial liabilities

The carrying amount of the Company’s cash and cash equivalents, restricted cash, amounts due from and due to fellow group undertakings, rent receivable, maintenance payment liabilities, security deposits, other liabilities, approximate their fair value. Notes payable to affiliates are recorded at amortised cost and are classified as Level 3 on the fair value hierarchy.

During the current and prior financial year, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.

At 31 December 2024	Fair Value through Profit & Loss US\$	Amortised Cost US\$	Carrying Amount US\$	Fair Value US\$
Notes payable to affiliates	-	105,845,918	105,845,918	105,932,341
At 31 December 2023	Fair Value through Profit & Loss US\$	Amortised Cost US\$	Carrying Amount US\$	Fair Value US\$
Notes payable to affiliates	-	100,388,272	100,388,272	109,782,624

b) Fair value valuation techniques

Type	Valuation techniques	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Notes payable to affiliates	Discounted cash flow method	Discount rate, the debt rate using the average weighted credit facility rate for other similar borrowings and the contractual principal repayment amounts extended to the maturity of the instruments.	A 1% increase/(decrease) in the discount rate would have resulted in a (decrease)/increase in the fair value of US\$(0.1) million (2023: US\$(7.2) million) and US\$0.1 million (2023: US\$8.1 million), respectively.

INCLINE ALADDIN ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (“DAC”)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

22. Statutory and other information

The profit / (loss) on ordinary activities before taxation is stated after charging:

	Year ended 31 December 2024 US\$	Year ended 31 December 2023 US\$
Directors' remuneration	-	-
Auditor's remuneration:		
- Audit fees	17,031	20,573
- Tax advisory services	15,759	3,720
	<u>32,790</u>	<u>24,293</u>

The Company incurred no directors' costs (2023: US\$Nil). Auditor's remuneration, shown exclusively of value added tax (“VAT”), arises from the audit of entity financial statements and tax compliance fees. The tax compliance fee incurred consists of tax return preparation and reporting and is payable to the auditor.

23. Employees

The Company has no employees (2023: None). The Company employs BBAM ASL to provide management and consulting services with respect to the aircraft on lease. BBAM ASL is an indirect wholly-owned subsidiary of BBAM Limited Partnership (“BBAM”). BBAM is owned 35% by Onex Corporation and its affiliates, including its managed investment funds, 35% by an investment vehicle beneficially owned by certain Directors, officers and employees of BBAM and its subsidiaries, and 30% by affiliates of GIC Private Limited (“GIC”). Onex Corporation and certain of its officers and employees, certain officers and employees of BBAM and its subsidiaries, and an affiliate of GIC have a minority ownership interest in the Company's ultimate parent undertaking.

24. Ultimate and immediate parent undertaking

The immediate parent undertaking is Incline Aladdin Holdings Limited (“Aladdin Holdings”), a company incorporated in the Republic of Ireland. Aladdin Holdings, in turn, is a wholly-owned subsidiary of Incline B Aviation Aladdin (Cayman) Holdings Limited Partnership (“Aladdin Cayman Holdings”). The ultimate parent undertaking, and controlling party, is Incline B Aviation Limited Partnership (“Incline B”), which is incorporated in the Cayman Islands and has its registered office at P.O. Box 309 Ugland House Grand Cayman, YY KY1-1104.

Incline B is the majority owner of Aladdin Cayman Holdings and non-controlling interests in Aladdin Cayman Holdings are owned by Incline B Aviation Aladdin Co-Investment Limited Partnership and Incline B Aviation Limited Partnership.

The smallest and largest group in which the financial statements of the Company are consolidated are Aladdin Holdings and Incline B, respectively. Aladdin Holdings is incorporated in the Republic of Ireland, having its registered office at West Pier, Dun Laoghaire, County Dublin. Aladdin Holdings' financial statements are publicly available at the Company's registered office. The financial statements of Incline B are not publicly available.

INCLINE ALADDIN ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (“DAC”)

**NOTES TO THE FINANCIAL STATEMENTS
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25. Related party transactions

The Company has a FRN with Aladdin SARL and Aladdin Cayman Holdings (2023: Aladdin SARL and Aladdin Cayman Holdings) and a PPN with Aladdin SARL as described in Note 14. Details on additional transactions with fellow group undertakings are disclosed below:

	31 December 2024 US\$	31 December 2023 US\$
Amounts due from fellow group undertakings		
Ultimate parent:		
Incline B Aviation Limited Partnership	-	28,860
Affiliates:		
Incline Aladdin Funding DAC	9,317,193	5,582,869
Merah Aircraft 4 Limited	8,796,497	194,747
Incline Aladdin 1 Leasing Limited	254,962	-
Red Aircraft Holdings 2 Co., Ltd.	896	-
	<u>18,369,548</u>	<u>5,806,476</u>

	31 December 2024 US\$	31 December 2023 US\$
Amounts due to fellow group undertakings		
Ultimate parent:		
Incline B Aviation Limited Partnership	5,666	-
Intermediate parent:		
Incline B Aviation Aladdin (Cayman) Holdings Limited Partnership	657,451	22,178
Immediate parent:		
Incline Aladdin Holdings Limited	-	1,704,942
Other related parties:		
Incline II B Aviation Limited Partnership	59,006	17,552
Incline II B Shannon 12 Limited	9,648	-
Incline B IrishCo One Limited	11,866	1,127
Incline B IrishCo Three Limited	13,019	18,685
Incline Aviation Funding Limited	614	614
	<u>757,270</u>	<u>1,765,098</u>

Amounts due from or due to fellow group undertakings are outstanding balances receivable from or payable to related entities generally consolidated under Incline B. The balances consist of transactions associated with the operations of the Company and primarily consist of the following:

- Transactions associated with the acquisition or disposal of flight equipment.
- Lease related transactions.
- Operational expenses paid on behalf of the Company or related entities.

INCLINE ALADDIN ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (“DAC”)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

25. Related party transactions (continued)

During the financial year, the Company paid fees to BBAM ASL for management and consulting services (see Note 4) totaling US\$2.6 million (2023: US\$2.1 million), including the provision of Directors to the Company for a fee of US\$2,000 (2023: US\$2,000). An amount of US\$Nil (2023: US\$Nil) is payable at year end.

26. Capital management

The primary objective of the Company in terms of capital management is to ensure that appropriate capital ratios are maintained in order to support the business. At 31 December 2024, Company capital comprise of notes payable to affiliates measured at US\$105.8 million (2023: US\$100.4 million), and issued share capital, capital contributions and retained deficit, measured at a total deficit of US\$4.0 million (2023: US\$4.0 million). The Company regards notes payable to affiliates as a form of capital. The Company manages its capital base and makes adjustments to it in light of changes in economic conditions. There have been no changes in the objectives, policies or processes relating to capital management during the financial year ended 31 December 2024 and 2023.

27. Risks and uncertainties

a) Asset risk

The Company’s primary business is the leasing of flight equipment. The Company bears the risk of re-leasing or selling the flight equipment. Should demand for aircraft decrease significantly for an extended period, and/or the value of the flight equipment in the fleet reduces, the Company may incur impairment charges.

This risk is mitigated by the Company’s strategy of investing in modern and fuel-efficient flight equipment in operation with significant numbers of established operators. These assets have the most stable values. In addition, the Company and BBAM ASL have significant experience of managing similar portfolios of aviation assets. The Company and BBAM ASL have in-house capability and experience in remarketing and selling flight equipment as may be required.

The risk is mitigated by the approach to asset risk management which includes proprietary analytical tools and active fleet management. The Company and BBAM ASL undertake a periodic review of the carrying values, focusing on both residual values and impairment.

b) Market 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 it through a reduced demand for flight equipment assets in the fleet and/or reduced market rates, higher incidences of lessee default and flight equipment assets off-lease, all of which may require that the carrying value of flight equipment assets be materially reduced.

These exposures are managed through the requirement of the airlines that lease the Company’s assets to maintain insurance, adequate maintenance policies and/or contribute to a maintenance reserve for the major maintenance on each flight equipment asset. The effective monitoring and controlling of these exposures for the period was a competency of BBAM ASL as part of the financial risk policy which the Company has entered into.

A significant deterioration in the financial condition of or bankruptcy by a lessee could impair their ability to comply with their lease payment obligations to the Company and expose the Company to significant financial loss. The Company and BBAM ASL periodically perform reviews of its carrying values of flight equipment assets held for operating leases, trade receivables, and the sufficiency of accruals and provisions, substantially all of which are susceptible to the above risks and uncertainties.

INCLINE ALADDIN ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (“DAC”)

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27. Risks and uncertainties (continued)

c) Interest rate risk

The Company’s interest-bearing liabilities consist of notes payable to affiliates. The Company is not exposed to significant interest rate risk because the liabilities with floating rates are not material as described in Note 14 above.

The following table demonstrates the interest rate risk profile for the Company:

As at 31 December 2024	Carrying Amount US\$	Interest Bearing Fixed US\$	Interest Bearing Variable US\$	Non- Interest Bearing US\$
Financial assets:				
Cash and cash equivalents	8,405,469	-	8,405,469	-
Amounts due from fellow group undertakings	18,369,548	-	-	18,369,548
Rent receivable	2,229,617	-	-	2,229,617
Total	29,004,634	-	8,405,469	20,599,165
Financial liabilities:				
Amount due to fellow group undertakings	757,270	-	-	757,270
Notes payable to affiliates	105,845,918	500,000	99,704,932	5,640,986
Maintenance payment liabilities	12,246,507	-	-	12,246,507
Security deposits	1,360,000	-	-	1,360,000
Other liabilities	154,264	-	-	154,264
Total	120,363,959	500,000	99,704,932	20,159,027
As at 31 December 2023				
	Carrying Amount US\$	Interest Bearing Fixed US\$	Interest Bearing Variable US\$	Non- Interest Bearing US\$
Financial assets:				
Cash and cash equivalents	6,575,523	-	6,575,523	-
Restricted cash	2,045,890	-	-	2,045,890
Amounts due from fellow group undertakings	5,806,476	-	-	5,806,476
Rent receivable	3,891,812	-	-	3,891,812
Total	18,319,701	-	6,575,523	11,744,178
Financial liabilities:				
Amount due to fellow group undertakings	1,765,098	-	-	1,765,098
Notes payable to affiliates	100,388,272	78,655,703	9,985,065	11,747,504
Maintenance payment liabilities	16,388,086	-	-	16,388,086
Security deposits	2,410,000	-	-	2,410,000
Other liabilities	51,961	-	-	51,961
Total	121,003,417	78,655,703	9,985,065	32,362,649

INCLINE ALADDIN ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (“DAC”)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

27. Risks and uncertainties (continued)

d) Liquidity risk

The ability of the Company to continue to operate is dependent upon its ability to meet its payment obligations. If the Company cannot meet its obligations under the various debt arrangements or its capital commitments, it may be subject to contract breach damages suits and may even be unable to continue to operate on a going concern basis.

In the management of liquidity risk, the Company and BBAM ASL monitors and maintains a level of liquid assets deemed adequate by management to finance the Company’s operations and mitigate the effects of fluctuations in cash flows. The Company’s exposure to liquidity risk is minimal as it is expected that the Company can meet its short-term liabilities as they fall due through the ongoing cash inflows from operating activities and access to additional funding from its ultimate parent undertaking, if required.

The table below summarises the maturity profile of the Company’s financial liabilities based on contractual undiscounted payments:

At 31 December 2024	Carrying amount	Total	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years
	US\$	US\$	US\$	US\$	US\$	US\$
Amounts due to fellow group undertakings	757,270	757,270	757,270	-	-	-
Security deposits	1,360,000	1,360,000	-	1,110,000	250,000	-
Notes payable to affiliates	105,845,918	105,845,918	5,640,986	-	-	100,204,932
Maintenance payment liabilities	12,246,507	12,246,507	-	8,403,797	3,842,710	-
Other liabilities	154,264	154,264	154,264	-	-	-
Other future interest	-	616,250	10,625	31,875	170,000	403,750
Total	120,363,959	120,980,209	6,563,145	9,545,672	4,262,710	100,608,682
At 31 December 2023	Carrying amount	Total	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years
	US\$	US\$	US\$	US\$	US\$	US\$
Amounts due to fellow group undertakings	1,765,098	1,765,098	1,765,098	-	-	-
Security deposits	2,410,000	2,410,000	1,050,000	450,000	910,000	-
Notes payable to affiliates	100,388,272	100,388,272	11,747,504	-	-	88,640,768
Maintenance payment liabilities	16,388,086	16,388,086	-	12,895,908	3,492,178	-
Other liabilities	51,961	51,961	51,961	-	-	-
Other future interest	-	96,943,154	1,671,434	5,014,301	26,742,939	63,514,480
Total	121,003,417	217,946,571	16,285,997	18,360,209	31,145,117	152,155,248

Other future interest is calculated based on a fixed interest rate. Maintenance payment liabilities are paid to the lessee upon the occurrence of a qualifying event. As such, the timing and cost of qualifying maintenance events cannot be determined with certainty in advance.

INCLINE ALADDIN ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (“DAC”)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

27. Risks and uncertainties (continued)

e) Credit risk

The Company is subject to the credit risk of its lessees as to collection of rental and maintenance payments under its operating leases. In 2024, two (2023: three) of the Company’s lessees are part of the AirAsia Group, one lessee is an Indian low-cost airline (2023: one) and one lessee is a European legacy airline (2023: None). The maximum exposure to credit risk at the reporting date in relation to the Company’s financial assets were:

Exposure to credit risk	31 December 2024 US\$	31 December 2023 US\$
Cash and cash equivalents	8,405,469	6,575,523
Restricted cash	-	2,045,890
Amounts due from fellow group undertakings	18,369,548	5,806,476
Rent receivable	2,229,617	3,891,812

Credit risk is defined as an unexpected loss in cash and earnings if the counterparty is unable to pay its obligations in due time. The effective monitoring and controlling of airline customer credit risk is a competency of BBAM ASL as part of the financial risk policy the Company has entered into. The creditworthiness of each new customer is assessed and the Company seeks security deposits in the form of cash or Letters of Credit to mitigate overall financial exposure to its lessees.

The assessment process takes into account qualitative and quantitative information about the customer such as business activities, financial resources and performance or business risks, to the extent that this information is publicly available or otherwise disclosed to the Company.

Based on past performance of the lessees and judgment exercised about the financial strength and condition of the lessees and the current economic and regulatory conditions of the lessees’ operating environments, the Company has determined that credit risk has been sufficiently assessed.

The Company holds cash balances which are invested on a short-term basis and are classified as cash and cash equivalents. These deposits give rise to credit risk on amounts due from counterparties. Credit risk is managed by limiting the aggregate amount and duration of exposure to any one counterparty. The Company typically does not enter into deposits with duration of more than 3 months. The Company’s bank balances are held with JP Morgan Chase, N.A., which has a credit rating of ‘Aa1- Outlook: Negative’ (2023: ‘Aa1- Outlook: Negative’), based on Moody’s.

The Company and BBAM ASL periodically perform reviews of its rent receivables, if any, and the sufficiency of accruals and provisions, substantially all of which are susceptible to the above risks and uncertainties.

Impairment of financial assets

The Company has three types of financial assets that are subject to the expected credit loss (ECL) model:

- Cash and cash equivalents and restricted cash;
- Amounts due from fellow group undertakings; and
- Rent receivable.

Cash and cash equivalents and restricted cash

While cash and cash equivalents and restricted cash are subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial and therefore no ECL was recognised as of 31 December 2024 (2023: US\$Nil).

INCLINE ALADDIN ENGINE FUNDING DESIGNATED ACTIVITY COMPANY (“DAC”)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

27. Risks and uncertainties (continued)

e) Credit risk (continued)

Amounts due from fellow group undertakings

The fellow group undertakings disclosed in Note 25 have sufficient resources to fulfill their obligations. Therefore, the Company has not recognised a loss allowance in respect of amounts due from fellow group undertakings during the financial year (2023: US\$Nil).

Rent receivable

The Company’s rent receivable is from four airlines, all of which are considered to have low credit risk (2023: one airline was considered to have high credit risk). The Company received security deposits which can be applied if the lessees do not fulfill their obligations under the leases. The Company has assessed the potential impairment of its rent receivable through a credit assessment of the probability of default of the counterparty. The identified impairment loss related to one lessee was assessed to be lower and therefore the Company has recognised a reversal of a loss allowance of US\$0.1 million in respect of its rent receivable during the financial year ended 31 December 2024 (2023: reversal of loss allowance of US\$1.5 million).

f) Foreign currency risk

The Company’s exposure to foreign currency risk is minimal. The Company’s foreign currency exposures arise mainly on audit and tax fees which are denominated in Euro. There is no sensitivity analysis performed as the exposure is deemed to be not significant.

28. Events after the reporting period

Subsequent to 31 December 2024, the Company sold one Airbus A320 aircraft that was off lease as well as two CFM56 type engines, both of which were off-lease and realised a gain on sale on these transactions.

There are no other significant events subsequent to 31 December 2024 that require adjustment to or disclosure in these financial statements.

29. Approval of financial statements

The Board of Directors approved these financial statements for issue on 18 September 2025.