

**INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY
COMPANY (“DAC”) AND ITS SUBSIDIARIES**

DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

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INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

COMPANY INFORMATION

Directors	Declan Cotter Gavin Mercer Maurice Prendergast James Conroy (resigned 30 April 2024) Darragh Smyth - alternate to Declan Cotter (resigned 30 April 2024)
Company secretary	Declan Cotter
Registered number of incorporation	643133
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 AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

The Directors present herewith the annual report and audited company and consolidated financial statements of Incline Aviation Holdings DAC (the “Company”) and subsidiaries for the financial year ended 31 December 2024. The comparative consolidated financial statements were presented 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 that it operates as an investment holding company that holds equity interests in a number of subsidiary undertakings. The principal activity of Incline Aviation Holdings DAC and its subsidiary undertakings (the “Group”) is the financing and leasing of jet aircraft. The Directors expect these activities to continue for the foreseeable future. The Directors continue to review and seek business opportunities for the Group. The Group’s directors regularly review financial information related to the performance of the Group 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 Group made a total comprehensive loss of US\$17,091,157 during the financial year (2023: US\$15,494,246). The Company has a fixed-rate note which is listed on the Cayman Islands Stock Exchange.

Principal Risks and Uncertainties

The Group, in the course of its business activities, is exposed to asset, market, credit and liquidity risk as the principal risks facing the Group, as it bears the risk of non-performance under the leases by the airlines operating the aircraft. The Group 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 Group. The financial risks are discussed in more detail in Note 34 ‘Risks and uncertainties’ which is included herein by reference.

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

The Consolidated Statements of Profit or Loss and Other Comprehensive Income for the financial year ended 31 December 2024 and the Consolidated and Company Statements of Financial Position at 31 December 2024 are set out on pages 17 to 21. The Group loss on ordinary activities for the financial year before taxation amounted to US\$20,137,068 (2023: US\$13,979,873). After crediting tax of US\$4,015,605 (2023: US\$3,162,723), a net loss of US\$16,121,463 (2023: US\$10,817,150) is transferred to reserves.

Total comprehensive loss for the financial year amounted to US\$17,091,157 (2023: US\$15,494,246). Consolidated shareholders’ funds at 31 December 2024 amounted to a deficit of US\$26,681,078 (2023: US\$12,289,921). Shareholders’ funds of the Company at 31 December 2024 amounted to a deficit of US\$53,613,537 (2023: US\$49,510,218). 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 consolidated financial statements. In accordance with the Articles of Association, the Directors are not required to retire by rotation.

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 Group and Company's use of the going concern basis of preparation at the date of signing these consolidated and company financial statements by evaluating all cash inflows and outflows of the Group and Company, over the coming year under the following assumptions, judgments and estimates:

INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

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

Going Concern

The Directors have prepared the consolidated and company financial statements for the 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 Group and Company's use of the going concern basis of preparation at the date of signing these consolidated and company financial statements by evaluating all cash inflows and outflows of the Group and Company, 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\$235.4 million, respectively.

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

Events after the Reporting Period

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

Political Donations

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

Charitable Contributions

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

Subsidiary Undertakings

Details of the activities carried out by subsidiary undertakings are set out in Note 16 in the consolidated financial statements.

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 throughout the group, including the appointment of personnel with appropriate qualifications, experience and expertise.

The accounting records are maintained by BBAM Limited Partnership (“BBAM”), 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 (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 293 and the Directors' Report as required by section 325. These accounting records are held at the Company's registered office.

INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

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

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 each Director is aware, there is no relevant audit information of which the Company’s statutory auditor is unaware; and
- The Directors have taken all steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and establish that the Company’s statutory auditor is aware of that information.

Independent Auditor

Ernst & Young, Chartered Accountants, will 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 consolidated financial statements in accordance with Irish law and regulations.

Irish company law requires the Directors to prepare the consolidated financial statements for each financial year. Under that law the Directors have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union. Under company law, the Directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company and of the Group at the financial year end date and of the profit or loss of the Group for the financial year and otherwise comply with the Companies Act 2014.

In preparing these consolidated financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business;
- state whether the consolidated and company 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 and of the Group to be determined with reasonable accuracy, enable them to ensure that the consolidated financial statements and Directors’ Report comply with the Companies Act 2014 and enable the consolidated financial statements to be audited. They are also responsible for safeguarding the assets of the Company and of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

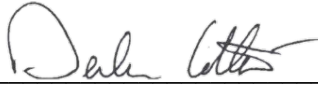
**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

Directors' Compliance Statement

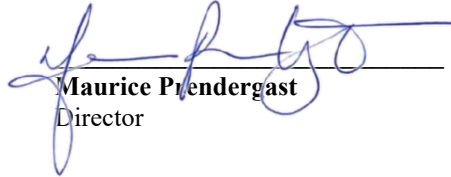
The Directors acknowledge that they are responsible for securing the Company's compliance with its 'relevant obligations' as defined in Section 225 of the Companies Act 2014 (as defined in section 225(1) thereof). As required under Section 225(3), the Directors confirm that:

1. a compliance policy has been drawn up setting out the Company's policies (that, in the Directors' opinion, are appropriate to the Company) respecting compliance by the Company with its relevant obligations;
2. appropriate arrangements or structures are in place that, in the Directors' opinion, are designed to secure material compliance with the Company's relevant obligations; and
3. a review has been conducted of the aforementioned arrangements or structures.

This report was approved by the Board and authorised for issue on 18 December 2025.



Declan Cotter
Director



Maurice Prendergast
Director



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INCLINE AVIATION
HOLDINGS DESIGNATED ACTIVITY COMPANY**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Incline Aviation Holdings Designated Activity Company ('the Company') and its subsidiaries the ('the Group') for the year ended 31 December 2024, which comprise the Consolidated Statement of Profit or Loss and Comprehensive Income, Consolidated and Company Statements of Changes in Equity, Consolidated and Company Statements of Cash Flows and Notes to the Consolidated 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 and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2014.

In our opinion:

- the Group financial statements give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2024 and of its loss for the year then ended;
- the Company financial statements give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2024;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2014; and
- the Group financial statements and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and 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 AVIATION HOLDINGS 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 Group and 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 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 Group and 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 Group and 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 Group and 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 Group's or 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 group's ability to continue as a going concern.



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INCLINE AVIATION
HOLDINGS DESIGNATED ACTIVITY COMPANY (CONTINUED)**

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 AVIATION HOLDINGS 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 held for operating leases represents the most significant asset in the financial statements of the Group. As at 31 December 2024, the carrying value of flight equipment assets held for operating lease reported is \$218.9 million (2023: \$308.5 million) as detailed in Note 14 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 needs 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 used in the impairment assessment. The most significant of these assumptions that may be subject to manipulation by management relates to the calculation of the weighted average cost of capital ('WACC'), which is used as the discount rate when calculating the VIU of flight equipment assets. Management may manipulate this rate to obtain a higher asset valuation, as there is an inherent level of subjectivity and judgement involved in estimating this rate.</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 AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (CONTINUED)

Risk	Our response to the risk
<p>Recoverability of notes receivable from affiliates at amortised cost (Company Only) (Fraud and Significant Risk)</p> <p>The carrying value of notes receivable from affiliates represents the most significant asset in the Company financial statements. As at 31 December 2024, the carrying value of the notes receivable from affiliates balance reported is \$36.5 million (2023: \$35.7 million) as detailed in Note 13 of the financial statements.</p> <p>As set out within the ‘Financial assets’ section of Note 1 ‘Corporate information and material accounting policy information’ and Note 34 ‘Credit risk’, 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.</p> <p>We have determined that recoverability of notes receivable from group undertakings represents a risk because management could override controls relating to estimating the recoverable amount of notes receivable from affiliates.</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"> • Obtained an understanding of the expected credit loss process, performed a walkthrough of the process, and evaluated the design effectiveness of controls related to the risk identified. We did not rely on controls. • Obtained the expected credit loss assessment prepared by management and reviewed the accuracy of the calculations through reperformance. • Considered the overall financial strength of the underlying lessee such as payment history, creditworthiness, financial resources, and other qualitative factors. • 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 AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (CONTINUED)

Risk	Our response to the risk
<p>Valuation of notes receivable from affiliates at fair value through profit or loss (Company Only) (Fraud and Significant Risk)</p> <p>As at 31 December 2024, the carrying value of notes receivable from affiliates at fair value through profit or loss reported is \$112.4 million (2023: \$167.5 million), as detailed in Note 13 of the financial statements.</p> <p>As set out within Note 1 ‘Corporate information and material accounting policy information’, 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. Key inputs in assessing fair value of notes receivable from affiliates are discussed in Note 28.</p> <p>There is potential for management override pertaining to the valuation of notes receivable from affiliates at fair value through profit or loss. There is a risk that management may manipulate their valuation of notes receivable from affiliates at fair value through profit or loss through top-side journal entries.</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 fair value assessment of notes receivable from affiliates at fair value through profit or loss. We did not rely on controls. • Assessed the valuation of the notes receivable from affiliates at fair value through profit or loss and the fair value assessment against the value of the underlying aircraft in the investee company. • Obtained the final executed notes receivable from affiliates at fair value through profit or loss agreements and agreed the key terms of the notes, the principal amount, maturity date, variable interest conditions and calculation of interest from the cash flows of the underlying entities during the period. • Reviewed the discount rate applied in the fair value calculation and reviewed the calculation for mathematical accuracy and reasonableness. • Assessed the appropriateness and presentation of disclosures in the financial statements for compliance with the relevant accounting standards. <p>Our planned audit procedures were completed without exception.</p>



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INCLINE AVIATION HOLDINGS 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 Group to be \$4.2 million (2023: \$3.8 million), which is 2% of equity (2023: 1% of total assets). We believe that total equity 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. This change is driven by a shift in the financial information needs of users, for whom equity in the form of profit participating notes provides a more relevant and meaningful indicator of the Group's financial position and performance.

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 Group's overall control environment, our judgement was that performance materiality was 75% (2023: 75%) of our planning materiality, namely \$3.1m (2023: \$2.9m). 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 Audit Committee that we would report to them all uncorrected audit differences in excess of \$208k (2023: \$192k), 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 AVIATION HOLDINGS 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 Group. 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 other than the financial statements and our auditor's report thereon. 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, other than those parts dealing with the non-financial statement pursuant to the requirements of S.I. No. 360/2017 on which we are not required to report in the current year, 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, and those parts dealing with the non-financial statement pursuant to the requirements of S.I. No. 360/2017 on which we are not required to report in the current year, 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 Company statement of financial position is in agreement with the accounting records.



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (CONTINUED)

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.

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 Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or 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.



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (CONTINUED)

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.

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 Aviation Holdings 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 reviewed minutes of meetings of those charged with governance.
- We assessed the susceptibility of the Group and 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.



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INCLINE AVIATION
HOLDINGS DESIGNATED ACTIVITY COMPANY (CONTINUED)**

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 grey ink that reads 'Patrick O'Driscoll'.

Patrick O'Driscoll
for and on behalf of
Ernst & Young Chartered Accountants and Statutory Audit Firm

Office: Dublin

Date: 18 December 2025

INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER 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	28,036,792	34,821,629
Operating expenses	3	(22,740,397)	(23,170,561)
Net operating income on continuing operations		<u>5,296,395</u>	<u>11,651,068</u>
Interest and other income	4	592,480	456,157
Interest expense	5	(30,082,150)	(30,643,648)
(Loss)/gain on marketable securities	8	(44,144)	159,040
Loss on debt extinguishment	6	(106,434)	(113,981)
Gain on sale of flight equipment assets	14, 15	4,206,785	4,511,491
Loss on ordinary activities before taxation		<u>(20,137,068)</u>	<u>(13,979,873)</u>
Income tax credit on ordinary activities	7	4,015,605	3,162,723
Loss on ordinary activities after taxation		<u>(16,121,463)</u>	<u>(10,817,150)</u>
Other comprehensive income:			
To be subsequently recycled to profit or loss:			
Loss on hedging instrument, net of deferred tax	24	(969,694)	(4,677,096)
Total comprehensive loss		<u><u>(17,091,157)</u></u>	<u><u>(15,494,246)</u></u>

The Group has adopted a single Consolidated Statement of Profit or Loss and Other Comprehensive Income. All items of comprehensive income are due to continuing operations, the results of which are attributable to the holders of the parent company.

The accompanying notes on pages 27 to 80 form an integral part of these consolidated financial statements.

INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024**

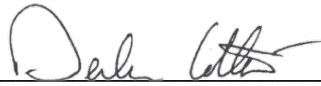
	Note	2024 US\$	2023 US\$
Assets			
Flight equipment assets held for operating leases, net	14	218,882,584	308,450,486
Rent receivable	12	903,428	3,129,313
Notes receivable from affiliates	13	-	1,686,168
Derivative asset	24	8,677,439	9,491,729
Deferred tax assets, net	7	13,323,460	9,449,849
Other assets, net	17	9,359,419	5,824,653
Total non-current assets		251,146,330	338,032,198
Cash and cash equivalents	9	2,878,288	16,118,793
Restricted cash	10	-	2,948,466
Rent receivable	12	515,771	1,015,650
Marketable securities	8	495,955	540,099
Amounts due from fellow group undertakings	11, 32	23,227,306	22,726,262
Notes receivable from affiliates	13	113,299	-
Current taxes receivable		78,016	89,934
Other assets, net	17	1,702,021	2,282,371
Total current assets		29,010,656	45,721,575
Total assets		280,156,986	383,753,773


INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

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

	Note	2024 US\$	2023 US\$
Liabilities			
Security deposits	21	2,569,960	2,933,160
Maintenance payment liabilities	20	9,166,595	6,039,284
Secured borrowings, net	6	63,224,614	70,874,658
Notes payable to affiliates	19	200,532,923	202,250,773
Other liabilities	23	10,991,874	8,360,009
Total non-current liabilities		<u>286,485,966</u>	<u>290,457,884</u>
Deferred operating lease rental income	22	1,276,613	1,404,256
Amounts due to fellow group undertakings	18, 32	2,288,841	4,983,023
Secured borrowings, net	6	7,828,943	36,582,695
Notes payable to affiliates	19	8,072,780	61,632,525
Other liabilities	23	884,921	983,311
Total current liabilities		<u>20,352,098</u>	<u>105,585,810</u>
Total liabilities		<u>306,838,064</u>	<u>396,043,694</u>
Net liabilities		<u>(26,681,078)</u>	<u>(12,289,921)</u>
Equity			
Share capital	25	1	1
Capital contributions	26	2,700,000	-
Cash flow hedge reserve	24	7,592,761	8,562,455
Retained deficit		(36,973,840)	(20,852,377)
Total equity		<u>(26,681,078)</u>	<u>(12,289,921)</u>

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


Declan Cotter
 Director


Maurice Prendergast
 Director

The accompanying notes on pages 27 to 80 form an integral part of these consolidated financial statements.

INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

**COMPANY STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024**

	Note	2024 US\$	2023 US\$
Assets			
Notes receivable from affiliates	13	109,845,176	154,406,246
Investment in subsidiary undertakings	16	2,700,004	21,344
Total non-current assets		<u>112,545,180</u>	<u>154,427,590</u>
Cash and cash equivalents	9	520,016	452,968
Amounts due from fellow group undertakings	11, 32	30,434,457	32,253,760
Notes receivable from affiliates	13	39,048,540	48,720,664
Other assets	17	542,335	867,809
Total current assets		<u>70,545,348</u>	<u>82,295,201</u>
Total assets		<u>183,090,528</u>	<u>236,722,791</u>

INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

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

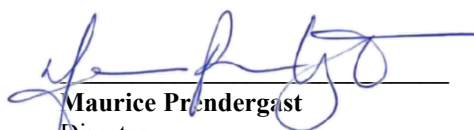
	Note	2024 US\$	2023 US\$
Liabilities			
Notes payable to affiliates	19	200,532,923	203,823,925
Total non-current liabilities		<u>200,532,923</u>	<u>203,823,925</u>
Notes payable to affiliates	19	8,032,124	64,591,585
Amounts due to fellow group undertakings	18, 32	28,027,159	17,742,957
Current tax payable		3,897	2,559
Other liabilities	23	107,962	71,983
Total current liabilities		<u>36,171,142</u>	<u>82,409,084</u>
Total liabilities		<u>236,704,065</u>	<u>286,233,009</u>
Net liabilities		<u>(53,613,537)</u>	<u>(49,510,218)</u>
Equity			
Share capital	25	1	1
Capital contributions	26	2,700,000	-
Retained deficit		(56,313,538)	(49,510,219)
Total equity		<u>(53,613,537)</u>	<u>(49,510,218)</u>

The Company's loss for the year was US\$6,803,319 (2023: US\$37,541,509).

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



Declan Cotter
Director



Maurice Pröndergast
Director

The accompanying notes on pages 27 to 80 form an integral part of these consolidated financial statements.

INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

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

	Share capital	Capital contributions	Cash flow hedge reserve	Retained deficit	Total attributable to equity holders of parent	Total equity
	US\$	US\$	US\$	US\$	US\$	US\$
At 1 January 2023	1	-	13,239,551	(10,035,227)	3,204,325	3,204,325
Loss for the financial year	-	-	-	(10,817,150)	(10,817,150)	(10,817,150)
Other comprehensive loss	-	-	(4,677,096)	-	(4,677,096)	(4,677,096)
Total comprehensive loss for the year	-	-	(4,677,096)	(10,817,150)	(15,494,246)	(15,494,246)
At 31 December 2023	1	-	8,562,455	(20,852,377)	(12,289,921)	(12,289,921)
At 1 January 2024	1	-	8,562,455	(20,852,377)	(12,289,921)	(12,289,921)
Loss for the financial year	-	-	-	(16,121,463)	(16,121,463)	(16,121,463)
Other comprehensive loss	-	-	(969,694)	-	(969,694)	(969,694)
Total comprehensive loss for the year	-	-	(969,694)	(16,121,463)	(17,091,157)	(17,091,157)
Capital contributions	-	2,700,000	-	-	2,700,000	2,700,000
Total contributions by and distributions to owners	-	2,700,000	-	-	2,700,000	2,700,000
At 31 December 2024	1	2,700,000	7,592,761	(36,973,840)	(26,681,078)	(26,681,078)

The accompanying notes on pages 27 to 80 form an integral part of these consolidated financial statements.

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

INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

**COMPANY STATEMENTS 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	-	(11,968,710)	(11,968,709)
Loss for the year	-	-	(37,541,509)	(37,541,509)
Total comprehensive loss for the year	-	-	(37,541,509)	(37,541,509)
At 31 December 2023	1	-	(49,510,219)	(49,510,218)
At 1 January 2024	1	-	(49,510,219)	(49,510,218)
Loss for the year	-	-	(6,803,319)	(6,803,319)
Total comprehensive loss for the year	-	-	(6,803,319)	(6,803,319)
Capital contributions	-	2,700,000	-	2,700,000
Total contributions by and distributions to owners	-	2,700,000	-	2,700,000
At 31 December 2024	1	2,700,000	(56,313,538)	(53,613,537)

The accompanying notes on pages 27 to 80 form an integral part of these consolidated financial statements.

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

INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENTS 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			
Loss on ordinary activities before taxation		(20,137,068)	(13,979,873)
Interest income	4	(592,480)	(456,157)
Swap income and termination proceeds	4	338,564	-
Interest expense	5	29,604,837	29,924,274
Amortisation of loan costs	5	477,313	719,374
Loss on debt extinguishment	6	106,434	113,981
Finance lease income	2	-	(1,493,056)
Depreciation	3	13,171,354	16,020,359
Gain on sale of flight equipment assets	14, 15	(4,206,785)	(4,511,491)
Loss/(gain) on marketable securities	8	44,144	(159,040)
Change in amounts due from fellow group undertakings	11	(501,044)	183,814
Change in rent receivable	12	2,725,764	153,036
Change in other assets	17	(2,954,416)	2,820,437
Change in amounts due to fellow group undertakings	18	(2,694,182)	2,178,840
Change in maintenance payment liabilities and security deposits	20, 21	2,764,111	2,691,609
Change in deferred operating lease rental income	22	(127,643)	(300,850)
Change in other liabilities	23	2,533,475	(1,270,796)
Cash inflow from operations		20,552,378	32,634,461
Interest received	4	253,632	343,142
Interest paid	6, 19	(83,313,489)	(15,606,570)
Income taxes paid		(1,490)	(857,086)
Net cash (outflow)/inflow from operating activities		(62,508,969)	16,513,947
Cash flows from investing activities			
Aircraft improvements	14	-	(6,165,009)
Proceeds from sale of flight equipment	14	80,603,333	75,020,165
Finance lease collections	15	-	2,805,000
Collection of notes receivable from affiliates	13	1,573,153	3,000,000
Net cash inflow from investing activities		82,176,486	74,660,156

INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

		2024	2023
		US\$	US\$
Cash flows from financing activities			
Net movements from restricted cash	10	2,948,466	(529,019)
Repayment of secured borrowings	6	(36,838,638)	(79,996,892)
Proceeds from notes payable to affiliates	19	230,886,730	-
Repayment of notes payable to affiliates	19	(232,604,580)	(2,773,000)
Capital contributions received	16	2,700,000	-
		<hr/>	<hr/>
Net cash outflow from financing activities		(32,908,022)	(83,298,911)
		<hr/>	<hr/>
Net movement in cash and cash equivalents		(13,240,505)	7,875,192
Cash and cash equivalents at the beginning of the financial year	9	16,118,793	8,243,601
		<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year	9	2,878,288	16,118,793
		<hr/> <hr/>	<hr/> <hr/>

The accompanying notes on pages 27 to 80 form an integral part of these consolidated financial statements.

INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

**COMPANY STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Note	Year ended 31 December 2024 US\$	Year ended 31 December 2023 US\$
Cash flows from operating activities			
Loss on ordinary activities before taxation		(6,803,241)	(37,540,309)
Interest income	13	(21,151,667)	(18,325,218)
Interest expense	19	22,575,522	21,214,838
Unrealised fair value loss on notes receivable to affiliates	13	6,786,699	37,545,109
Change in amounts due from fellow group undertakings	11	1,819,303	(667,460)
Change in other assets	17	325,474	(213,160)
Change in amounts due to fellow group undertakings	18	10,284,202	1,205,114
Change in other liabilities	23	35,979	(12,956)
		<hr/>	<hr/>
Cash inflow from operations		13,872,271	3,205,958
		<hr/>	<hr/>
Interest received	13	30,823,791	3,609,124
Interest paid	19	(79,134,982)	(6,600,001)
Income tax paid		1,259	(68)
		<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities		(34,437,661)	215,013
		<hr/>	<hr/>
Cash flows from investing activities			
Issuance of note receivable from affiliates	13	(62,877,148)	-
Collection of notes receivable from affiliates	13	100,651,519	5,773,000
Net investment in subsidiary	16	(2,678,660)	-
		<hr/>	<hr/>
Net cash inflow from investing activities		35,095,711	5,773,000
		<hr/>	<hr/>
Cash flows from financing activities			
Proceeds from notes payable to affiliates	19	230,886,730	-
Repayment of notes payable to affiliates	19	(234,177,732)	(5,773,000)
Capital contributions received	16, 26	2,700,000	-
		<hr/>	<hr/>
Net cash outflow from financing activities		(591,002)	(5,773,000)
		<hr/>	<hr/>
Net movement in cash and cash equivalents		67,048	215,013
Cash and cash equivalents at the beginning of year	9	452,968	237,955
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year	9	520,016	452,968
		<hr/> <hr/>	<hr/> <hr/>

The accompanying notes on pages 27 to 80 form an integral part of these consolidated financial statements.

INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

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

1. Corporate information and material accounting policies

1.1 Corporate information

The Company has availed of the exemption in Section 304 of the Companies Act 2014 and has not presented an Income Statement. The loss for the financial year has been disclosed on the Company Statements of Financial Position.

The consolidated financial statements of the Group and the Company financial statements for the financial year ended 31 December 2024 were authorised for issue in accordance with a resolution of the Directors on 18 December 2025. The Company was incorporated on 6 February 2019 and is domiciled in the Republic of Ireland. The registered office is located at West Pier, Dun Laoghaire, County Dublin. The registered number of incorporation is 643133.

The principal activities of the Group are described in the Directors’ Report on page 3. Details of the subsidiary undertakings of the Company are provided in Note 16. Information on the Group’s immediate and ultimate parent undertakings is provided in Note 31.

1.2 Basis of preparation and statement of compliance

The Group and Company financial statements 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 consolidated financial statements have been prepared on a historical cost basis, except for derivative asset and liability, marketable securities and notes receivable from affiliates which are measured at fair value. The consolidated financial statements are presented in U.S. dollars (“US\$”).

The consolidated financial statements provide comparative information in respect of the previous period. The following accounting policies have been consistently applied to all periods presented, unless otherwise stated.

Going concern

The Directors have prepared the consolidated and company financial statements for the 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 Group and Company's use of the going concern basis of preparation at the date of signing these consolidated and company financial statements by evaluating all cash inflows and outflows of the Group and Company, 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\$235.4 million, respectively.

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

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

1. Corporate information and material accounting policies (continued)

1.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has all of the following:

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

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

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

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

Profit or loss and each component of other comprehensive income (“OCI”) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

1.4 New and amended accounting standards and pronouncements adopted

The Group 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 Group’s financial statements.

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

1. Corporate information and material accounting policies (continued)

1.5 New standards and interpretations not yet applied

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 Group.

- 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 Group, 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 Group is currently assessing the effect of the upcoming standards to determine the impact they will have on the Group’s consolidated financial statements.

1.6 Foreign currencies

The Group’s consolidated financial statements are prepared in U.S. dollars (“US\$”), which is also the Company’s functional currency. Each entity in the Group determined its own functional currency and items included in the standalone financial statements of each entity are measured using that functional currency. All financial information presented in US\$ has been rounded to the nearest dollar unless otherwise indicated.

Foreign currency transactions are recorded 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 reporting period. 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 Consolidated Statements of Profit or Loss and Other Comprehensive Income.

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

1. Corporate information and material accounting policies (continued)

1.7 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised either in profit and loss or a change to OCI. If the contingent consideration is not within the scope of IFRS 9, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

1.8 Operating 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.

Operating lease 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 rent receivable in the Consolidated Statements of Financial Position. As the Group's lease contracts require payment in advance, rentals received but unearned under the lease agreements are recorded in deferred operating lease rental income.

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

1. Corporate information and material accounting policies (continued)

1.9 Investment in subsidiary undertakings

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

1.10 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 consolidated financial statements on an accrual basis.

Depreciation for the financial year is also recognised under this heading and is calculated and disclosed as discussed below in line with the corresponding requirements under the IFRS framework as set out in IAS 16, *Property, Plant and Equipment* (see Note 14).

1.11 Lease costs

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

1.12 Lease incentives

Generally, lessees are required to provide for repairs, scheduled maintenance, and overhauls during the lease term and to be compliant with return conditions of flight equipment at lease termination. Miscellaneous repairs are expensed when incurred. Major improvements to be performed by the Group pursuant to the lease agreement are accounted for as lease incentives and are amortised against operating lease revenue over the term of the lease, assuming no lease renewals.

1.13 Interest income

Interest on deposits with financial institutions is recognised as earned. 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. Interest on related party notes receivable from affiliates is recognised as earned and a receivable is recorded for interest income earned but not yet received.

1.14 Interest expense

Interest on borrowings 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.

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

1. Corporate information and material accounting policies (continued)

1.15 Flight equipment assets held for operating leases, net

The Group states all flight equipment assets owned and other tangible assets 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 the flight equipment assets, 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. Residual values are generally estimated to be 15% of the original manufacturer’s cost for aircraft 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 all flight equipment assets, is determined taking into consideration the pattern in which the asset’s economic benefits are consumed by the Group.

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 Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any condition exists, the Group 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 of 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 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 Consolidated Statements of Profit or Loss and Other 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 Consolidated Statements of Profit or Loss and Other 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.

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

1. Corporate information and material accounting policies (continued)

1.16 Maintenance rights

At the time of acquisition of flight equipment with an in-place lease, the Group 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 Group’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 Group’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.

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 Group is required to pay the lessee in cash for the improved maintenance condition. The Group does not have maintenance rights liabilities in EOL Leases as of 31 December 2024 and 2023.

When the Group 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 Group 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 Group’s capitalisation policy; (ii) the lessee pays the Group 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 Group 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 Group’s capitalisation policy.

Any flight equipment improvement will be depreciated over a period to the next scheduled maintenance event in accordance with the Group’s policy with respect to major maintenance.

When the Group 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 Group to the lessee, the maintenance right liability is relieved and end of lease income is recognised; (ii) the Group 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 Group 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.

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

1. Corporate information and material accounting policies (continued)

1.16 Maintenance rights (continued)

MR Leases

Under MR Leases, the lessee is required to make periodic maintenance payments to the Group based upon usage of the flight equipment. When qualified major maintenance is performed during the lease term, the Group is required to reimburse the lessee for the costs associated with such maintenance. At the end of lease, the Group 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 Group from the periodic maintenance payments that it receives.

When the Group 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 Group’s existing policy; or (ii) the Group 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 Group has no maintenance right liabilities for MR Leases.

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

1.17 Lease premium and lease discount

Lease premium represents the value of an acquired lease where the contractual rent payments are above the market lease rate at the date of acquisition. This asset is recognised at cost based on discounted cash flows and is amortised on a straight-line basis over the remaining term of the related lease and is recorded as a component of operating lease revenue in the Consolidated Statements of Profit or Loss and Other Comprehensive Income.

Lease discount represents the value of an acquired lease where the contractual rent payments are below the market lease rate at the date of acquisition. This liability is recognised at cost based on discounted cash flows and is amortised on a straight-line basis over the remaining term of the related lease and is recorded as a component of operating lease revenue in the Consolidated Statements of Profit or Loss and Other Comprehensive Income.

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

1. Corporate information and material accounting policies (continued)

1.18 Financial instruments

The Group’s financial asset categories are financial assets at amortised cost and fair value through profit or loss and derivatives designated as hedging instruments. Financial assets at amortised cost comprise of “cash and cash equivalents”, “restricted cash”, “rent receivable”, “amounts due from fellow group undertakings”, “notes receivable from affiliates” and other receivables (recorded under “other assets”) in the Consolidated Statements of Financial Position. Financial assets at fair value through profit or loss includes marketable securities. Derivatives designated as hedging instruments comprise of interest rate swaps used to hedge interest rate. The derivatives are measured at fair value with the effective portion of the gain or loss being recognised in OCI.

The Company’s financial asset categories are financial assets at amortised cost and financial instruments at fair value through profit or loss. Financial assets at amortised cost comprise of “cash and cash equivalents”, “amounts due from fellow group undertakings” and “other assets” in the Company Statements of Financial Position. Financial instruments at fair value through profit or loss comprise of “notes receivable from affiliates” in the Company Statements of Financial Position.

The Group’s financial liabilities categories are financial liabilities measured at amortised cost and derivatives designated as hedging instruments. Financial liabilities measured at amortised cost comprise of “other liabilities”, “amounts due to fellow group undertakings”, “notes payable to affiliates”, “secured borrowings”, “security deposits”, and “maintenance payment liabilities” in the Consolidated Statements of Financial Position. Derivatives designated as hedging instruments comprise of interest rate swaps used to hedge interest rate. The derivatives are measured at fair value with the effective portion of the gain or loss being recognised in OCI.

The Company’s financial liabilities categories are financial liabilities measured at amortised cost. Financial liabilities measured at amortised cost comprise of “other liabilities”, “notes payable to affiliates” and “amounts due to fellow group undertakings” in the Company 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 Group’s business model for managing them. The Group 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. The Group’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.

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.

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

1. Corporate information and material accounting policies (continued)

1.18 Financial instruments (continued)

1) Financial assets (continued)

Financial assets at amortised cost

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

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

Upon initial recognition, the Group 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 Consolidated Statements of Profit or Loss and Other Comprehensive Income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

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

The Group 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.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the Consolidated Statements of Profit or Loss and Other 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 Group 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.

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

1. Corporate information and material accounting policies (continued)

1.18 Financial instruments (continued)

1) Financial assets (continued)

The Group’s financial asset at fair value through profit or loss comprises of marketable securities. The Company recognises notes receivable from affiliates at fair value through profit and 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 statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group 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 Group has transferred substantially all the risks and rewards of the asset, or
 - (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group 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 Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group 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 Group 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 Group could be required to repay.

Impairment of Financial Assets

Further disclosures relating to impairment of financial assets are also provided in Note 34.

The Group 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 Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages:

- For credit loss exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL); and
- 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).

For rent receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognised a loss allowance based on lifetime ECLs at each reporting date.

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

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

1. Corporate information and material accounting policies (continued)

1.18 Financial instruments (continued)

2) Financial liabilities

Initial Recognition and Measurement

The Group and Company’s financial liabilities are categorised as financial liabilities measured at amortised cost and derivatives designated as hedging instruments. Financial liabilities measured at amortised cost comprises of “other liabilities”, “amounts due to fellow group undertakings”, “notes payable to affiliates”, “maintenance payment liabilities”, “security deposits” and “secured borrowings” in the Consolidated and Company 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. The Company has derivatives designated as hedging instruments.

After initial recognition, interest-bearing loans and borrowings 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 amortisation is included as finance costs in the Consolidated Statements of Profit or Loss and Other Comprehensive Income.

This category generally applies to interest-bearing notes payable to affiliates and secured borrowings.

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 Consolidated Statements of Profit or Loss and Other Comprehensive Income.

3) Non-derivative financial instruments

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

Non-derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition non-derivative financial instruments are measured at cost using the effective interest rate method, less any impairment losses. Where the terms of a loan facility are amended, the Group 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 Consolidated Statements of Profit or Loss and Other Comprehensive Income and included under finance expense.

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

1. Corporate information and material accounting policies (continued)

1.18 Financial instruments (continued)

3) Non-derivative financial instruments (continued)

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

Marketable securities

At initial recognition, marketable securities at fair value through profit or loss are recognised at fair value. Subsequent changes in fair value are based on the public trading prices and are recognised in unrealised loss on marketable securities in the Consolidated Statements of Profit or Loss and Other Comprehensive Income. Any dividends received from the marketable securities are recorded as other income. At 31 December 2024 the Group’s marketable securities consist of ordinary, common shares of a lessee’s parent company (see Note 8).

Notes receivable from affiliates

Notes receivable from affiliates consist of non-derivative financial assets with fixed or determinable payments that are not quoted in an active market (notes receivable from affiliates at amortised cost) as well as non-derivative financial assets that are not quoted in active markets and that entitle the Company to a periodic return equal to 20% of the profit of the affiliate after an annual cash retention amount of US\$1,200 (notes receivable from affiliates at fair value through profit or loss). Notes receivable from affiliates with fixed or determinable payments are measured at amortised cost.

Notes receivable from affiliates without fixed or determinable payments are initially measured at fair value and are subsequently measured at fair value at the end of each reporting period with any fair value movements recognised in the Consolidated Statements of Profit or Loss and Other Comprehensive Income. Notes receivable were issued to the Company’s fellow group undertakings and related parties for the acquisitions of aircraft. The fair value measurement of the notes receivable from related parties is calculated as the discounted cash flows associated with the underlying assets acquired.

Notes payable to affiliates and secured borrowings

Notes payable to affiliates and secured borrowings (collectively “notes payable”) are initially recognised at fair value, being their issue proceeds net of any transaction costs incurred. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method.

Notes payable are classified as liabilities at amortised cost in accordance with IFRS 9, *Financial Instruments*. Notes payable are debt instruments and all amounts, paid or payable by the Group (other than payments of principal on the notes) will be treated as interest expense in the Group’s Consolidated Statements of Profit or Loss and Other 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 Consolidated Statements of Profit or Loss and Other Comprehensive Income using the effective interest rate method.

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

1. Corporate information and material accounting policies (continued)

1.18 Financial instruments (continued)

3) Non-derivative financial instruments (continued)

Notes payable to affiliates and secured borrowings (continued)

The Group entered into profit participating notes with its affiliates. The profit participating notes are structured as limited in recourse in nature. The return of interest and principal to the noteholders is contingent on the value of the assets. The returns made to the noteholders on an annual basis are computed with reference to the periodic return calculated as a factor of all income and expense of the Group for the period less a cash retention amount of US\$1,200 per quarter. The notes mature in August, November and December 2040, respectively. Management determines it is not possible to reliably estimate the future cash flows or the expected life of the PPN and therefore, in accordance with IFRS 9, these have been reflected at carrying amounts representing the gross contractual cash flows of the long-term borrowings.

Loan costs

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

Modification of loans

The Group 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 Group considers, among others, significant changes in the interest rate. If the terms are substantially different, the Group 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 Group 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 Consolidated Statements of Profit or Loss and Other 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 finance expense in the Consolidated Statements of Profit or Loss and Other Comprehensive Income. There were no modifications to loans during the financial year (2023: None).

Rent receivable

Rent receivable represent amounts due from lessees under operating lease contracts. Where amounts are outstanding from lessees, the Group will identify a potential impairment loss, based upon expected ability to collect the amounts, taking into consideration the credit quality of the lessee and the level of security held.

Maintenance payment liabilities

The Group receives maintenance reserves under its aircraft lease arrangements which are retained and subsequently drawn down by the lessee as maintenance costs are borne. Maintenance reserves are accounted for on a cash basis. Any surplus arising on the maintenance reserve account is retained by the Group. The lessee retains responsibility for maintenance costs that exceed the balance on deposit with the Group.

Security deposits

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

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

1. Corporate information and material accounting policies (continued)

1.19 Interest rate swaps

The Group uses interest rate swaps to fix interest rates and manage its exposure to expected cash flows. On the date that the Group enters into an interest rate swap with the intent to hedge from an accounting perspective, the Group formally documents all relationships between the swaps and the hedged items, as well as its risk management objective and strategy for undertaking each hedge transaction.

Interest rates swaps designated in a hedge relationship to mitigate exposure to variability in expected future cash flows are considered cash flow hedges. Such interest rate swaps are initially recognised at fair value on the date on which the swap is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Changes in the fair value of a swap that is designated and qualifies as an effective cash flow hedge are recorded in OCI, net of tax, until earnings are affected by the variability of cash flows of the hedged item.

Any swap gains and losses that are not effective in hedging the variability of expected cash flows of the hedged items are recognised directly in the Consolidated Statements of Profit or Loss and Other Comprehensive Income.

At the inception of a hedge, and at least quarterly thereafter, a formal assessment is performed to determine whether changes in cash flows of the interest rate swap have been highly effective in offsetting changes in the cash flows of the hedged items and whether they are expected to be effective in the future. If it is determined that an interest rate swap has not been or will not continue to be highly effective as a hedge, hedge accounting is discontinued. When this occurs, unrecognised gains and losses recorded on hedged assets and liabilities are amortised over the remaining life of the hedged item in the Consolidated Statements of Profit or Loss and Other Comprehensive Income, beginning no later than when hedge accounting ceases.

1.20 Taxation

Corporation tax payable is provided on the results for the financial year. The Company and its subsidiaries that are domiciled in the Republic of Ireland have elected to be treated as qualifying companies 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%. However, a qualifying company is not entitled to surrender any tax relief it is entitled to under the group relief provisions of the Irish Tax Consolidation Act, 1997. Losses accruing to a qualifying company may be carried forward and relieved against future profits of the company. Provisions have been made for income taxes for subsidiaries domiciled in foreign jurisdictions based on their jurisdictions.

Deferred tax is recognised in respect of all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. 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 Consolidated Statements 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

1. Corporate information and material accounting policies (continued)

1.21 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.

1.22 Significant accounting judgments, estimates and assumptions

The preparation of the Group’s consolidated 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 consolidated financial statements are detailed in the following notes:

Note 1.18 – Expected credit losses – key assumptions about the lessees’ 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;

Note 13 – Fair value and recoverability of notes receivable from affiliates – key assumptions around discount rate, current contractual lease cash flows and projected future sale cash flows, residual values and useful economic lives;

Note 14 – Flight equipment assets held for operating leases, net – key assumptions around the underlying recoverable amount, residual values and useful economic lives; and

Note 20 – Maintenance payment liabilities – key assumptions about the likelihood, timing and cost of future maintenance events.

The Group based its judgments, estimates and assumptions on parameters available when the consolidated 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 Group. Such changes are reflected in the assumptions when they occur.

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

1. Corporate information and material accounting policies (continued)

1.23 Determination of fair values

Some of the Group’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.

a) **Cash and cash equivalents and restricted cash**

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

b) **Amounts due from and due to fellow group undertakings**

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

c) **Rent receivable**

The current portion of the rent receivable balance approximates to fair value due to the short-term nature of these instruments. The non-current portion of the rent receivable balance approximates to fair value; refer to Note 1.19 for further consideration of the non-current portion of the rent receivable balance

d) **Notes receivable from affiliates**

The fair value of these instruments was based on the present value of estimated future cash flows. Key inputs include the discount rate, current contractual lease cash flows and projected future sale cash flows, extended to the end of the underlying aircraft’s estimated holding period in its highest and best use. The estimated future cash flows are then discounted to present value.

e) **Marketable securities**

These instruments are valued at fair value which is based on public trading prices.

f) **Other assets and liabilities**

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

g) **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.

h) **Security deposits**

For security deposits the lessee may at any time during the lease period elect to substitute a letter of credit for the security deposit held by the Group. As this substitution can happen on demand, the carrying amount of the security deposit approximates to fair value as it represents cash paid.

i) **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.

j) **Secured borrowings**

The fair value of these instruments was based on the present value of estimated future cash flows. Key inputs include the discount rate, the debt rate using the average 1-month adjusted SOFR (2023: 1-month adjusted SOFR) and the contractual principal repayment amounts extended to the maturity of the secured borrowings.

k) **Fair value of derivative asset**

Interest rate swaps are valued using valuation techniques, such as regression analyses using forward curves, which employ the use of market observable inputs. Periodically, the Group assesses whether the hedged transactions are still probable of occurring and monitors the creditworthiness of the swap counterparty to determine whether the risk of default continues to be remote.

INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED 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	27,167,797	34,403,822
Finance lease income	-	1,493,056
Lease incentive amortisation	(1,152,349)	(1,092,228)
End of lease and other income	2,021,344	16,979
	<u>28,036,792</u>	<u>34,821,629</u>

Lease income is derived from 10 operating leases (2023: 10 operating leases and 1 finance lease), of which 6 operating leases remain in place as of 31 December 2024 (2023: 8 operating leases).

The leases range from 1 to 8 years (2023: 1 to 9 years). No operating leases are due to expire within 12 months from the reporting date (2023: within 12 months). For the financial year ended 31 December 2024, the Group had its largest concentrations of total lease income from 1 lessee in Finland and from 2 lessees in Mexico (2023: 1 lessee in Finland and from 2 lessees in Mexico).

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\$
Canada	2,378,410	2,393,370
China	4,680,000	4,580,000
Finland	11,334,450	11,334,450
Mexico	5,290,216	8,279,336
Norway	2,358,234	2,358,234
Spain	-	5,458,432
Turkey	880,487	-
Italy	246,000	-
	<u>27,167,797</u>	<u>34,403,822</u>

During the financial year, the Group recognised end of lease income of US\$2.0 million in connection with the redelivery of one aircraft with a lessee domiciled in Mexico (2023: US\$Nil).

INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

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

2. Operating income (continued)

	2024	2023
	US\$	US\$
Commitments for future lease receipts:		
Due within one year	23,350,236	28,596,156
Due between one and two years	23,350,236	28,116,156
Due between two and three years	21,768,236	28,116,156
Due between three and four years	20,638,236	26,252,534
Due between four and five years	20,638,236	18,773,774
Due after five years	42,926,021	59,799,257
	<u>152,671,201</u>	<u>189,654,033</u>

3. Operating expenses

	Year ended	Year ended
	31 December	31 December
	2024	2023
	US\$	US\$
Depreciation	13,171,354	16,020,359
Management fees	5,979,137	5,998,923
Selling, general and administrative	1,572,776	570,151
Maintenance and other	2,017,130	581,128
	<u>22,740,397</u>	<u>23,170,561</u>

INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

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

4. Interest and other income

	Year ended 31 December 2024 US\$	Year ended 31 December 2023 US\$
Bank deposit interest income	253,632	343,142
Interest income on notes receivable from affiliates	284	113,015
Swap income and termination proceeds	338,564	-
	<u>592,480</u>	<u>456,157</u>

5. Interest expense

	Year ended 31 December 2024 US\$	Year ended 31 December 2023 US\$
Amortisation of loan costs	477,313	719,374
Interest expense on secured borrowings and derivatives	4,029,599	8,822,451
Interest expense on notes payable to affiliates	25,575,238	21,101,823
	<u>30,082,150</u>	<u>30,643,648</u>

The above interest expense of US\$4.0 million (2023: US\$8.8 million) includes a credit to interest expense of US\$3.7 million (2023: US\$4.6 million) on the hedged derivatives and US\$0.1 million (2023: US\$0.4 million) in relation to the cumulative unrealised fair value gains on the terminated interest rate swap contracts that was reclassified to interest expense.

INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

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

6. Secured borrowings, net

	2024	2023
	US\$	US\$
Credit Facility	-	29,068,007
BNP Facility	71,053,557	78,389,346
	<u>71,053,557</u>	<u>107,457,353</u>

Credit Facility

In June 2019, the Company’s subsidiary, Incline Aviation Funding Limited (“Aviation Funding”) entered into a US\$500.0 million senior secured credit facility (the “Credit Facility”) to finance the acquisition of eligible aircraft. Borrowings are secured by the aircraft financed by the Credit Facility and the related leases. The Credit Facility’s availability period expired in December 2021 and matured in December 2024.

Until June 2023, loans under the Credit Facility bore interest at a rate equal to one-month LIBOR plus an applicable margin. Thereafter, the interest rate is based on one-month adjusted SOFR plus an applicable margin of (i) 2.00% from December 15, 2021 to December 14, 2022, (ii) 2.25% from December 15, 2022 to December 14, 2023, and (iii) 2.50% thereafter. The weighted average interest rate for outstanding borrowings under the Credit Facility at December 31, 2024 was 5.33% (2023: 5.22%). The Credit Facility matured and was fully repaid in December 2024.

The Credit Facility contained concentration limits with respect to the types of aircraft that can be financed thereunder, as well as lessee and geographic concentration limits, and customary operating covenants including that the Company maintained a debt service coverage ratio of at least 1.15:1.00.

On each monthly principal payment date, the borrower was required to deposit into a pledged maintenance reserve account an amount such that the balance on deposit therein was equal to a certain percentage of the expected maintenance expenditures anticipated to be due during the following 12-month period. The borrower may also have been required to deposit into a pledged security deposit account an aggregate amount equal to a certain percentage of the security deposits collected from leases expected to expire during the 12-month period following each calendar month end, if and when applicable. Upon the occurrence and continuance of an event of default, the borrower would have been required to deposit all maintenance reserve payments and security deposits received from lessees under the associated leases into such pledged maintenance reserve and security deposit accounts. In addition, the borrowers must have maintained an amount equal to 3% of the aggregate outstanding principal balance of the loans in a pledged liquidity reserve account.

During 2024 and 2023, the Group had no borrowing capacity under the Credit Facility following the expiration of the availability period in December 2021. During 2024, the Group fully repaid the Credit Facility.

	2024	2023
	US\$	US\$
Principal outstanding, current	-	29,324,114
Accrued and unpaid interest, current	-	103,955
Total loans	<u>-</u>	<u>29,428,069</u>
Loan costs net of amortisation (current)	-	(360,062)
Net loans and borrowings	<u>-</u>	<u>29,068,007</u>

INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

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

6. Secured borrowings, net (continued)

	Year ended 31 December 2024 US\$	Year ended 31 December 2023 US\$
Group movements excluding loan costs		
Balance at beginning of financial year	29,428,069	102,406,622
Repayment of secured borrowings	(29,324,114)	(72,784,448)
Interest expense	1,437,420	5,413,380
Interest paid	(1,541,375)	(5,607,485)
Balance at end of financial year	-	29,428,069
	2024 US\$	2023 US\$
Group movements on loan costs		
Balance at beginning of financial year	(360,062)	(947,952)
Loss on debt extinguishment	106,434	113,981
Amortisation of loan costs	253,628	473,909
Balance at end of financial year	-	(360,062)
	2024 US\$	2023 US\$
Loan commitments as contracted:		
Due within one year	-	29,324,114
Due between one and two years	-	-
Due between two and four years	-	-
Due after four years	-	-
	-	29,324,114

INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

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

6. Secured borrowings, net (continued)

BNP Facility

In December 2020, the Company’s subsidiary, Incline Aviation 15 Limited (“IA15”) entered into a US\$100.0 million senior secured credit facility (the “BNP Facility”) to finance the acquisition of an aircraft. Borrowings are secured by the aircraft financed by the BNP Facility and the related leases. The facility matures in November 2032.

The interest rate applicable to borrowings outstanding under the BNP Facility at 31 December 2024 was 4.11% (2023: 4.11%). The interest rate was set to be equal to one-month SOFR plus an applicable margin of 3.15% at the time the BNP Facility was entered into. As of 31 December 2024, the Company had accrued and unpaid interest of US\$0.2 million (2023: US\$0.2 million) and incurred no additional debt issuance costs (2023: US\$Nil) in connection with the facility.

	2024	2023
	US\$	US\$
Principal outstanding (current)	7,829,256	7,514,524
Principal outstanding (non-current)	63,911,174	71,740,430
Accrued and unpaid interest (current)	200,679	245,629
Total loans	<u>71,941,109</u>	<u>79,500,583</u>
Loan costs net of amortisation (current)	(200,992)	(245,465)
Loan costs net of amortisation (non-current)	(686,560)	(865,772)
Net loans and borrowings	<u><u>71,053,557</u></u>	<u><u>78,389,346</u></u>
	Year ended	Year ended
	31 December	31 December
	2024	2023
	US\$	US\$
Group movements excluding loan costs		
Balance at beginning of financial year	79,500,583	86,701,241
Repayment of secured borrowings	(7,514,524)	(7,212,444)
Interest expense	6,488,085	3,409,071
Interest paid	(6,533,035)	(3,397,285)
Balance at end of financial year	<u><u>71,941,109</u></u>	<u><u>79,500,583</u></u>

INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

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

6. Secured borrowings, net (continued)

	Year ended 31 December 2024 US\$	Year ended 31 December 2023 US\$
Group movements on loan costs		
Balance at beginning of financial year	(1,111,237)	(1,356,702)
Amortisation of loan costs	223,685	245,465
Balance at end of financial year	(887,552)	(1,111,237)
	2024 US\$	2023 US\$
Loan commitments as contracted:		
Due within one year	7,829,256	7,514,524
Due between one and two years	8,157,170	7,829,256
Due between two and three years	8,498,817	8,157,170
Due between four and five years	8,854,774	8,498,817
Due after four years	38,400,413	47,255,187
	71,740,430	79,254,954

INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

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

7. Tax on continuing operations

7.1 Analysis of tax in the financial year

	Year ended 31 December 2024 US\$	Year ended 31 December 2023 US\$
Current tax:		
Current Irish corporation tax	42,623	34,442
Deferred tax:		
Deferred Irish corporation tax	(4,058,228)	(3,197,165)
Income tax for the year on ordinary activities	<u>(4,015,605)</u>	<u>(3,162,723)</u>

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

The Group’s tax for the financial year is lower (2023: higher) than 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%). This is driven by one of the Group’s subsidiaries which incurred income during the financial period and as it is a trading Company taxed at 12.5%. The differences are explained below:

	Year ended 31 December 2024 US\$	Year ended 31 December 2023 US\$
Loss on ordinary activities before taxation	(20,137,068)	(13,979,873)
Tax on ordinary activities at standard Irish corporation tax rate of 25%	(5,034,267)	(3,494,968)
Tax at lower rate of 12.5%	(175,478)	(48,130)
Unrecognised deferred tax	51,973	255,108
(Over)/under provision with respect to prior year	(1,120)	125,267
Non-assessable for tax purposes	1,143,287	-
Income tax for the year on ordinary activities	<u>(4,015,605)</u>	<u>(3,162,723)</u>

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates. However, this legislation does not apply to the Group 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 trading companies is expected to remain at its current rate of 12.5% and 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%.

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

7. Tax on continuing operations (continued)

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. Deferred tax assets not recognised with respect to losses carried forward amounted to US\$Nil (2023: US\$0.3 million).

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. Management believe 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.

	2024	2023
	US\$	US\$
Group deferred tax asset		
Opening balance	31,505,078	25,747,881
Deferred tax	205,343	5,757,197
Deferred tax asset	<u>31,710,421</u>	<u>31,505,078</u>

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

	2024	2023
	US\$	US\$
Group deferred tax liability		
Opening balance	(22,055,229)	(18,346,344)
Deferred tax	3,668,268	(3,708,885)
Deferred tax liability	<u>(18,386,961)</u>	<u>(22,055,229)</u>

Deferred tax liabilities arise from temporary differences with respect to the timing of depreciation of assets and fair value gains recognised on derivatives. The deferred tax arising from the temporary differences with respect to the timing of depreciation is recognised in the Statements of Profit or Loss, while the deferred tax in respect of fair value gains on derivatives is recognised in Other Comprehensive Income.

INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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8. Marketable securities

In September 2021, the Group received ordinary, common shares of a lessee’s parent company as part of a receivership dividend paid to creditors as final settlement from the airline’s bankruptcy proceedings. The market value at that time was US\$0.5 million. The shares trade publicly on a European stock exchange and have no trading restrictions. At 31 December 2024, the shares had a value of US\$0.5 million (2023: US\$0.5 million) which was recorded in 'Marketable Securities' on the Consolidated Statements of Financial Position.

	2024	2023
	US\$	US\$
Fair value	495,955	540,099
Marketable securities	<u>495,955</u>	<u>540,099</u>

9. Cash and cash equivalents

	Group	Group	Company	Company
	2024	2023	2024	2023
	US\$	US\$	US\$	US\$
Cash at bank	2,878,288	16,118,793	520,016	452,968
	<u>2,878,288</u>	<u>16,118,793</u>	<u>520,016</u>	<u>452,968</u>

10. Restricted cash

	2024	2023
	US\$	US\$
Group		
Pledged accounts	-	2,948,466
	<u>-</u>	<u>2,948,466</u>

The Group's lessees were required to make all payments due to the Group into accounts that were pledged to the security trustee of the Credit Facility, being UMB Bank.

INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

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

11. Amounts due from fellow group undertakings

	Group 2024 US\$	Group 2023 US\$	Company 2024 US\$	Company 2023 US\$
Amounts due from fellow group undertakings	23,227,306	22,726,262	30,434,457	32,253,760
	<u>23,227,306</u>	<u>22,726,262</u>	<u>30,434,457</u>	<u>32,253,760</u>

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

12. Rent receivable

	2024 US\$	2023 US\$
Group		
Deferred rent receivable (current)	515,771	1,015,650
Deferred rent receivable (non-current)	903,428	3,129,313
	<u>1,419,199</u>	<u>4,144,963</u>

Rent receivable represents deferred rent amounting to US\$1.4 million (2023: US\$4.1 million) that resulted from the execution of lease agreements with two lessees to restructure leases for three aircraft.

13. Notes receivable from affiliates

During 2019, the Company entered into a subscription agreement for profit participating notes to fund the acquisition of aircraft by affiliates of the Company. The profit participating notes are structured as limited in recourse and entitles the Company to a periodic return equal to the profit of the affiliate, after taking into consideration a fixed return rate of 8.795%, less a cash retention amount of US\$1,200 per quarter. Notes issued in 2019 mature in 2040.

During 2020, the Company entered into a fixed-rate note with Incline Aviation 15 Limited, pursuant to a master subscription agreement to finance the acquisition of aircraft. The fixed-rate note issued during 2020 bears interest at 8.80% and matures in 2040.

	2024 US\$	2023 US\$
Company:		
Notes receivable from affiliates (current)	39,048,540	48,720,664
Notes receivable from affiliates (non-current)	109,845,176	154,406,246
	<u>148,893,716</u>	<u>203,126,910</u>

INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

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

13. Notes receivable from affiliates (continued)

	2024	2023
	US\$	US\$
Company:		
Notes receivable from affiliates (at amortised cost)	36,479,034	35,655,558
Notes receivable from affiliates (at fair value through profit or loss)	112,414,682	167,471,352
	<u>148,893,716</u>	<u>203,126,910</u>
	<u>2024</u>	<u>2023</u>
	<u>US\$</u>	<u>US\$</u>
Notes receivable from affiliates:		
Principal	166,047,554	203,821,925
IFRS 9 unrealised fair value loss	(56,202,378)	(49,415,679)
Accrued and unpaid interest	39,048,540	48,720,664
	<u>148,893,716</u>	<u>203,126,910</u>
Total loans	<u>148,893,716</u>	<u>203,126,910</u>
	<u>Year ended</u>	<u>Year ended</u>
	<u>31 December</u>	<u>31 December</u>
	<u>2024</u>	<u>2023</u>
	<u>US\$</u>	<u>US\$</u>
Movements		
Balance at beginning of financial year	203,126,910	231,728,925
IFRS 9 unrealised fair value loss	(6,786,699)	(37,545,109)
Advanced during the financial year	62,877,148	-
Collection of notes receivable from affiliates	(100,651,519)	(5,773,000)
Interest income	21,148,987	18,325,218
Interest received	(30,821,111)	(3,609,124)
	<u>148,893,716</u>	<u>203,126,910</u>
Balance at end of financial year	<u>148,893,716</u>	<u>203,126,910</u>

INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

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

13. Notes receivable from affiliates (continued)

	2024	2023
	US\$	US\$
Group:		
Notes receivable from affiliates (at amortised cost), current	113,299	-
Notes receivable from affiliates (at amortised cost), non-current	-	1,686,168
	<u>113,299</u>	<u>1,686,168</u>
	2024	2023
	US\$	US\$
Notes receivable from affiliates:		
Principal (non-current)	-	1,573,153
Accrued and unpaid interest (non-current)	-	113,015
Accrued and unpaid interest (current)	113,299	-
	<u>113,299</u>	<u>1,686,168</u>
Total loans	<u>113,299</u>	<u>1,686,168</u>
	Year ended	Year ended
	31 December	31 December
	2024	2023
	US\$	US\$
Movements		
Balance at beginning of financial year	1,686,168	4,573,153
Collection of notes receivable from affiliates	(1,573,153)	(3,000,000)
Interest income	284	113,015
	<u>113,299</u>	<u>1,686,168</u>
Balance at end of financial year	<u>113,299</u>	<u>1,686,168</u>

INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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14. Flight equipment assets held for operating leases, net

During the financial year, the Group did not acquire additional aircraft (2023: did not acquire additional aircraft). Additionally, the Group did not incur costs relating to aircraft improvements during the financial year (2023: US\$6.2 million on four aircraft). The Group sold three (2023: two) aircraft during the financial year resulting in a gain on sale of US\$4.2 million (2023: US\$2.3 million).

	2024	2023
	US\$	US\$
Group		
Flight equipment assets held for operating leases, at cost	268,423,562	361,126,860
Maintenance rights	3,923,987	7,903,953
Accumulated depreciation	(47,014,965)	(52,330,327)
Aircraft impairment	(6,450,000)	(8,250,000)
	<hr/>	<hr/>
Flight equipment assets held for operating leases, net	218,882,584	308,450,486
	<hr/> <hr/>	<hr/> <hr/>
	Year ended	Year ended
	31 December	31 December
	2024	2023
	US\$	US\$
Group Movements		
Balance at beginning of financial year	308,450,486	377,129,663
Flight equipment disposed, net of depreciation and impairment	(72,416,581)	(48,531,002)
Aircraft improvements	-	6,165,009
Depreciation	(13,171,354)	(16,020,359)
Maintenance rights derecognised	(3,979,967)	(10,292,825)
	<hr/>	<hr/>
Balance at end of financial year	218,882,584	308,450,486
	<hr/> <hr/>	<hr/> <hr/>

As discussed in Note 1, the Directors of the Group undertake a review to determine whether an impairment expense is required in respect of the Group’s flight equipment assets. To aid in this assessment, the Group 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 Group 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 is required (2023: US\$Nil).

INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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15. Investment in finance lease, net

During 2023, the Group sold one aircraft on finance lease for a net sales price of US\$13.8 million resulting in a gain on sale of US\$2.2 million.

	Year ended 31 December 2024 US\$	Year ended 31 December 2023 US\$
Movements		
Balance at beginning of year	-	12,996,793
Payments from lessee	-	(2,805,000)
Finance lease income	-	1,493,056
Disposal of aircraft	-	(11,684,849)
	<hr/>	<hr/>
Balance at end of year	-	-
	<hr/> <hr/>	<hr/> <hr/>

16. Shares in subsidiary undertakings

	Year ended 31 December 2024 US\$	Year ended 31 December 2023 US\$
Shares in subsidiary undertakings		
Balance at beginning of financial year	21,344	21,344
Contribution to Incline Aviation Funding Limited	2,700,000	-
Investment in Incline Aviation Foyle Funding Limited	1	-
Dissoluton of investment in Incline Aviation 8 Limited	(21,341)	-
	<hr/>	<hr/>
Balance at end of financial year	2,700,004	21,344
	<hr/> <hr/>	<hr/> <hr/>

INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

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

16. Shares in subsidiary undertakings (continued)

Financial information of subsidiary undertakings as of 31 December 2024 and 31 December 2023 is provided below:

2024	Registered Office	Details of Investment	Operating Income / (Loss) US\$	Net Income / (Loss) US\$	Net Assets / (Liabilities) US\$
Incline Aviation Funding Limited	P.O. Box 309, Ugland House, South Church St., George Town, Grand Cayman, KY1-1104, Cayman Islands	1 share of €1, Contribution of \$2.7 million	1,151,640	701,522	5,136,959
Incline Aviation 9 Limited	West Pier, Dun Laoghaire, County Dublin, Ireland	1 share of €1	(283,653)	(3,514,230)	(11,834,594)
Incline Aviation 15 Limited	West Pier, Dun Laoghaire, County Dublin, Ireland	1 share of €1	6,120,905	142,370	7,598,346
Incline Aviation Foyle Funding Limited	West Pier, Dun Laoghaire, County Dublin, Ireland	1 share of €1	(646,658)	(565,826)	(565,825)

2023	Registered Office	Details of Investment	Operating Income / (Loss) US\$	Net Income / (Loss) US\$	Net Assets / (Liabilities) US\$
Incline Aviation Funding Limited	P.O. Box 309, Ugland House, South Church St., George Town, Grand Cayman, KY1-1104, Cayman Islands	1 share of €1	(116,873)	(306,143)	3,308,590
Incline Aviation 8 Limited*	West Pier, Dun Laoghaire, County Dublin, Ireland	1 share of €1, Contribution of \$21,340	-	-	-
Incline Aviation 9 Limited	West Pier, Dun Laoghaire, County Dublin, Ireland	1 share of €1	827,666	(1,591,771)	(8,320,364)
Incline Aviation 15 Limited	West Pier, Dun Laoghaire, County Dublin, Ireland	1 share of €1	6,157,618	(4,010,059)	7,455,976

* *Incline Aviation 8 Limited was dissolved effective 16 July 2024.*

The Company owns 100% of the issued share capital of each subsidiary. The principal activities of the Company’s subsidiaries is the financing, acquisition, leasing and selling of aircraft. In the opinion of the directors, the recoverable amount of investments in subsidiary undertakings at 31 December 2024 and 2023 is at least the carrying value.

INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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17. Other assets, net

	Group 2024 US\$	Group 2023 US\$	Company 2024 US\$	Company 2023 US\$
Other receivables (current)	688,232	1,063,422	542,335	867,809
Prepaid professional fees (current)	-	229,650	-	-
Lease incentives, net (current)	1,013,789	989,299	-	-
Lease incentives, net (non-current)	9,359,419	5,824,653	-	-
	<u>11,061,440</u>	<u>8,107,024</u>	<u>542,335</u>	<u>867,809</u>

18. Amounts due to fellow group undertakings

	Group 2024 US\$	Group 2023 US\$	Company 2024 US\$	Company 2023 US\$
Amounts due to related party undertakings	2,288,841	4,983,023	28,027,159	17,742,957
	<u>2,288,841</u>	<u>4,983,023</u>	<u>28,027,159</u>	<u>17,742,957</u>

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

19. Notes payable to affiliates

	Group 2024 US\$	Group 2023 US\$	Company 2024 US\$	Company 2023 US\$
Fixed-rate notes (“FRNs”)	104,495	231,022,716	104,495	231,022,716
Profit participating notes (“PPNs”)	208,347,253	32,706,627	208,347,253	35,706,627
Intercompany loans	153,955	153,955	113,299	1,686,167
	<u>208,605,703</u>	<u>263,883,298</u>	<u>208,565,047</u>	<u>268,415,510</u>

INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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19. Notes payable to affiliates (continued)

Fixed-Rate Notes

In 2019, the Company issued Fixed-Rate Notes (“FRNs”) to Incline B Aviation (Cayman) 2 Co. Ltd. and Incline B LuxCo 2 SARL to finance the acquisition of the Group’s flight equipment. Amounts owed to Incline B Aviation (Cayman) 2 Co. Ltd. were fully repaid during 2024. The FRNs bear interest at a rate of 8.80% (2023: 8.67%) and mature in 2041.

	Group 2024 US\$	Group 2023 US\$	Company 2024 US\$	Company 2023 US\$
Principal, non-current	100,000	192,633,548	100,000	192,633,548
Accrued interest, current	4,495	38,389,168	4,495	38,389,168
	<u>104,495</u>	<u>231,022,716</u>	<u>104,495</u>	<u>231,022,716</u>
	Group 2024 US\$	Group 2023 US\$	Company 2024 US\$	Company 2023 US\$
Movements				
Balance at beginning of financial year	231,022,716	220,296,442	231,022,716	220,296,442
Repayment of borrowings	(192,533,548)	(2,773,000)	(192,533,548)	(2,773,000)
Interest paid	(38,393,615)	(3,600,000)	(38,393,615)	(3,600,000)
Interest expense	8,942	17,099,274	8,942	17,099,274
Balance at end of financial year	<u>104,495</u>	<u>231,022,716</u>	<u>104,495</u>	<u>231,022,716</u>

Profit Participating Notes

During 2019 and 2024, the Company entered into a master subscription agreement with an affiliate, Incline B LuxCo 2 SARL, relating to profit participating notes to be issued in exchange for loans to fund the acquisition of aircraft. During 2024, the Company entered into additional PPN's with Incline B LuxCo 2 SARL. The notes are structured as limited in recourse and entitle Incline B LuxCo 2 SARL to a periodic return equal to the profit of the Company, less a cash retention amount of US\$1,200. Notes issued in 2019 and 2024 mature in 2039 and 2044, respectively.

	Group 2024 US\$	Group 2023 US\$	Company 2024 US\$	Company 2023 US\$
Principal, non-current	200,432,923	9,617,224	200,432,923	9,617,224
Accrued interest, current	7,914,330	23,089,403	7,914,330	26,089,403
	<u>208,347,253</u>	<u>32,706,627</u>	<u>208,347,253</u>	<u>35,706,627</u>

INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

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

19. Notes payable to affiliates (continued)

	Group 2024 US\$	Group 2023 US\$	Company 2024 US\$	Company 2023 US\$
Movements				
Balance at beginning of financial year	32,706,627	31,704,078	35,706,626	31,704,078
Advanced during the financial year	230,886,730	-	230,886,730	-
Repayment of borrowings	(40,071,031)	-	(40,071,031)	-
Interest paid	(40,741,367)	-	(40,741,367)	-
Interest expense	25,566,294	1,002,549	22,566,295	4,002,549
Balance at end of financial year	208,347,253	32,706,627	208,347,253	35,706,627

Intercompany Loans

During 2022, Incline Aviation Funding Limited, a fellow group undertaking, made loans to the Company. The Company repaid principal balances during 2023, and only a balance relating to accrued interest remains. The loans are expected to be fully settled within twelve months after the reporting date. At 31 December 2024, the interest rate applicable to the loans was 6.50% (2023: 6.50%).

	Group 2024 US\$	Group 2023 US\$	Company 2024 US\$	Company 2023 US\$
Principal, non-current	-	-	-	1,573,153
Accrued interest, current	153,955	153,955	113,299	113,014
	153,955	153,955	113,299	1,686,167

	Group 2024 US\$	Group 2023 US\$	Company 2024 US\$	Company 2023 US\$
Movements				
Balance at beginning of financial year	153,955	153,955	1,686,167	4,581,410
Repayment of borrowings	-	-	(1,573,153)	(3,000,000)
Interest paid	-	-	-	(8,257)
Interest expense	-	-	285	113,014
Balance at end of financial year	153,955	153,955	113,299	1,686,167

20. Maintenance payment liabilities

	2024 US\$	2023 US\$
Group		
Maintenance payment liabilities	9,166,595	6,039,284
	9,166,595	6,039,284

INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

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

21. Security deposits

	2024	2023
	US\$	US\$
Group		
Security deposits	2,569,960	2,933,160
	<u>2,569,960</u>	<u>2,933,160</u>
	<u><u>2,569,960</u></u>	<u><u>2,933,160</u></u>

22. Deferred operating lease rental income

	2024	2023
	US\$	US\$
Group		
Deferred operating lease rental income	1,276,613	1,404,256
	<u>1,276,613</u>	<u>1,404,256</u>
	<u><u>1,276,613</u></u>	<u><u>1,404,256</u></u>

23. Other liabilities

	Group	Group	Company	Company
	2024	2023	2024	2023
	US\$	US\$	US\$	US\$
Accrued operating expenses (current)	884,921	983,311	107,962	71,983
Lessor contribution obligation (non-current)	10,991,874	8,360,009	-	-
	<u>11,876,795</u>	<u>9,343,320</u>	<u>107,962</u>	<u>71,983</u>
	<u><u>11,876,795</u></u>	<u><u>9,343,320</u></u>	<u><u>107,962</u></u>	<u><u>71,983</u></u>

24. Derivatives

Derivatives are used by the Group to manage its exposure to interest rate fluctuations. The Group uses an interest rate swap contract to hedge variable interest payments due on a loan. Interest rate swap contracts allow the Group to pay fixed interest rates and receive variable interest rates with the swap counterparty based on one-month SOFR (2023: one-month SOFR) applied to the notional amount over the life of the contract.

This derivative contract is expected to reduce the volatility attributable to interest rate fluctuations. Hedging the volatility of forecast interest rates is in accordance with the risk management strategy outlined by the Board of Directors.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap contract match the terms of the expected highly probable forecast transactions (i.e., notional amount, maturity, payment and reset dates). The Group has established a hedge ratio of 1:1 for the hedging relationship as the underlying risk of the interest rate swap contract is identical to the hedged risk components. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instrument against the changes in fair value of the hedged item attributable to the hedged risks.

INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

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

24. Derivatives (continued)

The hedge ineffectiveness can arise from:

- Different interest rate curve applied to discount the hedged item and hedging instrument;
- Differences in the timing of the cash flows of the hedged items and the hedging instruments;
- The counterparties’ credit risk differently impacting the fair value movements of the hedging instruments and hedged items; and
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments.

The Group’s interest rate derivative has been designated as a cash flow hedge. The effective portion of changes in fair value of this derivative is recorded as a component of accumulated other comprehensive income. Changes in the fair value of this derivative are subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. Any derivative gains and losses that are not effective in hedging the variability of expected cash flow of the hedged item are recognised into profit or loss.

The unrealised fair value profit on the interest rate swap contract, reflected as a derivative asset on the Consolidated Statements of Financial Position, as of 31 December 2024 was US\$8.7 million (2023: US\$9.5 million):

Type	Maturity Date	Hedge Interest Rate	Notional Amount US\$	Derivative Fair Value US\$	Profit/(Loss) Recognised in OCI US\$	Profit/(Loss) Recognised in Earnings US\$
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Group derivative asset at 31 December 2024:

Interest rate swap (1)	19 Nov 2032	4.11%	71,740,430	8,677,439	(969,694)	-
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Type	Maturity Date	Hedge Interest Rate	Notional Amount US\$	Derivative Fair Value US\$	Profit/(Loss) Recognised in OCI US\$	Profit/(Loss) Recognised in Earnings US\$
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Group derivative asset at 31 December 2023:

Interest rate swap (2)	15 June 2027 to 19 Nov 2032	2.72% - 4.11%	110,178,895	9,491,729	(4,677,096)	-
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During the year ended December 31, 2024, the Group terminated one (2023: one) interest rate swap contract and received proceeds of \$0.3 million related to this termination (2023: US\$Nil). The Group paid no termination fees during 2024 and 2023.

INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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25. Share capital

Authorised

	2024 Number	2024 US\$	2023 Number	2023 US\$
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>

Issued and fully paid

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

26. Capital contributions

The Group received capital contributions of US\$2.7 million from its parent undertaking during the financial year (2023: US\$Nil). Capital contributions are non-repayable and non-interest-bearing.

27. Dividend income

During the financial year ended 31 December 2024, the Company received a distribution of US\$1.6 million from one of its subsidiaries (2023: US\$3.0 million).

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

28. 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)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The fair value of the Group’s cash and cash equivalents, restricted cash, amounts due from fellow group undertakings, rent receivable, other assets, amounts due to fellow group undertakings, security deposits, maintenance payment liabilities and other liabilities approximate their carrying value. The fair value of the derivative asset is classified as Level 2.

The fair value of marketable securities was determined based on public trading prices. The fair value of marketable securities is classified as Level 1.

The fair value of the Company’s cash and cash equivalents, amounts due from and due to fellow group undertakings, notes receivable from affiliates and other assets approximate their carrying value.

The fair value of the Company’s notes receivable from affiliates was determined based on the present value of estimated future cash flows. Key inputs include the discount rate, current contractual lease cash flows and projected future sale cash flows, extended to the end of the underlying aircrafts’ estimated holding period in its highest and best use. The estimated future cash flows are then discounted to present value. The fair value of derivative asset is classified as Level 2. The fair value of notes receivable from affiliates is classified as Level 3.

The fair value of the Group’s secured borrowings was based on the present value of estimated future cash flows. Key inputs include the discount rate, the debt rate using the average 1-month adjusted SOFR (2023: 1-month adjusted SOFR) and the contractual principal repayment amounts extended to the maturity of the secured borrowings. The fair value of secured borrowings is classified as Level 3.

The fair value of notes payable to affiliates were determined based on the present value of estimated future cash flows. Key inputs include the discount rate. The estimated future cash flows are then discounted to present value. The fair value of notes payable to affiliates is classified as Level 3.

INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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28. Fair value (continued)

(a) Fair value of financial assets and financial liabilities

During the financial year ended 31 December 2024, 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	Instruments at fair value through profit and loss US\$	Instruments designated as hedging instruments US\$	Amortised cost US\$	Carrying amount US\$	Fair value US\$
Group					
Notes receivable from affiliates	-	-	113,299	113,299	113,299
Marketable securities	495,955	-	-	495,955	495,955
Derivative assets	-	8,677,439	-	8,677,439	8,677,439
Financial assets	495,955	8,677,439	113,299	9,286,693	9,286,693
Notes payable to affiliates	-	-	208,605,703	208,605,703	208,592,359
Secured borrowings	-	-	71,053,557	71,053,557	64,683,160
Financial liabilities	-	-	279,659,260	279,659,260	273,275,519

At 31 December 2024	Instruments at fair value through profit and loss US\$	Instruments designated as hedging instruments US\$	Amortised cost US\$	Carrying amount US\$	Fair value US\$
Company					
Notes receivable from affiliates	-	-	148,893,716	148,893,716	148,893,716
Financial assets	-	-	148,893,716	148,893,716	148,893,716
Notes payable to affiliates	-	-	208,565,047	208,565,047	208,442,899
Financial liabilities	-	-	208,565,047	208,565,047	208,442,899

INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

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

28. Fair value (continued)

(a) Fair value of financial assets and financial liabilities (continued)

At 31 December 2023	Instruments at fair value through profit and loss	Instruments designated as hedging instruments	Amortised cost	Carrying amount	Fair value
Group	US\$	US\$	US\$	US\$	US\$
Notes receivable from affiliates	-	-	1,686,168	1,686,168	1,686,168
Marketable securities	540,099	-	-	540,099	540,099
Derivative assets	-	9,491,729	-	9,491,729	9,491,729
Financial assets	540,099	9,491,729	1,686,168	11,717,996	11,717,996
Notes payable to affiliates	-	-	263,883,298	263,883,298	235,312,090
Secured borrowings	-	-	107,457,353	107,457,353	96,130,202
Financial liabilities	-	-	371,340,651	371,340,651	331,442,292

At 31 December 2023	Instruments at fair value through profit and loss	Instruments designated as hedging instruments	Amortised cost	Carrying amount	Fair value
Company	US\$	US\$	US\$	US\$	US\$
Notes receivable from affiliates	-	-	203,126,910	203,126,910	203,126,910
Financial assets	-	-	203,126,910	203,126,910	203,126,910
Notes payable to affiliates	-	-	268,415,510	268,415,510	239,844,303
Financial liabilities	-	-	268,415,510	268,415,510	239,844,303

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28. Fair value (continued)

(b) Fair value valuation techniques

Type	Valuation techniques	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Group: Derivative asset	Discounted cash flow method: The fair values are determined based on the contractual terms of the derivatives and interest rate curves.	Not applicable	Not applicable
Company: Notes receivable from group undertakings (PPN)	Discounted cash flow method	Discount rate of 6.62% (2023: 7.15%) based on the debt rate using the average weighted credit facility rate for other recent similar borrowings and the contractual principal repayment amounts extended to the maturity of the instruments.	1% increase/(decrease) in the discount rate would result in a (decrease)/increase in the fair value of US\$(0.3) million and US\$0.3 million, respectively (2023: US\$(3.5) million and US\$3.7 million, respectively).

29. Statutory and other information

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

	Group 2024 US\$	Group 2023 US\$	Company 2024 US\$	Company 2023 US\$
Directors' remuneration	-	-	-	-
Auditor's remuneration:				
- Audit fees	194,717	196,856	48,510	44,683
- Tax advisory services	24,904	17,350	1,197	1,035
	<u>219,621</u>	<u>214,206</u>	<u>49,707</u>	<u>45,718</u>

The Group incurred no directors' costs (2023: US\$Nil) and has no employees (2023: None), as described in Note 30 below. Auditor's remuneration, shown exclusive of value added tax ("VAT"), arises from the audit of group financial statements and tax compliance fees. The tax compliance fees incurred consist of tax return preparation and reporting and is payable to the auditor.

INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

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

30. Employees

The Group has no employees (2023: None). The Group 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.

31. Ultimate and immediate parent undertaking

The immediate parent undertaking is Incline B Aviation (Cayman) Holdings Limited Partnership, a partnership incorporated in the Cayman Islands. 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.

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

INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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32. Related party transactions

The Group and Company have notes payable to affiliates as described in Note 19. The Company has notes receivable from affiliates as described in Note 13. Additional details on transactions with fellow group undertakings are disclosed below:

	Group 2024 US\$	Group 2023 US\$	Company 2024 US\$	Company 2023 US\$
Amounts due from fellow group undertakings				
Ultimate Parent:				
Incline B Aviation Limited Partnership	5,382,202	5,350,362	-	-
Immediate Parent:				
Incline B Aviation (Cayman) Holdings Limited Partnership	-	-	9,786	9,786
Subsidiaries:				
Incline Aviation Funding Limited	-	-	11,728,654	13,692,488
Incline Aviation Foyle Funding Limited	-	-	33,122	-
Incline Aviation 15 Limited	-	-	110,826	85,633
Incline Aviation 16 Limited	-	-	1,100,870	1,099,913
Affiliates:				
Incline B Aviation (Cayman) 2 Co., Ltd.	16,898,259	16,896,878	16,898,259	16,896,878
Merah Aircraft 4 Limited	24,037	24,037	20,691	20,691
Incline Aladdin Funding DAC	635,811	365,000	363,228	365,000
Incline Aladdin Engine Funding DAC	614	614	-	-
Skyline Aircraft Finance IV Limited Partnership	204	-	-	-
Incline B LuxCo 2 SARL	102,914	81,871	90,914	75,871
Incline B IrishCo One Limited	118,939	-	-	-
Incline Aviation Horizon Co., Ltd.	15,000	7,500	15,000	7,500
Incline A Aviation LLC	4,704	-	4,704	-
Incline A Aviation DAL Co-Investment LLC	4,704	-	4,704	-
Incline A Aviation DAL Co-Investment Limited Partnership	4,844	-	4,844	-
Incline A Aviation 2 LLC	4,704	-	4,704	-
Incline A Aviation 3 LLC	4,704	-	4,704	-
Incline B Aviation (Cayman) Limited Partnership	4,844	-	4,844	-
Incline B Aviation (Cayman) 2 Limited Partnership	4,704	-	4,704	-
Incline B Aviation LLC	4,704	-	4,704	-
Incline A Aviation Limited Partnership	11,328	-	25,195	-
Incline A Aviation 11 LLC	34	-	-	-
Incline A Aviation 13 LLC	52	-	-	-
	<u>23,227,306</u>	<u>22,726,262</u>	<u>30,434,457</u>	<u>32,253,760</u>

INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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32. Related party transactions (continued)

	Group 2024 US\$	Group 2023 US\$	Company 2024 US\$	Company 2023 US\$
Amounts due to fellow group undertakings				
Immediate Parent:				
Incline B Aviation (Cayman) Holdings Limited Partnership	1,484,078	1,484,078	-	-
Subsidiaries:				
Incline Aviation 2 Limited	-	-	9,744,676	10,201,392
Incline Aviation 4 Limited	-	-	12,634,229	1,699,802
Incline Aviation 5 Limited	-	-	-	844,904
Incline Aviation 7 Limited	-	-	3,673,200	3,677,385
Incline Aviation 9 Limited	-	-	1,930,514	1,311,486
Affiliates:				
Incline Aviation Funding LLC	3,259	2,965,256	-	-
Incline Aladdin Holdings Limited	-	2,030	-	-
Incline B IrishCo One Limited	-	22,881	17,271	4,039
Incline B IrishCo Three Limited	57,344	369,131	4,570	3,703
Incline A Aviation Limited Partnership	-	524	22,699	246
Incline B Aviation Aladdin (Cayman) Holdings Limited Partnership	320	130	-	-
Incline II B Aviation Limited Partnership	601,328	132,163	-	-
BBAM Freighter B Limited Partnership	-	6,830	-	-
BBAM Freighter Leane Co., Ltd.	46,519	-	-	-
BBAM Freighter B Leane 17 Limited	95,993	-	-	-
	<u>2,288,841</u>	<u>4,983,023</u>	<u>28,027,159</u>	<u>17,742,957</u>

Amounts due from or due to fellow group undertakings are outstanding balances receivable from or payable to related entities 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; and
- Operational expenses paid on behalf of the Company or related entities.

During the financial year, the Group paid fees to BBAM ASL for management and consulting services (see Note 3) totaling US\$6.0 million (2023: US\$6.0 million), including the provision of Directors to the Group for a fee of US\$2,000 (2023: US\$2,000). An amount of US\$Nil (2023: US\$Nil) is payable at year end.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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33. Capital management

The primary objective of the Group in terms of capital management is to ensure that appropriate capital ratios are maintained in order to support the business. At 31 December 2024, Group capital comprises of secured borrowings measured at US\$71.1 million (2023: US\$107.5 million), notes payable to affiliates at US\$208.6 million (2023: US\$263.9 million), issued share capital, other comprehensive loss and retained deficit, measured at a total capital deficit of US\$26.7 million (2023: US\$12.3 million). The Group regards secured borrowings and notes payable to affiliates as a form of capital.

At 31 December 2024, Company capital comprises of notes payable to affiliates measured at US\$208.6 million (2023: US\$268.4 million), issued share capital, other comprehensive loss and retained deficit and is measured at a total capital deficit of US\$71.3 million (2023: US\$49.5 million). The Group 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 year ended 31 December 2024 and 2023.

34. Risks and uncertainties

(a) Asset risk

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

This risk is mitigated by the Group’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 Group and BBAM ASL have significant experience of managing similar portfolios of aviation assets. The Group 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 Group and BBAM ASL undertake a periodic review of the carrying values, focusing on both residual values and impairment.

(b) Market risk

The Group is highly dependent upon the continuing financial strength of the commercial airline industry. A significant deterioration in this sector could adversely affect it through a reduced demand for aircraft in the fleet and/or reduced market rates, higher incidences of lessee default and aircraft off-lease, all of which may require that the carrying value of aircraft be materially reduced.

These exposures are managed through the requirement of the airlines that lease the Group’s assets to maintain insurance, adequate maintenance policies and/or contribute to a maintenance reserve for the major maintenance on each aircraft. The effective monitoring and controlling of these exposures for the year was a competency of BBAM ASL as part of the financial risk policy which the Group 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 Group and expose the Group to significant financial loss.

The Group and BBAM ASL periodically perform reviews of its carrying values of aircraft, rent receivables, and the sufficiency of accruals and provisions, substantially all of which are susceptible to the above risks and uncertainties.

(c) Liquidity risk

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

INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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34. Risks and uncertainties (continued)

(c) Liquidity risk (continued)

In the management of liquidity risk, the Group and BBAM ASL monitor and maintain a level of liquid assets deemed adequate by management to finance the Group’s operations and mitigate the effects of fluctuations in cash flows. The Group's exposure to liquidity risk is minimal as it is expected that the Group 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 Group’s and the Company’s financial liabilities based on contractual undiscounted payments:

Group						
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\$
Secured borrowings	71,053,557	71,053,557	2,075,570	5,753,374	34,178,979	29,045,634
Notes payable to affiliates	208,605,703	208,605,703	8,072,780	-	-	200,532,923
Amount due to fellow group undertakings	2,288,841	2,288,841	-	2,288,841	-	-
Security deposits	2,569,960	2,569,960	-	-	452,000	2,117,960
Other liabilities	884,921	884,921	-	884,921	-	-
Future interest payments	-	12,574,305	732,746	2,078,190	7,824,364	1,939,005
Total	285,402,982	297,977,287	10,881,096	11,005,326	42,455,343	233,635,522

Group						
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\$
Secured borrowings	107,457,353	107,457,353	2,136,050	34,446,645	32,585,277	38,289,381
Notes payable to affiliates	263,883,298	263,883,298	-	61,632,525	-	202,250,773
Amount due to fellow group undertakings	4,983,023	4,983,023	-	4,983,023	-	-
Security deposits	2,933,160	2,933,160	-	-	803,160	2,130,000
Other liabilities	983,311	983,311	76,614	906,697	-	-
Future interest payments	-	17,475,474	1,380,574	3,670,110	9,185,569	3,239,221
Total	380,240,145	397,715,619	3,593,238	105,639,000	42,574,006	245,909,375

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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34. Risks and uncertainties (continued)

(c) Liquidity risk (continued)

Company	Carrying Amount	Total	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years
At 31 December 2024	US\$	US\$	US\$	US\$	US\$	US\$
Amount due to fellow group undertakings	28,027,159	28,027,159	-	28,027,159	-	-
Notes payable to affiliates	208,565,047	208,565,047	8,032,124	-	-	200,532,923
Other liabilities	107,962	107,962	107,962	-	-	-
Future interest payments	-	149,515	2,199	6,596	35,180	105,540
Total	236,700,168	236,849,683	8,142,285	28,033,755	35,180	200,638,463

Company	Carrying Amount	Total	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years
At 31 December 2023	US\$	US\$	US\$	US\$	US\$	US\$
Amount due to fellow group undertakings	17,742,957	17,742,957	-	17,742,957	-	-
Notes payable to affiliates	268,415,510	268,415,510	-	61,591,585	-	206,823,925
Other liabilities	71,983	71,983	71,983	-	-	-
Future interest payments	-	300,626,165	4,175,363	12,526,090	66,805,815	217,118,897
Total	286,230,450	586,856,615	4,247,346	91,860,632	66,805,815	423,942,822

The future interest payments are derived from fixed-rate notes and secured borrowings. Future interest payments for fixed-rate notes are based on an fixed interest rate, as defined in the contractual agreements, while future interest payments for secured borrowings are calculated based on SOFR at the financial year end plus an applicable margin. It is not possible to forecast future interest payments on profit participating notes with reasonable certainty as these payments are contingent on the profits of the Group and Company.

Maintenance payment liabilities and lessor contribution obligations 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 AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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34. Risks and uncertainties (continued)

(d) Credit risk

The Group and Company are subject to credit risk of its lessees as to collection of rental and maintenance payments under its operating leases. The Group had its largest concentrations of total lease income from 1 lessee in Finland and from 2 lessees in Mexico (2023: 1 lessee in Finland and from 2 lessees in Mexico).

	Group 2024 US\$	Group 2023 US\$	Company 2024 US\$	Company 2023 US\$
Cash and cash equivalents	2,878,288	16,118,793	520,016	452,968
Restricted cash	-	2,948,466	-	-
Amounts due from fellow group undertakings	23,227,306	22,726,262	30,434,457	32,253,760
Rent receivable	1,419,199	4,144,963	-	-
Notes receivable from affiliates (at amortised cost)	113,299	1,686,168	36,479,034	35,655,558
Other receivables	688,232	1,063,422	542,335	867,809

The Group’s maximum exposure to credit risk at 31 December 2024 is US\$28.3 million (2023: US\$48.7 million). The Group’s financial assets subject to exposure to credit risk are “cash and cash equivalents” for US\$2.9 million (2023: US\$16.1 million), “restricted cash” for US\$Nil (2023: US\$2.9 million), “amounts due from fellow group undertakings” for US\$23.2 million (2023: US\$22.7 million), “rent receivable” for US\$1.4 million (2023: US\$4.1 million), “notes receivable from affiliates” for US\$0.1 million (2023: US\$1.7 million) and “other receivables” for US\$0.7 million (2023: US\$1.1 million).

The Company’s maximum exposure to credit risk at 31 December 2024 is US\$68.0 million (2023: US\$69.2 million). The Company’s financial assets subject to exposure to credit risk are “cash and cash equivalents” for US\$0.5 million (2023: US\$0.5 million), “amounts due from fellow group undertakings” for US\$30.4 million (2023: US\$32.3 million), “notes receivable from affiliates” for US\$36.5 million (2023: US\$35.7 million) and “other receivables” for US\$0.5 million (2023: US\$0.9 million).

Credit risk is defined as an unexpected loss in cash and earnings if the counterparty is unable to pay its obligations in due time. The Group’s objective in managing credit risk is to minimise potential losses incurred due to non-payment by lessees. The effective monitoring and controlling of airline customer credit risk is a competency of BBAM ASL as part of the financial risk policy the Group has entered into. The creditworthiness of each new customer is assessed and the Group seeks security deposits in the form of cash or Letters of Credit to mitigate overall financial exposure to its lessees. 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 Group has determined that credit risk has been sufficiently assessed. 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 Group.

The Group 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 Group typically does not enter into deposits with duration of more than 3 months. The Group’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, and UMB Financial Corp., which has a credit rating of ‘A- Outlook: Stable’ (2023: ‘A- Outlook: Stable’), based on Standard & Poor’s.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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34. Risks and uncertainties (continued)

(d) Credit risk (continued)

Impairment of financial assets

The Group and Company has numerous financial assets that are subject to the ECL model:

- cash and cash equivalents;
- restricted cash;
- amounts due from fellow group undertakings;
- rent receivable;
- notes receivable from affiliates (at amortised cost); and
- other receivables.

Cash and cash equivalents and restricted cash

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

Amounts due from fellow group undertakings

The Group’s and Company’s amounts due from fellow group undertakings are all due from group companies and are considered to have low risk. The Group and the Company have assessed the potential impairment of their total receivable balance through a credit assessment of the probability of default of the counterparty. The identified impairment loss was immaterial and therefore the Group has not recognised any loss allowance in respect of its amounts due from fellow group undertakings during the financial year ended 31 December 2024 (2023: US\$Nil).

Rent receivable

The Group received security deposits which can be applied if the lessees do not fulfill their obligations under the leases. The Group has assessed the potential impairment of its rent receivable through a credit assessment of the probability of default of the counterparties. The identified impairment loss was immaterial and therefore the Group has not recognised any loss allowance in respect of its rent receivable during the financial year ended 31 December 2024 (2023: US\$Nil).

Notes receivable from affiliates

The Company’s investments in notes receivable from affiliates are all due from group companies. The Group has assessed the potential impairment of its notes receivable through a credit assessment of the probability of default of the counterparty. Notes receivable measured at fair value through profit or loss are excluded from this assessment. The identified impairment loss was immaterial and therefore the Group has not recognised any loss allowance in respect of its notes receivable from affiliates during the financial year ended 31 December 2024 (2023: US\$Nil).

Other receivables

While other assets are subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial (2023: US\$Nil).

(e) Foreign currency risk

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

(f) Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing liabilities, consisting of secured borrowings and notes payable to affiliates. The Group uses interest rate swaps to hedge interest rate risk, except for the Fixed-Rate Notes which are not exposed to interest rate risk through the impact of market rate changes. The interest rate and terms of repayment of financial liabilities are disclosed in the respective notes to the consolidated financial statements. As the Group uses interest rate swaps, there is no material exposure to interest rate risk and therefore no sensitivity analysis has been presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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34. Risks and uncertainties (continued)

(f) Interest rate risk (continued)

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

Group: As at 31 December 2024	Carrying Amount US\$	Interest-bearing		Non interest- bearing US\$
		Fixed US\$	Variable US\$	
Financial assets:				
Cash and cash equivalents	2,878,288	-	2,878,288	-
Amounts due from fellow group undertakings	23,227,306	-	-	23,227,306
Notes receivable from affiliates	113,299	-	-	113,299
Marketable securities	495,955	-	-	495,955
Derivative assets	8,677,439	-	8,677,439	-
Rent receivable	1,419,199	-	-	1,419,199
Other assets	688,232	-	-	688,232
Total	37,499,718	-	11,555,727	25,943,991
Financial liabilities:				
Amount due to fellow group undertakings	2,288,841	-	-	2,288,841
Notes payable to affiliates	208,605,703	100,000	200,432,923	8,072,780
Security deposits	2,569,960	-	-	2,569,960
Maintenance payment liabilities	9,166,595	-	-	9,166,595
Secured borrowings	71,053,557	63,911,174	-	7,142,383
Other liabilities	11,876,795	-	-	11,876,795
Total	305,561,451	64,011,174	200,432,923	41,117,354
Company:				
As at 31 December 2024				
	Carrying Amount US\$	Interest-bearing		Non interest- bearing US\$
		Fixed US\$	Variable US\$	
Financial assets:				
Cash and cash equivalents	520,016	-	520,016	-
Amounts due from fellow group undertakings	30,434,457	-	-	30,434,457
Notes receivable from group undertakings	148,893,716	-	109,845,176	39,048,540
Other assets	542,335	-	-	542,335
Total	180,390,524	-	110,365,192	70,025,332
Financial liabilities:				
Amount due to fellow group undertakings	28,027,159	-	-	28,027,159
Notes payable to affiliates	208,565,047	100,000	200,432,923	8,032,124
Other liabilities	107,962	-	-	107,962
Total	236,700,168	100,000	200,432,923	36,167,245

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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34. Risks and uncertainties (continued)

(f) Interest rate risk (continued)

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

Group: As at 31 December 2023	Carrying Amount US\$	Interest-bearing		Non interest- bearing US\$
		Fixed US\$	Variable US\$	
Financial assets:				
Cash and cash equivalents	16,118,793	-	16,118,793	-
Restricted cash	2,948,466	-	2,948,466	-
Amounts due from fellow group undertakings	22,726,262	-	-	22,726,262
Notes receivable from affiliates	1,686,168	1,686,168	-	-
Marketable securities	540,099	-	-	540,099
Derivative assets	9,491,729	-	9,491,729	-
Rent receivable	4,144,963	-	-	4,144,963
Other assets	1,063,422	-	-	1,063,422
Total	58,719,902	1,686,168	28,558,988	28,474,746
Financial liabilities:				
Amount due to fellow group undertakings	4,983,023	-	-	4,983,023
Notes payable to affiliates	263,883,298	192,633,548	9,617,224	61,632,526
Security deposits	2,933,160	-	-	2,933,160
Maintenance payment liabilities	6,039,284	-	-	6,039,284
Secured borrowings	107,457,353	71,740,430	29,324,114	6,392,809
Other liabilities	9,343,320	-	-	9,343,320
Total	394,639,438	264,373,978	38,941,338	91,324,122
Company:				
As at 31 December 2023	Carrying Amount US\$	Interest-bearing		Non interest- bearing US\$
		Fixed US\$	Variable US\$	
Financial assets:				
Cash and cash equivalents	452,968	-	452,968	-
Amounts due from fellow group undertakings	32,253,760	-	-	32,253,760
Notes receivable from group undertakings	203,126,910	-	154,406,246	48,720,664
Other assets	867,809	-	-	867,809
Total	236,701,447	-	154,859,214	81,842,233
Financial liabilities:				
Amount due to fellow group undertakings	17,742,957	-	-	17,742,957
Notes payable to affiliates	268,415,510	192,633,548	11,190,377	64,591,585
Other liabilities	71,983	-	-	71,983
Total	286,230,450	192,633,548	11,190,377	82,406,525

INCLINE AVIATION HOLDINGS DESIGNATED ACTIVITY COMPANY (“DAC”) AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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35. Events after the reporting date

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

36. Approval of financial statements

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