

Magellan Aviation Services Limited
Directors' Report and Financial Statements
For the year ended 31 March 2025

Financial Statements
for the year ended 31 March 2025

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DIRECTORS AND OTHER INFORMATION

DIRECTORS	N. Duggan B. Murphy D. Dowling J. McEntee
SECRETARY	D. Dowling
REGISTERED OFFICE	Unit B2, Shannon Free Zone, Shannon, Co Clare.
REGISTERED NUMBER	160634
SOLICITORS	Holmes O'Malley Sexton, Bishopsgate, Henry Street, Limerick.
BANKERS	AIB, Shannon Town Centre, Shannon, Co. Clare., Bank of Ireland, Shannon Free Zone, Shannon, Co Clare. Comerica Bank, PO Box 75000, Detroit, Michigan, MI 48275-8042, USA.
AUDITOR	Ernst & Young, Riverview House, Harvey's Quay, Limerick.

DIRECTORS' REPORT
for the year ended 31 March 2025

The directors present their report and the financial statements of Magellan Aviation Services Limited ("the company") for the financial year ended 31 March 2025.

Principal activities

The principal activity of the company is the purchase and resale of aircraft, engines, rotatable parts and the leasing of aircraft engines.

The company operates within two distinct business areas in the aviation sector:

- (i) Sale of aircraft, aircraft engines and parts, and
- (ii) Leasing of aircraft engines.

Business review

Overall, the directors are satisfied with the results of the business for the year ended 31 March 2025. The focus of the directors is to drive revenue and profitable growth of the business. The key financial and other performance indicators that are focused on by management are summarised below.

Turnover decreased from \$211.3 million for the year ended 31 March 2024 to \$175.1 million for the year ended 31 March 2025. Parts sales increased from \$137.1 million to \$146.5 million while Engine sales and leasing decreased from \$74.2 million to \$28.5 million in the same period.

Operating profit increased from \$34.5 million for the year ended 31 March 2024 to \$34.9 million for the year ended 31 March 2025. Pre-tax profits were \$33.6 million in 2025 (Pre-tax profits 2024: \$30.4 million). Overall loans and borrowings decreased from \$28.2 million to \$7.3 million year on year as set out in notes 15 and 18.

Gross margin increased from 22% for the year ended 2024 to 28% for the year ended 31 March 2025. Operating margin increased from 16% for the year ended 31 March 2024 to 20% for the year ended 31 March 2025.

Equity shareholder's funds amounted to \$83.3 million at 31 March 2025 (2024: \$79.5 million).

Employee numbers increased to 63 in 2025 from the prior year average of 60.

The company has prepared financial statements that comply with EU adopted IFRS as at 31 March 2025, together with the comparative data for the year ended 31 March 2024, as described in the summary of material accounting policies.

Results and dividends

The results for the year are set out in the statement of comprehensive income on page 11.

The company's profit for the year ended 31 March 2025 was \$28.3 million (2024: profit of \$26.6 million). Dividends amounted to \$24.6 million (\$169.59 per share) (2024: \$3.8 million, \$26.03 per share) represent distributions which have been declared and approved by the board of directors, of this amount \$24.6 million remains unpaid at year end (2024: \$nil).

DIRECTORS' REPORT
for the year ended 31 March 2025 (Continued)

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in market prices, foreign exchange risk, credit risk, liquidity and interest rate risk. The company has in place a risk management programme that seeks to manage financial exposures of the company.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies are set by the board of directors and are implemented by the company's finance department.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, foreign currency risk, commodity price risk and equity security price risk.

The company does not have a material exposure to market price risk and equity security price risk. The company operates in a price sensitive industry and continues to review its business model to address the impact of price competition. The company has no exposure to equity securities price risk as it holds no listed investments. Financial instruments affected by market risk include trade and other payables and cash and cash equivalents.

Foreign exchange risk

The reporting currency for the company is the US Dollar. The company is exposed to foreign exchange risk in the normal course of business on overheads that are incurred in euro and on inventory acquisitions conducted in currencies other than the US Dollar.

The company closely monitors exchange rate movements to assess their impact on overheads but does not have a specific policy on the hedging of this exposure due to the level of operating costs impacted being immaterial to the financial statements as a whole.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made.

Liquidity risk

The company in conjunction with group companies, actively maintains debt finance that is designed to ensure the company has sufficient funds available for operations and planned expansion. This funding arrangement is expected to continue in the year ahead.

Interest rate risk

The company has interest bearing liabilities at year-end in connection with loans from group companies. The interest rate on these borrowings is SOFR plus 0.8%.

Research and development

The company did not engage directly in research and development activities during the year.

DIRECTORS' REPORT
for the year ended 31 March 2025 (Continued)

Future developments

The directors plan to continue developing the activities of the company worldwide. This development is expected from continued investment in both inventory for spare parts and engines for lease. The company also intends to drive growth in new and emerging markets while simultaneously servicing and growing existing markets and customers.

The company is forecasting a profit for the year ended 31 March 2026. It is the directors view and to the best of their current knowledge, that the conflicts in the Middle East and Eastern Europe will not have a material adverse impact on the Group's ability to continue as a going concern.

Going concern

On an annual basis, the directors review the appropriateness of preparing the financial statements under the going concern principle. The directors monitor short-term and long-term cash flow forecasts to ensure that the company has adequate working capital to continue in operational existence for a period of more than 12 months from the approval of the financial statements. Based on the assessment performed, and in light of the ongoing economic uncertainties arising from the conflicts in the Middle East and Eastern Europe, the directors determined it appropriate to confirm the availability of financial support from its parent company, Marubeni Corporation, from the date of the balance sheet until 31 August 2026, in order to prepare the financial statements using the going concern principle.

On this basis the directors consider it appropriate to prepare the financial statements on a going concern basis. Accordingly, these financial statements do not include any adjustments to the carrying amount and classification of assets and liabilities that may arise if the company was unable to continue as a going concern.

Events since the end of the financial year

Subsequent to year ended 31 March 2025, a dividend payment of \$24,590,234 was paid to Marubeni Aviation Asset Investment LLC.

There were no other significant events after the end of the financial year.

Directors

The names of the persons who were directors at any time during the year ended 31 March 2025 are set out below. They served as directors for the entire year, unless indicated otherwise.

N. Duggan
B. Murphy
D. Dowling
J. McEntee

Interests of directors and secretary

In accordance with Section 260(f) of the Companies Act 2014, the directors and secretary did not hold any disclosable interests in the company or any other group company at the beginning of the year (or date of appointment, if later) and the end of the year.

DIRECTORS' REPORT
for the year ended 31 March 2025 (Continued)

Audit committee

The directors have established an Audit Committee (the "Committee") for the purpose of compliance with the Companies Act 2014. The Committee comprises Niall Duggan, Donnacha Dowling and Joe McEntee.

The Committee supports the Board of the company in meeting its responsibilities in relation to the integrity of the company financial statements, the adequacy of internal controls and the appointment and work of the external auditors. The principal responsibilities of the Committee are:

- to monitor the financial reporting process
- to monitor the effectiveness of the company's systems of internal control, internal audit and internal risk management
- to monitor the statutory audit of the company's statutory financial statements and
- to review and monitor the independence of the statutory auditor and in particular the provision of additional services to the company.

The Committee discharges its responsibilities through a series of meetings throughout the year, including meetings with the external auditors. The Managing Director, other directors and representatives from the finance function of the company may be invited to attend all or part of any meeting as and when appropriate.

Directors' compliance statement

The directors acknowledge that they are responsible for securing the company's compliance with its relevant obligations.

The directors confirm that:

- 1) A compliance policy document has been drawn up that sets out policies, that in our opinion are appropriate to the company, respecting compliance by the company with its relevant obligations,
- 2) appropriate arrangements or structures are in place that are, in our opinion, designed to secure material compliance with the company's relevant obligations, and
- 3) during the financial year, the arrangements or structures referred to in (2) have been reviewed.

Statement as to disclosure of information to auditor

The directors are satisfied that the auditor is well aware of all information relevant to the audit of the company financial statements for the financial year ended 31 March 2025 and that they have taken all steps that they ought to have taken as directors in order to make them aware of any relevant audit information and to establish that the company auditor is aware of that information.

Accounting records

The measures taken by the directors to secure compliance with the company's obligation to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons. The accounting records are kept at Unit B2, Shannon Free Zone, Shannon, Co. Clare, Ireland.

DIRECTORS' REPORT
for the year ended 31 March 2025 (Continued)

Auditor

The auditor, Ernst & Young, Chartered Accountants, will continue in office in accordance with section 383(2) of the Companies Act 2014.

On behalf of the Directors

N. Duggan

N. Duggan
Director

D. Dowling

D. Dowling
Director

Date: 30/06/2025

Date: 30/06/2025

DIRECTORS' RESPONSIBILITIES STATEMENT
for the year ended 31 March 2025

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

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

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

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- state whether the financial statements have been prepared in accordance with the applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' Report comply with the Companies Act 2014 and enable the financial statements to be audited.

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

On behalf of the Board



N. Duggan
Director



D. Dowling
Director

Date: 30/06/2025

Date: 30/06/2025



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAGELLAN AVIATION SERVICES LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Magellan Aviation Services Limited ('the Company') for the year ended 31 March 2025, which comprise the Statement of comprehensive income, Statement of financial position, Statement of changes in equity, Statement of cash flows and notes to the financial statements, including the summary of material accounting policies set out in note 3. 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.

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 March 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

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



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAGELLAN AVIATION SERVICES LIMITED

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual 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 for the financial year ended for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report, other than those parts relating to sustainability reporting where required by Part 28 of the Companies Act 2014, has been prepared in accordance with applicable legal requirements.

We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

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

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



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAGELLAN AVIATION SERVICES LIMITED

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as 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 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.

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

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Clery
for and on behalf of
Ernst & Young Chartered Accountants and Statutory Audit Firm

Limerick

Date: 2 July 2025

Statement of comprehensive income
for the year ended 31 March 2025

	Notes	31 March 2025 \$	31 March 2024 \$
Revenue	5	175,092,415	211,280,224
Cost of goods sold		(125,261,669)	(164,346,536)
Gross profit		49,830,746	46,933,688
Operating expenses:			
General and administrative expenses	6.1	(13,918,516)	(11,521,605)
Selling expenses		(298,802)	(217,507)
Depreciation and amortisation	6.2	(707,629)	(649,049)
Total operating expenses		(14,924,947)	(12,388,161)
Operating profit		34,905,799	34,545,527
Finance costs	7	(1,318,162)	(4,127,714)
Profit before tax		33,587,637	30,417,813
Income tax expense	8	(5,262,800)	(3,810,000)
Profit for the year		28,324,837	26,607,813
Total comprehensive income		28,324,837	26,607,813
Net income attributable to equity holders		28,324,837	26,607,813

All transactions are derived entirely from continuing operations.

Approved by the board on 30 June 2025 and signed on its behalf by:

Niall Duggan

N. Duggan
Director

Donnacha Dowling

D. Dowling
Director

Statement of financial position
as at 31 March 2025

	Notes	31 March 2025 \$	31 March 2024 \$
Assets			
Non-Current Assets			
Property, plant & equipment	9	36,214,683	42,345,131
Investment in associates	10	200,000	200,000
Total Non-Current Assets		36,414,683	42,545,131
Current Assets			
Inventories	11	62,366,491	61,153,161
Trade receivables	12	28,705,110	17,762,634
Prepayments and other current assets	13	3,804,266	1,524,040
Cash and short-term deposits	14	1,171,470	623,614
Total Current Assets		96,047,337	81,063,449
Total Assets		132,462,020	123,608,580
Equity & Liabilities			
Equity attributable to equity holders			
Issued capital	17	145,000	145,000
Retained earnings		83,128,460	79,393,857
Total Equity		83,273,460	79,538,857
Non-Current Liabilities			
Interest-bearing loans and borrowings	15	2,615,604	3,107,227
Deferred taxation liability	8	414,000	1,194,000
Pillar Two taxation payable	8	736,339	-
Total Non-Current Liabilities		3,765,943	4,301,227
Current Liabilities			
Trade payables and accruals	16	40,128,587	14,341,426
Taxation payable less than one year		652,822	383,565
Interest-bearing loans and borrowings	15	4,641,208	25,043,505
Total Current Liabilities		45,422,617	39,768,496
Total Liabilities		49,188,560	44,069,723
Total Equity and Liabilities		132,462,020	123,608,580

Approved by the board on 30 June 2025 and signed on its behalf by:



N. Duggan
Director



D. Dowling
Director

Statement of changes in equity
for the year ended 31 March 2025

	Notes	Issued Capital \$	Retained Earnings \$	Total Equity \$
As at 1 April 2023	17	145,000	56,560,994	56,705,994
Profit for the year		-	26,607,813	26,607,813
Dividends	17	-	(3,774,950)	(3,774,950)
As at 31 March 2024		<u>145,000</u>	<u>79,393,857</u>	<u>79,538,857</u>
As at 1 April 2024		145,000	79,393,857	79,538,857
Profit for the year		-	28,324,837	28,324,837
Dividends	17	-	(24,590,234)	(24,590,234)
As at 31 March 2025		<u>145,000</u>	<u>83,128,460</u>	<u>83,273,460</u>

Statement of cash flows
for the year ended 31 March 2025

	Notes	31 March 2025 \$	31 March 2024 \$
Operating activities:			
Profit before tax from continuing operations		33,587,637	30,417,813
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and impairment of PPE		8,275,808	5,801,786
Bad debt provision		(95,227)	216,886
Inventory provision		480,000	(735,000)
Finance costs		1,318,162	4,127,714
Working capital adjustments:			
(Increase)/Decrease in inventories		(1,693,332)	2,156,654
(Increase)/Decrease in accounts receivable and prepayments		(13,127,472)	4,687,670
Increase/(Decrease) in accounts payable and accrued expenses		1,354,962	4,189,323
Cash generated from operations		30,100,538	50,862,846
Interest paid		(1,250,761)	(4,154,695)
Taxation paid		(5,061,652)	(4,888,316)
Net cash flows from operating activities		23,788,125	41,819,835
Investing activities:			
Purchase of property and equipment		(17,271,977)	(38,056,197)
Change in Right of Use (ROU) Assets		-	-
Sale of engines previously held on operating leases		15,126,614	50,532,036
Net cash from investing activities		(2,145,363)	12,475,839
Financing activities:			
(Repayment) of borrowings		(20,456,069)	(50,418,689)
Payment of lease liabilities		(638,837)	(626,530)
Partners' distributions — limited partners		-	(3,774,950)
Net cash (used in) financing activities		(21,094,906)	(54,820,169)
Net change in cash and cash equivalents		547,856	(524,495)
Cash and cash equivalents, beginning of year		623,614	1,148,109
Cash and cash equivalents, end of year	14	1,171,470	623,614

Magellan Aviation Services Limited

Notes to financial statements

For the year ended 31 March 2025

1 Corporate information

Magellan Aviation Services Limited ("the company") sells aircraft, engines and rotatable parts along with leasing aircraft engines.

Magellan Aviation Services Limited is incorporated as a private company limited by shares in the Republic of Ireland and domiciled therein. The address of its registered office is Unit B2, Shannon Free Zone, Shannon Co. Clare.

The immediate parent undertaking of Magellan Aviation Services Limited is Magellan Aviation Group LLLP, a limited liability limited partnership based in Florida, USA.

The smallest group to consolidate the financial statements of Magellan Aviation Services Limited is that of Magellan Aviation Group LLLP. The largest group into which the results of Magellan Aviation Services Limited are consolidated is that headed by Marubeni Corporation. The principal place of business of the ultimate parent is 4-2, Ohtemachi 1-chome, Chiyoda-ku, Tokyo 100-8088, Japan, and is a company listed on the Tokyo Stock Exchange.

2 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("EU") and with the Companies Act 2014 applicable to companies reporting under IFRS.

3 Material accounting policies

3.1 Basis of preparation

The financial statements of the company have been prepared in accordance with IFRS as adopted by the EU. The financial statements are prepared under the historical cost convention unless otherwise stated.

3.2 Going Concern

On an annual basis, the directors review the appropriateness of preparing the financial statements under the going concern principle. The directors monitor short-term and long-term cash flow forecasts to ensure that the company has adequate working capital to continue in operational existence for a period more than 12 months from the approval of the financial statements. Based on the assessment performed, and in light of the ongoing economic uncertainties arising from the conflicts in the Middle East and Eastern Europe, the directors determined it appropriate to confirm the availability of financial support from its parent company, Marubeni Corporation, from the date of the balance sheet until 31 August 2026, in order to prepare the financial statements using the going concern principle.

On this basis the directors consider it appropriate to prepare the financial statements on a going concern basis. Accordingly, these financial statements do not include any adjustments to the carrying amount and classification of assets and liabilities that may arise if the company was unable to continue as a going concern.

3 Material accounting policies (continued)

3.2 Going Concern (continued)

Liquidity

The company, in conjunction with its fellow group companies, actively maintains debt finance that is designed to ensure the company has sufficient available funds for operations and planned expansion. This funding arrangement and support from the ultimate parent company, Marubeni, is expected to continue in the year ahead.

Asset Impairment

Inventories

The company reviewed its inventory and assessed the impact that geopolitical and other external factors would have on the recoverability of book values in line with IAS 2 *Inventories*. In addition, the company obtained third party valuations to support the carrying values of inventory as at 31 March 2025. Inventory reserves increased by \$0.6 million from \$5.9 million in 2024 to \$6.5 million in 2025 (see note 11).

Property, Plant & Equipment

IAS 16 *Property, Plant & Equipment* and IAS 36 *Impairment of Assets* seeks to ensure that an entities' assets are not carried at more than their recoverable amount (i.e. the higher of net selling price and value in use). The company obtained third party valuations to support the carrying values of leased engines as at 31 March 2025. Total impairment for the year amounted to \$0.7 million (2024: \$ nil) (see note 9(b)).

Financial instruments

In accordance with IFRS 9 *Financial Instruments*, the company has reviewed the expected credit losses (ECL's). The reserve on accounts receivable decreased by \$0.2 million from \$0.3 million in 2024 to \$0.1 million in 2025 (see note 12).

Business Outlook

The company is forecasting a profit for the year ended 31 March 2026. It is our view and to the best of our current knowledge, that the conflicts in the Middle East and Eastern Europe will not have a material adverse impact on the company's ability to continue as a going concern.

3.3 Accounting period

The accounting period is for the 12 months from 1 April 2024 to 31 March 2025. The comparative period is for the 12 months from 1 April 2023 to 31 March 2024.

3 Material accounting policies (continued)

3.4 Summary of material accounting policies

The following are the material accounting policies applied by the company in preparing its financial statements:

3.4.1 Current versus non-current classification, and fair value measurement

The company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments does not affect its classification. The company classifies all other liabilities as non-current. Deferred tax liabilities are classified as non-current liabilities.

3 Material accounting policies (continued)

3.4 Summary of material accounting policies (continued)

3.4.2 Revenue recognition

Revenue from the sale of goods is recognised at the point in time when control of the goods is transferred to the customer based on the incoterms attached to the sale, generally on dispatch of the goods or when the company's obligation to provide services has been satisfied. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. Where consideration receivable in cash or cash equivalents is deferred and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the imputed rate of interest.

The following are the specific recognition criteria of each of the company's Revenue streams:

Parts sales

The company recognises revenue from product sales at the point in time when control of the parts is transferred to the customer based on the incoterms attached to the sale, generally on dispatch of the parts.

Where the company sells parts acting in a consignee capacity, revenue is recognised only when control passes to the customer. At the time of sale to the end customer, the company simultaneously purchases the goods from the consignor via "flash" transfer of title.

Engine/aircraft sales

The company recognises revenue from engines/aircraft sales at the earlier of (a) shipment to the customer and (b) date of signing non-cancellable contract, when control passes to the customer.

Where the company sells engines/aircraft acting in a consignee capacity, revenue is recognised only when control passes to the customer. At the time of sale to the end customer, the company simultaneously purchases the goods from the consignor via "flash" transfer of title.

Magellan Aviation Services Limited

Notes to financial statements

For the year ended 31 March 2025

3. Material accounting policies (continued)

3.4 Summary of material accounting policies (continued)

3.4.2 Revenue recognition (continued)

Engine/aircraft leasing

The company leases engines and aircraft to customers under terms which are accounted for as operating leases. Under such leases, the company retains the risks and rewards of owning the asset. Revenue from leasing transactions comprises both a fixed and variable element. The fixed element is recognised on a straight-line basis over the term of the lease. The variable element is based on usage (such as flight hours or cycles).

The company also leases engines and aircraft to customers under the End of Lease ("EOL") arrangement. The EOL compensation is calculated based on usage (such as flight hours or cycles). If engines were to be returned to the company without major maintenance events at the end of the lease, lessees are required to pay the company an EOL compensation payment.

Where the company leases engines/aircraft acting in a consignee capacity, the company is deemed to act as Principal where control is transferred to the company as consignee. The amount invoiced to the customer is recognised as revenue with the amount payable to the consignor recognised as an expense incurred in earning this income. Where the company acts as an Agent, then the company records the net fee earned from the lease transaction as income.

3.4.3 Foreign currency

Functional and presentation currency

The company's functional and presentation currency is the US Dollar, denominated by the symbol "\$" and unless otherwise stated, the financial statements have been presented in \$.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. At the end of each financial year foreign currency monetary items are translated to US Dollar using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at exchange rates at the end of the financial year of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

3.4.4 Borrowing costs

Borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.4.5 Pensions

The company operates a defined contribution plan for certain employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further contributions or to make direct benefit payments to employees if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior years.

Magellan Aviation Services Limited

Notes to financial statements

For the year ended 31 March 2025

3. Material accounting policies (continued)

3.4 Summary of material accounting policies (continued)

3.4.5 Pensions (continued)

The assets of the plan are held separately from the company in independently administered funds. The contributions to the defined contribution plan are recognised as an expense when they are due. Amounts not paid are shown in accruals in the statement of financial position.

3.4.6 Taxes

Current income tax

Current tax is the amount of income tax payable in respect of the taxable profit for the financial year or past financial years. Current tax is measured at the amount that is expected to be paid using tax rates and laws that have been enacted or substantively enacted by the end of the financial year. Current tax liabilities for the current year are measured at the amount expected to be recovered from or paid to the taxation authorities.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation, and it establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

The OECD Pillar Two model rules generally apply to multinational enterprises with consolidated revenue of €750 million or more. Subject to certain transitional safe harbours, large multinational enterprises within the scope of the rules are required to calculate their GloBE effective tax rate for each jurisdiction where they operate and will be subject to a top-up tax for the difference between their GloBE effective tax rate for each jurisdiction and the 15% minimum rate. If the GloBE effective tax rate in a jurisdiction is 15% or more, no GloBE top-up tax will be payable with respect to that jurisdiction.

Pillar Two legislation was enacted in 2023 for Ireland and came into effect as of 1 January 2024. Magellan Aviation Services Limited conducted an assessment of the potential exposure to Pillar Two income taxes. The results of the analysis are reflected in the consolidated financial statements for the year ended 31 March 2025. As the company did not meet the Transitional CbCR Safe Harbour test, the relevant top up tax of \$0.7 million has been accrued in the financial statements.

Magellan Aviation Services Limited

Notes to financial statements

For the year ended 31 March 2025

3. Material accounting policies (continued)

3.4 Summary of material accounting policies (continued)

3.4.6 Taxes (continued)

Pillar Two Model Rules - Amendments to International Accounting Standard 12 – Income Taxes (IAS 12)

The changes to IAS 12 were introduced in response to the OECD's Pillar Two rules on BEPS and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules;
- Disclosure requirements for affected entities, in order to help users of financial statements better understand an entity's exposure to Pillar Two income taxes arising from this legislation, especially before the effective date.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

3.4.7 Property, plant and equipment

Tangible fixed assets are carried at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price and costs directly attributable to bringing the asset to the location and condition necessary for its intended use.

Depreciation and residual values

Depreciation is provided on a systematic basis over the useful life of an asset (or the term of the lease if shorter). The estimated useful lives of property, plant and equipment are as follows:

➤ Leasehold improvements	5-10 years
➤ Motor vehicles	3-4 years
➤ Fixtures and fittings	5 years
➤ Computer and communications equipment	3 years
➤ Maintenance right assets	Not depreciated

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each financial year. The effect of any change in either residual values or useful lives is accounted for prospectively.

Subsequent additions and major components

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the company and the cost can be measured reliably.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Derecognition

Tangible fixed assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

3. Material accounting policies (continued)

3.4 Summary of material accounting policies (continued)

3.4.7 Property, plant and equipment (continued)

Tangible assets available for lease

a) *Tangible assets available for lease under "built in overhaul" method*

Tangible assets available for lease are stated at cost less depreciation/amortisation.

The company has adopted the "built in overhaul" method of accounting for planned maintenance activities in relation to aircraft engines available for lease.

The built-in overhaul method is based on segregation of the asset costs into those that should be depreciated over the useful life of the asset and those that require overhaul at periodic intervals. Thus, the estimated cost of the overhaul component included in the purchase price is set up separately from the core cost of the aircraft/engines and is amortised from the date of first use. The cost of the overhaul is capitalised and amortised to the next overhaul date based on flying hours and cycles, at which time the process is repeated. While assets are on lease, the lessee bears the cost of all routine and ongoing regular maintenance. Accordingly, costs incurred by the company are all considered to be overhaul in nature.

The core cost of the engines is depreciated on a straight-line basis over its estimated economic life, which is five years from the date of first leasing or twenty years from the date of manufacture. In circumstances where engines are not purchased at the time of manufacture they are depreciated over the longer of five years from the date of first leasing or the remainder of the estimated economic life at the time of acquisition based on an economic life of twenty years from the date of manufacture.

Management assessed the estimated economic life of engines having regard to their knowledge and experience of the aircraft engine leasing business which they have now operated in for a number of years, and to the manufacturer's guidance in relation to the life of each type of engine. They consider the estimates used accurately reflect the useful economic lives of the engines.

b) *Tangible assets available for lease under End of Lease ("EOL") compensation method*

Tangible assets available for lease under EOL method are stated at cost less depreciation/amortisation.

Maintenance right assets in EOL Leases represent the difference in value between the contractual right to receive an aircraft in an improved maintenance condition as compared to the maintenance condition on the acquisition date. Maintenance right liabilities exist in EOL Leases if, on the acquisition date, the maintenance condition of the aircraft/engine is greater than the contractual return condition in the lease and the company is required to pay the lessee in cash for the improved maintenance condition. Maintenance right assets are recorded as a component of "Assets held for operating lease" on the statement of financial position.

3.4.8 Leases

The company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

- 3. Material accounting policies (continued)
- 3.4 Summary of material accounting policies (continued)
- 3.4.8 Leases (continued)

Company as a lessor

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Company as a lessee

The company applies a single recognition and measurement approach for all leases, except for short term leases and leases of low value assets. The company recognises lease liabilities to make lease payments and right of use assets representing the right to use the underlying assets.

Right of use assets

IFRS 16 recognises right of use ("ROU") assets at the commencement date of the lease, i.e. the date the underlying asset is available for use. ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of the ROU assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at, or before, commencement date less any lease incentives received. ROU assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land and buildings	5-10 years
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If ownership of the leased asset transfers to the company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The ROU assets are also subject to impairment. Refer to the accounting policy in section 3.4.11 Impairment of non-financial assets.

Lease liabilities

At the commencement of the lease, the company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable..

3. Material accounting policies (continued)

3.4 Summary of material accounting policies (continued)

3.4.8 Leases (continued)

After the commencement date, the amount for lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of the lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The company's lease liabilities are included in Interest bearing loans and borrowings at note 15.

Short term leases and leases of low value assets

Short term leases (lease duration not exceeding twelve months) and leases of low value assets are not recognised as lease liabilities. Lease payments are expensed in the profit and loss as they arise.

3.4.9 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) *Financial assets*

Classification

Financial assets are classified as financial assets at amortised cost, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The company determines the classification of its financial assets at initial recognition. The company's financial assets include cash at bank and trade and other receivables. The company determines the classification of its financial assets at initial recognition.

The measurement of financial assets depends on their classification as follows:

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Fair value consists of the invoiced amount less provision for impairment.

The company impairs trade receivables using the IFRS 9 simplified impairment approach, which involves calculating at an amount equal to lifetime expected credit losses.

Changes in the credit risk associated with these assets are assessed on both an individual and collective basis. To date, there has been no indication of impairment on a collective basis.

An additional credit loss allowance is recognised if there has been a significant increase in the credit risk associated with a given customer (payment default at maturity, insolvency proceedings, etc.), such that the amount owed by the customer is likely to be written off.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification.

- 3. Material accounting policies (continued)
- 3.4 Summary of material accounting policies (continued)
- 3.4.9 Financial instruments – initial recognition and subsequent measurement

Derecognition

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired.

(b) *Financial liabilities*

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the company retains continuing involvement, financial guarantee contracts, commitments to provide a loan at a below market interest rate, and contingent consideration recognised by an acquirer in accordance with IFRS 3, Business Combinations.

The company's financial liabilities consist of trade and other payables and interest-bearing loans and borrowings.

The company determines the classification of its financial liabilities at initial recognition. The measurement of financial liabilities depends on their classification as follows:

Trade and other payables and interest-bearing loans and borrowings

Trade and other payables and interest-bearing loans and borrowings are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest rate method.

3.4.10 Inventories

Inventories are valued at the lower of cost and net realisable value.

The company uses specific stock-line identification methods for determining the cost of inventory. The stock line method approximates to first-in-first-out (FIFO). Cost comprises of the purchase cost of inventory together with any tear down, disassembly, repair and freight costs incurred.

The cost of consigned inventory comprises of repair and freight costs capitalized in the process of getting parts ready for sale.

Net realizable value (NRV) is based on the estimated selling price less further costs expected to be incurred to completion and disposal. Appropriate consideration is given to slow-moving, obsolete, excess quantities, unusable material and other factors in evaluating net realizable value. A reserve is recorded against inventory for obsolescence, excess and slow-moving items.

The company acquires inventories through the purchase and disassembly of aircraft or engine lots. When individual parts are sold from these lots, the company charges a fixed percentage of each part's revenue as its cost of sale. The amount thus charged is used to reduce the carrying value of the lot until the full cost of the lot has been recovered. The company reviews the percentage charged on each lot at acquisition and periodically for appropriateness.

3. Material accounting policies (continued)

3.4 Summary of material accounting policies (continued)

3.4.10 Inventories (continued)

At the end of each financial year, inventories are assessed for impairment. If an item of inventory is impaired, the identified part is measured at its selling price less costs to complete and sell and the resulting impairment loss is recognised in profit or loss. Where a reversal of the impairment loss is recognised the impairment loss is reversed, up to the original impairment loss, and is recognised in the statement of comprehensive income.

3.4.11 Impairment of non-financial assets

At the end of each financial year, non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is estimated. The recoverable amount of the asset (or cash-generating unit) is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from continuing use of the asset (or cash-generating unit) and from its ultimate disposal. In measuring value-in-use, pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If the recoverable amount of the asset (or cash-generating unit) is less than the carrying amount of the asset (or cash-generating unit) the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in profit or loss, unless the asset has been revalued. If the asset has been revalued the impairment loss is recognised in other comprehensive income to the extent of the revaluation gains accumulated in equity in respect of that asset. Thereafter any excess is recognised in the statement of comprehensive income.

If an impairment loss reverses (the reasons for the impairment loss have ceased to apply), the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior financial years. A reversal of an impairment loss is recognised in the statement of comprehensive income, unless the asset is carried at a revalued amount.

3.4.12 Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

3. Material accounting policies (continued)

3.4 Summary of material accounting policies (continued)

3.4.13 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the best estimate of the amount required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are reviewed at the end of each financial year and adjusted to reflect the current best estimate of the amount required to settle the obligation. The unwinding of the discount is recognised as a finance cost.

In particular, a provision is not made for future operating losses.

Contingencies

Contingent liabilities, arising as a result of past events, are not recognised as a liability because it is not probable that the company will be required to transfer economic benefits in settlement of the obligation, or the amount cannot be reliably measured at the end of the financial year. Possible but uncertain obligations are not recognised as liabilities but are contingent liabilities.

Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote. Contingent assets are not recognised but disclosed in the financial statements when an inflow of economic benefits is probable.

3.4.14 Interest expense

Interest expense is recognised on all interest-bearing loans and borrowings in the statement of comprehensive income in the period to which it relates.

3.4.15 Changes in accounting policies and disclosures

New and amended standards and interpretations

The company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated). The company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback.

The amendments in IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the company's financial statements.

3. Material accounting policies (continued)

3.4 Summary of material accounting policies (continued)

3.4.15 Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations (continued)

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current

The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the company's financial statement.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments had no impact on the company's financial statement.

3.4.16 Dividends and distributions

The company recognises a liability to pay a dividend to the parent when such dividend is authorised and no longer at the discretion of the company. As per the corporate laws in Ireland, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

4. Material accounting judgements, estimates and assumptions

The preparation of the company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of an asset or liability affected in future periods.

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

Operating lease commitments – company as lessor

The company has entered into leases and has determined, based on evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the asset and the present value of the minimum lease payments not amounting to substantially all of the fair value of the asset, that it retains all the significant risks and rewards of ownership of these assets, and accounts for such as operating leases.

Useful economic lives of tangible fixed assets including those available for lease

The annual depreciation on tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reviewed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Impairment of inventory

The company sells aircraft parts and is subject to changing demands due to industry requirements. As a result, it is necessary to consider the recoverability of the carrying amount of inventory at the end of each financial year. When calculating any impairment, management considers the nature and condition of the inventory, current estimated selling prices, as well as applying assumptions around anticipated saleability and future usage.

Impairment of trade receivables

Management make an assessment at the end of each financial year whether there is objective evidence that a trade or other debtor is impaired. When assessing impairment of trade and other debtors, management consider factors including the current credit rating, the age profile of outstanding invoices, recent correspondence and trading activity, and historical experience of cash collections from the debtor. The company impairs trade receivables using IFRS 9 simplified impairment approach which involves calculating at an amount equal to lifetime expected credit losses.

Revenue recognition

As outlined in note 3.4.2 the company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. Management has concluded that the company acts as a principal where the control is maintained by the company.

Magellan Aviation Services Limited
Notes to financial statements
For the year ended 31 March 2025

5. Revenue

	2025	2024
	\$	\$
<i>Types of goods or services</i>		
Parts sales	146,549,405	137,096,446
Engine and aircraft sales	19,785,000	67,233,844
Engine and aircraft leasing	8,758,010	6,949,934
	<u>175,092,415</u>	<u>211,280,224</u>

6. Operating expenses

6.1 General and administrative expenses

	2025	2024
	\$	\$
Payroll and related benefits	9,608,467	8,085,929
Travel and subsistence	422,457	303,107
Entertainment	19,818	12,051
Property rental	77,944	64,030
Rates and other taxes	110,214	119,832
Communications	48,985	48,157
IT expenses	778,991	503,563
Professional fees	320,738	388,858
Group management charges	1,443,852	673,867
Motor expenses	26,897	29,617
Training and other staff costs	46,633	49,931
Insurance	479,048	455,887
Building services and utilities	308,098	220,592
Warehouse supplies	97,860	146,004
Office supplies	64,026	44,168
Expected credit losses of trade receivables	(95,227)	216,886
Bank charges	104,616	110,514
Foreign exchange	55,099	48,612
	<u>13,918,516</u>	<u>11,521,605</u>

Magellan Aviation Services Limited
Notes to financial statements
For the year ended 31 March 2025

6. Operating expenses (continued)

6.2 Depreciation and amortization

	2025 \$	2024 \$
Depreciation on operating assets	185,432	126,852
Depreciation on "right-of-use" assets	522,197	522,197
Total depreciation and amortisation	<u>707,629</u>	<u>649,049</u>

6.3 Employee benefits expense

	2025 \$	2024 \$
Wages and salaries	8,365,463	7,275,531
Social security costs	806,326	441,086
Pension costs	436,678	369,314
Total employee benefits	<u>9,608,467</u>	<u>8,085,931</u>
Average headcount during the year	63	60

6.4 Employee and Directors

	2025 \$	2024 \$
<i>Emoluments:</i>		
For management services	2,305,752	766,453
Contributions to retirement benefit schemes - defined contribution scheme	61,837	57,701
Total	<u>2,367,589</u>	<u>824,154</u>

Retirement benefits are accruing to 3 directors (2024: 3 directors) under a defined contribution scheme.

Magellan Aviation Services Limited
Notes to financial statements
For the year ended 31 March 2025

6. Operating expenses (continued)

6.5 Auditor's Remuneration

Remuneration (including expenses) for the statutory audit and other services carried out for the company by the company's auditors is as follows:

	2025 \$	2024 \$
Audit of entity financial statements	68,833	58,951
Tax advisory services	43,302	16,122
Total	<u>112,135</u>	<u>75,073</u>

7. Finance costs

	2025 \$	2024 \$
Interest on related party loans (note 18)	1,117,175	3,901,841
Interest on lease liabilities	200,987	225,873
Total finance costs	<u>1,318,162</u>	<u>4,127,714</u>

8. Taxation

Income tax represents tax payable in the Republic of Ireland for the company and is comprised of the following:

	2025 \$	2024 \$
Current:		
Current income tax charge excluding Pillar Two	5,361,426	5,215,776
Current tax related to Pillar Two income taxes	736,339	-
Adjustments in respect of prior years	(54,965)	(32,776)
Current income tax expense	<u>6,042,800</u>	<u>5,183,000</u>
Deferred:		
Origination and reversal of temporary differences	(780,000)	(1,373,000)
Deferred income tax (credit)/expense	<u>(780,000)</u>	<u>(1,373,000)</u>
Total income tax expense	<u>5,262,800</u>	<u>3,810,000</u>

Magellan Aviation Services Limited
Notes to financial statements
For the year ended 31 March 2025

8. Taxation (continued)

	2025 \$	2024 \$
Income before income taxes	33,587,637	30,417,813
Profit on ordinary activities multiplied by the average rate of Irish corporation income tax for the year of 12.5%	4,198,455	3,802,227
<i>Effect of:</i>		
Disallowable expenses	3,556	1,802
Adjustment to tax charge in respect of previous years	(54,965)	(32,776)
Adjustment to tax charge for Pillar Two	736,339	-
Foreign currency and other adjustments	379,415	38,747
Total income tax expense	5,262,800	3,810,000
	2025 \$	2024 \$
Deferred income tax liability at beginning of year	(1,194,000)	(2,567,000)
Credit/(Charge) to income tax expense	780,000	1,373,000
Deferred income tax liability at end of year	(414,000)	(1,194,000)
Analysis of deferred income taxes:		
Deferred income tax liability relating to tangible assets available for lease	(414,000)	(1,194,000)
Total deferred income tax liability	(414,000)	(1,194,000)

Pillar Two legislation was enacted in 2023 for Ireland and came into effect as of 1 January 2024. Magellan Aviation Services Limited conducted an assessment of the potential exposure to Pillar Two income taxes. The results of the analysis are reflected in the consolidated financial statements for the year ended 31 March 2025.

Magellan Aviation Services Limited
Notes to financial statements
For the year ended 31 March 2025

9. Property, plant and equipment

Property, plant and equipment is comprised of the following:

<i>As at 31 March</i>	Note	2025 \$	2024 \$
Right-of-use assets	(a)	2,872,087	3,394,284
Assets held for operating lease	(b)	32,894,735	38,590,227
Other property, plant and equipment	(c)	447,861	360,620
Total property, plant and equipment		<u>36,214,683</u>	<u>42,345,131</u>

a) Right-of-use assets

	Property \$	Total \$
Cost		
As at 1 April 2023	5,122,177	5,122,177
Additions	-	-
Disposals	-	-
As at 31 March 2024	<u>5,122,177</u>	<u>5,122,177</u>
Additions	-	-
Disposals	-	-
As at 31 March 2025	<u>5,122,177</u>	<u>5,122,177</u>
Depreciation		
As at 1 April 2023	1,205,696	1,205,696
Charge for period	522,197	522,197
Disposals	-	-
As at 31 March 2024	<u>1,727,893</u>	<u>1,727,893</u>
Charge for period	522,197	522,197
Disposals	-	-
As at 31 March 2025	<u>2,250,090</u>	<u>2,250,090</u>
Net Book Value		
As at 31 March 2025	<u>2,872,087</u>	<u>2,872,087</u>
As at 31 March 2024	<u>3,394,284</u>	<u>3,394,284</u>

Magellan Aviation Services Limited
Notes to financial statements
For the year ended 31 March 2025

9. Property, plant and equipment (continued)

(b) Assets held for operating lease

Aircraft and engines held for operating lease:

	Total \$
Cost	
As at 1 April 2023	90,651,274
Additions	37,799,805
Transfers to inventory	(76,218,048)
Impairment	-
Disposals	(809,876)
	<hr/>
As at 31 March 2024	51,423,155
Additions	16,999,058
Transfers to inventory	(22,391,930)
Disposals	(1,109,325)
	<hr/>
As at 31 March 2025	44,920,958
	<hr/>
Depreciation and Amortization	
As at 1 April 2023	34,175,965
Charge for year	5,152,714
Transfers to inventory	(25,685,875)
Disposals	(809,876)
	<hr/>
As at 31 March 2024	12,832,928
Charge for year	6,853,864
Transfers to inventory	(7,265,119)
Impairment	713,875
Disposals	(1,109,325)
	<hr/>
As at 31 March 2025	12,026,223
	<hr/>
Net Book Value	
As at 31 March 2025	32,894,735
	<hr/> <hr/>
As at 31 March 2024	38,590,227
	<hr/> <hr/>

A maintenance right asset ("MRA") amounting to \$3,672,938 was included within the costs presented above. This asset is not depreciated.

Magellan Aviation Services Limited
Notes to financial statements
For the year ended 31 March 2025

9. Property, plant and equipment (continued)

(c) Other property, plant and equipment

	Furniture & fixtures \$	Computer equipment \$	Warehouse equipment \$	Motor vehicles \$	Total \$
Cost					
As at 1 April 2023	31,773	221,796	753,126	173,697	1,180,392
Additions	4,268	85,839	166,401	-	256,508
Disposals	-	(1,899)	(21,839)	-	(23,738)
As at 31 March 2024	36,041	305,736	897,688	173,697	1,413,162
Additions	-	86,596	138,006	48,512	273,114
Disposals	-	(71,941)	-	-	(71,941)
As at 31 March 2025	36,041	320,391	1,035,694	222,209	1,614,335
Depreciation & Amortization					
As at 1 April 2023	31,773	185,618	699,033	33,004	949,428
Charge for year	854	35,242	47,332	43,424	126,852
Disposals	-	(1,899)	(21,839)	-	(23,738)
As at 31 March 2024	32,627	218,961	724,526	76,428	1,052,542
Charge for year	854	61,810	67,216	55,552	185,432
Disposals	-	(71,500)	-	-	(71,500)
As at 31 March 2025	33,481	209,271	791,742	131,980	1,166,474
Net Book Value					
As at 31 March 2025	2,560	111,120	243,952	90,229	447,861
As at 31 March 2024	3,414	86,775	173,162	97,269	360,620

Magellan Aviation Services Limited
Notes to financial statements
For the year ended 31 March 2025

10. Investment in associates

The company entered a joint venture arrangement in 2023. As the company does not have power to control these entities, they are accounted for using the equity method of accounting. A summary of results is as follows:

US\$'000 Investment	% Holding	Period	Beginning Balance \$	Investment \$	Distributions \$	Share of Earnings \$	Manage Fees \$	Ending Balance \$
FMM Aviation Investment	20.0%	2025	200	-	-	-	-	200
Part-Out I Limited		2024	-	200	-	-	-	200
	Total	2025	200	-	-	-	-	200
	Total	2024	-	200	-	-	-	200

11. Inventories

	2025 \$	2024 \$
Parts and capitalised repairs	68,896,491	67,053,161
Less: reserve for inventory obsolescence	(6,530,000)	(5,900,000)
Inventories, net	<u>62,366,491</u>	<u>61,153,161</u>

The value of inventories recognised in cost of goods sold amounted to \$91,418,566 (2024: \$80,187,111). This includes an amount of \$1,302,286 (2024: \$1,619,637) recognised as an expense for inventories carried at net realizable value.

The replacement cost of inventories is not significantly different from the statement of financial position amount.

	2025 \$	2024 \$
Opening reserve for inventory obsolescence	5,900,000	6,226,456
Charge for the year	1,932,286	1,293,181
Utilised in the year	(1,302,286)	(1,619,637)
Closing reserve for inventory obsolescence	<u>6,530,000</u>	<u>5,900,000</u>

Magellan Aviation Services Limited
Notes to financial statements
For the year ended 31 March 2025

12. Trade receivables

	2025 \$	2024 \$
Trade receivable	28,805,110	18,095,490
Provision for impaired receivables	(100,000)	(332,856)
Trade receivables, net	<u>28,705,110</u>	<u>17,762,634</u>
Opening provision for impaired receivables	332,856	803,509
Charge/(credit) for the year	(98,259)	207,284
Utilised in the year	(134,597)	(677,937)
Closing provision for impaired receivables	<u>100,000</u>	<u>332,856</u>
	2025 \$	2024 \$
<i>Ageing analysis</i>		
< 30 days	16,304,630	13,131,601
30-60 days	12,080,682	4,344,274
61-90 days	396,222	195,073
91-120 days	363,349	241,903
> 120 days	(339,773)	182,639
Provision for impaired receivables	(100,000)	(332,856)
Trade receivables, net	<u>28,705,110</u>	<u>17,762,634</u>

Trade receivables are non-interest bearing and are generally on terms of 30-90 days. Management have assessed that the fair value of the trade receivables is approximate to its carrying value largely due to the short-term nature, falling due within one year.

13. Prepayments and other current assets

	2025 \$	2024 \$
Deposits paid on acquisitions	2,788,335	849,363
Other prepayments	1,015,931	674,677
Total prepayments and other current assets	<u>3,804,266</u>	<u>1,524,040</u>

Magellan Aviation Services Limited
Notes to financial statements
For the year ended 31 March 2025

14. Cash and short-term deposits

	2025 \$	2024 \$
Cash at bank	1,171,470	623,614
Total cash and short-term deposits	<u>1,171,470</u>	<u>623,614</u>

The fair value of cash and short-term deposits is the same as its carrying value.

15. Financial liabilities: Interest bearing loans and borrowings

	2025 \$	2024 \$
Loans from related parties (note 18)	4,149,585	24,605,654
Lease liabilities	3,107,227	3,545,078
Total interest-bearing loans and borrowings	<u>7,256,812</u>	<u>28,150,732</u>
	2025 \$	2024 \$
<i>Current portion</i>		
Loans from related parties (note 18)	4,149,585	24,605,654
Lease liabilities	491,623	437,851
Current portion total	<u>4,641,208</u>	<u>25,043,505</u>
<i>Non-current portion</i>		
Lease liabilities	2,615,604	3,107,227
Non-current portion total	<u>2,615,604</u>	<u>3,107,227</u>
Total Interest-bearing loans and borrowings	<u>7,256,812</u>	<u>28,150,732</u>

Management have assessed that the fair value of the interest-bearing loans is approximate to its carrying value largely due to the short-term nature (repayable on demand) and the market indexed interest rate.

The related party loan has an interest rate of SOFR plus a margin of 0.8%. Prior to this the rate was SOFR plus 2.1%.

Magellan Aviation Services Limited
Notes to financial statements
For the year ended 31 March 2025

16. Trade payables and accruals

	2025 \$	2024 \$
Trade payables	5,603,177	6,806,444
Deposits received	1,679,282	1,517,015
Payroll accruals	4,601,779	3,736,065
Interest payable	57,318	190,904
Dividends payable	24,590,235	-
Other payables and accruals	3,596,796	2,090,998
	<u>40,128,587</u>	<u>14,341,426</u>

Trade and other creditors are payable at various dates in the three months after the end of the financial year in accordance with the creditors usual and customary credit terms. Interest payable is normally settled one month in arrears. Payroll and other accruals are payable throughout the year. Management have assessed that the fair value of the trade payables is approximate to its carrying value largely due to the short-term nature, falling due within one year.

17. Share Capital and Reserves

	2025 US\$	2024 US\$
Equity shares of \$1 each:		
<i>Authorised:</i>		
10,000,000 ordinary shares (2024: 10,000,000 ordinary shares)	10,000,000	10,000,000
	<u>10,000,000</u>	<u>10,000,000</u>
<i>Allotted and fully paid - presented as equity:</i>		
145,000 ordinary shares (2024: 145,000 ordinary shares)	145,000	145,000
	<u>145,000</u>	<u>145,000</u>

There is a single class of equity shares and there are no restrictions on the distribution of dividends.

Retained earnings represents accumulated comprehensive income for the financial year and prior financial years less any dividends approved. Dividends amounted to \$24.6 million for the year ended 31 March 2025 (\$169.59 per share) (2024: \$3.8 million (\$26.03 per share)).

Magellan Aviation Services Limited
Notes to financial statements
For the year ended 31 March 2025

18. Related party transactions

a) Loans from related parties

The company had the following loans from related parties at the year-end:

	2025	2024
	\$	\$
Marubeni America Corporation (note 15)	4,149,585	24,605,654
Interest paid during the year (note 7)	1,117,175	3,901,841
	<u> </u>	<u> </u>

The above lender has a common shareholder with Magellan Aviation Group LLLP, i.e. Marubeni Corporation.

b) Marubeni Corporation

Magellan Aviation Services Limited paid Marubeni Corporation approximately \$69,000 and \$45,000 in the year ended 31 March 2025 and 2024 respectively. These amounts represent professional fees paid to the related party for their employee to be stationed at the European head office and are included in general and administration expenses in the statement of comprehensive income.

c) Others

During the year, Magellan Aviation Services Limited received a recharge of wages amounting to \$11,825 (2024: \$11,817) and paid a rental recharge amounting to \$28,483 (2024: \$28,483) to Marubeni Europe (balance at year end: \$nil).

d) Investment in associates

Magellan Aviation Services Limited have non-controlling interests in other entities which are accounted for using the equity method of accounting. Refer to note 10 for details of transactions during the period.

e) Key management personnel

Total remuneration during the year, including pension contribution, in respect of 4 senior employees (2024: 4) was \$2,367,589 (2024: \$824,154).

Magellan Aviation Services Limited
Notes to financial statements
For the year ended 31 March 2025

18. Related party transactions (continued)

f) Trade relationships

Magellan Aircraft Services LLLP

The company is a wholly owned subsidiary of Magellan Aviation Group LLLP, a limited liability partnership based in Florida, USA. Magellan Aircraft Services LLLP is also a subsidiary of Magellan Aviation Group LLLP.

The company had the following transactions with its fellow subsidiary company:

	2025	2024
	\$	\$
Management fee charged by Magellan Aircraft Services LLLP	1,519,200	948,840
	<u> </u>	<u> </u>
Management fee charged to Magellan Aircraft Services LLLP	412,800	293,400
	<u> </u>	<u> </u>

Magellan Aviation Singapore PTE Ltd

The company is a wholly owned subsidiary of Magellan Aviation Group LLLP, a limited liability partnership based in Florida, USA. Magellan Aviation Singapore PTE Ltd is also a subsidiary of Magellan Aviation Group LLLP.

The company had the following transactions with its fellow subsidiary company:

	2025	2024
	\$	\$
Management fee charged to Magellan Aviation Services LTD	936,546	-
	<u> </u>	<u> </u>

Total Engine Asset Management Ireland Ltd

The company has entered into a trade relationship with Total Engine Asset Management Ireland Ltd where Magellan Aviation Services Limited provide accounting and secretarial services to Total Engine Asset Management Ireland Ltd. Marubeni Corporation is a common shareholder with both Magellan Aviation Services Limited and Total Engine Asset Management Ireland Ltd. Payments made to Magellan Aviation Services Ltd amounted to \$44,280 and \$44,280 in the year ended 31 March 2025 and 2024 respectively. The amount owed to Magellan Aviation Services Limited was \$nil and \$nil respectively at 31 March 2025 and 2024.

18. Related Party transactions (continued)

f) Trade relationships (continued)

Aircastle

The company has entered into a trade relationship in relation to the purchase and sale of inventory with Aircastle Limited. Marubeni Corporation is a common shareholder with both Magellan Aviation Services Limited and Aircastle Limited. Sales to Aircastle and its group companies during the year ended 31 March 2025 amounted to \$nil (2024: \$215,191). Purchases from Aircastle during the year ended 31 March 2025 amounted to \$nil (2024: \$nil). The amount owed by Aircastle to the company at the year-end was \$49,491 (2024: \$48,696) respectively. The amount owed to Aircastle by the company at year end was \$nil (2024: \$70,660).

19. Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost of \$436,678 (2024: \$369,314) represents contributions and related benefits payable by the company to the fund. The amount payable at the year end was \$nil (2024: \$9,306).

20. Leases

Company as a lessee

The company has lease contracts in place for its office and warehouse facilities in Shannon, Co. Clare. The company's obligations under its leases are secured by the lessor's title to the leased assets.

The company also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The carrying value of the ROU assets recognised and the movements in the year are set out in note 9. The carrying amount of the related lease liability (included under Interest bearing loans and borrowings) and the related movements during the year are set out in note 15.

Magellan Aviation Services Limited
Notes to financial statements
For the year ended 31 March 2025

20. Leases (continued)

The maturity analysis of lease obligations is as follows:

	2025 \$	2024 \$
Within one year	664,683	638,837
After one year but not more than five years	2,658,733	2,658,733
More than five years	332,342	997,025
	<u>3,655,758</u>	<u>4,294,595</u>

The following are the amounts recognised in the profit or loss:

	2025 \$	2024 \$
Depreciation expense of right of use assets	522,197	522,197
Interest expense on lease liabilities	200,986	225,873
Expense related to other leases (included in note 6)	77,944	64,030
	<u>801,127</u>	<u>812,100</u>

The company had total cash outflows for leases of \$638,837 for the year ended 31 March 2025 (\$626,530 in 2024). The future cash outflows relating to non-cancellable leases is disclosed above.

The company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see note 4).

Company as lessor

The company leases aircraft and engines with terms expiring at various dates through July 2027. Rental income recognised by the company during the year ended 31 March 2025 is \$8,758,010 (2024: \$6,949,934).

Future minimum rentals receivable under non-cancellable operating leases are, as follows:

	2025 \$	2024 \$
Within one year	4,767,000	3,237,000
After one year but not more than five years	2,334,000	3,633,000
More than five years	-	-
	<u>7,101,000</u>	<u>6,870,000</u>

21. Commitments

Capital expenditure of \$nil (2024: \$nil) has been approved and contracted for at the year-end but not provided for in these financial statements.

22. Subsequent Events

Subsequent to year ended 31 March 2025, a dividend payment of \$24,590,234 was paid to Marubeni Aviation Asset Investment LLC.

There were no other significant events after the end of the financial year.

23. Capital management and financial risk management

The company is exposed to market risk, credit risk and liquidity risk. The company has in place a risk management programme that seeks to manage financial exposures of the company.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies are set by the directors and are implemented by the company's finance department.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, foreign currency risk, commodity price risk and equity security price risk.

The company does not have a material exposure to market price risk and equity security price risk. The company operates in a price sensitive industry and continues to review its business model to address the impact of price competition. The company has no exposure to equity securities price risk as it holds no listed investments. Financial instruments affected by market risk include trade and other payables and cash and cash equivalents.

Interest rate risk and cash flow risk

The company has interest bearing liabilities at year-end in connection with loans from group companies. At 31 March 2025, all of the company's borrowings are at a fixed rate of interest of SOFR plus 0.8% spread (2024: SOFR plus 2.1% spread).

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company's exposure to the risk of changes in foreign exchange rates relates primarily to the company's operating activities (when revenue or expense is denominated in a different currency from the functional currency of the entities within the Group). Foreign currency risk is managed by monitoring the revenue and expenses of each entity in relation to their functional currency (Note 3.4.3).

The reporting currency for the company is the US Dollar. The company is exposed to foreign exchange risk in the normal course of business on overheads that are incurred in Euro and on inventory acquisitions conducted in currencies other than the US Dollar.

23. Capital management and financial risk management (continued)

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The company has implemented policies that require appropriate credit checks on potential customers before sales are made.

Liquidity risk

The company in conjunction with other group companies, actively maintains debt finance that is designed to ensure the company has sufficient available funds for operations and planned expansion. This funding arrangement is expected to continue in the year ahead.

24. Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the company's financial statements are disclosed below. The company intends to adopt these standards, if applicable, when they become effective.

Lack of exchangeability – Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the company's financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

24. Standards issued but not yet effective (continued)

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements

The company is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

The company is currently assessing the impact of the amendments.

25. Approval of the financial statements

The board of directors approved and authorised for issue the financial statements on 30 June 2025.