

Total Engine Asset Management Ireland 01 Limited

Annual Report

Financial year ended 31 March 2025

CONTENTS

| | Page |
|-----------------------------------|-------------|
| DIRECTORS AND OTHER INFORMATION | 2 |
| DIRECTORS' REPORT | 3 - 5 |
| INDEPENDENT AUDITORS' REPORT | 6 - 8 |
| INCOME STATEMENT | 9 |
| STATEMENT OF COMPREHENSIVE INCOME | 9 |
| STATEMENT OF FINANCIAL POSITION | 10 |
| STATEMENT OF CHANGES IN EQUITY | 11 |
| STATEMENT OF CASH FLOWS | 12 |
| NOTES TO THE FINANCIAL STATEMENTS | 13 - 30 |

DIRECTORS AND OTHER INFORMATION

Board of Directors

D Dowling
N Duggan

Solicitors

A&L Goodbody
IFSC
25-28 North Wall Quay
Dublin 1
D01 H104

Secretary and Registered Office

D Dowling
Unit B2
Shannon Free Zone
Shannon
Co Clare
V14 YY23

Bankers

Citibank
1 North Wall Quay
North Dock
Dublin
D01 T8Y1

Registered number: 606480

Sumitomo Mitsui Trust Bank
One Raffles Quay
24 - 01
North Tower
Singapore, 048583
Singapore

JECC Leasing (Singapore) Pte. Limited
171 Chin Swee Road
04-06 San Centre
Singapore, 169877
Singapore

Independent auditors

PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
One Bank Place
Charlotte's Quay
Limerick
V94 HT2Y

DIRECTORS' REPORT

The directors present their report and the audited financial statements of Total Engine Asset Management Ireland 01 Limited ("the company") for the year ended 31 March 2025.

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with Irish law.

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

Under Irish law the directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the company's assets, liabilities and financial position as at the end of the financial year and of the income statement of the company for the financial year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRS and ensure that they contain the additional information required by the Companies Act 2014; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

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

Accounting records

The measures taken by the directors to secure compliance with the company's and group'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.

Principal activities and business review

The company was incorporated in Ireland on 21 June 2017. The principal activity of the company is the purchase, sale and leasing of aircraft engines.

The company has financed and purchased a total of eighteen engines as at 31 March 2025. The engines have subsequently been leased, generating leasing revenues of US\$22,246,238 (2024: US\$18,184,458) for the financial year. No engines have been sold during the year (2024: \$42,800,000).

Results and dividends

The result for the year to 31 March 2025 is set out on page 9. The company's loss for the year to 31 March 2025 was US\$1,836,685 (2024: profit - US\$5,631,612). The directors do not recommend the payment of a dividend (2024: \$nil).

Future developments

The company intends to continue its existing activities during the coming financial year.

DIRECTORS' REPORT - continued

Principal risks and uncertainties facing the business

The principal risks and uncertainties that the business faces are changes in trading conditions that would impact the valuation of tangible assets available for lease, which may cause a material adjustment to the carrying amount of these assets in future periods.

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 the 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 function.

Principal risks and uncertainties facing the business

The principal risks and uncertainties that the business faces are changes in trading conditions that would impact the valuation of tangible assets available for lease, which may cause a material adjustment to the carrying amount of these assets in future periods.

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 or other equity investments.

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 asset acquisitions where the bidding process is conducted in currencies other than the US Dollar.

Credit risk

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

Liquidity risk

The company is financed through a mix of external and intercompany facilities and cash generated from operating activities. The directors ensure it has sufficient funds available for operations and planned expansions.

Interest rate and cash flow risk

The company has interest bearing liabilities at year end in connection with loans from a third-party bank. The interest rate risk is hedged using interest rate swap instruments. Interest bearing liabilities in connection with loans from group companies are not hedged. The interest rate on these borrowings is based on the 3 months CME SOFR plus a margin of 1.36%.

Directors' and secretary's interests in shares and debentures

In accordance with section 329 of the Companies Act 2014, the directors and secretary who held office at 31 March 2025 had no interests in the shares of the company or any group undertaking to disclose.

Research and development

The company did not engage in any research or development activities during the financial year.

Events since the end of the financial year

There have been no significant events affecting the company since the financial year end.

DIRECTORS' REPORT - continued

Disclosure of information to auditors

The directors in office at the date of this report have each confirmed that:

- As far as he/she is aware, there is no relevant audit information of which the company's statutory auditors are unaware; and
- He/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's statutory auditors are aware of that information.

Directors

The names of the persons who served as directors during the financial year are:

Niall Duggan
Donnacha Dowling

The directors all served for the entire financial year.

Statutory auditors

The statutory auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the Annual General Meeting.

On behalf of the board



N Duggan
Director



D Dowling
Director

Date: 30-10-2025

Independent auditors' report to the members of Total Engine Asset Management Ireland 01 Limited

Report on the audit of the financial statements

Opinion

In our opinion, Total Engine Asset Management Ireland 01 Limited's financial statements:

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

We have audited the financial statements, included within the Annual Report, which comprise:

- the Statement of Financial Position as at 31 March 2025;
 - the Income Statement and Statement of Comprehensive Income for the year then ended;
 - the Statement of Cash Flows for the year then ended;
 - the Statement of Changes in Equity for the year then ended; and
 - the notes to the financial statements, which include a description of the accounting policies.
-

Basis for opinion

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

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge

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

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

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

This description forms part of our auditors' report.

Use of this report

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

Other required reporting

Companies Act 2014 opinions on other matters

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
 - In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
 - The financial statements are in agreement with the accounting records.
-

Other exception reporting

Directors' remuneration and transactions

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

Maria O'Connell

Maria O'Connell
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Limerick
30 October 2025

INCOME STATEMENT

For the year ended 31 March 2025

| | Notes | 2025 US\$ | 2024 US\$ |
|---|-------|--------------|--------------|
| Turnover | 5 | 22,246,238 | 60,984,458 |
| Depreciation | 9 | (6,437,138) | (5,260,892) |
| Cost of goods sold | | - | (33,551,774) |
| Gross profit | | 15,809,100 | 22,171,792 |
| Administrative expenses | | (898,857) | (401,102) |
| Profit before interest and taxation | 6 | 14,910,243 | 21,770,690 |
| Interest payable and similar expenses | 7 | (16,648,126) | (15,334,562) |
| (Loss)/profit before taxation | | (1,737,883) | 6,436,128 |
| Tax on (loss)/profit | 8 | (98,802) | (804,516) |
| (Loss)/profit for the financial year | | (1,836,685) | 5,631,612 |

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2025

| | 2025 US\$ | 2024 US\$ |
|--|--------------|--------------|
| (Loss)/profit for the financial year | (1,836,685) | 5,631,612 |
| Other comprehensive (loss)/income | | |
| Items that may subsequently be reclassified to income statement | | |
| Cash flow hedges | (508,475) | 94,864 |
| Other comprehensive (loss)/income for the year, net of tax | (508,475) | 94,864 |
| Total comprehensive (loss)/income for the year | (2,345,160) | 5,726,476 |

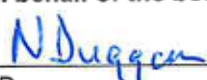
All amounts relate to continuing operations.

The notes on pages 13 to 30 form an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION
As at 31 March 2025

| | Notes | 2025 US\$ | 2024 US\$ |
|---|-------|--------------------|--------------------|
| Assets | | | |
| Non-current assets | | | |
| Tangible assets available for lease | 9 | 335,401,996 | 257,300,844 |
| Derivative financial instruments | 10 | 324,157 | 832,632 |
| Total non-current assets | | 335,726,153 | 258,133,476 |
| Current assets | | | |
| Trade and other receivables | 11 | 1,130,074 | 827,643 |
| Cash and cash equivalents | | 2,425,481 | 1,299,315 |
| Total current assets | | 3,555,555 | 2,126,958 |
| Total assets | | 339,281,708 | 260,260,434 |
| Equity and liabilities | | | |
| Equity | | | |
| Called up share capital presented as equity | 12 | 1 | 1 |
| Retained earnings | 13 | 4,350,126 | 6,186,811 |
| Other reserves | 14 | 324,157 | 832,632 |
| Total equity | | 4,674,284 | 7,019,444 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Trade and other payables | 15 | 2,234,924 | 1,362,614 |
| Borrowings | 16 | 301,686,151 | 234,000,915 |
| Deferred tax liabilities | 17 | 989,661 | 890,859 |
| Total non-current liabilities | | 304,910,736 | 236,254,388 |
| Current liabilities | | | |
| Trade and other payables | 15 | 27,807,440 | 15,494,852 |
| Borrowings | 16 | 1,889,248 | 1,491,750 |
| Total current liabilities | | 29,696,688 | 16,986,602 |
| Total liabilities | | 334,607,424 | 253,240,990 |
| Total equity and liabilities | | 339,281,708 | 260,260,434 |

On behalf of the board


N Duggan
Director


D Dowling
Director

Date: 30-10-2025

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2025

| | Called up share capital presented as equity US\$ | Retained earnings US\$ | Other reserves US\$ | Total equity US\$ |
|--|--|------------------------------|---------------------------|-------------------------|
| Balance as at 1 April 2023 | 1 | 555,199 | 737,768 | 1,292,968 |
| Profit for the year | - | 5,631,612 | - | 5,631,612 |
| Other comprehensive income | - | - | 94,864 | 94,864 |
| Total comprehensive income | - | 5,631,612 | 94,864 | 5,726,476 |
| Balance as at 31 March 2024 | 1 | 6,186,811 | 832,632 | 7,019,444 |
| Balance as at 1 April 2024 | 1 | 6,186,811 | 832,632 | 7,019,444 |
| Loss for the year | - | (1,836,685) | - | (1,836,685) |
| Other comprehensive loss | - | - | (508,475) | (508,475) |
| Total comprehensive loss | - | (1,836,685) | (508,475) | (2,345,160) |
| Balance as at 31 March 2025 | 1 | 4,350,126 | 324,157 | 4,674,284 |

STATEMENT OF CASH FLOWS
For the year ended 31 March 2025

| | Note | 2025 US\$ | 2024 US\$ |
|---|------|--------------|---------------|
| Net cash generated from operating activities | 19 | 22,853,530 | 27,169,136 |
| Cashflows from investing activities | | | |
| Sale of engines previously held on leases | | - | 33,551,774 |
| Payments to acquire tangible fixed assets available for lease | | (84,538,290) | (117,565,844) |
| Net cash used in investing activities | | (84,538,290) | (84,014,070) |
| Cashflows from financing activities | | | |
| Proceeds from borrowings | | 8,200,000 | - |
| Proceeds from loan from parent undertaking | | 83,117,616 | 115,440,000 |
| Interest paid | | (4,968,992) | (5,011,222) |
| Repayment of borrowings | | (23,537,698) | (53,781,008) |
| Net cash generated from financing activities | | 62,810,926 | 56,647,770 |
| Net change in cash and cash equivalents | | 1,126,166 | (197,164) |
| Cash and cash equivalents at beginning of year | | 1,299,315 | 1,496,479 |
| Cash and cash equivalents at end of year | | 2,425,481 | 1,299,315 |
| Cash and cash equivalents consists of: | | | |
| Cash at bank and in hand | | 2,425,481 | 1,299,315 |

NOTES TO THE FINANCIAL STATEMENTS

1 General information

Total Engine Asset Management Ireland 01 Limited ("the company") purchases, leases and sells aircraft engines.

Total Engine Asset Management Ireland 01 Limited is incorporated as a private company limited by shares in the Republic of Ireland. The address of its registered office is Unit B2, Shannon Free Zone, Shannon, Co Clare. The company registration number is 606480.

The immediate parent undertaking of Total Engine Asset Management Ireland 01 Limited is Total Engine Asset Management Pte. Limited, a company incorporated in Singapore.

The company is ultimately a joint venture of Marubeni Corporation and Temasek Holdings (Private) Limited.

2 Statement of compliance

The entity financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and with the Companies Act 2014 applicable to companies reporting under IFRS.

3 Summary of significant accounting policies

The significant accounting policies applied in the preparation of the entity financial statements are set out below. These policies have been consistently applied to all financial periods presented, unless otherwise stated.

(a) Basis of preparation

The entity financial statements have been prepared on a going concern basis and under the historical cost convention, as modified by the measurement of certain financial assets and liabilities at fair value through income statement. Derivative financial instruments are recognised in other components of equity until changes in the fair value of the hedged item are recognised in income statement.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

(b) Going concern

The company meets its day-to-day working capital requirements through cash generated from operating activities, financing from group undertakings and its bank facilities. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facilities. After making enquiries and considering the letter of support obtained from its parent company, Total Engine Asset Management PTE. Limited, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Therefore, these entity financial statements have been prepared on a going concern basis.

(c) Changes in accounting policy and disclosures

(i) *New and amended standards, IFRIC interpretations and new relevant disclosure requirements*

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.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies continued

(c) Changes in accounting policy and disclosures continued

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.

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.

(d) Foreign currency translations

Functional and presentation currency

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

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation (where items are remeasured). Foreign exchange gains and losses resulting from the settlement of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement account except when deferred in other comprehensive income as qualifying cash flow hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement account within 'interest payable and similar charges'. All other foreign exchange gains and losses are presented in the income statement account within 'administrative expenses'.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies continued

(e) Revenue recognition

Turnover

Turnover is the amount of revenue derived from the provision of goods and services falling within the company's ordinary activities after deduction of trade discounts and value added tax. For Total Engine Asset Management Ireland 01 Limited, turnover comprises of income from aircraft engines on lease and the sale of held engines.

Turnover is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the company and value added taxes.

Where the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured at the present value of all future receipts using the imputed rate of interest.

Engine leasing

The company leases engines 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 engines on operating lease is recognised as income over the period of the lease on a straight-line basis.

Engine sales

The Company recognises revenue from engine sales at the earlier of (a) shipment to the customer and (b) date of signing non-cancellable contract when control passes to the customer. Turnover from engine sales is recognised on a gross basis within turnover, with related costs recognised in costs of goods sold. Engines held for sale at year end are presented within assets held for sale.

(f) Interest income and interest expense

Interest income and interest expense are recognised using the effective interest method. Accrued interest is included in the related party receivable and payable balances on the statement of financial position.

(g) Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable income statement. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies continued

(g) Current and deferred tax continued

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority and there is an intention to settle the balances on a net basis.

(h) Tangible assets available for lease

Tangible assets available for lease are stated at cost less accumulated depreciation and accumulated impairment losses.

External professional fees and other fees directly incurred in the acquisition of a tangible asset available for lease are included in the cost of the asset.

(i) Depreciation

The cost of the engines is depreciated on a straight-line basis to allocate their cost to their residual value over their estimated useful life. The estimated useful life is as follows:

- Category 1: 25 years
- Category 2: 20 years
- Category 3: 15 years
- Category 4: 4 years
- Category 5: 25 years

The directors assess the residual value, estimated economic life and depreciation method of engines having regard to their knowledge and experience of the aircraft engine leasing business and to the manufacturers' guidance in relation to the life of each type of engine.

(ii) Subsequent additions and major components

Subsequent costs 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.

The carrying amount of any replaced component is derecognised. Major components are treated as separate assets where they have significantly different patterns of consumption of economic benefits and are depreciated separately over their useful lives

While the assets are on lease, the lessee bears the cost of all routine and ongoing regular maintenance.

(iii) 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 income statement.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(i) Financial assets

Classifications

The company classifies its financial assets in the following categories: at fair value through income statement or loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through income statement

Financial assets and liabilities at fair value through income statement are financial assets held for trading and derivatives. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets and liabilities in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in any active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the Statement of Financial Position.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date - the date on which the company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through income statement. Financial assets carried at fair value through income statement are initially recognised at fair value, and transaction costs are expensed in the Income Statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through income statement' category are presented in the Income Statement within 'Other (losses)/gains - net' in the period in which they arise.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(i) Financial assets continued

Impairment of financial assets

(a) *Assets carried at amortised cost*

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the Income Statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the Income Statement.

(j) Fair values

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: valuation techniques for which the lowest level of inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: valuation techniques for which the lowest level of inputs that have a significant effect on the recorded fair value are not based on observable market data.

(k) Derivative financial instruments and hedging activity

(i) *Initial recognition and subsequent measurement*

Derivatives are initially recognised at fair value on the date when a derivative contract is entered into, and they are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

At the inception of the transaction, the company documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies – continued

(k) Derivative financial instruments and hedging activity - continued

(i) Initial recognition and subsequent measurement - continued

The fair values of various derivative instruments used for hedging purposes are disclosed in note 10. Movements on the hedging reserve in other comprehensive income are shown in note 14. The full fair value of a hedging derivative is classified as a non-current asset or liability where the remaining hedged item is more than 12 months, and as a current asset or liability where the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(ii) Cash flow hedges

Changes in the fair value of derivatives designated as cash flow hedges, which are held to hedge the exposure to variability in cash flows of the hedged items, are recognised in other components of equity until changes in the fair value of the hedged item are recognised in income statement. However, the ineffective portion of the changes in the fair value of such derivatives is recognised in income statement. The company uses cash flow hedges for hedging the exposure to variability in cash flows arising from interest cash flows of floating rate interest bearing liabilities arising from changes in interest rate.

The amounts that have been recognised in other components of equity relating to such hedging instruments are reclassified to income statement when the hedged transaction affects income statement. However, if a hedged item is a recognised non-financial asset or non-financial liability, the amounts that have been recognised in other components of equity relating to the hedging instrument are reclassified as adjustments to the initial carrying amount of the non-financial asset or non-financial liability.

If a forecast transaction or firm commitment is no longer expected to occur, the company discontinues hedge accounting. Accordingly, any amounts that had been recognised in other components of equity while the hedge was effective are reclassified to income statement when hedge accounting is discontinued. Changes in the fair value of the derivative after hedge accounting is discontinued are recognised in income statement prospectively as it is no longer a hedging instrument. However, to the extent that such a previously hedged forecast transaction continues to be expected to occur even if hedge accounting is discontinued, amounts that had been recognised in other components of equity before the discontinuation of hedge accounting remain in other components of equity until the forecast transaction occurs.

(l) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

IFRS5(20)-(22) An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the noncurrent asset is recognised at the date of derecognition.

IFRS5(25) Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

IFRS5(38) Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(m) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

(n) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(o) Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are initially stated at cost which, given the short dated nature of these liabilities equates to initial fair value and are subsequently measured at amortised cost, using the effective interest method.

(p) Security deposits

Lessee security deposits are recognised at their fair value and discounting is applied where appropriate. All discounted amounts are accreted to their respective nominal values using the effective interest rate method within interest expense.

(q) Financial liabilities

Where sale and leaseback transactions do not meet the criteria for a sale under IFRS 15, the entity does not derecognize the underlying asset, and control is not deemed to have transferred to the counterparty under IFRS 15. Instead, the transaction is accounted for as a financing arrangement under IFRS 9.

Proceeds received from the counterparty are recognised as a financial liability. Lease payments made under the agreement are allocated between interest expense and a reduction of the liability using the effective interest method. The underlying asset continues to be depreciated in accordance with the entity's policy on depreciation.

(r) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(s) Dividend distribution

Final dividends to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders. Interim dividends are recognised when paid.

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) **Useful economic lives and residual values of tangible assets available for lease**

The annual depreciation charge for tangible assets available for lease is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect the current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 9 for the carrying value of tangible assets available for lease and note 3(h)(i) for the useful economic lives of each class of tangible asset available for lease.

4.2 Critical judgements in applying the entity's accounting policies

The directors have not made any critical judgements in applying the entity's accounting policies.

| | | |
|--|-------------------|-------------------|
| 5 Turnover | 2025 | 2024 |
| | US\$ | US\$ |
| Analysis of turnover by category: | | |
| Operating leases of aircraft engines | 22,246,238 | 18,184,458 |
| Engine Sale | - | 42,800,000 |
| | <u>22,246,238</u> | <u>60,984,458</u> |
| Analysis of turnover by geographical market: | | |
| North America | 16,290,530 | 12,851,638 |
| Middle East | 636,000 | 636,000 |
| Asia | 5,319,708 | 47,496,820 |
| | <u>22,246,238</u> | <u>60,984,458</u> |
| 6 Profit before interest and taxation | 2025 | 2024 |
| | US\$ | US\$ |
| The following operating expenses have been recognised: | | |
| Depreciation of tangible assets available for lease (note 9) | 6,437,138 | 5,260,892 |
| Foreign exchange loss included in administrative expenses | 3,326 | 4,132 |
| | <u>95,227</u> | <u>97,901</u> |
| (i) <i>Auditors' remuneration</i> | | |
| Audit of entity financial statements | 22,800 | 22,800 |
| Tax advisory services | 72,427 | 75,101 |
| | <u>95,227</u> | <u>97,901</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued

6 Profit before interest and taxation – continued

(ii) *Employees and directors*

The company had no employees during the financial year. None of the directors received any remuneration from the company in respect of services rendered to the company.

| 7 Interest payable and similar expenses | 2025 | 2024 |
|---|-----------------------------|-----------------------------|
| | US\$ | US\$ |
| Interest payable on bank loans | 1,022,096 | 1,090,348 |
| Interest payable on loans from parent undertaking | 15,378,668 | 14,244,214 |
| Interest payable on JOLCO financing arrangement | 247,362 | - |
| | <u> </u> | <u> </u> |
| Total interest payable and similar expenses | <u>16,648,126</u> | <u>15,334,562</u> |
| | | |
| 8 Tax on (loss) / profit | 2025 | 2024 |
| | US\$ | US\$ |
| Current tax | | |
| Irish corporation tax on (loss)/profit for the year | - | - |
| | <u> </u> | <u> </u> |
| Current tax expense for the year | - | - |
| | <u> </u> | <u> </u> |
| Deferred tax: | | |
| Origination and reversal of temporary differences | 98,802 | 804,516 |
| | <u> </u> | <u> </u> |
| Deferred tax expense for the year | 98,802 | 804,516 |
| | <u> </u> | <u> </u> |
| Tax on (loss) / profit | <u>98,802</u> | <u>804,516</u> |

The difference between tax assessed for the financial year and the standard rate of corporation tax in the Republic of Ireland for the year ended 31 March 2025 of 15% (2024: 12.5%) is outlined below.

| | 2025 | 2024 |
|---|-----------------------------|-----------------------------|
| | US\$ | US\$ |
| (Loss)/profit before taxation | (1,737,883) | 6,436,128 |
| (Loss)/profit before taxation multiplied by the standard rate of Irish tax of 12.5% (2024: 12.5%) | (217,235) | 804,516 |
| Adjustment to tax charge for Pillar Two | 164,943 | - |
| Adjustment for under provision in prior periods | 151,094 | - |
| | <u> </u> | <u> </u> |
| Tax on (loss)/profit | <u>(98,802)</u> | <u>(804,516)</u> |

Pillar Two legislation was enacted in 2023 for Ireland and came into effect as of 1 January 2024. Total Engine Asset Management Ireland 01 Limited conducted an assessment of the potential exposure to Pillar Two income taxes. For the year ended 31 March 2025 an adjustment of \$164,943 has been recognised as a result of Pillar Two.

NOTES TO THE FINANCIAL STATEMENTS - continued

| 9 Tangible assets available for lease | 2025 Total Engines US\$ | 2024 Total Engines US\$ |
|---------------------------------------|----------------------------------|----------------------------------|
| Financial year ended 31 March | | |
| Opening carrying amount | 257,300,844 | 178,547,666 |
| Additions | 84,538,290 | 117,565,844 |
| Disposal | - | (33,551,774) |
| Depreciation | (6,437,138) | (5,260,892) |
| Carrying amount as at 31 March | 335,401,996 | 257,300,844 |

An impairment review was performed at year end. As a result of this review, an impairment provision of \$nil (2024: \$nil) was recognised for the financial year. This review was performed by comparing the carrying value of the engines to the higher of net realisable value and value in use, based on anticipated cash flows, discounted at 6.53%. Discount rates are kept constantly under review for appropriateness based on current market conditions.

| 10 Derivative financial instruments | 2025 Assets US\$ | 2024 Assets US\$ |
|--|------------------------|------------------------|
| Interest rate swaps – cash flow hedges | 324,157 | 832,632 |
| Total | 324,157 | 832,632 |
| <i>Less non-current portion:</i> | | |
| Interest rate swaps – cash flow hedges | 324,157 | 832,632 |
| Current portion | - | - |

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability if the maturity of the hedged item is less than 12 months.

There was no ineffectiveness to be recorded in income statement from cash flow hedges.

(a) *Interest rate swaps*

The notional principal amounts of the outstanding interest rate swap contracts at 31 March 2025 were US\$23,080,688 (2024: US\$24,572,438).

NOTES TO THE FINANCIAL STATEMENTS - continued

10 Derivative financial instruments – continued

At 31 March 2025, the fixed interest rate is 3% and the main floating rates are 3 months CME SOFR.

| Currency | Notional Amount | Pays | Receives | Termination Date | Fair value US\$ |
|----------|-------------------|-----------------------|----------|------------------|-----------------|
| USD | 11,540,434 | Three-month Term SOFR | 3% | 30/06/2026 | 162,079 |
| USD | 11,540,434 | Three-month Term SOFR | 3% | 30/06/2026 | 162,078 |
| | <u>23,080,868</u> | | | | <u>324,157</u> |

11 Trade and other receivables

| | 2025 US\$ | 2024 US\$ |
|-------------------|------------------|----------------|
| Trade receivables | 624,634 | 494,708 |
| VAT receivable | 2,070 | 2,070 |
| Other receivables | 503,370 | 330,865 |
| | <u>1,130,074</u> | <u>827,643</u> |

12 Called up share capital presented as equity

| | 2025 US\$ | 2024 US\$ |
|---|--------------|--------------|
| Authorised | | |
| 1 ordinary share of US\$1 each | <u>1</u> | <u>1</u> |
| Allotted, called up and fully paid | | |
| 1 ordinary share of US\$1 each | <u>1</u> | <u>1</u> |

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

13 Retained earnings

| | Total US\$ |
|-------------------------------------|------------------|
| At 1 April 2024 - retained earnings | 6,186,811 |
| Loss for the year | (1,836,685) |
| | <u>4,350,126</u> |

14 Other reserves

| | Hedging US\$ | Total US\$ |
|---------------------------------|-----------------|----------------|
| At 1 April 2024 | 832,632 | 832,632 |
| Fair value movement in the year | (508,475) | (508,475) |
| | <u>324,157</u> | <u>324,157</u> |

At 31 March 2025 (note 10)

NOTES TO THE FINANCIAL STATEMENTS - continued

| 15 Trade and other payables | 2025 US\$ | 2024 US\$ |
|-----------------------------------|--------------------------|--------------------------|
| Accruals | 193,155 | 88,523 |
| Amounts due to parent undertaking | 25,388,180 | 13,689,665 |
| Deferred income | 2,226,105 | 1,716,664 |
| Security deposits | 2,234,924 | 1,362,614 |
| | <u>30,042,364</u> | <u>16,857,466</u> |
| <i>Less: non-current portion</i> | | |
| Security deposit | (2,234,924) | (1,362,614) |
| Current portion | <u><u>27,807,440</u></u> | <u><u>15,494,852</u></u> |

Included in amounts due to the parent undertaking is interest payable of \$25,070,409 (2024: \$13,639,916) on the non-current loans (note 16) in the year from 1 April 2024 to 31 March 2025.

| 16 Borrowings | 2025 US\$ | 2024 US\$ |
|-----------------------------------|---------------------------|---------------------------|
| Non-current | | |
| Loans from parent undertaking (i) | 272,687,616 | 211,000,000 |
| Bank loans (ii) | 21,548,551 | 23,000,915 |
| JOLCO Financing (iii) | 7,449,984 | - |
| | <u>301,686,151</u> | <u>234,000,915</u> |
| Current | | |
| Bank loans (ii) | 1,491,750 | 1,491,750 |
| JOLCO Financing (iii) | 397,498 | - |
| | <u>1,889,248</u> | <u>1,491,750</u> |
| Total borrowings | <u><u>303,575,399</u></u> | <u><u>235,492,665</u></u> |

(i) Loans from the parent undertaking bear interest at the aggregate of 3 months CME SOFR plus a margin percentage of 1.36%. Loans from the parent undertaking are repayable on the following dates:

| Loan Expiry Date | Total \$ | Loan Expiry Date | Total \$ |
|-------------------|---------------------------|-------------------|---------------------------|
| 07 February 2032 | 18,520,000 | 04 April 2035 | 17,500,000 |
| 27 March 2033 | 22,367,616 | 28 June 2035 | 20,300,000 |
| 29 March 2034 | 20,180,000 | 27 September 2035 | 20,300,000 |
| 22 June 2034 | 18,520,000 | 26 December 2035 | 20,300,000 |
| 27 September 2034 | 15,500,000 | 07 May 2036 | 20,750,000 |
| 27 December 2034 | 20,250,000 | 28 May 2036 | 20,000,000 |
| 16 January 2035 | 18,200,000 | 26 September 2036 | 20,000,000 |
| Subtotal | <u><u>133,537,616</u></u> | Subtotal | <u><u>139,150,000</u></u> |

NOTES TO THE FINANCIAL STATEMENTS - continued

16 Borrowings – continued

- (ii) Included in bank loans is an unsecured amount of US\$8,146,125 which is payable in quarterly instalments commencing 28 September 2018 and with a final payment of interest and capital no later than 30 June 2026. The loan carries variable interest which is the aggregate of a minimum spread of 1.03% and 3 months TERM SOFR.

Included in bank loans is an unsecured amount of US\$14,934,563 which is payable in quarterly instalments commencing 30 September 2018 and with a final payment of interest and capital no later than 30 June 2026. The loan carries variable interest which is the aggregate of a minimum spread of 1.30% and 3 months TERM SOFR.

Upfront fees related to an initial cost for the acquisition of two engines of USD\$354,461 are netted against borrowings. Borrowings are subsequently carried at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate of 0.25%.

A letter of guarantee in respect of these loans has been provided to the company's banker by ST Engineering Aerospace Limited, Marubeni Corporation and Total Engine Asset Management PTE Limited (note 20).

- (iii) During the year, the Company entered into a Japanese Operating Lease with Call Option (JOLCO) involving one aircraft engine. The engine was sold to a Japanese special purpose entity and leased back by the Company under a long-term lease. Management determined that the transfer of the engine did not meet the criteria of IFRS 15, therefore the arrangement has been accounted for a financing transaction. Lease payments are allocated between reduction of the liability and interest expense. Allocation of lease payments is made as following:

| Period Ended | Principal USD\$ | Interest USD\$ | Total USD\$ |
|---------------|------------------|------------------|------------------|
| 31 March 2025 | 352,519 | 254,681 | 607,200 |
| 31 March 2026 | 397,498 | 264,902 | 662,400 |
| 31 March 2027 | 411,452 | 250,948 | 662,400 |
| Thereafter | 7,038,531 | 493,629 | 7,532,160 |
| Total | 8,200,000 | 1,264,160 | 9,464,160 |

NOTES TO THE FINANCIAL STATEMENTS - continued

17 Deferred tax liabilities

The analysis of deferred tax assets and deferred tax liabilities is as follows:

| | |
|--|-----------------------|
| | US\$ |
| At 1 April 2024 – deferred tax liability | 890,859 |
| Income statement charge | 98,802 |
| | <u>989,661</u> |
| At 31 March 2025 – deferred tax liability | <u>989,661</u> |

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

The balance comprises temporary differences attributable to:

| | 2025 US\$ | 2024 US\$ |
|--|-----------------------|-----------------------|
| Losses forward | (12,323,708) | (5,533,294) |
| Timing difference of tangible fixed assets | 13,313,369 | 6,424,153 |
| | <u>989,661</u> | <u>890,859</u> |
| Total deferred tax liability | <u>989,661</u> | <u>890,859</u> |

18 Financial instruments

| | Loans and receivables 2024 US\$ | Derivatives used for hedging 2024 US\$ | Total 2024 US\$ |
|--|--|--|-------------------------|
| Assets as per statement of financial position | | | |
| Derivative financial instruments | - | 832,632 | 832,632 |
| Trade and other receivables | 496,778 | - | 496,778 |
| | <u>496,778</u> | <u>832,632</u> | <u>1,329,410</u> |
| Total | <u>496,778</u> | <u>832,632</u> | <u>1,329,410</u> |
| | 2025 US\$ | 2025 US\$ | 2025 US\$ |
| Assets as per statement of financial position | | | |
| Derivative financial instruments | - | 324,157 | 324,157 |
| Trade and other receivables | 1,130,074 | - | 1,130,074 |
| | <u>1,130,074</u> | <u>324,157</u> | <u>1,454,231</u> |
| Total | <u>1,130,074</u> | <u>324,157</u> | <u>1,454,231</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued

18 Financial instruments – continued

| | Financial liabilities at amortised cost 2024 US\$ | Derivatives used for hedging 2024 US\$ | Total 2024 US\$ |
|---|---|--|-----------------------|
| Liabilities as per statement of financial position | | | |
| Bank loans | 24,492,666 | - | 24,492,666 |
| Loans from parent undertaking | 211,000,000 | - | 211,000,000 |
| Derivative financial instruments | - | - | - |
| Trade and other payable excluding non-financial liabilities | 15,140,802 | - | 15,140,802 |
| | <u>250,633,468</u> | <u>-</u> | <u>250,633,468</u> |
| | 2025 US\$ | 2025 US\$ | 2025 US\$ |
| Liabilities as per statement of financial position | | | |
| Bank loans | 23,040,302 | - | 23,040,302 |
| Loans from parent undertaking | 272,687,616 | - | 272,687,616 |
| Derivative financial instruments | - | - | - |
| Trade and other payable excluding non-financial liabilities | 27,816,260 | - | 27,816,260 |
| | <u>323,544,178</u> | <u>-</u> | <u>323,544,178</u> |

The company has interest bearing liabilities in connection with loans from third parties. The company uses cash flow interest rate swap derivatives to hedge its interest rate risk. Based on management's qualitative assessment of its critically matched hedging relationships, these are 100% effective and are recorded as outlined below.

| | Income statement US\$ | Other reserves US\$ |
|--|--------------------------|------------------------|
| Derivative financial instruments opening position | - | 832,632 |
| Hedging movement/settlement during the year | - | (508,475) |
| Derivative financial instruments closing position | <u>-</u> | <u>324,157</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued

| 19 Net Cash generated from operating activities | 2025 US\$ | 2024 US\$ |
|---|--------------------|--------------------|
| (Loss)/profit for the financial year | (1,836,685) | 5,631,612 |
| Tax on profit/(loss) | 98,802 | 804,516 |
| Interest payable and similar expenses | 17,546,984 | 15,735,664 |
| | <u>15,809,101</u> | <u>22,171,792</u> |
| Profit before interest | 15,809,101 | 22,171,792 |
| Depreciation of tangible fixed assets available for lease | 6,437,138 | 5,260,892 |
| Working capital movements: | | |
| - Increase in creditors | 902,404 | 509,887 |
| - Increase in debtors | (295,113) | (773,435) |
| | <u>22,853,530</u> | <u>27,169,136</u> |
| Net cash generated from operating activities | <u>22,853,530</u> | <u>27,169,136</u> |
| | | |
| 20 Related party transactions | 2025 US\$ | 2024 US\$ |
| <i>Loans from related parties</i> | | |
| The company had the following loans from related parties at the year-end: | | |
| Total Engine Asset Management Pte Limited (note 16) | 272,687,616 | 211,000,000 |
| Interest payable (note 15) | 25,070,409 | 13,639,916 |
| | <u>272,687,616</u> | <u>211,000,000</u> |
| | | |
| <i>Purchases of services</i> | | |
| Management services are bought from Magellan Aviation Services Limited, a subsidiary company of Marubeni Corporation. | | |
| | 2025 US\$ | 2024 US\$ |
| Purchases of management services: | | |
| Magellan Aviation Services Limited | 36,000 | 36,000 |
| | <u>36,000</u> | <u>36,000</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued

20 Related party transactions – continued

An amount of \$nil (2024: \$nil), is due to Magellan Aviation Services Limited in respect of management services received at 31 March 2025.

Assistance in sourcing suitable aircraft engines for purchase is obtained from ST Aerospace Resources Pte Limited, a subsidiary company of Temasek Holdings (Private) Limited and from Marubeni Corporation.

| | 2025 | 2024 |
|---|----------------|----------------|
| | US\$ | US\$ |
| Purchase of aircraft sourcing services: | | |
| ST Aerospace Resources Pte Limited | 417,750 | 398,000 |
| Marubeni Corporation | 417,750 | 398,000 |
| | <u>417,750</u> | <u>398,000</u> |

An amount of \$114,000 (2024: \$nil) is due to both ST Aerospace Engines Pte Limited and Marubeni Corporation in respect of these services.

Letters of guarantee

A letter of guarantee has been provided in respect of the company's borrowings by ST Engineering Aerospace Limited (formerly Singapore Technologies Aerospace Limited), a subsidiary company of Temasek Holdings (Private) Limited, from Marubeni Corporation and from Total Engine Asset Management PTE Limited.

| | 2025 | 2024 |
|-------------------------------------|--------------|--------------|
| | US\$ | US\$ |
| Fee charged for guarantee provided: | | |
| Marubeni Corporation | 4,296 | 4,579 |
| ST Engineering Aerospace Limited | 4,296 | 4,579 |
| | <u>4,296</u> | <u>4,579</u> |

An amount of US\$1,039 (2024: US\$2,233) is due to both ST Engineering Aerospace Limited and Marubeni Corporation in respect of guarantees provided at 31 March 2025.

21 Events since the end of the financial year

There have been no significant event affecting the company since the financial year end.

22 Approval of financial statements

The financial statements were approved and authorised for issue by the board of directors on 30 October 2025 and were signed on its behalf on that date.