Azorra Eagle 1 DAC

Directors' report and financial statements

For the year ended 31 December 2023

Registered number: 626216

AZORRA EAGLE 1 DAC

Directors’ report and financial statements

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Directors and other information

Directors	Vicki Gorman-Meade (appointed 1 June 2022, resigned 5 October 2023) Amanda Donohue (appointed 1 June 2022, resigned 5 October 2023) Claudia Ziemer (appointed 1 June 2022, resigned 5 October 2023) Alan G. Stanford Jr. (appointed 7 February 2023) Thomas Schmid (appointed 5 October 2023) Hasara Nanayakkara (appointed 5 October 2023, resigned 18 January 2024) Becca Ni Mheilbhin (appointed 18 January 2024) John Levins (alternate Director - appointed 25 September 2024)
Secretary	Alter Domus Secretarial (Ireland) Limited
Registered office	1st Floor, 118 Lower Baggot Street Dublin 2 Ireland
Independent auditor	Ernst and Young Chartered Accountants Harcourt Centre Harcourt Street Dublin 2 Ireland
Bankers	BNP Paribas Dublin Branch 5 Georges Dock IFSC Dublin 1 Ireland
Solicitors	Mason Hayes & Curran LLP Barrow Street Dublin 4 Ireland

AZORRA EAGLE 1 DAC

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The Board of Directors (the "directors") of Azorra Eagle 1 DAC ("Azorra Eagle 1" or the "Company") present their annual report together with the audited financial statements for the year ended 31 December 2023.The comparative financial statements were presented for the year ended 31 December 2023. The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

Principal activities

The principal activities of the Company are the ownership and leasing of aircraft. The directors plan to continue to maintain, develop and expand the activities and operations of the Company in the coming year, as market conditions allow.

Business review

The Company is financed by external secured debt and Subordinated Debt and is listed on the Vienna Stock Exchange. The Subordinated Debt is owed to Azorra Eagle Holdings DAC (the "Parent").
At 31 December 2023, the Company owned a portfolio of 29 aircraft (2022: 31), of which twenty-seven were on lease (2022: 27). The Company generated its income from the leasing of aircraft to lessees based in Europe, Africa, North America, Asia Pacific and South America.

Principal risks and uncertainties

The directors consider that the following are the principal risk factors that could materially and adversely affect the Company's future operating profits or financial position:

Residual values and impairment of the aircraft
The Company bears the risk of re-leasing or selling aircraft in its fleet at the end of their lease terms. If demand for aircraft decreases or market lease rates decrease, these factors could have an effect on the market value of the portfolio or re-lease rates achieved. Should these conditions continue for an extended period, it could affect the market value of the portfolio and may result in impairment charges in accordance with IAS 36. The Directors look to mitigate these risks by actively managing the portfolio, lease durations, maintenance return conditions and selectively marketing aircraft for sale.

Credit risk of lease counterparties
The Company operates as a lessor to airline companies. Its ability to succeed is partially dependent on the financial strength of its customers and their ability to both compete effectively in the marketplace and manage the competitive environment in which they operate. If a customer experiences financial difficulty this may result in defaults or the early termination of leases. The directors look to mitigate this risk by collecting security deposits and maintenance advances where appropriate.

Geopolitical and economic risks
The Company leases aircraft to customers that operate in multiple jurisdictions exposing it to (i) many and varying economic, social, legal and geopolitical risks, (ii) instability in key markets and (iii) global health pandemics. Exposure to multiple jurisdictions may adversely affect the Company's future performance, position and growth potential. The adequacy and timeliness of the Company's response to emerging risks in these jurisdictions are of critical importance to the mitigation of their potential impact on the Company.

Exposure to the commercial airline industry
As a supplier to and partner of the airline industry, the Company is exposed to the financial condition of the airline industry as it leases all of its aircraft to commercial airline customers. The financial condition of the airline industry is affected by, among other things, geopolitical events, outbreaks of communicable pandemic diseases and natural disasters, fuel costs and the demand for air travel. To the extent that any of these factors adversely affect the airline industry they may result in (i) downward pressure on lease rates and aircraft values, (ii) higher incidences of lessee defaults, restructuring, and repossessions and (iii) inability to lease aircraft on commercially acceptable terms.

Principal risks and uncertainties (continued)

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holding of financial instruments.

The Company is highly dependent upon the continuing financial strength of the commercial airline industry. A significant deterioration in this sector could adversely affect the Company through a reduced demand for aircraft and/or reduced market rates, higher incidences of lessee default and aircraft on the ground. The Company periodically performs reviews of its carrying value of aircraft and associated assets, receivable and the sufficiency of accruals and provisions, substantially all of which are susceptible to the above risks and uncertainties.

Liquidity and financing risk
The Company continuously forecasts its liquidity requirements and continuously maintains contact with relevant credit institutions to maintain access to competitive financing. Appropriate action has been taken to ensure timely refinancing of short-term credit facilities. With the aim of managing the liquidity risk, the Company ensures that sufficient cash is available to meet payment obligations and to adhere to covenant compliance under the respective loan agreements.

Going concern

The Directors have considered the Azorra Eagle Holdings DAC (the "Parent") Group's use of the going concern basis of preparation in the context of the Company at the date of signing these financial statements by evaluating all cash inflows and outflows of the Group for a period of 12 months from the signing of the financial statements. Additionally, the Directors have considered the adequacy of the Group's external borrowing facilities and the non-recourse nature of the related party loans.

The estimated cash flows involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future years to differ materially from forecasted cash flows.

The Director's obtained a letter of support from the Parent noting that it is willing to provide immediate financial support to the Company in case of financial difficulties to ensure it meets its obligations as they fall due.

Based on this analysis and all information available at present, the Directors believe that the Company has sufficient liquidity to meet its obligations as they fall due and that it continues to be appropriate to prepare the financial statements on a Going Concern basis of preparation.

Key performance indicators

The principal key performance indicators used by management to monitor performance are as follows:

- Loss after tax - the Company made a loss after tax of $7.2 million during the year as compared to a profit of $ 209.8 million in 2022;
- Operating profit - the Company made an operating profit of $22.4 million during the year as compared to an operating profit of $21.3 million in 2022;
- Net assets/liabilities – The Company has net liabilities of $88.8 million as of current year-end compared to net liabilities of $81.6 million as of 31 December 2022;
- Various measures in relation to capital expenditure, including acquisitions and disposals;
- Aircraft & related components – during the year there were no acquisitions, two engine disposals;
- Lease terminations – there were no lease terminations during the year; and
- Number of aircraft on the ground – at year end, there were two aircraft on the ground.

Future developments in the business

It is the intent of Azorra to manage the portfolio in order to maximize cash flows of the portfolio, repay the debt and earn a return on its investment.

Results for the year

The results for the year are set out in the statement of profit and loss account and other comprehensive income on page 14 and in the related notes.

Dividends

The directors do not recommend the payment of a dividend in respect of the current year (2022: None).

Directors' compliance statement

The Directors of the Company acknowledge that they are responsible for securing the Company's compliance with its relevant obligations (as defined in the Companies Act 2014 (the "2014 Act")) and, as required by section 225 of the 2014 Act.

The directors confirm that:

- a compliance policy statement setting out the Company's policies with regard to complying with the relevant obligations under the 2014 Act has been prepared.
- arrangements and structures have been put in place that they consider sufficient to secure material compliance with the Company's relevant obligations.
- a review of the arrangements and structures has been conducted during the financial year to which this Directors' report relates.

Where any actions have not been taken, the directors have explained the reasons for not doing so in this report.

Directors and secretary and their interests

In accordance with Section 329 of the Companies Act 2014, neither the directors nor secretary who held office at 31 December 2023 have any direct or indirect disclosable interest in the share capital, share options or debentures of the Company, or any group company at that date or during the financial year. The names of the persons who were directors during the year are set out on page one. Except where indicated, they served as directors for the entire year.

Relevant audit information

The directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Company's statutory auditors are aware of that information. In so far as they are aware, there is no relevant audit information of which the Company's statutory auditors are unaware.

Political and charitable contributions

The Company made no political and charitable contributions or incurred any political expenditure during the year (2022: None).

Post balance sheet events

The directors consider the state of affairs of the Company to be satisfactory and there have been no material changes since the balance sheet date. The normal operations of the Company have continued. Two engines, classified as held for sale as at 31 December 2023, were sold on 05 January 2024.

AZORRA EAGLE 1 DAC

DIRECTORS' REPORT (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Accounting records

The directors believe that they have complied with the requirements of Section 281 to 285 of the Companies Act 2014 with regard to the adequate accounting records by engaging a group company who employs accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The accounting records of the Company are maintained at 1st Floor, 118 Lower Baggot Street, Dublin 2, Dublin.

Audit committee

The Board has considered the establishment of an Audit Committee and decided that this is not warranted as the Company's Board fulfils the function by performing the duties as required by Section 167 of the Companies Act 2014. The duties performed by the Board include oversight of (1) the integrity of the financial statements of the Group, (2) compliance by the Company with legal and regulatory requirements, (3) independent auditor's qualifications and independence, and (4) the performance of the Company's independent auditor.

Independent auditor

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

This report was approved by the board of directors (the "Board") and authorised for issue on and signed on its behalf by:

DocuSigned by: Alan G Stanford Jr	DocuSigned by: Thomas Schmid
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Alan G Stanford Jr	Thomas Schmid
Director	*Director*

AZORRA EAGLE 1 DAC

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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. The Directors have elected to prepare the Financial Statements in accordance with Irish law and accounting standards issued by the Financial Reporting Council (Generally Accepted Accounting Practice in Ireland), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company and of its profit or loss for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

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

This report was approved by the board of directors (the "Board") and authorised for issue on and signed on its behalf by:

DocuSigned by:	DocuSigned by:
Alan G Stanford Jr	Thomas Schmid
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Alan G Stanford Jr	Thomas Schmid
Director	*Director*

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AZORRA EAGLE 1 DESIGNATED ACTIVITY COMPANY

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Azorra Eagle 1 Designated Activity Company ('the Company') for the year ended 31 December 2023, which comprise the Statement of Profit and Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including the material accounting policy information set out in note 1. The financial reporting framework that has been applied in their preparation is Irish Law and FRS 101 Reduced Disclosure Framework issued in the United Kingdom by the Financial Reporting Council.

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2023 and of its loss for the year then ended;

- have been properly prepared in accordance with FRS 101 Reduced Disclosure Framework; and

- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

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

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

Conclusions relating to going concern

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

- In conjunction with our walkthrough of the Company's financial close process, we confirmed our understanding of management's going concern assessment process.

- We obtained management's going concern assessment, including the cash forecast and covenant calculation for the going concern period which covers a year from the date of signing this audit opinion. In assessing this analysis, we reviewed the covenants contained in the loan facilities of the Company to understand the circumstances triggering an event of default.

- We reviewed the sources of cash inflows and outflows applicable to the Company and performed a scenario analysis. We noted that in the most stressed scenario performed that the minimum cash requirement was still generated by the Group.

- We considered the appropriateness of the methods used within the cashflow analysis and determined through inspection and testing of the methodology and calculations that the methods utilised were appropriate.

- We reviewed the Company's going concern disclosures included in the notes to financial statements in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Conclusion

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

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

Key audit matters

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AZORRA EAGLE 1 DESIGNATED ACTIVITY COMPANY (CONTINUED)

Risk	Our response to the risk	Key observations communicated to board of directors
Impairment of aircraft The carrying value of aircraft and related components represents the most significant asset in the financial statements of the Company. As at 31 December 2023, the carrying value of aircraft reported for the Company is USD 314.8 million (2022: USD 332.5 million), as detailed in Note 9 of the financial statements page 29. As per Note 1.5 Estimates and Judgements (page 19) and Note 1.10 (page 21), management need to apply judgement as part of their assessment for the recoverability of aircraft. For the purposes of measuring an impairment loss, each asset is tested individually by comparing its carrying amount to the higher of its value in use or fair value less cost to sell. We have determined that impairment of aircraft represents a risk because management could override controls on assumptions used in the impairment calculation of the value in use of the assets. The nature and size of these balances and their importance to the Company are such that we have identified this as a key audit matter.	In obtaining sufficient and appropriate audit evidence we: • Obtained an understanding of the impairment process, performed a walkthrough of the process and evaluated the design and implementation of controls related to the fraud risk. We did not rely on controls in this area. • Assessed management's impairment assumptions (discount rate, current market values, future projected lease rates and residual values) to evaluate the reasonableness of the key assumptions. • Assessed the calculations underpinning the impairment models by checking that the data and the assumptions input into the model agreed with those that we had evaluated. • Evaluated the competency and independence of the external appraisers as management experts for the external market appraisals provided. We obtained these external valuation reports to validate the market inputs to the impairment calculation. • Assessed the Weighted Average Cost of Capital used to discount the lease payment streams within the calculation and recalculated the discount rate. • Assessed the appropriateness of presentation and disclosure in the financial statements for compliance with the relevant accounting standards.	Our planned audit procedures were completed without material exception.

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Our application of materiality

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

Materiality

Materiality is the magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be USD 4.8 million (2022: USD 4.3 million), which is 1% of total assets. We believe that total assets provides us with the most appropriate basis for materiality having considered the expectations of the users of the financial statements and the overall business environment.

Performance materiality

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

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 50% of our planning materiality, namely USD 2.4 million (2022: USD 2.1 million). We have set performance materiality at this percentage based on our knowledge of the Company and industry, effectiveness of the control environment and our assessment of the risks associated with the engagement.

Reporting threshold

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

We agreed with the board of directors that we would report to them all uncorrected audit differences in excess of USD 242,196 (2022: USD 214,100), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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

An overview of the scope of our audit report

Tailoring the scope

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AZORRA EAGLE 1 DESIGNATED ACTIVITY COMPANY (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' report and Statement of Directors' Responsibilities in Respect of the Directors' Report and the Financial Statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2014

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

- the information given in the directors' report is consistent with the financial statements; and
- the directors' report 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AZORRA EAGLE 1 DESIGNATED ACTIVITY COMPANY (CONTINUED)

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are Companies Act 2014 and the tax legislation governed by Irish Revenue.

- We understood how Azorra Eagle 1 Designated Activity Company is complying with those frameworks by understanding the Company's entity level controls relevant to compliance with laws and regulations. Furthermore, we performed inquiries with management, those charged with governance, and external legal counsel. We inquired as to any known instances of non-compliance or suspected non-compliance with laws and regulations.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AZORRA EAGLE 1 DESIGNATED ACTIVITY COMPANY (CONTINUED)

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved inquiring with management, those charged with governance and internal legal counsel.

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 opinion we have formed.

Séamus Feeney

Séamus Feeney
for and on behalf of
Ernst & Young Chartered Accountants and Statutory Audit Firm

Office: Dublin

Date: 18 December 2025

AZORRA EAGLE 1 DAC

Statement of Profit and Loss and Other Comprehensive Income
For the year ended 31 December 2023

	Note	Year ended 31 December 2023 USD'000	Year ended 31 December 2022 USD'000
Turnover	*2*	57,067	49,600
Operating expenses	*3*	(30,758)	(28,307)
Impairment	*9*	(3,953)	-
Operating profit		**22,356**	**21,293**
Interest income	*5*	578	152
Interest expense	*6*	(28,776)	(36,150)
Gain on debt extinguishment		-	224,002
Impairment on investment in subsidiary	*17*	-	(71)
(Loss) / profit on ordinary activities before taxation		**(5,842)**	**209,226**
Tax charge on loss on ordinary activities	*7*	(1,422)	582
(**Loss) / profit for the financial year**		**(7,264)**	**209,808**
Other comprehensive income		-	-
Total comprehensive (loss) / income		**(7,264)**	**209,808**

The notes on pages 17 to 34 form an integral part of these financial statements.

AZORRA EAGLE 1 DAC

Statement of financial position
As at 31 December 2023

	Note	31 December 2023 USD'000	31 December 2022 USD'000
Fixed assets			
Aircraft and related components	*9*	305,695	332,473
Investment in subsidiaries	*17*	-	-
Current assets			
Debtors: amounts falling due within one year	*10*	10,035	11,309
Cash and cash equivalents	*11*	1,394	3,852
Inventory held for sale	*8*	6,114	-
Debtors: amounts falling due after one year	*10*	164,703	1,424
Total current assets		**17,543**	**15,161**
Creditors: amounts falling due within one year	*12*	(36,698)	(82,952)
Net current assets / liabilities		**(19,155)**	**(67,791)**
Total assets less current liabilities		**451,243**	**266,106**
Provision for liabilities and charges			
Creditors: amounts falling due after one year	*13*	(540,086)	(347,685)
Net liabilities		**(88,843)**	**(81,579)**
Capital and reserves			
Share capital	*16*	**-**	**-**
Retained deficit		(91,849)	(84,585)
Other reserves		3,006	3,006
Shareholders' deficit		**(88,843)**	**(81,579)**

The notes on pages 17 to 34 form an integral part of these financial statements.

On behalf of the board

DocuSigned by:
Alan G Stanford Jr
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Alan G Stanford Jr
Director

DocuSigned by:
Thomas Schmid
936598EED40E4CF...

Thomas Schmid
Director

AZORRA EAGLE 1 DAC

Statement of changes in equity
As at 31 December 2023

	Share capital USD'000	Retained deficit USD'000	Other reserves USD'000	Shareholders deficit USD'000
At 1 January 2023	-	(84,585)	3,006	(81,579)
Loss for the year	-	(7,264)	-	(7,264)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	(7,264)		(7,264)
At 31 December 2023	**-**	**(91,849)**	**3,006**	**(88,843)**

	Share capital USD'000	Retained deficit USD'000	Other reserves USD'000	Shareholders deficit USD'000
At 1 January 2022	-	(294,393)	3,006	(291,387)
Profit for the year	-	209,808	-	209,808
Other comprehensive income	-	-	-	-
Total comprehensive income	-	209,808	-	209,808
At 31 December 2022	**-**	**(84,585)**	**3,006**	**(81,579)**

The notes on pages 17 to 34 form an integral part of these financial statements

1. General information and material accounting policies

Azorra Eagle 1 DAC (the "Company"), formerly NAC Aviation 33 Limited ("NAC 33"), was incorporated with a company registration number 626216 and is domiciled in Ireland. On 1 June 2022, the Company changed the address of its registered office from Gardens International, Henry Street, Limerick to 1st Floor, 118 Lower Baggot Street, Dublin 2 Ireland. These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and as applied in accordance with Companies Act 2014. The Company has no employees (2022: None). Management and administration services are contracted from a related party and third parties. See Note 4 for further details.

The principal activities of the Company are the ownership and leasing of aircraft. The directors plan to continue to maintain, develop and expand the activities and operations of the Company in the coming year, as market conditions allow.

The Company is financed by external secured debt and intercompany debt ("subordinated debt"). The subordinated debt is listed on the Vienna Stock Exchange.

At 31 December 2023, the Company owed a portfolio of 29 aircraft (2022: 31), of which 27 were on lease (2022: 27).

1.1. Basis of preparation

The Company meets the definition of a qualifying entity under FRS 101 issued by the Financial Reporting Council. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the European Union ("Adopted IFRSs") but makes amendments where necessary, in order to comply with the Companies Act 2014 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken. Due to the nature of the Company's business and the type of transactions the Company is engaged in, the directors have adapted the profit and loss account to suit the circumstances of the business in accordance with Schedule 3, Part II, Section A, 4 (5) of the Companies Act 2014.

These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements, because it is included in the group accounts of Azorra Eagle Holdings DAC as at 31 December 2023, the Company's "Parent". The consolidated financial statements of Azorra Eagle Holdings DAC as at 31 December 2023 are prepared in accordance with Adopted IFRSs and are available to the public and may be obtained from 1st Floor, 118 Lower Baggot Street, Dublin, Ireland. The Company's ultimate holding undertaking is Azorra Aviation Holdings LLC. Azorra Aviation Holdings LLC is controlled by Oaktree Capital Group Holdings GP, LLC.

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

- the requirements of IFRS 7 Financial Instruments: Disclosure;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- The requirements of paragraphs 52, 58, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases.
- paragraph 79(a)(iv) of IAS 1 Share Capital;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirement in paragraphs 10 and 111 of IAS 1 Presentation of Financial Statements to present Cash Flow statement information;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets;
- the requirements of paragraphs 30 and 31 of IAS 8 to disclose new and amended standards issued, but not yet adopted; and
- Capital management disclosure requirements of IAS 1.

1. General information and material accounting policies (continued)

1.1. Basis of preparation (continued)

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

New accounting pronouncements and amended standards adopted by the Company

The company has adopted all new standards that have come into effect for annual periods beginning on or after 1 January 2023. The adoption of these standards did not have any material effect on the financial performance or position of the Company. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Description	**Effective date (period beginning)**
IFRS 17 Insurance contracts	1 January 2023
Disclosure of Accounting policies (Amendments to IAS 1 Presentation of financial statements and IFRS Practice statement 2 Making materiality judgements)	1 January 2023
Definition of Accounting estimates (Amendments to IAS 8 Accounting policies, Changes in accounting estimates and Errors)	1 January 2023
Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments to IAS 12 Income taxes)	1 January 2023
International Tax reform – Pillar 2 Model rules (Amendment to IAS 12 Income taxes).	1 January 2023

1.2. Measurement convention

The financial statements have been prepared on the historical cost basis, except for the interest rate swaps which are measured at fair value.

1.3. Going concern

The Directors have considered the Azorra Eagle Holdings DAC (the "Parent") Group's use of the going concern basis of preparation in the context of the Company at the date of signing these financial statements by evaluating all cash inflows and outflows of the Group for a period of 12 months from the signing of the financial statements. Additionally, the Directors have considered the adequacy of the Group's external borrowing facilities and the non-recourse nature of the related party loans.

The estimated cash flows involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future years to differ materially from forecasted cash flows.

The Director’s obtained a letter of support from the Parent noting that it is willing to provide immediate financial support to the Company in case of financial difficulties to ensure it meets its obligations as they fall due.

Based on this analysis and all information available at present, the Directors believe that the Company has sufficient liquidity to meet its obligations as they fall due and that it continues to be appropriate to prepare the financial statements on a Going Concern basis of preparation.

1.4. Functional and presentation currency

These financial statements are expressed in US Dollars (“USD”), as this is the Company’s functional currency, being the currency of the primary economic environment in which the Company operates. All financial information presented in USD has been rounded to the nearest thousand USD unless otherwise stated.

1. General information and material accounting policies (continued)

1.5. Estimates and judgements

The preparation of the financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future period if the revision affects both current and future years.

In particular, the judgements and assumptions involved in the Company's accounting policies which have the most significant effect on the amounts recognised in the financial statements are as follows:

Note 2 – Supplemental rents: The Company records supplemental amounts that are not expected to be reimbursed during the lease as lease revenue when the Company has reliable information that it will not be required to make reimbursements of the amounts collected based on utilisation and a maintenance forecasting model that estimates the maintenance inflows and outflows through lease expiration date.

Note 9 – Aircraft and related components: In accounting for property, plant and equipment, the Company makes estimates about the expected useful lives and the estimated residual value of aircraft. In determining these estimates, management relies upon actual industry experience supported by estimates received from independent appraisers and considers anticipated utilisation of the aircraft.

In accordance with IAS 16 – Property, Plant and Equipment, the Company's owned and leased aircraft are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of the aircraft may not be recoverable. An impairment review involves consideration as to whether the carrying value of an aircraft is not recoverable. In such circumstances, an impairment charge is recognised as a write-down of the carrying value of the aircraft to the higher of value in use or fair value less cost to sell.

The review for recoverability has a level of subjectivity and requires the use of judgement in the assessment of estimated future cash flows associated with the use of an item of property, plant and equipment and its eventual disposition. Future cash flows are assumed to occur under current market conditions and assume adequate time for a sale between a willing buyer and a willing seller. Expected future lease rates are based upon all relevant information available, including the existing lease, current contracted rates for similar aircraft, appraisal data and industry trends.

Expected future lease rates are based upon all relevant information available, including the existing lease, current contracted rates for similar aircraft, appraisal data and industry trends. Factors considered in estimating the future cash flows are impacted by changes in contracted lease payments, future projected lease payments, transition costs, estimated downtime and estimated residual values.

Note 10 – Trade and other receivables: Trade and other receivables are recognised initially at fair value and are thereafter measured at amortised cost using the effective interest rate less any provision for impairment. Trade and other receivables are discounted when the time value of money is considered material. The Company assesses its trade and other receivables balance by comparing historical receivable loss patterns with current and future forecasted credit conditions. When determining whether the credit risk of trade and other receivables has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

1. General information and material accounting policies (continued)

1.5. Estimates and judgements (continued)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future period if the revision affects both current and future period.

Note 7 - Deferred tax: Deferred tax assets and liabilities are measured using enacted tax rates and laws expected to be in effect in the periods in which those temporary differences are expected to be recovered or settled. Any change in the timing or level of future changes in tax rates can result in substantial differences between the tax charge in the statement of profit or loss and tax payments.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods

1.6. Foreign currency translation

Transactions in foreign currencies are translated to USD at exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into USD at the exchange rate prevailing at the reporting date. Non-monetary assets and liabilities that are measured based on historical cost are translated at the exchange rate prevailing on the date of the transaction. Foreign currency differences are recognised as profit or loss in the statement of profit or loss and other comprehensive income.

1.7. Lease rental income

The Company leases aircraft principally under operating leases and records rental income on a straight-line basis over the life of the lease as it is earned. In some cases, leases provide for rentals based on aircraft usage which may be calculated based on hours or on cycles operated. The Company accounts for lease rentals under such leases on a basis that represents the time pattern in which the revenue is earned.

Most of the Company’s leases require lease rental payments to be paid in advance. Rentals received but unearned at the reporting date are recorded as deferred income.

1.8. Interest income and expenses

Interest income and expenses comprise interest income and expenses and amortisation of costs of loan facilities. Borrowing costs are recognised in profit or loss using the effective interest rate method.

1.9. Taxation

Tax for the period comprises current tax and changes in deferred tax for the period, including changes as a result of a change in the tax rate. The tax expense relating to the profit or loss for the period is recognised in the statement of profit and loss and the tax expense relating to items recognised in other comprehensive income is recognised in other comprehensive income. The Company’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted as of the reporting date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

1. General information and material accounting policies (continued)

1.9. Taxation (continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the statement of profit and loss except when it relates to items charged or credited directly to equity, in which case the deferred tax effect is recorded to equity.

1.10. Property, plant and equipment

Aircraft are recorded at cost. Major improvements and modifications that are required to get acquired aircraft ready for initial service are capitalised and depreciated over the remaining useful life.

Depreciation is charged so as to expense the cost or valuation of assets less residual values over their estimated useful lives using the straight-line method on the following bases:

- Jet aircraft – 25 years from the date of manufacture assuming an estimated residual value of greater of 15% of cost and $2 million.
- Turboprop aircraft – 30 years from the date of manufacture assuming an estimated residual value of the greater of 15% of cost and $1.5 million.

The basis for depreciation is calculated as the net book value less the residual value of the asset and impairment losses, if any. The residual value is determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, depreciation is discontinued. When changing the depreciation period or the residual value, the effect on the depreciation is recognised prospectively as a change in accounting estimate. Depreciation and impairment are recognised in the statement of profit and loss and other comprehensive income.

Aircraft are assessed for recoverability in accordance with IAS 36 – Impairment of Assets whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Notwithstanding the results of this review, in certain circumstances management also considers the carrying amounts of specific aircraft where indicators of a diminution in value have been identified based on aircraft specific sale and technical information.

For the purposes of measuring an impairment loss, each aircraft is tested individually by comparing its carrying amount to the higher of value in use and fair value less cost to sell. The residual values, useful lives and depreciation methods are revised and adjusted if appropriate, at each reporting date. Residual value of aircraft is based on their estimated scrap value for turboprop aircraft and an assumed residual value of jet aircraft.

The gain or loss arising on the disposal of aircraft is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss and other comprehensive income.

The gain or loss arising on disposal or retirement of other items of property, plant and equipment is recognised in the statement of profit and loss and other comprehensive income.

1.11. Lessee security deposits

Some of the Company's leases require the lessee to pay a security deposit. These deposits are refundable to the lessee upon expiration of the lease. Such deposits received are recorded as a liability in the balance sheet.

1.12. Financial assets and liabilities measured at amortised cost

Non-derivative financial instruments comprise trade and other debtors, restricted cash, loans and borrowings, and trade and other payables.

Trad*e and other receivables*
Trade and other receivables are recognised initially at fair value and are thereafter measured at amortised cost using the effective interest rate method.

1. General information and material accounting policies (continued)

1.12. Financial assets and liabilities measured at amortised cost (continued)

Cash and cash equivalents
Cash and cash equivalents comprise cash balances held for the purpose of meeting short-term cash commitments and investments which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash equivalents have a maturity of three months or less from the date of acquisition. Cash equivalents are carried at amortised cost.

Loans *and borrowings*
Loans and borrowings are recognised initially at fair value, net of transaction costs incurred. Loans and borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised as profit or loss in the statement of profit or loss and other comprehensive income over the period of borrowings using the effective interest rate. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least one year after the reporting date.

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

1.13. Financial instruments

Classification and measurement of financial assets and financial liabilities

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

On initial recognition, a financial asset is classified and measured at: amortized cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

The Company assesses the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice;
- How the performance of the portfolio is evaluated and reported to the Company's management;
- How the managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

1. General information and material accounting policies (continued)

1.13. Financial instruments (continued)

For the purpose of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. All financial assets meet the requirements above and are measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses, and impairment are amortized in profit or loss. Any gain or loss on derecognition is amortized in profit or loss.

All financial assets meet the requirements above and are measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses, and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Trade and other receivables are stated at their net recoverable amount.

Cash and cash equivalents are held for the purpose of meeting short term cash commitments. Cash and cash equivalents comprise of restricted cash held at the Company level.

Restricted cash comprises cash held by the Company, but which is ring-fenced or used as security for specific financing arrangements and to which the Company does not have unfettered access.

A debt investment is measured as FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

i. It is held within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets; and
ii. It's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made of an investment-by -investment basis.

All financial assets not classified as measured at amortised cost of FVOCI as described above are measured at FVTPL. This includes all derivative financial instruments. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

All the Company's financial assets are measured at amortised cost.

The financial assets held by the Company are trade receivables, cash and cash equivalents, restricted cash and deposits.

The fair value of trade and other receivables and cash is equal to their carrying value.

1. General information and material accounting policies (continued)

1.13. Financial instruments (continued)

Financial liabilities are classified at amortized cost of FVTPL. A financial liability is classified as FVTPL if it is classified as held for trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including interest expenses, are amortized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expenses and foreign exchange gains and losses are amortized in profit or loss. Any gain or loss on derecognition is also amortized in profit or loss.

1.14. Impairment of financial assets

The Company has elected to measure loss allowances for financial assets at an amount equal to lifetime expected credit losses (“ECLs”).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company’s historical experience and informed credit assessment and including forward-looking information.

The Company considers a financial asset to be in default when the lessee is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held).

The Company has prepared an analysis of each lessee based on past performance and some publicly available information without any input from the servicer to estimate a credit rating. This risk rating was used to assign an expected credit loss percentage based on monthly rental and supplemental rent income and any outstanding balances at year end.

In accordance with Section B5.5.55 of IFRS 9, security deposits received have been treated as credit enhancement and included in the measurement of the expected credit loss due to the credit enhancement being integral to the contractual terms of the lease and not being required under IFRS standards to be amortized separately.

The Company has a customer ranking model which calculates a ranking score based on the customer’s payment behaviour, financial strength and jurisdiction. The score translates into a 6-level ranking of the customers, with each level being designated a default risk percentage for the receivable amount.

The Company has used the risk percentage at year end when calculating the impact of IFRS 9 on the financial statements. Trade and other receivables depicts the expected credit loss arising from trade receivables including consideration for the security held for each aircraft.

Impairment losses related to trade and other receivables are presented under “administrative expenses”, similar to the presentation under IAS 39, but due to materiality considerations they are presented separately in the statement of profit or loss.

1.15. Derecognition

The Company derecognizes a financial asset when the contractual rights to collect cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is amortized at fair value.

1. General information and material accounting policies (continued)

1.15. Derecognition (continued)

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

1.16. Maintenance reserves

In many aircraft operating leases, the lessee has the obligation to make periodic payments which are calculated based on the utilisation of airframes, engines and other major life-limited components (supplemental amounts). In such leases, upon the lessee presenting invoices evidencing the completion of qualifying maintenance on the aircraft, the Company reimburses the lessee for the cost of the maintenance, up to a maximum of the supplemental amounts received with respect to such work unless otherwise indicated in the lease.

Upon the acquisition of an aircraft with a lease, the liability is recorded at fair value and is subsequently reassessed in line with the Company's maintenance forecasting model.

Such maintenance reserves received in cash from lessees are recognised as maintenance liabilities in the statement of financial position in recognition of the contractual commitment to either refund such receipts or to hold them for future scheduled maintenance work to be performed thereafter.

Generally, leases require a lessee to redeliver an aircraft in specified maintenance condition (normal wear and tear excepted) with reference to major life-limited components of the aircraft. To the extent that such components are redelivered in a different condition than specified, there is generally an end-of-lease compensation adjustment for the monetary difference. Amounts received or paid as part of these redelivery adjustments are recorded as lease rental income at lease termination. The Company includes amounts recorded as maintenance payments that are not expected to be reimbursed to lessees as revenue.

1.17. Lessor contributions

Lessor contributions represent contractual obligations on the part of the Company to contribute to a lessee's cost of a planned major maintenance event which is expected to occur during the lease. The Company regularly reviews the level of lessor contributions to cover its contractual obligations under current leases and makes adjustments as necessary.

Lessor contributions represent a lease incentive and are recorded as a charge against lease rental income over the life of the associated lease. When aircraft are sold, the portion of the accrued liability not specifically assigned to the buyer is derecognized from the statement of financial position as part of the gain or loss on disposal of the aircraft.

Lessor contributions in respect of end-of-lease adjustments are recognized when the Company believes it is probable that it will be required to reimburse amounts to a lessee and the amount can be reasonably estimated

1.18. Equity

Dividends
Proposed dividends are recognised as a liability at the date they are adopted by the directors.

1.19 Inventory

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimate of the selling price in the ordinary course of business less the applicable selling expenses. Aircraft or its components, once off lease, are classified to inventory when it is expected that its carrying amount is to be recovered through a sale transaction.

2. Turnover

Operating income arises from the leasing of aircraft under operating leases. Operating income is derived from activities carried out in Ireland, with the source of its income being Europe, Africa, North America, South America and Asia Pacific.

	Year ended 31 December 2023 USD'000	Year ended 31 December 2022 USD'000
Turnover		
Lease rentals	35,453	38,999
Supplemental rent income (Note 14)	21,074	5,336
Other revenue	540	5,265
Total turnover	**57,067**	**49,600**

Supplemental rent income represents the release of supplemental rents which were determined will not be required to be refunded to the respective lessee.

Other revenue mainly pertains to end of lease compensation in 2022.

By geographical market	Year ended 31 December 2023 USD'000	Year ended 31 December 2023 %	Year ended 31 December 2022 USD'000	Year ended 31 December 2022 %
South America	10,083	18	9,920	20
Europe	23,753	42	27,776	56
Africa	12,647	22	4,464	9
North America	10,584	18	6,448	13
Central America	-	-	992	2
Total	**57,067**	**100**	**49,600**	**100**

Future minimum contracted lease rentals	Year ended 31 December 2023 USD'000	Year ended 31 December 2022 USD'000
Not later than one year	39,749	46,992
Due between 1 and 2 years	22,187	31,528
Due between 2 and 3 years	20,158	26,351
Due between 3 and 4 years	14,370	22,349
Due between 4 and 5 years	5,640	14,800
Later than five years	13,561	19,760
	115,665	**161,781**

3. Operating expenses and auditor's remuneration

	Year ended 31 December 2023 USD'000	Year ended 31 December 2022 USD'000
Included in profit/loss are the following:		
Service fees	-	2,846
Delivery, maintenance, aircraft inspection & other expenses	2,210	1,034
Aircraft depreciation and amortisation	27,890	22,260
Administration expenses	658	2,167
Total	**30,758**	28,307

3. Operating expenses and auditor's remuneration (continued)

Service fees were paid to Azorra Ltd for management services provided in the amount of $NIL (2022: $2.8 million). Directors Remuneration for the year amounted to $Nil (2022: $Nil). The Company have not paid any fees or other remuneration to the executive directors related to the directorship role they provided to the Company. An amount of $Nil (2022: $Nil) is the estimated allocation of the emoluments paid or payable by Azorra Eagle Holdings DAC to those individuals in relation to their management role. The Company is availing of the exemption under Section 322 (5) (c) of the Companies Act 2014 from disclosing the breakdown of auditor's remuneration as it is a subsidiary of Azorra Eagle Holdings DAC which prepares group financial statements and makes the necessary disclosures on auditor's remuneration.

4. Staff numbers and costs

The Company did not have employees during the financial year. The Company's administrative activities are outsourced to related companies, namely Azorra Ltd. The directors did not receive remuneration in 2023 (2022: nil).

5. Interest income

	Year ended 31 December 2023 USD'000	Year ended 31 December 2022 USD'000
Interest income from debtors	578	152
Total	**578**	**152**

6. Interest expense

	Year ended 31 December 2023 USD'000	Year ended 31 December 2022 USD'000
Interest expense on external debt	18,348	30,388
Interest expense on subordinated debt	10,048	5,180
Maintenance reserve liability discount	348	597
Administration expenses	8	(25)
Other bank fees	24	10
Total	**28,776**	**36,150**

7. Taxation

	Year ended 31 December 2023	Year ended 31 December 2022
Recognised in profit and loss account	**USD'000**	**USD'000**
Current tax		
Irish corporation tax	-	-
Deferred tax		
Tax charge/(credit) on ordinary activities	1,422	(582)

AZORRA EAGLE 1 DAC
Notes to the Financial Statements for the year ended 31 December 2023 (continued)

7. Taxation (continued)

Reconciliation of tax on ordinary activities	Year ended 31 December 2023 USD'000	Year ended 31 December 2022 USD'000
(Loss)/profit on ordinary activities before tax	(5,842)	209,226
Current tax at 12.5%	(730)	26,153
Effects of:		
Movement in unrecognised deferred tax asset	1,587	-
Non-deductible expenses	565	889
Restricted interest expense	-	71
Subordinated debt interest restriction	-	305
Write off of Debt/Capital Element	-	(28,000)
Total tax charge/(credit)	**1,422**	**(582)**

Write-off of Debt/Capital Element is considered non-taxable within the Irish tax legislation since the underlying debt was capital and long term in nature instead of advances in the normal course of operations.

The Company recognised deferred tax assets to the extent that future taxable profits will be available to utilise the asset. The Company has unused tax losses of $260 million (2022: $247 million) for which no deferred tax assets have been recognised. The Company has not recognised a net deferred tax asset in the current year of $32.5 million (2022: $31 million) which arises due to $1 million in respect of excess capital allowance over depreciation (2022: $4 million in respect of excess depreciation over capital allowance) and $33.5 million (2022: $27 million) in respect of trading losses.

	Year ended 31 December 2023 USD'000	Year ended 31 December 2022 USD'000
Opening balance	(1,422)	-
Deferred tax charge/(credit)	1,422	(1,422)
Deferred tax asset	**-**	**(1,422)**

8. Inventory

	Year ended 31 December 2023 USD'000	Year ended 31 December 2022 USD'000
Inventory	6,114	-
Total	**6,114**	**-**

During the year ended 31 December 2024, the Company transferred net balances of USD 6.1 million to inventory from aircraft and related components (2023: Nil).

9. Aircraft and related components

	As at 31 December 2023 USD'000	As at 31 December 2023 USD'000	As at 31 December 2023 USD'000
Cost	**Aircraft**	**Lease initiation costs**	**Total**
At beginning of year	601,323	36,482	637,805
Additions	7,149	11,583	18,732
Disposals	(6,446)	(2,050)	(8,496)
Transfers to inventory	(17,134)	-	(17,134)
At end of year	**584,892**	**46,015**	**630,907**
Depreciation			
At beginning of year	(288,561)	(16,772)	(305,333)
Depreciation and amortization expense	(15,346)	(12,544)	(27,890)
Depreciation on disposals and transfers to inventory	11,963	-	11,963
Impairment losses	(3,953)	-	(3,953)
At end of year	**(295,896)**	**(29,316)**	**(325,212)**
Net book value at beginning of year	**312,762**	**19,710**	**332,472**
Net book value at end of year	**288,996**	**16,699**	**305,695**

	As at 31 December 2022 USD'000	As at 31 December 2022 USD'000	As at 31 December 2022 USD'000
Cost	**Aircraft**	**Lease initiation costs**	**Total**
At beginning of year	582,770	23,716	606,486
Additions	18,553	12,766	31,319
At end of year	**601,323**	**36,482**	**637,805**
Depreciation			
At beginning of year	(274,492)	(8,581)	(283,073)
Depreciation and amortization expense	(14,069)	(8,191)	(22,260)
At end of year	**(288,561)**	**(16,772)**	**(305,333)**
Net book value at beginning of year	**308,278**	**15,135**	**323,414**
Net book value at end of year	**312,762**	**19,710**	**332,472**

Cost of aircraft represents the cost of the aircraft acquired by the Company. During 2023, the Company acquired no aircraft (2022: 2). In accordance with the relevant accounting policy, as disclosed in Note 1 to the financial statements, the Directors have undertaken a review to determine whether an impairment provision is required in respect of the Company's aircraft and related components. The Directors of the Company have assessed the carrying value of the fleet at 31 December 2023 and have determined that there is an impairment charge of $3.9 million (2022:$Nil). The carrying value of the Aircraft held as collateral for the external secured debt amounted to $305.7 million (2022: $332.5 million).

9. Aircraft and related components (continued)

The following table details the technique used to determine whether an impairment provision is required, as well as the significant unobservable inputs used:

Assessment techniques	Significant inputs	Relationship between significant inputs and potential impairment charge
In considering whether impairment exists the Directors used inputs for current market values from three external independent appraisers to assess current market value and to assess value in use, and have estimated future cash flows from the aircraft discounted at a risk adjusted market rate expected to be obtainable as a result of an asset's continued use.	• Future lease rates are based on the highest of three appraisers and future base values are based on the average of three external independent appraisers' estimates for these amounts. • Down time between leases and transition costs are based on historical experience. • The timing and the expected cost of maintenance events has been estimated based on the forecasts provided by the independent external maintenance evaluator. • Discount rate applied to the portfolio is 9%	In certain instances, the carrying amount of the aircraft asset would increase/(decrease) if: • Lease rates collected were higher/(lower) than currently contracted. • Future lease rates and/or future base values grow more/(less) than expected. • Down time between leases and transition costs are less/(more) than expected. • Maintenance claims were higher/(lower) than expected.

An impairment charge of $3.9 million was recognised within the statement of profit or loss in 2023 (2022: USD Nil). Significant judgement is required when evaluating the inputs into the recoverable amount of the Group's aircraft.

10. Debtors

	As at 31 December 2023 USD'000	As at 31 December 2022 USD'000
Amounts falling due within one year		
Trade and other receivables	8,840	9,853
Prepaid debt transaction fee	-	1,456
Unearned straight-line rent	1,195	-
	10,035	**11,309**
Amounts falling due after one year		
Amounts due from group companies	164,704	-
Deferred tax	-	1,424
	164,704	**1,424**
Total	**174,739**	**12,733**

Amounts owed from group companies are non-interest bearing, unsecured and repayable on demand.

11. Cash and cash equivalents

	As at 31 December 2023 USD'000	As at 31 December 2022 USD'000
Cash and cash equivalents	1,394	3,852
	1,394	**3,852**

12. Creditors: amounts falling due within one year

	As at 31 December 2023 USD'000	As at 31 December 2022 USD'000
External secured debt (note 15)	13,507	21,823
Amounts owed to group companies	3,753	33,070
Trade creditors	1,528	-
Accrued interest	1,237	732
Accrued expenses	-	203
Deferred lease income	193	650
Maintenance reserves (note 14)	5,895	10,034
Lessor contributions	4,160	16,440
Purchase deposits	6,425	-
	36,698	**82,952**

Amounts owed to group companies include subordinated loan payable to parent undertaking amounting to $3.8 million (2022: $7.15 million). Refer to note 13.

Amounts owed to group companies except for the subordinated loan are non-interest bearing, unsecured and repayable on demand.

13. Creditors: amounts falling due after one year

	As at 31 December 2023 USD'000	As at 31 December 2022 USD'000
External secured debt (note 15)	266,116	250,569
Amounts owed to group companies	237,719	64,358
Security deposits	6,214	6,015
Maintenance reserves (note 14)	22,758	26,743
Lessor contributions	7,279	-
	540,086	**347,685**

Security deposits relate to cash security received with respect to aircraft. Deposits are refundable at the end of the lease term after all lease obligations have been met by the lessee.

Amounts owed to group companies include the Subordinated Loan payable to the Parent amounting to $68.4 million (2022: $71.51 million), of which $3.8 million (2022: $7.15 million) (note 12) falls due within one year as of 31 December 2023 while $64.7 million (2022: $64.4 million) falls due after one year. The subordinated debt is funded at 14% interest rate which has a final maturity date of 2033. The subordinated debt is limited in recourse and only payable to the extent of cashflows received. Under the priority of payments, the external secured debt is payable in priority to the Subordinated Debt. The debt is listed on the Vienna Stock Exchange. Amounts owed to group companies except for the Subordinated Debt are non-interest bearing, unsecured and repayable on demand.

14. Maintenance reserves

	31 December 2023 USD'000	31 December 2022 USD'000
Analysed as:		
Current	5,895	10,034
Non-current	22,758	26,743
	28,653	**36,777**

	31 December 2023 USD'000	31 December 2022 USD'000
Opening Balance	36,777	42,314
Supplemental rental billings	18,459	11,857
Maintenance Claims	(5,509)	(12,057)
Supplemental rent income recognised during the year	(21,074)	(5,337)
	28,653	**36,777**

In many aircraft operating leases, the lessee has the obligation to make periodic payments based on the usage of the aircraft in order to protect the lessor against the exposure related to the maintenance condition of the aircraft. These payments are made in arrears. The Company operates an accrue-to-expected-cost method in relation to maintenance reserves and supplemental rent income. This requires the Company to estimate future costs that will be required to be reimbursed to the lessees under the leases based on the historical experience and knowledge of the Company. Any amounts that are required to be reimbursed are retained on the balance sheet as a maintenance reserves provision. When the balance that is required to be reimbursed is reached, any excess amounts over this are recognised as supplemental rent income – see Note 2 Turnover. Based on the expected timing of estimated future reimbursement of maintenance cost, the maintenance reserves provision is divided into non-current and current provisions. Current maintenance reserves include expected reimbursement of cost within twelve months whereas non-current maintenance reserves include reimbursement of cost later than twelve months.

15. External secured debt

	31 December 2023 USD'000	31 December 2022 USD'000
Balance at beginning of the year	273,124	423,982
Loans issued	19,392	25,034
Principal repayments during the year	(19,600)	(30,106)
Principal discounts during the year	-	(66,325)
Debt Restructuring	-	(84,642)
Accrued Interest	-	732
Amortization	6,707	4,449
At end of year	**279,623**	**273,124**

The Company received secured debt from a lender group lead by BNP Paribas. The secured debt is funded at interest rates of 2.75% (Tranche A) and 3.25% (Tranche B). The discount rate used for Tranche A was 6.81% and for Tranche B it was 5.53%. The secured debt has a final maturity date of June 1, 2030 (Tranche A) and June 1, 2032 (Tranche B). During 2022 the secured debt was restructured as part of the Take Back Debt Credit Agreement which resulted in a gain on debt extinguishment amounting to $84.6 million. The secured debt was measured at fair value upon debt restructuring with new principal amounting to $339.3 million. The secured debt has a carrying amount of $279.6 million as of 31 December 2023 (2022: $273.1 million), is limited in recourse and only payable to the extent of cashflows received.

Loans issued during the year amounting to $19.4 million (2022: $25.0 million) pertains to the liquidity credit facility payable to a lender group lead by BNP Paribas. The undrawn amount of the liquidity facility at year end 2023 amounted to $25.7million (2022: 35.1 million). The liquidity credit facility has a carrying amount of $24.3 million (2022: $14.9 million), is limited in recourse and only payable to the extent of cashflows received.

The maturity profile of the borrowings issued considering latest cash flow projection is as follows:

	31 December 2023 USD'000	31 December 2022 USD'000
Within 1 year	13,507	22,555
Between 1 and 5 years	11,523	20,850
Later than 5 years	254,593	229,719
	279,623	**273,124**

	31 December 2023 USD'000	31 December 2022 USD'000
Analysed as:		
Non-current	266,116	250,569
Current	13,507	22,555
	279,623	**273,124**

16. Share Capital

	As at 31 December 2023 USD	As at 31 December 2022 USD
Authorised		
100,000 ordinary shares of $1 each	**100,000**	100,000
Allotted, called up and fully paid		
1 ordinary share of $1 each	**-**	-

On incorporation 1 ordinary share was issued, called up and fully paid. The share is held by Azorra Eagle Holdings DAC.

17. Investment in Subsidiaries

Company name	Country of incorporation	Principal activity	% of shares held
Enclave Aviation Sweden AB	Sweden	LILO	100%

	Year ended 31 December 2023 USD'000	Year ended 31 December 2022 USD'000
Opening Balance	**-**	**71**
Impairment	**-**	**(71)**
Closing Balance	**-**	**-**

The Company holds an investment in Enclave Aviation Sweden AB which is fully impaired. The registered office is Gambrinusgatan 6112 31 Stockholm Sweden. During the year ended 31 December 2023 Enclave Aviation Sweden AB incurred a loss of SEK 623,615 (2022: SEK 255,338) and as of 31 December 2023, net assets amounted to SEK 221,503 (2022: SEK 845,118).

18. Post balance sheet events

The directors consider the state of affairs of the Company to be satisfactory and there have been no material changes since the balance sheet date. The normal operations of the Company have continued. Two engines, held in inventory as at 31 December 2023, were sold on 05 January 2024.

19. Approval of the financial statements

Directors approved these financial statements on 12 December 2025.