

25 YEARS

ANNUAL REPORT & EXECUTIVE REVIEW
2026

SMBC AVIATION CAPITAL is the leading global aviation platform. Our principal activity is leasing and trading aircraft, with a clear focus on young, fuel efficient, commercial jet aircraft – the types most popular with our customers. We are always mindful of the advantages we enjoy and the hard work that has gone into building the professional reputation that has enabled us to deliver 25 years of growth and profitability.

Our customers are at the heart of our business.

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Executive Review and Highlights

Highlights



25

Years in business
2001 – 2026



\$707m

Profit before tax



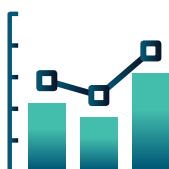
A-/BBB+

S&P / Fitch ratings



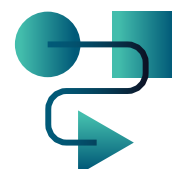
80%

Of our fleet is new
technology aircraft



\$25.5bn

Total assets



\$3.4bn

Aircraft delivered



430

Aircraft on our orderbook*



15

CSR Programme with 15
active charity partnerships



309

Employees across
12 global locations



30

Nationalities

25

YEARS
Built on
partnership.
Focused on
the future.

25

YEARS

**Built on
partnership.
Focused on
the future.**

2001

Lombard Aviation Capital
created by RBS Group.

 11 people

2002

First portfolio purchase
– 26 aircraft.

Establish New York and
Hong Kong offices.

2004

Change of name from
Lombard Aviation Capital
to RBS Aviation Capital.

2006

Delivery of 200th aircraft.

2007

Closed Airspeed,
36 aircraft securitisation.

2008

Delivery of 300th aircraft.
Placed order with Airbus and
Boeing for 95 aircraft.

2009

Executed 3rd party financing
of \$750m on 28 aircraft.

2012

\$7.3 billion acquisition by two
of Japan's biggest companies,
Sumitomo Mitsui Financial Group
and Sumitomo Corporation.

Change of name from RBS Aviation
Capital to SMBC Aviation Capital.

2014

Placed order with Airbus and
Boeing for 195 aircraft worth
\$20 billion.

Obtained BBB+ rating from
S&P and BBB rating from Fitch.

2015

Fitch rating upgraded to BBB+.

\$600 million revolving credit
facility established.



2016

Launch of \$500m unsecured inaugural bond.

16

2017

Fitch rating upgraded to A-
Delivery of first A350 aircraft.

17

2018

Received \$1 billion in capital from our shareholders.
S&P upgrade to A-.

18

2019

Announced order with Airbus for 65 aircraft worth \$7.4 billion.
Launched our CSR project with Belvedere Youth Club.

19

2020

Our Equality, Diversity and Inclusion (“EDI”) Committee ‘Mosaic’ is formed.
2,954 CSR volunteer hours recorded.

20

2021

SMBC Aviation Capital closes \$500 million senior unsecured bond offering.
Delivered Volaris’ 100th aircraft.

21

2022

Acquisition closed – \$6.7 billion Goshawk deal creates the largest Japanese-owned aircraft lessor globally.

22

2023

SMBC Aviation Capital closes \$150 million sustainability-linked loan facility.
Celebrated the 10th year of our Graduate Programme.

23

2024

Moves to new headquarters, Fitzwilliam 28 in Dublin.
Partners with Trinity College Dublin to create a dedicated research facility for sustainable aviation fuels.

24

2025

Together Academy opens new vocational training college for young adults with Down syndrome at SMBC Aviation Capital headquarters.
Announced acquisition of Air Lease Corporation by Sumitomo Corporation, SMBC Aviation Capital, Apollo and Brookfield.

25

2026

Acquired Air Lease Corporation and created Sumisho Air Lease.
Celebrating our 25th anniversary.

 309 people

26



Chairman's Review

ASSUMING THE ROLE OF CHAIRMAN in SMBC Aviation Capital's 25th anniversary year is both a privilege and an honour. This milestone provides the ideal moment to take stock of a remarkable journey, one defined by resilience, ambition, and disciplined growth, and to set our sights firmly on the opportunities ahead.

Having spent my career within the Sumitomo Mitsui Financial Group, including in aviation and maritime finance, I have seen first-hand the development and growth of this business into the leading global aviation platform. SMBC Aviation Capital's success over the past 25 years has been driven by a consistent strategy, disciplined financial management and a strong partnership with its shareholders. The strength and stability of that shareholder backing has given the business the confidence to invest for the long term, even through periods of market uncertainty, and remains one of our greatest competitive advantages.

Performance and strategic progress

SMBC Aviation Capital experienced a period of continued progress during the year ended 31 March 2026, delivering a strong financial performance, supported by robust activity across leasing and trading, and by the quality and resilience of its portfolio.

A defining development announced during the period was the acquisition of Air Lease Corporation, which completed in April 2026. This transaction significantly enhances the scale, reach and capability of the business, and demonstrated how SMBC Aviation Capital is able to deploy its financial scale and strength to meet the evolving needs of our customers.

The expanded platform provides access to a broader range of aircraft, capital and financing solutions, strengthening our ability to support our airline customers and investment partners. It also reinforces our competitive position in an industry where scale, access to capital and operational expertise are increasingly important.

Market environment

The industry remains complex, with geopolitical tensions and macroeconomic pressures impacting the aviation sector in the near term. Elevated fuel costs and broader uncertainty have created challenges for our airline customers.

Notwithstanding these conditions, the long-term fundamentals of the sector remain unchanged. Demand for air travel continues to grow, and the need for efficient, modern aircraft underpins sustained demand for leasing solutions.

SMBC Aviation Capital's disciplined leasing model, combined with a diversified and high-quality portfolio, provides resilience through economic cycles and positions us well to navigate current market conditions while taking advantage of opportunities that arise. This strength is underpinned by the commitment of our shareholders, whose perspective allows us to make decisions in the best interests of the business, rather than being driven by short-term market pressures.



OCTOBER 2025: SMBC Aviation Capital APAC Customer Event on Jeju Island, South Korea.



Sustainability and corporate responsibility

Our shareholders recognise the importance of the business operating responsibly, creating long-term value and contributing positively to society, reflected in our sustainability strategy, Proving Progress is Possible. The strategy reflects our ambition to address the challenges facing our industry while supporting the connectivity and economic growth that aviation enables around the world, and our sustainability activities align with the United Nations Sustainable Development Goals.

Through community partnerships and employee volunteering programmes, we create lasting social impact. This year, colleagues travelled to India and Malawi to visit our partners Pratyek, Do Slum Thing and Open Arms Malawi, continuing our support for programmes focused on education, inclusion and opportunity. In Dublin, more than 350 employees came together in Ballyfermot for our annual 'Difference Day', transforming outdoor spaces across three primary schools and one secondary school. From all-weather pitches to greenhouses and wellness areas, the projects will benefit more than 1,700 pupils and the wider Ballyfermot community.

Supporting the aviation industry's transition to net-zero carbon emissions by 2050 remains an important priority for the business. Our continued investment in modern, fuel-efficient aircraft supports improved environmental performance across airline fleets. We remain proud partners of the Trinity College Dublin Sustainable Aviation Fuel ("SAF") Research Facility, advancing research to support the scale-up of SAF, a key pathway to reducing aviation emissions.

Our business is focused on embracing the sustainability challenge in a way that maintains human connectivity and supports economic growth.

Looking ahead

As we look forward, we are well positioned to build on our strong foundations. The combination of a new-technology portfolio, a strengthened platform and the continued support of our shareholders provides a clear pathway for future growth. Their sustained investment and belief in our strategy give us a strong platform to pursue future opportunities.

The aviation leasing sector continues to evolve, and SMBC Aviation Capital's scale and capabilities ensure it remains well placed to capitalise on emerging opportunities. We remain confident in our strategy and our people that will deliver it.

Conclusion

As I assume the role of Chairman, I would like to acknowledge the contribution of my predecessor, Nori Hiruta, whose leadership has helped build the business into the platform it is today. I wish Nori continued success as he takes on his new role as CEO of Sumisho Air Lease Corporation.

I would also like to express my sincere appreciation to the management team, and all colleagues for their dedication and professionalism.

In addition, I extend my gratitude to our shareholders, customers and funding partners for their continued confidence and support.

SMBC Aviation Capital enters its next chapter as the leading global aviation platform, better positioned and more relevant than at any point in its history with an unwavering focus on delivering long-term value for all stakeholders.

Ko Tanaka
Chairman

DIFFERENCE DAY 2026: The SMBC Aviation Capital team headed to Ballyfermot, Dublin 10, to support four incredible schools: St. Gabriel's, St. Michael's, St. Raphael's and St. Seton's.





Chief Executive's Review

25 YEARS OF CONSISTENT GROWTH. 2026 represents a defining moment in SMBC Aviation Capital's journey as we mark 25 years in business. Over this time, we have built a company characterised by discipline, consistency and a clear strategic vision. This milestone reflects the dedication of our people, the confidence of our shareholders, and our shared commitment to building a more sustainable aviation industry. From our origins to our position today as the leading global aviation platform, our success has been driven by our focus on delivering innovative solutions for our customers, our long term perspective and our ability to adapt to a changing industry.

Air travel is undoubtedly a force for good. Aircraft leasing is and will remain a key facilitator of the human need to connect, as well as a crucial pillar of economic progress. For 25 years, SMBC Aviation Capital has played a pivotal role in making this happen.

Strong financial performance

The year ended 31 March 2026 was one of strong operational and strategic delivery. We generated profit before tax of \$707 million, with adjusted pre-tax income increasing by 20% year on year. These results reflect both the strength and consistency of our strategy and a year in which we took decisive steps to transform the scale and reach of our business and the leasing sector.

Our performance reflects our disciplined and consistent delivery across aircraft investment, active portfolio management and balance sheet stewardship over many years. We completed over 300 leasing and trading transactions valued at \$14 billion during the year, underscoring our ability to transact at scale in all market conditions.

Our financial position remains robust, providing a strong foundation of resilience and flexibility. This has enabled us to continue investing to better support our customers while delivering stable and attractive returns for our shareholders and partners.

A portfolio built for the future

A defining feature of our business remains the quality of our portfolio. Through disciplined investment, we have built a fleet that is modern, efficient and aligned with the evolving requirements of airline customers globally.

Today, 80% of our fleet comprises new technology aircraft, achieving a key strategic target and reinforcing our focus on the most liquid and in demand asset types. With a weighted average age of less than 5.4 years old and a diversified customer base, we are well placed going forward.

Market environment and structural demand

During the year, geopolitical tensions and elevated fuel costs created pressure across the aviation sector, impacting many of our airline customers and others in the industry.

Despite these headwinds, I believe that aviation's long term prospects remain strong, and the sector continues to grow. The structural drivers of air travel remain firmly in place, and airlines continue to plan for future growth. This is reflected in the sustained demand we see for aircraft.

Supply side constraints also continue to play a significant role in shaping the market. Limited aircraft availability, particularly through to the end of this decade, has reinforced the value of our existing fleet and orderbook.

This dynamic supports strong lease rates, high utilisation levels and continued need for high quality, fuel efficient aircraft, reinforcing SMBC Aviation Capital's strong position for the future.

BELOW: Mosaic Committee Chair Niall Barrett pictured with our guest speaker for International Women's Day 2026, Professor Katriona O'Sullivan.

RIGHT: SMBC Aviation Capital announced financing of 20 Boeing 737 MAX 9 aircraft with United Airlines, December 2025.



Strategic expansion post year end: Sumisho Air Lease

A defining milestone during the year was the announcement of the acquisition of Air Lease Corporation with our partners, Sumitomo Corporation, Apollo and Brookfield to create Sumisho Air Lease.

This transaction represents a significant step forward in expanding our scale, strengthening our presence in key markets and enhancing our ability to serve our global customer base. It places SMBC Aviation Capital at the centre of what is the world's largest aviation financing platform connecting aircraft, capital and financing products, with an extensive customer base comprising close to 170 airlines. As of July 2026, this included an owned and serviced fleet comprising more than 1,260 aircraft, the sectors largest committed orderbook of over 600 aircraft, and the combined product strength of our shareholders.

It also reflects our continued drive to grow our platform while maintaining the discipline that has characterised our business over the past 25 years, placing us at the centre of the global aviation market, with customers at the heart of our business. Our diversified offering optimally positions us to capitalise on market opportunities and meet the increasingly complex needs of our customers providing access to a greater scale and range of aircraft, delivery positions, financing products and capital providers.

SMBC Aviation Capital's direct order for over 600 aircraft, with delivery positions weighted toward the present decade, which is set to be one of the most supply-constrained periods this sector has ever faced, provides us with access to the largest committed pipeline of new aircraft of any aircraft lessor. Importantly, as the largest leasing customer of both Airbus and Boeing, this greatly increases our relevance, providing us with an unparalleled level of access to both manufacturers and further enhancing our pricing power.

Sustainability and responsible business

Sustainability remains fundamental to how we operate and to our long-term success, we are committed to supporting the aviation industry's transition to a more sustainable future.

A key priority is supporting the industry's decarbonisation efforts. We continue to invest in modern, fuel-efficient aircraft and work closely with our airline customers to accelerate fleet renewal. Sustainable Aviation Fuel ("SAF") remains one of aviation's most important decarbonisation pathways. Through our partnership with Trinity College Dublin's Sustainable Aviation Fuel Research Facility, we are helping to advance the research needed to accelerate SAF adoption. This partnership was recognised with the Green Collaboration Award at the 2026 Green Awards, reflecting the value of industry-academic collaboration in developing practical solutions for sustainable aviation.

Our commitment to responsible business extends beyond environmental stewardship. We believe businesses have an important role to play in creating positive social impact and supporting the communities they serve.

During the year, we announced a new three-year partnership with Airlink, helping humanitarian organisations access critical aviation and logistics support during global crises and disasters. This partnership demonstrates the powerful role aviation can play in connecting people, delivering aid and supporting communities in times of need.

We also officially launched our partnership with Together Academy, supporting education, training and employment opportunities for young adults with Down syndrome. As a first-of-its-kind initiative in Ireland, it reflects our belief that inclusion creates stronger workplaces, stronger communities and better outcomes for society as a whole.

NOVEMBER 2025: SMBC Aviation Capital delivers Wizz Air's 250th aircraft.



Our people

Our people remain the driving force behind our continued success. We are proud of our culture of high performance and innovation where every voice is valued. We recognise that our people underpin our success, and we are committed to fostering their long-term development. SMBC Aviation Capital is a workplace full of new opportunities, where people can thrive and contribute their best work. It is their dedication, expertise and professionalism that continue to be central to our performance. Our culture is built on trust and mutual respect, and on a shared commitment to always doing what is right, and it is this foundation that allows our teams to collaborate openly, support one another and deliver for our customers with integrity. As we continue to grow, we remain focused on building a workplace where our people feel empowered to speak up, take ownership and be proud of the role they play in our success.

Looking ahead

As we reflect on our progress, our focus remains firmly on the future. The foundations we have built, disciplined investment, a high quality portfolio, strong customer relationships and a resilient balance sheet position us well to continue delivering sustainable growth and long term value.

Our strength as the leading global aviation platform, our shareholders and our scale allow us to deliver a compelling offering to the market and a unique ability to meet our customers' needs.

I would like to express my sincere appreciation to our valued customers, shareholders, and to my colleagues at SMBC Aviation Capital for their ongoing commitment to our business, especially over the last 25 years.

As we move forward into the next phase, I am confident that our strong, partnership-led approach will ensure SMBC Aviation Capital continues to lead the aircraft leasing sector and deliver the most compelling offering in the market for our customers, while delivering stable and attractive returns for our investors and partners.

Peter Barrett

Chief Executive Officer

BELOW: SMBC Aviation Capital and Trinity College Dublin win Green Collaboration Award at the Green Awards in February 2026.

RIGHT: Trinity College Dublin's Sustainable Aviation Fuel (SAF) Research Facility located at SMBC Aviation Capital's headquarters in Dublin.





Chief Financial Officer's Review

THE RESULTS FOR FY 2025 reflect the strength of our platform, the quality of our portfolio and our ability to deliver consistent performance during this important year for our business as we celebrate 25 years of disciplined growth and execution.

Our strong financial performance continued, and SMBC Aviation Capital delivered profit before tax of \$707 million in FY 2025. While this compares to \$1.2 billion in the prior year, the variance is primarily driven by the impact of one-off items recognised in FY 2024. Excluding these items, and on a like-for-like basis, our underlying profitability increased by over 20% year-on-year, supported by strong performance across our core leasing and trading activities.

Lease rental income remained robust reflecting the high levels of fleet utilisation, the long-term nature of our lease contracts and the strength of our airline customer base. Our lease revenue increased to just over \$2 billion for the year supported, in part, by the incorporation of 59 new aircraft into our fleet. With an average lease term of 11 years and an attractive lessee base, these aircraft will be accretive to our profitability and portfolio quality for many years to come.

Financial Performance

The growing importance of our servicing platform as a complementary and capital-efficient revenue stream was another positive for the business. Servicing income increased to \$36.7 million, supported by the continued expansion of our actively serviced portfolio.

Net finance costs reduced during the year, reflecting lower average leverage. This was partially offset by a previously disclosed charge relating to specific aircraft repossessions, though demand for these assets has remained strong with lease terms and rates consistent with, or exceeding, original assumptions.

Portfolio Activity

Our disciplined approach to aircraft acquisition is at the core of our strategy underpinning our success throughout our 25-year history. In aggregate, we took delivery of \$3.4bn of new technology aircraft on lease to high quality, diversified airlines around the world. New technology aircraft now represent 80% of the portfolio, consistent with our focus on investing in fuel-efficient, in-demand assets.

Demand in the secondary trading market remained robust, supporting our ability to trade a total of 74 aircraft during the year. This represents \$2.6 billion of aircraft sales, generating a profit on disposal adjusted for break gains of \$220 million, with further sales already committed into the next financial year. This reflects our ability to capitalise on strong secondary market demand while continuing to optimise the composition and quality of the portfolio.

These actions allow us to realise value from mature assets and redeploy capital into higher-growth opportunities.

Commercial activity remained strong, with \$3.3 billion of new leasing agreements signed and demand for aircraft continues to be underpinned by supply constraints and the long-term growth outlook for global air travel.

The portfolio benefits from a diversified customer base and long lease tenors, reinforcing the predictability of income and supporting long-term value creation.

JULY 2025: SMBC Aviation Capital Delivers Third A320NEO to Starflyer.



Funding and Liquidity

Our approach to funding remains prudent, with strong access to diversified funding sources reflecting the strength of our credit profile and the confidence of our lenders. A key highlight was the execution of a \$3.7 billion syndicated bank facility across five- and seven-year maturities. Strong demand from global banks enabled us to optimise the size of this facility, reinforcing the depth of our funding relationships.

We continue to benefit from significant available liquidity, which stood at approximately \$15 billion at year end. This provides the capacity to meet near-term obligations and fund future growth.

Balance Sheet

Our balance sheet remains a core strength of the business and a key differentiator within the sector.

As at 31 March 2026, we maintained a predominantly unsecured debt structure, with 99.6% of total debt unsecured. This provides financial flexibility and reduces asset encumbrance, supporting long-term capital efficiency.

We benefit from \$20 billion of shareholder capital support, reinforcing the strength and stability of our financial position. Net leverage of 2.4x highlights our disciplined approach to balance sheet management, while our debt maturity profile remains well staggered, with average annual maturities of approximately \$1.4 billion over the next five years.

Our financial strength, leading market position and the quality of our portfolio is reflected in our A-rating with S&P and BBB+ rating with Fitch.

Post Year-End Developments

In April 2026, together with our co-investors, we completed the acquisition of Air Lease Corporation, which was subsequently renamed Sumisho Air Lease, and became servicer to the majority of its fleet. This transaction significantly enhanced the scale, reach, and relevance of our business and positions us at the centre of what is now the industry's leading global aviation finance platform.

As of July 2026, the combined platform included approximately 1,900 aircraft across our owned, serviced, and committed fleets, alongside a substantially expanded customer base and enhanced product capabilities.

A key component of the transaction is the addition of a large and well-priced orderbook. As a result, we now have over 600 aircraft on order valued at over \$41 billion, with delivery positions extending out to 2034. This provides strong visibility over future growth and earnings.

Importantly, we have \$13 billion of forward commitments in place with our airline customers reflecting both the quality of our assets and sustained demand from our airline customers.





Outlook

While the operating environment remains complex, the long-term fundamentals of the aviation sector remain strong, supported by growth in global passenger demand and the need for more efficient aircraft.

As we look ahead, our priorities remain consistent. We will continue to focus on capital allocation, active portfolio management and maintaining a strong funding and liquidity position. We remain committed to supporting aviation's transition to a more sustainable future, embracing sustainability in a way that maintains connectivity and supports economic growth. This includes maximising the new-technology composition of our fleet, championing the development of SAF, and supporting sustainable finance to help accelerate the industry's journey to net-zero. By leveraging the enhanced scale of our platform we can capture new opportunities and further strengthen our market position.

Conclusion

As we mark our 25th anniversary, we do so with a strong sense of consistency in our approach and confidence in our future. The financial performance delivered this year reflects the strength of our platform, the quality of our assets and the experience embedded across the business. None of this would be possible without our people, whose expertise, adaptability and shared commitment to achieving the best outcomes for our customers underpin everything we do; we thank them for their hard work and dedication throughout the year. We remain well positioned to continue delivering sustainable, long-term value as the leading global aviation platform and aviation finance partner of choice.

Aisling Kenny

Chief Financial Officer

Annual Report



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Directors and other information

DIRECTORS

P Barrett (Irish)
 C A Ennis (Irish)
 B Flannery (Irish)
 A Kenny (Irish)
 K Tanaka (Japanese)
 T Kusaka (Japanese)
 S Watanabe (Japanese)
 T Imaeda (Japanese)
 I Tatara (Japanese)
 Y Hyakutome (Japanese)
 H Okado (Japanese)
 H Shimojima (Japanese)

SECRETARY

C A Ennis

REGISTERED OFFICE

Fitzwilliam 28
 Fitzwilliam Street Lower
 Dublin 2
 Ireland

INDEPENDENT AUDITOR

KPMG

Chartered Accountants
 1 Harbourmaster Place
 IFSC
 Dublin 1
 Ireland

SOLICITORS

Clifford Chance, London

10 Upper Bank Street
 London
 E14 5JJ
 United Kingdom

McCann Fitzgerald

Riverside One
 Sir John Rogerson's Quay
 Dublin 2
 Ireland

BANKS

SMBC Bank International plc

100 Liverpool Street
 London EC2M 2AT
 United Kingdom

Sumitomo Mitsui Banking Corporation

New York Branch
 277 Park Avenue
 New York, NY10172
 United States of America

Citibank Europe plc

1 North Wall Quay
 Dublin 1
 Ireland

Directors' Report

The Directors present their report and the audited consolidated financial statements of SMBC Aviation Capital Limited ("the Company") and its subsidiaries (together "the Group") for the year ended 31 March 2026. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), accounting standards as adopted by the European Union ("EU") and with those parts of the Companies Act 2014 applicable to companies reporting under IFRS.

PRINCIPAL ACTIVITIES

The principal business activities of the Group and Company include acting in the capacity of principal, agent or broker, the financing of aircraft, plant, equipment, machinery, engines, vehicles or other modes of transport and their components and parts, by way of loan, hire purchase, lease rental, credit sale or other appropriate methods of finance, and the sale or purchase, ownership, leasing or management or in any other way dealing with aircraft, plant, equipment, machinery, engines, vehicles or other modes of transport and their components parts. The Group and Company also provides financial solutions and brokerage services to the airline and airline related industry in connection with financing and refinancing.

The Group and Company's activities and those of the aircraft industry are undertaken predominantly in US Dollars and this is the functional currency of the Company. The consolidated financial statements are presented in US Dollars.

The Group and Company is a member of the Japanese consortium of Sumitomo Mitsui Financial Group ("SMFG") and Sumitomo Corporation ("SC") (the "Consortium"). The annual reports of these entities can be obtained at:

Sumitomo Corporation – <https://www.sumitomocorp.com/en/jp/ir>
Sumitomo Mitsui Financial Group – https://www.smfg.co.jp/english/investor/financial/latest_statement.html.

PERFORMANCE AND STRATEGY

The Group and Company's strategy is to work closely and build strong relationships with its airline and investor customers to meet their specific requirements, while owning and leasing the most modern, fuel efficient and desirable aircraft. The Group and Company continues to actively manage the profile of its aircraft portfolio and, as a result, has maintained a young fleet with a weighted average age of 5.4 years as at 31 March 2026 (31 March 2025: 5.6 years).

At the end of the financial year, the statement of financial position showed total assets of \$25.5 billion (31 March 2025: \$25.0 billion). The net book value of property, plant and equipment, including aircraft classified as finance lease and loan receivables of \$382.5 million (31 March 2025: \$639.7 million) and aircraft assets classified as held for sale of \$945.3 million (31 March 2025: \$346.4 million), was \$23.8 billion at the year-end (31 March 2025: \$23.6 billion).

The Group generated a profit before tax of \$0.7 billion during the year ended 31 March 2026 (year ended 31 March 2025: \$1.2 billion). The profit before tax in the current and prior period include net insurance settlement proceeds in relation to aircraft previously leased to Russian airlines, which, when excluded, would result in profit before tax of \$676.9 million for the year ended 31 March 2026 (year ended 31 March 2025: \$562.8 million).

Airline customers continue to experience improved performance, which, has resulted in lower trade receivables. At 31 March 2026, the Group had trade debtors of \$27.3 million (31 March 2025: \$33.7 million; note 15) and deferred lease receivables of \$32.2 million (31 March 2025: \$35.8 million). These balances reflect a continued stabilisation of the performance of airline customers and growth in the underlying business, but also impacted by the re-entry of one of our airline customers into bankruptcy protection proceedings. These events resulted in a credit impairment provision during the year ended 31 March 2026 of \$8.6 million (year ended 31 March 2025: reversal of \$20.6 million).

During the year, a dividend of \$102.2 million was recommended and paid to the Company's shareholders (year ended 31 March 2025: \$102.2 million).

The Directors do not recommend the payment of a dividend as at 31 March 2026 (31 March 2025: \$nil).

AIR LEASE CORPORATION ACQUISITION

The Company announced on 2 September 2025, in conjunction with Sumitomo Corporation, Apollo Capital Management, L.P. ("Apollo") and Brookfield Asset Management Ltd. ("Brookfield"), that they had reached an agreement (the "Merger Agreement") to acquire Air Lease Corporation ("ALC").

The acquisition closed on 8 April 2026 and was executed through a new holding company, named Sumisho Air Lease Corporation Designated Activity Company ("Sumisho Air Lease"), owned by the four parties, which indirectly acquired all the outstanding shares of ALC at \$65.00 per share in cash.

The Company holds 24.99% of the economic interest of this new holding company after settling the purchase price of \$1.35 billion. Upon completion of the acquisition, the Company also acquired ALC's aircraft on order for \$1.46 billion.

INTERNATIONAL CONFLICTS

The Group operates on an international scale with airline customers across the world. The current geopolitical environment remains complex, and tensions could impact the operations of our airline customers. The Group monitors geopolitical events for their potential impact on its international airline customer base as well as any resulting impact on the Group itself.

During the current year ended 31 March 2026, as well as the years ended 31 March 2025 and 31 March 2024, the Group received insurance settlement proceeds (notes 3 and 9) in respect of certain aircraft previously leased to certain Russian airlines. These aircraft were lost in the Russian Federation ("Russia") when sanctions were imposed on Russia in 2022.

The Group has successfully recovered a cumulative of \$1.41 billion as at 31 March 2026. All insurance settlements were carried out in full compliance with all applicable laws, sanctions and regulations. The Group have not recognised any insurance claim receivables as at 31 March 2026 as the timing and amount of recoveries under applicable insurance policies were uncertain as at that date.

The Group is also monitoring developments in relation to conflict in the Middle East, and have not identified any significant direct impact on the Group as at 31 March 2026.

Directors' Report (continued)

PRINCIPAL RISKS AND UNCERTAINTIES

The airline industry is cyclical and highly competitive. The Group's aircraft are under operating leases where the cost of the aircraft is expected to be substantially recovered over the term of the leases. The oversupply of a specific type of aircraft in the market could depress aircraft lease rates and values, which would affect re-lease rates.

The supply and demand of aircraft is affected by various cyclical factors including:

- passenger air travel and air cargo demand
- fuel prices
- maintenance costs
- technological innovation and the introduction of a new generation of aircraft types
- government and environmental regulations
- geopolitical issues

Ongoing geopolitical risks continued to impact on global air passenger traffic during the current financial year, impacting on airline customers as follows:

- increased lease rent deferrals
- increased lessee defaults / bankruptcy
- further delay in aircraft deliveries

See also earlier "International Conflicts" section.

For further detail on the principal financial risks and the Group and Company's policy for minimising these financial risks, refer to note 21.

FINANCING

The Group continues to benefit from its ownership structure noted above, which combines one of the world's largest financial institutions with one of the world's largest trading companies. This brings substantial financial strength and scale to the Group's offering, which we were able to leverage during the current year. The Group's financial strength is also reflected in the Group's credit rating of A- and BBB+ from Standard & Poor's and Fitch Ratings respectively (31 March 2025: Standard & Poor's: A-; Fitch Ratings: BBB+), positioning the business well to execute on its growth plans in the coming years.

The Group is focused on ensuring that it has sufficient available liquidity to meet its obligations as they fall due. In line with this strategy, the Group successfully closed the sale of \$500 million of its 5.10% senior unsecured notes due 2030 on 1 April 2025 and \$750 million of its 5.25% senior unsecured notes due 2035 on 26 November 2025 through its wholly-owned subsidiary, SMBC Aviation Capital Finance DAC, fully and unconditionally guaranteed by SMBC Aviation Capital Limited.

As at 31 March 2026, the Group had \$14.9 billion of available capacity in place through a combination of undrawn shareholder funding (\$9.0 billion), third party committed facilities (\$5.0 billion) and unrestricted cash balances.

The Group has short-term debt repayment obligations (due within 12 months) totalling \$1.8 billion and other current liabilities of \$0.9 billion. The short-term debt obligations include shareholder funding repayments of \$656.4 million, which will become available as additional undrawn credit capacity on repayment. Other current liabilities include prepaid lease rentals and fee income of \$201.4 million and amounts payable to direct affiliates and other parent group undertakings of \$116.9 million. Maintenance reserves and lessor contributions totalling \$63.0 million are also included and

fall due during the remaining term of each respective lease based on the timing of expected maintenance events. These events may occur later than expected based on actual airline utilisation. The Group also had purchase commitments consisting of direct orders and sale-leaseback commitments totalling \$2.6 billion due to fall due within a year.

Separately, to fund the acquisition of Air Lease Corporation ("ALC") and ALC's aircraft on order, which closed on 8 April 2026 as noted in the "Post Balance Sheet Events" section below, the Group drew down a \$2.0 billion syndicated facility on 2 April 2026. On 8 April 2026, the Company also issued additional A Preference shares to its shareholders, Sumitomo Mitsui Finance and Leasing Company, Ltd. ("SMFL") and Sumitomo Mitsui Banking Corporation ("SMBC"), totalling \$653 million.

OPERATIONAL

The Group has 98 airline customers in 57 countries. The Group's fleet consists of 994 owned, managed and committed aircraft, including aircraft classified as finance lease and loan receivables.

The Group delivered an additional 23 aircraft from its order book across a diversified mix of customers in Europe, Asia and the Americas during the year.

Furthermore, we entered into additional contracts or letters of intent to acquire 44 aircraft through sale and lease back transactions or portfolio purchases, while 36 had delivered during the current year from new and existing contracts.

The Group continues to transition the portfolio into new technology aircraft with the delivery of \$3.5 billion of new technology aircraft, including aircraft classified as finance lease and loan receivables, in the period, which resulted in 80% of our portfolio now consisting of the newest technology aircraft, compared to 73% as at 31 March 2025.

GOING CONCERN

The Group and Company's business activities, together with the factors likely to affect its future development, performance and position are set out above, along with the financial position of the Group and Company. In addition, also as noted above, note 21 to the financial statements includes: the objectives, policies and processes for managing capital; the financial risk management objectives; details of financial instruments and hedging activities; and the exposures to credit risk and liquidity risk, to the extent that these were in place at 31 March 2026 and the preceding year.

Risks are managed in line with guidance given by the Group's parent companies. Exposure to both interest rate risk and currency risk is minimised by the use of derivatives and fixed rate loans.

The Group has 16 aircraft off-lease at year-end and 13 aircraft on lease which are scheduled to complete their lease term within the next twelve months.

The Directors consider the cash position and resources available to the Group from its shareholders and third parties as highlighted in the Financing section as key, which, along with related forecasts, provide comfort over the sustainability of the Group and Company given the strong financial position.

Based on these factors, the Directors have a reasonable expectation that the Group has adequate liquidity and financial resources to continue in operation for at least the next twelve months and that the going concern basis of preparation remains appropriate.

Directors' Report (continued)

PEOPLE

The Group continues to develop our team to service the increased activity within our expanding aircraft operating lease base, resulting in an average number of people in the organisation during the year of 309 (2025: average of 280), consisting of both direct employees and representatives. The quality and commitment of staff in the Group, at all levels of the organisation, has been a key driving factor behind its ongoing growth and success.

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:

- i. 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;
- ii. arrangements and structures have been put in place that they consider sufficient to secure material compliance with the Company's relevant obligations; and
- iii. a review of the arrangements and structures has been conducted during the financial year to which this Directors' report relates.

DIRECTORS AND SECRETARY

The present Directors and Secretary are listed on page 21. The following changes took place during the year and up to the date of approval:

Directors	Appointed
T Imaeda	Appointed 1 June 2025
K Tanaka	Appointed 1 April 2026
H Shimojima	Appointed 1 May 2026
Directors	Resigned
M Tachibana	Resigned 1 June 2025
D Swan	Resigned 23 January 2026
T Toyama	Resigned 1 May 2026
N Hiruta	Resigned 13 May 2026

None of the Directors held an interest in the share capital or the loan capital of the Company, or in the shares or loan capital of any of the subsidiary undertakings of the Company.

None of the Directors held an interest of more than 1%, or had options to acquire an interest of more than 1%, in the shares of the parent undertakings of the Company.

ACCOUNTING RECORDS

The Directors believe that they have complied with the requirements of Section 281 of the Companies Act 2014 with regard to keeping adequate accounting records by employing accounting personnel with the appropriate expertise and by providing adequate resources to the finance function. The accounting records of the Company are maintained at the Company's registered offices at Fitzwilliam 28, Fitzwilliam Street Lower, Dublin 2, Ireland.

POLITICAL DONATIONS

The Company did not make any political donations in the year ended 31 March 2026 (2025: \$nil).

AUDIT COMMITTEE

The Board of Directors has considered the establishment of an audit committee and decided that it is not warranted as the 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 the oversight of:

- i. the integrity of the financial statements of the Group,
- ii. compliance by the Group with legal and regulatory requirements,
- iii. the independent auditor's qualification and independence, and
- iv. the performance of the Group's independent auditor

INDEPENDENT AUDITOR

KPMG, Chartered Accountants, have indicated their willingness to continue in office in accordance with Section 383(2) of the Companies Act 2014.

RELEVANT AUDIT INFORMATION

The Directors in office at the date of this report have each confirmed that as far as they are aware, there is no relevant audit information of which the Group's auditor is unaware; and they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' Report (continued)

POST BALANCE SHEET EVENTS

The Company announced on 2 September 2025, in conjunction with Sumitomo Corporation, Apollo Capital Management, L.P. ("Apollo") and Brookfield Asset Management Ltd. ("Brookfield"), that they had reached an agreement (the "Merger Agreement") to acquire Air Lease Corporation ("ALC").

The acquisition closed on 8 April 2026 and was executed through a new holding company, named Sumisho Air Lease Corporation Designated Activity Company ("Sumisho Air Lease"), owned by the four parties, which indirectly acquired all the outstanding shares of ALC at \$65.00 per share in cash.

The Company holds 24.99% of the economic interest of this new holding company after settling the purchase price of \$1.35 billion. Upon completion of the acquisition, the Company also acquired ALC's aircraft on order for \$1.46 billion.

To fund the acquisition noted above, the Group drew down a \$2.0 billion syndicated facility on 2 April 2026. On 8 April 2026, the Company also issued additional A Preference shares to its shareholders, Sumitomo Mitsui Finance and Leasing Company, Ltd. ("SMFL") and Sumitomo Mitsui Banking Corporation ("SMBC"), totalling \$653 million.

On 1 April 2026 Mr K. Tanaka was appointed as a Director. On 1 May 2026 Mr H. Shimojima was appointed as a Director and Mr T. Toyama resigned as a Director. On 13 May 2026 Mr N. Hiruta resigned as a Director.

No other significant events affecting the Group and Company have occurred since 31 March 2026, which require adjustment to or disclosure in the Consolidated Financial Statements.

Approved by the Board of Directors and signed on behalf of the Board by:



P Barrett
Director
Date: 26 May 2026



A Kenny
Director
Date: 26 May 2026

Company Registration No: 270775

Statement of Directors' Responsibilities in respect of the Directors' Report and the Group and Company Financial Statements

The Directors are responsible for preparing the Directors' report and the Group and Company financial statements in accordance with applicable law and regulations.

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

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

In preparing the Group and Company 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 Group and Company financial statements;
- assess the Group and 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 Group or 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 which enable them to ensure that the financial statements of the Group and Company are prepared in accordance with applicable IFRS, as adopted by the EU and comply with the provisions of 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 Group and 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group and Company's website (www.smbc.aero). Legislation in the Republic of Ireland concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board:



P Barrett
Director
Date: 26 May 2026



A Kenny
Director
Date: 26 May 2026

Independent Auditor's Report to the members of SMBC Aviation Capital Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of SMBC Aviation Capital Limited ("the Company") and its consolidated undertakings ("the Group") for the year ended 31 March 2026 set out on pages 29 to 72, which comprise the Consolidated statement of profit or loss and comprehensive income, Consolidated statement of financial position, Company statement of financial position, Consolidated statement of changes in equity, Company statement of changes in equity, Consolidated statement of cash flows, Company statement of cash flows and related notes, including the summary of material accounting policies set out in note 1.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Group and Company as at 31 March 2026 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the EU;
- the Company financial statements have been properly prepared in accordance with IFRS as adopted by the EU as applied in accordance with the provisions of the Companies Act 2014; and
- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the directors' report. The financial statements and our auditor's report thereon do not comprise part of 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 as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information undertaken during the course of the audit, we report that:

- we have not identified material misstatements in the directors' report;
- in our opinion, the information given in the directors' report is consistent with the financial statements;
- in our opinion, those parts of the directors' report specified for our review, which does not include sustainability reporting when required by Part 28 of the Companies Act 2014 have been prepared in accordance with the Companies Act 2014.

Our opinions on other matters prescribed by the Companies Act 2014 are unmodified

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 and the financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

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

Respective responsibilities and restrictions on use

Responsibilities of Directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 26, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; assessing the Group and 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 they either intend to liquidate the Group and or the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the members of SMBC Aviation Capital Limited (continued)

Auditor's responsibilities for the audit of the financial statements

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

A fuller description of our responsibilities is provided on IAASA's website at <https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements/>

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

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



Terence Coveney

26 May 2026

for and on behalf of

KPMG

Chartered Accountants, Statutory Audit Firm
1 Harbourmaster Place
IFSC
Dublin 1
D01 F6F5

Consolidated Statement of Profit or Loss and Comprehensive Income for the year ended 31 March 2026

		Year ended 31 March 2026 US \$'000	Year ended 31 March 2025 US \$'000
	Note		
CONTINUING OPERATIONS			
Income			
Lease revenue	2	2,003,259	1,962,727
Other revenue	2	5,260	9,600
Total revenues	2	2,008,519	1,972,327
Other operating income	3	241,851	663,379
		2,250,370	2,635,706
Operating expenses			
Depreciation	9	(581,633)	(597,717)
Maintenance expenses	2	(30,570)	(28,175)
Asset impairment	9	(10,546)	(30,553)
Credit impairment (charge) / credit	15	(8,600)	20,592
Other impairment	9	(116,235)	-
Operating expenses	4	(179,475)	(162,491)
		1,323,311	1,837,362
PROFIT FROM OPERATING ACTIVITIES			
Finance income	7	271,934	314,492
Finance expense	7	(888,600)	(979,032)
		(616,666)	(664,540)
NET FINANCE COSTS			
PROFIT BEFORE TAXATION			
		706,645	1,172,822
Tax expense	8	(106,806)	(178,886)
		599,839	993,936
PROFIT FROM CONTINUING OPERATIONS			
OTHER COMPREHENSIVE INCOME			
Cash flow hedges - effective portion of changes in fair value	13	(993)	(55,806)
Cash flow hedges - reclassified to profit or loss		(3,127)	(3,135)
Movement in fair value of equity investments at FVTOCI		1,057	-
Tax on other comprehensive income		515	7,368
		(2,548)	(51,573)
OTHER COMPREHENSIVE EXPENSE FOR THE YEAR, NET OF TAX			
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			
		597,291	942,363

All income relates to continuing operations. All profits and total comprehensive income for the current and preceding financial year are attributable to the owners of the company. The accompanying notes form an integral part of these financial statements.



P Barrett
Director
Date: 26 May 2026



A Kenny
Director
Date: 26 May 2026

Consolidated Statement of Financial Position as at 31 March 2026

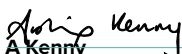
	Note	31 March 2026 US \$'000	31 March 2025 US \$'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	22,477,782	22,417,142
Intangible assets		5,038	3,752
Finance lease and loan receivables	14	343,045	613,909
Investment in associates		12,834	7,783
Lease incentive assets	17	192,143	189,125
Derivative financial instruments	12	7,884	15,258
		<u>23,038,726</u>	<u>23,246,969</u>
CURRENT ASSETS			
Advances to OEMs		232,209	146,180
Assets held for sale	18	964,626	356,902
Finance lease and loan receivables	14	65,415	49,463
Trade and other receivables	15	301,390	344,411
Cash and cash equivalents	16	888,732	717,476
Lease incentive assets	17	51,334	95,879
Derivative financial instruments	12	503	545
		<u>2,504,209</u>	<u>1,710,856</u>
TOTAL ASSETS		<u>25,542,935</u>	<u>24,957,825</u>
EQUITY			
Share capital	24	2,249,513	2,249,513
Other components of equity	25	469,273	471,821
Retained earnings		3,668,910	3,171,221
TOTAL EQUITY		<u>6,387,696</u>	<u>5,892,555</u>
NON-CURRENT LIABILITIES			
Trade and other payables	19	1,216,352	1,088,832
Borrowings	20	14,563,967	14,207,833
Deferred tax liabilities	22	666,431	586,053
Derivative financial instruments	12	17,223	24,103
Subordinated liabilities	23	-	300,000
		<u>16,463,973</u>	<u>16,206,821</u>
CURRENT LIABILITIES			
Liabilities associated with assets held for sale	18	68,753	69,614
Trade and other payables	19	785,998	1,074,634
Borrowings	20	1,836,515	1,714,201
		<u>2,691,266</u>	<u>2,858,449</u>
TOTAL LIABILITIES		<u>19,155,239</u>	<u>19,065,270</u>
TOTAL EQUITY AND LIABILITIES		<u>25,542,935</u>	<u>24,957,825</u>

The accompanying notes form an integral part of these financial statements.


P Barrett

Director

Date: 26 May 2026


A Kenny

Director

Date: 26 May 2026

Company Statement of Financial Position as at 31 March 2026

	Note	31 March 2026 US \$'000	31 March 2025 US \$'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	21,121,031	20,550,212
Intangible assets		5,038	3,752
Finance lease and loan receivables	14	801,002	1,349,394
Investment in subsidiaries	10	1,777,599	1,569,488
Investment in associates		12,834	7,783
Lease incentive assets	17	192,143	189,125
Derivative financial instruments	12	7,884	15,258
		<u>23,917,531</u>	<u>23,685,012</u>
CURRENT ASSETS			
Advances to OEMs		232,209	146,180
Assets held for sale	18	902,329	359,848
Loan receivables	14	98,457	73,962
Trade and other receivables	15	312,825	357,159
Cash and cash equivalents	16	466,177	697,201
Lease incentive assets	17	51,334	95,879
Derivative financial instruments	12	503	545
		<u>2,063,834</u>	<u>1,730,774</u>
TOTAL ASSETS		<u>25,981,365</u>	<u>25,415,786</u>
EQUITY			
Share capital	24	2,249,513	2,249,513
Other components of equity	25	467,306	469,854
Profit or loss account		3,417,457	3,088,166
TOTAL EQUITY		<u>6,134,276</u>	<u>5,807,533</u>
NON-CURRENT LIABILITIES			
Trade and other payables	19	1,043,281	879,700
Borrowings	20	14,564,347	14,221,312
Deferred tax liabilities	22	639,914	559,307
Derivative financial instruments	12	17,223	24,103
Subordinated liabilities	23	-	300,000
		<u>16,264,765</u>	<u>15,984,422</u>
CURRENT LIABILITIES			
Liabilities associated with assets held for sale	18	41,319	69,614
Trade and other payables	19	1,707,094	1,840,016
Borrowings	20	1,833,911	1,714,201
		<u>3,582,324</u>	<u>3,623,831</u>
TOTAL LIABILITIES		<u>19,847,089</u>	<u>19,608,253</u>
TOTAL EQUITY AND LIABILITIES		<u>25,981,365</u>	<u>25,415,786</u>

The accompanying notes form an integral part of these financial statements.



P Barrett
Director
Date: 26 May 2026



A Kenny
Director
Date: 26 May 2026

Consolidated Statement of Changes in Equity as at 31 March 2026

	Note	Share Capital US \$'000	Other Reserves (incl. Share Premium) US \$'000	Cash Flow Hedge Reserve US \$'000	Retained Earnings US \$'000	Total Equity US \$'000
BALANCE AT 31 MARCH 2024		2,249,513	470,555	52,839	2,279,435	5,052,342
Dividend paid		-	-	-	(102,150)	(102,150)
Total comprehensive income						
Profit for the year		-	-	-	993,936	993,936
Other comprehensive expense for the year	25	-	-	(51,573)	-	(51,573)
		-	-	(51,573)	993,936	942,363
BALANCE AT 31 MARCH 2025		2,249,513	470,555	1,266	3,171,221	5,892,555
Dividend paid		-	-	-	(102,150)	(102,150)
Total comprehensive income						
Profit for the year		-	-	-	599,839	599,839
Other comprehensive income/(expense) for the year	25	-	1,057	(3,605)	-	(2,548)
		-	1,057	(3,605)	599,839	597,291
BALANCE AT 31 MARCH 2026		2,249,513	471,612	(2,339)	3,668,910	6,387,696

The accompanying notes form an integral part of these financial statements.

Company Statement of Changes in Equity as at 31 March 2026

	Note	Share Capital US \$'000	Other Reserves (incl. Share Premium) US \$'000	Cash Flow Hedge Reserve US \$'000	Retained Earnings US \$'000	Total Equity US \$'000
BALANCE AT 31 MARCH 2024		2,249,513	468,588	52,839	2,266,276	5,037,216
Dividend paid		-	-	-	(102,150)	(102,150)
Total comprehensive income						
Profit for the year		-	-	-	964,667	964,667
Transferred from merged subsidiaries					(40,627)	(40,627)
Other comprehensive expense for the year	25	-	-	(51,573)	-	(51,573)
		-	-	(51,573)	924,040	872,467
BALANCE AT 31 MARCH 2025		2,249,513	468,588	1,266	3,088,166	5,807,533
Dividend paid		-	-	-	(102,150)	(102,150)
Total comprehensive income						
Profit for the year		-	-	-	432,936	432,936
Transferred from merged subsidiaries					(1,495)	(1,495)
Other comprehensive income/(expense) for the year	25	-	1,057	(3,605)	-	(2,548)
		-	1,057	(3,605)	431,441	428,893
BALANCE AT 31 MARCH 2026		2,249,513	469,645	(2,339)	3,417,457	6,134,276

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 March 2026

	Note	Year ended 31 March 2026 US \$'000	Year ended 31 March 2025 US \$'000
PROFIT BEFORE TAX		706,645	1,172,822
Adjustments for:			
Depreciation of property, plant and equipment	9	581,633	597,717
Impairment of property, plant and equipment	9	10,546	30,553
Amortisation of computer software intangible assets	4	2,018	1,549
Lease incentive asset amortisation	17	65,984	94,971
Credit impairment charge / (credit) on trade debtors	15	8,600	(20,592)
Other impairment	9	116,235	-
Net interest expense		611,656	666,612
Profit on disposal of assets held under operating leases	3	(163,848)	(30,325)
		1,939,469	2,513,307
Increase in receivables		(146,807)	(56,348)
Decrease in payables		(96,036)	(76,342)
CASH GENERATED BY OPERATIONS		1,696,626	2,380,617
Income taxes paid		(28,282)	(66,224)
Interest paid		(632,158)	(662,264)
NET CASH FROM OPERATING ACTIVITIES		1,036,186	1,652,129
INVESTING ACTIVITIES			
Proceeds on disposal of property, plant and equipment		2,587,577	1,897,799
Purchases of property, plant and equipment and advances to OEMs		(3,523,159)	(3,453,315)
Purchases of intangible assets		(3,303)	(1,042)
NET CASH USED IN INVESTING ACTIVITIES		(938,885)	(1,556,558)
FINANCING ACTIVITIES			
Dividends paid		(102,150)	(102,150)
Payments to restricted cash accounts		(5,200)	-
Proceeds from indebtedness		3,045,097	1,862,498
Repayments of indebtedness		(2,870,362)	(2,173,449)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES		67,385	(413,101)
EFFECT OF EXCHANGE RATE CHANGES ON UNRESTRICTED CASH AND CASH EQUIVALENTS		1,370	(596)
NET INCREASE / (DECREASE) IN UNRESTRICTED CASH AND CASH EQUIVALENTS		166,056	(318,126)
UNRESTRICTED CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		717,476	1,035,602
UNRESTRICTED CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	16	883,532	717,476
Unrestricted cash and cash equivalents as above	16	883,532	717,476
Restricted cash as reported	16	5,200	-
Total cash and cash equivalents	16	888,732	717,476

The accompanying notes form an integral part of these financial statements.

Company Statement of Cash Flows

for the year ended 31 March 2026

	Note	Year ended 31 March 2026 US \$'000	Year ended 31 March 2025 US \$'000
PROFIT BEFORE TAX		524,440	1,130,473
Adjustments for:			
Depreciation of property, plant and equipment	9	481,261	447,242
Impairment of property, plant and equipment	9	10,546	26,618
Amortisation of computer software intangible assets	4	2,018	1,549
Impairment of investment in subsidiary	10	125,069	-
Lease incentive asset amortisation	17	65,984	94,971
Credit impairment charge / (credit) on trade debtors	15	11,055	(12,931)
Dividend income		-	(22,000)
Other impairment		116,235	-
Net interest expense		543,578	564,500
Profit on disposal of assets held under operating leases		(135,111)	(20,384)
		1,745,075	2,210,038
Increase in receivables		(251,356)	(193,053)
(Decrease) / increase in payables		(72,845)	161,961
CASH GENERATED BY OPERATIONS		1,420,874	2,178,946
Income taxes paid		(10,314)	(23,766)
Interest paid		(569,333)	(560,920)
NET CASH (USED IN) / FROM OPERATING ACTIVITIES		841,227	1,594,260
INVESTING ACTIVITIES			
Proceeds on disposal of property, plant and equipment		2,335,690	1,361,582
Purchases of property, plant and equipment and advances to OEMs		(3,886,587)	(4,875,572)
Purchases of intangible assets		(3,303)	(1,042)
(Net investment in) / net income from subsidiaries		(338,841)	21,250
Loans repaid by subsidiaries		526,160	1,853,948
NET CASH USED IN INVESTING ACTIVITIES		(1,366,881)	(1,639,834)
FINANCING ACTIVITIES			
Dividends paid		(102,150)	(102,150)
Payments to restricted cash accounts		(5,200)	-
Proceeds from indebtedness		1,803,588	34,988
Repayments of indebtedness		(1,407,889)	(171,343)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES		288,349	(238,505)
EFFECT OF EXCHANGE RATE CHANGES ON UNRESTRICTED CASH AND CASH EQUIVALENTS		1,081	(580)
NET DECREASE IN UNRESTRICTED CASH AND CASH EQUIVALENTS		(236,224)	(284,659)
UNRESTRICTED CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		697,201	981,860
UNRESTRICTED CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	16	460,977	697,201
Unrestricted cash and cash equivalents as above	16	460,977	697,201
Restricted cash as reported	16	5,200	-
Total cash and cash equivalents	16	466,177	697,201

The accompanying notes form an integral part of these financial statements.

Notes to the Consolidated Financial Statements

1 MATERIAL ACCOUNTING POLICIES

SMBC Aviation Capital Limited is a company incorporated and domiciled in Ireland. The address of its registered office is Fitzwilliam 28, Fitzwilliam Street Lower, Dublin 2, Ireland.

a Basis of preparation

The Consolidated Financial Statements have been prepared under the historical cost convention as modified to include the fair valuation of certain financial instruments. The principal accounting policies are set out below.

The Consolidated Financial Statements are prepared in accordance with IFRS accounting standards as adopted by the European Union ("EU") and with those parts of the Companies Act 2014 applicable to companies reporting under IFRS. The financial statements of the Company have been prepared in accordance with IFRS as adopted by the EU and as applied in accordance with the Companies Act 2014 which permits a company that publishes its Company and Group financial statements together to take advantage of the exemption in Section 304(2) of the Companies Act 2014, from presenting to its members its Company income statement and related notes that form part of the approved Company Financial Statements.

The Company's functional currency is the US Dollar, being the currency of the primary economic environment in which the Company operates. The presentation currency for the Group and Company is US Dollar. All financial information presented in US Dollar has been rounded to the nearest thousand US Dollars unless otherwise stated.

The accounts are prepared on a going concern basis and in accordance with IFRS as adopted by the EU.

Comparatives have been restated to ensure more appropriate disclosure where changes in disclosures have occurred in the current year. This includes the separate disclosure of maintenance expenses in the Consolidated Statement of Profit and Loss and Comprehensive Income.

The Group's activities are capital intensive by their nature, and have been funded with a combination of equity and debt capital provided by its shareholders and third-party debt financing. The ability of the Group to continue to operate is dependent upon (among other matters) its ability to meet (i) its debt repayment obligations under the respective loan agreements as set out in note 20 'Borrowings' and (ii) its future aircraft purchases as set out in note 28 'Capital Commitments'. The Group has considerable financial resources (see undrawn facilities as described in note 21 'Financial Risk Management') together with long-term lease contracts with airline operators across different geographic areas (see note 26 'Operating Lease Arrangements as Lessor'). As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain global economic outlook.

In determining the going concern basis of preparation of the financial statements, the Directors have also considered the impact of sanctions on Russia (see note 9 'Property, plant and equipment') and the ongoing conflict in the Middle East. The Directors have considered the cash position, existing equity and resources available to the Group, which, along with related forecasts, provide comfort over the sustainability of the Group and Company.

b Estimates and judgements

The preparation of Financial Statements in conformity with IFRS as adopted by the EU requires management to make use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities as at the reporting date and the reported amount of income and expenses during the reported period.

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

Note 9 - Property, Plant and Equipment:

The material judgements in respect of property, plant and equipment include the identification and subsequent measurement of impairment such as triggers and estimates of cash flow including residual values and discount rates. The discount rate used in the measurement of impairment was 5.7% in the current period. Estimates also include the intervals used (currently 5 years) to determine future market values for the purposes of setting depreciation rates for individual aircraft.

Note 15 – Credit impairment provisions

The Group recognises an expected credit loss for financial assets in accordance with IFRS 9 – Financial Instruments. The material judgements in respect of lease receivables, loan receivables and finance lease receivables include the estimation of both the timing and quantum of expected losses. The Group assigns a credit rating to each counterparty which is determined to be predictive of the probability of default and loss given default, having considered collateral arrangements, relevant external ratings, the financial result and position of the airline customer and the experienced credit judgment of the dedicated credit analyst team.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Although these estimates are based on management's best knowledge of the amount, event or action, actual results may differ from those estimates.

Notes to the Consolidated Financial Statements

(continued)

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

c Basis of consolidation

The Consolidated Financial Statements include the annual Financial Statements of the Company and all of its subsidiaries, drawn up to 31 March 2026. The Group does not have investments in joint ventures as defined in IFRS.

In applying IFRS 10, the standard introduced a single consolidation model for all entities based on control which requires consolidation where the Company has power over the entity, exposure or rights to returns from involvement with the entity and the ability to use power to affect returns. The financial statements of an entity are included in the Consolidated Financial Statements from the date that this control commences until the date that this control ceases.

The Consolidated Financial Statements have been prepared using uniform accounting policies for transactions and other events in similar circumstances.

Subsidiaries

A subsidiary is an entity controlled by the Company. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights that are substantive are taken into account. All subsidiaries have coterminous financial year ends. The accounting policies of all subsidiaries are consistent with the policies adopted by the Group. Intragroup transactions, intragroup balances and any unrealised gains and losses arising from intragroup transactions are eliminated in preparing the Consolidated Financial Statements. All of the Company's subsidiaries are wholly owned by the Company and, as such, there are no non-controlling interests to present separately in the Consolidated Financial Statements.

Common control transactions

Business combinations under common control are accounted for in the consolidated financial statements prospectively from the date the Group obtains the ownership interest. Assets and liabilities are recognised upon consolidation at their carrying amount in the financial statements of the transferor. Assets and liabilities are adjusted, if necessary, to reflect Group accounting policies and any difference between the net assets acquired, based on book values adjusted for accounting policy differences, is reflected in other reserves.

Associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

d Business combinations

Business combinations are accounted for using the acquisition method when control is transferred to the Group. The cost of an acquisition is measured at fair value, as are the identifiable net assets acquired. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually.

e Investment in subsidiaries

Investments in subsidiary undertakings are stated in the Company Statement of Financial Position at cost, less any provision for impairment.

f Income under finance and operating leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance lease income, which includes the amortisation of the investment in the lease, is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

At each reporting date, the Group assesses whether lease receivables are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Loss allowances for lease receivables are deducted from the gross carrying amount of the lease receivable.

Rentals received, but unearned under lease agreements are recorded as 'Prepaid lease rentals' in trade and other payables.

Notes to the Consolidated Financial Statements

(continued)

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

g Lease component assets and liabilities

Aircraft acquired on lease are assessed for the existence of lease component assets and liabilities which are considered to be separate components of aircraft assets. To the extent that lease payments are off-market, they are recognised as either lease component assets or liabilities which are amortised over the remaining lease term.

h Fee income

Arranger fee income earned on the sale and purchase of managed aircraft is recognised on completion of the sale when the aircraft has been accepted by the customer and no further services remain to be completed. Ongoing aircraft management fees are recognised in the accounting period in which the services are rendered.

i Borrowing costs

Borrowing costs attributable to the acquisition of aircraft not yet delivered are capitalised as part of aircraft cost, unless production of an aircraft is deemed to have been suspended, in which case capitalisation is suspended until production resumes in advance of delivery. All other borrowing costs are recognised as an expense in the period in which they are incurred.

j Taxation

Income tax expense or income, comprising current tax and deferred tax, is recorded in the income statement except income tax on items recognised outside the income statement which is credited or charged to other comprehensive income or to equity as appropriate.

Current tax is income tax payable or recoverable in respect of the taxable profit or loss for the period arising in income or in equity. Provision is made for current tax at rates enacted or substantively enacted at the reporting date.

Deferred tax is the tax expected to be payable or recoverable in respect of temporary differences between the carrying amount of an asset or liability for accounting purposes and its carrying amount for tax purposes.

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 they will be recovered. Deferred tax is calculated using tax rates expected to apply in the periods when the assets will be realised or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, at the reporting date.

k Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

i. As a lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group and Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate on the Group and Company's net investment outstanding in respect of the leases.

ii. As a lessee

The Group and Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group and Company's incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate or, as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The Group and Company present lease liabilities in 'trade and other payables' in the statement of financial position.

Notes to the Consolidated Financial Statements

(continued)

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

l Foreign currency

Transactions in foreign currencies are recorded at the rates of exchange prevailing on the dates of the transactions. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing at the date of the transaction. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Gains and losses arising on retranslation are included in the profit or loss for the period.

m Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Assets are depreciated to the Consolidated Statement of Profit or Loss and Other Comprehensive Income over their estimated useful economic lives, as follows:

Aircraft for hire under operating leases

- to the next useful economic life ("UEL") point, maximum of 5 years

Office equipment and fixtures & fittings

- 3 to 10 years from date when brought into use

It is the Group and Company's practice to hold aircraft for an average period of 5 years. Because of this, the Group and Company estimates the future market value (residual value) at 5 year intervals which correspond to UEL points.

Aircraft are depreciated to their residual values. Residual values are determined based on estimated values at the end of the useful lives of the aircraft assets.

Estimated residual values based on contractual return conditions of the aircraft are reviewed at each reporting date. This review includes the expected maintenance condition of the asset and any excess maintenance reserves expected to be available on maturity of the lease. Where estimated residual values are found to have changed significantly, this is recorded prospectively and depreciation charges over the remaining useful life are adjusted to take account of the revised estimate.

The carrying amounts of the Group and Company's aircraft are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Impairment losses are recognised in the profit or loss.

Under IFRS 9, the Group and Company avail of the own-use exemption in relation to certain capital commitments.

n Maintenance component assets

Maintenance component asset represents the value in the difference between the contractual right under the acquired leases (excluding short term) to receive the aircraft in a specified maintenance condition at the end of the lease and the actual physical condition of the aircraft at the date of acquisition. The maintenance component asset is not depreciated, but capitalised to the operating lease asset at the end of the lease.

o Inventory

Inventory consists primarily of engines and airframes which are valued at the lower of cost or market value. Cost is primarily determined using the specific identification method for individual part purchases and on an allocated basis for engines and airframes. Costs are allocated using the relationship of the cost of the engine or airframe to estimated retail sales value at the time of purchase.

p Intangible assets

Intangible assets are initially recognised at cost which is their fair value at the date of acquisition or capitalisation of related staff costs. Subsequently intangible assets are carried at cost less any accumulated amortisation and impairment. Cost is amortised on a straight-line basis over their estimated useful lives which vary from two years to ten years. Carrying values are reviewed for indicators of impairment at each reporting date and are subject to impairment testing when events or changes in circumstances indicate that the carrying values may not be recoverable.

q Impairment of non-financial assets

Long-term tangible and intangible assets that are subject to amortisation or depreciation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use.

Value in use includes cash flow projections of contracted and estimated lease rentals, with probabilities assigned to such cash flows where expected outcomes may vary. When assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets other than goodwill that have suffered impairment losses are reviewed for possible reversal of the impairment at each reporting date.

Notes to the Consolidated Financial Statements

(continued)

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

r Pre-delivery payments

Pre-delivery payments ("PDPs") are recorded in the Consolidated Statement of Financial Position at cost and are not depreciated. Borrowing costs associated with PDPs and aircraft that are yet to be delivered are capitalised as incurred, unless production of an aircraft is deemed to have been suspended, in which case capitalisation is suspended until production resumes in advance of delivery. As aircraft which are subject to PDPs are delivered, all applicable PDPs and financing costs are re-classified to Property, Plant and Equipment. The recoverability of PDPs is assessed as part of the overall impairment review by considering the market value of the aircraft associated with the relevant PDPs paid.

s Non-current assets and liabilities held for sale

Non-current assets (or disposals groups comprising assets and liabilities) that are expected to be recovered primarily through a sale transaction rather than through continuing use are classified as held for sale. Assets classified as held for sale must be available for immediate sale in its present condition and the sale must be highly probable. An asset held for sale is measured at the lower of its carrying amount and fair value less costs to sell.

t Financial instruments

The Group and Company's financial assets are categorised as either 'financial assets measured at amortised cost' or 'financial assets at fair value through the profit or loss'. The appropriate classification is determined based on the contractual cash flow characteristics of the financial asset and the objective of the business model within which the financial asset is held. Financial assets measured at amortised cost include 'loan receivables', 'advances to OEMs', 'trade and other receivables' and 'cash and cash equivalents' in the Consolidated Statement of Financial Position.

Financial assets at fair value through other comprehensive income include investments in equity instruments which are not held for trading. All other financial assets are classified as measured at fair value through profit or loss ("FVTPL").

The Group and Company's financial liabilities are categorised as either 'financial liabilities measured at amortised cost' or 'financial liabilities at fair value through the profit or loss'. Financial liabilities measured at amortised cost includes 'borrowings', 'obligations under finance leases' and 'trade and other payables' in the Consolidated Statement of Financial Position.

A financial asset is recognised in the Consolidated Statement of Financial Position only when the Group becomes party to its contractual provisions. The purchase of financial assets is recognised using trade date accounting. The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers substantially all the risks and rewards of ownership. Financial liabilities are initially recognised at fair value, less, in the case of financial liabilities subsequently carried at amortised cost, transaction costs. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

The Group has recognised the hedging instruments set out in note 13 at fair value, which are exposed to the Secured Overnight Financing Rate ("SOFR"). The Group also has certain floating rate liabilities where the reference rates are linked to SOFR.

u Derivatives and hedge accounting

The Group and Company has entered into various financial instruments (derivatives) to manage foreign exchange and interest rate risk. Derivatives include swaps, forwards and options.

All derivatives are recognised on the Consolidated Statement of Financial Position at their fair value (market value). Market value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The method of recognising the resulting gain or loss on derivatives depends on whether the derivative is designated as a hedging instrument.

Non-hedging derivatives are classified at fair value through the profit or loss. Gains and losses arising from changes in fair value of a non-hedging derivative are recognised as they arise in the Consolidated Statement of Profit or Loss and Other Comprehensive Income under trading income/expense.

The Group and Company designates certain derivatives held for risk management as well as certain non-derivative financial instruments as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, the Group and Company formally documents the relationship between the hedging instruments and hedged items, including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationships. The Group and Company makes an assessment both at the inception of the hedge relationship as well as on an ongoing basis, as to whether the hedging instruments are expected to be highly effective in offsetting the changes in cash flows or fair value of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125%. The Group and Company makes an assessment for a cash flow hedge of a forecast transaction, as to whether the forecast transaction is highly probable to occur and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income in the hedging reserve. The amount recognised in other comprehensive income is reclassified to the profit or loss in the same period as the hedged cash flows affect the profit or loss, and in the same line item in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the profit or loss.

Notes to the Consolidated Financial Statements

(continued)

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

u Derivatives and hedge accounting (continued)

When a derivative is designated as the hedging instrument in a fair value hedge, changes in fair value are recorded in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, together with any changes in fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedging derivative expires or is sold, terminated, or exercised, or the hedge no longer meets the criteria for cash flow hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. In a discontinued hedge of a forecast transaction the cumulative amount recognised in Other Comprehensive Income from the period when the hedge was effective is reclassified from other comprehensive income to profit or loss as a reclassification adjustment when the forecast transaction occurs and affects profit or loss. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is reclassified immediately to the profit or loss as a reclassification adjustment. If the criteria for hedge accounting cease to be met in relation to a fair value hedge, no further adjustments are made to the hedged item for fair value changes attributable to the hedged risk. The cumulative adjustment to the carrying amount of a hedged item is amortised to profit or loss over the period to maturity using the effective interest method.

Determination of fair values of derivative financial instruments and financial liabilities in fair value hedge relationships

Derivative fair values are determined from quoted prices in active markets where available. Where there is no active market for an instrument, fair value is derived from prices for the derivative's components using appropriate pricing or valuation models. The Group and Company's pricing and valuation methods are managed in conjunction with Sumitomo Mitsui Banking Corporation Capital Markets Inc.

The current pricing models do not entail material subjectivity because the methodologies utilised do not incorporate significant judgement and the parameters included in the models can be calibrated to actively quoted market prices. Values established from pricing models are adjusted for credit risk and liquidity risk.

v Provisions

A provision is recognised if, as a result of a past event, the Group and Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

w Amounts receivable under finance leases

A finance lease is recognised when there is a contractual right to the asset's cash flows and derecognised when all contractual rights and obligations expire. Amounts due from lessees under finance leases are recorded as receivables at the amount of the net investment in the leases. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

Progress payments made prior to the commencement of the primary lease are included at cost together with the amount of any interest charged on such payments.

x Loans receivable and advances to OEMs

Loan receivables and advances to OEMs are measured on initial recognition at fair value, and subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for expected credit losses are recognised in the profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

y Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

z Restricted cash

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

aa Lease incentive accounting

A lessor contribution liability is established at the commencement of the lease representing the best estimate of the contractually obligated contribution. In addition, a lease incentive asset is recognised for this amount, and it is amortised over the life of the associated lease as a charge against maintenance income.

Lessor contributions represent contractual obligations on the part of the Group and Company to contribute to the lessee's cost of the next planned major maintenance events, expected to occur during the lease.

Notes to the Consolidated Financial Statements

(continued)

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

bb Obligations under finance leases

Assets held under finance leases are recognised as assets of the Group and Company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease in accordance with the accounting policy applicable to that asset. The corresponding liability to the lessor is included in the Consolidated Statement of Financial Position as a finance lease payable obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

cc Maintenance reserves

All cash maintenance reserves collected under the lease agreements are recognised on the Consolidated Statement of Financial Position. At the end of the lease any excess is taken to revenue. Excess supplemental income from maintenance reserve is only recognised as revenue in the income statement when the Group and Company settles the full obligation in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets.

dd Maintenance expenses

All cash maintenance reserves collected under the lease agreements are recognised on the Consolidated Statement of Financial Position (see "Maintenance reserves") which subsequently can be drawn on to pay for certain maintenance events. Expenditure for maintenance and repairs, unless drawn from maintenance reserves, is charged to the Consolidated Statement of Profit or Loss and Comprehensive Income as maintenance expenses. Any costs associated with lease transitions or lease extensions will be capitalised on to the asset.

ee Pensions

Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit or loss as the related service is received from the employee.

ff Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

gg Profit from operating activities

Operating profit is stated before charging or crediting investment income and finance costs.

hh Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

ii New standards adoption and amendments to IFRS

The following new standard approved by the IASB has been applied in preparing these financial statements:

- Lack of Exchangeability (Amendments to IAS 21)

This standard had no impact on the Group.

The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Other standards, amendments to standards and interpretations not yet effective

The following amended standards and interpretations approved by the IASB will be relevant to the Group and Company, but were not effective at 31 March 2026, and have not been applied in preparing these financial statements:

- Presentation and Disclosure in Financial Statements (Amendments to IFRS 18)
- Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures
- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements;
- IAS 7 Statement of Cash flows;
- IFRS 19 Subsidiaries without Public Accountability: Disclosures; and
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures.

The Group is currently considering the impact of these amended standards and interpretations.

Notes to the Consolidated Financial Statements (continued)

2 REVENUE

	Year ended 31 March 2026 US \$'000	Year ended 31 March 2025 US \$'000
Operating lease revenue		
Lease rentals	1,939,463	1,978,218
Lease incentive amortisation (note 17)	(65,984)	(94,971)
Maintenance income	129,780	79,480
Lease revenue	2,003,259	1,962,727
Fee income		
Aircraft management fees	5,260	9,600
Other revenue	5,260	9,600
	2,008,519	1,972,327

Maintenance income includes redelivery payments received during the period, which increased compared to the prior period due to a higher level of redelivery activity.

Maintenance expenses include expenditure for maintenance and repairs not capitalised to the relevant asset.

Maintenance expenses	30,570	28,175
Included in operating lease revenue above are the following amounts:		
Contingent rentals	22,301	34,677

The contingent element relates to lease rentals that are variable based on market interest rates and certain lease amendment agreements. The rates can be in the favour of the lessee or the Group depending on the contract and prevailing market rates.

	Year ended 31 March 2026 US \$'000	Year ended 31 March 2026 %	Year ended 31 March 2025 US \$'000	Year ended 31 March 2025 %
Distribution of lease rentals by geographical region:				
Emerging Asia	541,110	27.9	532,141	26.9
South America	320,011	16.5	308,602	15.6
Developed Europe	407,287	21.0	371,905	18.8
Emerging Europe	118,307	6.1	90,998	4.6
Developed Asia	174,552	9.0	197,822	10.0
Middle East & Africa	147,399	7.6	181,996	9.2
North America	230,797	11.9	294,754	14.9
	1,939,463	100.0	1,978,218	100.0

The basis for disclosing distribution of lease rentals by geographical region is that the portfolio is managed by region rather than by country.

3 OTHER OPERATING INCOME

	Year ended 31 March 2026 US \$'000	Year ended 31 March 2025 US \$'000
Profit on disposal of property, plant and equipment	163,848	30,325
Other operating income	78,003	633,054
	241,851	663,379

Profit on disposal of property, plant and equipment increased in the current period due to higher aircraft trading activity.

Other operating income in the current period included insurance proceeds received in the first half of the financial year in respect of an aircraft that sustained significant damage during heavy landing resulting in a total loss being declared after assessment by relevant insurance assessors. Other operating income in the current period also includes insurance settlement proceeds of \$24.0 million (year ended 31 March 2025: \$630.0 million (note 9)) received or recognised in respect of aircraft previously leased to certain Russian airlines.

Notes to the Consolidated Financial Statements (continued)

4 OPERATING EXPENSES

	Year ended 31 March 2026 US \$'000	Year ended 31 March 2025 US \$'000
Administration expenses	(177,457)	(160,942)
Amortisation of computer software intangible assets	(2,018)	(1,549)
	<u>(179,475)</u>	<u>(162,491)</u>

Operating expenses increased during the year due to higher staff costs (note 6).

5 PROFIT FROM OPERATING ACTIVITIES

	Year ended 31 March 2026 US \$'000	Year ended 31 March 2025 US \$'000
Operating profit has been arrived at after charging:		
Depreciation	581,633	597,717
Asset impairment	10,546	30,553
Credit impairment charge / (credit)	8,600	(20,592)
Other impairment	116,235	-
Group service fee	5,451	5,672
Auditors remuneration	2,454	1,721
Staff costs (note 6)	107,677	95,033
Other operating expenses	64,648	60,887
Foreign exchange loss / (gain)	5,406	(1,589)
	<u></u>	<u></u>
Auditors remuneration:		
Audit of the Group financial statements	892	645
Audit of the Subsidiary financial statements	372	259
Other assurance services	211	188
Other non-audit services	-	-
Tax advisory services	979	629
	<u>2,454</u>	<u>1,721</u>
Of which related to the Company	<u>1,744</u>	<u>1,184</u>

6 STAFF COSTS

	Year ended 31 March 2026 US \$'000	Year ended 31 March 2025 US \$'000
Staff costs	90,772	80,951
Social security costs	9,766	8,384
Other pension costs	7,139	5,698
	<u>107,677</u>	<u>95,033</u>

Staff costs increased due to higher staff numbers, while no staff costs were capitalised during the year (year ended 31 March 2025: \$nil). The average number of people in the organisation during the financial year was 309 (2025: 280), consisting of both direct employees and representatives, of which 104 staff members were dedicated to commercial & strategy functions (2025: 96), 61 to operational (2025: 59) and the remainder to finance, compliance and other support functions.

Notes to the Consolidated Financial Statements (continued)

7 NET FINANCE COSTS

	Year ended 31 March 2026 US \$'000	Year ended 31 March 2025 US \$'000
Finance income:		
Interest income on swaps	194,336	235,742
Interest income on finance lease and loan receivables	47,389	55,751
Interest income on deposits	30,209	22,999
Total interest income	271,934	314,492
Finance expense:		
Interest expense on swaps	(170,556)	(175,242)
Interest expense on borrowings	(711,891)	(794,180)
Less: Interest capitalised to the cost of aircraft (see note 20)	39,780	35,325
Bank charges, guarantee & other fees on borrowings	(45,933)	(44,935)
Total interest expense and related charges	(888,600)	(979,032)
Net interest expense	(616,666)	(664,540)

Interest expense on borrowings is disclosed net of break gains related to derivatives and liability management of \$56.5 million (year ended 31 March 2025: \$58.4 million).

8 TAXATION

	Year ended 31 March 2026 US \$'000	Year ended 31 March 2025 US \$'000
a ANALYSIS OF TAX CHARGE FOR THE YEAR		
Current tax charge:		
- Current year	13,746	48,013
- Pillar Two top-up tax	11,837	28,958
	25,583	76,971
Deferred tax - origination and reversal of temporary differences:		
- Current year	81,223	101,915
Tax charge	106,806	178,886
b FACTORS AFFECTING THE TAX CHARGE FOR THE YEAR		
Profit before taxation	706,645	1,172,822
Corporation tax using Group domestic tax rate (12.5%)	88,331	146,603
Other permanent differences	892	6,091
Non taxable income	-	(23)
Expenses not deductible for tax reasons	4,179	512
Impact of tax rate difference in foreign jurisdictions	(117)	(835)
Pillar Two top-up tax	11,837	28,958
Prior year under / (over) provision	1,684	(2,420)
Tax charge	106,806	178,886

On 15 December 2022, the Council of the European Union formally adopted the OECD's Pillar Two Directive. The EU Minimum Tax Directive implements a minimum 15% tax rate on certain multinational enterprises in line with the OECD's Pillar Two Model Rules. Ireland has enacted the EU Minimum Tax Directive into domestic legislation and the Company is in scope from the year ended 31 March 2025. The Company recognised a current tax expense of \$11.8 million in respect of the Pillar Two top-up tax (year ended 31 March 2025: \$28.9 million) in this regard. Additional guidance is expected from the OECD on the operation of Pillar Two and this could impact the Company's future effective tax rate. The Company has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Notes to the Consolidated Financial Statements (continued)

9 PROPERTY, PLANT AND EQUIPMENT

	Group Aircraft for hire under operating leases US \$'000	Group Pre- Delivery Payments US \$'000	Group Office equipment and fixtures & fittings US \$'000	Group Right-of-use assets US \$'000	Group Total US \$'000
COST					
At 1 April 2024	23,910,782	1,112,334	45,504	87,890	25,156,510
Additions	3,160,579	302,648	1,569	-	3,464,796
Transfers	252,008	(252,008)	-	-	-
Written off	-	-	(3,617)	(28,123)	(31,740)
Disposals	(2,128,912)	-	-	-	(2,128,912)
Transfer to assets held for sale (see note 18)	(499,431)	-	-	-	(499,431)
At 31 March 2025	24,695,026	1,162,974	43,456	59,767	25,961,223
Additions	3,161,346	519,116	718	1,249	3,682,429
Transfers	340,493	(340,493)	-	-	-
Written off	-	-	(9,615)	-	(9,615)
Disposals	(1,769,609)	-	-	-	(1,769,609)
Transfer to assets held for sale (see note 18)	(2,016,535)	-	-	-	(2,016,535)
At 31 March 2026	24,410,721	1,341,597	34,559	61,016	25,847,893
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At 1 April 2024	3,472,485	-	12,800	16,959	3,502,244
Charge for the year	589,813	-	3,676	4,228	597,717
Impairment charge for the year	30,553	-	-	-	30,553
Written off	-	-	-	(9,549)	(9,549)
Disposals	(423,878)	-	-	-	(423,878)
Transfer to assets held for sale (see note 18)	(153,006)	-	-	-	(153,006)
At 31 March 2025	3,515,967	-	16,476	11,638	3,544,081
Charge for the year	574,110	-	3,827	3,696	581,633
Impairment charge for the year	10,546	-	-	-	10,546
Written off	-	-	(9,615)	-	(9,615)
Disposals	(382,891)	-	-	-	(382,891)
Transfer to assets held for sale (see note 18)	(373,643)	-	-	-	(373,643)
At 31 March 2026	3,344,089	-	10,688	15,334	3,370,111
CARRYING AMOUNT					
Net Book Value at 31 March 2026	21,066,632	1,341,597	23,871	45,682	22,477,782
Net Book Value at 31 March 2025	21,179,059	1,162,974	26,980	48,129	22,417,142

9(a) Asset impairment

During the year, assets in the Group with a carrying value of \$357.3 million (year ended 31 March 2025: \$663.1 million) and average age of 10.9 years (year ended 31 March 2025: 10.2 years) were assessed for impairment as evidence existed that suggested the economic performance of the aircraft is or will be worse than expected. Impairment was measured by determining the recoverable amount for each aircraft, being the higher of its (i) fair value less costs to sell and (ii) value in use, being the present values of cashflows from the leases attached to the aircraft (including as restructured lease cash flows related to aircraft where lessees were in default or restructuring processes) and the expected residual values from the realisation of the aircraft at lease-end when discounted at a rate of 5.7% (year ended 31 March 2025: 6%).

Notes to the Consolidated Financial Statements (continued)

9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The carrying amount before impairment of these aircraft of \$367.9 million (year ended 31 March 2025: \$693.7 million) was determined to be higher than the value in use, maintenance adjusted current market value or fair value less costs to sell of \$357.3 million (year ended 31 March 2025: \$663.1 million) and an impairment loss of \$10.5 million (year ended 31 March 2025: \$30.6 million) was recognised during the year. The current and prior year charges related to aircraft where the net book values were in excess of either its respective value in use or maintenance adjusted current market value as set out below.

Value in use includes cash flow projections of contracted and estimated lease rentals in line with market participant expectations, including reduced lease rentals for airlines that have entered restructuring processes. In certain instances these cash flow projections may also include potential cash outflows in respect of near-term scheduled maintenance events. Cash flow assumptions applied for these lease restructurings and for customers with ongoing restructuring negotiations, have been assessed and the highly probable outcomes have been included in line with the customer specific circumstances. If future cash flows were to deviate from current negotiations to worst-case cash flows at market rates, the impact on impairment would be deemed not material. Residual values are projected based on management's view of expected return conditions of the aircraft which is based on current or expected lease redelivery conditions, or in the case of potential repossessions on an 'as is' physical condition. The impairment loss recognised takes account of both the value in use and the maintenance adjusted current market value of the relevant aircraft.

The factors considered in estimating the future cash flows are impacted by changes in contracted lease rates, future projected lease rates, transition costs, estimated time on the ground, estimated residual values, economic conditions, technology and airline demand for particular aircraft variants. These estimated cashflows were discounted at 5.7% (year ended 31 March 2025: 6%) per annum.

A sensitivity analysis was performed to determine the potential impact of the below movements in the various risk variables:

- 0.5% increase in the discount rate used
- 5% decrease in the future lease rental cashflows of each aircraft
- 5% decrease in the residual value of aircraft at end of its useful economic life
- 3 month increase in the estimated time on the ground between leases

None of the above movements in risk variables would have resulted in a material impact on the impairment charge for property, plant and equipment for the current or prior year.

The value of lease and maintenance component assets included in above is \$1.20 billion (31 March 2025: \$1.48 billion). These lease and maintenance component assets arose from the purchase of second hand aircraft and the Goshawk acquisition and are accounted for in accordance with our policy as set out in note 1(g). There were no assets subject to obligations under finance leases at 31 March 2026 or 31 March 2025.

At 31 March 2026 the Group owned 492 aircraft, including aircraft classified as finance lease and loan receivables. The Group has 16 aircraft off-lease at year-end and 13 aircraft on lease which are scheduled to complete their lease term within the next twelve months. There were 27 aircraft held for sale at 31 March 2026 (31 March 2025: ten).

9(b) Other impairment

The CGU for a number of aircraft subject to restructuring was determined to comprise the aircraft together with the associated prepayments and liabilities. Following an impairment assessment of this CGU (discount rate of 5.7%), an impairment charge of \$116.2 million was recognised in respect of maintenance costs.

The Group recognised a write off of \$1.62 billion in the year ended 31 March 2022, representing 100% of the carrying value of the 34 aircraft lost in Russia. Those aircraft were the subject of litigation commenced in the Irish Courts and some of the aircraft are also the subject of litigation before the UK Courts.

During the current year ended 31 March 2026, as well as the years ended 31 March 2025 and 31 March 2024, the Group received insurance settlement proceeds (see note 3) in respect of certain of its aircraft previously leased to certain Russian airlines totalling \$1.41 billion. The amounts represent settlements of the Group's insurance claims (i) under the relevant airlines' insurance and reinsurance policies relating to relevant aircraft and associated engines and (ii) under the Group's own insurance policies relating to relevant aircraft and associated engines. The insurance settlements and receipt of the insurance settlement proceeds were carried out in full compliance with all applicable laws, sanctions and regulations and have been approved by the U.S. Department of Commerce and the U.S. Department of the Treasury.

Notes to the Consolidated Financial Statements (continued)

9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Company Aircraft for hire under operating leases US \$'000	Company Pre- Delivery Payments US \$'000	Company Office equipment and fixtures & fittings US \$'000	Company Right-of-use assets US \$'000	Company Total US \$'000
COST					
At 1 April 2024	19,590,600	1,112,334	45,487	87,436	20,835,857
Additions	4,581,502	302,648	1,569	-	4,885,719
Transfers	252,008	(252,008)	-	-	-
Written off	-	-	(3,617)	(27,669)	(31,286)
Disposals	(1,456,133)	-	-	-	(1,456,133)
Transfer to assets held for sale (see note 18)	(502,897)	-	-	-	(502,897)
At 31 March 2025	22,465,080	1,162,974	43,439	59,767	23,731,260
Additions	3,359,406	519,116	670	339	3,879,531
Transfers	340,493	(340,493)	-	-	-
Written off	-	-	(9,615)	-	(9,615)
Disposals	(1,586,288)	-	-	-	(1,586,288)
Transfer to assets held for sale (see note 18)	(1,943,802)	-	-	-	(1,943,802)
At 31 March 2026	22,634,889	1,341,597	34,494	60,106	24,071,086
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At 1 April 2024	3,142,965	-	12,783	16,512	3,172,260
Charge for the year	439,346	-	3,676	4,220	447,242
Impairment charge for the year	26,618	-	-	-	26,618
Written off	-	-	-	(9,094)	(9,094)
Disposals	(302,452)	-	-	-	(302,452)
Transfer to assets held for sale (see note 18)	(153,526)	-	-	-	(153,526)
At 31 March 2025	3,152,951	-	16,459	11,638	3,181,048
Charge for the year	473,975	-	3,820	3,467	481,262
Impairment charge for the year	10,546	-	-	-	10,546
Written off	-	-	(9,615)	-	(9,615)
Disposals	(339,023)	-	-	-	(339,023)
Transfer to assets held for sale (see note 18)	(374,163)	-	-	-	(374,163)
At 31 March 2026	2,924,286	-	10,664	15,105	2,950,055
CARRYING AMOUNT					
Net Book Value at 31 March 2026	19,710,603	1,341,597	23,830	45,001	21,121,031
Net Book Value at 31 March 2025	19,312,129	1,162,974	26,980	48,129	20,550,212

Notes to the Consolidated Financial Statements (continued)

10 INVESTMENT IN SUBSIDIARIES - COMPANY

	31 March 2026 US \$'000	31 March 2025 US \$'000
At cost	1,777,599	1,569,488

The Company's significant subsidiary undertakings, the capital of which consists of ordinary shares, are shown below. All share capital is wholly owned.

Owned by the Company:	Nature of business:	Country of incorporation:
SMBC Aviation Capital Ireland Leasing 3 Limited (1)	Leasing	Ireland
SMBC Aviation Capital Finance Designated Activity Company (1)	Debt issuance	Ireland
SMBC Aviation Capital Management Limited (2)	Leasing	Ireland
SMBC Aviation Capital Hong Kong Limited (3)	Leasing	China
SMBC Aviation Capital Hong Kong 3 Limited (3)	Leasing	China

Registered addresses of entities above, denoted by reference attached to each entity name:

- 1) Fitzwilliam 28, Fitzwilliam Street Lower, Dublin 2, Ireland
- 2) 32 Molesworth Street, Dublin 2, Ireland
- 3) 31 & 32/F, Hysan Place, 500 Hennessy Road, Causeway Bay, Hong Kong

Movements during the year:	US \$'000
At 1 April 2024	1,572,278
Addition during the year	16,905
Subsidiaries merged during the period	(19,695)
At 31 March 2025	1,569,488
Addition during the year	334,675
Impairment in value during the year	(125,069)
Subsidiaries merged during the period	(1,495)
At 31 March 2026	1,777,599

The Company received no dividend from subsidiary companies during the year (2025: \$22.0 million).

During the year ended 31 March 2026 a number of subsidiaries of the Company were merged into the Company, with associated asset, liability and retained earnings balances absorbed into the Company's existing respective balances. A subsequent assessment of the Company's investment in subsidiaries resulted in a reduction in carrying value of these investments of \$125.1 million (2025: \$nil).

Notes to the Consolidated Financial Statements (continued)

11 FINANCIAL INSTRUMENTS

The carrying value and fair value of the Group's financial assets and liabilities by class and category are summarised below:

	Group Carrying Value US \$'000	Group Fair Value US \$'000	Company Carrying Value US \$'000	Company Fair Value US \$'000
At 31 March 2026				
Financial assets at fair value through profit or loss				
Derivative financial instruments	8,387	8,387	8,387	8,387
Financial assets measured at amortised cost				
Advances to OEMs	232,209	232,209	232,209	232,209
Finance lease and loan receivables	408,460	411,789	899,459	1,044,184
Trade and other receivables	301,390	301,390	312,825	312,825
Cash and cash equivalents	888,732	888,732	466,177	466,177
Financial assets	1,839,178	1,842,507	1,919,057	2,063,782
Financial liabilities at fair value through profit or loss				
Derivative financial instruments	17,223	17,223	17,223	17,223
Financial liabilities measured at amortised cost				
Trade and other payables	2,071,103	2,071,103	2,791,694	2,791,694
Borrowings	16,400,482	15,860,672	16,398,258	15,860,672
Financial liabilities	18,488,808	17,948,998	19,207,175	18,669,589
At 31 March 2025				
Financial assets at fair value through profit or loss				
Derivative financial instruments	15,803	15,803	15,803	15,803
Financial assets measured at amortised cost				
Advances to OEMs	146,180	146,180	146,180	146,180
Finance lease and loan receivables	663,372	663,460	1,423,356	1,588,134
Trade and other receivables	344,411	344,411	357,159	357,159
Cash and cash equivalents	717,476	717,476	697,201	697,201
Financial assets	1,887,242	1,887,330	2,639,699	2,804,477
Financial liabilities at fair value through profit or loss				
Derivative financial instruments	24,103	24,103	24,103	24,103
Financial liabilities measured at amortised cost				
Trade and other payables	2,233,080	2,233,080	2,789,330	2,789,330
Borrowings	15,922,034	15,670,495	15,935,513	15,704,725
Subordinated liabilities	300,000	293,353	300,000	293,353
Financial liabilities	18,479,217	18,221,031	19,048,946	18,811,511

The Group's financial instruments that are both carried at fair value and for which fair value is disclosed are categorised by the level of fair value hierarchy. The different levels are based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement. The levels have been defined as follows:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 Unobservable inputs for the asset or liability

The valuation techniques and significant inputs used in determining the fair values for financial assets and liabilities classified as Level 2 are as follows:

- The financial instruments at fair value through profit or loss, being the assets and liabilities shown as above, all fall within Level 2. Fair values are estimated based on a discounted cash flow analysis using observable market inputs.
- Cash and cash equivalents - the fair value of cash and cash equivalents is considered to be approximately equal to their carrying amount as the components are highly liquid.
- Finance lease and loan receivables measured at amortised cost all fall within Level 2. Fair values are estimated based on a discounted cash flow analysis using observable market inputs.
- Advances to OEMs measured at amortised cost all fall within Level 2. Fair values are estimated based on a discounted cash flow analysis using observable market inputs.
- Obligations under finance leases, Borrowings and Subordinated liabilities fall within Level 2. Fair values are estimated based on a discounted cash flow analysis using observable market inputs.
- The remaining financial assets and liabilities measured at amortised cost all fall within Level 2. Fair values are estimated on the basis that the carrying value has been determined to be a good approximation of fair value.

Notes to the Consolidated Financial Statements (continued)

12 DERIVATIVES AT FAIR VALUE

All derivatives held at the reporting date are with Sumitomo Mitsui Banking Corporation Capital Markets Inc., and are in US Dollars only. All derivatives entered into are for hedging purposes and are carried at fair value. Those derivatives that do not meet IFRS 9 hedge accounting criteria are held for economic hedging purposes. The value of derivatives designated as cash flow hedge relationships is \$8.8 million (2025: \$8.3 million). The value of derivative assets designated as fair value hedge relationships is \$nil (2025: \$nil). The total amount of the change in fair value estimated in the profit or loss during the period was \$nil (2025: \$nil) in respect of certain ineffective cashflow hedges and a \$nil (2025: \$nil) in respect of certain ineffective fair values hedges.

	Group Notional Contract US \$'000	Group Fair values		Company Notional Contract US \$'000	Company Fair values	
		Assets US \$'000	Liabilities US \$'000		Assets US \$'000	Liabilities US \$'000
At 31 March 2026						
Derivatives designated as hedging instruments in cash flow hedges						
Interest rate swaps	3,099,731	8,387	(17,223)	3,099,731	8,387	(17,223)
Total	3,099,731	8,387	(17,223)	3,099,731	8,387	(17,223)
At 31 March 2025						
Derivatives designated as hedging instruments in cash flow hedges						
Interest rate swaps	3,629,474	15,803	(24,103)	3,629,474	15,803	(24,103)
Total	3,629,474	15,803	(24,103)	3,629,474	15,803	(24,103)
Summary						
		Group 31 March 2026 US \$'000	Group 31 March 2025 US \$'000		Company 31 March 2026 US \$'000	Company 31 March 2025 US \$'000
Assets due within one year		503	545		503	545
Assets due after one year		7,884	15,258		7,884	15,258
Liabilities due within one year		-	-		-	-
Liabilities due after one year		(17,223)	(24,103)		(17,223)	(24,103)
Total		(8,836)	(8,300)		(8,836)	(8,300)

Notes to the Consolidated Financial Statements (continued)

13 HEDGE ACCOUNTING

The Group and Company uses interest rate swaps to hedge the interest rate risks arising from receipt of variable interest receivables on leases.

The fair values of derivatives designated as cash flow hedges are as follows:

Group & Company

At 31 March 2026	Notional contract amount US \$'000	Fair values	
		Assets US \$'000	Liabilities US \$'000
Derivatives designated as hedging instruments in cash flow hedges			
Interest rate swaps	3,099,731	8,387	(17,223)
	<u>3,099,731</u>	<u>8,387</u>	<u>(17,223)</u>
At 31 March 2025			
Derivatives designated as hedging instruments in cash flow hedges			
Interest rate swaps	3,629,474	15,803	(24,103)
	<u>3,629,474</u>	<u>15,803</u>	<u>(24,103)</u>

The time periods in which the hedge cash flows are expected to occur and affect the Statement of Profit or Loss and Comprehensive Income are as follows:

At 31 March 2026	Less than 1 year US \$'000	In the 2nd year US \$'000	3 to 5 years US \$'000	Over 5 years US \$'000
Cash inflows	154,206	115,176	49,470	3,981
Cash outflows	(156,861)	(120,880)	(50,717)	(3,914)

During the financial year ended 31 March 2026, \$0.1 million (2025: \$55.8 million) was recognised in the Statement of Profit or Loss and Comprehensive Income relating to the effective portion of cash flow hedges. There was no amount recognised as hedge ineffectiveness in the Statement of Profit or Loss and Comprehensive Income (2025: \$nil).

Analysis of effective portion of changes in fair value of cash flow hedges

	Group Year ended 31 March 2026 US \$'000	Group Year ended 31 March 2025 US \$'000	Company Year ended 31 March 2026 US \$'000	Company Year ended 31 March 2025 US \$'000
Derivatives in place for the full year	351	24,887	351	24,887
Derivatives matured during the year	(1,002)	(72,051)	(1,002)	(72,051)
Derivatives entered into during the year	(342)	(8,642)	(342)	(8,642)
Effective portion of changes in fair value of cash flow hedges	<u>(993)</u>	<u>(55,806)</u>	<u>(993)</u>	<u>(55,806)</u>
Tax effect	124	6,976	124	6,976
	<u>(869)</u>	<u>(48,830)</u>	<u>(869)</u>	<u>(48,830)</u>

Notes to the Consolidated Financial Statements (continued)

14 FINANCE LEASES AND LOAN RECEIVABLES

	Group 31 March 2026 US \$'000	Group 31 March 2025 US \$'000	Company 31 March 2026 US \$'000	Company 31 March 2025 US \$'000
Current				
Fixed rate receivables				
Finance leases	32,035	6,924	1,244	3,175
Loan receivables	-	-	22,544	2,523
Floating rate receivables				
Loan receivables	33,380	42,539	74,669	68,264
	65,415	49,463	98,457	73,962
Non-current				
Fixed rate receivables				
Finance leases	24,787	51,385	24,757	20,564
Loan receivables	-	-	189,844	140,177
Floating rate receivables				
Loan receivables	318,258	562,524	586,401	1,188,653
	343,045	613,909	801,002	1,349,394
Total finance lease and loan receivables	408,460	663,372	899,459	1,423,356
	Group 31 March 2026 US \$'000	Group 31 March 2025 US \$'000	Company 31 March 2026 US \$'000	Company 31 March 2025 US \$'000
The maturity analysis of finance lease receivables, including the undiscounted lease payments to be received are as follows:				
Less than 1 year	36,039	7,354	2,213	982
1-2 years	2,976	34,739	2,474	2,394
2-3 years	2,858	2,676	2,474	2,676
3-4 years	2,858	2,676	2,474	2,676
4-5 years	2,858	2,676	2,474	2,676
5+ years	21,308	22,301	18,443	22,301
Total undiscounted lease payments receivable	68,897	72,422	30,552	33,705
Unearned finance income	(12,075)	(14,113)	(4,551)	(9,966)
Net investment in finance leases	56,822	58,309	26,001	23,739

Finance income in the period on the net investment in leases and loan receivables totalled \$47.4 million (31 March 2025: \$55.8 million; see note 7).

Finance lease receivables - Group:

The Group has entered into lease arrangements as a lessor that are considered to be finance leases. The Group leases two aircraft for which substantially all of the risks and rewards of ownership have transferred, resulting in the classification of these arrangements as finance leases. Collateral for these finance leases are the relevant leased aircraft.

Finance lease receivables - Company:

The Company has also entered into a small number of sub-leases as lessor that are considered to be finance leases. These sub-leases represent components of properties surplus to the Group's own requirements.

Loan receivables - Group:

The Group acquired 11 aircraft in recent years, which were placed with airline customers. These leases do not meet the definition of a lease under IFRS 16 and therefore the amounts are classified as loan receivables.

Loan receivables - Company:

Loans receivable by the Company consist of funding provided to its subsidiary undertakings in the normal course of their leasing activities and are considered fully recoverable.

The expected credit loss of the Group's finance lease and loan receivables is assessed based on historic loss rates and the carrying value of the finance lease receivable net of collateral held. No material expected credit loss has been recognised on the Group's finance lease and loan receivables.

Notes to the Consolidated Financial Statements (continued)

15 TRADE AND OTHER RECEIVABLES

	Group 31 March 2026 US \$'000	Group 31 March 2025 US \$'000	Company 31 March 2026 US \$'000	Company 31 March 2025 US \$'000
Trade debtors	27,304	33,733	22,757	14,828
Deferred lease receivables	32,227	35,815	19,163	26,944
Credit impairment provisions	(9,509)	(6,193)	(5,399)	(6,193)
Net lease receivables	50,022	63,355	36,521	35,579
Amounts due from parent group undertakings	39,648	26,478	79,494	83,645
Prepayments	130,836	94,259	118,262	75,750
Other debtors	80,884	160,319	78,548	162,185
	301,390	344,411	312,825	357,159
Age analysis of trade debtors				
Less than one month	13,125	7,091	11,858	6,081
One to two months	2,401	2,105	2,810	2,153
More than two months	11,778	24,537	8,089	6,594
	27,304	33,733	22,757	14,828

Net lease receivables have decreased during the period due to the continued improvement in payment performance by airlines. The credit impairment charge in the current period of \$8.6 million (year ended 31 March 2025: reversal of \$20.6 million) reflects ongoing operations, negated by the re-entry of one of our airline customers into bankruptcy protection proceedings. The credit impairment charge is determined by classifying lessees into four categories with an appropriate provision percentage ascribed to each category depending on payment performance (note 21(d)).

Other debtors include inventory of engines and airframes totalling \$27.0 million (31 March 2025: \$3.8 million).

16 CASH AND CASH EQUIVALENTS

	Group 31 March 2026 US \$'000	Group 31 March 2025 US \$'000	Company 31 March 2026 US \$'000	Company 31 March 2025 US \$'000
Bank account	22,229	32,728	17,233	12,453
Bank account with parent group undertakings	5,280	5,337	5,280	5,337
Short-term deposits with parent group undertakings	861,223	679,411	443,664	679,411
	888,732	717,476	466,177	697,201
Restricted cash	(5,200)	-	(5,200)	-
Cash and cash equivalents net of restricted cash	883,532	717,476	460,977	697,201

Notes to the Consolidated Financial Statements (continued)

17 LEASE INCENTIVE ASSETS

	Group 31 March 2026 US \$'000	Group 31 March 2025 US \$'000	Company 31 March 2026 US \$'000	Company 31 March 2025 US \$'000
Lease incentive assets	285,004	219,968	285,004	219,968
Amortised during the year (note 2)	(65,984)	(94,971)	(65,984)	(94,971)
Additions of lease incentive assets	105,343	194,964	105,343	194,964
Release of lease incentive assets on disposal of aircraft	(61,582)	(24,481)	(61,582)	(24,481)
Transfer to assets held for sale (note 18)	(19,304)	(10,476)	(19,304)	(10,476)
	<u>243,477</u>	<u>285,004</u>	<u>243,477</u>	<u>285,004</u>
Current lease incentive assets (amortising within 12 months)	51,334	95,879	51,334	95,879
Non-current lease incentive assets (amortising after 12 months)	192,143	189,125	192,143	189,125
	<u>243,477</u>	<u>285,004</u>	<u>243,477</u>	<u>285,004</u>

The lease incentive assets are amortised over the respective lease terms and recorded as a reduction of lease income (note 2).

18 ASSETS AND LIABILITIES HELD FOR SALE

The aircraft which met the criteria to be classified as assets held for sale and the associated liabilities were as follows:

	Group 31 March 2026 US \$'000	Group 31 March 2025 US \$'000	Company 31 March 2026 US \$'000	Company 31 March 2025 US \$'000
Assets held for sale				
Property, plant and equipment - aircraft	945,322	346,426	883,025	349,372
Lease incentive assets	19,304	10,476	19,304	10,476
	<u>964,626</u>	<u>356,902</u>	<u>902,329</u>	<u>359,848</u>
Liabilities associated with assets held for sale				
Security deposits	8,835	10,684	7,386	10,684
Maintenance reserve	46,638	40,019	20,653	40,019
Lessor contributions	13,280	18,911	13,280	18,911
	<u>68,753</u>	<u>69,614</u>	<u>41,319</u>	<u>69,614</u>
	<u>895,873</u>	<u>287,288</u>	<u>861,010</u>	<u>290,234</u>

At 31 March 2026, the Group classified 27 aircraft (31 March 2025: ten) as held-for-sale as the Group had agreements for the sale of these aircraft which met the requirement to be classified as held-for-sale. The Group generally continues to recognise lease rental income on all aircraft in this classification, notwithstanding that the arrangements provide for the final selling price on completion of sale to be reduced by the same amount.

Notes to the Consolidated Financial Statements (continued)

19 TRADE AND OTHER PAYABLES

	Group 31 March 2026 US \$'000	Group 31 March 2025 US \$'000	Company 31 March 2026 US \$'000	Company 31 March 2025 US \$'000
Security deposits	178,548	167,564	166,361	152,172
Maintenance reserves	693,570	719,278	572,912	583,173
Lessor contributions	324,937	401,812	269,061	334,878
Prepaid lease rentals and fee income received	201,412	154,240	191,938	138,126
Trade creditors	41,556	32,388	41,123	32,397
Accrued interest - third party undertakings	155,144	157,449	57,052	79,002
Amounts due to parent group undertakings	127,296	288,271	1,184,870	1,170,330
Collateral cash received	-	4,859	-	4,859
Other creditors	279,887	237,605	267,058	224,779
	<u>2,002,350</u>	<u>2,163,466</u>	<u>2,750,375</u>	<u>2,719,716</u>
Analysed as:				
Non-current trade and other payables (payable after 12 months)	1,216,352	1,088,832	1,043,281	879,700
Current trade and other payables (payable within 12 months)	785,998	1,074,634	1,707,094	1,840,016
	<u>2,002,350</u>	<u>2,163,466</u>	<u>2,750,375</u>	<u>2,719,716</u>
Analysis of Group trade and other payables:				
At 31 March 2026				
		Due < 12 months US \$'000	Due > 12 months US \$'000	Total US \$'000
Security deposits		3,559	174,989	178,548
Maintenance reserve		35,193	658,377	693,570
Lessor contributions		27,830	297,107	324,937
Prepaid lease rentals and fee income received		201,412	-	201,412
Trade creditors		41,556	-	41,556
Accrued interest - third party undertakings		155,144	-	155,144
Amounts due to parent group undertakings		116,869	10,427	127,296
Other creditors		204,435	75,452	279,887
		<u>785,998</u>	<u>1,216,352</u>	<u>2,002,350</u>
At 31 March 2025				
		Due < 12 months US \$'000	Due > 12 months US \$'000	Total US \$'000
Security deposits		5,392	162,172	167,564
Maintenance reserve		80,678	638,600	719,278
Lessor contributions		178,924	222,888	401,812
Prepaid lease rentals and fee income received		154,240	-	154,240
Trade creditors		32,388	-	32,388
Accrued interest - third party undertakings		157,449	-	157,449
Amounts due to parent group undertakings		288,271	-	288,271
Collateral cash received		4,859	-	4,859
Other creditors		172,433	65,172	237,605
		<u>1,074,634</u>	<u>1,088,832</u>	<u>2,163,466</u>

Security deposits fall due at the end of each respective lease, while maintenance reserves, lessor contributions and amounts due to parent group undertakings which relate to operating leases fall due during the remaining term of each respective lease based on the timing of expected maintenance events.

Amounts due to parent group undertakings include cash balances held at period-end on behalf of affiliate group companies in accordance with existing cash pooling agreements.

Notes to the Consolidated Financial Statements (continued)

20 BORROWINGS

	Group 31 March 2026 US \$'000	Group 31 March 2025 US \$'000	Company 31 March 2026 US \$'000	Company 31 March 2025 US \$'000
Loan amounts due to third party undertakings	4,630,079	5,476,322	3,649,834	4,420,696
Loan amounts due to parent group undertakings	6,397,750	6,319,227	6,397,749	6,319,227
Loan amounts due to subsidiaries	-	-	6,350,675	5,195,590
Other debt securities issued	5,372,653	4,126,485	-	-
	<u>16,400,482</u>	<u>15,922,034</u>	<u>16,398,258</u>	<u>15,935,513</u>
The borrowings are repayable as follows:				
On demand or within one year	1,836,515	1,714,201	1,833,911	1,714,201
In the second year	2,800,818	1,245,106	2,800,818	1,245,106
In the third to fifth year inclusive	5,653,290	7,480,970	5,653,290	7,480,970
After five years	6,109,859	5,481,757	6,110,239	5,495,236
	<u>16,400,482</u>	<u>15,922,034</u>	<u>16,398,258</u>	<u>15,935,513</u>
Less: Amounts due for settlement within 12 months	<u>(1,836,515)</u>	<u>(1,714,201)</u>	<u>(1,833,911)</u>	<u>(1,714,201)</u>
Amounts due for settlement after 12 months	<u>14,563,967</u>	<u>14,207,833</u>	<u>14,564,347</u>	<u>14,221,312</u>

As at 31 March 2026, the Group had \$14.9 billion of available capacity in place through a combination of undrawn shareholder funding (\$9.0 billion), third party committed facilities (\$5.0 billion) and unrestricted cash balances. The Group has short-term debt repayment obligations (due within 12 months) totalling \$1.8 billion and other current liabilities of \$0.9 billion. The short-term debt obligations include shareholder funding repayments of \$656.4 million, which will become available as additional capacity on repayment. The Group also had purchase commitments consisting of direct orders and sale-leaseback commitments totalling \$2.6 billion due to fall due within a year (note 28).

The Group closed the sale of \$500 million of its 5.10% senior unsecured notes due 2030 issued on 1 April 2025 and \$750 million of its 5.25% senior unsecured notes due 2035 on 26 November 2025. At 31 March 2026, the Group had the following notes in issuance:

- \$500 million of its 2.30% senior unsecured notes due 2028 issued on 15 June 2021
- \$500 million of its 1.90% senior unsecured notes due 2026 issued on 15 October 2021
- \$650 million of its 5.45% senior unsecured notes due 2028 issued on 3 May 2023
- \$1.0 billion of its 5.70% senior unsecured notes due 2033 issued on 18 July 2023
- \$650 million of its 5.30% senior unsecured notes due 2029 issued on 3 April 2024
- \$850 million of its 5.55% senior unsecured notes due 2034 issued on 3 April 2024
- \$500 million of its 5.10% senior unsecured notes due 2030 issued on 1 April 2025
- \$750 million of its 5.25% senior unsecured notes due 2035 issued on 26 November 2025

The Group closed the sale of these notes through its wholly-owned subsidiary, SMBC Aviation Capital Finance DAC, fully and unconditionally guaranteed by SMBC Aviation Capital Limited. These debt securities were not designated into a qualifying hedge relationship at inception.

All borrowings are interest-bearing at market related interest rates determined by each facility's respective term, collateral and counterparty. As at 31 March 2026, 99.6% of total borrowings were unsecured.

The amount of borrowing costs that were capitalised to the cost of aircraft in the period in the Group was \$39.8 million (year ended 31 March 2025: \$35.3 million; note 9). The rate at which borrowing costs are capitalised is determined by the appropriate associated funding and is adjusted on an ongoing basis.

Notes to the Consolidated Financial Statements (continued)

20 BORROWINGS (CONTINUED)

Reconciliation of cash and non-cash movements of Group borrowings:

	As at 1 April 2025 US \$'000	Cash flows in the period US \$'000	Fair value changes US \$'000	Non-cash changes Amortisation of issuing costs US \$'000	As at 31 March 2026 US \$'000
Floating rate borrowings					
Loan amounts due to third party undertakings	4,812,488	(746,638)	-	-	4,065,850
Loan amount due to parent group undertakings	77,500	600,000	-	-	677,500
	4,889,988	(146,638)	-	-	4,743,350
Fixed rate borrowings					
Loan amount due to parent group undertakings	6,241,727	(521,477)	-	-	5,720,250
Loan amounts due to third party undertakings	663,834	(99,605)	-	-	564,229
Other debt securities issued	4,126,485	1,242,455	-	3,713	5,372,653
	15,922,034	474,735	-	3,713	16,400,482

Reconciliation of cash and non-cash movements of Company borrowings:

	As at 1 April 2025 US \$'000	Cash flows in the period US \$'000	Fair value changes US \$'000	Non-cash changes Amortisation of issuing costs US \$'000	As at 31 March 2026 US \$'000
Floating rate borrowings					
Loan amounts due to third party undertakings	3,756,862	(671,257)	-	-	3,085,605
Loan amount due to parent group undertakings	77,500	600,000	-	-	677,500
Loan amounts due to subsidiaries	1,069,105	(91,084)	-	-	978,021
	4,903,467	(162,341)	-	-	4,741,126
Fixed rate borrowings					
Loan amount due to parent group undertakings	6,241,727	(521,477)	-	-	5,720,250
Loan amounts due to third party undertakings	663,834	(99,605)	-	-	564,229
Loan amounts due to subsidiaries	4,126,485	1,242,455	-	3,713	5,372,653
	15,935,513	459,032	-	3,713	16,398,258

Notes to the Consolidated Financial Statements (continued)

20 BORROWINGS (CONTINUED)

Terms, conditions and analysis of Group borrowings before impact of derivatives:

	Average interest rate %	Year of maturity	Due < 12 months US \$'000	Due > 12 months US \$'000	Total US \$'000
At 31 March 2026					
Floating rate borrowings					
Loan amounts due to third party undertakings	5.02	2026-2035	580,476	3,485,374	4,065,850
Loan amount due to parent group undertakings	5.10	2026-2029	640,000	37,500	677,500
			1,220,476	3,522,874	4,743,350
Fixed rate borrowings					
Loan amount due to parent group undertakings	4.74	2027-2036	16,449	5,703,801	5,720,250
Loan amounts due to third party undertakings	2.74	2026-2031	100,000	464,229	564,229
Other debt securities issued	4.81	2026-2035	499,590	4,873,063	5,372,653
			1,836,515	14,563,967	16,400,482

As at 31 March 2026, the average interest rate on floating rate borrowings after the impact of derivatives is 5.11% (31 March 2025: 5.25%).

	Average interest rate %	Year of maturity	Due < 12 months US \$'000	Due > 12 months US \$'000	Total US \$'000
At 31 March 2025					
Floating rate borrowings					
Loan amounts due to third party undertakings	5.69	2025-2035	772,721	4,039,767	4,812,488
Loan amount due to parent group undertakings	5.90	2028-2029	20,000	57,500	77,500
			792,721	4,097,267	4,889,988
Fixed rate borrowings					
Loan amount due to parent group undertakings	4.42	2026-2035	822,646	5,419,081	6,241,727
Loan amounts due to third party undertakings	2.92	2025-2031	98,834.00	565,000	663,834
Other debt securities issued	4.70	2026-2034	-	4,126,485	4,126,485
			1,714,201	14,207,833	15,922,034

Notes to the Consolidated Financial Statements (continued)

21 FINANCIAL RISK MANAGEMENT

Risk Management Framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group and Company's risk management framework. The Board of Directors, in conjunction with the Transportation Business Planning Department ("TBPD") on behalf of the Consortium, develops and monitors the Group and Company's risk management policies which are established to identify and analyse the risks faced by the Group and Company, which include:

a Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group and Company seek to minimise cash flow currency risk by ensuring its leases and associated financing are in the same currency, or entering into currency swaps or forwards over the life of the lease. Accounting volatility arises from fair value through profit or loss movements where these derivatives, entered into as an economic hedge, do not qualify for hedge accounting under IFRS 9. The Group and Company have no currency swaps in place at year-end.

All financial instruments are in US dollars with the exception of the following: certain bank accounts held in Euro and Sterling as well as certain receivables and payables in Euro and Sterling. There was no material change in the currency risk of the Group and Company during the period.

The carrying amounts of other currency denominated monetary assets and liabilities are as follows:

	Group 31 March 2026 US \$'000	Group 31 March 2025 US \$'000	Company 31 March 2026 US \$'000	Company 31 March 2025 US \$'000
Euro assets	144,599	301,091	118,631	271,004
Sterling assets	23,515	18,655	23,134	18,365
Japanese yen assets	3,248	3,967	1,525	2,154
Hong Kong dollar assets	5,627	8,419	4,526	7,115
Euro liabilities	(227,619)	(247,097)	(142,359)	(200,482)
Sterling liabilities	(12,913)	(6,684)	(12,874)	(6,681)
Japanese yen liabilities	(3,412)	(1,601)	(1,842)	(1,022)
Hong Kong dollar liabilities	(4,744)	(6,516)	(44)	(164)
Chinese yuan liabilities	(1,414)	(383)	(1,414)	(383)

At 31 March 2026, if the foreign currency, on the balances disclosed above, weakened/strengthened against the US dollar by 5% with all other variables held constant, the underlying post-tax profit for the Group for the year would have been \$3.8 million lower / higher, and for the Company would have been \$0.7 million lower / higher, mainly as a result of foreign exchange gains/losses on retranslation of Euro denominated cash balances, payables and other receivables.

b Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group and Company's policy is to seek to minimise cash flow interest rate risk when entering into leasing transactions by the use of appropriate matched funding, including the use of derivative financial instruments. Accounting volatility arises from fair value through profit or loss movements where these derivatives, entered into as an economic hedge, do not qualify for hedge accounting under IFRS 9. There was no material change in the interest rate risk of the Group and Company during the period.

At the end of the reporting period the interest rate profile of the Group and Company's interest-bearing financial instruments was as follows:

Interest rate risk:				
	Group 31 March 2026 US \$'000	Group 31 March 2025 US \$'000	Company 31 March 2026 US \$'000	Company 31 March 2025 US \$'000
Financial assets				
- variable rate	351,638	605,063	661,070	1,256,917
- fixed rate	1,145,054	815,627	909,062	923,757
- non-interest bearing	342,486	466,552	348,925	459,025
Total Financial Assets	1,839,178	1,887,242	1,919,057	2,639,699
Financial liabilities				
- variable rate	4,743,350	5,189,988	3,762,725	5,203,468
- fixed rate	11,657,132	11,032,046	12,635,533	11,032,045
- non-interest bearing	2,088,326	2,257,183	2,808,917	2,813,433
Total Financial Liabilities	18,488,808	18,479,217	19,207,175	19,048,946

The Group and Company manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. At 31 March 2026, if interest rates on financial assets or liabilities with variable interest rates shifted by 10bps, the underlying post-tax profit for the year would have been \$0.2 million lower / higher; other components of equity would have been \$6.1 million lower / higher as a result of a decrease/increase in the fair value of cash flow hedge reserves. The weighted average fixed rate for the interest rate swap portfolio was 5.13%.

Notes to the Consolidated Financial Statements (continued)

21 FINANCIAL RISK MANAGEMENT (CONTINUED)

c Liquidity Risk

Liquidity risk is the risk that the Group and Company will not be able to meet its financial obligations as they fall due. The Group and Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. As at 31 March 2026, the Group had put in place \$14.9 billion of available capacity through a combination of undrawn shareholder funding (\$9.0 billion), third party availability (\$5.0 billion) and unrestricted cash balances. Any maturity mismatch within the overall long-term structure of the Group and Company's assets and liabilities is managed to ensure that term asset commitments may be funded on an economic basis over their life. The short-term maturity structure of the Group and Company's liabilities and assets is managed on a daily basis to ensure that all cash flow obligations can be met as they arise. Operating cash flows remained stable in the current year, which, along with available liquidity capacity, has ensured that there was no material change in the liquidity risk of the Group and Company during the period.

The following are the remaining contractual maturities at the end of the reporting period of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Group Carrying value 31 March 2026 US \$'000	Group Contracted cashflows 31 March 2026 US \$'000	Group Carrying value 31 March 2025 US \$'000	Group Contracted cashflows 31 March 2025 US \$'000
Liabilities associated with assets held for sale	68,753	68,753	69,614	69,614
Trade and other payables	1,800,938	1,800,938	2,009,226	2,009,226
Borrowings	16,400,482	20,172,159	15,922,034	17,316,192
Subordinated liabilities	-	-	300,000	309,624
Interest rate swaps	17,223	332,372	24,103	497,788
	<u>18,287,396</u>	<u>22,374,222</u>	<u>18,324,977</u>	<u>20,202,444</u>
At 31 March 2026	Group Less than 1 year US \$'000	Group 1 to 2 years US \$'000	Group 3 to 5 years US \$'000	Group Over 5 years US \$'000
Non-derivative financial instruments				
Liabilities associated with assets held for sale	(68,753)	-	-	-
Trade and other payables	(584,588)	(105,371)	(568,918)	(542,061)
Borrowings	(2,584,069)	(3,471,230)	(6,975,934)	(7,140,926)
Total non-derivative financial instruments outflows	<u>(3,237,410)</u>	<u>(3,576,601)</u>	<u>(7,544,852)</u>	<u>(7,682,987)</u>
Derivative financial instruments (gross)				
Interest Rate Swaps				
Net Settled - inflow	-	-	-	67
Net Settled - outflow	(2,655)	(5,704)	(1,247)	-
Total Outflows	<u>(3,240,065)</u>	<u>(3,582,305)</u>	<u>(7,546,099)</u>	<u>(7,682,920)</u>
At 31 March 2025	Group Less than 1 year US \$'000	Group 1 to 2 years US \$'000	Group 3 to 5 years US \$'000	Group Over 5 years US \$'000
Non-derivative financial instruments				
Liabilities associated with assets held for sale	(69,614)	-	-	-
Trade and other payables	(920,394)	(130,151)	(514,629)	(444,054)
Borrowings	(2,807,199)	(1,897,433)	(8,808,004)	(3,803,556)
Subordinated liabilities	(309,624)	-	-	-
Total non-derivative financial instruments outflows	<u>(4,106,831)</u>	<u>(2,027,584)</u>	<u>(9,322,633)</u>	<u>(4,247,610)</u>
Derivative financial instruments (gross)				
Interest Rate Swaps				
Net Settled - inflow	13,180	-	-	-
Net Settled - outflow	-	(8,654)	(7,832)	(69)
Total Outflows	<u>(4,093,651)</u>	<u>(2,036,238)</u>	<u>(9,330,465)</u>	<u>(4,247,679)</u>

It is not expected that the cash flows in the maturity analysis could occur significantly earlier than shown above.

Notes to the Consolidated Financial Statements (continued)

21 FINANCIAL RISK MANAGEMENT (CONTINUED)

c Liquidity Risk (continued)

	Company Carrying value 31 March 2026 US \$'000	Company Contracted cashflows 31 March 2026 US \$'000	Company Carrying value 31 March 2025 US \$'000	Company Contracted cashflows 31 March 2025 US \$'000
Liabilities associated with assets held for sale	68,753	68,753	69,614	69,614
Trade and other payables	2,558,437	2,558,437	2,581,590	2,581,590
Borrowings	16,398,258	20,169,935	15,935,513	17,329,671
Subordinated liabilities	-	-	300,000	309,624
Interest rate swaps	17,223	332,372	24,103	497,788
	<u>19,042,671</u>	<u>23,129,497</u>	<u>18,910,820</u>	<u>20,788,287</u>
	Company Less than 1 year US \$'000	Company 1 to 2 years US \$'000	Company 3 to 5 years US \$'000	Company Over 5 years US \$'000
At 31 March 2026				
Non-derivative Financial Instruments				
Liabilities associated with assets held for sale	(68,753)	-	-	-
Trade and other payables	(1,515,156)	(89,804)	(470,665)	(482,812)
Borrowings	(2,581,845)	(3,471,230)	(6,975,934)	(7,140,926)
Total Non-derivative Financial Instruments Outflows	<u>(4,165,754)</u>	<u>(3,561,034)</u>	<u>(7,446,599)</u>	<u>(7,623,738)</u>
Derivative Financial Instruments (gross)				
Interest Rate Swaps				
Net Settled - inflow	-	-	-	67
Net Settled - outflow	(2,655)	(5,704)	(1,247)	-
Total Outflows	<u>(4,168,409)</u>	<u>(3,566,738)</u>	<u>(7,447,846)</u>	<u>(7,623,671)</u>
	Company Less than 1 year US \$'000	Company 1 to 2 years US \$'000	Company 3 to 5 years US \$'000	Company Over 5 years US \$'000
At 31 March 2025				
Non-derivative Financial Instruments				
Liabilities associated with assets held for sale	(69,614)	-	-	-
Trade and other payables	(1,701,890)	(128,285)	(394,333)	(357,082)
Borrowings	(2,820,678)	(1,897,433)	(8,808,004)	(3,803,556)
Subordinated liabilities	(309,624)	-	-	-
Total Non-derivative Financial Instruments Outflows	<u>(4,901,806)</u>	<u>(2,025,718)</u>	<u>(9,202,337)</u>	<u>(4,160,638)</u>
Derivative Financial Instruments (gross)				
Interest Rate Swaps				
Net Settled - inflow	13,180	-	-	-
Net Settled - outflow	-	(8,654)	(7,832)	(69)
Total Outflows	<u>(4,888,626)</u>	<u>(2,034,372)</u>	<u>(9,210,169)</u>	<u>(4,160,707)</u>

It is not expected that the cash flows in the maturity analysis could occur significantly earlier than shown above.

Notes to the Consolidated Financial Statements (continued)

21 FINANCIAL RISK MANAGEMENT (CONTINUED)

d Credit Risk

Credit risk is the risk arising from the possibility that the Group and Company will incur losses from the failure of counterparties to meet their obligations. Credit risk is managed with oversight from the Aircraft Credit Department ("ACCD") to enable the Group and Company to achieve appropriate risk versus reward performance whilst maintaining credit risk exposure in line with approved risk appetite on a portfolio basis. The key principles of credit risk management set out in the Framework include:

- Approval of credit exposure must be granted prior to any advance or extension of credit.
- An appropriate credit risk assessment of the customer and related credit facilities must be undertaken prior to approval of credit exposure. This must include an assessment of, amongst others, the purpose of the credit and sources of repayment, repayment history, capacity to repay, sensitivity to economic and market developments and risk-adjusted return.
- Credit risk authority must be specifically granted in writing to all individuals involved in the granting of credit approval, whether this is exercised personally or collectively as part of a credit committee. These individuals must act independently and with balanced commercial judgement in exercising credit authority.
- Where credit authority is exercised personally, the individual must not have any responsibility or accountability for business revenue origination.
- All credit exposures, once approved, must be effectively monitored and managed and reviewed periodically against approved guidelines. Review occurs at least annually, with lower quality exposures being subject to a greater frequency of analysis and assessment.
- Customers with emerging credit problems must be identified early and classified accordingly. Remedial actions must be implemented promptly to minimise the potential loss to the Company and consideration given whether to transfer customers with credit problems to a specialised problem management or recovery unit.
- Portfolio analysis and reporting must be used to identify and manage credit risk concentrations and credit risk quality.

The Group's principal financial assets that are subject to the expected credit loss ("ECL") model are trade and other receivables (\$301.4 million of which \$50.0 million relate to lease receivables) resulting from its leasing activities, advances to OEMs (\$232.2 million) and cash and cash equivalents (bank accounts totalling \$888.7 million; including \$448.9 million with group companies). The Group applies the IFRS 9 simplified approach to measuring ECLs which uses a lifetime expected loss allowance for all trade receivables and has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Letters of credit and security deposits held are considered an integral part of trade receivables and considered in the calculation of impairment.

Cash and cash equivalents are also subject to the impairment requirements of IFRS 9, but the credit risk is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Group did not recognise an impairment allowance as the potential allowance was deemed to be immaterial.

At 31 March 2026, the Group's significant cash and deposit counterparties were:

	US \$'000
SMBC (credit rating A (S&P))	866,503
Citibank (credit rating A+ (S&P))	22,229
	<u>888,732</u>

The Group's leasing arrangements require lessees to pay rentals in advance and to provide security deposits and in many cases maintenance reserves. However, an early termination of a lease due to a credit event may expose the Group to consequential economic loss due to lower rentals being available from replacement lessees and also possible costs associated with repossession, repair and maintenance and transitioning of the aircraft to a new lessee. Credit risk with respect to trade receivables relating to lessees is generally mitigated due to the number of lessees and their dispersal across different geographical areas. At 31 March 2026, the Group was exposed to trade debtors of \$27.3 million (2025: \$33.7 million) and deferred lease receivables of \$32.2 million (2025: \$35.8 million), and held a provision for expected credit losses against these for \$9.5 million (2025: \$6.2 million). At the same date, the Group also held letters of credit in relation to lease rentals and maintenance exposures of \$508.8 million (2025: \$490.7 million) in addition to \$927.6 million of cash security deposits and maintenance reserves (2025: \$937.5 million; see note 19).

Notes to the Consolidated Financial Statements (continued)

21 FINANCIAL RISK MANAGEMENT (CONTINUED)

d Credit Risk (continued)

The amounts presented in the Statement of Financial Position are net of allowances for doubtful receivables and gross of collateral held.

The table below provides an analysis of exposure to credit risk and ECLs for trade and deferred lease receivables as at:

	Expected credit loss provision %		Group 31 March 2026		Group 31 March 2025	
	31 March 2026 %	31 March 2025 %	Gross carrying amount US \$'000	Impairment loss US \$'000	Gross carrying amount US \$'000	Impairment loss US \$'000
Category 1	0.1%	0.1%	14,582	35	8,424	67
Category 2	1.7%	1.8%	4,140	-	1,482	1
Category 3	7.0%	7.6%	7,114	-	15,235	1
Category 4	15% - 100%	15% - 100%	33,695	9,474	44,407	6,124
			59,531	9,509	69,548	6,193

	Expected credit loss provision %		Company 31 March 2026		Company 31 March 2025	
	31 March 2026 %	31 March 2025 %	Gross carrying amount US \$'000	Impairment loss US \$'000	Gross carrying amount US \$'000	Impairment loss US \$'000
Category 1	0.1%	0.1%	9,427	35	4,048	66
Category 2	1.7%	1.8%	4,762	-	741	-
Category 3	7.0%	7.6%	7,114	-	15,235	-
Category 4	15% - 100%	15% - 100%	20,617	5,364	21,748	6,128
			41,920	5,399	41,772	6,194

The Group and Company classifies financial assets and calculate respective expected credit losses by reference to the categories noted above, with Category 1 being the lowest risk and Category 4 the highest risk. Classification is determined by a combination of previous default rates and estimated future losses based on credit grading, current economic situation and the increasing level of receivables of each lessee. Category 4 for the Group includes gross trade receivables of \$0.8 million, \$14.2 million, \$18.7 million and \$Nil with applicable credit loss provision rates of 15%, 33%, 50% and 100% respectively.

The Group and Company continues to monitor the economic environment of its customers as well as taking actions to limit its credit exposures. The table above reflects lower overall receivable and provisioning balances at year-end due to improved airline trading conditions, while the Group and Company continues to monitor its credit exposure and manage any lessee concentrations.

Based on counterparty payment history the Company considers all the above financial assets to be of good credit quality.

The total impairment loss as at 31 March 2026 above relates to trade receivables and deferred lease receivables. Comparatives above have been restated to include deferred lease receivables.

Impairment Losses	Group US \$'000	Company US \$'000
The movement in the provision for expected credit losses in respect of financial assets is as follows:		
Balance at 1 April 2024	48,061	31,712
Credit impairment credit on financial assets	(20,592)	(12,931)
Trade debtors written off	(21,276)	(12,588)
Balance at 31 March 2025	6,193	6,193
Credit impairment credit on financial assets	8,600	11,055
Trade debtors written off	(5,284)	(11,849)
Balance at 31 March 2026	9,509	5,399

The Group provision for expected credit losses include a provision of \$9.5 million in relation to lease receivables (31 March 2025: \$6.2 million).

Notes to the Consolidated Financial Statements (continued)

21 FINANCIAL RISK MANAGEMENT (CONTINUED)

e Concentration Risk

Concentration risk is the risk that a high percentage of aircraft are on lease to a single lessee or region resulting in the returns on aircraft being less diverse and more correlated. The largest exposure to a single lessee based on net book value of delivered aircraft is 7.2%.

f Technical, Maintenance and Environmental Risk

Technical, maintenance and environmental risk is the risk that a lessee undertakes responsibility for ensuring that the aircraft complies with current environmental, technical and maintenance regulations and statutory obligations as applicable. The Directors monitor these risks on an ongoing basis.

g Asset Value Risk

Asset value risk is the risk that internal and external factors may adversely affect the inherent value of any asset held. Material judgements also apply in respect of property, plant and equipment and include the identification and subsequent measurement of impairment, which relies on a measurement of estimated cash flows and residual values. A decrease in estimated future cash flows or residual values may result in additional impairment of related assets.

h Capital Management

The Group and Company is a member of a group with regulatory disciplines over the use of its capital. Although the Group and Company itself is not regulated it aims to maintain capital resources commensurate with the nature, scale and risk profile of its business. It regards its capital as the total equity as shown on the Statement of Financial Position.

22 DEFERRED TAX

Movements during the year:	Group US \$'000	Company US \$'000
At 1 April 2024	491,556	434,736
Charge to income from continuing operations (note 8)	101,915	138,728
Transfers of trade from subsidiaries	(50)	(6,789)
Charge to other comprehensive income	(7,368)	(7,368)
At 31 March 2025	586,053	559,307
Charge to income from continuing operations (note 8)	81,223	81,202
Transfers of trade from subsidiaries	(330)	(80)
Charge to other comprehensive income	(515)	(515)
At 31 March 2026	666,431	639,914

	Group 31 March 2026 US \$'000	Group 31 March 2025 US \$'000	Company 31 March 2026 US \$'000	Company 31 March 2025 US \$'000
Deferred tax assets	2,208	3,049	2,208	3,049
Deferred tax liabilities	(668,639)	(589,102)	(642,122)	(562,356)
	(666,431)	(586,053)	(639,914)	(559,307)

Full provision has been made for the potential amount of deferred taxation shown below:

	Group 31 March 2026 US \$'000	Group 31 March 2025 US \$'000	Company 31 March 2026 US \$'000	Company 31 March 2025 US \$'000
Accelerated capital allowances on assets financed, less carried forward tax losses - net deferred tax liability	(666,765)	(585,872)	(640,248)	(559,126)
Fair value adjustments on financial instruments - deferred tax asset	2,208	3,049	2,208	3,049
Fair value adjustments on financial instruments - deferred tax liability	(1,874)	(3,230)	(1,874)	(3,230)
	(666,431)	(586,053)	(639,914)	(559,307)

The Group has estimated tax losses of \$6.2 billion (31 March 2025: \$5.9 billion) which are available for set-off against future taxable income. These tax losses have arisen from the Group entities incurring operational tax losses. This asset is anticipated to be recovered as financial projections indicate these entities are likely to produce sufficient taxable income in the near future. These deferred tax asset balances were offset against deferred tax liabilities.

Notes to the Consolidated Financial Statements (continued)

23 SUBORDINATED LIABILITIES

	Average interest rate %	Year of maturity	Group & Company	
			31 March 2026 US \$'000	31 March 2025 US \$'000
\$300 million floating rate loan due to parent group undertakings	-	-	-	300,000
			-	300,000

In November 2018, the Company entered into a floating rate subordinated loan with an initial 16 year maturity with a parent group undertaking. The maturity date of the loan has since been extended to February 2041, but was settled early during April 2025 with the agreement of both parties.

24 SHARE CAPITAL

	31 March 2026 US \$	31 March 2025 US \$
Authorised:		
Ordinary shares of \$1 each	300,000,000	300,000,000
A Preference shares of \$1 each	1,362,000,000	1,362,000,000
B Preference shares of \$1 each	700,000,000	700,000,000
	<u>2,362,000,000</u>	<u>2,362,000,000</u>
Issued, called up and fully paid:		
Ordinary shares of \$1 each	187,512,800	187,512,800
A Preference shares of \$1 each	1,362,000,000	1,362,000,000
B Preference shares of \$1 each	700,000,000	700,000,000
	<u>2,249,512,800</u>	<u>2,249,512,800</u>

The Company's ordinary shares have voting rights attached but carry no right to fixed income, while its preference shares have no voting rights attached and may be paid a fixed non-cumulative preferential dividend of 7.5% of nominal value at the Company's discretion in any financial year.

In December 2022, the Company converted existing preference shares to B preference shares and increased its authorised share capital by 1.362 billion non-voting 7.5% non-cumulative A preference shares.

At the same time, and as part of the purchase of Goshawk Leasing, the Company issued 1.362 billion new A preference shares at par to Sumitomo Mitsui Finance and Leasing Company, Ltd. ("SMFL") and Sumitomo Mitsui Banking Corporation ("SMBC") in such proportions that the shareholding of SMFL and SMBC would remain the same.

	31 March 2026 Number of shares	31 March 2025 Number of shares
Authorised:		
Ordinary shares of \$1 each	300,000,000	300,000,000
A Preference shares of \$1 each	1,362,000,000	1,362,000,000
B Preference shares of \$1 each	700,000,000	700,000,000
	<u>2,362,000,000</u>	<u>2,362,000,000</u>
Issued, called up and fully paid:		
Ordinary shares of \$1 each	187,512,800	187,512,800
A Preference shares of \$1 each	1,362,000,000	1,362,000,000
B Preference shares of \$1 each	700,000,000	700,000,000
	<u>2,249,512,800</u>	<u>2,249,512,800</u>

Notes to the Consolidated Financial Statements (continued)

25 OTHER COMPONENTS OF EQUITY

	Group 31 March 2026 US \$'000	Group 31 March 2025 US \$'000	Company 31 March 2026 US \$'000	Company 31 March 2025 US \$'000
Share premium	261,102	261,102	261,102	261,102
	261,102	261,102	261,102	261,102
Capital contribution	207,486	207,486	207,486	207,486
Other reserve	1,967	1,967	-	-
Fair value through other comprehensive income	1,057	-	1,057	-
Cash flow hedge reserve	(2,339)	1,266	(2,339)	1,266
Total other reserves	469,273	471,821	467,306	469,854

The Company issued 18,751,307 new ordinary shares of \$1 each at a premium of \$12.9245 per share to Sumitomo Mitsui Finance and Leasing Company, Ltd. ("SMFL") and Sumitomo Mitsui Banking Corporation ("SMBC") as part of the shareholder restructuring in November 2018.

In May 2012, the Company's then immediate parent company, International Aviation Management (CI) Limited, irrevocably waived and forgave debt of \$207.5 million in the form of a capital contribution. The contribution was made absolutely and the Company's then ultimate parent company, Royal Bank of Scotland Group plc, retained no rights, titles or interest whatsoever in the contribution other than the rights it held as the shareholder.

As described in note 1(c), for newly acquired subsidiaries, the Group adjusts the carrying value of assets and liabilities to reflect the Group's accounting policies. At 31 March 2013, the Group acquired a new subsidiary (SMBC Aviation Capital Aircraft Holdings B.V.; now liquidated) as part of a common control transaction. The impact of harmonising the Group's accounting policies was that the maintenance reserves of SMBC Aviation Capital Aircraft Holdings B.V. were reduced by \$2.633 million at 31 March 2013, with a related increase in deferred tax liabilities of \$0.658 million. The difference, a net amount of \$1.967 million being a transaction with shareholder, was reflected in the other reserve.

The cash flow hedge reserve reflects changes in the mark-to-market value of cash flow hedge accounted derivatives, driven by market rates, and the amortisation of de-designated cash flow hedges.

26 OPERATING LEASE ARRANGEMENTS AS LESSOR

The future minimum lease payments receivable under non-cancellable operating leases, which include variable lease payments based on rent as at the reporting date, are as follows:

	Group 31 March 2026 US \$'000	Group 31 March 2025 US \$'000	Company 31 March 2026 US \$'000	Company 31 March 2025 US \$'000
Within one year	1,948,229	2,038,208	1,809,110	1,856,696
In the second year	2,109,952	2,184,205	1,980,889	2,016,443
In the third year	2,093,721	2,255,239	1,984,604	2,110,862
In the fourth year	1,968,817	2,115,734	1,876,308	2,002,976
In the fifth year	1,769,096	1,930,501	1,699,768	1,843,717
After five years	8,208,012	8,787,414	7,995,691	8,615,199
	18,097,827	19,311,301	17,346,370	18,445,893

Notes to the Consolidated Financial Statements (continued)

27 RELATED PARTIES

The Consolidated Financial Statements include the Financial Statements of the Company and its subsidiaries as documented in the accounting policy note 1(c). A listing of the Company's significant subsidiaries is included in note 10. Transactions to and from, together with outstanding payables and receivables to and from, subsidiaries are eliminated in the preparation of the consolidated financial information in accordance with IAS 27, Consolidated and Separate Financial Statements.

The Group and Company's ultimate parent companies are Sumitomo Mitsui Financial Group (66%) and Sumitomo Corporation (34%). The table below provides a list of any outstanding balances at year end and any transactions entered into during the financial year with the parent companies and its subsidiaries.

	Group 31 March 2026 US \$'000	Group 31 March 2025 US \$'000	Company 31 March 2026 US \$'000	Company 31 March 2025 US \$'000
Transactions with parent companies:				
Sumitomo Mitsui Finance and Leasing Co., Ltd				
Transactions during the period:				
Fee income	826	2,732	826	2,732
Interest expense	107,364	120,127	107,364	120,127
Dividend paid	(69,462)	(69,462)	(69,462)	(69,462)
Operating expenses	11,976	8,562	11,976	8,562
Balances at period end:				
Borrowings	1,994,503	2,292,600	1,994,503	2,292,600
Sundry creditors	(14,799)	(13,224)	(14,799)	(13,224)
Sumitomo Corporation				
In addition to the items disclosed in the "Subsequent Events" note below (see note 30), the Company and Sumitomo Corporation together undertook certain preparatory steps in advance of the closing of the Sumisho Air Lease transaction.				
Transactions with associate companies:				
Aviation Management Co., Ltd.				
Transactions during the period:				
Fee income	2,971	2,745	2,971	2,745
SMBC Aviation Capital (UK) Limited				
Transactions during the period:				
Lease rental income	10,568	14,119	10,568	14,119
Fee income	300	8	300	8
Interest expense	618	-	618	-
Balances at period end:				
Amounts due to group undertakings	23,874	223,711	23,874	223,711
SMBC Capital Markets Inc.				
Transactions during the period:				
Interest income / (expense)	15,225	53,633	15,225	53,633
Balances at period end:				
Cash held on behalf of	5,200	(4,859)	5,200	(4,859)
Derivative Financial Instruments	9,020	2,526	9,020	2,526
SMBC Trust Bank				
Transactions during the period:				
Interest expense	80,519	99,644	80,519	99,644
Balances at period end:				
Borrowings	2,326,306	2,432,503	2,326,306	2,432,503
Amounts due to group undertakings	8,658	10,905	8,658	10,905

Notes to the Consolidated Financial Statements (continued)

27 RELATED PARTIES (CONTINUED)

	Group 31 March 2026 US \$'000	Group 31 March 2025 US \$'000	Company 31 March 2026 US \$'000	Company 31 March 2025 US \$'000
SMBC Bank International plc				
Transactions during the period:				
Fee income	507	2,461	507	2,461
Interest income	9,418	710	9,418	710
Operating expense	(48)	(48)	(48)	(48)
Cash	2,523	1,626	2,523	1,626
Sundry debtors	-	1,522	-	1,522
SMBC (Japan)				
Transactions during the period:				
Dividend paid	(32,688)	(32,688)	(32,688)	(32,688)
Operating expenses	9,240	6,211	9,240	6,211
Balances at period end:				
Amounts due to group undertakings	4,998	2,009	4,998	2,009
SMBC (New York)				
Transactions during the period:				
Interest expense	42,401	56,922	42,401	56,922
Balances at period end:				
Borrowings	2,965,744	2,286,724	2,965,744	2,286,724
Cash	438,464	683,122	438,464	683,122
Amounts due to group undertakings	16,058	19,462	16,058	19,462
SMFL (China) Co., Ltd.				
Transactions during the period:				
Operating expenses	58	593	58	593
Balances at period end:				
Other Debtors / (Creditors)	(61)	(3)	(61)	(3)
SMFL (Singapore) Pte. Ltd.				
Transactions during the period:				
Operating expenses	-	450	-	450
Shanghai General SMFL Co., Ltd.				
Transactions during the period:				
Operating expenses	1,236	1,334	1,236	1,334
Balances at period end:				
Other Creditors	267	1,013	267	1,013
SMBC Leasing and Finance, Inc.				
Transactions during the period:				
Operating expenses	538	562	538	562
Balances at period end:				
Other Creditors	1,829	3,020	1,829	3,020
Sumitomo Mitsui Finance Dublin Ltd.				
Transactions during the period:				
Operating (expense) / income	(72)	(72)	(72)	(72)

Notes to the Consolidated Financial Statements (continued)

27 RELATED PARTIES (CONTINUED)

	Company 31 March 2026 US \$'000	Company 31 March 2025 US \$'000
Transactions with subsidiaries:		
SMBC Aviation Capital Management Limited		
Transactions during the period:		
Lease rental income	5,616	666
Fee income	6,609	6,495
Interest income	42,271	63,638
Balances at period end:		
Amounts due from group undertakings	(582,427)	(91,804)
SMBC Aviation Capital Ireland Leasing 3 Limited		
Transactions during the period:		
Fee income	2,723	3,435
Interest income	36,892	42,780
Fees related to borrowings	439	566
Dividend income	-	22,000
Balances at period end:		
Amounts due from group undertakings	425,805	617,659
SMBC Aviation Capital Netherlands B.V.		
Transactions during the period:		
Fee expense	3,021	2,403
Dividend income	-	-
Balances at period end:		
Amounts due to group undertakings	3,524	2,881
SMBC Aviation Capital Paris Leasing 2 SARL		
Transactions during the period:		
Fee expense	1,690	995
Balances at period end:		
Amounts due to group undertakings	(962)	(563)
SMBC Aviation Capital Hong Kong Limited		
Transactions during the period:		
Fee expense	2,885	3,686
Balances at period end:		
Amounts due from group undertakings	1,361	1,375
SMBC Aviation Capital Hong Kong 2 Limited		
Transactions during the period:		
Interest expense	55,888	76,433
Fee expense	7,680	8,750
Balances at period end:		
Amounts due to group undertakings	981,954	1,054,756
SMBC Aviation Capital Hong Kong 3 Limited		
Transactions during the period:		
Interest income	8,647	3,528
Balances at period end:		
Amounts due from group undertakings	197,287	109,943
SMBC Aviation Capital Singapore Pte. Ltd.		
Transactions during the period:		
Fee expense	5,078	3,721
Balances at period end:		
Amounts due to group undertakings	2,238	1,466

Notes to the Consolidated Financial Statements (continued)

27 RELATED PARTIES (CONTINUED)

	Company 31 March 2026 US \$'000	Company 31 March 2025 US \$'000
Transactions with subsidiaries:		
SMBC Aviation Capital Finance Designated Activity Company		
Transactions during the period:		
Fee expense	25	52
Interest expense	239,919	199,936
Balances at period end:		
Amounts due to group undertakings	5,472,740	4,200,041

The Group closed the sale of \$500 million of its 5.10% senior unsecured notes due 2030 issued on 1 April 2025 and \$750 million of its 5.25% senior unsecured notes due 2035 on 26 November 2025. At 31 March 2026, the Group had the following notes in issuance:

- \$500 million of its 2.30% senior unsecured notes due 2028 issued on 15 June 2021
- \$500 million of its 1.90% senior unsecured notes due 2026 issued on 15 October 2021
- \$650 million of its 5.45% senior unsecured notes due 2028 issued on 3 May 2023
- \$1.0 billion of its 5.70% senior unsecured notes due 2033 issued on 18 July 2023
- \$650 million of its 5.30% senior unsecured notes due 2029 issued on 3 April 2024
- \$850 million of its 5.55% senior unsecured notes due 2034 issued on 3 April 2024
- \$500 million of its 5.10% senior unsecured notes due 2030 issued on 1 April 2025
- \$750 million of its 5.25% senior unsecured notes due 2035 issued on 26 November 2025

The Group closed the sale of these notes through its wholly-owned subsidiary, SMBC Aviation Capital Finance DAC, fully and unconditionally guaranteed by SMBC Aviation Capital Limited. These debt securities were not designated into a qualifying hedge relationship at inception.

The amounts outstanding are unsecured and will be settled in cash. No other guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

The Group has amounts receivable from associates, including investments in same, totalling \$15.0 million as at 31 March 2026 (31 March 2025: \$9.9 million) and received income from these investments during the year totalling \$23.5 million (year ended 31 March 2025: \$4.5 million).

Key management personnel include directors (executive and non-executive), members of the Executive Committee and the Company Secretary. The compensation paid or payable to key management is shown below and includes no retirement compensation paid during the year ended 31 March 2026 (year ended 31 March 2025: \$Nil):

	31 March 2026 US \$'000	31 March 2025 US \$'000
Salaries and other short-term employee benefits	13,705	11,119
Post-employment benefits	544	505
Other long-term benefits	2,275	18,837
Total	16,524	30,461

Notes to the Consolidated Financial Statements (continued)

28 CAPITAL COMMITMENTS

The Group currently have a number of existing orders with Airbus and Boeing. The most significant of these orders were placed during the year ended 31 March 2015 when the Group placed an order for 110 A320neo aircraft and 5 A321XLR aircraft with Airbus and 90 Boeing 737 MAX 8 aircraft with Boeing respectively. The Group placed further direct orders for a mix of 56 Airbus A320neos and 15 Airbus A321neos during 2018.

Between May 2020 and March 2021, as the impact of the Covid-19 pandemic became clear, a number of agreements were concluded with both Airbus and Boeing to cancel a small number of existing orders, but also to defer the delivery of a large number of imminent deliveries by up to five years, with the latest deferred delivery now scheduled for 2027.

An additional agreement was concluded in May 2021 with Boeing for the purchase of a further 14 aircraft, while the Group's acquisition of Goshawk in December 2022 resulted in the addition of its existing order book with Boeing and Airbus of 20 aircraft each to the Group's total open order book.

More recently, the Group concluded an agreement with Boeing in September 2023 for the purchase of an additional 25 737 MAX aircraft with delivery dates in 2028 – 2029, while on 9 November 2023, the Group concluded an agreement with Airbus for the purchase of an additional 60 A320neo aircraft with delivery dates in 2029 – 2031.

The combined remaining purchase commitment for orders total \$11.8 billion, including existing sale-leaseback and other capital commitments of \$0.3 billion (31 March 2025: \$1.0 billion), and delivery dates are currently scheduled between 2026 and 2031 of which \$2.6 billion relates to expected delivery dates within the next twelve months.

All commitments are based upon fixed price agreements with the manufacturers, elements of which are adjusted for inflation and include price escalation formulas, and are net of expected price concessions where applicable. The Group also retains the ability to convert variants specified in existing orders up to the date of delivery and has done so on a number of occasions to facilitate market requirements.

Separately, the Company announced on 2 September 2025, in conjunction with Sumitomo Corporation, Apollo Capital Management, L.P. ("Apollo") and Brookfield Asset Management Ltd. ("Brookfield"), that they had reached an agreement (the "Merger Agreement") to acquire Air Lease Corporation ("ALC"). See note 30 'Subsequent Events' for an update on this transaction.

29 CONTINGENT LIABILITIES

The Group and Company had no contingent liability at 31 March 2026 (31 March 2025: \$nil).

30 SUBSEQUENT EVENTS

The Company announced on 2 September 2025, in conjunction with Sumitomo Corporation, Apollo Capital Management, L.P. ("Apollo") and Brookfield Asset Management Ltd. ("Brookfield"), that they had reached an agreement (the "Merger Agreement") to acquire Air Lease Corporation ("ALC"). The acquisition closed on 8 April 2026 and was executed through a new holding company, named Sumisho Air Lease Corporation Designated Activity Company ("Sumisho Air Lease"), owned by the four parties, which indirectly acquired all the outstanding shares of ALC at \$65.00 per share in cash. The Company holds 24.99% of the economic interest of this new holding company after settling the purchase price of \$1.35 billion. Upon completion of the acquisition, the Company also acquired ALC's aircraft on order for \$1.46 billion.

To fund the acquisition noted above, the Group drew down a \$2.0 billion syndicated facility on 2 April 2026. On 8 April 2026, the Company also issued additional A Preference shares to its shareholders, Sumitomo Mitsui Finance and Leasing Company, Ltd. ("SMFL") and Sumitomo Mitsui Banking Corporation ("SMBC"), totalling \$653 million.

On 1 April 2026 Mr K. Tanaka was appointed as a Director. On 1 May 2026 Mr H. Shimojima was appointed as a Director and Mr T. Toyama resigned as a Director. On 13 May 2026 Mr N. Hiruta resigned as a Director.

No other significant events affecting the Group and Company have occurred since 31 March 2026, which require adjustment to or disclosure in the Consolidated Financial Statements.

31 APPROVAL OF FINANCIAL STATEMENTS

The Directors approved these Financial Statements on 26 May 2026.

Acronyms and Abbreviations

ACCD	Aircraft Credit Department
ALC	Air Lease Corporation
Apollo	Apollo Capital Management, L.P.
Brookfield	Brookfield Asset Management Limited
ceo	Current engine option
CGU	Cash generating unit
Companies Act/ The Act	Companies Act 2014
Company	SMBC Aviation Capital Limited
Consortium	SMFG and SC
ECL	Expected credit loss
EDI	Equality, Diversity and Inclusion
EU	European Union
Financial Statements	The Group and Company financial statements
Goshawk	Goshawk Aviation
Group	SMBC Aviation Capital Limited and its subsidiaries
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
ISA	International Standard on Auditing
IT	Information technology
Managed entity	SMBC Aviation Capital (UK) Limited
MSN	Manufacturers Serial Number
neo	New engine option
OCI	Other comprehensive income
OECD	Organisation for Economic Co-operation and Development
OEM	Original equipment manufacturer
PDP	Pre-delivery payment
ROU	Right of use
Russia	Russian Federation
S&P	Standard & Poor's
SAF	Sustainable Aviation Fuel
SC	Sumitomo Corporation
SMBC	Sumitomo Mitsui Banking Corporation
SMFG	Sumitomo Mitsui Financial Group
SMFL	Sumitomo Mitsui Finance and Leasing Company, Ltd.
SOFR	Secured Overnight Financing Rate
Sumisho Air Lease	Sumisho Air Lease Corporation Designated Activity Company
TBPD	Transportation Business Planning Department
UEL	Useful economic life
UK	United Kingdom
USA	United States of America

QUERIES

Investor

Shane StLedger
SMBC Aviation Capital (HQ)

E: shane.stledger@smbc.aero

Media

Conor Irwin
SMBC Aviation Capital (HQ)

E: conor.irwin@smbc.aero