Air Austral Regional Jet Designated Activity Company

Directors' report and audited financial statements

For the financial year ended 31 March 2024

Registered number: 662036

Contents

Directors and other information

Directors	Aine Neylon (appointed as Director on 28 March 2025) Hugues Marchessaux (appointed as Director on 18 October 2024) Gloria Cahill Aoife Conneely (resigned on 28 March 2025) Joseph Brema (resigned on 18 October 2024)
Registered Office	Block A, George's Quay Plaza George's Quay Dublin 2 Ireland
Administrator and Company Secretary	Vistra Alternative Investments (Ireland) Limited Block A, George's Quay Plaza George's Quay Dublin 2 Ireland
Independent Auditor	Forvis Mazars Chartered Accountants & Statutory Audit Firm Harcourt Centre Block 3 Harcourt Road Dublin 2 Ireland
Agent and Security Trustee	Export Development Canada 150 Slater, Ottawa Ontario Canada K1A 1K3
Solicitor	Mason Hayes & Curran South Bank House Barrow Street Dublin 4 Ireland
Arranger/Originator	Air Austral SA Gillot Aerogare 97438, Sainte - Marie Ile De la Reunion
Banker	Alpha FX Group plc Brunel Building 2 Canalside Walk London W2 1DG United Kingdom
Registered Number	662036

Directors' report

The Board of Directors (hereinafter referred to as the "Board" or the "Directors") present their annual report together with the audited financial statements of Air Austral Regional Jet Designated Activity Company (the "Company"), for the financial year ended 31 March 2024, in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

Principal activities and business review

The Company is a special purpose vehicle incorporated in Ireland on 6 December 2019 with registered number 662036 as a designated activity company and is a qualifying company under section 110 of the Taxes Consolidation Act 1997. The principal activity of the Company is to act as the financing vehicle of its subsidiary's aircraft leasing platform and provides intercompany funding for this.

In 2020, the Company received EUR 1,000 intercompany loan from Air Austral SA (the "Parent"). The Company used this loan to acquire the share capital of Air Austral A220 SAS, a French registered entity (the "Subsidiary").

On 22 July 2021, the Company agreed terms with Export Development Canada ("EDC") for the provision of up to three term loans, with an aggregate value of EUR 100,000,000. The EDC Facility Agreement and EDC Loan Supplement Agreement for each loan provided was entered into between the EDC as agent, security trustee and lender and the Company as borrower. The purpose of the loan was to fund corresponding intercompany loans from the Company to the Subsidiary, to be used exclusively towards the payment of the purchase price of three Airbus A220-300 (BD500-1A11) aircraft with MSN 55106, MSN 55125 and MSN 55116. An Intercompany Facility Agreement and Intercompany Loan Supplement in respect of each loan provided was entered into between the Company (as "Lender") and the Subsidiary (as "Borrower").

An All Parties Agreement ("APA") between the Parent as lessee, the Subsidiary as owner, the Company as borrower and EDC as agent, security trustee and lender was also agreed on in order to document the terms of these arrangements.

On 27 June 2022, the Company entered into an amendment to the APA (the "APA Amendment Agreement"), an amendment to the EDC Facility Agreement and to each EDC Loan Supplement (the "EDC Facility Amendment Agreement") and an amendment to the Intercompany Facility Agreement and to each Intercompany Loan Supplement (the "Intercompany Facility Amendment Agreement") in order to amend the amortisation schedules and to reflect a new security deposit arrangements.

On 28 October 2022, the Company entered into a deferral Agreement in respect of certain airbus A220-300 (BD500-1A11) aircrafts between, among others, the Subsidiary and EDC, in order to reflect certain deferrals in respect of the payment of principal under the EDC Facility Agreement and each EDC Loan Supplement, as follows:
- payment of the principal which was due on October 26, 2022 in relation to MSN 55106 was deferred to November 26, 2022;
- payment of the principal which was due on October 27, 2022 in relation to MSN 55116 was deferred to November 27, 2022; and
- payment of the principal which was due on October 29, 2022 in relation to MSN 55125 was deferred to November 29, 2022.

In November 2022, the principal payments in relation to MSN 55106, MSN 55116 and MSN 55125 were repaid.

On 14 August 2023, the Company entered into a further amendment to the APA (the "APA Amendment Agreement"), to the EDC Facility Agreement, to each EDC Loan Supplement (the "EDC Facility Amendment Agreement"), to the Intercompany Facility Agreement and to each Intercompany Loan Supplement (the "IC Facility Amendment Agreement") in order to amend the amortisation schedules, to reflect the new security deposit arrangements, to reflect the deferrals in respect of principal under the EDC Facility Agreement, each EDC Loan Supplement and the Intercompany Facility Agreement and each Intercompany Loan Supplement.

Future developments

The Directors plan to seek a further extension from their lender and, ultimately, to sell the underlying aircraft securing the loan within the next 12 months in order to repay the final outstanding amounts. Thus, the Directors do not consider the Company to be a going concern and these financial statements have been prepared on a non-going concern basis.

Results and dividends for the financial year

The results for the financial year are set out on page 8. No dividends are recommended by the Directors for the financial year under review (2023: EUR nil).

Change in Directors, secretary and registered office

The Directors who served the Company during the financial year were as follows:

- Aine Neylon (appointed as Director on 28 March 2025)
- Hugues Marchessaux (appointed as Director on 18 October 2024)
- Gloria Cahill (appointed as Director on 22 March 2023)
- Aoife Conneely (appointed as Director on 20 February 2023, resigned on 28 March 2025)
- Joseph Brema (appointed as Director on 23 August 2022, resigned on 18 October 2024)

There were no other changes in Directors, secretary or registered office during the financial year and/or since the financial year end.

Directors, secretary and their interests

Neither the Directors nor the secretary who held office at any time during the financial year, held any shares in the Company at that date, or at any stage during the financial year. There were no contracts of any significance in relation to the business of the Company in which the Directors had any interest, as defined in Section 309 of the Companies Act 2014, as amended (the "Act"), at any time during the financial year.

Going concern

The Company has three outstanding loans with Export Development Canada ("EDC"). The Company is exposed to Air Austral Group ('the Group') due to internal financing arrangements. Due to the Group's financial difficulties, the Group entered into a Conciliation Agreement on the 26 September 2024. The Conciliation Agreement sets out a restructuring plan aimed at ensuring liquidity of the Group, which originally involved EDC deferring the Company's loan principal repayments from 26 April 2024 to 31 Jan 2025. There were five subsequent extensions further to this, to 30 June 2025, to 31 October 2025, and then to 30 November 2025.

As the Group's restructuring plan is not yet finalised, the Company is negotiating a further loan deferral until December 2026. At 31 March 2024, the year end date, there was a material uncertainty regarding the going concern basis preparation of these financial statements. However due to delays in the production and finalisation of these financial statements as well as management changes post year end, there have been further subsequent developments in discussions with EDC and the Air Austral Group which has resulted in a change in the going concern basis of preparation of the financial statements. These subsequent developments include a plan to sell the underlying aircraft securing the loan within the next 12 months in order to repay the final outstanding amounts, and accordingly this indicates that the Company no longer has the intention to continue its operations on a going concern basis. In accordance with applicable accounting rules and standards, the Directors have concluded that the Company's intention to ultimately sell the underlying aircraft within the next 12 months in order to repay the final amounts, results it being more appropriate that these financial statements are prepared on a non-going concern basis.

Principal risks and uncertainties

The Company is subject to various risks. The key risks facing the Company are outlined in note 18 of the financial statements.

Political and charitable contributions

The Company made no political donations and did not incur any political expenditure during the financial year (2023: EUR NIL).

Subsequent events

On 26 September 2024, the Company entered into a Conciliation Agreement with its Parent, Ewa Invest, Ewa Air, Banque Francaise Commerciale Ocean Indien, Caisse Regionale de Credit Agricole Mutuel de la Reunion-Mayotte, Bred Banque Populaire, BPIFRANCE, Caisse D'Epargne Cepac, Agence Francaise de Developpment, EDC, Investec Bank Plc, Investec Bank Limited, the Government of France, Semantra and Run Air as part of a restructure of the Air Austral Group, which involves seeking new shareholder financing, settlement of the group's debt and reduction of the group's operating costs. This Agreement seeks to extend the conciliation proceedings to facilitate these restructuring plans which are aimed at ensuring liquidity of the group beyond 31 January 2025 and extending current standstills on certain group loans. EDC has temporarily agreed to extend its current standstill under the EDC Secured Loan until 31 January 2025 and to temporarily suspend repayment of the principal due under the EDC Secured Loans until 31 January 2025. The Company must however continue to pay the interest due under the EDC loans.

Directors' report (continued)

Subsequent events (continued)
There were five subsequent extensions further to this, to 30 June 2025, to 31 October 2025, and then to 30 November 2025. As the Group's restructuring plan is not yet finalised the Company is negotiating a further loan deferral until 31 January 2026 and then until December 2026 by which the directors intend to liquidate the company upon completion of its corporate purpose, i.e., upon the final sale of the last aircraft. Refer to going concern paragraph for further information.

There have been no other significant events that require disclosure in these financial statements up to the date of signing this report.

Accounting records
The Directors believe that they have complied with the requirements of sections 281 to 285 of the Act. The Directors have delegated the Company's administration function to Vistra Alternative Investments (Ireland) Limited ("VAIIL" or the "Administrator") which is responsible for keeping of adequate accounting records. The Administrator employs accounting personnel with the appropriate expertise and deploys appropriate resources to the Company's financial function. The accounting records of the Company are maintained at Block A, George's Quay Plaza, George's Quay, Dublin 2, Ireland.

Shares and shareholders
The share capital of the Company is EUR 100,000 divided into 100,000 ordinary shares of EUR 1 each of which 1 share has been issued. Air Austral SA is holding one share of the Company.

Directors' compliance statement
At this present time the Company is operating within the balance sheet and turnover threshold limits as set out under Section 225 (7) of the Act, which enables the Company to avail of an exemption to the Compliance Policy Statement obligations. Accordingly the Directors are not required to include a Compliance Statement in their statutory Directors' report for the current financial year ending 31 March 2024.

Audit committee
As at the date of these financial statements, the Company is operating within the turnover threshold limits as set out under Section 167(1) of the Act, and as such the Company does not meet the requirements to establish an audit committee for the financial year ended 31 March 2024.

Independent auditor
The statutory auditors Forvis Mazars, have indicated their willingness to continue in the office in accordance with the provisions of Section 383(2) of the Companies Act 2014.

In accordance with Section 332 of the Companies Act 2014, each of the persons who is a director at the date of approval of this report confirms that:
(a) so far as they are aware, there is no relevant audit information of which the company's statutory auditors are unaware; and
(b) they have taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to ensure that the statutory auditors are aware of that information.

On behalf of the board

Signed by:
EFEE0AF0FA284F5...
Aine Neylon
Director

Signed by:
8DB735BB48E64C2...
Gloria Cahill
Director

Date: 04 February 2026 | 6:51 PM CET

Statement of Directors' responsibilities

The Board of Directors are responsible for preparing the Directors' Report and the financial statements in accordance with Irish law.

Irish company law requires the Directors to prepare financial statements for each financial year giving a true and fair view of the Company's assets, liabilities and financial position at the end of the financial year and the profit or loss of the Company for the financial year. Under that law, the Directors have prepared the financial statements in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the EU and applicable law.

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with the applicable accounting standards and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the financial statements, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

- correctly record and explain the transactions of the Company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy; and
- enable the Directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

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

In so far as the Directors are aware:

- there is no relevant audit information of which the Company's statutory auditors are unaware, and
- each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's statutory auditors are aware of that information.

On behalf of the board

Signed by:
......EFEE0AF0FA284F5...........
Aine Neylon
Director

Signed by:
......6DB735BB48E6AC2.........
Gloria Cahill
Director

Date: 04 February 2026 | 6:51 PM CET

Independent auditor's report to the members of Air Austral Regional Jet Designated Activity Company

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Air Austral Regional Jet Designated Activity Company ('the Company'), for the year ended 31 March 2024, which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and notes to the Company financial statements, including the summary of accounting policies set out in note 3. The financial reporting framework that has been applied in their preparation is Irish law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion, the accompanying financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard for Auditors (Ireland) 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.

Emphasis of matter – basis of preparation

We draw attention to note 2(b) of the financial statements, which explains the Company's intention to sell its aircraft in order to make repayment on the outstanding loans within the next 12 months and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as described in note (b).

Our opinion is not modified in this respect.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report or other title as used by the directors other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2014

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the directors' report has been prepared in accordance with applicable legal requirements;
- 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.

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

Matters on which we are required to report by exception

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

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

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that give a true and fair view, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Irish Auditing and Accounting Supervisory Authority's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf.

This description forms part of our auditor's report.

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

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

Patrick Gorry
for and on behalf of Forvis Mazars
Chartered Accountants & Statutory Audit Firm
Harcourt Centre, Block 3
Harcourt Road
Dublin 2
Date: 09 February 2026

Statement of comprehensive income
For the financial year ended 31 March 2024

	Note	Financial year ended 31-Mar-24 EUR	Financial year ended 31-Mar-23 EUR
Operating income			
Interest income	4	2,831,510	2,254,118
Other income	5	64,927	41,636
Administrative expenses	6	(64,927)	(41,636)
Operating profit		2,831,510	2,254,118
Interest expense	7	(2,831,510)	(2,254,118)
Profit before tax		-	-
Tax	8	-	-
Profit for the financial year		-	-
Other comprehensive income		-	-
Total comprehensive income for the financial year		-	-

All of the above results for the financial year ended 31 March 2024 and financial year ended 31 March 2023 related to discontinuing operations.

The Company has no recognised gains or losses other than those included in the statement of comprehensive income above and, therefore, no separate statement of other comprehensive income has been prepared.

Statement of financial position
As at 31 March 2024

	Note	31-Mar-24	31-Mar-23
Non current assets		**EUR**	**EUR**
Loan receivables	9	32,225,310	38,464,225
Investment in subsidiary	10	1,000	1,000
Total non current assets		32,226,310	38,465,225
Current assets			
Loan receivables	9	6,197,175	4,541,841
Cash and cash equivalents	11	794	794
Trade and other receivables	12	1,202,643	363,003
Total current assets		7,400,612	4,905,638
Creditors (amount falling due within one year)			
Trade and other payables	13	(1,204,436)	(364,796)
Loan payables	14	(6,197,175)	(4,541,841)
Net current liabilities		(999)	(999)
Creditors (amounts falling due after one year)			
Loan payables	14	(32,225,310)	(38,464,225)
		(32,225,310)	(38,464,225)
Net assets		1	1
Equity			
Called up share capital presented as equity	15	1	1
Retained earnings		-	-
Total equity		1	1

On behalf of the board

Signed by: ....EFFE0AE0FA284F5..........
Aine Neylon
Director

Signed by: ......6DB795BB48E64C2............
Gloria Cahill
Director

Date: 04 February 2026 | 6:51 PM CET

The accompanying notes on pages 12 to 20 form an integral part of these financial statements.

Statement of changes in equity
For the financial year ended 31 March 2024

	Called up share capital EUR	Retained earnings EUR	Total EUR
Balance as at 1 April 2022	1	-	1
Result for the financial year			
Other comprehensive income	-	-	-
Balance as at 31 March 2023	1	-	1
Balance as at 1 April 2023	1	-	1
Result for the financial year			
Other comprehensive income	-	-	-
Balance as at 31 March 2024	1	-	1

The accompanying notes on pages 12 to 20 form an integral part of these financial statements.

Statement of cash flows
For the financial year ended 31 March 2024

	Note	Financial year ended 31-Mar-24 EUR	Financial year ended 31-Mar-23 EUR
Profit or ordinary activities before taxation		-	-
Adjustments for:			
Other income	5	64,927	41,636
Administrative expenses	6	(64,927)	(41,636)
(Increase)/decrease in trade and other receivables	12	(839,640)	53,211
Increase/(decrease) in trade and other payables	13	839,640	(52,532)
Net cash generated from operating activities		-	679
Increase in cash and cash equivalents		-	679
Cash and cash equivalents at beginning of the financial year		794	115
Cash and cash equivalents at end of financial year		794	794

During the financial year end 31 March 2024, the below non-cash transactions took place:

	Note	Financial year ended 31-Mar-24 EUR	Financial year ended 31-Mar-23 EUR
Non-cash flows from investing activities			
Principal received	9	4,583,581	36,098,964
Interest income	4	2,831,510	2,254,118
Net non-cash flows generated from investing activities		**7,415,091**	**38,353,082**
Non-cash flows from financing activities			
Principal repaid	14	(4,583,581)	(36,098,964)
Interest expense	7	(2,831,510)	(2,254,118)
Net non-cash flows used in financing activities		**(7,415,091)**	**(38,353,082)**

The accompanying notes on pages 12 to 20 form an integral part of these financial statements.

Notes to the financial statements
For the financial year ended 31 March 2024

1 General Information

Air Austral Regional Jet Designated Activity Company (the "Company") is a special purpose vehicle incorporated in Ireland on 6 December 2019 with registered number 662036 as a designated activity company and is a qualifying company under section 110 of the Taxes Consolidation Act 1997. The principal activity of the Company is to act as the financing vehicle of its subsidiary's aircraft leasing platform and provides intercompany funding for this.

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The Company has no direct employees and administrative services are contracted to third parties.

2 Basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations as adopted by the EU and in accordance with the provision of the Companies Act (the "Act") applicable to companies reporting under IFRS.

The accounting policies set out below have been applied in preparing the financial statements for the financial year ended 31 March 2024.

(b) Basis of measurement

As the Group's restructuring plan is not yet finalised, the Company is negotiating a further loan deferral until December 2026. At 31 March 2024, the year end date, there was a material uncertainty regarding the going concern basis preparation of these financial statements. However due to delays in the production and finalisation of these financial statements as well as management changes post year end, there have been further subsequent developments in discussions with EDC and the Air Austral Group which has resulted in a change in the going concern basis of preparation of the financial statements. These subsequent developments include a plan to sell the underlying aircraft securing the loan within the next 12 months in order to repay the final outstanding amounts, and accordingly this indicates that the Company no longer has the intention to continue its operations on a going concern basis. In accordance with applicable accounting rules and standards, the Directors have concluded that the Company's intention to ultimately sell the underlying aircraft within the next 12 months in order to repay the final amounts, results it being more appropriate that these financial statements are prepared on a non-going concern basis.

(c) New standards, amendments or interpretations

The Directors have set out below both the upcoming EU endorsed and un-endorsed accounting standards, amendments or interpretations.

Effective for annual year beginning on 1 January 2024

Description	Effective date*
Amendments to IFRS 7 Financial Instruments Disclosures - Supplier Finance Arrangements	1 January 2024
Amendments to IFRS 16 Leases - Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 7 Statement of Cash Flows - Supplier Finance Arrangements	1 January 2024

Standards not yet effective, but available for early adoption

Description	Effective date*
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	1 January 2025*
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments Disclosures - Classification and Measurement of Financial Instruments	1 January 2026*
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments Disclosures - Contracts Referencing Nature-dependent Electricity	1 January 2026*
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027*

*Where new requirements are endorsed, the EU effective date is disclosed. For un-endorsed standards and interpretations, the International Accounting Standards Board's ("IASB") effective date is noted. Where any of the upcoming requirements are applicable to the Company, it will apply them from their EU effective date.

The Directors have considered the new standards, amendments and interpretations as detailed in the above table and do not plan to adopt these standards early. The application of all of these standards, amendments or interpretations will be considered in detail in advance of a confirmed effective date by the Company.

(d) Functional and presentation currency

These financial statements are presented in Euro (EUR) which is the Company's functional currency. Functional currency is the currency of the primary economic environment in which the entity operates. The issued share capital of the Company is denominated in Euro. The Directors of the Company believe that Euro most faithfully represents the economic effects of the underlying transactions, events and conditions.

(e) Use of estimates and judgements

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Details of material judgements and estimates have been further described in accounting policy 3(c) "Financial instruments" and note 18 to the financial statements.

Notes to the financial statements (continued)
For the financial year ended 31 March 2024

3 Material accounting policies
The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

(a) Going concern
The Company has three outstanding loans with Export Development Canada ("EDC"). The Company is exposed to Air Austral Group ("the Group") due to internal financing arrangements. Due to the Group's financial difficulties, the Group entered into a Conciliation Agreement on the 26 September 2024. The Conciliation Agreement sets out a restructuring plan aimed at ensuring liquidity of the Group, which originally involved EDC deferring the Company's loan principal repayments from 26 April 2024 to 31 Jan 2025. There were five subsequent extensions further to this, to 30 June 2025, to 31 October 2025, and then to 30 November 2025.

As the Group's restructuring plan is not yet finalised, the Company is negotiating a further loan deferral until December 2026. At 31 March 2024, the year end date, there was a material uncertainty regarding the going concern basis preparation of these financial statements. However due to delays in the production and finalisation of these financial statements as well as management changes post year end, there have been further subsequent developments in discussions with EDC and the Air Austral Group which has resulted in a change in the going concern basis of preparation of the financial statements. These subsequent developments include a plan to sell the underlying aircraft securing the loan within the next 12 months in order to repay the final outstanding amounts, and accordingly this indicates that the Company no longer has the intention to continue its operations on a going concern basis. In accordance with applicable accounting rules and standards, the Directors have concluded that the Company's intention to ultimately sell the underlying aircraft within the next 12 months in order to repay the final amounts, results it being more appropriate that these financial statements are prepared on a non-going concern basis.

(b) Taxation
The Company meets the criteria for a "Section 110 vehicle" under the Tax Consolidation Act, 1997 and is therefore subject to special tax regime which potentially allows the Company to be tax neutral. The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the financial period as calculated in accordance with Irish Tax Laws.

Current tax is the expected tax payable on the taxable income for the financial year, using tax rates applicable to the Company's activities enacted or substantively enacted at the reporting date, and adjustment to tax payable in respect of previous financial years.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(c) Financial instruments
The financial instruments held by the Company include the following:
- Loan receivables;
- Trade and other receivables;
- Cash and cash equivalents;
- Loan payables; and
- Trade and other payables.

Recognition and initial measurement
The Company initially recognises loan receivables and loan payables at fair value through profit or loss ("FVTPL") on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument. Other receivables and payables are recognised on the date on which they are originated at fair value.

A loan receivable or loan payable measured at amortised cost are initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue.

The Company has determined that it has one business model as described below.

Classification of loan receivables
On initial recognition, the Company classifies the loan receivables as measured at FVTPL.

A loan receivable is measured at amortised cost if it meets both of the following conditions and is not measured at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All receivables not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

Business model assessment
In making an assessment of the objective of the business model in which a loan receivable is held, the Company considers all of the relevant information about how the business is managed, including:
- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the loan receivables to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the loan receivables held within that business model) and how those risks are managed;
- how the arranger is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity; and
- loan receivables that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Based on the above, the Company has the following business model:
- Held-to-collect business model: this includes the loans and receivables, cash and cash equivalents and trade and other receivables. These financial assets are held to collect contractual cash flow.

3 Material accounting policies (continued)

(c) Financial instruments (continued)

Assessment whether contractual cash flows are solely payment of principal and interest ("SPPI")
In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the loan receivable contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:
- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

The loans and receivables were assessed to determine if its contractual terms give rise on specified dates to cashflows that are solely payments of principal and interest on the principal amount outstanding and the following factors particular to the portfolio were considered:
- all the loans in the portfolio are defaulted loans;
- EDC is managing to collect cashflows from the defaulted loans;
- there is no differentiation between principal and interest on the cash receipts;
- none of the borrowers are making contractual principal and interest payments; and
- no contractual specific terms of the loans are available.

Based on the above, the Directors concluded that the loan receivables meet both the business model assessment and the SPPI test. Consequently, the loan receivables are measured at amortised cost.

Loan receivables – Subsequent measurement and gains and losses
Loan receivables at amortised cost
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Loan payables – Classification, subsequent measurement and gains and losses
Loan payables are classified as measured at amortised cost or FVTPL.

A loan payable is classified as at FVTPL if it is a derivative or it is designated as such on initial recognition. Loan payables at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial liabilities at amortised cost:
- Loan payables; and
- Trade and other payables.

Impairment
Loss allowances for expected credit losses ("ECLs") are recognised on loan receivables measured at amortised cost.

The Company recognises impairment loss allowances for ECL on the following categories of financial instruments:
- Loan receivables;
- Trade and other receivables; and

Loss allowances are measured at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:
- loan receivables that are determined to have low credit risk at the reporting date; and
- other receivables for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

Loss allowances for trade and other receivables are always measured at an amount equal to lifetime ECLs. The Company adopts a simplified approach for trade and other receivables.

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

In assessing impairment, statistical modelling of historical trends of the probability of default, the timing of recoveries and the amount of loss incurred are being used, and need to make an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than is suggested by historical trends. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate. Probability of default, an expected loss ratio as per evolution of credits overdue and recoveries from credits considered written-off to assess the impairment provision can also be estimated.

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

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Notes to the financial statements (continued)
For the financial year ended 31 March 2024

3 Material accounting policies (continued)

(c) Financial instruments (continued)

Impairment (continued)

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

IFRS 9 outline a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarized below:
- Stage 1: Financial instruments for which no significant increase in credit risk is identified since its initial recognition.
- Stage 2: If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2', but is not yet deemed to be credit-impaired.
- Stage 3: If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on lifetime basis.

Financial instruments in Stage 1 have their ECL measured based on default events possible within the next 12 months. Instruments in Stage 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.

Credit-impaired loan receivables
A loan receivable is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the loan receivable have occurred.

Evidence that a loan receivable is credit-impaired includes the following observable data:
- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due; or
- It is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the statement of financial position
ECLs are remeasured at the end of each reporting period to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in statement of comprehensive income. The Company recognises an impairment gain or loss for financial instruments measured at amortised cost with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition
The Company derecognises a loan receivable when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the loan receivable in a transaction in which substantially all the risks and rewards of ownership of the loan receivable are transferred. Any interest in transferred loan receivables that is created or retained by the Company is recognised in the net finance expense on loan payables.

The Company derecognises a loan payable when its contractual obligations are discharged, cancelled or expired.

(d) Investment in subsidiary
Investments in subsidiary are shown at cost in the Company financial statements unless they are impaired or held for sale, in which case they are recorded at their recoverable amounts. In general, investments in subsidiary are assessed for impairment when the subsidiary is loss making or where there are other indicators of impairment.

(e) Cash and cash equivalents
Cash and cash equivalents includes cash held at banks which are subject to insignificant risk of changes in their value and are used by the Company in the management of its short term commitments. There are no restrictions on cash and cash equivalents. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

(f) Trade and other receivables
Trade and other receivables are recognised initially at fair value and are thereafter measured at amortised cost in accordance with IFRS 9. Trade and other receivables are discounted when the time value of money is considered material. A provision for impairment of trade receivables is recognised from initial recognition of the receivables by determining the ECL.

Prepayments are recognised initially at fair value and are thereafter measured at amortised cost.

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

(h) Share capital and dividend
Share capital is denominated in EUR. Dividends are recognised as a liability in the financial year in which they are approved.

(i) Foreign currency transaction
Transactions in foreign currencies are translated to the presentation currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the presentation currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the presentation currency at the exchange rate at the date that the fair value was determined.

(j) Interest Income
Interest income relates to the interest income on the Intercompany Loan Facility between the Company (the "Lender") and the Subsidiary (the "Borrower"). The interest income is recognised in the statement of comprehensive Income using the effective interest rate method.

(k) Interest expense
Interest expense relates to the interest payable on the EDC Loan Supplements between the Company and EDC (the "Agent", the "Security Trustee" and the "Original Lenders"). The interest expense is recognised in the statement of comprehensive Income using the effective interest rate method.

(l) Other income and administrative expenses
Other income and administrative expenses are recognised in the statement of comprehensive income on an accruals basis.

3 Material accounting policies (continued)

(m) Loan receivables and payables

The loan receivables and payables are measured at amortised cost.

4 Interest income

	Financial year ended 31-Mar-24 EUR	Financial year ended 31-Mar-23 EUR
Interest income	2,831,510	2,254,118
	2,831,510	2,254,118

Interest income is derived from interest income on the Intercompany Loan Facility between the Company and its Subsidiary.

5 Other income

	Financial year ended 31-Mar-24 EUR	Financial year ended 31-Mar-23 EUR
Other income	64,927	41,636
	64,927	41,636

Other income relates to income received from Air Austral SA to pay the expenses of the Company.

6 Administrative expenses

	Financial year ended 31-Mar-24 EUR	Financial year ended 31-Mar-23 EUR
Legal and professional fees	(13,518)	(9,618)
Administrative expenses	(18,503)	(17,319)
Audit fee	(30,135)	(11,070)
Taxation fee	(2,771)	(3,629)
	(64,927)	(41,636)

The Company has no employees (2023: none) and administrative services required are contracted from third parties.

Section 305A(1)(a) of the Act, requires disclosure that Vistra Alternative Investments (Ireland) Limited (the "Administrator" or "VAIIL") receives €1,000 (2023: €1,000) per Director included in the administration fees as consideration for the making available of individuals to act as Directors of the Company.

The terms of the corporate services Agreement in place between the Company and VAIIL provide for a single fee for the provision of corporate administration services (including the making available of individuals to act as Directors of the Company). As a result, the allocation of fees between the different services provided is a subjective and approximate calculation. Gloria Cahill, Aine Neylon and Hugues Marchessaux do not (and will not), in their personal capacity or any other capacity, receive any fee for acting or having acted as Directors of the Company. For the avoidance of doubt, Aine Neylon and Gloria Cahill are employees of Vistra Corporate Services (Ireland) Ltd, a sister Company of VAIIL, Hugues Marchessaux is an employee of Air Austral S.A, they each do not receive any remuneration for acting as Directors of the Company.

Profit after tax has been arrived at after charging the following:

	Financial year ended 31-Mar-24	Financial year ended 31-Mar-23
Auditor's remuneration (VAT excluded) in respect of the financial year	**EUR**	**EUR**
Statutory audit	12,000	9,000
	12,000	9,000

7 Interest expense

	Financial year ended 31-Mar-24 EUR	Financial year ended 31-Mar-23 EUR
Interest expense	(2,831,510)	(2,254,118)
	(2,831,510)	(2,254,118)

8 Tax

	Financial year ended 31-Mar-24 EUR	Financial year ended 31-Mar-23 EUR
Corporation tax	-	-

Factors affecting tax charge for the financial year

Corporation tax has been calculated based on the profit for the financial year and the resulting tax charges is as follows:

Profit before tax	-	-
Current tax charge at 25%	-	-

This Company qualifies as a special purpose vehicle under Section 110 of the Taxes Consolidation Act, 1997. As such the profits chargeable to corporation tax are computed in accordance with the provisions, with a rate of 25% applied to taxable profits (2023: 25%).

Deferred tax

The Company does not have any deferred tax asset or liability.

Notes to the financial statements (continued)
For the financial year ended 31 March 2024

9 Loan receivables

	31-Mar-24 EUR	31-Mar-23 EUR
Loan receivables	38,422,485	43,006,066

Movement in Loan receivables	31-Mar-24 EUR	31-Mar-23 EUR
Balance at beginning of the financial year	43,006,066	79,105,030
Loans repaid during the financial year	(4,583,581)	(36,098,964)
At end of financial year	38,422,485	43,006,066

Maturity Analysis	31-Mar-24 EUR	31-Mar-23 EUR
Loan receivable due within one financial year	6,197,175	4,541,841
Loan receivable due after one financial year	32,225,310	38,464,225
	38,422,485	43,006,066

In 2021, the Company provided three loans, with an aggregate value of EUR 82,701,047 to Air Austral A220 SAS (the "Subsidiary") to be used exclusively towards the payment of the purchase price of three airbus A220-300 (BD500-1A11) aircraft with MSN 55106, MSN 55125 and MSN 55116.

An Intercompany Facility Agreement and Intercompany Loan Supplement in respect of each loan provided was entered into between the Company (as "Lender") and the Subsidiary (as "Borrower") on 26 July 2021, 27 July 2021 and 29 July 2021 respectively in order to document the terms of the loans. The loans shall mature in 2031.

On 29 January 2023, the Subsidiary repaid the full amount of the Tranche A Loan for each aircraft.

The interest rate for each loan supplement is based on floating rate: 3 months Euribor rate plus a fixed rate (2.79%) applicable rate calculated as the sum of the administration fee rate, the premium rate and the margin benchmark rate.

Loan receivables were assessed for expected credit loss. However, there was no impairment loss recorded in the financial statements as the calculated amount is deemed immaterial. See note 3 and note 18 for further detail.

10 Investment in subsidiary

	31-Mar-24 EUR	31-Mar-23 EUR
Investment in subsidiary	1,000	1,000

The Company holds 10 ordinary shares of €100 in Air Austral A220 SAS (the "Subsidiary").

11 Cash and cash equivalents

	31-Mar-24 EUR	31-Mar-23 EUR
Cash and cash equivalents	794	794
	794	794

The Company's bank account is held with Alpha Group plc (not rated).

12 Trade and other receivables

	31-Mar-24 EUR	31-Mar-23 EUR
Interest income receivable	1,129,760	327,174
Other receivables	72,882	35,828
Share capital receivable	1	1
	1,202,643	363,003

13 Trade and other payables

	31-Mar-24 EUR	31-Mar-23 EUR
Interest expense payable	(1,129,760)	(327,174)
Other payables	(2,104)	(2,104)
Accruals	(71,572)	(34,518)
Intercompany loan payable	(1,000)	(1,000)
	(1,204,436)	(364,796)

Creditors are payable at various dates in accordance with suppliers' usual and customary credit terms.

Creditors for tax are payable in the timeframe set down in the relevant legislation.

Included in trade and other payables is intercompany loan payable. In 2020 the Company received EUR 1,000 intercompany loan from Air Austral SA to acquire the share capital of Air Austral A220 SAS.

Notes to the financial statements (continued)
For the financial year ended 31 March 2024

14 Loan payables

	31-Mar-24 EUR	31-Mar-23 EUR
Loan payables	(38,422,485)	(43,006,066)

Movement in Loan payables	31-Mar-24 EUR	31-Mar-23 EUR
Balance at beginning of the financial year	(43,006,066)	(79,105,030)
Loans repaid during the financial year	4,583,581	36,098,964
Balance at end of financial year	(38,422,485)	(43,006,066)

Maturity Analysis	31-Mar-24 EUR	31-Mar-23 EUR
Loan payables due within one financial year	(6,197,175)	(4,541,841)
Loan payables due after one financial year	(32,225,310)	(38,464,225)
	(38,422,485)	(43,006,066)

On 22 July 2021, the Company agreed terms with Export Development Canada ("EDC") for the provision of up to three loans, with a aggregate value of EUR 100,000,000. The EDC Facility Agreement and EDC Loan Supplement Agreement for each loan provided was entered into between the EDC as agent, security trustee and lender and the Company as borrower. The purpose of the loan was to fund corresponding intercompany loans from the Company to the Subsidiary. The loans taken from EDC and the loans provided to the Subsidiary shall mature in 2031.

On 9 December 2022, the Company repaid the full amount of the Tranche A Loan for each aircraft.

The interest rate for each loan supplement is based on floating rate: 3 months Euribor rate plus a fixed rate (2.79%) applicable rate calculated as the sum of the administration fee rate, the premium rate and the margin benchmark rate.

15 Called up share capital presented as equity

Authorised
100,000 shares of EUR 1 each

Issued
1 shares of EUR 1 each

The sole shareholder is Air Austral SA.

16 Ownership of the Company
The sole shareholder of the Company is Air Austral SA holding 1 share in the Company. Air Austral SA consolidate the financial result of the Company in their books and records.

The Directors have considered the issue as to who is the ultimate controlling party of the Company. It has determined that the control of the day to day activities rests with the Directors.

17 Related party disclosures
Transactions with Directors
The Board is composed of three Directors, Gloria Cahill, Aine Neylon and Hugues Marchessaux. Aine Neylon and Gloria Cahill are employees of Vistra Corporate Services (Ireland) Ltd, a sister Company of VAIIL, Hugues Marchessaux is an employee of Air Austral S.A. No fees were paid to the Directors.

During the financial year, the Company incurred a fee of EUR 18,503 (2023: EUR 17,319) at commercial rates relating to administration services provided by VAIIL, the administrator and Company Secretary. The Company incurred a fee of EUR 2,771 (2023: EUR 3,629) relating to tax compliance services provided Vistra Assurance (Ireland) Limited. As at 31 March 2024, EUR 6,400 (2023: EUR 3,629) were accrued in relation to tax compliance services provided by Vistra Assurance (Ireland) Limited.

There were no direct transactions which arose with the Directors and the Directors received no remuneration during the financial year. The Board is composed of three Directors, Gloria Cahill, Aine Neylon and Hugues Marchessaux. Aine Neylon and Gloria Cahill are employees of Vistra Corporate Services (Ireland) Ltd, a sister Company of VAIIL, Hugues Marchessaux is an employee of Air Austral S.A. No fees were paid to the Directors.

Transactions with the Subsidiary
The Company has acquired 100% of the share capital of the Subsidiary. The carrying value of investment in the Subsidiary at the financial year end was EUR 1,000 (2023: EUR 1,000). The Company earned interest income of EUR 2,831,510 (2023: EUR 2,254,118) and has a loan receivable outstanding of EUR 38,422,485 (2023: EUR 43,006,066) from Air Austral A220 SAS, the Company's subsidiary.

18 Financial risk management
The Directors have overall responsibility for the establishment and oversight of the Company's risk management framework.

The risk profile of the Company is such that market, liquidity, credit and other risks of the loan receivables for risk management are borne fully by the holders of loan payables.

The Company has exposure to the following risks from its use of financial instruments:
(a) Market risk;
(b) Liquidity risk;
(c) Credit risk; and
(d) Operational risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital.

18 Financial risk management (continued)

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures with acceptable parameters while optimising the returns on risk.

Market risk embodies the potential for both losses and gains and includes interest rate risk and currency risk.

(i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. At the reporting date, the interest rate profile of the Company's financial assets and liabilities was:

31-Mar-24	**Fixed EUR**	**Floating EUR**	**Non interest bearing EUR**	**Total EUR**
Loan receivables	-	38,422,485	-	38,422,485
Cash and cash equivalents	-	794	-	794
Trade and other receivables	-	-	1,202,643	1,202,643
Loan payables	-	(38,422,485)	-	(38,422,485)
Trade and other payables	-	-	(1,204,436)	(1,204,436)
Net exposure	-	794	(1,793)	(999)

31-Mar-23	**Fixed EUR**	**Floating EUR**	**Non interest bearing EUR**	**Total EUR**
Loan receivables	-	43,006,066	-	43,006,066
Cash and cash equivalents	-	794	-	794
Trade and other receivables	-	-	363,003	363,003
Loan payables	0	(43,006,066)	-	(43,006,066)
Trade and other payables	-	-	(364,796)	(364,796)
Net exposure	-	794	(1,793)	(999)

(ii) Currency risk

Both the loan receivables and loan payables are denominated in EUR, the functional currency. All transactions are denominated in Euro and thus, the exposure to exchange rate fluctuations is nil.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring acceptable losses or risking damage to the Company's reputation.

The contractual maturities of financial liabilities as at 31 March 2024 and 31 March 2023 are provided below:

31-Mar-24	**Carrying amount EUR**	**Gross contractual cash flows EUR**	**Within 1 year EUR**	**1-2 years EUR**	**2-5 years EUR**	**More than 5 years EUR**
Loan payables	38,422,485	38,422,485	6,197,175	4,957,740	14,873,220	12,394,350
Trade and other payables	1,204,436	1,204,436	1,204,436	-	-	-
	39,626,921	39,626,921	7,401,611	4,957,740	14,873,220	12,394,350

31-Mar-23	**Carrying amount EUR**	**Gross contractual cash flows EUR**	**Within 1 year EUR**	**1-2 years EUR**	**2-5 years EUR**	**More than 5 years EUR**
Loan payables	43,006,067	43,006,067	4,541,841	4,668,643	14,831,530	18,964,052
Trade and other payables	364,796	364,796	364,796	-	-	-
	43,370,863	43,370,863	4,906,637	4,668,643	14,831,530	18,964,052

(c) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's financial assets. The Company's principal financial assets are cash and cash equivalents, loan receivables and loan commitments to developers which represent the Company's maximum exposure to credit risk in relation to financial assets.

Geographical concentration

The loan receivables are 100% concentrated in France and are not rated.

The following table shows the total carrying value of assets, which represents the maximum credit exposure at financial year end:

	31-Mar-24 EUR	**31-Mar-23 EUR**
Cash and cash equivalents	794	794
Trade and other receivables	1,202,642	363,002
Loan receivables	38,422,485	43,006,066
	39,625,921	43,369,862

The Company's cash and cash equivalents are held with Alpha FC Group plc (not rated).

Notes to the financial statements (continued)
For the financial year ended 31 March 2024

18 Financial risk management (continued)

(c) Credit risk (continued)

VAIIL, as administrator, independently review observable data for each loan, on an annual basis, to determine the risk profile of each loan. A loan is considered in default when the borrower fails to make a payment by the due date, breaches a significant term of the loan Agreement, or enters into bankruptcy or other insolvency proceedings.

The Company uses credit ratings, flying conditions, current payment performance, the borrower's financial stability, limited recourse nature of the loan and relevant macroeconomic conditions to assess whether loans should remain in Stage 1 or migrate to Stage 2 (significant increase in credit risk) or Stage 3 (credit-impaired loans).

The restructuring plan aims to revitalize the carrier's operations and secure its future in Réunion's aviation landscape, includes provisions for expanding the Group's codeshare Agreements, potentially opening up new routes and increasing connectivity without significant fleet expansion costs. The Company continues to receive interest income and pay interest expense as scheduled. The Management anticipates a continuation of business growth of approximately 3% per year in 2025 and 2026 of the Group. The restructuring program has offered the Group additional liquidity support, with no further deferrals observed. There have been no significant negative events, such as legal disputes, aircraft maintenance issues, or substantial regulatory fines, that have affected the borrower's financial stability. The borrower operates within the aviation industry, which remains stable and is expected to grow, particularly as demand for air travel continues to recover. The floating interest rate exposure and agreed deferrals of scheduled principal payments, indicate an increased risk of default since initial recognition. Relevant economic indicators for the aviation sector remain stable. Given these factors, the credit risk is considered to be increasing and due to the loan's floating interest rate exposure and the agreed deferrals of scheduled payments, hence IFRS 9 requires classification in Stage 2. The credit risk exposure of the loan receivable moved to Stage 2 in the current year from Stage 1 in 2023 due to the floating interest rate exposure and agreed deferrals of scheduled principal payments.

In the event of default, the Company will apply a lifetime expected credit loss (ECL) for the impaired loan. The Company will take appropriate recovery actions, including legal measures or renegotiating loan terms to recover the outstanding balance. Loan receivables were assessed for expected credit loss. However, there was no impairment loss recorded as the calculated amount is deemed immaterial. Refer to Note 9 for further details.

(d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Company was incorporated with the purpose of engaging in those activities outlined in note 1. Certain management and administration functions have been outsourced by the Directors of the Company to VAIIL.

19 Subsequent events

On 26 September 2024, the Company entered into a Conciliation Agreement with its Parent, Ewa Invest, Ewa Air, Banque Francaise Commerciale Ocean Indien, Caisse Regionale de Credit Agricole Mutuel de la Reunion-Mayotte, Bred Banque Populaire, BPIFRANCE, Caisse D'Epargne Cepac, Agence Francaise de Developpment, EDC, Investec Bank Plc, Investec Bank Limited, the Government of France, Semantra and Run Air as part of a restructure of the Air Austral Group, which involves seeking new shareholder financing, settlement of the group's debt and reduction of the group's operating costs. This Agreement seeks to extend the conciliation proceedings to facilitate these restructuring plans which are aimed at ensuring liquidity of the group beyond 31 January 2025 and extending current standstills on certain group loans. EDC has temporarily agreed to extend its current standstill under the EDC Secured Loan until 31 January 2025 and to temporarily suspend repayment of the principal due under the EDC Secured Loans until 31 January 2025. The Company must however continue to pay the interest due under the EDC loans.

There were five subsequent extensions further to this, to 30 June 2025, to 31 October 2025, and then to 30 November 2025. As the Group's restructuring plan is not yet finalised the Company is negotiating a further loan deferral until 31 January 2026 and then until December 2026 by which the directors intend to liquidate the company upon completion of its corporate purpose, i.e., upon the final sale of the last aircraft. Refer to going concern paragraph for further information.

There have been no other significant events that require disclosure in these financial statements up to the date of signing this report.

20 Capital risk management

Share capital of EUR 1 was issued in line with the Company law and is not used for financing the investment activities of the Company. The Company is not subject to any other externally imposed capital requirements.

21 Capital commitments

The Company has no capital commitments as at 31 March 2024 (2023: EUR nil).

22 Contingent Liabilities

The Company has no contingent liabilities as at 31 March 2024 (2023: EUR nil).

23 Charges

The Company has by way of continuing security for the due payment, performance and discharge of the secured obligations, inter alia, charged as a first fixed charge a portfolio of loan assets which are managed on an amortised cost basis.

24 Approval of financial statements

The financial statements were approved by the board on 4 February 2026.