

COMPANY REGISTRATION NUMBER: 731785

BACKBONE FREIGHTER LEASING DESIGNATED ACTIVITY COMPANY

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR 31 DECEMBER 2024**

BACKBONE FREIGHTER LEASING DESIGNATED ACTIVITY COMPANY

TABLE OF CONTENTS	PAGE
COMPANY INFORMATION	3
DIRECTORS' REPORT	4-6
STATEMENT OF DIRECTORS' RESPONSIBILITIES	7
INDEPENDENT AUDITORS' REPORT	8-10
PROFIT AND LOSS ACCOUNT	11
BALANCE SHEET	12
NOTES TO THE FINANCIAL STATEMENTS	13-19

BACKBONE FREIGHTER LEASING DESIGNATED ACTIVITY COMPANY

COMPANY INFORMATION

DIRECTORS	Aileen Mannion Christian Alain Mailly Helena Hynes (appointed and resigned 6 August 2024) Jose Gomes
COMPANY REGISTRATION NUMBER	731785
COMPANY SECRETARY	TMF Administration Services Limited Ground Floor Two Dockland Central Guild Street North Dock Dublin 1 Ireland
REGISTERED OFFICE	Ground Floor Two Dockland Central Guild Street North Dock Dublin 1 Ireland
INDEPENDENT AUDITOR	BDO Block 3, Miesian Plaza 50-58 Baggot Street Lower Dublin 2 Ireland
SOLICITORS	Matheson 70 Sir John Rogerson's Quay Dublin 2 Ireland Norton Rose Fulbright 3 More London Pl London SE1 2AQ United Kingdom
BANKERS	Hamburg Commercial Bank AG Gerhart-Hauptmann-Platz 50 20095 Hamburg Germany

BACKBONE FREIGHTER LEASING DESIGNATED ACTIVITY COMPANY

Directors' report

The directors present their annual report, together with the audited financial statements of Backbone Freighter Leasing Designated Activity Company (the "Company"), for the year from 1 January 2024 to 31 December 2024.

Principal activities, business review and future developments

The principal activity of the Company is leasing aircraft to freighter airlines. The Company purchases commercial passenger aircraft, converts them for freight purposes and then leases them to freighter airlines. The Company has initiated the process of conversion of the aircraft it acquired in the prior period. However, transfer of this aircraft will not take place until the conversion is complete. During the year, the aircraft's two engines were removed and leased to airline companies, thereby generating lease income.

The Company's asset management agreement with DS Aviation GmbH & Co. (KG) for the provision of services in respect of the acquisition, trading and leasing of aircraft, continued unchanged during the year.

The directors are satisfied with the state of affairs of the Company and have no plans to change the activities and operations of the Company in the foreseeable future.

Results and dividends

The Profit and Loss Account for the year ended 31 December 2024 and the Balance Sheet at that date are set out on pages 11 and 12.

The profit on ordinary activities for the year before taxation amounted to US\$303,454 [2023: loss (US\$952,198)]. The directors do not recommend the payment of a dividend.

The key performance indicators for the Company are as follows:

	2024	2023
	US\$	US\$
(a) Lease income	2,188,935	-
(b) Profit / (Loss) before taxation	303,454	(952,198)

The directors believe that the Company has performed satisfactorily with respect to these key performance indicators.

Directors, secretary and their interests

The directors and company secretary of the Company who served during the year are set out on page 3 of the financial statements. The directors and company secretary who held office as at 31 December 2024 had no direct or indirect beneficial interest in shares of the Company or any group company at year end or at any time during the year.

Going concern

The financial statements for the year ended 31 December 2024 have been prepared on a going concern basis. In assessing whether the going concern assumption was appropriate, the Directors considered the information below:

Having considered the Company's actual and expected cashflows as well as the current position of the net assets in the Balance Sheet, the directors have a reasonable expectation that the Company can access adequate resources to continue in operational existence for the foreseeable future. It expects to be able to raise capital from investors to satisfy its financial obligation to complete the purchase of its first aircraft and it also has substantial, yet limited, financial support from its Parent Company in the form of a fixed guarantee.

BACKBONE FREIGHTER LEASING DESIGNATED ACTIVITY COMPANY

Directors' report (continued)

While Management pursues its options to raise sufficient capital to fund the purchase price, subsequent to year-end, it has extended the payment date for its first aircraft to 15 September 2026. Nevertheless, these conditions indicate the existence of a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern.

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue its operations for the foreseeable future. The successful resolution of the abovementioned uncertainties is critical to the company's ability to continue its operations.

Related party transactions

According to Section 33 Related party disclosures para 33.1a, of FRS102 "The Financial Reporting Standards applicable in the UK and Republic of Ireland", the company has taken advantage of the related party disclosure exemptions in preparing these financial statements.

Principal risks and uncertainties

The most significant risks facing the Company are liquidity risk, operational risk and foreign currency risk.

a) Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at an unacceptably high cost. If the Company cannot meet its obligations under the various debt arrangements or its capital commitments, it may be subject to contract breach damages and may even be unable to continue to operate on a going concern basis.

In the management of liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and mitigate the effects of fluctuations in cash flows. The Company can access adequate resources and financial support from the Parent Company to continue in operational existence for the foreseeable future.

b) 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, infrastructure, and from external factors other than credit, markets and liquidity issues such as those arising from legal and regulatory requirements and generally accepted standards to corporate behavior. The company has outsourced various functions to mitigate operational risk.

c) Foreign currency risk

Currency risk is the risk that the carrying value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The exposure to non-USD currencies is not significant due to minimal Euro expenses and significantly all assets/liabilities being held in USD. As a result, no sensitivity analysis is included.

Statement on relevant audit information

So far as each of the Directors in office at the date of approval of the financial statements is aware:

- There is no relevant audit information of which the Company's auditors are unaware; and
- The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 330 of the Companies Act 2014.

Directors' report (continued)

Significant subsequent events

Post year end, on 30 July 2025, the Company amended the lease agreements in respect of the engines of its aircraft such that their termination date is now 31 December 2026, with provision for monthly extensions thereafter. The aim of this transaction was to continue generating revenue for the company during the conversion of the aircraft, which is taking longer than anticipated.

In addition, in August 2025, an agreement was signed in terms of which the due date for the payment for its aircraft was extended to 15 September 2026, in order to align with the longer-than-expected completion date of the aircraft's conversion process.

There were no other significant subsequent events after year end which require disclosure in the financial statements.

Accounting records

The Directors are responsible for ensuring that adequate accounting records, as outlined in Sections 281 to 285 of the Companies Act 2014, are kept by the Company. The measures taken by the Directors to ensure compliance with the Company's obligation to keep adequate accounting records are by the use of appropriate systems and procedures and by ensuring that a competent service provider is responsible for the preparation and maintenance of the accounting records. The accounting records are kept at Ground Floor, Two Docklands Central, Guild Street, North Dock, Dublin 1, Ireland.

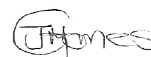
Independent auditors

The auditors, BDO, Statutory Audit Firm, continue as auditors in accordance with Section 383(2) of the Companies Act 2014.

This report was approved by the Board of Directors on 25 February 2026 and signed on its behalf by:



Aileen Mannion
Director



Jose Gomes
Director

BACKBONE FREIGHTER LEASING DESIGNATED ACTIVITY COMPANY

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law, they have elected to prepare the financial statements in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that the financial statements comply with the Companies Act 2014. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. The directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Act 2014.

On behalf of the board



Aileen Mannion
Director



Jose Gomes
Director

Date: 25 February 2026

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BACKBONE FREIGHTER LEASING DAC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Backbone Freighter Leasing DAC ('the Company') for the period ended 31 December 2024, which comprise the Statement of financial position, the statement of comprehensive income and statement of changes in equity and notes to the financial statements, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is the Companies Act 2014 and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council.

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 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; 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 Companies Act 2014. Our responsibilities under those standards are described below in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard 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.

Material uncertainty related to going concern

In forming our opinion, which is not modified, we draw attention to disclosures made in Note 2 in the financial statements concerning the appropriateness of the going concern basis of preparation of the financial statements. The Company's ability to continue as a going concern is dependent on the continued support of the Parent entity, along with sourcing required capital from investors to meet the Company's commitments falling due within one year.

These matters indicate a material uncertainty which may cast doubt on the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would be necessary if the company was unable to continue as a going concern.

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

Other Offices:
103/104 O'Connell St
Limerick, V94 AT85

Brian McEnery (Managing Partner)
Simon Carbery
Paul Creedon
Stewart Dunne
Chris Fogarty

Patrick Glover
Brian Hughes
Ronan Harbourn
Diarmuid Hendrick
Liam Hession

Ken Kilmartin
Stephen McCallion
Aine McNerney
Teresa Morahan
Ursula Moran

Siobhan Phelan
Donal Ryan
Richard Sammon
Gavin Smyth
Richard Warren-Tangney



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BACKBONE FREIGHTER LEASING DAC (continued)

Other information

The directors are responsible for the other information. Other information comprises information included in the annual report, other than the financial statements and the 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 is consistent with the financial statements; and
- the directors' report has been prepared in accordance with the Companies Act 2014.

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

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

Matters on which we are required to report by exception

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

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BACKBONE FREIGHTER LEASING DAC (continued)

Respective responsibilities

Responsibilities of directors and those charged with governance for the financial statements

As explained more fully in Statement of directors' responsibilities set on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on IAASA's website at: https://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.



Brian Hughes
For and on behalf of BDO
Statutory Audit Firm
Block 3, Miesian Plaza
50-58 Baggot Street Lower
Dublin 2, D02 Y754

25 February 2026

Date

BACKBONE FREIGHTER LEASING DESIGNATED ACTIVITY COMPANY

**Profit and Loss Account
For the year ended 31 December 2024**

		Year ended 31 December 2024 US\$	Period ended 31 December 2023 US\$
Revenue			
Lease income		2,188,935	-
Interest income		4,662	-
		<u>2,193,597</u>	<u>-</u>
Expenses			
Operating expenses	3	<u>(1,890,143)</u>	<u>(952,198)</u>
Profit/(Loss) on ordinary activities before taxation		303,454	(952,198)
Corporation tax charge for the year/period		<u>(1,165)</u>	<u>-</u>
Profit/(Loss) for the year/period		<u>302,289</u>	<u>(952,198)</u>

The Company has no recognised gains or losses in the financial year. All items relate to continuing operations.

The notes on pages 13 to 19 form an integral part of these financial statements.

BACKBONE FREIGHTER LEASING DESIGNATED ACTIVITY COMPANY

**Balance sheet
As at 31 December 2024**


		As at 31 December 2024 US\$	As at 31 December 2023 US\$
Non-current assets			
Property plant & equipment – Aircraft engines	4	16,147,149	-
Current assets			
Work in progress	5	5,068,080	21,000,900
Trade and other receivables		1,583,989	-
Cash and cash equivalents		1,634,244	-
		8,286,313	21,000,900
Total assets		24,433,462	21,000,900
Current liabilities			
Trade and other payables	6	(25,082,371)	(21,952,098)
Total liabilities		(25,082,371)	(21,952,098)
Net assets / (liabilities)		(648,909)	(951,198)
Shareholders' funds			
Share capital	7	1,000	1,000
Retained profit/(loss)		(649,909)	(952,198)
Total shareholders' funds		(648,909)	(951,198)

The accompanying notes on pages 13 to 19 are an integral part of these financial statements. These financial statements have been prepared in accordance with the small companies regime.

The financial statements were approved by the Board of Directors on 25 February 2026 and signed on its behalf by:



Aileen Mannion
Director



Jose Gomes
Director

**Notes to the financial statements
For the year ended 31 December 2024**

1 General information

The Company is a designated activity company incorporated on 16 December 2022 under the laws of Ireland with company registration number 731785. The address of the registered office is at Ground Floor, Two Docklands Central, Guild Street, North Dock, Dublin 1, Ireland.

2 Significant accounting policies

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102 (“FRS 102”), the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2014.

The preparation of these financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies.

(b) Going concern

The financial statements for the year ended 31 December 2024 have been prepared on a going concern basis. In assessing whether the going concern assumption was appropriate, the Directors considered the information below:

Having considered the Company’s actual and expected cashflows as well as the current position of the net assets in the Balance Sheet, the directors have a reasonable expectation that the Company can access adequate resources to continue in operational existence for the foreseeable future. It expects to be able to raise capital from investors to satisfy its financial obligation to complete the purchase of its first aircraft and it also has substantial, yet limited, financial support from its Parent Company in the form of a fixed guarantee.

While Management pursues its options to raise sufficient capital to fund the purchase price, subsequent to year-end, it has extended the payment date for its first aircraft to 15 September 2026. Nevertheless, these conditions indicate the existence of a material uncertainty that may cast significant doubt on the company’s ability to continue as a going concern.

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue its operations for the foreseeable future. The successful resolution of the abovementioned uncertainties is critical to the company’s ability to continue its operations.

(c) Cash flow

The company qualifies as a small entity under the provisions of the Companies Act 2014 and has prepared its financial statements in accordance with Section 1A of Financial Reporting Standard 102 (FRS 102). As such, the company has availed itself of the exemption from preparing a statement of cash flows.

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

Directors' report (continued)

(d) **Critical accounting estimates and judgments in applying accounting policies**

The preparation of the financial statements requires the directors to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis by directors.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Estimates are applied in determining:

(i) Accruals

Management assesses obligations for services received but not yet invoiced, including costs related to the ongoing aircraft conversion project and general operational expenses. These accruals require judgment in estimating amounts based on available information and contract terms. Changes in these estimates may materially impact the financial statements.

(ii) Work-in-progress (WIP)

The measurement of WIP requires management to estimate the stage of completion of the conversion process, costs incurred to date, and costs necessary to complete the project. These estimates involve significant judgment, particularly in assessing potential delays, unexpected costs, or changes in project scope. Variations in these assumptions could significantly affect the valuation of WIP.

(iii) Related party balances

Balances with related parties are evaluated for recoverability based on the financial condition and ongoing relationship with the related parties. Management applies judgment in determining the necessity of any provisions for doubtful balances. Changes in the financial position of related parties or other factors could result in adjustments to these balances, impacting the financial statements.

(e) **Property plant and equipment (PPE)**

Aircraft engines economic useful life and residual values

The aircraft engines are depreciated on a straight-line basis over their estimated useful lives of 15 years from their date of lease and at year-end, there is slightly over 13 years remaining. The residual value has been estimated at 15% of cost. The depreciation method, useful life and residual value are reviewed annually at the reporting year-end.

Aircraft engine valuation

The aircraft engines are evaluated for impairment each reporting period or when there are indicators of impairment. This process involves the use of judgements and estimates. Estimates are utilised in determining the recoverable amount. Specifically, the Company estimates future lease cashflows, remaining useful lives of the aircraft, discount rate, residual value, remarketing costs and current and future market values. The estimates and assumptions used are based on historical trends as well as future expectations.

The Company has utilised judgement in evaluating whether there are indicators of impairment. In this regard, management relies on legal factors, market conditions and the operational performance of the leased assets. In addition, the Company has applied judgement in determining the residual value of aircraft.

**Notes to the financial statements
for the financial year ended 31 December 2024**

(e) Property plant and equipment (PPE) (continued)

The estimated residual values are based on management's view when supporting transaction data exists. Changes in global and regional economic and political conditions, government regulations, technological changes and other factors could cause the Company to revise the residual value assumptions. The Company evaluates the appropriateness of these judgements and assessments each reporting period.

An impairment is charged through the Statement of Profit or Loss and Other Comprehensive Income to reduce the carrying value of the engines to the recoverable amount where impairment is considered to have occurred in accordance with IAS 36 "Impairment of Assets". An impairment review is carried out when there has been an indication of impairment, usually based on independent market appraisals and indications of market demand. Where the recoverable amount is greater than the carrying value, no impairment is required.

Recoverable amount is the higher of the fair value less costs to sell and value-in-use. Fair value less costs to sell is the price that would be received to sell an asset in an orderly transaction between market participants less any directly attributable selling costs.

Value-in-use is the present value of future cashflows expected to be obtainable as a result of an asset's continued use, including those from contracted lease rentals, assumed future leases (not yet contracted) and estimated ultimate disposal proceeds.

Any repair and maintenance work which does not qualify under the capitalisation criteria is charged to the Statement of Comprehensive Income in the financial year in which it occurs. Major improvements and modifications incurred in connection with the engines that are required to get the engines ready for initial service are capitalised and depreciated over their remaining life.

(f) Work in progress (WIP)

Work-in-progress (WIP) represents the costs incurred on aircraft conversion projects from commercial use to freight use that are not yet completed at the reporting date. WIP is measured at the lower of cost and net realisable value. Costs included in WIP comprise direct materials, labour and an appropriate proportion of overheads directly attributable to the conversion process. Indirect costs and administrative expenses not directly related to the conversion are excluded. Aircraft in property, plant and equipment will be recognised upon completion of the conversion and delivery of the aircraft, or at significant project milestones where performance obligations are satisfied. Any anticipated losses on incomplete projects will be recognised immediately in the statement of profit or loss. The WIP balance is reviewed regularly for impairment, and adjustments are made where costs are deemed to exceed the net realisable value or where projects may not be completed as planned.

**Notes to the financial statements
For the year ended 31 December 2024**

(g) Foreign currency transactions

Monetary assets and liabilities denominated in foreign currency included in the Company's financial statements are measured in US Dollars denoted by the symbol "US\$" which is the Company's functional and presentation currency. Foreign-currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign-exchange gains and losses resulting from the settlement of such transactions and from the re-translation at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account.

(h) Lease income

Leases where the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Lease income arising on the Company's aircraft engines is recognised as lease income as it accrues over the term of the lease agreements. The lease income is recorded on a straight-line basis over the lease term, even if the payments are not received on such basis.

(i) Taxation

Corporation tax is provided on taxable profits at current rates applicable to the Company's activities. Deferred taxation is accounted for, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date except as otherwise required by FRS 102. Provision is made at the tax rates which are expected to apply in the periods in which the timing differences reverse. Deferred tax assets are recognised only to the extent that it is considered more likely than not that they will be recovered.

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 reduced to the extent that it is no longer probable that related tax benefit will be realised.

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Profit and Loss Account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using the tax rates applicable to the Company's activities enacted or substantially enacted at the balance sheet date, and adjustments to tax payable in respect to previous years.

(j) Other expenses

Other expenses have been recognised in the Profit and Loss Account on an accrual basis.

(k) Share capital

Ordinary shares are classified as equity, as per the Company's Constitution.

BACKBONE FREIGHTER LEASING DESIGNATED ACTIVITY COMPANY

**Notes to the financial statements
For the year ended 31 December 2024**

3 Operating expenses	Year ended 31 December 2024 US\$	Period ended 31 December 2023 US\$
Asset management fee	315,990	331,092
Depreciation - engines	792,171	-
Insurance expenses	267,692	337,715
Finance – Administrator fee	15,476	20,142
Maintenance fee	396,197	55,051
Finance - Tax	25,474	-
Transaction advisory fees	30,000	40,142
Legal fees	33,946	155,254
Fees paid/payable to statutory auditors*	10,389	12,802
Bank charges	1,447	-
Other administration expenses	751	-
Foreign exchange loss	610	-
	1,890,143	952,198

The Company has no employees. Accounting and management services have been outsourced to the Administrator. There were no directors' fees paid or payable during the year.

*Fees paid to the statutory auditors are as follows:

	Year ended 31 December 2024 US\$	Period ended 31 December 2023 US\$
Statutory auditors' remuneration (exclusive of VAT of 23%)	10,389	9,381
Tax compliance services (exclusive of VAT of 23%)	-	3,421
	10,389	12,802

There were no other assurance or non-audit services provided by the independent auditor.

4 Property plant & equipment

	As at 31 December 2024 USD	As at 31 December 2023 USD
Cost		
At beginning of financial year	-	-
Additions	16,939,320	-
At the end of financial year	16,939,320	-
Accumulated Depreciation and Impairment		
Opening balance	-	-
Depreciation charge for the financial year	(792,171)	-
Impairment charge for the financial year	-	-
At the end of financial year	(792,171)	-
Net book value		
At beginning of financial year	-	-
At the end of the financial year	16,147,149	-

The aircraft engines are evaluated for impairment at the end of the reporting year or when there are indicators of impairment. The Company recognised USD Nil (2023: nil) as impairment to the value of the engines and determined this by performing a valuation based on their value-in-use involving potential lease income. During the prior year, the company purchased one aircraft, the two engines of which were removed and leased out in the current financial year.

BACKBONE FREIGHTER LEASING DESIGNATED ACTIVITY COMPANY

**Notes to the financial statements
For the year ended 31 December 2024**

5	Work in progress	As at 31 December 2024 US\$	As at 31 December 2023 US\$
	Work in progress	5,068,080	21,000,900

Work in progress is stated at the lower of Cost or Net realisable value (NRV).

6	Trade and other payables	As at 31 December 2024 US\$	As at 31 December 2023 US\$
	Trade payables	24,313,429	21,102,559
	Amount due to parent entity	699,429	778,439
	Accruals	69,513	71,100
		25,082,371	21,952,098

7	Share capital	As at 31 December 2024 US\$	As at 31 December 2023 US\$
	Authorised		
	100 000 ordinary shares of US\$1.00 each	100,000	100,000
	Issued and fully paid		
	1,000 ordinary shares of US\$1.00 each	1,000	1,000

The Company's capital as at the year-end is represented by the ordinary shares outstanding, of which The Company has issued 1,000 to DS Aviation Freighter Invest GmbH. The objective of the Company is to provide shareholders with returns over the medium to long term through both capital growth and income via the leasing of aircraft.

The Company does not have any externally-imposed capital requirements.

8 Contingent liabilities

There is a contingent liability of \$6,000,000 as at 31 December 2024, relating to an additional payment for the conversion of the company's aircraft for freighter purposes if completed by 15 September 2026 or a later date, as varied by agreement.

9 Related party transactions

According to Section 33 Related party disclosures para 33.1a, of FRS102 "The Financial Reporting Standards applicable in the UK and Republic of Ireland", the company has taken advantage of the related party disclosure exemptions in preparing these financial statements.

10 Controlling party

As at 31 December 2024, the ultimate controlling party of the Company is JS Holding GmbH & Co. KG, which holds an indirect controlling interest in the Company. The immediate parent company is DS Aviation Freighter Invest GmbH, a company incorporated in Germany.

**Notes to the financial statements
For the year ended 31 December 2024**

11 Significant subsequent events

Post period end, on 30 July 2025, the Company amended the lease agreements in respect of the engines of its aircraft such that their termination date is now 31 December 2026, with provision for monthly extensions thereafter. The aim of this transaction was to continue generating revenue for the company during the conversion of the aircraft, which is taking longer than anticipated.

In addition, in August 2025, an agreement was signed in terms of which the due date for the payment for its aircraft was extended to 15 September 2026, in order to align with the longer-than-expected completion date of the aircraft's conversion process.

There were no other significant subsequent events after year end which require disclosure in the financial statements.

12 Approval of financial statements

The financial statements were approved by the directors and authorised for issue on 25 February 2026.