UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended August 31, 2025

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File number 001-32959

AIRCASTLE LIMITED

(Exact name of registrant as specified in its charter)

Bermuda	**98-0444035**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**

c/o Aircastle Advisor LLC
201 Tresser Boulevard, Suite 400
Stamford
Connecticut
06901
(Address of Principal Executive Offices)

Registrant's telephone number, including area code: **(203) 504-1020**

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Shares, par value $0.01 per share	N/A	NONE
Preference Shares, par value $0.01 per share	N/A	NONE

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☑	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

As of October 1, 2025, there were 17,840 outstanding shares of the registrant's common shares, par value $0.01 per share.

Aircastle Limited and Subsidiaries
Form 10-Q
Table of Contents

		Page No.
	PART I. – FINANCIAL INFORMATION	
Item 1.	Consolidated Financial Statements	
	Consolidated Balance Sheets as of August 31, 2025 and February 28, 2025	3
	Consolidated Statements of Income and Comprehensive Income for the three and six months ended August 31, 2025 and 2024	4
	Consolidated Statements of Cash Flows for the six months ended August 31, 2025 and 2024	5
	Consolidated Statements of Changes in Shareholders' Equity for the three and six months ended August 31, 2025 and 2024	7
	Notes to Unaudited Consolidated Financial Statements	8
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	22
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	36
Item 4.	Controls and Procedures	37
	PART II. – OTHER INFORMATION	
Item 1.	Legal Proceedings	38
Item 1A.	Risk Factors	38
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	38
Item 3.	Defaults Upon Senior Securities	38
Item 4.	Mine Safety Disclosures	38
Item 5.	Other Information	38
Item 6.	Exhibits	39
SIGNATURE		40

PART I. — FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

Aircastle Limited and Subsidiaries
Consolidated Balance Sheets
(Dollars in thousands, except share data)

	August 31, 2025	February 28, 2025
	(Unaudited)	
ASSETS		
Cash and cash equivalents	$ 147,343	$ 279,052
Accounts receivable	12,111	9,662
Flight equipment held for lease, net	8,215,532	7,644,867
Net investment in leases, net	254,404	257,249
Unconsolidated equity method investment	46,668	45,813
Other assets	208,903	273,521
Total assets	$ 8,884,961	$ 8,510,164
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Borrowings from secured financings, net	$ 113,863	$ 502,609
Borrowings from unsecured financings, net	5,133,849	4,452,781
Accounts payable, accrued expenses and other liabilities	343,538	295,132
Lease rentals received in advance	65,620	68,120
Security deposits	69,277	82,477
Maintenance payments	568,191	583,658
Total liabilities	6,294,338	5,984,777
Commitments and Contingencies		
SHAREHOLDERS' EQUITY		
Preference shares, $0.01 par value, 50,000,000 shares authorized, 400 (aggregate liquidation preference of $400,000) shares issued and outstanding at August 31, 2025 and February 28, 2025	—	—
Common shares, $0.01 par value, 250,000,000 shares authorized, 17,840 shares issued and outstanding at August 31, 2025 and February 28, 2025	—	—
Additional paid-in capital	2,378,774	2,378,774
Retained earnings	211,849	146,613
Total shareholders' equity	2,590,623	2,525,387
Total liabilities and shareholders' equity	$ 8,884,961	$ 8,510,164

The accompanying notes are an integral part of these unaudited consolidated financial statements.

Aircastle Limited and Subsidiaries
Consolidated Statements of Income and Comprehensive Income
(Dollars in thousands)
(Unaudited)

	Three Months Ended August 31,		Six Months Ended August 31,	
	2025	2024	2025	2024
Revenues:				
Lease rental revenue	$ 190,116	$ 162,379	$ 373,159	$ 324,949
Direct financing and sales-type lease revenue	5,191	5,426	10,333	10,883
Amortization of lease premiums, discounts and incentives	(1,513)	(6,068)	1,253	(12,717)
Maintenance revenue	9,708	19,378	47,840	61,527
Total lease revenue	203,502	181,115	432,585	384,642
Gain on sale or disposition of flight equipment	23,889	35,416	54,178	36,426
Other revenue	119	137	591	773
Total revenues	227,510	216,668	487,354	421,841
Operating expenses:				
Depreciation	96,762	87,675	192,578	177,033
Interest, net	70,529	62,424	139,370	127,237
Selling, general and administrative	24,247	20,090	44,938	42,145
Provision for credit losses	(116)	426	26	281
Impairment of flight equipment	31,153	5,761	36,219	10,972
Maintenance and other costs	3,977	4,096	8,221	8,539
Total operating expenses	226,552	180,472	421,352	366,207
Other (expense) income:				
Gain (loss) on extinguishment of debt	—	285	(2,973)	285
Other	61,041	726	60,585	422
Total other income	61,041	1,011	57,612	707
Income from continuing operations before income taxes and earnings of unconsolidated equity method investment	61,999	37,207	123,614	56,341
Income tax provision	5,228	9,028	17,949	12,600
Earnings of unconsolidated equity method investment, net of tax	462	480	855	999
Net income	$ 57,233	$ 28,659	$ 106,520	$ 44,740
Preference share dividends	(10,500)	(10,500)	(10,500)	(10,500)
Net income available to common shareholders	$ 46,733	$ 18,159	$ 96,020	$ 34,240
Total comprehensive income available to common shareholders	$ 46,733	$ 18,159	$ 96,020	$ 34,240

The accompanying notes are an integral part of these unaudited consolidated financial statements.

Aircastle Limited and Subsidiaries
Consolidated Statements of Cash Flows
(Dollars in thousands)
(Unaudited)

	Six Months Ended August 31,	
	2025	**2024**
Cash flows from operating activities:		
Net income	$ 106,520	$ 44,740
Adjustments to reconcile net income to net cash and cash equivalents provided by operating activities:		
Depreciation	192,578	177,033
Amortization of deferred financing costs	9,129	8,590
Amortization of lease premiums, discounts and incentives	(1,253)	12,717
Deferred income taxes	13,329	9,438
Collections on net investment in leases	2,983	3,477
Security deposits, maintenance payments and insurance settlements included in earnings	(88,490)	(9,914)
Gain on sale or disposition of flight equipment	(54,178)	(36,426)
(Gain) loss on extinguishment of debt	2,973	(285)
Impairment of flight equipment	36,219	10,972
Provision for credit losses	26	281
Other	(859)	(1,008)
Changes in certain assets and liabilities:		
Accounts receivable	(745)	(3,201)
Other assets	1,950	(4,690)
Accounts payable, accrued expenses and other liabilities	1,113	(19,235)
Lease rentals received in advance	(2,648)	12,414
Net cash and cash equivalents provided by operating activities	218,647	204,903
Cash flows from investing activities:		
Acquisition and improvement of flight equipment	(980,225)	(335,410)
Proceeds from sale or disposition of flight equipment	299,523	329,288
Proceeds from settlement of insurance claim	40,926	—
Proceeds from sale of investment in debt securities	10,128	—
Aircraft purchase deposits and progress payments, net of deposits returned and aircraft sales deposits	(584)	(1,069)
Other	588	(293)
Net cash and cash equivalents used in investing activities	(629,644)	(7,484)
Cash flows from financing activities:		
Proceeds from issuance of common shares	—	300,000
Proceeds from secured and unsecured debt financings	1,590,489	1,048,200
Repayments of secured and unsecured debt financings	(1,298,264)	(1,289,386)
Debt extinguishment costs	—	285
Deferred financing costs	(12,005)	(4,961)
Security deposits and maintenance payments received	84,842	73,206
Security deposits and maintenance payments returned	(33,490)	(11,676)
Dividends paid	(52,284)	(10,500)
Net cash and cash equivalents provided by financing activities	279,288	105,168
Net (decrease) increase in cash and cash equivalents:	(131,709)	302,587
Cash and cash equivalents at beginning of period	279,052	129,977
Cash and cash equivalents at end of period	$ 147,343	$ 432,564

The accompanying notes are an integral part of these unaudited consolidated financial statements.

Aircastle Limited and Subsidiaries
Consolidated Statements of Cash Flows (Continued)
(Dollars in thousands)
(Unaudited)

	Six Months Ended August 31,	
	2025	**2024**
Supplemental disclosures of cash flow information:		
Cash paid for interest, net of amounts capitalized	$ 122,652	$ 128,754
Cash paid for income taxes	$ 109	$ 517
Supplemental disclosures of non-cash investing activities:		
Advance lease rentals, security deposits, maintenance payments, other liabilities and other assets assumed in asset acquisitions	$ 45,848	$ 27,807
Advance lease rentals, security deposits, maintenance payments, other liabilities and other assets settled in sale of flight equipment	$ 31,089	$ 47,607
Transfers from flight equipment held for lease to Net investment in leases and Other assets	$ 7,289	$ 6,310

The accompanying notes are an integral part of these unaudited consolidated financial statements.

Aircastle Limited and Subsidiaries
Consolidated Statements of Changes in Shareholders' Equity
(Dollars in thousands, except share amounts)
(Unaudited)

	Common Shares		Preference Shares		Additional Paid-In Capital	Retained Earnings	Total Shareholders' Equity
	Shares	Amount	Shares	Amount			
Balance, February 28, 2025	17,840	$ —	400	$ —	$ 2,378,774	$ 146,613	$ 2,525,387
Net income	—	—	—	—	—	49,287	49,287
Common share dividends	—	—	—	—	—	(30,784)	(30,784)
Balance, May 31, 2025	17,840	$ —	400	$ —	$ 2,378,774	$ 165,116	$ 2,543,890
Net income	—	—	—	—	—	57,233	57,233
Preference share dividends	—	—	—	—	—	(10,500)	(10,500)
Balance, August 31, 2025	17,840	$ —	400	$ —	$ 2,378,774	$ 211,849	$ 2,590,623

	Common Shares		Preference Shares		Additional Paid-In Capital	Retained Earnings	Total Shareholders' Equity
	Shares	Amount	Shares	Amount			
Balance, February 29, 2024	15,564	$ —	400	$ —	$ 2,078,774	$ 55,000	$ 2,133,774
Net income	—	—	—	—	—	16,081	16,081
Balance, May 31, 2024	15,564	$ —	400	$ —	$ 2,078,774	$ 71,081	$ 2,149,855
Issuance of common shares	2,276	—	—	—	300,000	—	300,000
Net income	—	—	—	—	—	28,659	28,659
Preference share dividends	—	—	—	—	—	(10,500)	(10,500)
Balance, August 31, 2024	17,840	$ —	400	$ —	$ 2,378,774	$ 89,240	$ 2,468,014

The accompanying notes are an integral part of these unaudited consolidated financial statements.

Note 1. Summary of Significant Accounting Policies

Organization

Aircastle Limited ("Aircastle," the "Company," "we," "us" or "our") is a Bermuda company that was incorporated on October 29, 2004, under the provisions of Section 14 of the Companies Act of 1981 of Bermuda. Aircastle's business is acquiring, leasing, managing and selling commercial jet aircraft.

The Company is controlled by affiliates of Marubeni Corporation ("Marubeni") and Mizuho Leasing Company, Limited ("Mizuho Leasing" and, together with Marubeni, our "Shareholders").

Aircastle is a holding company and conducts its business through subsidiaries that are wholly owned, either directly or indirectly, by Aircastle.

Basis of Presentation and Principles of Consolidation

The consolidated financial statements presented are prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP").

The accompanying consolidated financial statements are unaudited and have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") for interim financial reporting and, in our opinion, reflect all adjustments, including normal recurring items, which are necessary to present fairly the results for interim periods. Operating results for the periods presented are not necessarily indicative of the results that may be expected for the entire year. Certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with U.S. GAAP have been omitted in accordance with the rules and regulations of the SEC. However, we believe that the disclosures are adequate to make the information presented not misleading. These financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended February 28, 2025.

The consolidated financial statements include the accounts of Aircastle and all its subsidiaries, including any Variable Interest Entity ("VIE") of which Aircastle is the primary beneficiary. All intercompany transactions and balances have been eliminated in consolidation.

We manage and analyze our business and report our results of operations based on one operating and reportable segment: leasing, financing, selling and managing commercial flight equipment. Our Chief Executive Officer is the chief operating decision maker (the "CODM"). As a single reportable segment entity, the CODM utilizes consolidated net income to evaluate segment performance and allocate resources. The significant segment expenses and other segment items, such as total assets, that are provided to the CODM align with expense information that is included in the Company's consolidated balance sheets and statements of income.

The Company's management has reviewed and evaluated all events or transactions for potential recognition and/or disclosure subsequent to the balance sheet date of August 31, 2025, through the date on which the consolidated financial statements included in this Form 10-Q were issued.

Risk and Uncertainties

In the normal course of business, Aircastle encounters several significant types of economic risk, including credit, market, aviation industry and capital market risks. Credit risk is the risk of a lessee's inability or unwillingness to make contractually required payments and to fulfill its other contractual obligations to Aircastle. Market risk reflects the change in the value of financings due to changes in interest rate spreads or other market factors, including the value of collateral underlying financings. Aviation industry risk is the risk of a downturn in the commercial aviation industry which could adversely impact a lessee's ability to make payments, increase the risk of early lease terminations and depress lease rates and the value of the Company's aircraft. Capital market risk is the risk that the Company is unable to obtain capital at reasonable rates to fund the growth of its business or to refinance existing debt.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. While Aircastle believes the estimates and related assumptions used in the preparation of the consolidated financial statements are appropriate, actual results could differ from those estimates.

Recent Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures ("ASC 740"). ASC 740 enhances the transparency of income tax disclosures primarily related to the rate reconciliation and income taxes paid information. The standard requires disclosure of specific categories in the rate reconciliation, using both percentages and reporting currency amounts, as well as disclosure of income taxes paid, net of refunds received, disaggregated by federal, state, and foreign taxes and individual jurisdictions. The standard is effective for annual periods beginning after December 15, 2024, and will be adopted by the Company for the year ended February 28, 2026. The amendments in ASU 2023-09 should be applied on a prospective basis; however, retrospective application to all prior periods presented in the annual financial statements is permitted. The Company does not anticipate that the adoption of the standard will have a material impact on our consolidated financial statements.

In November 2024, the FASB issued ASU No. 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses. This standard requires entities to provide additional disclosure around certain costs and expenses presented within the Income Statement. This standard aims to improve the disclosures around the entity's expenses and address requests from investors for more detailed information about the types of expenses. The standard is effective for annual periods beginning after December 15, 2026, and interim periods beginning after December 15, 2027. Early adoption is permitted. The Company does not anticipate that the adoption of the standard will have a material impact on its consolidated financial statements or related disclosures.

Note 2. Fair Value Measurements

Fair value measurements and disclosures require the use of valuation techniques to measure fair value that maximize the use of observable inputs and minimize the use of unobservable inputs.

Assets Measured at Fair Value on a Recurring Basis

The following tables set forth our financial assets as of August 31, 2025 and February 28, 2025, that we measured at fair value on a recurring basis by level within the fair value hierarchy. Assets measured at fair value are classified in their entirety based on the lowest level of input that is significant to their fair value measurement.

		Fair Value Measurements at August 31, 2025 Using Fair Value Hierarchy			
	Fair Value as of August 31, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Valuation Technique
Assets:					
Cash and cash equivalents	$ 147,343	$ 147,343	$ —	$ —	Market
Investments, at fair value:					
Investment in equity securities	$ 5,446	$ 1,548	$ —	$ 3,898	Market/Income
Total investments, at fair value	$ 5,446	$ 1,548	$ —	$ 3,898	

	Fair Value as of February 28, 2025	Fair Value Measurements at February 28, 2025 Using Fair Value Hierarchy			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Valuation Technique
Assets:					
Cash and cash equivalents	$ 279,052	$ 279,052	$ —	$ —	Market
Investments, at fair value:					
Investment in debt securities	$ 5,029	$ —	$ —	$ 5,029	Income
Investment in equity securities	4,883	985	—	3,898	Market/Income
Total investments, at fair value	$ 9,912	$ 985	$ —	$ 8,927	

Our cash and cash equivalents consist largely of money market securities that are highly liquid and easily tradable. These securities are valued using inputs observable in active markets for identical securities (Level 1). Our investments in debt and equity securities consist of notes and shares received as a result of claims settlements from various airline customers that had entered into bankruptcy proceedings or similar-type restructurings. Our investment in equity securities that are traded in an active market have been valued using quoted market prices (Level 1). Our investments in other equity securities and debt securities for which there is no active market or there is limited market data have been valued using the income approach (Level 3).

During the three months ended August 31, 2025, we sold certain notes received from our airline customers and, as a result, held no investments in debt securities that were measured at fair value as of August 31, 2025.

For the three and six months ended August 31, 2025, we had no transfers into or out of Level 3.

Assets Measured at Fair Value on a Non-recurring Basis

We measure the fair value of certain assets and liabilities on a non-recurring basis, when U.S. GAAP requires the application of fair value, including events or changes in circumstances that indicate the carrying amounts of these assets may not be recoverable. Assets subject to these measurements include our aircraft and unconsolidated equity method investment.

We record aircraft at fair value when we determine the carrying value may not be recoverable. Fair value measurements for aircraft in impairment tests are based on the average of the market approach (Level 2 or 3), which includes third-party appraisal data, and an income approach (Level 3), which includes the Company's assumptions and appraisal data as to the present value of future cash proceeds from leasing and selling aircraft. Level 3 valuations contain significant non-observable inputs. See "Aircraft Valuation" below for further information.

We account for our unconsolidated equity method investment under the equity method of accounting. Our investment is recorded at cost and is adjusted by undistributed earnings and losses and the distributions of dividends and capital. This investment is reviewed for impairment whenever events or changes in circumstances indicate the fair value is less than its carrying value and the decline is other-than-temporary.

Financial Instruments

Our financial instruments, other than cash, consist principally of cash equivalents, accounts receivable, investments in debt and equity securities, accounts payable and secured and unsecured financings. The fair value of cash and cash equivalents, accounts receivable and accounts payable approximates the carrying value of these financial instruments because of their short-term nature.

The fair value of our investments, which consist of debt and equity securities, have been valued using either quoted market prices to the extent such securities are traded in an active market (Level 1), or using the income approach for those

securities where there is no active market or there is limited market data (Level 3). The fair value of our senior notes is estimated using quoted market prices (Level 1), whereas all our other financings are valued using a discounted cash flow analysis, based on our current incremental borrowing rates for similar types of borrowing arrangements (Level 2).

The carrying amounts and fair values of our financial instruments at August 31, 2025 and February 28, 2025, were as follows:

	August 31, 2025		February 28, 2025	
Assets	**Carrying Amount of Asset**	**Fair Value of Asset**	**Carrying Amount of Asset**	**Fair Value of Asset**
Investments, at fair value[1]	$ 5,446	$ 5,446	$ 9,912	$ 9,912
Other investments, net	728	728	4,916	4,916
Liabilities	**Carrying Amount of Liability**	**Fair Value of Liability**	**Carrying Amount of Liability**	**Fair Value of Liability**
Credit Facilities	$ 240,000	$ 240,000	$ 150,000	$ 150,000
Secured Term Financings	115,840	108,370	509,104	513,161
Unsecured Term Financings	600,000	600,000	—	—
Senior Notes	4,350,000	4,418,705	4,350,000	4,387,341

(1) See Assets Measured at Fair Value on a Recurring Basis.

Aircraft Valuation

Impairment of Flight Equipment

During the three months ended August 31, 2025, the Company recorded total impairment charges of $31.2 million. This amount includes $22.4 million related to aircraft leased to 2 customers who filed for bankruptcy protection. For these aircraft, the Company recognized $4.9 million of maintenance and lease rentals received in advance into revenue during the three months ended August 31, 2025. The remaining impairment charges relate to other flight equipment recorded within other assets that are subject to tear-down and parts sales programs and 1 converted narrow-body freighter aircraft.

During the six months ended August 31, 2025, the Company recorded total impairment charges of $36.2 million. In addition to the items recognized in the current quarter, this amount includes $5.1 million of transactional impairments recorded during the three months ended May 31, 2025, related to engine redeliveries and 1 aircraft lease termination. The Company recognized $18.7 million in revenue related to maintenance, security deposits and the reversal of lease incentive liabilities during the three months ended May 31, 2025.

Recoverability Assessment

We perform a recoverability assessment of all our aircraft and other flight equipment on a quarterly basis and annually during the third quarter of each fiscal year.

We perform a recoverability test when events or changes in circumstances, or indicators, suggest that the carrying amount or net book value of an aircraft or other flight equipment may not be recoverable. For assets with indicators of impairment, we measure whether the estimated future undiscounted net cash flows expected to be generated by the asset exceed its net book value. The undiscounted cash flows consist of cash flows from currently contracted lease rentals and maintenance payments, future projected lease rates and maintenance payments, transition costs, estimated down time, and estimated residual or scrap values for an aircraft. In the event that an aircraft does not meet the recoverability test, the aircraft will be adjusted to fair value, resulting in an impairment charge.

Management assumptions are based on current and future expectations of the global demand for a particular aircraft type and historical experience in the aircraft leasing market and aviation industry, as well as information received from third-party industry sources. The factors considered in estimating the undiscounted cash flows are impacted by changes in future periods due to changes in projected lease rental and maintenance payments, residual values, economic conditions, technology, airline demand for a particular aircraft type and other factors, such as the location of the aircraft and accessibility to records and technical documentation.

If our estimates or assumptions change, including those related to our customers that have entered judicial insolvency proceedings or similar-type proceedings or restructurings, we may revise our cash flow assumptions and record future impairment charges. While we believe that the estimates and related assumptions used in our recoverability assessments are appropriate, actual results could differ from those estimates.

Note 3. Flight Equipment Held for Lease, Net

The following table summarizes the activities for the Company's flight equipment held for lease for the six months ended August 31, 2025:

	Amount
Balance at February 28, 2025	$ 7,644,867
Additions	1,026,899
Depreciation	(191,407)
Disposals and transfers to net investment in leases and held for sale	(232,569)
Impairments	(32,258)
Balance at August 31, 2025	$ 8,215,532
Accumulated depreciation	$ 1,901,384

Update on Russian Aircraft

The Company leased 9 aircraft to Russian airlines that were unrecoverable following Russia's invasion of Ukraine in February 2022. The Company filed claims against the reinsurers of the Russian airlines' insurance and the Company's contingent and possessed insurance policies ("C&P Policies") seeking indemnity.

During the years ended February 28, 2025 and February 29, 2024, the Company received aggregate cash settlement proceeds of $92.7 million in settlement of certain of the Company's claims under the Russian airlines' insurance and the Company's C&P Policies.

During the three months ended August 31, 2025, the Company entered into settlement agreements with certain additional C&P insurers for an aggregate settlement amount of $55.7 million, which was recognized as a component of other income in its consolidated statements of income. Of this amount, $40.9 million was received in cash as of August 31, 2025, with the remaining $14.8 million collected after that date.

The receipt of the insurance proceeds serve to mitigate, in part, the Company's losses under its aviation insurance policies. The Company remains in settlement discussions with some of the remaining insurers under its C&P Policies. However, the collection, timing and amount of any future recoveries, including those related to insurance litigation, remain uncertain. Accordingly, at this time, the Company can give no assurance as to when or what amounts it may ultimately collect with respect to these matters.

Note 4. Lease Rental Revenues

Minimum future lease rentals contracted to be received under our existing operating leases of flight equipment at August 31, 2025, were as follows:

Year Ending February 28/29,	Amount
2026 (Remainder of fiscal year)	$ 382,216
2027	715,477
2028	623,754
2029	541,843
2030	450,458
Thereafter	1,344,257
Total	$ 4,058,005

At August 31, 2025 and February 28, 2025, the amounts of lease incentive liabilities recorded in maintenance payments on our consolidated balance sheets were $23.4 million and $34.8 million, respectively.

Note 5. Net Investment in Leases, Net

At August 31, 2025 and February 28, 2025, our net investment in leases consisted of 14 aircraft. The components were as follows:

	August 31, 2025	February 28, 2025
Lease receivable	$ 115,341	$ 121,202
Unguaranteed residual value of flight equipment	145,591	142,849
Net investment leases	260,932	264,051
Allowance for credit losses	(6,528)	(6,802)
Net investment in leases, net	$ 254,404	$ 257,249

At August 31, 2025, future lease payments to be received under our net investment in leases were as follows:

Year Ending February 28/29,	Amount
2026 (Remainder of fiscal year)	$ 13,313
2027	26,559
2028	26,316
2029	25,970
2030	15,579
Thereafter	37,656
Total lease payments to be received	145,393
Present value of lease payments - lease receivable	(115,341)
Difference between undiscounted lease payments and lease receivable	$ 30,052

Note 6. Concentration of Risk

The classification of regions in the tables below is based on our customers' principal place of business.

The geographic concentration of the net book value of our fleet (flight equipment held for lease and net investment in leases, or "Net Book Value") as of August 31, 2025 and February 28, 2025, was as follows:

	August 31, 2025		February 28, 2025	
Region	Number of Aircraft	Net Book Value %	Number of Aircraft	Net Book Value %
Asia and Pacific	67	26 %	67	28 %
Europe	85	25 %	99	30 %
Middle East and Africa	14	6 %	11	5 %
North America	73	33 %	58	26 %
South America	31	10 %	29	11 %
Off-lease	—	— %	1	— %
Total	270	100 %	265	100 %

The following table sets forth individual countries representing at least 10% of our Net Book Value as of August 31, 2025 and February 28, 2025:

	August 31, 2025			February 28, 2025		
Country	Net Book Value	Net Book Value %	Number of Lessees	Net Book Value	Net Book Value %	Number of Lessees
United States	$ 1,756,318	21%	8	$ 1,223,496	16%	7
India	1,051,769	13%	3	1,046,978	14%	3

The geographic concentration of our lease rental revenue earned from flight equipment held for lease was as follows:

	Three Months Ended August 31,		Six Months Ended August 31,	
Region	2025	2024	2025	2024
Asia and Pacific	26 %	28 %	27 %	28 %
Europe	27 %	32 %	28 %	31 %
Middle East and Africa	5 %	4 %	5 %	5 %
North America	30 %	24 %	29 %	24 %
South America	12 %	12 %	11 %	12 %
Total	100 %	100 %	100 %	100 %

The following table shows the number of lessees with lease rental revenue of at least 5% of total lease rental revenue and their combined total percentage of lease rental revenue for the periods indicated:

	Three Months Ended August 31,				Six Months Ended August 31,			
	2025		2024		2025		2024	
	Number of Lessees	Combined % of Lease Rental Revenue	Number of Lessees	Combined % of Lease Rental Revenue	Number of Lessees	Combined % of Lease Rental Revenue	Number of Lessees	Combined % of Lease Rental Revenue
Largest lessees by lease rental revenue	2	16%	2	14%	2	16%	2	15%

For the three months ended August 31, 2025, the United States and India comprised 24% and 11% of total revenue, respectively. Total revenue attributable to the United States included $18.7 million from gains on sale or disposition of flight equipment.

For the six months ended August 31, 2025, the United States and India comprised 23% and 10% of total revenue, respectively. Total revenue attributable to the United States included $45.3 million from gains on sale or disposition of flight equipment.

Note 7. Unconsolidated Equity Method Investment

We have an unconsolidated equity method investment with Mizuho Leasing, which has 8 aircraft with a Net Book Value of $238.1 million at August 31, 2025.

	Amount
Balance at February 28, 2025	$ 45,813
Earnings of unconsolidated equity method investment, net of tax	855
Balance at August 31, 2025	$ 46,668

On May 15, 2025, the Company received $1.0 million from our equity method investee as full repayment of the aggregate principal amount outstanding under a loan agreement.

On August 18, 2025, we entered into a new loan agreement to provide our equity method investee with a $1.0 million unsecured loan facility, which bears interest at a rate of Term Secured Overnight Funding Rate (“SOFR”) (as defined in the loan agreement) plus 2% and is payable on August 18, 2026.

Note 8. Borrowings from Secured and Unsecured Debt Financings

The outstanding amounts of our secured and unsecured debt financings were as follows:

	At August 31, 2025				At February 28, 2025
Debt Obligation	Outstanding Borrowings	Number of Aircraft	Interest Rate	Final Stated Maturity	Outstanding Borrowings
Secured Debt Financings:					
Secured Term Financings[1]	$ 115,840	4	2.36% to 4.14%	11/30/31 to 06/27/32	$ 509,104
Less: Debt issuance costs and discounts	(1,977)				(6,495)
Total secured debt financings, net of debt issuance costs and discounts	113,863				502,609
Unsecured Debt Financings:					
Senior Notes due 2025[2]	—		5.25%	08/11/25	650,000
Senior Notes due 2026	650,000		4.25%	06/15/26	650,000
2.850% Senior Notes due 2028	750,000		2.85%	01/26/28	750,000
6.500% Senior Notes due 2028	650,000		6.50%	07/18/28	650,000
Senior Notes due 2029	650,000		5.95%	02/15/29	650,000
5.250% Senior Notes due 2030	500,000		5.25%	03/15/30	500,000
5.000% Senior Notes due 2030	650,000		5.00%	09/15/30	—
Senior Notes due 2031	500,000		5.75%	10/01/31	500,000
Unsecured Term Loan	600,000		5.72%	04/28/30	—
Revolving Credit Facilities	240,000		5.55% to 6.48%	01/31/27 to 02/08/28	150,000
Less: Debt issuance costs and discounts	(56,151)				(47,219)
Total unsecured debt financings, net of debt issuance costs and discounts	5,133,849				4,452,781
Total secured and unsecured debt financings, net of debt issuance costs and discounts	$ 5,247,712				$ 4,955,390

(1) The borrowings under these financings at August 31, 2025, have a weighted average fixed rate of interest of 3.11%.

(2) Repaid on August 1, 2025 with no gain or loss on the early extinguishment of debt.

Secured Debt Financings

Secured Term Financings

On May 12, 2025, we repaid in full the $391.6 million outstanding principal amount of one of our term financings secured by 17 aircraft, and $5.5 million of accrued interest. The secured term financing had a final stated maturity date of November 21, 2029. We recognized a $3.0 million loss on the early extinguishment of debt related to the write-off of unamortized financing costs.

Unsecured Debt Financings

Unsecured Term Loan

On April 28, 2025, Aircastle Advisor, LLC ("AALLC"), a wholly-owned subsidiary of the Company, entered into a credit agreement with the lender parties thereto (the "Unsecured Term Loan Credit Agreement") providing for a $600.0 million unsecured term loan (the "Unsecured Term Loan"). The Unsecured Term Loan bears interest at a floating rate under the Term SOFR (as defined in the Unsecured Term Loan Credit Agreement) plus 1.40% per annum and matures on

April 28, 2030. Prior to April 28, 2026, the total credit commitment under the Unsecured Term Loan can be increased up to a maximum amount of $700.0 million. The Unsecured Term Loan Credit Agreement contains, among other customary provisions, a $1.1 billion minimum net worth covenant, a 2.0:1.0 minimum interest coverage ratio covenant, and a 1.25:1.0 minimum unencumbered asset ratio. The Company and Aircastle (Ireland) Designated Activity Company, a wholly-owned subsidiary of the Company, agreed to fully and unconditionally guarantee AALLC's obligations under the Unsecured Term Loan Credit Agreement.

5.000% Senior Notes due 2030

On July 17, 2025, the Company and AIDAC issued $650.0 million aggregate principal amount of 5.000% Senior Notes due 2030 (the "5.000% Senior Notes due 2030") at an issue price of 99.306%. The Company's and AIDAC's obligations under the 5.000% Senior Notes due 2030 are fully and unconditionally guaranteed by AALLC. The 5.000% Senior Notes due 2030 will mature on September 15, 2030, and bear interest at a rate of 5.000% per annum, payable semi-annually on March 15 and September 15 of each year, commencing on March 15, 2026. Interest accrues on the 5.000% Senior Notes due 2030 from July 17, 2025.

Revolving Credit Facilities

As of August 31, 2025, we had $240.0 million outstanding under our revolving credit facilities and had $1.9 billion available for borrowing.

As of August 31, 2025, we were in compliance with all applicable covenants in our financings.

AALLC Guarantees

In connection with AALLC entering into the Unsecured Term Loan Credit Agreement, AALLC agreed to fully and unconditionally guarantee (the "AALLC Guarantees") the Company's obligations under its: (i) revolving credit facilities; (ii) 5.250% Senior Notes due 2025; (iii) 4.250% Senior Notes due 2026; (iv) 2.850% Senior Notes due 2028; (v) 6.500% Senior Notes due 2028; (vi) 5.950% Senior Notes due 2029; (vii) 5.25% Senior Notes due 2030, (viii) 5.000% Senior Notes due 2030, and (ix) 5.75% Senior Notes due 2031 (collectively, the "Existing Unsecured Debt"). As a result of the AALLC Guarantees, the Unsecured Term Loan ranks pari passu in right of payment with the Existing Unsecured Debt.

Note 9. Shareholders' Equity

Common Share Dividends

On March 17, 2025, the Company paid a dividend to its Shareholders in the amount of $11.0 million, which was accrued as of February 28, 2025. The common share dividend was approved by the Company's Board of Directors and the Shareholders.

On June 11, 2025, the Company paid a dividend to its Shareholders in the amount of $30.8 million, which was accrued as of May 31, 2025. The common share dividend was approved by the Company's Board of Directors and the Shareholders.

Preference Share Dividends

On March 17, 2025, the Company paid a semi-annual dividend in the amount of $10.5 million for its preference shares, which was accrued as of February 28, 2025. The preference share dividend was approved by the Company's Board of Directors.

On September 15, 2025, the Company paid a semi-annual dividend in the amount of $10.5 million for its preference shares, which was accrued as of August 31, 2025. The preference share dividend was approved by the Company's Board of Directors.

Note 10. Related Party Transactions

We incurred fees from our Shareholders as part of intra-company service agreements totaling $2.3 million and $2.1 million during the three months ended August 31, 2025 and 2024, respectively, and $4.4 million and $4.6 million during the six months ended August 31, 2025 and 2024, respectively, whereby our Shareholders provide certain management and administrative services to the Company.

Note 11. Income Taxes

Income taxes have been provided based upon the tax laws and rates in countries in which our operations are conducted and income is earned. On December 18, 2023, the Government of Bermuda enacted the Bermuda Corporate Income Tax Act (the "Bermuda CIT Act"), which imposes a 15% corporate current income tax (the "Bermuda CIT") effective for tax years beginning on or after January 1, 2025. Accordingly, the Company is subject to the Bermuda CIT with respect to its fiscal year beginning March 1, 2025, and subsequent years.

The sources of income from continuing operations before income taxes and earnings of our unconsolidated equity method investment for the three and six months ended August 31, 2025 and 2024, were as follows:

	Three Months Ended August 31,		Six Months Ended August 31,	
	2025	2024	2025	2024
U.S. operations	$ (8,557)	$ 5,688	$ 1,533	$ 10,684
Non-U.S. operations	70,556	31,519	122,081	45,657
Income from continuing operations before income taxes and earnings of unconsolidated equity method investment	$ 61,999	$ 37,207	$ 123,614	$ 56,341

Our U.S.-based aircraft-owning subsidiary is taxed in the United States. Our non U.S.-based aircraft-owning subsidiaries generally earn income from sources outside the United States and typically are not subject to U.S. federal, state or local income taxes.

We have Irish, Singapore and U.S.-based subsidiaries that provide management services to our Bermuda, Irish and U.S. aircraft owning subsidiaries, which are subject to taxes in those respective jurisdictions.

We recognized income tax provisions of $17.9 million and $12.6 million for the six months ended August 31, 2025 and 2024, respectively. Our effective tax rate for the six months ended August 31, 2025 and 2024, was 14.5% and 22.4%, respectively. The decrease in our effective tax rate is primarily attributable to the mix of profits between the various jurisdictions in which we operate, primarily driven by lower U.S. earnings and the utilization of Bermuda net operating losses.

Ireland, Bermuda and U.S. Tax Law Changes

On December 18, 2023, Ireland enacted Finance (No. 2) Bill 2023 (the "Finance Bill") which includes legislative changes for new tax measures and amendments to the Irish tax code, such as provisions to implement the Pillar Two GloBE rules, new outbound payment rules, and a dividend withholding tax, among other changes. The Finance Bill did not have a significant impact on our consolidated financial statements for the three and six months ended August 31, 2025.

On December 18, 2023, Bermuda enacted the Bermuda CIT Act, which imposes the 15% Bermuda CIT that applies to Bermuda businesses that are part of multinational enterprise groups with annual revenue of €750 million or more and is effective for tax years beginning on or after January 1, 2025. The Company has appropriately considered the impact of the Bermuda CIT and its impact on current and deferred income taxes.

On July 4, 2025, the One Big Beautiful Bill Act (the "OBBBA") was enacted into law in the United States. The OBBBA introduces an increased tax deduction for interest expense and a 100% bonus depreciation on U.S. leased assets. The Company does not anticipate these changes will have a material impact on its consolidated financial statements.

Note 12. Interest, Net

The following table shows the components of interest, net:

	Three Months Ended August 31,		Six Months Ended August 31,	
	2025	2024	2025	2024
Interest on borrowings and other liabilities	$ 68,624	$ 61,762	$ 134,901	$ 123,629
Amortization of deferred financing fees and debt discount	4,659	4,247	9,129	8,590
Interest expense	73,283	66,009	144,030	132,219
Less: Interest income	(2,754)	(3,585)	(4,660)	(4,320)
Less: Capitalized interest	—	—	—	(662)
Interest, net	$ 70,529	$ 62,424	$ 139,370	$ 127,237

Note 13. Commitments and Contingencies

Rent expense, for office space leased in Stamford, Connecticut, Dublin, Ireland and Singapore was $0.4 million and $0.5 million for the three months ended August 31, 2025 and 2024, respectively, and $0.9 million and $1.0 million for the six months ended August 31, 2025 and 2024, respectively.

As of August 31, 2025, future minimum lease payments relating to our non-cancelable office leases were as follows:

Year Ending February 28/29,	Amount
2026 (Remainder of fiscal year)	$ 1,592
2027	3,201
2028	3,232
2029	2,438
2030	1,629
Thereafter	15,795
Total	$ 27,887

At August 31, 2025, we had commitments to purchase 20 aircraft for $1.0 billion.

At August 31, 2025, commitments, including $34.4 million of remaining progress payments, contractual price escalations and other adjustments for these aircraft, net of amounts already paid, were as follows:

Year Ending February 28/29,	Amount
2026 (Remainder of fiscal year)	$ 186,834
2027	607,951
2028	162,991
2029	—
2030	—
Thereafter	—
Total	$ 957,776

Note 14. Other Assets

Other assets consisted of the following as of August 31, 2025 and February 28, 2025:

	August 31, 2025	February 28, 2025
Deferred income tax asset	$ 20	$ 78
Lease incentives and premiums, net of accumulated amortization of $80,370 and $73,915, respectively	32,121	43,285
Flight equipment held for sale	11,246	56,983
Aircraft purchase deposits and Embraer E-2 progress payments	33,785	30,166
Right-of-use asset[1]	13,919	14,655
Deferred rent receivable, net[2]	—	20,086
Investments, at fair value[3]	5,446	9,912
Other investments, net[2][3]	728	4,916
Other assets	111,638	93,440
Total other assets	$ 208,903	$ 273,521

(1) Net of lease incentives and tenant allowances.

(2) Net of an allowance for credit losses – see Note 15.

(3) See Note 2.

Note 15. Allowance for Credit Losses

The activity in the allowance for credit losses related to our net investment in leases, other investments, and deferred rent receivables for the six months ended August 31, 2025, was as follows:

	Net Investment in Leases, net	Other Investments, net	Deferred Rent Receivables, net	Total
Balance at February 28, 2025	$ 6,802	$ 4,099	$ 10,271	$ 21,172
Provision for credit losses	(274)	—	300	26
Write-offs	—	(4,099)	(10,571)	(14,670)
Balance at August 31, 2025	$ 6,528	$ —	$ —	$ 6,528

During the six months ended August 31, 2025, the allowance for credit losses related to our other investments and deferred rent receivables was written off, as the associated customer filed for bankruptcy protection.

Note 16. Accounts Payable, Accrued Expenses and Other Liabilities

Accounts payable, accrued expenses and other liabilities consisted of the following as of August 31, 2025 and February 28, 2025:

	August 31, 2025	February 28, 2025
Accounts payable, accrued expenses and other liabilities	$ 48,391	$ 51,889
Dividends payable	10,500	21,500
Deferred income tax liability	131,984	118,712
Accrued interest payable	49,836	37,607
Lease liability	15,891	17,480
Lease discounts, net of amortization of $29,149 and $21,707, respectively	86,936	47,944
Total accounts payable, accrued expenses and other liabilities	$ 343,538	$ 295,132

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This management's discussion and analysis of financial condition and results of operations contains forward-looking statements that involve risks, uncertainties and assumptions. You should read the following discussion in conjunction with our historical consolidated financial statements and the notes thereto appearing elsewhere in this report. The results of operations for the periods reflected herein are not necessarily indicative of results that may be expected for future periods, and our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including but not limited to those described under "Risk Factors" and included in our Annual Report on Form 10-K for the year ended February 28, 2025. Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP, and, unless otherwise indicated, the other financial information contained in this report has also been prepared in accordance with U.S. GAAP. Unless otherwise indicated, all references to "dollars" and "$" in this report are to, and all monetary amounts in this report are presented in, U.S. dollars.

All statements included or incorporated by reference in this Quarterly Report on Form 10-Q (this "report"), other than characterizations of historical fact, are forward-looking statements within the meaning of the federal securities laws, including the Private Securities Litigation Reform Act of 1995. Examples of forward-looking statements include, but are not necessarily limited to, statements relating to our ability to acquire, sell, lease or finance aircraft, raise capital, pay dividends and increase revenues, earnings, EBITDA and Adjusted EBITDA and the global aviation industry and aircraft leasing sector. Words such as "anticipates," "expects," "enable," "intends," "plans," "positions," "projects," "believes," "may," "will," "would," "could," "should," "seeks," "estimates" and variations on these words and similar expressions are intended to identify such forward-looking statements. These statements are based on our historical performance and that of our subsidiaries and on our current plans, estimates and expectations and are subject to a number of factors that could lead to actual results being materially different from those described in the forward-looking statements; Aircastle can give no assurance that its expectations will be attained. Accordingly, you should not place undue reliance on any such forward-looking statements which are subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated as of the date of this report. These risks or uncertainties include, but are not limited to, those described from time to time in Aircastle's filings with the Securities and Exchange Commission (the "SEC") and previously disclosed under "Risk Factors" in Part I - Item 1A of Aircastle's Annual Report on Form 10-K for the year ended February 28, 2025. In addition, new risks and uncertainties emerge from time to time, and it is not possible for Aircastle to predict or assess the impact of every factor that may cause its actual results to differ from those contained in any forward-looking statements. Such forward-looking statements speak only as of the date of this report. Aircastle expressly disclaims any obligation to revise or update publicly any forward-looking statement to reflect future events or circumstances.

WEBSITE AND ACCESS TO THE COMPANY'S REPORTS

The information on the Company's Internet website is not part of, nor incorporated by reference, into this report, or any other report we file with, or furnish to, the SEC.

OVERVIEW

Aircastle acquires, leases, and sells commercial jet aircraft to airlines throughout the world. We are a leading secondary market investor that sources aircraft through various acquisition channels that primarily include other aircraft lessors, airlines through purchase-leaseback transactions, financial institutions and other aircraft owners, and aircraft manufacturers. We have significant experience in successfully managing aircraft throughout their life cycle, including lease and technical management, aircraft redeliveries, transitions, and sales or disposals. We sell aircraft and engine assets, either with a lease attached or on a part-out basis, with the aim of generating profits and reinvesting proceeds. Our aircraft are managed by an experienced team based in the United States, Ireland and Singapore.

As of August 31, 2025, we owned and managed on behalf of our joint venture 278 aircraft leased to 75 airline customers located in 46 countries. The Net Book Value of our fleet was $8.5 billion as of August 31, 2025. The weighted average age of our fleet was 8.6 years, and the weighted average remaining lease term was 5.7 years. The weighted average utilization rate of our fleet was over 99% for the six months ended August 31, 2025. During the six months ended August 31, 2025, we purchased 23 aircraft and sold 18 aircraft and other flight equipment. As of August 31, 2025, we had commitments to purchase 20 aircraft for $1.0 billion, with deliveries through December 2027, which included estimated amounts for pre-delivery deposits, contractual price escalations and other adjustments.

Our total revenues, net income and Adjusted EBITDA were $487.4 million, $106.5 million and $494.4 million, respectively, for the six months ended August 31, 2025. Cash flow provided by operating activities was $218.6 million for the six months ended August 31, 2025. The Company's financial performance reflects strong global passenger demand for air travel, as well as robust demand for our aircraft resulting from ongoing delivery delays and supply chain disruptions experienced by Original Equipment Manufacturers. Sustained levels of lease extension requests, together with strong gains from aircraft and engine sales, contributed positively to our financial results.

Growth in commercial air traffic has been correlated with world economic activity and has historically grown at a rate one to two times that of global gross domestic product growth. This expansion of air travel has driven growth in the world aircraft fleet. There are approximately 27,000 commercial mainline passenger and freighter aircraft in the world fleet. Aircraft leasing companies own approximately 50% of the world's commercial passenger jet aircraft. Under normal circumstances, we would expect the global fleet to continue expanding at a 2 to 3% average annual rate.

Although recent tariff announcements and trade policies have introduced some volatility to the global aviation sector, we believe that the current operating environment for airlines continues to be favorable for us and the wider commercial aircraft leasing industry. We believe our portfolio, which is primarily comprised of new technology and mid-life, narrow-body aircraft, will remain attractive for our airline customers, enabling them to respond to the growing demand of global air travel. As a leading secondary market investor, we believe that our long-standing business strategy of maintaining conservative leverage and limiting long-term financial commitments positions us well to take advantage of new investment opportunities as they arise.

We employ a team of experienced senior professionals with extensive industry and financial experience. Our leadership team has an average of more than 30 years of relevant industry experience and has effectively enabled us to manage through prior downturns in the aviation industry, such as the COVID-19 pandemic, the 2008 global financial crisis, and the September 11, 2001 terror attacks.

We believe we have sufficient liquidity to meet our contractual obligations over the next twelve months. As of October 1, 2025, total liquidity of $2.5 billion included $1.8 billion of undrawn credit facilities, $0.5 billion of projected adjusted operating cash flows and contracted asset sales and $0.2 billion of unrestricted cash through October 1, 2026.

Acquisitions and Sales

During the six months ended August 31, 2025, we purchased 23 aircraft for $968.1 million. As of August 31, 2025, we had commitments to purchase 20 aircraft for $1.0 billion, with delivery through December 2027, which included estimated amounts for pre-delivery deposits, contractual price escalations and other adjustments. As of October 1, 2025, we have purchased 4 additional aircraft and have commitments to purchase 19 aircraft for $954.9 million.

During the six months ended August 31, 2025, we sold 18 aircraft and other flight equipment for net proceeds of $299.5 million and recognized gains on the sale or disposition of flight equipment totaling $54.2 million. As of October 1, 2025, we have sold 1 additional aircraft.

Fiscal Year 2025 Lease Expirations and Lease Placements

As of October 1, 2025, we had no off-lease aircraft and 3 aircraft with a lease expiring in fiscal year 2025, which combined account for less than 1% of our Net Book Value at August 31, 2025, remaining to be placed or sold. We expect to sell or part out these 3 aircraft.

Fiscal Years 2026 to 2029 Lease Expirations and Lease Placements

Taking into account lease and sale commitments, we currently have the following number of aircraft with lease expirations scheduled in the fiscal years 2026 to 2029, representing the percentage of our Net Book Value as of August 31, 2025, specified below:

- 2026: 27 aircraft, representing 8%;
- 2027: 33 aircraft, representing 9%;
- 2028: 33 aircraft, representing 9%; and
- 2029: 36 aircraft, representing 12%.

Finance

We operate in a capital-intensive industry and have a demonstrated track record of raising substantial amounts of capital from debt and equity investors. Since our inception in late 2004, we have raised $2.6 billion in equity capital from private and public investors. We also have raised $24.7 billion in debt capital from a variety of sources, including the unsecured bond market, commercial banks, export credit agency-backed debt, the aircraft securitization market and Japanese Operating Lease with Call Option financings, which have been originated by Marubeni. The diversity and global nature of our financing sources demonstrate our ability to adapt to changing market conditions and seize new growth opportunities.

We intend to fund new investments through cash on hand, funds generated from operations, maintenance payments received from lessees, equity offerings, unsecured bond offerings, borrowings secured by our aircraft, draws under our revolving credit facilities and proceeds from any future aircraft sales. We may repay all or a portion of such borrowings from time to time with the net proceeds from subsequent long-term debt financings, additional equity offerings or cash generated from operations and asset sales. Therefore, our ability to execute our business strategy, particularly the acquisition of additional commercial jet aircraft or other aviation assets, depends to a significant degree on our ability to obtain additional debt and equity capital on terms we deem attractive.

See “Liquidity and Capital Resources” below.

AIRCASTLE AIRCRAFT INFORMATION

The following table sets forth certain information with respect to our owned aircraft and aircraft managed by us on behalf of our joint venture as of August 31, 2025 and 2024:

	As of August 31,	
	2025	2024
Owned Aircraft	(Dollars in millions)	
Net Book Value of Flight Equipment	$ 8,470	$ 7,077
Net Book Value of Unencumbered Flight Equipment	$ 8,351	$ 6,043
Number of Aircraft	270	244
Number of Unencumbered Aircraft	266	214
Number of Lessees	75	77
Number of Countries	46	46
Weighted Average Age (years)[1]	8.6	9.7
Weighted Average Remaining Lease Term (years)[1]	5.7	5.3
Weighted Average Fleet Utilization during the Second Quarter[2]	99.7 %	99.2 %
Weighted Average Fleet Utilization during the six months ended August 31, 2025, and 2024[2]	99.6 %	99.1 %
Portfolio Yield for the Second Quarter[3]	9.4 %	9.4 %
Portfolio Yield for the six months ended August 31, 2025, and 2024[3]	9.6 %	9.4 %
Managed Aircraft on behalf of Joint Venture		
Net Book Value of Flight Equipment	$ 238	$ 265
Number of Aircraft	8	9

(1) Weighted by Net Book Value.

(2) Aircraft on-lease days as a percentage of total days in period weighted by Net Book Value.

(3) Lease rental revenue, interest income and cash collections on our net investment in leases for the period as a percentage of the average Net Book Value for the period; quarterly information is annualized.

PORTFOLIO DIVERSIFICATION

	Owned Aircraft as of August 31, 2025		Owned Aircraft as of August 31, 2024	
	Number of Aircraft	% of Net Book Value	Number of Aircraft	% of Net Book Value
Aircraft Type				
Passenger:				
Narrow-body - new technology[1]	91	50 %	61	37 %
Narrow-body - current technology	160	42 %	162	51 %
Wide-body - current technology	14	7 %	14	9 %
Total Passenger	265	99 %	237	97 %
Freighter - current technology	5	1 %	7	3 %
Total	270	100 %	244	100 %
Manufacturer				
Airbus	175	64 %	160	67 %
Boeing	74	29 %	65	25 %
Embraer	21	7 %	19	8 %
Total	270	100 %	244	100 %
Regional Diversification				
Asia and Pacific	67	26 %	63	28 %
Europe	85	25 %	91	31 %
Middle East and Africa	14	6 %	10	5 %
North America	73	33 %	49	23 %
South America	31	10 %	29	12 %
Off-lease	—	— %	2	1 %
Total	270	100 %	244	100 %

(1) Includes Airbus A320-200neo and A321-200neo, Boeing 737-MAX8, 737-MAX9, and Embraer E2 aircraft.

The top ten customers for our owned aircraft at August 31, 2025, were as follows:

Customer	Country	Percent of Net Book Value	Number of Aircraft
IndiGo	India	10.5%	18
United	United States	7.8%	13
Frontier Airlines	United States	5.0%	8
KLM	Netherlands	4.9%	13
American Airlines	United States	4.2%	14
LATAM	Chile	3.9%	11
Viva Aerobus	Mexico	3.4%	8
Lion Air[1]	Indonesia	3.1%	10
WestJet	Canada	3.0%	5
Aerolineas Argentinas	Argentina	2.7%	7
Total top ten customers		48.5%	107
All other customers		51.5%	163
Total all customers		100.0%	270

(1) Includes 6 aircraft on lease with 3 affiliated airlines.

COMPARATIVE RESULTS OF OPERATIONS

Results of Operations for the three months ended August 31, 2025, as compared to the three months ended August 31, 2024:

	Three Months Ended August 31,	
	2025	2024
	(Dollars in thousands)	
Revenues:		
Lease rental revenue	$ 190,116	$ 162,379
Direct financing and sales-type lease revenue	5,191	5,426
Amortization of lease premiums, discounts and incentives	(1,513)	(6,068)
Maintenance revenue	9,708	19,378
Total lease revenue	203,502	181,115
Gain on sale or disposition of flight equipment	23,889	35,416
Other revenue	119	137
Total revenues	227,510	216,668
Operating expenses:		
Depreciation	96,762	87,675
Interest, net	70,529	62,424
Selling, general and administrative	24,247	20,090
Provision for credit losses	(116)	426
Impairment of flight equipment	31,153	5,761
Maintenance and other costs	3,977	4,096
Total operating expenses	226,552	180,472
Other income:		
Gain on extinguishment of debt	—	285
Other	61,041	726
Total other income	61,041	1,011
Income from continuing operations before income taxes and earnings of unconsolidated equity method investment	61,999	37,207
Income tax provision	5,228	9,028
Earnings of unconsolidated equity method investment, net of tax	462	480
Net income	$ 57,233	$ 28,659

Revenues

Total revenues increased $10.8 million, attributable to:

Lease rental revenue increased $27.7 million, primarily attributable to an increase of $43.1 million related to 67 aircraft purchased since June 1, 2024.

This was partially offset by a $17.2 million decrease related to the sale of 41 aircraft since June 1, 2024.

Amortization of lease premiums, discounts and lease incentives:

	Three Months Ended August 31,	
	2025	2024
	(Dollars in thousands)	
Amortization of lease premiums	$ (1,734)	$ (2,949)
Amortization of lease discounts	3,919	985
Amortization of lease incentives	(3,698)	(4,104)
Amortization of lease premiums, discounts and incentives	$ (1,513)	$ (6,068)

The amortization of lease discounts increased $2.9 million due to the acquisition of aircraft.

Maintenance revenue. For the three months ended August 31, 2025 and 2024, we recorded $9.7 million and $19.4 million of maintenance revenue, respectively, primarily related to maintenance payments received by us and recognized into income as a result of scheduled aircraft lease expirations and engine redeliveries. For the three months ended August 31, 2024, we recognized additional revenue from certain cash maintenance reserves retained by us in connection with aircraft lease amendments.

Gain on sale or disposition of flight equipment. During the three months ended August 31, 2025, we sold 4 aircraft and other flight equipment for gains totaling $23.9 million.

For the three months ended August 31, 2024, we sold 10 aircraft and other flight equipment for gains totaling $35.4 million.

Operating expenses

Total operating expenses increased $46.1 million, attributable to:

Depreciation expense increased $9.1 million, primarily attributable to an increase of $17.9 million related to 67 aircraft acquired since June 1, 2024. This increase was partially offset by a decrease of $7.5 million related to 39 aircraft sold since June 1, 2024.

Interest, net increased $8.1 million due to a higher weighted average debt outstanding of $598.0 million.

Selling, general and administrative expenses increased $4.2 million, primarily due to higher personnel expenses.

Impairment of flight equipment. During the three months ended August 31, 2025, the Company recorded total impairment charges of $31.2 million. This amount includes $22.4 million related to aircraft leased to 2 customers who filed for bankruptcy protection. For these aircraft, the Company recognized $4.9 million of maintenance and lease rentals received in advance into revenue during the three months ended August 31, 2025. The remaining impairment charges relate to other flight equipment recorded within other assets that are subject to tear-down and parts sales programs and 1 converted narrow-body freighter aircraft.

During the three months ended August 31, 2024, the Company recorded a transactional impairment charge of $5.8 million related to a lease amendment for 1 aircraft. The Company recognized $6.0 million of maintenance revenue for this aircraft during the three months ended August 31, 2024.

Other income

Total other income increased by $60.0 million. During the three months ended August 31, 2025, the Company entered into settlement agreements with certain additional insurers under the Company's C&P Policies for an aggregate settlement amount of $55.7 million.

Income tax provision

Income tax provision. Our income tax provision was $5.2 million and $9.0 million, and our effective tax rate was 8.4% and 24.3% for the three months ended August 31, 2025 and 2024, respectively. The decrease in the income tax provision is primarily attributable to the mix of profits between the various jurisdictions in which we operate and the utilization of Bermuda net operating losses.

Results of Operations for the six months ended August 31, 2025, as compared to the six months ended August 31, 2024:

	Six Months Ended August 31,	
	2025	2024
	(Dollars in thousands)	
Revenues:		
Lease rental revenue	$ 373,159	$ 324,949
Direct financing and sales-type lease revenue	10,333	10,883
Amortization of lease premiums, discounts and incentives	1,253	(12,717)
Maintenance revenue	47,840	61,527
Total lease revenue	432,585	384,642
Gain on sale or disposition of flight equipment	54,178	36,426
Other revenue	591	773
Total revenues	487,354	421,841
Operating expenses:		
Depreciation	192,578	177,033
Interest, net	139,370	127,237
Selling, general and administrative	44,938	42,145
Provision for credit losses	26	281
Impairment of flight equipment	36,219	10,972
Maintenance and other costs	8,221	8,539
Total operating expenses	421,352	366,207
Other income (expense):		
Gain (loss) on extinguishment of debt	(2,973)	285
Other	60,585	422
Total other income	57,612	707
Income from continuing operations before income taxes and earnings of unconsolidated equity method investment	123,614	56,341
Income tax provision	17,949	12,600
Earnings of unconsolidated equity method investment, net of tax	855	999
Net income	$ 106,520	$ 44,740

Revenues

Total revenues increased $65.5 million, attributable to:

Lease rental revenue increased $48.2 million, primarily attributable to an increase of $83.6 million related to 72 aircraft purchased since March 1, 2024.

This was partially offset by a $35.4 million decrease related to the sale of 44 aircraft since March 1, 2024.

Amortization of lease premiums, discounts and lease incentives:

	Six Months Ended August 31,	
	2025	2024
	(Dollars in thousands)	
Amortization of lease premiums	$ (3,622)	$ (6,191)
Amortization of lease discounts	7,442	1,679
Amortization of lease incentives	(2,567)	(8,205)
Amortization of lease premiums, discounts and incentives	$ 1,253	$ (12,717)

The amortization of lease premiums decreased by $2.6 million, primarily attributable to the full amortization of premiums on aircraft whose leases were extended.

The amortization of lease discounts increased $5.8 million due to the acquisition of aircraft.

The amortization of lease incentives decreased $5.6 million, primarily due to the reversal of lease incentive liabilities related to 2 engine redeliveries.

Maintenance revenue. For the six months ended August 31, 2025 and 2024, we recorded $47.8 million and $61.5 million of maintenance revenue, respectively, primarily related to maintenance payments received by us and recognized into income as a result of scheduled aircraft lease expirations and engine redeliveries. The decrease in maintenance revenue is primarily attributable to fewer aircraft and engine returns during the six months ended August 31, 2025.

Gain on sale or disposition of flight equipment. During the six months ended August 31, 2025, we sold 18 aircraft and other flight equipment for gains totaling $54.2 million.

During the six months ended August 31, 2024, we sold 12 aircraft and other flight equipment for gains totaling $36.4 million.

Operating expenses

Total operating expenses increased $55.1 million, attributable to:

Depreciation expense increased $15.5 million, primarily attributable to an increase of $33.5 million related to 72 aircraft purchased since March 1, 2024. This increase was partially offset by a decrease of $17.4 million related to 43 aircraft sold since March 1, 2024.

Interest, net increased $12.1 million due to a higher weighted average debt outstanding of $435.6 million.

Selling, general and administrative expenses increased $2.8 million, primarily due to higher personnel costs.

Impairment of flight equipment. During the six months ended August 31, 2025, the Company recorded impairment charges totaling $36.2 million. This amount includes $22.4 million related to aircraft leased to 2 customers who filed for bankruptcy protection. For these aircraft, the Company recognized $4.9 million of maintenance and lease rentals received in advance into revenue during the six months ended August 31, 2025. The remaining impairment charges relate to other flight equipment, 1 converted narrow-body freighter aircraft, and certain transactional impairments.

During the six months ended August 31, 2024, the Company recorded impairment charges of $11.0 million related to a scheduled aircraft lease expiration and a lease amendment for 1 aircraft. The Company recognized $24.0 million of maintenance revenue for these aircraft during the six months ended August 31, 2024.

Other income

Total other income increased by $56.9 million. During the six months ended August 31, 2025, the Company entered into settlement agreements with certain additional insurers under the Company's C&P Policies for an aggregate settlement amount of $55.7 million.

Income tax provision

Income tax provision. We recognized income tax provisions of $17.9 million and $12.6 million for the six months ended August 31, 2025 and 2024, respectively. Our effective tax rate for the six months ended August 31, 2025 and 2024 was 14.5% and 22.4%, respectively. The decrease in our effective tax rate is primarily attributable to the mix of profits between the various jurisdictions in which we operate and the utilization of Bermuda net operating losses.

Aircraft Valuation

For complete information on impairment of flight equipment, refer to Note 2 in the Notes to the Unaudited Consolidated Financial Statements and "Comparative Results of Operations" above.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

See Note 1 – "Summary of Significant Accounting Policies – Organization and Basis of Presentation" in the Notes to the Unaudited Consolidated Financial Statements above.

RECENT UNADOPTED ACCOUNTING PRONOUNCEMENTS

See Note 1 – "Summary of Significant Accounting Policies – Recent Accounting Pronouncements" in the Notes to the Unaudited Consolidated Financial Statements above.

LIQUIDITY AND CAPITAL RESOURCES

Our business is very capital intensive, requiring significant investments in order to expand our fleet and to maintain and improve our existing portfolio. Our operations have historically generated a significant amount of cash, primarily from lease rentals and maintenance collections. We have also met our liquidity and capital resource needs by utilizing several sources over time, including:

- unsecured indebtedness, including our current unsecured revolving credit facilities, unsecured term financings and senior notes;
- various forms of borrowing secured by our aircraft, including term financings and limited recourse securitization financings for new aircraft acquisitions;
- asset sales; and
- issuance of common and preference shares.

Going forward, we expect to continue to seek liquidity from these sources and other sources, subject to pricing and conditions we consider satisfactory.

During the six months ended August 31, 2025, we met our liquidity and capital resource needs with $218.6 million of cash flows from operations and $299.5 million of proceeds from the sale or disposition of aircraft and other flight equipment.

As of August 31, 2025, the weighted average maturity of our secured and unsecured debt financings was 3.6 years, and we were in compliance with all applicable covenants. In addition, 98% of our total debt is unsecured and $8.4 billion of our Net Book Value is unencumbered.

We believe we have sufficient liquidity to meet our contractual obligations over the next twelve months. As of October 1, 2025, total liquidity of $2.5 billion included $1.8 billion of undrawn credit facilities, $0.5 billion of projected adjusted operating cash flows and contracted asset sales and $0.2 billion of unrestricted cash through October 1, 2026. In addition, we believe payments received from lessees and other funds generated from operations, unsecured bond offerings, borrowings secured by our aircraft, borrowings under our revolving credit facilities and other borrowings and proceeds from future aircraft sales will be sufficient to satisfy our liquidity and capital resource needs over the next twelve months. Our liquidity and capital resource needs include payments due under our aircraft purchase obligations, required principal and interest payments under our long-term debt facilities, expected capital expenditures, lessee maintenance payment reimbursements and lease incentive payments.

Cash Flows

	Six Months Ended August 31,	
	2025	2024
	(Dollars in thousands)	
Net cash flow provided by operating activities	$ 218,647	$ 204,903
Net cash flow used in investing activities	(629,644)	(7,484)
Net cash flow provided by financing activities	279,288	105,168

Operating Activities:

Cash flow provided by operating activities was $218.6 million and $204.9 million for the six months ended August 31, 2025 and 2024, respectively. The increase was primarily attributable to higher customer collections related to the growth of our fleet and higher lease rates on lease extensions during the six months ended August 31, 2025. In addition, cash paid for interest was lower due to the timing of interest payments.

Investing Activities:

Cash flow used in investing activities was $629.6 million and $7.5 million for the six months ended August 31, 2025 and 2024, respectively. The net increase of $622.2 million was primarily attributable to an increase of $644.8 million in the acquisition and improvement of flight equipment. Additionally, we received cash proceeds of $40.9 million in settlement of the Company's claims against certain of the insurers under its C&P Policies — see Note 3 to the Notes to Unaudited Consolidated Financial Statements. This was partially offset by a decrease of $29.8 million from the sale or disposition of aircraft and other flight equipment during the six months ended August 31, 2025.

Financing Activities:

Cash flow provided by financing activities was $279.3 million and $105.2 million for the six months ended August 31, 2025 and 2024, respectively. The increase of $174.1 million was primarily attributable to a $533.4 million increase in borrowings from secured and unsecured financings, net of repayments, during the six months ended August 31, 2025. This was offset by a $300.0 million decrease in proceeds from the issuance of common shares and a $41.8 million increase in dividends paid.

Debt Obligations

For complete information on our debt obligations, see Note 8 in the Notes to the Unaudited Consolidated Financial Statements.

Contractual Obligations

Our contractual obligations primarily consist of principal and interest payments on debt financings, aircraft acquisitions and rent payments pursuant to our office leases. Total contractual obligations increased to $7.3 billion at August 31, 2025, from $6.7 billion at February 28, 2025, due to higher aircraft purchase commitments, outstanding debt and interest obligations.

Capital Expenditures

From time to time, we make capital expenditures to maintain or improve our aircraft. These expenditures include the cost of major overhauls necessary to place an aircraft in service and modifications made at the request of lessees. For the six months ended August 31, 2025 and 2024, we incurred a total of $14.2 million and $15.0 million, respectively, of capital expenditures, including lease incentives, related to the improvement of aircraft.

As of August 31, 2025, the weighted average age by Net Book Value of our aircraft was approximately 8.6 years. In general, the costs of operating an aircraft, including maintenance expenditures, increase with the age of the aircraft. Our lease agreements call for the lessee to be primarily responsible for maintaining the aircraft. Our leases may require the lessee to make periodic payments to us during the lease term to provide reserves for future major maintenance events. Provided a lessee performs scheduled maintenance of the aircraft, we are required to reimburse the lessee for scheduled

maintenance payments. In certain cases, we are also required to make lessor contributions, in excess of amounts a lessee may have paid, towards the costs of maintenance events performed by or on behalf of the lessee. We may incur additional maintenance and modification costs in the future in the event we are required to remarket an aircraft, or a lessee fails to meet its maintenance obligations under the lease agreement.

Actual maintenance payments to us by lessees in the future may be less than projected as a result of a number of factors, such as in the event of a lessee default. Maintenance reserves may not cover the entire amount of actual maintenance expenses incurred and, where these expenses are not otherwise covered by the lessees, there can be no assurance that our operational cash flow and maintenance reserves will be sufficient to fund maintenance requirements, particularly as our aircraft age. See Item 1A. "Risk Factors – Risks Related to Our Leases – If lessees are unable to fund their maintenance obligations on our aircraft, we may incur increased costs at the conclusion of the applicable lease" in our Annual Report on Form 10-K for the year ended February 28, 2025.

Off-Balance Sheet Arrangements

We have an unconsolidated equity method investment in an aircraft leasing entity with Mizuho Leasing in which we hold a 25% equity interest. As of August 31, 2025, the Net Book Value of its 8 aircraft was $238.1 million.

The assets and liabilities of this entity are not included in our consolidated balance sheets, and we record our net investment under the equity method of accounting. See Note 7 in the Notes to the Unaudited Consolidated Financial Statements.

Foreign Currency Risk and Foreign Operations

At August 31, 2025, approximately 99% of our leases were payable to us in U.S. dollars. However, we incur Euro- and Singapore dollar-denominated expenses in connection with our subsidiaries in Ireland and Singapore. For the six months ended August 31, 2025, expenses, such as payroll and office costs, denominated in currencies other than the U.S. dollar totaled $11.3 million in U.S. dollar equivalents and represented approximately 24% of total selling, general and administrative expenses.

Our international operations are a significant component of our business strategy and permit us to more effectively source new aircraft, service the aircraft we own and maintain contact with our lessees. Therefore, our international operations and our exposure to foreign currency risk will likely increase over time. Although we have not yet entered into foreign currency hedges, if our foreign currency exposure increases, we may enter into hedging transactions in the future to mitigate this risk. For the six months ended August 31, 2025 and 2024, we incurred insignificant net gains and losses on foreign currency transactions.

Management's Use of EBITDA and Adjusted EBITDA

We define EBITDA as income (loss) from continuing operations before interest expense, income taxes, and depreciation and amortization. We use EBITDA to assess our consolidated financial and operating performance, and we believe this non-U.S. GAAP measure is helpful in identifying trends in our performance.

This measure provides an assessment of controllable expenses and affords management the ability to make decisions which are expected to facilitate meeting current financial goals, as well as achieving optimal financial performance. It provides an indicator for management to determine if adjustments to current spending decisions are needed.

EBITDA provides us with a measure of operating performance because it assists us in comparing our operating performance on a consistent basis as it removes the impact of our capital structure (primarily interest charges on our outstanding debt) and asset base (primarily depreciation and amortization) from our operating results. Accordingly, this metric measures our financial performance based on operational factors that management can impact in the short-term, namely the cost structure, or expenses, of the organization. EBITDA is one of the metrics used by senior management and the Board of Directors to review the consolidated financial performance of our business.

We define Adjusted EBITDA as EBITDA (as defined above) further adjusted to give effect to adjustments required in calculating covenant ratios and compliance as that term is defined in the indenture governing our senior unsecured notes. Adjusted EBITDA is a material component of these covenants.

The table below shows the reconciliation of net income to EBITDA and Adjusted EBITDA for the three and six months ended August 31, 2025 and 2024:

	Three Months Ended August 31,		Six Months Ended August 31,	
	2025	2024	2025	2024
Net income	$ 57,233	$ 28,659	$ 106,520	$ 44,740
Depreciation	96,762	87,675	192,578	177,033
Amortization of lease premiums, discounts and incentives	1,513	6,068	(1,253)	12,717
Interest, net	70,529	62,424	139,370	127,237
Income tax provision	5,228	9,028	17,949	12,600
EBITDA	$ 231,265	$ 193,854	$ 455,164	$ 374,327
Adjustments:				
Impairment of flight equipment	31,153	5,761	36,219	10,972
(Gain) loss on extinguishment of debt	—	(285)	2,973	(285)
Adjusted EBITDA	$ 262,418	$ 199,330	$ 494,356	$ 385,014

Limitations of EBITDA and Adjusted EBITDA

An investor or potential investor may find EBITDA and Adjusted EBITDA important measures in evaluating our performance, results of operations and financial position. We use these non-U.S. GAAP measures to supplement our U.S. GAAP results in order to provide a more complete understanding of the factors and trends affecting our business.

EBITDA and Adjusted EBITDA have limitations as analytical tools and should not be viewed in isolation or as substitutes for U.S. GAAP measures of income (loss). Material limitations in making the adjustments to our income (loss) to calculate EBITDA and Adjusted EBITDA, and using these non-U.S. GAAP measures as compared to U.S. GAAP net income (loss), income (loss) from continuing operations and cash flows provided by or used in operations, include:

- depreciation and amortization, though not directly affecting our current cash position, represent the wear and tear and/or reduction in value of our aircraft, which affects the aircraft's availability for use and may be indicative of future needs for capital expenditures;
- the cash portion of income tax provision (benefit) generally represents charges (gains), which may significantly affect our financial results; and
- adjustments required in calculating covenant ratios and compliance as that term is defined in the indenture governing our senior unsecured notes, which may not be comparable to similarly titled measures used by other companies.

EBITDA and Adjusted EBITDA are not alternatives to net income (loss), income (loss) from operations or cash flows provided by or used in operations as calculated and presented in accordance with U.S. GAAP. You should not rely on these non-U.S. GAAP measures as a substitute for any such U.S. GAAP financial measure. We strongly urge you to review the reconciliations to U.S. GAAP net income (loss), along with our consolidated financial statements included elsewhere in this report. We also strongly urge you not to rely on any single financial measure to evaluate our business. In addition, because EBITDA and Adjusted EBITDA are not measures of financial performance under U.S. GAAP and are susceptible to varying calculations, EBITDA and Adjusted EBITDA as presented in this report, may differ from and may not be comparable to similarly titled measures used by other companies.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest rate risk is the exposure to loss resulting from changes in the level of interest rates and the spread between different interest rates. These risks are highly sensitive to many factors, including U.S. monetary and tax policies, U.S. and international economic factors and other factors beyond our control. We are exposed to changes in the level of interest rates and to changes in the relationship or spread between interest rates. Our primary interest rate exposures relate to our floating-rate debt obligations. Rent payments under our aircraft lease agreements typically do not vary during the term of the lease according to changes in interest rates. However, our borrowing agreements generally require payments based on a variable interest rate index, such as SOFR or an alternative reference rate. Therefore, to the extent our borrowing costs are not fixed, increases in interest rates may reduce our net income by increasing the cost of our debt without any corresponding increase in rents or cash flow from our securities.

Sensitivity Analysis

The following discussion about the potential effects of changes in interest rates is based on a sensitivity analysis, which models the effects of hypothetical interest rate shifts on our financial condition and results of operations. Although we believe a sensitivity analysis provides the most meaningful analysis permitted by the rules and regulations of the SEC, it is constrained by several factors, including the necessity to conduct the analysis based on a single point in time and by the inability to include the extraordinarily complex market reactions that normally would arise from the market shifts modeled. Although the following results of a sensitivity analysis for changes in interest rates may have some limited use as a benchmark, they should not be viewed as a forecast. This forward-looking disclosure also is selective in nature and addresses only the potential interest expense impacts on our financial instruments. It also does not include a variety of other potential factors that could affect our business as a result of changes in interest rates.

As of August 31, 2025, a hypothetical 100-basis point increase/decrease in our variable interest rate on our borrowings would result in an interest expense increase/decrease of $7.2 million and $7.2 million, respectively, over the next twelve months.

ITEM 4. CONTROLS AND PROCEDURES

Management's Evaluation of Disclosure Controls and Procedures

The term "disclosure controls and procedures" is defined in Exchange Act Rules 13a-15(e) and 15d-15(e). This term refers to the controls and procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") as appropriate, to allow timely decisions regarding required disclosure. An evaluation was performed under the supervision and with the participation of the Company's management, including the CEO and CFO, of the effectiveness of the Company's disclosure controls and procedures as of August 31, 2025. Based on that evaluation, the Company's management, including the CEO and CFO, concluded that the Company's disclosure controls and procedures were effective as of August 31, 2025.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f), that occurred during the quarter ended August 31, 2025, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is not a party to any material legal or adverse regulatory proceedings.

ITEM 1A. RISK FACTORS

There have been no material changes to the disclosure related to the risk factors described in our Annual Report on Form 10-K for the year ended February 28, 2025, as filed with the SEC.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Environmental, Social and Governance ("ESG")

Information on our ESG initiatives can be found on our website at www.aircastle.com under "ESG." The information on the Company's website regarding our ESG initiatives is not part of, nor incorporated by reference, into this report, or any other report we file with, or furnish to, the SEC.

ITEM 6. EXHIBITS

Exhibit No.	Description of Exhibit
3.1	Amended and Restated Memorandum of Association (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on March 27, 2020).
3.2	Amended and Restated Bye-laws (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed with the SEC on March 27, 2020).
3.3	Certificate of Designations, dated June 8, 2021 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on June 8, 2021).
4.1	Specimen Share Certificate (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-1 (Amendment No. 2) (No. 333-134669) filed on July 25, 2006).
4.2	Indenture, dated as of July 17, 2025, among Aircastle Limited, Aircastle (Ireland) Designated Activity Company, Aircastle Advisor LLC and Computershare Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on July 17, 2025).
31.1	Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002. *
31.2	Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002. *
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. *
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. *
101	The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended August 31, 2025, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Consolidated Balance Sheets as of August 31, 2025 and February 28, 2025; (ii) Consolidated Statements of Income and Comprehensive Income for the three and six months ended August 31, 2025 and 2024; (iii) Consolidated Statements of Cash Flows for the six months ended August 31, 2025 and 2024; (iv) Consolidated Statements of Changes in Shareholders' Equity for the three and six months ended August 31, 2025 and 2024; and (v) Notes to Unaudited Consolidated Financial Statements.*
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document.

* Filed herewith.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: October 9, 2025

AIRCASTLE LIMITED
(Registrant)

By: /s/ Dane Silverman
Dane Silverman
Chief Accounting Officer and Authorized Officer

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael Inglese, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Aircastle Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 9, 2025

/s/ Michael Inglese
Michael Inglese
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Roy Chandran, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Aircastle Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 9, 2025

/s/ Roy Chandran
Roy Chandran
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Aircastle Limited (the "Company") for the three months ended August 31, 2025, as filed with the Securities and Exchange Commission (the "SEC") on the date hereof (the "Report"), I, Michael Inglese, as Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002 ("Section 906"), that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request.

/s/ Michael Inglese

Name:	Michael Inglese
Title:	Chief Executive Officer
Date:	October 9, 2025

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Aircastle Limited (the "Company") for the three months ended August 31, 2025, as filed with the Securities and Exchange Commission (the "SEC") on the date hereof (the "Report"), I, Roy Chandran, as Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002 ("Section 906"), that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request.

/s/ Roy Chandran

Name: Roy Chandran
Title: Chief Financial Officer
Date: October 9, 2025