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, 2026

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 9, 2026, 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
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PART I. — FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

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

	August 31, 2026	February 28, 2026
	(Unaudited)	
ASSETS		
Cash and cash equivalents	$ 173,080	$ 179,889
Accounts receivable	24,083	18,239
Flight equipment held for lease, net	8,057,814	8,267,353
Net investment in leases, net	242,197	267,085
Unconsolidated equity method investment	32,010	47,540
Other assets	302,957	209,680
Total assets	$ 8,832,141	$ 8,989,786
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Borrowings from secured financings, net	$ 110,823	$ 112,355
Borrowings from unsecured financings, net	5,397,989	5,139,411
Accounts payable, accrued expenses and other liabilities	392,300	381,274
Lease rentals received in advance	52,281	63,514
Security deposits	67,277	65,424
Maintenance payments	532,764	560,157
Total liabilities	6,553,434	6,322,135
Commitments and Contingencies		
SHAREHOLDERS' EQUITY		
Preference shares, $0.01 par value, 50,000,000 shares authorized, no shares issued and outstanding at August 31, 2026 and 400 (aggregate liquidation preference of $400,000) shares issued and outstanding at February 28, 2026	—	—
Common shares, $0.01 par value, 250,000,000 shares authorized, 17,840 shares issued and outstanding at August 31, 2026 and February 28, 2026	—	—
Additional paid-in capital	1,978,774	2,378,774
Retained earnings	299,933	288,877
Total shareholders' equity	2,278,707	2,667,651
Total liabilities and shareholders' equity	$ 8,832,141	$ 8,989,786

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,	
	2026	2025	2026	2025
Revenues:				
Lease rental revenue	$ 186,858	$ 190,116	$ 381,438	$ 373,159
Direct financing and sales-type lease revenue	5,389	5,191	10,827	10,333
Amortization of lease premiums, discounts and incentives	7,871	(1,513)	8,262	1,253
Maintenance revenue	43,004	9,708	67,162	47,840
Total lease revenue	243,122	203,502	467,689	432,585
Gain on sale or disposition of flight equipment	38,162	23,889	49,028	54,178
Other revenue	1,669	119	1,766	591
Total revenues	282,953	227,510	518,483	487,354
Operating expenses:				
Depreciation	91,728	96,762	184,556	192,578
Interest, net	75,387	70,529	146,603	139,370
Selling, general and administrative	20,331	24,247	41,907	44,938
Provision for credit losses	(92)	(116)	(275)	26
Impairment of flight equipment	7,730	31,153	11,091	36,219
Maintenance and other costs	8,108	3,977	13,400	8,221
Total operating expenses	203,192	226,552	397,282	421,352
Other income (expense):				
Loss on extinguishment of debt	—	—	—	(2,973)
Other	358	61,041	(136)	60,585
Total other income (expense)	358	61,041	(136)	57,612
Income from continuing operations before income taxes and earnings of unconsolidated equity method investment	80,119	61,999	121,065	123,614
Income tax provision	11,163	5,228	18,689	17,949
Earnings of unconsolidated equity method investment, net of tax	372	462	570	855
Net income	$ 69,328	$ 57,233	$ 102,946	$ 106,520
Preference share dividends	(5,367)	(10,500)	(5,367)	(10,500)
Net income available to common shareholders	$ 63,961	$ 46,733	$ 97,579	$ 96,020
Total comprehensive income available to common shareholders	$ 63,961	$ 46,733	$ 97,579	$ 96,020

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,	
	2026	**2025**
Cash flows from operating activities:		
Net income	$ 102,946	$ 106,520
Adjustments to reconcile net income to net cash and cash equivalents provided by operating activities:		
Depreciation	184,556	192,578
Amortization of deferred financing costs	9,483	9,129
Amortization of lease premiums, discounts and incentives	(8,262)	(1,253)
Deferred income taxes	14,997	13,329
Change in net investment in leases	(2,156)	2,983
Security deposits, maintenance payments and insurance settlements included in earnings	(21,822)	(88,490)
Gain on sale or disposition of flight equipment	(49,028)	(54,178)
Loss on extinguishment of debt	—	2,973
Impairment of flight equipment	11,091	36,219
Provision for credit losses	(275)	26
Distributions from unconsolidated equity method investment	10,055	—
Other	—	(859)
Changes in certain assets and liabilities:		
Accounts receivable	2,880	(745)
Other assets	3,515	1,950
Accounts payable, accrued expenses and other liabilities	(11,559)	1,113
Lease rentals received in advance	(8,127)	(2,648)
Net cash and cash equivalents provided by operating activities	238,294	218,647
Cash flows from investing activities:		
Acquisition and improvement of flight equipment	(376,435)	(980,225)
Proceeds from sale or disposition of flight equipment	357,134	299,523
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	15,365	(584)
Distributions from unconsolidated equity method investment in excess of earnings	5,475	—
Other	(759)	588
Net cash and cash equivalents provided by (used in) investing activities	780	(629,644)
Cash flows from financing activities:		
Redemption of preference shares	(400,000)	—
Proceeds from secured and unsecured debt financings	1,162,634	1,590,489
Repayments of secured and unsecured debt financings	(906,687)	(1,298,264)
Deferred financing costs	(8,384)	(12,005)
Security deposits and maintenance payments received	57,680	84,842
Security deposits and maintenance payments returned	(48,736)	(33,490)
Dividends paid	(102,390)	(52,284)
Net cash and cash equivalents (used in) provided by financing activities	(245,883)	279,288
Net decrease in cash and cash equivalents:	(6,809)	(131,709)
Cash and cash equivalents at beginning of period	179,889	279,052
Cash and cash equivalents at end of period	$ 173,080	$ 147,343

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,	
	2026	**2025**
Supplemental disclosures of cash flow information:		
Cash paid for interest, net of amounts capitalized	$ 133,855	$ 122,652
Cash paid for income taxes	$ 2,686	$ 109
Supplemental disclosures of non-cash investing activities:		
Advance lease rentals, security deposits, maintenance payments, other liabilities and other assets assumed in asset acquisitions	$ 17,100	$ 45,848
Advance lease rentals, security deposits, maintenance payments, other liabilities and other assets settled in sale of flight equipment	$ 24,468	$ 31,089
Transfers from flight equipment held for lease to Net investment in leases and Other assets	$ 235,745	$ 7,289

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, 2026	17,840	$ —	400	$ —	$ 2,378,774	$ 288,877	$ 2,667,651
Net income	—	—	—	—	—	33,618	33,618
Common share dividends	—	—	—	—	—	(86,523)	(86,523)
Balance, May 31, 2026	17,840	$ —	400	$ —	$ 2,378,774	$ 235,972	$ 2,614,746
Net income	—	—	—	—	—	69,328	69,328
Preference share dividends	—	—	—	—	—	(5,367)	(5,367)
Redemption of preference shares	—	—	(400)	—	(400,000)	—	(400,000)
Balance, August 31, 2026	17,840	$ —	—	$ —	$ 1,978,774	$ 299,933	$ 2,278,707

	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

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, 2026.

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, including total assets, that are provided to the CODM are consistent with the information presented 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, 2026, 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 negatively affect 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 November 2024, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses ("ASU 2024-03"). 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 is currently evaluating the impact of ASU 2024-03 on its consolidated financial statements.

In December 2025, the FASB issued ASU No. 2025-11, Interim Reporting (Topic 270): Narrow-Scope Improvements ("ASU 2025-11"). ASU 2025-11 clarifies the scope and requirements for interim financial statement disclosures under U.S. GAAP. The amendments create a comprehensive list of required interim disclosures and introduce a disclosure principle requiring entities to disclose, in interim periods, any event or change since the previous year-end that has a material effect on the entity. ASU 2025-11 is effective for interim reporting periods within annual periods beginning after December 15, 2027, for public business entities, and after December 15, 2028, for all other entities. Early adoption is permitted. The amendments may be applied prospectively or retrospectively to any or all prior interim periods presented. The Company is currently evaluating the impact of ASU 2025-11 on its consolidated financial statements.

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, 2026 and February 28, 2026, 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, 2026 Using Fair Value Hierarchy			
	Fair Value as of August 31, 2026	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	$ 173,080	$ 173,080	$ —	$ —	Market
Investments in equity securities	5,308	1,410	—	3,898	Market/Income

		Fair Value Measurements at February 28, 2026 Using Fair Value Hierarchy			
	Fair Value as of February 28, 2026	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	$ 179,889	$ 179,889	$ —	$ —	Market
Investments in equity securities	5,704	1,806	—	3,898	Market/Income

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 equity securities consist of shares received as a result of claims settlements from various airline customers that had entered into bankruptcy proceedings or similar-type restructurings. Our investments 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 for which there is no active market or there is limited market data have been valued using the income approach (Level 3).

For the three and six months ended August 31, 2026, 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 when events or changes in circumstances indicate that the carrying amounts of such 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 market approach (Level 2 or 3), which includes third-party appraisal data, and an income approach (Level 3), which reflects the Company's assumptions and appraisal data regarding 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 is determined using quoted market prices for those securities that are traded in an active market (Level 1), or using the income approach for those securities which there is no active market or where market data is limited (Level 3). The fair value of our senior notes is estimated using quoted market prices (Level 1). The fair value of all other secured and unsecured financings is estimated 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 as of August 31, 2026 and February 28, 2026, were as follows:

	August 31, 2026		February 28, 2026	
Assets	**Carrying Amount of Asset**	**Fair Value of Asset**	**Carrying Amount of Asset**	**Fair Value of Asset**
Investments in equity securities[1]	$ 5,308	$ 5,308	$ 5,704	$ 5,704
Other investments, net	728	728	728	728
Liabilities	**Carrying Amount of Liability**	**Fair Value of Liability**	**Carrying Amount of Liability**	**Fair Value of Liability**
Credit Facilities	$ 125,000	$ 125,000	$ 240,000	$ 240,000
Unsecured Term Loans	975,000	983,267	600,000	604,385
Other Financings	112,490	106,404	114,177	107,299
Senior Notes	4,350,000	4,344,684	4,350,000	4,452,826

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

Aircraft Valuation

Recoverability Assessment

We perform recoverability assessments of all our aircraft and other flight equipment at least annually, and more frequently when events or changes in circumstances indicate the carrying amount or net book value of an aircraft or other flight equipment may not be recoverable. We will perform our annual recoverability assessment during the third quarter of fiscal year 2026.

For assets with indicators of impairment, we assess whether the estimated future undiscounted net cash flows expected to be generated by the asset exceed its net book value. The undiscounted cash flows include 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. If an aircraft does not meet the recoverability test, the aircraft will be written down to its estimated fair value, resulting in an impairment charge.

Our estimates and 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 subject to change in future periods and may be impacted by 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, 2026:

	Amount
Balance at February 28, 2026	$ 8,267,353
Additions	391,505
Depreciation	(183,255)
Disposals and transfers to net investment in leases and held for sale	(406,698)
Impairments	(11,091)
Balance at August 31, 2026	$ 8,057,814
Accumulated depreciation	$ 1,885,811

Note 4. Lease Rental Revenues

Minimum future lease rental payments under existing operating leases for flight equipment as of August 31, 2026 were as follows:

Year Ending February 28/29,	Amount[1]
2027 (Remainder of fiscal year)	$ 373,459
2028	685,806
2029	606,436
2030	500,357
2031	418,918
Thereafter	1,077,962
Total	$ 3,662,938

(1) Reflects impact of lessee lease rental deferrals.

As of August 31, 2026 and February 28, 2026, the amounts of lease incentive liabilities recorded in maintenance payments on our consolidated balance sheets were $18.5 million and $23.5 million, respectively.

Note 5. Net Investment in Leases, Net

As of August 31, 2026 and February 28, 2026, the Company's net investment in leases comprised 12 and 14 aircraft, respectively. The decrease was primarily attributable to the classification of 2 aircraft subject to sales-type leases as held for sale as of August 31, 2026.

The components of our net investment in leases as of August 31, 2026 and February 28, 2026 were as follows:

	August 31, 2026	February 28, 2026
Lease receivable	$ 102,634	$ 119,712
Unguaranteed residual value of flight equipment	145,369	153,472
Net investment leases	248,003	273,184
Allowance for credit losses	(5,806)	(6,099)
Net investment in leases, net	$ 242,197	$ 267,085

As of August 31, 2026, future lease payments under net investment in leases were as follows:

Year Ending February 28/29,	Amount
2027 (Remainder of fiscal year)	$ 11,618
2028	23,327
2029	23,010
2030	20,329
2031	22,797
Thereafter	28,650
Total lease payments to be received	129,731
Present value of lease payments - lease receivable	(102,634)
Difference between undiscounted lease payments and lease receivable	$ 27,097

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, 2026 and February 28, 2026, was as follows:

	August 31, 2026		February 28, 2026	
Region	Number of Aircraft	Net Book Value %	Number of Aircraft	Net Book Value %
Asia and Pacific	71	30 %	70	27 %
Europe	69	21 %	79	23 %
Middle East and Africa	14	5 %	14	5 %
North America	66	30 %	72	30 %
South America	32	11 %	36	12 %
Off-lease	11 (1)	3 %	6	3 %
Total	263	100 %	277	100 %

(1) The number of aircraft off-lease was impacted by certain aircraft previously leased to a customer that has since ceased operations, which are expected to remain off-lease for an extended period, as well as aircraft redeliveries during the period and the timing of related transitions and sales. Of the 11 off-lease aircraft as of August 31, 2026, 4 aircraft have subsequently been sold, delivered to a customer, or are subject to a confirmed letter of intent for lease. Of the remaining 7 aircraft, 4 are expected to remain off-lease for an extended period, while the remaining 3 aircraft are being marketed for lease or sale.

The following table sets forth the net book value of our flight equipment attributable to individual countries that represent at least 10% of the total net book value of our flight equipment held for lease, based on each lessee's principal place of business, as of August 31, 2026 and February 28, 2026:

	August 31, 2026			February 28, 2026		
Country	Net Book Value	Net Book Value %	Number of Lessees	Net Book Value	Net Book Value %	Number of Lessees
United States	$ 1,406,992	17%	5	$ 1,516,062	18%	8
India	1,338,434	16%	3	1,161,997	14%	4

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	**2026**	**2025**	**2026**	**2025**
Asia and Pacific	29 %	26 %	28 %	27 %
Europe	25 %	27 %	25 %	28 %
Middle East and Africa	5 %	5 %	5 %	5 %
North America	30 %	30 %	31 %	29 %
South America	11 %	12 %	11 %	11 %
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,			
	2026		2025		2026		2025	
	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	3	23%	2	16%	3	22%	2	16%

For the three months ended August 31, 2026, total revenue attributable to the United States and India was 22% and 10%, respectively. Total revenue attributable to the United States included $22.7 million from gains on sale or disposition of flight equipment.

For the six months ended August 31, 2026, total revenue attributable to the United States and India was 19% and 11%, respectively. Total revenue attributable to the United States included $22.6 million from gains on sale or disposition of flight equipment.

Middle East Conflict

Ongoing armed conflicts and heightened geopolitical tensions in the Middle East have disrupted, and may continue to disrupt, commercial aviation and broader economic activity in the region and globally. Recent escalations have contributed to volatility in oil and jet fuel prices, increasing operating costs and placing additional pressure on airline profitability and liquidity.

While the ultimate impact on our business, financial condition and results of operations remains uncertain, these conditions have adversely affected, and may continue to adversely affect, commercial aviation activity, including through airspace closures, reduced flight operations, increased fuel and insurance costs, supply chain disruptions and broader macroeconomic effects. Such conditions could result in lease restructurings, payment deferrals or defaults.

As of and for the six months ended August 31, 2026, our airline customers located in the Middle East represented approximately 5% of both our Net Book Value and lease rental revenue. Although our direct exposure to the region is limited and diversified across lessees and aircraft types, the effects of the conflict, particularly higher fuel costs, have adversely affected, and may continue to adversely affect, airlines globally. We continue to monitor customers that are more financially sensitive to higher fuel costs, including those that have historically relied on fuel supplies from the Gulf region. A sustained deterioration in regional or broader economic conditions, including persistently elevated fuel prices, could adversely affect our business, financial condition and results of operations.

Note 7. Unconsolidated Equity Method Investment

We have an unconsolidated equity method investment with Mizuho Leasing, which has 4 aircraft with a Net Book Value of $143.0 million as of August 31, 2026.

	Amount
Balance at February 28, 2026	$ 47,540
Distributions from unconsolidated equity method investment	(16,100)
Earnings of unconsolidated equity method investment, net of tax	570
Balance at August 31, 2026	$ 32,010

On March 27, 2026, we received a distribution of $16.1 million from our equity method investee.

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, 2026				At February 28, 2026
Debt Obligation	Outstanding Borrowings	Number of Aircraft	Interest Rate	Final Stated Maturity	Outstanding Borrowings
Secured Debt Financings:					
Other Financings[1]	$ 112,490	4	2.36% to 4.14%	11/30/31 to 06/27/32	$ 114,177
Less: Debt issuance costs and discounts	(1,667)				(1,822)
Total secured debt financings, net of debt issuance costs and discounts	110,823				112,355
Unsecured Debt Financings:					
Senior Notes due 2026[2]	—		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	650,000
5.000% Senior Notes due 2031	650,000		5.00%	05/15/31	—
5.750% Senior Notes due 2031	500,000		5.75%	10/01/31	500,000
Unsecured Term Loans	975,000		4.94% to 5.16%	04/28/30 to 05/20/31	600,000
Revolving Credit Facilities	125,000		4.86% to 5.54%	02/28/28 to 01/30/29	240,000
Less: Debt issuance costs and discounts	(52,011)				(50,589)
Total unsecured debt financings, net of debt issuance costs and discounts	5,397,989				5,139,411
Total secured and unsecured debt financings, net of debt issuance costs and discounts	$ 5,508,812				$ 5,251,766

(1) The borrowings under these financings as of August 31, 2026, have a weighted average fixed rate of interest of 3.11%.

(2) Repaid on May 13, 2026, with no gain or loss on the early extinguishment of debt.

Unsecured Debt Financings

May 2026 Unsecured Term Loan

On May 20, 2026, Aircastle Advisor, LLC ("AALLC"), a wholly-owned subsidiary of the Company, entered into a credit agreement with the lender parties thereto (the "May 2026 Credit Agreement") providing for a $375.0 million unsecured term loan (the "May 2026 Term Loan"). The May 2026 Term Loan bears interest at a floating rate under the Term SOFR (as defined in the May 2026 Credit Agreement) plus 1.30% per annum and matures on May 20, 2031. The total credit commitment under the May 2026 Term Loan may be increased up to a maximum amount of $425.0 million on or before November 20, 2026. The May 2026 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 ("AIDAC"), a wholly-owned subsidiary of the Company, agreed to fully and unconditionally guarantee AALLC's obligations under the May 2026 Credit Agreement.

October 2026 Unsecured Term Loan

On October 1, 2026, the Company entered into credit agreements (the "October 2026 Credit Agreements") with the Japan Bank for International Cooperation ("JBIC") and a syndicate of commercial banks (the "Commercial Lenders") providing for unsecured term loans totaling $400.0 million (the "October 2026 Term Loans"), of which $240.0 million was provided by JBIC and $160.0 million was provided by the Commercial Lenders. The October 2026 Term Loans bear interest at floating rates based on Term SOFR (as defined in the October 2026 Credit Agreements) plus applicable margins, resulting in a weighted average margin of 0.88% per annum, and mature on October 1, 2031. The October 2026 Credit Agreements contain, among other provisions, covenants requiring a minimum consolidated net worth of $1.1 billion, a minimum interest coverage ratio of 2.0:1.0 and a minimum unencumbered asset ratio of 1.25:1.0. The Commercial Lenders' $160.0 million portion of the October 2026 Term Loans is fully and unconditionally guaranteed by AALLC and AIDAC. In connection with the JBIC $240.0 million portion of the October 2026 Term Loans, our Shareholders have each agreed to provide a Letter of Comfort, as defined in the applicable October 2026 Credit Agreement, in favor of JBIC with respect to the Company's obligations thereunder.

5.000% Senior Notes due 2031

On April 28, 2026, the Company and AIDAC issued $650.0 million aggregate principal amount of 5.000% Senior Notes due 2031 (the "5.000% Senior Notes due 2031") at an issue price of 99.636%. The Company's and AIDAC's obligations under the 5.000% Senior Notes due 2031 are fully and unconditionally guaranteed by AALLC. The 5.000% Senior Notes due 2031 will mature on May 15, 2031, and bear interest at a rate of 5.00% per annum, payable semi-annually on May 15 and November 15 of each year, commencing on November 15, 2026.

Revolving Credit Facilities

As of August 31, 2026, we had $125.0 million outstanding under our revolving credit facilities and had $2.0 billion available for borrowing.

As of August 31, 2026, we were in compliance with all applicable covenants in our financings.

Note 9. Shareholders' Equity

Common Share Dividends

On June 11, 2026, the Company paid a common share dividend of $86.5 million, which had been accrued as of May 31, 2026 and was approved by the Company's Board of Directors and the Shareholders.

Preference Share Dividends and Redemption

On March 17, 2026, the Company paid a semi-annual dividend of $10.5 million on its 5.250% Series A Preference

Shares (the "Series A Preference Shares"), which had been accrued as of February 28, 2026 and approved by the Company's Board of Directors.

On June 17, 2026 (the "Preference Share Redemption Date"), the Company redeemed all 400 outstanding Series A Preference Shares for a cash redemption price equal to $1.0 million per share, totaling $405.4 million, which included $5.4 million of accumulated and unpaid dividends to, but excluding, the Preference Share Redemption Date. As a result, no Series A Preference Shares remain outstanding, dividends with respect to such redeemed Series A Preference Shares ceased to accumulate and all designations, rights, preferences, powers, qualifications, restrictions and limitations of such redeemed Series A Preference Shares terminated.

Note 10. Related Party Transactions

We incurred fees from our Shareholders as part of intra-company service agreements totaling $1.9 million and $2.3 million during the three months ended August 31, 2026 and 2025, respectively, and $3.7 million and $4.4 million during the six months ended August 31, 2026 and 2025, respectively, whereby our Shareholders provide certain management and administrative services to the Company. These expenses are recorded in selling, general and administrative costs in the consolidated statements of income.

See Note 7 for distributions received from our equity method investee during the six months ended August 31, 2026.

Note 11. Income Taxes

Income taxes are provided based upon the tax laws and rates of the jurisdictions in which our operations are conducted and income is earned.

The Government of Bermuda enacted the Bermuda Corporate Income Tax Act (the "Bermuda CIT Act"), which imposes a 15% corporate income tax (the "Bermuda CIT") applicable to the Company with respect to its fiscal year beginning March 1, 2025. The Company has appropriately considered the impact of the Bermuda CIT and its impact on current and deferred income taxes.

As a result of the enactment of the Bermuda CIT Act, the Company now presents sources of income and the related components of the income tax provision by jurisdiction. Historically, such information was presented on a U.S. and non-U.S. basis, as Bermuda was a zero-rate jurisdiction in prior periods.

The table below summarizes income by jurisdiction, including from Bermuda, the United States and other jurisdictions, primarily Ireland. Income from continuing operations before income taxes and earnings of unconsolidated equity method investment for the three and six months ended August 31, 2026 and 2025, were as follows:

	Three Months Ended August 31,		Six Months Ended August 31,	
	2026	2025	2026	2025
Bermuda	$ 23,544	$ 18,350	$ 30,990	$ 29,795
United States	1,862	(8,557)	14,960	1,533
Other	54,713	52,206	75,115	92,286
Income from continuing operations before income taxes and earnings of unconsolidated equity method investment	$ 80,119	$ 61,999	$ 121,065	$ 123,614

Our Bermuda, U.S. and Ireland-based aircraft-owning subsidiaries are subject to taxes in their respective jurisdictions.

The Company also has Irish, Singapore and U.S.-based subsidiaries that provide management services to our Bermuda, U.S. and Ireland-based aircraft-owning subsidiaries, and are subject to taxes in their respective jurisdictions.

We recognized income tax provisions of $18.7 million and $17.9 million for the six months ended August 31, 2026 and 2025, respectively. Our effective tax rate for the six months ended August 31, 2026 and 2025, was 15.4% and 14.5%, respectively. The increase 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.

Note 12. Interest, Net

The following table shows the components of interest, net:

	Three Months Ended August 31,		Six Months Ended August 31,	
	2026	2025	2026	2025
Interest on borrowings and other liabilities	$ 71,922	$ 68,624	$ 140,388	$ 134,901
Amortization of deferred financing fees and debt discount	4,706	4,659	9,483	9,129
Interest expense	76,628	73,283	149,871	144,030
Less: Interest income	(1,241)	(2,754)	(3,268)	(4,660)
Interest, net	$ 75,387	$ 70,529	$ 146,603	$ 139,370

Note 13. Commitments and Contingencies

Rent expense related to office space leased in Stamford, Connecticut, Dublin, Ireland and Singapore was $0.5 million and $0.4 million for the three months ended August 31, 2026 and 2025, respectively, and $0.7 million and $0.9 million for the six months ended August 31, 2026 and 2025, respectively.

As of August 31, 2026, future minimum lease payments relating to our non-cancelable office leases were as follows:

Year Ending February 28/29,	Amount
2027 (Remainder of fiscal year)	$ 1,606
2028	3,227
2029	2,434
2030	1,625
2031	1,428
Thereafter	14,268
Total	$ 24,588

At August 31, 2026, we had commitments to purchase 22 aircraft for $904.3 million.

At August 31, 2026, commitments, including $29.1 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
2027 (Remainder of fiscal year)	$ 671,518
2028	109,215
2029	123,524
2030	—
2031	—
Thereafter	—
Total	$ 904,257

Note 14. Other Assets

Other assets consisted of the following as of August 31, 2026 and February 28, 2026:

	August 31, 2026	February 28, 2026
Deferred income tax asset	$ 6,529	$ 6,556
Lease incentives and premiums, net of accumulated amortization of $66,115 and $82,350, respectively	17,245	28,211
Flight equipment held for sale	157,664	45,120
Aircraft purchase deposits and Embraer E-2 progress payments	24,943	14,887
Right-of-use asset[1]	12,620	13,279
Investments in equity securities[2]	5,308	5,704
Other assets	78,648	95,923
Total other assets	$ 302,957	$ 209,680

(1) Net of lease incentives and tenant allowances.

(2) See Note 2.

Note 15. Allowance for Credit Losses

The following table presents the activity in the allowance for credit losses related to our net investment in leases for the six months ended August 31, 2026:

	Net Investment in Leases, net
Balance at February 28, 2026	$ 6,099
Provision for credit losses	(275)
Write-offs	(18)
Balance at August 31, 2026	$ 5,806

Note 16. Accounts Payable, Accrued Expenses and Other Liabilities

Accounts payable, accrued expenses and other liabilities consisted of the following as of August 31, 2026 and February 28, 2026:

	August 31, 2026	February 28, 2026
Accounts payable, accrued expenses and other liabilities	$ 60,636	$ 54,605
Dividends payable	—	10,500
Deferred income tax liability	162,029	147,059
Accrued interest payable	67,903	61,366
Lease liability	14,548	15,898
Lease discounts, net of amortization of $43,433 and $37,943, respectively	87,184	91,846
Total accounts payable, accrued expenses and other liabilities	$ 392,300	$ 381,274

Note 17. Subsequent Events

On October 1, 2026, the Company entered into the October 2026 Credit Agreements with JBIC and the Commercial Lenders for unsecured term loans totaling $400.0 million. See Note 8 for additional information.

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, 2026. 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," "enables," "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, 2026. 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 worldwide. We are a leading secondary market investor, sourcing aircraft through a variety of acquisition channels, including 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 asset sales or disposals. We sell aircraft and engine assets, either with a lease attached or on a part-out basis, with the objective of generating profits and reinvesting sale proceeds. Our aircraft are managed by an experienced team based in the United States, Ireland and Singapore.

As of August 31, 2026, we owned and managed 268 aircraft leased to 67 airline customers located in 42 countries. The Net Book Value of our fleet was $8.3 billion as of August 31, 2026. The weighted average age of our fleet was 9.0 years, and the weighted average remaining lease term was 5.3 years. The weighted average utilization rate of our fleet was 98% for the six months ended August 31, 2026. Utilization was impacted by certain aircraft previously leased to a customer that has ceased operations, which are expected to remain off-lease for an extended period, as well as aircraft redeliveries during the period and the timing of related transitions or sales. During the six months ended August 31, 2026, we purchased 9 aircraft and sold 16 aircraft and other flight equipment. As of August 31, 2026, we had commitments to purchase 22 aircraft for $904.3 million, with deliveries through November 2028, which included estimated amounts for pre-delivery deposits, contractual price escalations and other adjustments.

Financial Condition

Our total revenues, net income and Adjusted EBITDA were $518.5 million, $102.9 million and $455.6 million, respectively, for the six months ended August 31, 2026. Cash flow provided by operating activities was $238.3 million for the six months ended August 31, 2026. The Company's financial performance reflects continued strong global passenger demand for air travel and solid demand for our aircraft, supported by continued constraints in aircraft and engine production and deliveries despite gradual improvements in supply chain conditions and manufacturing output. Notwithstanding geopolitical uncertainties, including the conflict in the Middle East, demand for our assets remained strong during the period. Strong gains from aircraft and engine sales, together with lease extension activity across the portfolio, contributed positively to our financial results.

We believe we have sufficient liquidity to meet our contractual obligations over the next twelve months. As of October 1, 2026, total liquidity of $2.8 billion included $2.0 billion of undrawn credit facilities, $0.7 billion of projected adjusted operating cash flows and contracted asset sales and $0.1 billion of unrestricted cash through October 1, 2027.

Market Conditions

Demand for air travel remained resilient during the six months ended August 31, 2026, supporting continued demand for leased aircraft. Aircraft leasing companies own approximately 49% of the world's commercial passenger jet aircraft. Although aircraft production and supply chain conditions have shown signs of gradual improvement, aircraft supply remained constrained due to ongoing production and delivery challenges at aircraft and engine manufacturers, limiting the availability of new aircraft and supporting demand for lease placements, lease extensions and secondary market aircraft. In addition, many airlines continue to pursue fleet modernization initiatives, including the replacement of older aircraft with more fuel-efficient aircraft, supporting demand for newer technology aircraft. Supply constraints, together with ongoing financing needs across the airline industry, continued to support favorable conditions in the aircraft leasing market.

Although geopolitical developments, including the conflict in the Middle East, have contributed to market volatility and higher fuel costs for airlines, global passenger travel demand has remained resilient. Aircastle's portfolio, which is primarily comprised of new technology and mid-life narrow-body aircraft, continues to be attractive to airlines seeking to support growing passenger traffic and fleet modernization objectives. The Company maintains a diversified global portfolio and a disciplined approach to capital allocation, which we believe supports its ability to respond to evolving market conditions and pursue investment opportunities.

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.

Middle East Conflict

Ongoing armed conflicts and heightened geopolitical tensions in the Middle East have disrupted, and may continue to disrupt, commercial aviation and broader economic activity in the region and globally. Recent escalations have contributed to volatility in oil and jet fuel prices, increasing operating costs and placing additional pressure on airline profitability and liquidity.

While the ultimate impact on our business, financial condition and results of operations remains uncertain, these conditions have adversely affected, and may continue to adversely affect, commercial aviation activity, including through airspace closures, reduced flight operations, increased fuel and insurance costs, supply chain disruptions and broader macroeconomic effects. Such conditions could result in lease restructurings, payment deferrals or defaults.

As of and for the six months ended August 31, 2026, our airline customers located in the Middle East represented approximately 5% of both our Net Book Value and lease rental revenue. Although our direct exposure to the region is limited and diversified across lessees and aircraft types, the effects of the conflict, particularly higher fuel costs, have adversely affected, and may continue to adversely affect, airlines globally. We continue to monitor customers that are more financially sensitive to higher fuel costs, including those that have historically relied on fuel supplies from the Gulf region. A sustained deterioration in regional or broader economic conditions, including persistently elevated fuel prices, could adversely affect our business, financial condition and results of operations.

Acquisitions and Sales

During the six months ended August 31, 2026, we purchased 9 aircraft for $385.6 million. As of August 31, 2026, we had commitments to purchase 22 aircraft for $904.3 million, with deliveries through November 2028, which included estimated amounts for pre-delivery deposits, contractual price escalations and other adjustments. As of October 9, 2026, we have purchased 4 additional aircraft and have commitments to purchase 20 aircraft for $767.3 million.

During the six months ended August 31, 2026, we sold 16 aircraft and other flight equipment for net proceeds of $357.1 million and recognized gains on the sale or disposition of flight equipment totaling $49.0 million. As of October 9, 2026, we have sold 8 additional aircraft, including certain aircraft classified as held for sale as of August 31, 2026.

Fiscal Year 2026 Lease Expirations and Lease Placements

As of October 9, 2026, we had 8 off-lease aircraft and 5 aircraft with a lease expiring in fiscal year 2026, which combined account for 3% of our Net Book Value at August 31, 2026, still to be placed or sold. We expect to sell or part out 7 of these aircraft.

Fiscal Years 2027 to 2030 Lease Expirations and Lease Placements

Taking into account lease and sale commitments, we currently have the following number of aircraft with lease expirations scheduled between fiscal years 2027 and 2030, representing the percentage of our Net Book Value as of August 31, 2026, specified below:

- 2027: 26 aircraft, representing 7%;
- 2028: 29 aircraft, representing 8%;
- 2029: 39 aircraft, representing 13%; and
- 2030: 21 aircraft, representing 7%.

Finance

We operate in a capital-intensive industry and have a demonstrated track record of consistently raising substantial capital from both debt and equity investors. Since our inception, we have raised $2.6 billion in equity capital from private and public investors. We have also obtained $26.2 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 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. Accordingly, 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 as of August 31, 2026 and 2025:

	As of August 31,	
	2026	2025
Owned Aircraft	(Dollars in millions)	
Net Book Value of Flight Equipment	$ 8,300	$ 8,470
Net Book Value of Unencumbered Flight Equipment	$ 8,185	$ 8,351
Number of Aircraft	263	270
Number of Unencumbered Aircraft	259	266
Number of Lessees	67	75
Number of Countries	42	46
Weighted Average Age (years)[1]	9.0	8.6
Weighted Average Remaining Lease Term (years)[1]	5.3	5.7
Weighted Average Fleet Utilization during the Second Quarter[2]	97.4 %	99.7 %
Weighted Average Fleet Utilization during the six months ended August 31, 2026, and 2025[2]	97.6 %	99.6 %
Portfolio Yield for the Second Quarter[3]	9.3 %	9.4 %
Portfolio Yield for the six months ended August 31, 2026, and 2025[3]	9.3 %	9.6 %
Managed Aircraft		
Number of Managed Aircraft[4]	5	8

(1) Weighted by Net Book Value.

(2) Aircraft on lease as a percentage of total days in period weighted by net book value. Utilization was impacted by certain aircraft previously leased to a customer that has ceased operations, which are expected to remain off-lease for an extended period, as well as aircraft redeliveries during the period and the timing of related transitions or sales.

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

(4) Number of managed aircraft as of August 31, 2026 includes 4 aircraft owned by our joint venture with Mizuho Leasing.

PORTFOLIO DIVERSIFICATION

	Owned Aircraft as of August 31, 2026		Owned Aircraft as of August 31, 2025	
	Number of Aircraft	% of Net Book Value	Number of Aircraft	% of Net Book Value
Aircraft Type				
Passenger:				
Narrow-body - new technology[1]	100	54 %	91	50 %
Narrow-body - current technology	148	40 %	160	42 %
Wide-body - current technology	12	5 %	14	7 %
Total Passenger	260	99 %	265	99 %
Freighter - current technology	3	1 %	5	1 %
Total	263	100 %	270	100 %
Manufacturer				
Airbus	170	64 %	175	64 %
Boeing	73	29 %	74	29 %
Embraer	20	7 %	21	7 %
Total	263	100 %	270	100 %
Regional Diversification				
Asia and Pacific	71	30 %	67	26 %
Europe	69	21 %	85	25 %
Middle East and Africa	14	5 %	14	6 %
North America	66	30 %	73	33 %
South America	32	11 %	31	10 %
Off-lease	11 [2]	3 %	—	— %
Total	263	100 %	270	100 %

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

(2) The number of aircraft off-lease was impacted by certain aircraft previously leased to a customer that has since ceased operations, which are expected to remain off-lease for an extended period, as well as aircraft redeliveries during the period and the timing of related transitions and sales. Of the 11 off-lease aircraft as of August 31, 2026, 4 aircraft have subsequently been sold, delivered to a customer, or are subject to a confirmed letter of intent for lease. Of the remaining 7 aircraft, 4 are expected to remain off-lease for an extended period, while the remaining 3 aircraft are being marketed for lease or sale.

The top ten customers for our owned aircraft at August 31, 2026, were as follows:

Customer	Country	Percent of Net Book Value	Number of Aircraft
IndiGo	India	12.6%	20
United	United States	6.7%	10
KLM	Netherlands	5.7%	15
LATAM	Chile	4.7%	13
American Airlines	United States	4.6%	16
Frontier Airlines	United States	4.4%	7
WestJet	Canada	3.7%	7
Viva Aerobus	Mexico	3.6%	9
AirAsia	Malaysia	3.1%	12
Lion Air Group	Indonesia	3.0%	10
Total top ten customers		52.1%	119
All other customers		47.9%	144
Total all customers		100.0%	263

COMPARATIVE RESULTS OF OPERATIONS

Results of Operations for the three months ended August 31, 2026, as compared to the three months ended August 31, 2025:

	Three Months Ended August 31,	
	2026	2025
	(Dollars in thousands)	
Revenues:		
Lease rental revenue	$ 186,858	$ 190,116
Direct financing and sales-type lease revenue	5,389	5,191
Amortization of lease premiums, discounts and incentives	7,871	(1,513)
Maintenance revenue	43,004	9,708
Total lease revenue	243,122	203,502
Gain on sale or disposition of flight equipment	38,162	23,889
Other revenue	1,669	119
Total revenues	282,953	227,510
Operating expenses:		
Depreciation	91,728	96,762
Interest, net	75,387	70,529
Selling, general and administrative	20,331	24,247
Provision for credit losses	(92)	(116)
Impairment of flight equipment	7,730	31,153
Maintenance and other costs	8,108	3,977
Total operating expenses	203,192	226,552
Other income:		
Other	358	61,041
Total other income	358	61,041
Income from continuing operations before income taxes and earnings of unconsolidated equity method investment	80,119	61,999
Income tax provision	11,163	5,228
Earnings of unconsolidated equity method investment, net of tax	372	462
Net income	$ 69,328	$ 57,233

Revenues:

Total revenues increased $55.4 million, attributable to:

Lease rental revenue decreased $3.3 million, primarily attributable to:

- a $16.4 million decrease related to the sale of 32 aircraft and other flight equipment since September 1, 2025;
- a $9.7 million decrease related to early lease terminations, including terminations associated with 2 customers that either filed for bankruptcy protection or ceased operations; and
- a $5.0 million decrease due to lease extensions, amendments, transitions and other changes.

This was partially offset by an increase of $27.9 million related to 42 aircraft purchased since September 1, 2025.

Amortization of lease premiums, discounts and lease incentives:

	Three Months Ended August 31,	
	2026	2025
	(Dollars in thousands)	
Amortization of lease premiums	$ (770)	$ (1,734)
Amortization of lease discounts	5,258	3,919
Amortization of lease incentives	3,383	(3,698)
Amortization of lease premiums, discounts and incentives	$ 7,871	$ (1,513)

The amortization of lease incentives decreased $7.1 million, primarily due to early lease terminations and the associated reversal of lease incentive liabilities during the three months ended August 31, 2026.

Maintenance revenue. For the three months ended August 31, 2026 and 2025, we recorded $43.0 million and $9.7 million of maintenance revenue, respectively, primarily from maintenance payments received by us and recognized into income in connection with scheduled aircraft lease expirations, early lease terminations and aircraft returns.

Gain on sale or disposition of flight equipment. During the three months ended August 31, 2026, we sold 11 aircraft and other flight equipment generating gains of $38.2 million, compared to 4 aircraft and other flight equipment sold with gains of $23.9 million during the three months ended August 31, 2025.

Operating expenses:

Total operating expenses decreased $23.4 million, attributable to:

Depreciation expense decreased $5.0 million, primarily reflecting a $14.2 million decrease related to 30 aircraft sold since September 1, 2025, as well as residual adjustments and other changes for aircraft for which impairments were recorded or leases were extended. This decrease was partially offset by an increase of $9.2 million related to 42 aircraft acquired since September 1, 2025.

Interest, net increased $4.9 million due to a higher weighted average debt outstanding of $267.8 million.

*Selling, general and administrative expens*es decreased $3.9 million, primarily due to lower personnel costs and reduced legal fees related to Russia insurance recovery matters.

Impairment of flight equipment. During the three months ended August 31, 2026, we recorded impairment charges totaling $7.7 million, primarily related to the early lease termination of 2 narrow-body aircraft and 2 narrow-body freighter aircraft. For these aircraft, we recognized $23.4 million of maintenance payments, cash security deposits, and the reversal of lease incentive liabilities into revenue during the three months ended August 31, 2026.

During the three months ended August 31, 2025, we recorded impairment charges totaling $31.2 million, including $22.4 million related to aircraft leased to 2 customers that filed for bankruptcy protection. For these aircraft, the Company recognized $4.9 million of maintenance payments 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 were subject to tear-down and parts sales programs and 1 converted narrow-body freighter aircraft.

Maintenance and other costs increased $4.1 million, primarily attributable to higher technical expenses related to the timing of aircraft transitions, including costs associated with aircraft subject to early lease terminations.

Other income:

Total other income decreased by $60.7 million. During the three months ended August 31, 2025, the Company entered into settlement agreements with certain insurers under the Company's contingent and possessed policies ("C&P policies") for an aggregate settlement amount of $55.7 million related to aircraft previously leased to Russian airlines.

Income tax provision:

Income tax provision. We recognized income tax provisions of $11.2 million and $5.2 million for the three months ended August 31, 2026 and 2025, respectively, with effective tax rates of 13.9% and 8.4% for the respective periods. The increase in our effective rate was 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, 2026, as compared to the six months ended August 31, 2025:

	Six Months Ended August 31,	
	2026	2025
	(Dollars in thousands)	
Revenues:		
Lease rental revenue	$ 381,438	$ 373,159
Direct financing and sales-type lease revenue	10,827	10,333
Amortization of lease premiums, discounts and incentives	8,262	1,253
Maintenance revenue	67,162	47,840
Total lease revenue	467,689	432,585
Gain on sale or disposition of flight equipment	49,028	54,178
Other revenue	1,766	591
Total revenues	518,483	487,354
Operating expenses:		
Depreciation	184,556	192,578
Interest, net	146,603	139,370
Selling, general and administrative	41,907	44,938
Provision for credit losses	(275)	26
Impairment of flight equipment	11,091	36,219
Maintenance and other costs	13,400	8,221
Total operating expenses	397,282	421,352
Other (expense) income:		
Loss on extinguishment of debt	—	(2,973)
Other	(136)	60,585
Total other (expense) income	(136)	57,612
Income from continuing operations before income taxes and earnings of unconsolidated equity method investment	121,065	123,614
Income tax provision	18,689	17,949
Earnings of unconsolidated equity method investment, net of tax	570	855
Net income	$ 102,946	$ 106,520

Revenues:

Total revenues increased $31.1 million, attributable to:

Lease rental revenue increased $8.3 million, primarily attributable to an increase of $58.9 million related to 52 aircraft purchased since March 1, 2025.

This was partially offset by:

- a $30.7 million decrease related to the sale of 46 aircraft and other flight equipment since March 1, 2025;
- a $12.4 million decrease related to early lease terminations, including terminations associated with 2 customers that either filed for bankruptcy protection or ceased operations; and
- a $7.5 million decrease due to lease extensions, amendments, transitions and other changes.

Amortization of lease premiums, discounts and lease incentives:

	Six Months Ended August 31,	
	2026	2025
	(Dollars in thousands)	
Amortization of lease premiums	$ (2,096)	$ (3,622)
Amortization of lease discounts	10,445	7,442
Amortization of lease incentives	(87)	(2,567)
Amortization of lease premiums, discounts and incentives	$ 8,262	$ 1,253

The amortization of lease discounts increased $3.0 million due to the acquisition of aircraft.

The amortization of lease incentives decreased $2.5 million, primarily due to early lease terminations and the associated reversal of lease incentive liabilities during the six months ended August 31, 2026.

Maintenance revenue. For the six months ended August 31, 2026 and 2025, we recorded $67.2 million and $47.8 million of maintenance revenue, respectively, primarily from maintenance payments received by us and recognized into income in connection with scheduled aircraft lease expirations, early aircraft lease terminations and aircraft returns.

Gain on sale or disposition of flight equipment. During the six months ended August 31, 2026, we sold 16 aircraft and other flight equipment for gains of $49.0 million, compared to 18 aircraft and other flight equipment sold with gains of $54.2 million during the six months ended August 31, 2025.

Operating expenses:

Total operating expenses decreased $24.1 million, attributable to:

Depreciation expense decreased $8.0 million, primarily reflecting a $28.2 million decrease related to 32 aircraft sold since March 1, 2025, as well as residual adjustments and other changes for aircraft for which impairments were recorded or leases were extended. This decrease was partially offset by an increase of $20.2 million related to 51 aircraft acquired since March 1, 2025.

Interest, net increased $7.2 million due to a higher weighted average debt outstanding of $281.1 million.

Selling, general and administrative expenses decreased $3.0 million, primarily due to lower personnel costs and reduced legal fees related to Russia insurance recovery matters.

Impairment of flight equipment. During the six months ended August 31, 2026, the Company recorded impairment charges totaling $11.1 million that primarily related to the early lease termination of 2 narrow-body aircraft and 2 narrow-body freighter aircraft. For these aircraft, we recognized $23.4 million of maintenance payments, cash security deposits, and the reversal of lease incentive liabilities into revenue during the six months ended August 31, 2026.

During the six months ended August 31, 2025, the Company recorded impairment charges totaling $36.2 million, including $22.4 million related to aircraft leased to 2 customers that filed for bankruptcy protection. For these aircraft, the Company recognized $4.9 million of maintenance payments and lease rentals received in advance into revenue during 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.

Maintenance and other costs increased $5.2 million, primarily attributable to higher technical expenses related to the timing of aircraft transitions, including costs associated with aircraft subject to early lease terminations.

Other income:

*Total other income de*creased by $57.7 million. During the six months ended August 31, 2025, the Company entered into settlement agreements with certain insurers under the Company's C&P policies for an aggregate settlement amount of $55.7 million related to aircraft previously leased to Russian airlines.

Income tax provision:

Income tax provision. We recognized income tax provisions of $18.7 million and $17.9 million for the six months ended August 31, 2026 and 2025, respectively. Our effective tax rate for the six months ended August 31, 2026 and 2025 was 15.4% and 14.5%, respectively. The increase in our effective tax rate was 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, 2026, we met our liquidity and capital resource needs with $238.3 million of cash flows from operations and $357.1 million of proceeds from the sale or disposition of aircraft and other flight equipment.

As of August 31, 2026, the weighted average maturity of our secured and unsecured debt financings was 3.4 years, and we were in compliance with all applicable covenants. In addition, 98% of our total debt is unsecured and $8.2 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, 2026, total liquidity of $2.8 billion included $2.0 billion of undrawn credit facilities, $0.7 billion of projected adjusted operating cash flows and contracted asset sales and $0.1 billion of unrestricted cash through October 1, 2027. 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,	
	2026	2025
	(Dollars in thousands)	
Net cash flow provided by operating activities	$ 238,294	$ 218,647
Net cash flow provided by (used in) investing activities	780	(629,644)
Net cash flow (used in) provided by financing activities	(245,883)	279,288

Operating Activities:

Cash flow provided by operating activities was $238.3 million and $218.6 million for the six months ended August 31, 2026 and 2025, respectively. The increase in operating cash flow was primarily attributable to higher customer collections, reflecting higher lease rates on newly acquired aircraft and lease extension activity. Additionally, we received a distribution from our equity method investee, of which $10.1 million was reflected in operating cash flow. These increases were partially offset by higher cash interest payments driven by higher weighted average debt outstanding and the timing of interest payments.

Investing Activities:

Cash flow provided by investing activities was $0.8 million for the six months ended August 31, 2026, compared to cash flow used in investing activities of $629.6 million for the six months ended August 31, 2025. The decrease of $630.4 million was primarily attributable to a $603.8 million decrease in acquisitions and improvements of flight equipment and a $57.6 million increase in proceeds from the sale or disposition of aircraft and other flight equipment. In addition, during the six months ended August 31, 2025, we received cash proceeds of $40.9 million in connection with Russia insurance settlements.

Financing Activities:

Cash flow used in financing activities was $245.9 million for the six months ended August 31, 2026, compared to cash flow provided by financing activities of $279.3 million for the six months ended August 31, 2025. The decrease of $525.2 million was primarily attributable to the $400.0 million redemption of preference shares, and to a lesser extent, a $50.1 million increase in dividends paid, a $42.4 million decrease in net maintenance and security deposits received, and a $36.3 million decrease in borrowings from secured and unsecured financings, net of repayments.

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 $7.5 billion at August 31, 2026, from $7.1 billion at February 28, 2026, 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, 2026 and 2025, we incurred a total of $4.8 million and $14.2 million, respectively, of capital expenditures, including lease incentives, related to the improvement of aircraft.

As of August 31, 2026, the weighted average age of our aircraft, by Net Book Value, of our aircraft was approximately 9.0 years. In general, the costs of operating an aircraft, including maintenance expenditures, increases as aircraft age. Our lease agreements generally require the lessee to be primarily responsible for maintaining the aircraft.

Maintenance reserves are generally paid by the lessee to provide for future major maintenance events. Provided a lessee performs scheduled maintenance of the aircraft, we are required to reimburse the lessee for qualifying 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 if 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 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, 2026.

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, 2026, the Net Book Value of its 4 aircraft was $143.0 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, 2026, 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, 2026, expenses, such as payroll and office costs, denominated in currencies other than the U.S. dollar totaled $9.6 million in U.S. dollar equivalents and represented approximately 23% 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 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, 2026 and 2025, 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, 2026 and 2025:

	Three Months Ended August 31,		Six Months Ended August 31,	
	2026	2025	2026	2025
Net income	$ 69,328	$ 57,233	$ 102,946	$ 106,520
Depreciation	91,728	96,762	184,556	192,578
Amortization of lease premiums, discounts and incentives	(7,871)	1,513	(8,262)	(1,253)
Interest, net	75,387	70,529	146,603	139,370
Income tax provision	11,163	5,228	18,689	17,949
EBITDA	$ 239,735	$ 231,265	$ 444,532	$ 455,164
Adjustments:				
Impairment of flight equipment	7,730	31,153	11,091	36,219
Loss on extinguishment of debt	—	—	—	2,973
Adjusted EBITDA	$ 247,465	$ 262,418	$ 455,623	$ 494,356

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, 2026, a hypothetical 100-basis point increase/decrease in our variable interest rate on our borrowings would result in an interest expense increase/decrease of $9.7 million and $9.7 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, 2026. 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, 2026.

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, 2026, 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, 2026, 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).
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).
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, 2026, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Consolidated Balance Sheets as of August 31, 2026 and February 28, 2026; (ii) Consolidated Statements of Income and Comprehensive Income for the three and six months ended August 31, 2026 and 2025; (iii) Consolidated Statements of Cash Flows for the six months ended August 31, 2026 and 2025; (iv) Consolidated Statements of Changes in Shareholders' Equity for the three and six months ended August 31, 2026 and 2025; 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 14, 2026

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 14, 2026

/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 14, 2026

/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, 2026, 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 14, 2026

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, 2026, 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 14, 2026