



## **Dubai Aerospace Enterprise (DAE) Ltd**

### **Results for the three months ended March 31, 2022**

#### **WEBCAST AND CONFERENCE CALL DETAILS**

DAE will host its earnings call at 09.00 EDT / 14.00 BST / 17.00 GST / 20:00 SGT on Friday May 6<sup>th</sup>, 2022, to review our results for the three months ended March 31, 2022.

The webcast can be accessed by registering at [www.dubaiaerospace.com/investors](http://www.dubaiaerospace.com/investors).

Or alternatively the call can be accessed live by dialing (UAE) 8000 3570 2653, (Ireland) +353 (0)1 246 5638, (UK) +44 (0)330 165 4027, (USA) +1 323-794-2551, (Singapore) +65 6703 6908 and referencing confirmation ID: 9879585.

Further information can be found on our website <http://www.dubaiaerospace.com>.

## **FORWARD-LOOKING STATEMENTS**

*This presentation contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended. These forward-looking statements relate to matters such as our industry, business strategy, goals and expectations concerning our market position, future operations, margins, profitability, capital expenditures, liquidity and capital resources and other financial and operating information. We have used the words “anticipate”, “assume”, “believe”, “budget”, “continue”, “could”, “estimate”, “expect”, “future”, “intend”, “may”, “plan”, “potential”, “predict”, “project”, “will” and similar terms and phrases to identify forward-looking statements. Forward-looking statements reflect our current expectations regarding future events, results or outcomes. These expectations may or may not be realized. Some of these expectations may be based upon assumptions or judgements that prove to be incorrect. In addition, our business and operations involve numerous risks and uncertainties, many of which are beyond our control, which could result in our expectations not being realized or otherwise materially affect our financial condition, results of operations and cash flows. Any such forward-looking statements are not guarantees of future performance and involve risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results, to vary materially from our future results, performance or achievements, or those of our industry, expressed or implied in such forward-looking statements. All amounts expressed in “USD ” or “dollars” refer to U.S. dollars.*

## RESULTS ANNOUNCEMENT

We present management's discussion and analysis of the financial condition and results of operations for the three months ended March 31, 2022 which should be read in conjunction with the unaudited condensed consolidated financial statements (the "interim financial statements") of Dubai Aerospace Enterprise (DAE) Ltd ("DAE") and its subsidiaries (together and hereinafter "we" or "us"). References to "March 31, 2022" are for the three months ended March 31, 2022 and to "March 31, 2021" are for the three months ended March 31, 2021.

### FINANCIAL HIGHLIGHTS

- Profit for the three months ended March 31, 2022, was USD 46.6 million compared to a profit of USD 8.3 million for the three months ended March 31, 2021. Loss after exceptional items for the three months ended March 31, 2022, was USD 491.3 million compared to a profit of USD 8.3 million for the three months ended March 31, 2021.
- Operating profit before exceptional items, for the three months ended March 31, 2022 was USD 109.1 million compared to USD 113.8 million for the three months ended March 31, 2021. During the three months ended March 31, 2022, there was a decrease in lease revenue offset by an increase in gain on disposal of aircraft. Operating loss after exceptional items for the three months ended March 31, 2022, was USD 467.4 million compared to an operating profit USD 113.8 million for the three months ended March 31, 2021. During the three months ended March 31, 2022, there was an asset write-off of USD 576.5 million relating to certain aircraft in Russia not in the Group's control.
- Cash flow from operating activities for the three months ended March 31, 2022, increased by 63.7% to USD 357.0 million compared to USD 218.0 million for the three months ended March 31, 2021.
- Total assets were USD 11,644.0 million at March 31, 2022 compared to USD 12,609.6 million at December 31, 2021. This decrease was due to the asset write-off of certain aircraft in Russia not in the Group's control.
- Available liquidity was USD 2,563.1 million at March 31, 2022 compared to USD 2,910.3 million at December 31, 2021. Our Liquidity ratio increased to 485.6% at March 31, 2022 from 442.7% at December 31, 2021.
- Net Debt-to-Equity ratio was 2.35:1 times and 2.86:1 times at March 31, 2022 before and after exceptional items respectively compared to 2.54:1 times at December 31, 2021.
- During the three months ended March 31, 2022, DAE closed a new USD 1.0 billion revolving credit facility.

### OPERATIONAL HIGHLIGHTS

- Total number of aircraft in the fleet at March 31, 2022 was 384 (December 31, 2021: 385) which consists of 295 owned (December 31, 2021: 296), 81 managed (December 31, 2021: 79) and eight committed aircraft (December 31, 2021: 10).
- During the three months ended March 31, 2022, we purchased three owned aircraft (December 31, 2021: 18) and 20 managed aircraft (December 31, 2021: 23) and sold four owned aircraft (December 31, 2021: 20) and 18 managed aircraft (December 31, 2021: 10).
- The weighted average age of our owned fleet was 6.7 years at March 31, 2022 compared to 6.7 years at December 31, 2021. The weighted average remaining lease term of our owned fleet at March 31, 2022 was 5.9 years compared with 6.2 years at December 31, 2021.
- The ratio of unsecured debt to total debt increased to 70.8% at March 31, 2022 from 69.8% at December 31, 2021.

## RESULTS OF OPERATIONS

The following discussion of our results of operations is based on the condensed consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position which have been extracted from our interim financial statements for the three months ended March 31, 2022.

<u>Results of operations (in millions of USD)</u>	Three months ended Mar 31			
	Before exceptional items 2022	Exceptional items	Total 2022	Total 2021
<b>Consolidated statement of profit or loss and comprehensive income</b>				
Total revenue	298.0	-	298.0	307.5
Gain on disposal of aircraft	7.2	-	7.2	1.2
<b>Expenses</b>				
Depreciation and amortization	(141.1)	-	(141.1)	(143.7)
Asset write-off	-	(576.5)	(576.5)	-
General and administrative expenses	(21.3)	-	(21.3)	(14.1)
Cost of providing engineering maintenance services	(18.3)	-	(18.3)	(16.9)
Loss allowance	(15.3)	-	(15.3)	(15.9)
Aircraft maintenance	(0.1)	-	(0.1)	(4.3)
<b>Operating (loss)/profit</b>	<b>109.1</b>	<b>(576.5)</b>	<b>(467.4)</b>	<b>113.8</b>
Finance income	2.3	-	2.3	1.9
Finance expense	(65.9)	-	(65.9)	(90.7)
Debt redemption costs	-	-	-	(16.1)
<b>Net finance costs</b>	<b>(63.6)</b>	<b>-</b>	<b>(63.6)</b>	<b>(104.9)</b>
<b>(Loss)/profit before income tax</b>	<b>45.5</b>	<b>(576.5)</b>	<b>(531.0)</b>	<b>8.9</b>
Income tax benefit/(expense)	1.1	38.6	39.7	(0.6)
<b>(Loss)/profit for the period</b>	<b>46.6</b>	<b>(537.9)</b>	<b>(491.3)</b>	<b>8.3</b>
Add back debt redemption costs	-	-	-	16.1
<b>Adjusted (loss)/profit for the period</b>	<b>46.6</b>	<b>(537.9)</b>	<b>(491.3)</b>	<b>24.4</b>

Consolidated statement of financial position (Extract)	Mar 31,	As at Dec 31,
	2022	2021
Total cash and cash resources	486.8	450.8
Aircraft held for lease	10,443.9	11,279.2
<b>Total assets</b>	<b>11,644.0</b>	<b>12,609.6</b>
Total loans and borrowings	7,494.4	7,813.7
Total equity	2,481.8	2,934.2
<b>Total liabilities and equity</b>	<b>11,644.0</b>	<b>12,609.6</b>

Adjusted EBITDA calculation <sup>(1)</sup>	Three months ended Mar 31	
	2022	2021
<b>(Loss)/profit for the period</b>	(491.3)	8.3
<b>Add back</b>		
Net finance costs	63.6	104.9
Income tax (benefit)/expense	(39.8)	0.6
Loss allowance	15.3	15.9
Depreciation and amortization	141.1	143.7
Asset write-off	576.5	-
<b>Adjusted EBITDA</b>	<b>265.4</b>	<b>273.4</b>

(1) We define Adjusted EBITDA as (loss)/profit, excluding net finance costs, loss allowance, income tax expense, depreciation and amortization and asset write-off.

Financial metrics	As at		
	Before exceptional items	After exceptional items	
	Mar 31, 2022	Mar 31, 2022 <sup>(2)</sup>	Dec 31, 2021
Pre-tax margin ( <i>per cent</i> ) <sup>(3)</sup>	15.3	NM	15.9
Pre-tax return on equity ( <i>per cent</i> ) <sup>(4)</sup>	6.1	NM	6.7
Net debt to equity ( <i>times</i> ) <sup>(5)</sup>	2.35x	2.86x	2.54x
Total available liquidity ( <i>USD billions</i> ) <sup>(6)</sup>	2.6	2.6	2.9
Unsecured debt/total debt ( <i>per cent</i> ) <sup>(7)</sup>	70.8	70.8	69.8
Liquidity coverage ratio ( <i>per cent</i> ) <sup>(8)</sup>	485.6	485.6	442.7

All financial information above has been rounded for presentation purposes. Any percentages are based on unrounded figures.

(2) NM -not meaningful

(3) Calculated as profit before income tax divided by total revenue. Pre-tax margin for December 31, 2021 excludes one-off bond redemption costs incurred during 2021.

(4) Calculated as profit before income tax (annualized in the case of interim periods) divided by average total equity. Pre-tax return on equity for December 31, 2021 excludes one-off bond redemption costs incurred during 2021. Average total equity in the 'before exceptional items' column for March 31, 2022 excludes net exceptional items of USD 537.9 million.

(5) Calculated as net debt (being total loans and borrowings, net of debt issuance costs less cash and cash equivalents) divided by total equity. Equity for March 31, 2022 excludes net exceptional items of USD 537.9 million. Total equity in the 'before exceptional items' column for March 31, 2022 excludes net exceptional items of USD 537.9 million.

(6) Calculated as the sum of available revolving credit and cash and cash equivalents.

(7) Calculated as unsecured loans and borrowings divided by total bank loans.

(8) Calculated as total available liquidity divided by recourse debt payments.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

**Overview**

DAE is a global aviation services company headquartered in Dubai serving customers in over 60 countries from seven locations in the United Arab Emirates, Jordan, Ireland, Singapore and the United States of America. DAE conducts its activities through two divisions: (i) Aircraft Leasing (DAE Capital) and (ii) Engineering (DAE Engineering). The aircraft leasing division is engaged in acquiring and leasing commercial aircraft to airlines, selling and trading aircraft, and managing aircraft on lease for third-party investors. The engineering division consists of an 80% ownership stake in Joramco, a provider of commercial aircraft maintenance, repair and overhaul (MRO) services.

DAE is 100% owned, directly and indirectly, by Investment Corporation of Dubai ("ICD"), the principal investment arm of the Government of Dubai.

DAE Capital

We are one of the largest aircraft leasing companies in the world. At March 31, 2022 we had a total owned, managed and committed fleet of 384 aircraft which was made up of 295 owned aircraft (including six aircraft classified as finance lease and loan receivables), 81 managed aircraft and commitments to acquire eight new, fuel-efficient aircraft for our owned fleet. Our owned and managed aircraft are on lease to 104 lessees in 53 countries

As of March 31, 2022, the aggregate book value of our owned fleet, including aircraft pre-delivery payments and finance lease and loan receivables, was USD 10,516.1 million. In addition, the estimated value of our managed fleet was USD 2,138.7 million. As of March 31, 2022, 92.1% of our leases were subject to fixed lease rates as a percentage of lease revenue. Our future contracted lease rental income amounted to USD 5,899.9 million.

Our lease portfolio is highly diversified, geographically and by airline, with our top five lessees representing 30.8% of our portfolio based on net book value as of March 31, 2022. Emirates, a related party, is our largest customer representing 13.0% of our fleet based on net book value.

Analysis by aircraft type for our owned and managed portfolio

<b>Aircraft Type</b>	<b>Owned Portfolio</b>	<b>Managed Portfolio</b>	<b>Committed Portfolio *</b>	<b>Total</b>
A320 CEO family	91	34	1	126
A320 NEO family	6	7	-	13
A330-family	19	6	-	25
A350-900	4	-	-	4
<b>Total Airbus</b>	<b>120</b>	<b>47</b>	<b>1</b>	<b>168</b>
B737 NG family	65	27	-	92
B737 MAX family	18	5	7	30
B787 family	11	-	-	11
B777	3	-	-	3
B777F	13	-	-	13
Legacy Boeing	-	-	-	-
<b>Total Boeing</b>	<b>110</b>	<b>32</b>	<b>7</b>	<b>149</b>
ATR 72-600	65	2	-	67
<b>Total</b>	<b>295</b>	<b>81</b>	<b>8</b>	<b>384</b>
Narrow body	180	73	8	261
Wide body	50	6	-	56
Turboprop	65	2	-	67
<b>Total</b>	<b>295</b>	<b>81</b>	<b>8</b>	<b>384</b>

\*Committed portfolio includes seven aircraft for the owned fleet and one aircraft for the managed fleet.

<b>Fleet metrics</b>	<b>As at</b>	
	<b>Mar 31, 2022</b>	<b>Dec 31, 2021</b>
Owned fleet ( <i>number of aircraft</i> ) <sup>(1)</sup>	295	296
Managed fleet ( <i>number of aircraft</i> )	81	79
Weighted average age ( <i>years</i> ) <sup>(2)</sup>	6.7	6.7
Weighted average remaining lease term ( <i>years</i> ) <sup>(2)</sup>	5.9	6.2
<b><u>(in millions of USD)</u></b>		
Net book value of aircraft held for lease	10,443.9	11,279.1
Net book value of aircraft held-for-sale	-	-
Carrying value of finance lease and loan receivables	72.2	180.4
<b>Aggregate net book value</b>	<b>10,516.1</b>	<b>11,459.6</b>

(1) Owned fleet includes aircraft which are on lease in Russia.

(2) Owned fleet only, weighted averages calculated based on the Cirium/Ascend half-life current market value

### DAE Engineering

The Group's Engineering division operates under the brand name Joramco and is a leading independent provider of airframe MRO services in the Middle East with a track record in excess of 55 years. DAE has an 80% ownership stake in Joramco. Joramco's facility of over 100,000 square meters in size is strategically located in Amman, Jordan. DAE believes that the strategic location, combined with a skilled and experienced workforce of approximately 1,000 people giving it a man-hour capability exceeding one million per year, allows the Engineering division to offer a compelling value proposition to airline customers in the Middle East, Europe, Asia, Africa and the CIS countries. Joramco focuses on providing airframe MRO services on Airbus, Boeing, and Embraer aircraft, with a comprehensive suite of MRO capabilities including interiors, composites, paint and avionics.

Five aircraft hangars occupying more than 30,000 square meters of the Joramco facility can accommodate up to 17 wide body and narrow body aircraft at the same time. Joramco currently has 15 aircraft type approvals including the Boeing 737, 787 and 777 aircraft families, Airbus A320, A330 and A340 families and Embraer E175 and E190 families and regulatory approvals from over 25 aviation authorities including EASA in the European Union, the FAA in the United States, and the CARC in Jordan.

### **COVID-19**

As a result of the impact of COVID-19 on the aviation sector, we have executed relief packages with 43 airline customers to date, which remains the same as year-end. Relief has principally been provided in the form of rent deferrals or other lease amendments.

Due to the support provided to our airline customers, we have recognized accrued revenue of USD 129.6 million, within other assets, and a corresponding loss allowance of USD 27.8 million as at March 31, 2022, compared to USD 136.5 million and USD 22.4 million respectively as at December 31, 2021.

In addition, our trade and other receivables balance was USD 183.3 million as at March 31, 2022 compared to USD 204.4 million as at December 31, 2021. During the three months ended March 31, 2022 we have seen a decrease in our loss allowance, decreasing to USD 70.0 million compared to USD 93.0 million at December 31, 2021. Our net trade and other receivables balance was USD 113.3 million as at March 31, 2022 compared to USD 111.4 million as at December 31, 2021.

We hold security of USD 407.5 million in the form of cash or letters of credit. We also hold maintenance reserves of USD 1,083.6 million. In addition, we continue to have access to USD 2.6 billion of available liquidity to support the on-going operation of the Group as needed.

## **Russian exposure**

The Group previously leased 22 aircraft to operators based in the Russian Federation. In compliance with applicable sanctions, the Group terminated the leasing of aircraft to airlines in Russia. In response to the sanctions imposed against Russia, the Government of the Russian Federation has issued a number of decrees which provide, amongst other things, that Russian airlines are required to obtain governmental approval for the redelivery of aircraft to foreign lessors. In these circumstances, the Group has no control over the 19 aircraft that are currently in Russia. The Group has no way to determine whether these aircraft will be returned at any point in the future.

The Group's liquidity and capital adequacy remain strong and within rating agency guidelines for our rating. The Group has insurance in respect of the aircraft in question under a number of insurance policies and the Group has commenced filing claims to recover amounts due under the policies.

## **Environment, Social and Governance Framework**

DAE is committed to maintaining an effective Environmental, Social and Governance ("ESG") Framework. DAE provides annual ESG Reporting to stakeholders which is presented in accordance with the Global Reporting Institute (GRI) Standards. DAE also has a dedicated ESG Policy. DAE holds an ESG Risk Rating of 14.1 from Sustainalytics, who consider DAE's enterprise value to be of 'Low Risk' of material financial impacts driven by ESG factors. In January 2022, Sustainalytics awarded DAE with its ESG Industry Top Rated and ESG Regional Top Rated accreditations, indicating that in 2021, DAE's ESG Risk Rating from Sustainalytics was among the 50 lowest ratings issued by Sustainalytics in both DAE's industry (Trading & Distribution) and region (Middle East & Africa). In the ESG Report, DAE set out targets which seek to continually enhance our ESG frameworks, and which further demonstrate DAE's commitment to effective ESG risk management. The latest ESG Report, Risk Rating Summary, Policy Documents, and further information is available on DAE's ESG website <https://dubaiaerospace.com/esg/>.

DAE Capital has a young fleet with an average age of 6.7 years. As of March 31, 2022, all our 2022 capital commitments have been in new technology aircraft with advanced design features. By investing in these aircraft which have greater fuel efficiency, we are helping our airline customers reduce their global environment footprint.

DAE has a comprehensive aircraft end of life strategy. We work directly with our customers and industry partners to recycle end of life aircraft to reduce waste while maximizing the remaining value of the aircraft components and engines. Engines and landing gear from disassembled aircraft are, where possible, put to use elsewhere in the DAE fleet. Alternatively, engines are consigned and sold for disassembly. We encourage our aircraft recycling and dismantling service providers to comply with industry best practice including IATA's Best Practices for Aircraft Decommissioning, and where applicable to obtain AFRA (Aircraft Fleet Recycling Association) accreditation.

In addition, in its premises DAE supports a variety of internal environmental initiatives including the use of energy efficient lighting, water conservation and a continued focus on recycling and reducing waste. Furthermore, DAE encourages staff to communicate using the latest conferencing facilities leading to reduced travel between offices.

We also encourage commuting to work using public transport, walking, or cycling where appropriate to do so. We have a multi-cultural, diverse working environment with over 23 nationalities. In addition, at March 31, 2022 our DAE Capital business had a ratio of 60% male employees and 40% female employees. Through our Community Giving initiative we support a number of charities linked to our local offices and encourage staff to engage in physical and mental well-being activities. We maintain a robust corporate governance framework via our internal boards and committees.



DAE is committed to good corporate governance, which helps us compete more effectively, sustain success and build long-term shareholder value. DAE maintains strong corporate governance policies, procedures, and practices that foster board stewardship, management accountability, and proactive risk management. All our directors, employees, and contractors are expected to conduct themselves in accordance with the highest ethical and moral standards, as informed by our Code of Conduct, which is available on our website <https://dubaiaerospace.com/corporate-governance/>.

In 2021, DAE further enhanced its corporate governance with the addition of both an independent non-executive director and an executive director to the Group's Board of Directors.

### **Three months ended March 31, 2022 Compared to three months ended March 31, 2021**

#### *Total revenue*

Total revenue comprises (i) lease revenue from aircraft leasing, which also includes maintenance revenue (which comprises the release of maintenance reserves net of the derecognition of maintenance right assets) and is net of amortization of lease incentives and other lease costs, (ii) engineering maintenance service revenue which is derived from Joramco's engineering maintenance services and (iii) other income (which includes income from the management of aircraft on behalf of third parties, settlements received from customers, proceeds from the sale of spare parts and the release of security deposits).

The table below shows a breakdown of our total revenue for each of the three months ended March 31, 2022, and March 31, 2021.

<b><u>Total Revenue (in millions of USD)</u></b>	<b>Three months ended</b>	
	<b>Mar 31</b>	
	<b>2022</b>	<b>2021</b>
Lease revenue	260.3	287.4
Maintenance revenue	15.7	5.3
Amortization of lease incentives and other lease costs	(15.6)	(16.6)
<b>Net lease revenue</b>	<b>260.4</b>	<b>276.1</b>
Engineering maintenance service revenue	28.6	25.5
Finance lease and loan receivables income	2.8	3.5
<b>Total lease, engineering maintenance service revenue and finance lease and loan receivables income</b>	<b>291.8</b>	<b>305.1</b>
Other income	6.2	2.4
<b>Total revenue</b>	<b>298.0</b>	<b>307.5</b>

Total revenue was USD 298.0 million for the three months ended March 31, 2022, compared to USD 307.5 million for the three months ended March 31, 2021, a decrease of USD 9.5 million, or 3.1 per cent, due to the reasons outlined below.

Net lease revenue decreased by USD 15.7 million, or 5.7 per cent, to USD 260.4 million for the three months ended March 31, 2022, from USD 276.1 million for the three months ended March 31, 2021. This decrease was due primarily to cash accounting on customers who entered administration, lease restructurings due to COVID-19, lease transitions offset by higher maintenance income due to higher maintenance reserve releases on transitioning aircraft.

Engineering maintenance service revenue increased by USD 3.1 million, or 12.4 per cent, to USD 28.6 million for the three months ended March 31, 2022 compared to USD 25.5 million for the three months ended March 31, 2021.

Finance lease and loan receivables income decreased by USD 0.7 million to USD 2.8 million for the three months ended March 31, 2022 compared to USD 3.5 million for the three months ended March 31, 2021.

### *Gain on disposal of aircraft*

Gain on disposal of aircraft was USD 7.2 million for the three months ended March 31, 2022 compared to USD 1.2 million for the three months ended March 31, 2021. During the three months ended March 31, 2022 we sold four owned aircraft compared to the sale of four owned aircraft during the three months ended March 31, 2021.

Fluctuations in the gain or loss on disposal of aircraft are not only a function of the number of disposals but are also dependent on the type and age of aircraft, accounting adjustments for revenue earned from the economic closing date to the transfer of title to the buyer, as well as the prevailing market trading conditions in the underlying period.

### *Expenses*

Expenses comprised (i) depreciation and amortization, (ii) asset write-off, (iii) general and administrative expenses, (iv) loss allowance, (v) cost of providing the engineering maintenance services provided by Joramco and (vi) aircraft maintenance.

The table below shows a breakdown of our expenses for the three months ended March 31, 2022 and March 31, 2021.

<b><u>Total Expenses (in millions of USD)</u></b>	<b>Three months ended</b>	
	<b>Mar 31</b>	
	<b>2022</b>	<b>2021</b>
Depreciation and amortization	141.1	143.7
Asset write-off	576.5	-
General and administrative expenses	21.3	14.1
Cost of providing engineering maintenance services	18.3	16.9
Loss allowance	15.3	15.9
Aircraft maintenance	0.1	4.3
<b>Total expenses</b>	<b>772.6</b>	<b>194.9</b>

Expenses for the three months ended March 31, 2022 increased by USD 577.7 million to USD 772.6 million compared to USD 194.9 million for the three months ended March 31, 2021.

Depreciation and amortization expense decreased by USD 2.6 million, or 1.8 per cent, for the three months ended March 31, 2022 to USD 141.1 million compared to USD 143.7 million in the prior year. This decrease was primarily due to a lower number of aircraft in the fleet.

Asset write-off was USD 576.5 million for the three months ended March 31, 2022 compared to nil million in the prior year. The asset write-off relates to the Group's net exposure to 19 aircraft in Russia not in the Group's control, and the leasing of which has been terminated.

General and administrative expenses increased by USD 7.2 million, or 51.3 per cent, for the three months ended March 31, 2022 to USD 21.3 million from USD 14.1 million in the prior year. This increase was due to the higher compensation and benefit costs.

Cost of providing engineering maintenance services increased by USD 1.4 million, or 8.0 per cent, for the three months ended March 31, 2022 to USD 18.3 million from USD 16.9 million in the prior year. This increase reflects the corresponding increase in engineering maintenance services revenue over the same period.

Loss allowance decreased by USD 0.6 million or 3.5 per cent to USD 15.3 million compared to USD 15.9 million in the prior year. Further information can be found in the financial statements note 16.

In addition, aircraft maintenance decreased by USD 4.2 million, or 98.4 per cent, to USD 0.1 million for the three months ended March 31, 2022 from USD 4.3 million for the three months ended March 31, 2021. This decrease was due primarily to a release of accruals due to changes in utilization of certain aircraft.

#### *Operating profit*

Operating profit before exceptional items was USD 109.1 million for the three months ended March 31, 2022 compared to USD 113.8 million in the corresponding period of 2021, a decrease of USD 4.7 million, or 4.2 per cent. The decrease was attributable to the factors described in the preceding sections.

Operating loss after exceptional items was USD 467.4 million for the three months ended March 31, 2022 compared to USD 113.8 million in the corresponding period of 2021, a decrease of USD 581.2 million. This decrease was mainly due to the asset write-off of USD 576.5 million relating to certain aircraft in Russia not in the Group's control.

#### *Net finance costs*

Net finance costs excluding debt redemption costs decreased by USD 25.2 million to USD 63.6 million for the three months ended March 31, 2022 from USD 88.8 million for the three months ended March 31, 2021.

Net finance costs including debt redemption costs decreased by USD 41.3 million, or 39.4 per cent, to USD 63.6 million for the three months ended March 31, 2022 from USD 104.9 million for the three months ended March 31, 2021.

Finance income increased by USD 0.4 million, or 21.3 per cent, to USD 2.3 million for the three months ended March 31, 2022 from USD 1.9 million for the three months ended March 31, 2021. This was due primarily to higher other finance income during the three months ended March 31, 2022 compared to the prior period.

Finance expense decreased by USD 24.8 million, or 27.4 per cent, to USD 65.9 million, due primarily to a decrease in the average cost of debt to 2.9% from 3.7% for the year ended December 31, 2021.

During the three months ended March 31, 2021, we early redeemed certain senior unsecured notes resulting in a one-off debt redemption cost of USD 16.1 million which consist of a redemption premium paid of USD 13.1 million and acceleration of debt issuance costs of USD 3.0 million.

#### *Income tax benefit/(expense)*

During the three months ended March 31, 2022, we recorded a tax benefit of USD 39.8 million compared to a tax expense of USD 0.6 million for the three months ended March 31, 2021. The income tax benefit for the three months ended March 31, 2022 was primarily driven by the tax impact of the Group's Irish activities at 12.5% and the impact of the asset write-off relating to certain aircraft in Russia not in the Group's control. In addition, the tax benefit has been impacted by tax losses not recognized, these losses remain available to the Group in the event sufficient future profits are generated.

#### *Profit/(loss) for the period*

Reflecting the above factors, profit before exceptional items for the three months ended March 31, 2022, increased by USD 38.3 million to USD 46.6 million from a profit of USD 8.3 million for the three months ended March 31, 2021.

Loss after exceptional items for the three months ended March 31, 2022, increased by USD 499.6 million to USD 491.3 million from a profit of USD 8.3 million for the three months ended March 31, 2021. This increase was mainly due to the asset write-off of USD 576.5 million relating to certain aircraft in Russia.

## **Consolidated Cash Flows**

The following table presents our consolidated cash flows for the three months ended March 31, 2022 and the three months ended March 31, 2021. Cash and cash equivalents shown below refer to unrestricted cash.

<b>Consolidated cash flow (Extract) (in millions of USD)</b>	<b>Three months ended</b>	
	<b>Mar 31</b>	
	<b>2022</b>	<b>2021</b>
Net cash generated from operating activities	357.0	218.0
Net cash from / (used in) investing activities	64.0	(333.2)
Net cash (used in) / from financing activities	(368.3)	363.6
Net increase in cash and cash equivalents	<b>52.7</b>	<b>248.4</b>
Cash and cash equivalents at the beginning of the period	350.4	469.0
<b>Cash and cash equivalents at the end of the period</b>	<b>403.1</b>	<b>717.4</b>

For the three months ended March 31, 2022 net cash generated from operating activities was USD 357.0 million, an increase of USD 139.0 million, or 63.7 per cent, from USD 218.0 million for the three months ended March 31, 2021. This movement was primarily due to a decrease in net finance costs, decrease in accrued revenue and higher maintenance reserve receipts driven by the drawdown of letters of credit.

For the three months ended March 31, 2022 net cash from investing activities was USD 64.0 million compared to net cash used in investing activities of USD 333.2 million for the three months ended March 31, 2021. This movement was primarily due to lower capital expenditure offset by lower proceeds from disposal of aircraft.

Net cash used in financing activities for the three months ended March 31, 2022 decreased by USD 731.9 million to USD 368.3 million compared to net cash from financing activities of USD 363.6 million for the three months ended March 31, 2021. This movement was due to a decrease in net drawdowns of borrowings and a decrease in cash interest paid and debt issuance costs during the three months ended March 31, 2022 compared to the three months ended March 31, 2021.

Our cash and cash equivalents as at March 31, 2022 was USD 403.1 million a decrease of USD 314.3 million from USD 717.4 million as at March 31, 2021.

Our total cash and cash resources, which includes restricted cash, was USD 486.8 million as at March 31, 2022 which represents an increase of USD 36.0 million compared to USD 450.8 million as at December 31, 2021.

## **Loans and borrowings, Liquidity and Capital Resources**

### *Loans and borrowings*

Our total loans and borrowings (net of debt issuance costs) decreased to USD 7,494.4 million as at March 31, 2022 from USD 7,813.7 million at December 31, 2021. The decrease was primarily due to loan repayments of USD 301.4 million and no loan drawdowns during the three months ended March 31, 2022.

At March 31, 2022 our level of unsecured debt was 70.8% compared to 69.8% at December 31, 2021. The average cost of debt as at March 31, 2022 was 2.9% which decreased from 3.7% at December 31, 2021 and the weighted average debt maturity as at March 31, 2022 was 4.2 years compared to 4.4 years at December 31, 2021.

**Loans and Borrowings (in millions of USD)**

	<b>Aircraft Collateral</b>	<b>Mar 31 2022</b>
<b>Unsecured</b>		
Senior unsecured notes		3,306.1
Unsecured facilities (incl. term loans)		2,064.3
<b>Total unsecured</b>		<b>5,370.4</b>
<b>Secured</b>		
Recourse obligations (incl. Ex-Im & EDC)	81	2,077.7
Non-recourse obligations	5	133.2
<b>Total secured</b>	<b>86</b>	<b>2,210.9</b>
Debt issuance costs		(86.9)
<b>Net loans and borrowings</b>		<b>7,494.4</b>

The Group holds 209 aircraft with a total net book value of USD 6,946.0 million (which includes aircraft purchase deposits) which were unencumbered at March 31, 2022 and 86 aircraft which were used as collateral on our secured facilities. Further information of the loan facilities can be found in the financial statements, note 13.

Our unsecured revolving credit facilities at March 31, 2022 of USD 2.2 billion were undrawn and available.

We expect to meet our contractual payment obligations on future capital expenditure through a combination of equity, cash flows from operations, commercial debt raising activities and the utilization of revolving credit facilities in aggregate.

*Liquidity and Capital Resources*

Our total equity decreased to USD 2,481.8 million as at March 31, 2022 from USD 2,934.2 million as at December 31, 2021 due primarily to the asset write-off during the three months ended March 31, 2022.

Our Net Debt to Equity ratio was 2.86:1 times as at March 31, 2022 compared to 2.54:1 times as at December 31, 2021. Available liquidity was USD 2,563.1 million as at March 31, 2022 decreasing from USD 2,910.3 million as at December 31, 2021.

We believe that the sources of liquidity mentioned above, together with cash generated from operations, will be sufficient to operate our business and repay our debt maturities for at least the next 12 months.

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**Dubai Aerospace Enterprise (DAE) Ltd**

**Unaudited condensed consolidated interim financial  
statements for the three month period ended  
31 March 2022**

**Unaudited condensed consolidated interim financial statements  
for the three month period ended 31 March 2022**

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## **Report on review of condensed consolidated interim financial statements to the shareholders of Dubai Aerospace Enterprise (DAE) Ltd**

### **Introduction**

We have reviewed the accompanying condensed consolidated interim statement of financial position of Dubai Aerospace Enterprise (DAE) Ltd (the “Company”) and its subsidiaries (together the “Group”) as at 31 March 2022 and the related condensed consolidated interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial statements in accordance with International Accounting Standard 34, ‘Interim Financial Reporting’ (‘IAS 34’). Our responsibility is to express a conclusion on this condensed consolidated interim financial statements based on our review.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of interim financial information performed by the independent auditor of the entity.” A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34.

PricewaterhouseCoopers  
5 May 2022

/s/ James French

James French  
Audit Principal, Reference Number I014515  
Dubai, United Arab Emirates

# Dubai Aerospace Enterprise (DAE) Ltd

## Condensed consolidated statement of profit or loss and other comprehensive income

Unaudited					
3 month period ended 31 March					
	Note	Before exceptional items 2022 USD'000	Exceptional items USD'000	Total 2022 USD'000	2021* USD'000
<b>Revenues</b>					
Revenue	5	291,849	-	291,849	305,119
Other income		6,148	-	6,148	2,408
<b>Total revenue</b>		<b>297,997</b>	<b>-</b>	<b>297,997</b>	<b>307,527</b>
Gain on disposal of aircraft		7,195	-	7,195	1,195
<b>Expenses</b>					
Depreciation and amortization		(141,068)	-	(141,068)	(143,715)
Asset write-off	7	-	(576,518)	(576,518)	-
General and administrative expenses		(21,388)	-	(21,388)	(14,133)
Cost of providing engineering maintenance services		(18,280)	-	(18,280)	(16,920)
Loss allowance	16	(15,314)	-	(15,314)	(15,861)
Aircraft maintenance		(69)	-	(69)	(4,287)
<b>Operating (loss)/profit</b>		<b>109,073</b>	<b>(576,518)</b>	<b>(467,445)</b>	<b>113,806</b>
Finance income	6	2,339	-	2,339	1,869
Finance expense	6	(65,956)	-	(65,956)	(90,713)
Debt redemption costs	6	-	-	-	(16,097)
<b>Net finance cost</b>		<b>(63,617)</b>	<b>-</b>	<b>(63,617)</b>	<b>(104,941)</b>
<b>(Loss)/profit before income tax</b>		<b>45,456</b>	<b>(576,518)</b>	<b>(531,062)</b>	<b>8,865</b>
Income tax benefit/(expense)	8	1,140	38,636	39,776	(564)
<b>(Loss)/profit for the period</b>		<b>46,596</b>	<b>(537,882)</b>	<b>(491,286)</b>	<b>8,301</b>
<b>Other comprehensive income</b>					
<i>Items that may be reclassified to condensed consolidated statement of profit or loss:</i>					
Unrealized gain on interest rate hedges		41,501	-	41,501	30,095
Income tax relating to components of other comprehensive income		(2,633)	-	(2,633)	(1,437)
<b>Total comprehensive income for the period</b>		<b>85,464</b>	<b>(537,882)</b>	<b>(452,418)</b>	<b>36,959</b>
<b>(Loss)/profit for the period attributable to:</b>					
Equity holders of Dubai Aerospace Enterprise (DAE) Ltd		45,921	(537,882)	(491,961)	7,865
Non-controlling interests		675	-	675	436
		<b>46,596</b>	<b>(537,882)</b>	<b>(491,286)</b>	<b>8,301</b>
<b>Total comprehensive income for the period attributable to:</b>					
Equity holders of Dubai Aerospace Enterprise (DAE) Ltd		84,789	(537,882)	(453,093)	36,523
Non-controlling interests		675	-	675	436
		<b>85,464</b>	<b>(537,882)</b>	<b>(452,418)</b>	<b>36,959</b>

\* There were no exceptional items during the 3 month period ended 31 March 2021.

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

# Dubai Aerospace Enterprise (DAE) Ltd

## Condensed consolidated statement of financial position

		<b>Unaudited</b>	<b>Audited</b>
		<b>31 Mar 2022</b>	<b>31 Dec 2021</b>
	Note	USD'000	USD'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Aircraft held for lease	9	10,443,927	11,279,152
Property, plant and equipment		103,859	106,092
Intangible assets		4,523	4,669
Goodwill		44,668	44,668
Finance lease and loan receivables	15	62,860	163,620
Other non-current assets		191,885	239,092
Financial assets at FVTPL and amortized cost		51,856	51,530
		<u>10,903,578</u>	<u>11,888,823</u>
<b>Current assets</b>			
Cash and cash equivalents	11	403,088	350,371
Restricted cash	11	83,670	100,402
Inventories		38,717	38,379
Trade and other receivables	10	113,288	111,374
Prepayments		7,812	5,801
Finance lease and loan receivables	15	9,323	16,814
Current tax asset		1,629	1,710
Other current assets		82,899	95,903
		<u>740,426</u>	<u>720,754</u>
<b>Total assets</b>		<u><u>11,644,004</u></u>	<u><u>12,609,577</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Authorized and issued share capital	12	1,927,770	1,927,770
Additional paid-in-capital		517,884	517,884
Treasury shares		(1,392,059)	(1,392,059)
Other reserves		(11,385)	(50,253)
Retained earnings		1,428,825	1,920,786
		<u>2,471,035</u>	<u>2,924,128</u>
Non-controlling interests		10,762	10,087
<b>Net equity</b>		<u><u>2,481,797</u></u>	<u><u>2,934,215</u></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	13	6,972,950	7,140,860
Deferred tax liabilities		281,344	318,565
Maintenance reserves and security deposits	14	916,085	1,090,383
Lease liabilities		31,544	32,289
Deferred revenue		20,352	23,099
		<u>8,222,275</u>	<u>8,605,196</u>
<b>Current liabilities</b>			
Loans and borrowings	13	521,442	672,863
Trade and other payables		47,151	49,728
Derivative financial liabilities		7,844	48,480
Maintenance reserves and security deposits	14	293,914	233,613
Lease liabilities		3,770	4,015
Deferred revenue		65,811	61,467
		<u>939,932</u>	<u>1,070,166</u>
<b>Total liabilities</b>		<u><u>9,162,207</u></u>	<u><u>9,675,362</u></u>
<b>Total liabilities and equity</b>		<u><u>11,644,004</u></u>	<u><u>12,609,577</u></u>

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

# Dubai Aerospace Enterprise (DAE) Ltd

## Condensed consolidated statement of cash flows

	Unaudited	
	3 month period ended 31 March	
	2022	2021
	USD'000	USD'000
<b>Cash flows from operating activities</b>		
(Loss)/profit for the period	(491,286)	8,301
Adjustments for:		
Depreciation and amortization	141,068	143,715
Asset write-off	576,518	-
Gain on disposal of aircraft	(7,195)	(1,195)
Net finance cost	53,898	93,420
Amortization of fair value discounts and financing fees	9,719	11,521
Income tax	(39,776)	564
Changes in operating assets and liabilities		
Movement in trade and other receivables	(1,914)	23,871
Movement in finance lease receivables	3,826	3,933
Movement in maintenance reserves and security deposits	71,866	(6,037)
Movement in accrued revenue	12,298	(13,225)
Movement in other assets and liabilities	27,937	(46,870)
<b>Net cash generated from operating activities</b>	<b>356,959</b>	<b>217,998</b>
<b>Cash flows from investing activities</b>		
Acquisition of aircraft held for lease	(4,618)	(420,005)
Acquisition of property plant and equipment	-	(551)
Proceeds from sale of aircraft	70,412	87,328
Deposits paid for aircraft purchases	(1,747)	-
<b>Net cash from/(used in) investing activities</b>	<b>64,047</b>	<b>(333,228)</b>
<b>Cash flow from financing activities</b>		
Movement in restricted cash	16,732	2,301
Proceeds from borrowings	-	1,550,000
Repayment of borrowings	(301,415)	(949,790)
Repurchase of share capital	-	(100,000)
Debt repurchased	(1,624)	-
Net financing costs	(80,399)	(105,080)
Payment of debt issuance costs	(1,583)	(33,838)
<b>Net cash (used in)/from financing activities</b>	<b>(368,289)</b>	<b>363,593</b>
<b>Net increase in cash and cash equivalents</b>	<b>52,717</b>	<b>248,363</b>
Cash and cash equivalents at the beginning of the period	350,371	469,001
<b>Cash and cash equivalents at the end of the period</b>	<b>403,088</b>	<b>717,364</b>

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

## Dubai Aerospace Enterprise (DAE) Ltd

### Condensed consolidated statement of changes in equity

<i>In thousands of US Dollars</i> Unaudited	Share capital	Additional paid-in capital	Treasury shares	Other reserves	Retained earnings	Attributable to the equity holders of the Company	Non-controlling interests	Total equity
<b>At 31 December 2021</b>	<b>1,927,770</b>	<b>517,884</b>	<b>(1,392,059)</b>	<b>(50,253)</b>	<b>1,920,786</b>	<b>2,924,128</b>	<b>10,087</b>	<b>2,934,215</b>
Loss for the period	-	-	-	-	(491,961)	(491,961)	675	(491,286)
Other comprehensive income	-	-	-	38,868	-	38,868	-	38,868
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,868</b>	<b>(491,961)</b>	<b>(453,093)</b>	<b>675</b>	<b>(452,418)</b>
<b>At 31 March 2022</b>	<b>1,927,770</b>	<b>517,884</b>	<b>(1,392,059)</b>	<b>(11,385)</b>	<b>1,428,825</b>	<b>2,471,035</b>	<b>10,762</b>	<b>2,481,797</b>

<i>In thousands of US Dollars</i> Unaudited	Share capital	Additional paid-in capital	Treasury shares	Other reserves	Retained earnings	Attributable to the equity holders of the Company	Non-controlling interests	Total equity
<b>At 31 December 2020</b>	<b>1,927,770</b>	<b>517,884</b>	<b>(1,242,057)</b>	<b>(93,414)</b>	<b>1,771,295</b>	<b>2,881,478</b>	<b>9,614</b>	<b>2,891,092</b>
Profit for the period	-	-	-	-	7,865	7,865	436	8,301
Other comprehensive income	-	-	-	28,658	-	28,658	-	28,658
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,658</b>	<b>7,865</b>	<b>36,523</b>	<b>436</b>	<b>36,959</b>
<b>At 31 March 2021</b>	<b>1,927,770</b>	<b>517,884</b>	<b>(1,242,057)</b>	<b>(64,756)</b>	<b>1,779,160</b>	<b>2,918,001</b>	<b>10,050</b>	<b>2,928,051</b>

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

# Dubai Aerospace Enterprise (DAE) Ltd

## Notes to the unaudited condensed consolidated interim financial statements

### 1. Corporate information

Dubai Aerospace Enterprise (DAE) Ltd (“DAE or the “Company”) (the Company and its subsidiaries are together referred to as the “Group”) is the parent company of the Group. The Company is limited by shares and was incorporated on 19 April 2006 in the Dubai International Financial Centre (“DIFC”) under the Companies Law, DIFC law No. 2 of 2004 which was superseded by DIFC law No. 5 of 2018. The Company’s registered office is at L20-00, Level 20, ICD Brookfield Place, DIFC, PO Box 506592, Dubai, United Arab Emirates.

The Company is privately owned by Investment Corporation of Dubai (“ICD”), ICD Hospitality & Leisure LLC (“ICD H&L”) and Dubai Integrated Economic Zones Authority (“DIEZ”). Effective 1 January 2022 the shares previously held by Dubai Silicon Oasis Authority (“DSOA”) were transferred to DIEZ. ICD H&L and DIEZ are subsidiaries of ICD. ICD directly and indirectly owns 100% of the Company and is therefore the ultimate controlling party of the Group. ICD is controlled by the Government of Dubai.

DAE is made up of two divisions:

- A. DAE Capital – a provider of aircraft leasing and financing services to the global aviation industry; and
- B. DAE Engineering – a provider of commercial aircraft maintenance, repair and overhaul services. DAE Engineering consists of an 80% ownership stake in Jordan Aircraft Maintenance Limited (“Joramco”).

The highlights for the three month period ended 31 March 2022 (the “period”) are summarized below:

- The Group owned 295 aircraft at 31 March 2022 (31 December 2021: 296 aircraft).
- Purchases – the Group purchased three aircraft during the period (31 March 2021: 9 aircraft).
- Sales – the Group disposed of four aircraft during the period (31 March 2021: 4 aircraft).

The Group also manages 81 aircraft on behalf of third parties at 31 March 2022 (31 December 2021: 79 aircraft). During the period, the Group acquired 20 managed aircraft (31 March 2021: 4 aircraft) and completed the sale of 18 managed aircraft (31 March 2021: 3 aircraft).

During the three month period ended 31 March 2022, the Group terminated the leasing of 22 aircraft to airlines in Russia following the imposition of sanctions. See note 7 for further details.

The condensed consolidated interim financial statements have been reviewed, not audited.

The condensed consolidated interim financial statements were approved 5 May 2022 and signed by:

/s/ Firoz Tarapore

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Firoz Tarapore  
Chief Executive Officer

# Dubai Aerospace Enterprise (DAE) Ltd

## Notes to the unaudited condensed consolidated interim financial statements

### 2. Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. These financial statements do not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

The condensed consolidated interim financial statements have been prepared under the historical cost basis as modified for the valuation of certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

The carrying values of recognized financial instruments that are designated as hedged items in fair value hedges that would otherwise be carried at amortized cost are adjusted to reflect changes in the fair value attributable to the risks that are being hedged.

The condensed consolidated interim financial statements have been presented in US Dollars (USD), which is the functional currency of the Group, and all values are rounded to the nearest thousands, except when otherwise indicated.

As at 31 March 2022, the current liabilities of the Group exceeded its current assets. The shortfall will be met by a combination of the operating cash flows of the Group, new and existing credit facilities and other cash management initiatives. As such, the Directors are of the opinion that the going concern basis is appropriate for the financial statements for the three month period ended 31 March 2022. At 31 March 2022, the Group’s available liquidity amounted to USD 2,563.1 million, which consists of USD 403.1 million of cash and USD 2,160.0 million of available revolving credit facilities.

### 3. Accounting policies

The accounting policies adopted are consistent with those of the consolidated financial statements for the year ended 31 December 2021. A number of new and amended standards became applicable for the current period ended 31 March 2022. These new and amended standards did not have a material impact on the Group.

### 4. Critical accounting estimates and judgments

The preparation of condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at, and for the year ended, 31 December 2021.

# Dubai Aerospace Enterprise (DAE) Ltd

## Notes to the unaudited condensed consolidated interim financial statements

### 5. Revenue

	<b>31 Mar 2022</b>	<b>31 Mar 2021</b>
	USD'000	USD'000
Lease rental income	260,418	276,147
Engineering maintenance services revenue	28,643	25,473
Finance lease and loan receivables income	2,788	3,499
	<u><b>291,849</b></u>	<u><b>305,119</b></u>

Lease rental income includes the release of maintenance reserves totaling USD 15.7 million (31 March 2021: USD 5.3 million). See further details in note 9.

Lease rental income also includes a net charge associated with the amortization of lease incentive assets of USD 13.2 million (31 March 2021: USD 14.0 million) and other lease costs of USD 2.4 million for the period (31 March 2021: USD 2.6 million).

Engineering maintenance services revenue of USD 28.6 million (31 March 2021: USD 25.5 million) relates to commercial aircraft maintenance, repair and overhaul services provided by the Group through its engineering division.

Lease rental income from the top five customers represented 36.2% of the lease rental income for the three month period ended 31 March 2022 (31 March 2021: 37.6%). Customers based in the United Arab Emirates and the Kingdom of Bahrain accounted for 18.2% and 8.8% of lease rental income respectively in the period ended 31 March 2022 (2021: 18.4% and 8.3%).

Lease rental income is derived mainly from leasing commercial jet aircraft to various operators around the world. The distribution of lease rental income by the operator's geographic region is as follows:

	<b>31 Mar 2022</b>	<b>31 Mar 2022</b>	<b>31 Mar 2021</b>	<b>31 Mar 2021</b>
	USD'000	%	USD'000	%
MEASA (Middle East/Africa/South Asia)	137,769	53	125,117	45
Asia/Pacific	51,854	20	77,511	28
Americas	43,978	17	49,145	18
Europe	26,817	10	24,374	9
Total lease rental income	<u>260,418</u>	<u>100</u>	<u>276,147</u>	<u>100</u>



# Dubai Aerospace Enterprise (DAE) Ltd

## Notes to the unaudited condensed consolidated interim financial statements

### 6. Finance income and expense

	31 Mar 2022 USD'000	31 Mar 2021 USD'000
Interest on bank accounts and short-term investments	204	356
Interest from investments	382	183
Net foreign exchange gain	781	1,010
Other finance income	972	320
<b>Total finance income</b>	<b>2,339</b>	<b>1,869</b>
Interest on borrowings	(55,021)	(80,069)
Amortization of debt issuance costs	(9,719)	(8,537)
Lease interest expense	(511)	(517)
Other charges	(705)	(1,590)
<b>Total finance expense</b>	<b>(65,956)</b>	<b>(90,713)</b>
<b>Debt redemption cost</b>	<b>-</b>	<b>(16,097)</b>
<b>Net finance cost</b>	<b>(63,617)</b>	<b>(104,941)</b>

Debt redemption cost consists of a premium paid of USD 13.1 million and acceleration of debt issuance costs USD 3.0 million on the early redemption of unsecured notes completed in March 2021.

### 7. Asset write-off

The Group previously leased 22 aircraft to airlines based in Russia. In compliance with applicable sanctions, the Group terminated the leasing of these aircraft. In response to the sanctions imposed, the Government of the Russian Federation issued a number of decrees which provide, amongst other things, that Russian airlines are required to obtain governmental approval for the redelivery of aircraft to foreign lessors. Under these circumstances, the Group has no control over 19 aircraft that are currently in Russia. The Group is unable to determine whether these aircraft will be returned at any point in the future.

Accordingly, the Group has written-off its net exposure in respect of the 19 aircraft and this resulted in a net exceptional write-off before tax of USD 576.5 million (in relation to aircraft held for lease, maintenance reserves and security deposits and other assets and liabilities) during the three month period ended 31 March 2022 (4.6% of total assets before the write-off). Despite the write-off, the Group's liquidity and capital adequacy ratios remain strong.

The Group has insurance cover in respect of the 19 aircraft under a number of insurance policies and has commenced filing claims to recover amounts due under the policies.

# Dubai Aerospace Enterprise (DAE) Ltd

## Notes to the unaudited condensed consolidated interim financial statements

### 8. Income tax expense

	<b>31 Mar 2022</b>	<b>31 Mar 2021</b>
	USD'000	USD'000
<b>Current tax expense</b>		
Current period	34	108
<b>Deferred tax (benefit)/expense</b>		
Origination and reversal of temporary differences	(39,810)	456
<b>Total income tax (benefit)/expense</b>	<b>(39,776)</b>	<b>564</b>
<b>Reconciliation of effective tax rate</b>		
(Loss)/profit before income tax	(531,062)	8,865
Tax on profit at the United Arab Emirates statutory rate of 0%	-	-
<b>Reconciling items</b>		
Net loss taxable in Ireland at 12.5%	(75,071)	(736)
Net loss taxable at other rates	(237)	(1,088)
Non-deductible interest expense	112	659
Impact of tax losses not recognized	35,405	1,375
Other permanent differences	15	354
<b>Total income tax (benefit)/expense</b>	<b>(39,776)</b>	<b>564</b>

The income tax benefit for the three month period ended 31 March 2022 was primarily driven by the tax impact of the Group's Irish activities at 12.5% and the impact of the asset write-off relating to certain aircraft in Russia not in the Group's control. In addition, the tax benefit has been impacted by tax losses not recognized, these losses remain available to the Group in the event sufficient future profits are generated.

The interest not deductible amount of USD 0.1 million (2021: USD 0.7 million) relates to a restriction on interest deductions under Hungarian thin capitalization rules.

The change in the Group's effective tax rate is primarily attributable to the impacts of the reduction in the profits of the Group attributable to Ireland and the derecognition of certain tax losses.

# Dubai Aerospace Enterprise (DAE) Ltd

## Notes to the unaudited condensed consolidated interim financial statements

### 9. Aircraft held for lease

	Aircraft and engines USD'000	Aircraft purchase deposits USD'000	Maintenance right asset USD'000	Lease discount USD'000	Total USD'000
<b>Cost</b>					
At 31 December 2020	12,324,943	-	499,767	(24,264)	12,800,446
Additions	709,565	513,761	-	-	1,223,326
Transfers	178,429	(146,361)	(32,068)	-	-
Transfers to assets held-for-sale	(346,164)	-	(8,000)	-	(354,164)
Transfer to finance lease receivables	(12,130)	-	-	-	(12,130)
Derecognition	(9,769)	-	(36,273)	-	(46,042)
Disposals	(495,389)	-	(3,074)	-	(498,463)
<b>At 31 December 2021</b>	<b>12,349,485</b>	<b>367,400</b>	<b>420,352</b>	<b>(24,264)</b>	<b>13,112,973</b>
Additions	15,546	1,747	-	-	17,293
Transfers	115,404	(110,502)	(4,902)	-	-
Transfer from finance lease and loan receivables	104,425	-	-	-	104,425
Derecognition	(1,668)	-	(18,814)	-	(20,482)
Disposals	(136,106)	-	(19,975)	-	(156,081)
Asset write-off	(941,666)	-	(45,889)	-	(987,555)
<b>At 31 March 2022</b>	<b>11,505,420</b>	<b>258,645</b>	<b>330,772</b>	<b>(24,264)</b>	<b>12,070,573</b>
<b>Depreciation</b>					
At 31 December 2020	1,388,714	-	102,877	(12,190)	1,479,401
Charge for the year	529,342	-	23,139	(3,603)	548,878
Transfers to assets held-for-sale	(19,546)	-	(1,297)	-	(20,843)
Transfer to finance lease receivable	(1,628)	-	-	-	(1,628)
Derecognition	(4,437)	-	(13,347)	-	(17,784)
Disposals	(153,331)	-	(872)	-	(154,203)
<b>At 31 December 2021</b>	<b>1,739,114</b>	<b>-</b>	<b>110,500</b>	<b>(15,793)</b>	<b>1,833,821</b>
Charge for the period	132,027	-	4,982	(824)	136,185
Derecognition	(1,668)	-	(4,171)	-	(5,839)
Disposals	(71,289)	-	(6,952)	-	(78,241)
Asset write-off	(249,097)	-	(10,183)	-	(259,280)
<b>At 31 March 2022</b>	<b>1,549,087</b>	<b>-</b>	<b>94,176</b>	<b>(16,617)</b>	<b>1,626,646</b>
<b>Net book value</b>					
<b>At 31 December 2021</b>	<b>10,610,371</b>	<b>367,400</b>	<b>309,852</b>	<b>(8,471)</b>	<b>11,279,152</b>
<b>At 31 March 2022</b>	<b>9,956,333</b>	<b>258,645</b>	<b>236,596</b>	<b>(7,647)</b>	<b>10,443,927</b>

As of 31 March 2022, the Group owned 295 aircraft (31 December 2021: 296 aircraft), within this the Group had 289 aircraft held for lease on an operating lease basis (31 December 2021: 288 aircraft) and six aircraft recognized as finance lease and loan receivables (31 December 2021: 8 aircraft). During the period, the Group sold four aircraft (31 March 2021: 4 aircraft), purchased three aircraft (31 March 2021: 9 aircraft) and transferred two aircraft from finance lease and loans receivables to aircraft held for lease. In addition, the Group has written-off 19 aircraft, in Russia, not in the Group's control (see note 7).

During the period, the Group derecognized USD 14.6 million (31 March 2021: USD nil) of maintenance right assets related to aircraft which were redelivered to the Group during the period. An amount of USD 13.1 million has been recognized as a maintenance reserve release in relation to these aircraft (31 March 2021: USD nil). These amounts are netted within revenue in the consolidated statement of comprehensive income.

# Dubai Aerospace Enterprise (DAE) Ltd

## Notes to the unaudited condensed consolidated interim financial statements

### 9. Aircraft held for lease (continued)

Aircraft pre-delivery payments of USD 258.6 million, represent payments made by the Group for the purchase of aircraft in accordance with payment schedules set out in the relevant purchase agreements.

The Group's obligations under its secured loans are secured by charges over, amongst other things, the Group's aircraft and related assets details of which are included in note 13.

As at 31 March 2022, management performed an assessment as to whether any new impairment triggers were applicable to the Group's aircraft since 31 December 2021. No new impairment triggers were identified for the Group's aircraft held for lease at 31 March 2022.

### 10. Trade and other receivables

	<b>31 Mar 2022</b>	<b>31 Dec 2021</b>
	USD'000	USD'000
Trade receivables	180,892	200,707
Less: Loss allowance	(70,023)	(93,030)
Trade receivables, net	<u>110,869</u>	<u>107,677</u>
Other receivables	2,419	3,697
	<u><b>113,288</b></u>	<u><b>111,374</b></u>

Details of the Group's exposure to credit risk and movement in the loss allowance are disclosed in note 16.

### 11. Cash and cash resources

	<b>31 Mar 2022</b>	<b>31 Dec 2021</b>
	USD'000	USD'000
Cash and cash equivalents	403,088	350,371
Restricted cash	83,670	100,402
	<u><b>486,758</b></u>	<u><b>450,773</b></u>

Restricted cash represents balances subject to withdrawal restrictions securing the Group's obligation under third party credit facilities. Certain amounts received from lessees in respect of aircraft subject to certain funding arrangements are required to be held in segregated accounts to support, amongst other things, certain maintenance related payments including major airframe overhauls, engine overhauls, engine life limited parts replacements, auxiliary power units overhauls and landing gear overhauls, as well as interest and principal payments on the related debt facility.

# Dubai Aerospace Enterprise (DAE) Ltd

## Notes to the unaudited condensed consolidated interim financial statements

### 12. Capital and reserves

	<b>31 Mar 2022</b>	<b>31 Dec 2021</b>
	USD'000	USD'000
Authorized, issued and paid-up capital	1,927,770	1,927,770
Additional paid-in capital	517,884	517,884
Treasury shares	(1,392,059)	(1,392,059)
Other reserves	(11,385)	(50,253)
Retained earnings	1,428,825	1,920,786
<b>Attributable to equity holders of the Company</b>	<b>2,471,035</b>	<b>2,924,128</b>
Non-controlling interests	10,762	10,087
<b>Total equity</b>	<b>2,481,797</b>	<b>2,934,215</b>

The authorized and issued share capital of the Company at 31 March 2022 comprised of 1,927,770 ordinary shares of USD 1,000 par value each (31 December 2021: 1,927,770 ordinary shares of USD 1,000 par value each).

The movement in retained earnings relates to the loss incurred by the Group during the period.

The movement in other reserves contains the movement in hedging reserve during the period.

### 13. Loans and borrowings

The contractual terms of the Group's interest-bearing loans and borrowings are:

	<b>31 Mar 2022</b>	<b>31 Dec 2021</b>
	USD'000	USD'000
Principal	7,559,720	7,862,783
Accrued and unpaid interest	18,152	42,314
Fair value hedge reserve	3,445	3,687
Total loans and borrowings	7,581,317	7,908,784
Debt issuance costs	(86,925)	(95,061)
<b>Net loans and borrowings</b>	<b>7,494,392</b>	<b>7,813,723</b>
<b>Non-current liabilities</b>		
Bank loans	3,737,087	3,909,122
Unsecured notes	3,298,300	3,300,000
Debt issuance costs	(62,437)	(68,262)
<b>Non-current loans and borrowings</b>	<b>6,972,950</b>	<b>7,140,860</b>
<b>Current liabilities</b>		
Bank loans	538,114	668,176
Unsecured notes	7,816	31,486
Debt issuance costs	(24,488)	(26,799)
<b>Current loans and borrowings</b>	<b>521,442</b>	<b>672,863</b>

## Dubai Aerospace Enterprise (DAE) Ltd

### Notes to the unaudited condensed consolidated interim financial statements

#### 13. Loans and borrowings (continued)

The movement in loans and borrowings, excluding debt issuance costs is summarized as below:

	<b>31 Mar 2022</b>	<b>31 Dec 2021</b>
	USD'000	USD'000
At the beginning of the period/year	7,908,784	7,984,200
Loan drawdowns	-	1,235,254
Issuance of unsecured notes	-	2,550,000
Loan repayments	(301,415)	(1,659,741)
Unsecured notes repayments	-	(2,192,206)
Unsecured notes repurchased	(1,700)	-
Movement in fair value hedge reserve	(242)	(983)
Movement in accrued interest	(24,162)	(4,884)
Revaluation of loans	52	(2,856)
<b>At the end of the period/year</b>	<b><u>7,581,317</u></b>	<b><u>7,908,784</u></b>

Details of outstanding loans and borrowings are as follows:

	<b>31 Mar 2022</b>	<b>31 Dec 2021</b>
	USD'000	USD'000
Senior unsecured notes	3,306,116	3,331,486
Recourse obligations (including Ex-Im & EDC)	2,077,695	2,249,165
Unsecured facilities (including term loans)	2,064,300	2,190,151
Revolving credit facilities	-	100
Non-recourse obligations	133,206	137,882
<b>Total loans and borrowings</b>	<b><u>7,581,317</u></b>	<b><u>7,908,784</u></b>

#### 14. Maintenance reserves and security deposits

<b>Non-current</b>	<b>31 Mar 2022</b>	<b>31 Dec 2021</b>
	USD'000	USD'000
Maintenance reserves	814,181	976,529
Security deposits	101,904	113,854
<b>Total</b>	<b><u>916,085</u></b>	<b><u>1,090,383</u></b>
<b>Current</b>	<b>31 Mar 2022</b>	<b>31 Dec 2021</b>
	USD'000	USD'000
Maintenance reserves	269,401	211,833
Security deposits	24,513	21,780
<b>Total</b>	<b><u>293,914</u></b>	<b><u>233,613</u></b>

# Dubai Aerospace Enterprise (DAE) Ltd

## Notes to the unaudited condensed consolidated interim financial statements

### 14. Maintenance reserves and security deposits (continued)

	<b>31 Mar 2022</b>	<b>31 Dec 2021</b>
	USD'000	USD'000
<b>Maintenance reserves</b>		
At the beginning of the period/year	1,188,362	1,073,208
Additions	142,878	384,534
Reimbursed	(42,963)	(129,732)
Released	(204,695)	(133,925)
Reclassified to liabilities held for sale	-	(5,723)
<b>At the end of the period/year</b>	<b><u>1,083,582</u></b>	<b><u>1,188,362</u></b>
	<b>31 Mar 2022</b>	<b>31 Dec 2021</b>
	USD'000	USD'000
<b>Security deposits</b>		
At the beginning of the period/year	135,634	155,111
Additions	20,011	60,101
Repaid/offset	(29,228)	(71,350)
Reclassified to liabilities held for sale	-	(8,228)
<b>At the end of the period/year</b>	<b><u>126,417</u></b>	<b><u>135,634</u></b>

Security deposits relate to cash security received from lessees as collateral. Security deposits are refundable at the end of the contract lease period after all lease obligations have been met by the lessee.

In addition, the Group holds security on lease obligations in the form of letters of credit in the amount of USD 281.1 million as of 31 March 2022 (31 December 2021: USD 324.1 million).

# Dubai Aerospace Enterprise (DAE) Ltd

## Notes to the unaudited condensed consolidated interim financial statements

### 15. Leases

#### Operating leases

As at 31 March 2022, the Group owns 295 aircraft (31 December 2021: 296 aircraft). Future minimum annual rentals to be received under the leases are as follows:

	<b>31 Mar 2022</b>	<b>31 Dec 2021</b>
	USD'000	USD'000
Within one year	1,062,316	1,138,388
After one year but not more than five years	3,136,332	3,443,756
More than five years	1,701,244	1,832,510
<b>Total</b>	<b><u>5,899,892</u></b>	<b><u>6,414,654</u></b>

During the term of most leases, lessees pay an additional amount based on usage to fund the estimated costs of scheduled major maintenance of the airframe and engines. These amounts are accounted for as maintenance reserves and are disclosed under note 14.

#### Finance leases and loan receivables

	<b>31 Mar 2022</b>	<b>31 Dec 2021</b>
	USD'000	USD'000
<b>Non-current</b>		
Finance leases	62,860	74,037
Loan receivables	-	89,583
<b>Total finance leases and loan receivables</b>	<b><u>62,860</u></b>	<b><u>163,620</u></b>

	<b>31 Mar 2022</b>	<b>31 Dec 2021</b>
	USD'000	USD'000
<b>Current</b>		
Finance leases	9,323	10,430
Loan receivables	-	6,384
<b>Total finance leases and loan receivables</b>	<b><u>9,323</u></b>	<b><u>16,814</u></b>

#### Finance leases

As at 31 March 2022, the Group owned six aircraft under finance lease agreements (31 December 2021: 7 aircraft). During the period ended 31 March 2022 one aircraft was transferred to aircraft held for lease, following the termination of the leasing of the aircraft. The Group's finance lease receivables are secured by the Group's title to the leased assets.

#### Loan receivables

As at 31 March 2022, the Group holds no aircraft classified as loan receivables (31 December 2021: 1 aircraft). During the period ended 31 March 2022 one aircraft was transferred to aircraft held for lease, following the termination of the leasing of the aircraft.



# Dubai Aerospace Enterprise (DAE) Ltd

## Notes to the unaudited condensed consolidated interim financial statements

### 15. Leases (continued)

#### Finance leases and loan receivables (continued)

The gross amounts receivable and unearned interest income are as follows:

	<b>31 Mar 2022</b>	<b>31 Dec 2021</b>
	USD'000	USD'000
Gross receivables	78,131	215,718
Unearned finance lease	(15,271)	(52,098)
<b>Total non-current finance leases and loan receivables</b>	<b>62,860</b>	<b>163,620</b>
Gross receivables	15,132	30,292
Unearned finance lease	(5,809)	(13,478)
<b>Total current finance leases and loan receivables</b>	<b>9,323</b>	<b>16,814</b>

Future minimum lease payments under finance leases and loan receivables, together with the present value of the net minimum lease payments are as follows:

	<b>31 Mar 2022</b>		<b>31 Dec 2021</b>	
	<b>Minimum payments</b>	<b>Present value of payments</b>	<b>Minimum payments</b>	<b>Present value of payments</b>
	USD'000	USD'000	USD'000	USD'000
Within one year	15,132	9,323	30,292	16,814
After one year but not more than five years	60,528	46,330	120,776	82,428
More than five years	17,603	16,530	94,942	81,192
Total	93,263	72,183	246,010	180,434
Less: unearned finance income	(21,080)	-	(65,576)	-
	<b>72,183</b>	<b>72,183</b>	<b>180,434</b>	<b>180,434</b>

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

### 16. Risks and uncertainties

In preparing these condensed consolidated interim financial statements, the risk and uncertainties borne by the Group were the same as those disclosed in the consolidated financial statements as at, and for the year ended, 31 December 2021, other than the developments related to the exposure to airlines in Russia. Therefore, the condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2021.

#### Credit risk

As a result of the impact of COVID-19 on the aviation sector, over the past two years, the Group has granted rental deferrals to certain customers. Accrued revenue represents lease payments deferred by the Group which are not yet billed or due from the customer. The Group continues to recognize revenue on a straight-line basis.

# Dubai Aerospace Enterprise (DAE) Ltd

## Notes to the unaudited condensed consolidated interim financial statements

### 16. Risks and uncertainties (continued)

#### Credit risk (continued)

At 31 March 2022 the Group has 24 deferral agreements in place (31 December 2021: 23) The total amount accrued was USD 129.6 million at 31 March 2022 (31 December 2021: USD 136.5 million) and a loss allowance of USD 27.8 million (31 December 2021: USD 22.4 million) has been recognized related to these amounts.

In addition, the Group has recognized trade receivables which relate to amounts due from customers which are not in deferral agreements.

Details of outstanding balances are as follows:

	<b>31 Mar 2022</b>	<b>31 Dec 2021</b>
	USD'000	USD'000
Trade receivables	180,892	200,707
Loss allowance	<u>(70,023)</u>	<u>(93,030)</u>
<b>Trade receivables, net</b>	<b><u>110,869</u></b>	<b><u>107,677</u></b>
Accrued revenue (within other assets)		
Current - due within 1 year	39,597	41,958
Non-current - due after 1 year	90,052	94,561
Loss allowance	<u>(27,789)</u>	<u>(22,361)</u>
<b>Accrued revenue, net</b>	<b><u>101,860</u></b>	<b><u>114,158</u></b>

The majority of the Group's exposure to credit risk relates to the leasing of aircraft. The recovery of trade receivables is highly dependent upon the financial strength of the commercial aviation industry.

As a result of increased balances due from customers, the Group recognized a charge related to loss allowance on trade and other receivables of USD 9.9 million (31 March 2021: USD 9.3 million) and accrued revenue of USD 5.4 million (31 March 2021: USD 6.5 million). The charge for the period is calculated in line with methodology outlined in our financial statements for the year ended 31 December 2021. During the period the following movement in the loss allowance was recognized:

	<b>31 Mar 2022</b>	<b>31 Dec 2021</b>
	USD'000	USD'000
At the beginning of the period/year	115,391	68,420
Loss allowance	15,314	73,935
Utilization of loss allowance	<u>(32,893)</u>	<u>(26,964)</u>
<b>At the end of the period/year</b>	<b><u>97,812</u></b>	<b><u>115,391</u></b>

# Dubai Aerospace Enterprise (DAE) Ltd

## Notes to the unaudited condensed consolidated interim financial statements

### 16. Risks and uncertainties (continued)

#### Fair value estimation

The levels of fair value hierarchy are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Derivatives and investments are carried at fair value and fall into Level 2 of the fair value hierarchy. Derivatives comprise interest rate swaps. The fair value of financial assets is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each financial asset. This analysis reflects the contractual terms of the financial assets, including the period to maturity, and uses observable market based inputs including interest rates, foreign-exchange rates, and implied volatilities. There were no changes made to any of the valuation techniques applied as at 31 December 2021.

### 17. Related party transactions

For the purpose of these condensed consolidated interim financial statements, parties are considered to be related to the Group, if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control and the key management personnel of the Group. Related parties may be individuals or other entities.

Transactions with related parties included in the condensed consolidated interim statement of profit or loss and other comprehensive income are as follows:

- During the period, the Group received an amount of USD 62.8 million (31 March 2021: USD 50.8 million) being aircraft lease rentals, including release of maintenance reserves, from companies under common control.
- The Group also provided engineering maintenance services to companies under common control amounting to USD 0.4 million (31 March 2021: USD 0.6 million).
- Finance expense for the period in respect of loans from related companies under common control amounts to USD 7.1 million (31 March 2021: USD 6.8 million).

#### Compensation of key management personnel for the period:

	<b>31 Mar 2022</b>	<b>31 Mar 2021</b>
	USD'000	USD'000
Salaries and other benefits	<u>4,996</u>	<u>4,954</u>

# Dubai Aerospace Enterprise (DAE) Ltd

## Notes to the unaudited condensed consolidated interim financial statements

### 18. Capital commitments

At 31 March 2022 the Group had committed to purchase seven aircraft from Boeing, scheduled to deliver in 2022. The total capital commitment based on the current market value of the underlying assets is USD 299.9 million (31 December 2021: USD 428.4 million), before the impact of pre-delivery deposits already paid by the Group, which are included in note 9.

The Directors anticipate that a portion of the aggregate purchase price for the purchase of aircraft may be funded by incurring additional debt. The exact amount of the indebtedness to be incurred will depend upon the actual purchase price of the aircraft, which can vary due to a number of factors, including inflation, and the percentage of the purchase price of the aircraft which must be financed.

### 19. Segment reporting

The Group's CODM monitors the operating results of its business units for the purpose of making decisions about performance assessment. The aircraft leasing business, which leases commercial aircraft, is the main reportable segment. Engineering maintenance services is another reportable segment which consists of an 80% stake in Joramco which provides commercial maintenance, repair and overhaul services.

The performance of the aircraft leasing and engineering maintenance services is evaluated based on segment profit or loss and is measured consistently with profit for the year in the consolidated financial statements.

Segment revenue is measured in a manner consistent with that in the consolidated income statement. Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the segments in which they operate and are owned.

	<b>Aircraft leasing</b>	<b>Engineering maintenance</b>	<b>Group</b>
	USD'000	USD'000	USD'000
<b><u>31 Mar 2022</u></b>			
Total segment revenue	269,354	28,643	297,997
Segment (loss)/profit for the period	(494,658)	3,372	(491,286)
<b><u>31 Mar 2021</u></b>			
Total segment revenue	282,054	25,473	307,527
Segment profit for the period	6,119	2,182	8,301
<b><u>Segment assets</u></b>			
31 Mar 2022	11,543,433	100,571	11,644,004
31 Dec 2021	12,512,655	96,922	12,609,577

The results and financial position of the engineering maintenance division include the impact of purchase price accounting and do not represent the results or financial position of Joramco as a standalone business.

# **Dubai Aerospace Enterprise (DAE) Ltd**

## **Notes to the unaudited condensed consolidated interim financial statements**

### **20. Subsequent events**

The Group has commenced filing insurance claims in respect of aircraft previously on lease to airlines in Russia (the leasing having been terminated).

There were no other significant events subsequent to 31 March 2022.