



Dubai Aerospace Enterprise (DAE) Ltd

Results for the year ended

December 31, 2022



ABOUT DAE

Dubai Aerospace Enterprise (DAE) Ltd is a globally recognized aviation services corporation with two divisions: DAE Capital and DAE Engineering. Headquartered in Dubai, DAE serves over 170 airline customers in over 65 countries from its seven office locations in Dubai, Dublin, Amman, Singapore, Miami, New York, and Seattle.

DAE Capital is an award-winning aircraft lessor and financier with an owned, managed, committed, and mandated to manage fleet of approximately 500 Airbus, ATR and Boeing aircraft with a fleet value of approximately US\$17 billion. DAE Engineering provides regional MRO services to customers in Europe, Middle East, Africa, and South Asia from its state-of-the-art facility in Amman, Jordan, accommodating up to 17 wide and narrow body aircraft. It is authorized to work on 15 aircraft types and has regulatory approval from over 25 regulators globally. More information can be found on the company's web site at www.dubaiaerospace.com.

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WEBCAST AND CONFERENCE CALL DETAILS

DAE will host its earnings call at 09.00 EST / 14.00 GMT / 18.00 GST / 22:00 SGT on Wednesday February 8, 2023, to review our results for the year ended December 31, 2022.

The webcast can be accessed by registering at www.dubaiaerospace.com/investors.

Or alternatively the call can be accessed live by dialing (UAE) 800 017 8030, (Ireland) +353 (0) 1 526 9444, (UK) +44 1 212 818 004, (USA) +1 718 705 8796, (Singapore) +65 3158 0246 and quote 'Dubai Aerospace Enterprise' when prompted.

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

FORWARD-LOOKING STATEMENTS

This document 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 year ended December 31, 2022 which should be read in conjunction with the audited consolidated financial statements (the "financial statements") of Dubai Aerospace Enterprise (DAE) Ltd ("DAE") and its subsidiaries (together and hereinafter "we" or "us"). References to "December 31, 2022" are for the year ended December 31, 2022 and to "December 31, 2021" are for the year ended December 31, 2021.

FINANCIAL HIGHLIGHTS

- Profit before exceptional items for the year ended December 31, 2022 was USD 258.6 million compared to a profit of USD 150.0 million for the year ended December 31, 2021. Loss after exceptional items for the year ended December 31, 2022 was USD 279.3 million compared to a profit of USD 150.0 million for the year ended December 31, 2021.
- Operating profit before exceptional items for the year ended December 31, 2022 was USD 502.7 million compared to USD 514.4 million for the year ended December 31, 2021. During the year ended December 31, 2022, there was an increase in the gain on disposal of aircraft and a decrease in lease revenue accompanied by a decrease in depreciation and loss allowance. Operating loss after exceptional items for the year ended December 31, 2022 was USD 73.8 million compared to an operating profit USD 514.4 million for the year ended December 31, 2021. During the year ended December 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 flows from operating activities for the year ended December 31, 2022 increased by 12.1% to USD 1,281.8 million compared to USD 1,143.0 million for the year ended December 31, 2021.
- Total assets were USD 12,709.1 million at December 31, 2022 compared to USD 12,609.6 million at December 31, 2021. This increase was mainly due to asset acquired through business combination which was offset by asset write-off of certain aircraft in Russia not in the Group's control, decrease in trade and other receivables and other assets.
- Available liquidity was USD 2,659.9 million at December 31, 2022 compared to USD 2,910.3 million at December 31, 2021. The Liquidity ratio was 341.0% at December 31, 2022 compared to 442.7% at December 31, 2021.
- Net Debt-to-Equity ratio was 2.64:1 times at December 31, 2022 compared to 2.54:1 times at December 31, 2021.

OPERATIONAL HIGHLIGHTS

- Total number of aircraft in the fleet at December 31, 2022 was 440 (December 31, 2021: 385) which consisted of 330 owned (December 31, 2021: 296), 104 managed (December 31, 2021: 79) and 6 committed aircraft (December 31, 2021: 10).
- During the year ended December 31, 2022 we purchased 46 owned aircraft which includes aircraft acquired as a result of business combination (December 31, 2021: 18) and 48 managed aircraft (December 31, 2021: 23) and sold or consigned 12 owned aircraft (December 31, 2021: 20) and 23 managed aircraft (December 31, 2021: 10).
- The weighted average age of our owned fleet was 6.5 years at December 31, 2022 compared to 6.7 years at December 31, 2021. The weighted average remaining lease term of our owned fleet at December 31, 2022 was 6.3 years compared with 6.2 years at December 31, 2021.
- The ratio of unsecured debt to total debt was 69.8% at December 31, 2022 compared to 69.8% at December 31, 2021.

RESULTS OF OPERATIONS

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

Results of operations (in millions of USD)	Year ended December 31			
	Before exceptional items 2022	Exceptional items	Total 2022	Total 2021
Consolidated statement of profit or loss and comprehensive income				
Total revenue	1,137.8	-	1,137.8	1,238.3
Gain on disposal of aircraft	97.5	-	97.5	76.5
Gain on business combination	29.4	-	29.4	-
Expenses				
Depreciation and amortization	(556.3)	-	(556.3)	(568.3)
Asset write-off	-	(576.5)	(576.5)	-
General and administrative expenses	(97.8)	-	(97.8)	(79.5)
Cost of providing engineering maintenance services	(70.3)	-	(70.3)	(59.6)
Loss allowance	(14.0)	-	(14.0)	(73.9)
Aircraft maintenance	(23.6)	-	(23.6)	(19.1)
Operating profit/(loss)	502.7	(576.5)	(73.8)	514.4
Finance income	27.8	-	27.8	6.2
Finance expense	(290.8)	-	(290.8)	(324.0)
Debt redemption costs	-	-	-	(38.3)
Net finance costs	(263.0)	-	(263.0)	(356.1)
Profit/(loss) before income tax	239.7	(576.5)	(336.8)	158.3
Income tax benefit/(expense)	18.9	38.6	57.5	(8.3)
Profit/(loss) for the year	258.6	(537.9)	(279.3)	150.0
Add back debt redemption costs	-	-	-	38.3
Adjusted profit/(loss) for the year	258.6	(537.9)	(279.3)	188.3

Consolidated statement of financial position (Extract)	Dec 31, 2022	As at Dec 31, 2021
Total cash and cash resources	438.2	450.8
Aircraft held for lease	11,300.8	11,279.2
Total assets	12,709.1	12,609.6
Total loans and borrowings	8,045.9	7,813.7
Total equity	2,935.7	2,934.2
Total liabilities and equity	12,709.1	12,609.6

Adjusted EBITDA calculation ⁽¹⁾	Year ended Dec 31	
(Loss)/profit for the year	2022	2021
(Loss)/profit for the year	(279.3)	150.0
Add back		
Net finance costs	263.0	356.1
Income tax (benefit)/expense	(57.5)	8.3
Loss allowance	14.0	73.9
Depreciation and amortization	556.3	568.3
Asset write-off	576.5	-
Adjusted EBITDA	1,073.0	1,156.6

⁽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	
	Dec 31, 2022	Dec 31, 2021
Pre-tax margin (<i>per cent</i>) ⁽²⁾⁽⁴⁾	21.1	15.9
Pre-tax return on equity (<i>per cent</i>) ⁽³⁾⁽⁴⁾	8.2	6.7
Net debt to equity (<i>times</i>) ⁽⁵⁾	2.64x	2.54x
Total available liquidity (<i>USD billions</i>) ⁽⁶⁾	2.7	2.9
Unsecured debt/total debt (<i>per cent</i>) ⁽⁷⁾	69.8	69.8
Liquidity coverage ratio (<i>per cent</i>) ⁽⁸⁾	341.0	442.7

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

⁽²⁾ Calculated as profit before income tax (before exceptional item) divided by total revenue.

⁽³⁾ Calculated as profit before income tax (before exceptional item) (annualized in the case of interim periods) divided by average total equity.

⁽⁴⁾ Profit before tax (before exceptional item) excludes one-off bond redemption costs incurred during 2021 and an exceptional item of USD 576.5 million in 2022.

⁽⁵⁾ Calculated as net debt (being total loans and borrowings, net of debt issuance costs less cash and cash equivalents) divided by total equity.

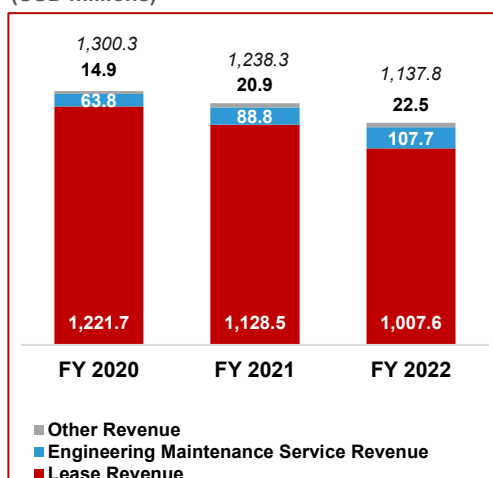
⁽⁶⁾ Calculated as the sum of available credit facilities and cash and cash equivalents.

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

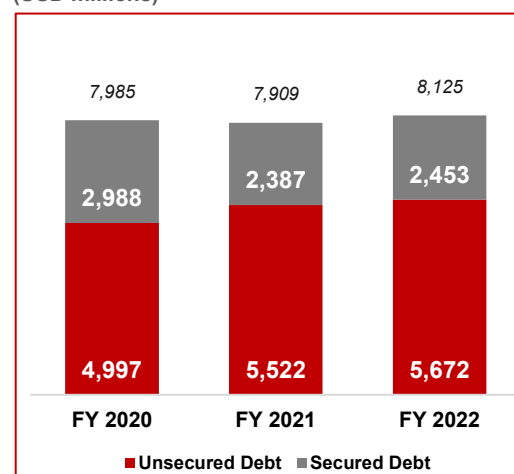
⁽⁸⁾ Calculated as total available liquidity divided by recourse debt payments in the next 12 months.

FINANCIAL AND OPERATIONAL HIGHLIGHTS AT A GLANCE

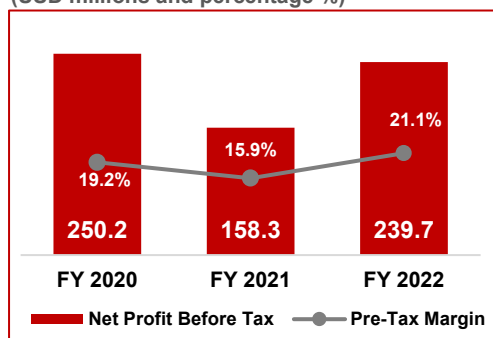
Total Revenue
(USD millions)



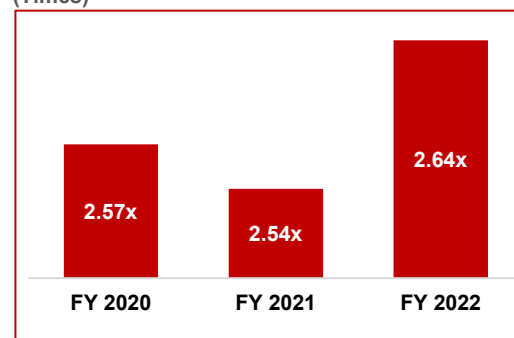
Total Debt by Security
(USD millions)



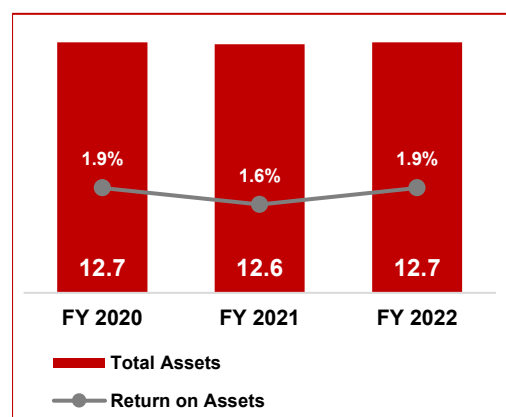
Net Profit Before Tax and Pre-Tax Margin ⁽⁹⁾
(USD millions and percentage %)



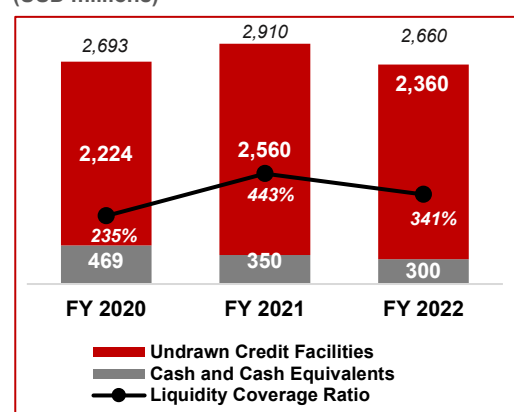
Net-Debt-to-Equity
(Times)



Total Assets and Return on Assets ⁽⁹⁾⁽¹⁰⁾
(USD billions and percentage %)



Available Liquidity and 12-Month Liquidity Coverage
(USD millions)

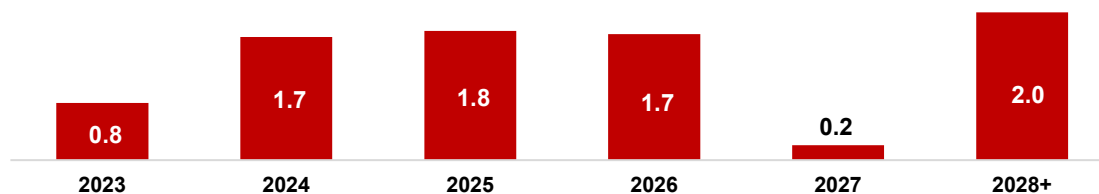


⁽⁹⁾ Profit before income tax is adjusted to exclude one-time bond redemption costs of USD 38.3 million in 2021 and an exceptional item of USD 576.5 million in 2022.

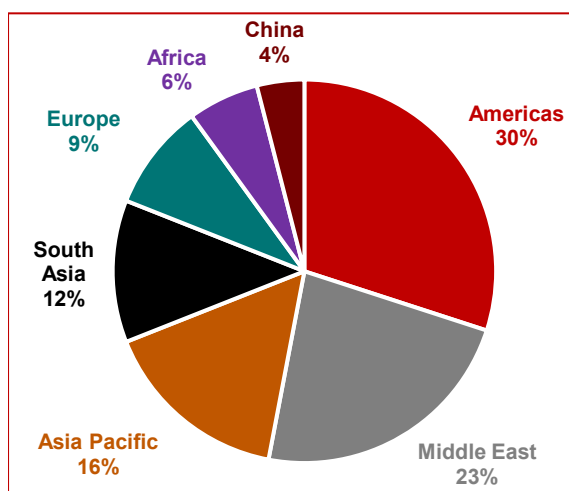
⁽¹⁰⁾ Calculated as profit before income tax (annualized in the case of interim periods) divided by average total assets, as appropriate.

FINANCIAL AND OPERATIONAL HIGHLIGHTS AT A GLANCE (CONTINUED)

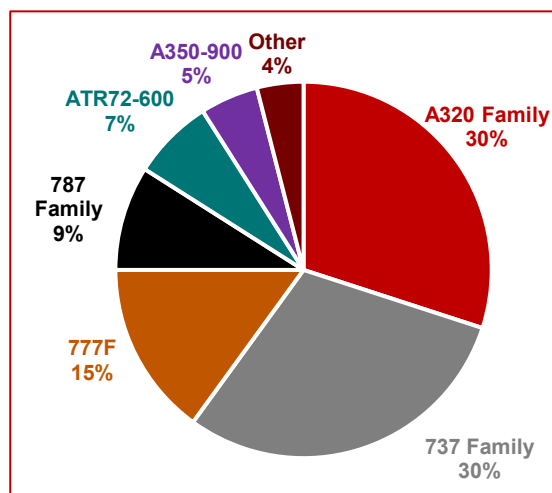
Debt Maturity Profile (USD billions)



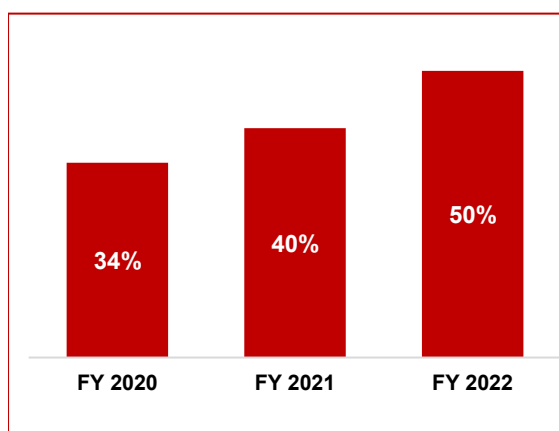
DAE Capital Diversification of Fleet by Region as of December 31, 2022 ⁽¹¹⁾



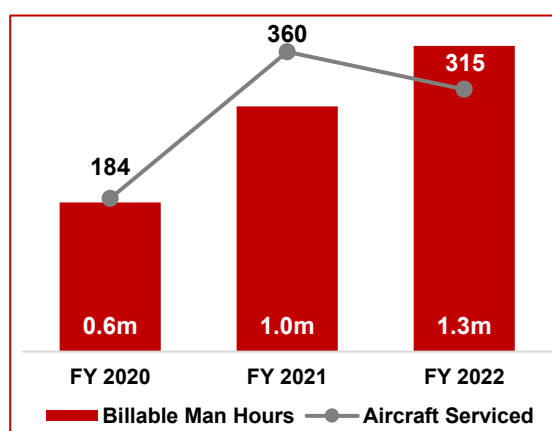
DAE Capital Aircraft by Type as of December 31, 2022 ⁽¹¹⁾



DAE Capital Proportion of Next Generation, Fuel Efficient Aircraft ⁽¹¹⁾⁽¹²⁾



DAE Engineering Billable Man Hours and Number of Aircraft Serviced



⁽¹¹⁾ Based on Ascend Half Life Current Market Value (HLCMV) as of the stated reference date and refers to owned fleet only. FY 2022 adjusted to reflect the termination of the leasing of aircraft to Russian airlines and the impact of exceptional charges

⁽¹²⁾ The following aircraft are considered as "next generation and fuel efficient": Airbus A320neo Family, Airbus A330neo Family, Airbus A350 Family, Boeing 737 MAX Family, Boeing 787 Family, and ATR 72-600

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

Overview

DAE is a globally recognized aviation services corporation 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% indirectly owned 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 December 31, 2022 we had a total owned, managed and committed fleet of 440 aircraft which was made up of 330 owned aircraft (including 11 aircraft classified as finance lease and loan receivables), 104 managed aircraft and commitments to acquire 6 new aircraft (four aircraft for our owned fleet and two aircraft for our managed fleet). Our owned and managed aircraft are on lease to 118 lessees in 59 countries.

As of December 31, 2022, the aggregate book value of our owned fleet, including aircraft pre-delivery payments, aircraft held-for-sale and finance lease and loan receivables, was USD 11,665.5 million. Future contracted lease rental income from our owned fleet amounted to USD 6,800.4 million. As of December 31, 2022, 95.7% of our leases were subject to fixed lease rates as a percentage of lease revenue.

Our lease portfolio is highly diversified, geographically and by airline, with our top five lessees representing 29.4% of our portfolio based on net book value as of December 31, 2022. Emirates, a related party, is our largest customer representing 10.1% of our fleet based on net book value. In addition, the estimated value of our managed fleet was USD 3.1 billion.

Analysis by aircraft type for our owned and managed portfolio

Aircraft Type	Owned Portfolio	Managed Portfolio	Committed Portfolio*	Total
A320 CEO family	94	45	-	139
A320 NEO family	26	8	2	36
A330-family	18	6	-	24
A330 NEO family	1	1	-	2
A350-900	4	-	-	4
Total Airbus	143	60	2	205
B737 NG family	68	33	2	103
B737 MAX family	28	9	-	37
B787 family	11	-	1	12
B777	3	-	-	3
B777F	12	-	1	13
Total Boeing	122	42	4	168
ATR 72-600	65	2	-	67
Total	330	104	6	440
Narrow body	216	95	4	315
Wide body	49	7	2	58
Turboprop	65	2	-	67
Total	330	104	6	440

*Committed portfolio includes four aircraft for the owned fleet and two aircraft for the managed fleet.

	As at	
	Dec 31, 2022	Dec 31, 2021
Fleet metrics		
Owned fleet (<i>number of aircraft</i>) ⁽¹⁾	330	296
Managed fleet (<i>number of aircraft</i>)	104	79
Weighted average age (<i>years</i>) ⁽²⁾	6.5	6.7
Weighted average remaining lease term (<i>years</i>) ⁽²⁾	6.3	6.2
(in millions of USD)		
Net book value of aircraft held for lease	11,300.8	11,279.1
Carrying value of finance lease and loan receivables	364.7	180.4
Aggregate net book value	11,665.5	11,459.5

(1) Owned fleet includes aircraft in Russia not in the Group's control.

(2) Owned fleet only (excluding aircraft in Russia), 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.

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, took steps including issuing 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 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 cover in respect of the 19 aircraft under a number of insurance policies and has filed insurance claims and a litigation claim 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's most recent ESG Report, for the year ended December 31, 2022, was published on DAE's website in February 2023 and fully incorporates all of the Group's activities. Limited Assurance has been provided by KPMG on certain metrics reported within DAE's ESG Report. KPMG's independent assurance statement is available within the ESG Report. DAE also has a dedicated ESG Policy, which is available on DAE's website. DAE holds an ESG Risk Rating of 14.4 from Morningstar Sustainalytics, who consider DAE's enterprise value to be of 'Low Risk' of material financial impacts driven by ESG factors. In January

2023, Morningstar Sustainalytics awarded DAE with its ESG Industry Top Rated and ESG Regional Top Rated accreditations, indicating that in 2022, DAE's ESG Risk Rating from Morningstar Sustainalytics was among the 50 lowest ratings issued by Morningstar 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. DAE also makes voluntary ESG disclosures through CDP, a global non-profit that runs the world's most comprehensive environmental disclosure system for companies, cities, states and regions.

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 6.5 years. As of December 31, 2022, almost all our 2022 capital commitments have been in new technology aircraft with advanced design features. As of December 31, 2022, 50% of DAE Capital's fleet were next generation and fuel efficient aircraft, and DAE Capital is committed to continue to grow the proportion of these aircraft in its fleet. By investing in these aircraft which have greater fuel efficiency, lower emissions, and a lower noise footprint, we are helping our airline customers reduce their impact on the environment.

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 26 nationalities. In addition, at December 31, 2022, our DAE Capital business had a ratio of 61% male employees and 39% 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/>.

Year ended December 31, 2022 compared to year ended December 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 year ended December 31, 2022 and December 31, 2021.

<u>Total Revenue (in millions of USD)</u>	Year ended	
	2022	2021
Lease revenue	1,024.6	1,136.4
Maintenance revenue	35.7	44.3
Amortization of lease incentives and other lease costs	(59.9)	(66.6)
Net lease revenue	1,000.4	1,114.1
Engineering maintenance service revenue	107.7	88.8
Finance lease and loan receivables income	7.2	14.5
Total lease, engineering maintenance service revenue and finance lease and loan receivables income	1,115.3	1,217.4
Other income	22.5	20.9
Total revenue	1,137.8	1,238.3

Total revenue was USD 1,137.8 million for the year ended December 31, 2022 compared to USD 1,238.3 million for the year ended December 31, 2021, a decrease of USD 100.5 million, or 8.1%, due to the reasons outlined below.

Net lease revenue decreased by USD 113.7 million, or 10.2%, to USD 1,000.4 million for year ended December 31, 2022, from USD 1,114.1 million for the year ended December 31, 2021. This decrease was due primarily to lease terminations relating to aircraft in Russia not in the Group's control and cash accounting on customers who entered administration and divestments of aircraft.

Engineering maintenance service revenue increased by USD 18.9 million, or 21.3%, to USD 107.7 million for the year ended December 31, 2022 compared to USD 88.8 million for the year ended December 31, 2021.

Finance lease and loan receivables income decreased by USD 7.3 million to USD 7.2 million for the year ended December 31, 2022 compared to USD 14.5 million for the year ended December 31, 2021.

Gain on disposal of aircraft

Gain on disposal of aircraft was USD 97.5 million for the year ended December 31, 2022 compared to USD 76.5 million for the year ended December 31, 2021. During the year ended December 31, 2022 we sold 12 owned aircraft compared to the sale of 20 owned aircraft during the year ended December 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.

Gain on business combination

On November 18, 2022, DAE acquired 100% ownership of Sky Fund I Irish, Ltd. and its subsidiaries ("Sky Fund I"). This acquisition resulted in a gain on business combination amounting to USD 29.4 million. Further information can be found in the financial statements Note 28.

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 year ended December 31, 2022 and December 31, 2021.

<u>Total Expenses (in millions of USD)</u>	Year ended	
	Dec 31	
	2022	2021
Depreciation and amortization	556.3	568.3
General and administrative expenses	97.8	79.5
Cost of providing engineering maintenance services	70.3	59.6
Loss allowance	14.0	73.9
Aircraft maintenance	23.6	19.1
Total expenses before exceptional items	762.0	800.4
Exceptional item - asset write-off	576.5	-
Total expenses	1,338.5	800.4

Expenses for the year ended December 31, 2022, before exceptional items decreased by USD 38.5 million to USD 761.9 million compared to USD 800.4 million for the year ended December 31, 2021. Total expenses for the year ended December 31, 2022 increased by USD 538.0 million to USD 1,338.4 million compared to USD 800.4 million for the year ended December 31, 2021.

Depreciation and amortization expense decreased by USD 12.0 million, or 2.1%, for the year ended December 31, 2022 to USD 556.3 million compared to USD 568.3 million in the prior year. This decrease was primarily due to divestments and asset write off in the fleet.

General and administrative expenses increased by USD 18.3 million, or 23%, for the year ended December 31, 2022 to USD 97.8 million from USD 79.5 million in the prior year. This increase was due to higher compensation and benefit costs, legal and professional fees and travel expenses.

Cost of providing engineering maintenance services increased by USD 10.7 million, or 18.0%, for the year ended December 31, 2022 to USD 70.3 million from USD 59.6 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 59.9 million or 81.1% to USD 14.0 million compared to USD 73.9 million in the prior year. Further information can be found in the financial statements note 26.

Aircraft maintenance increased by USD 4.5 million, or 23.6%, to USD 23.6 million for the year ended December 31, 2022 from USD 19.1 million for the year ended December 31, 2021. This increase was due to heavy maintenance costs related to aircraft returns and repossession.

In addition, asset write-off was USD 576.5 million for the year ended December 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.

Operating profit

Operating profit before exceptional items was USD 502.7 million for the year ended December 31, 2022 compared to USD 514.4 million in 2021, a decrease of USD 11.7 million, or 2.3%. The decrease was attributable to the factors described in the preceding sections.

Operating loss after exceptional items was USD 73.8 million for the year ended December 31, 2022 compared to an operating profit of USD 514.4 million in 2021, a decrease of USD 588.2 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 decreased by USD 93.1 million, or 26.1%, to USD 263.0 million for the year ended December 31, 2022 from USD 356.1 million for the year ended December 31, 2021.

Finance income increased by USD 21.6 million, or 348.4%, to USD 27.8 million for the year ended December 31, 2022 from USD 6.2 million for the year ended December 31, 2021. This was due primarily to gains on financial instruments and higher deposit rates during the year ended December 31, 2022 compared to the prior year.

Finance expense decreased by USD 33.2 million, or 10.2%, to USD 290.8 million for the year ended December 31, 2022 from USD 324.0 million for the year ended December 31, 2021 due primarily to lower average loan balance during the year and a decrease in the average cost of debt to 3.4% from 3.7% for the year ended December 31, 2021.

During the year ended December 31, 2021, we early redeemed certain senior unsecured notes resulting in a one-off debt redemption cost of USD 38.3 million which consist of a redemption premium paid of USD 29.0 million and acceleration of debt issuance costs of USD 9.3 million.

Income tax benefit/(expense)

During the year ended December 31, 2022 we recorded a tax benefit of USD 57.5 million compared to a tax expense of USD 8.3 million for the year ended December 31, 2021. The income tax benefit for year ended December 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 year

Reflecting the above factors, profit before exceptional items for the year ended December 31, 2022, increased by USD 108.6 million to USD 258.6 million from USD 150.0 million for the year ended December 31, 2021.

Loss after exceptional items for the year ended December 31, 2022 increased by USD 429.3 million to USD 279.3 million from a profit of USD 150.0 million for the year ended December 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 year ended December 31, 2022 and the year ended December 31, 2021. Cash and cash equivalents shown below refer to unrestricted cash.

Consolidated cash flow (Extract) (in millions of USD)	Year ended Dec 31	
	2022	2021
Net cash generated from operating activities	1,281.8	1,143.0
Net cash used in investing activities	(857.1)	(556.8)
Net cash used in financing activities	(475.1)	(704.8)
Net decrease in cash and cash equivalents	(50.5)	(118.6)
Cash and cash equivalents at the beginning of the year	350.4	469.0
Cash and cash equivalents at the end of the year	299.9	350.4

For the year ended December 31, 2022 net cash generated from operating activities was USD 1,281.8 million, an increase of USD 138.8 million, or 12.1%, from USD 1,143.0 million for the year ended December 31, 2021. This movement was primarily due to a decrease in trade receivables, decrease in accrued revenue and higher maintenance reserve receipts driven by the drawdown of letters of credit.

For the year ended December 31, 2022 net cash used in investing activities was USD 857.1 million compared to net cash used in investing activities of USD 556.8 million for the year ended December 31, 2021. This movement was primarily due to net cash paid on acquisition of subsidiary, lower proceeds from disposal of aircraft partly offset by decrease in deposits paid for the aircraft.

Net cash used in financing activities for the year ended December 31, 2022 was USD 475.1 million compared to net cash used in financing activities of USD 704.8 million for the year ended December 31, 2021. This movement was due to cash received from issue of share capital during the year ended December 31, 2022 as compared to repurchase of share capital in December 31, 2021. Furthermore, there was a decrease in net drawdowns of borrowings and a decrease in cash interest paid and debt issuance costs during the year ended December 31, 2022 compared to the year ended December 31, 2021.

Our cash and cash equivalents as at December 31, 2022 was USD 299.9 million, a decrease of USD 50.5 million from USD 350.4 million as at December 31, 2021.

Our total cash and cash resources, which includes restricted cash, was USD 438.2 million as at December 31, 2022 which represents an decrease of USD 12.6 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) increased to USD 8,045.9 million as at December 31, 2022 from USD 7,813.7 million at December 31, 2021. The increase was primarily due to debt acquired on business combination and new debt drawdown of USD 586.6 million and USD 600.0 million, respectively which have been partially offset by loan repayment and notes repurchase of USD 831.2 million and USD 145.9 million, respectively, during the year ended December 31, 2022.

At December 31, 2022 our level of unsecured debt was 69.8% compared to 69.8% at December 31, 2021. The average cost of debt as at December 31, 2022 was 3.4% which decreased from 3.7% at December 31, 2021 and the weighted average debt maturity as at December 31, 2022 was 4.5 years compared to 4.4 years at December 31, 2021.

Loans and Borrowings (in millions of USD)

	Aircraft Collateral	Dec 31 2022
Unsecured		
Senior unsecured notes		3,182.9
Senior unsecured facilities (incl. revolving credit facilities)		2,489.1
Total unsecured		5,672.0
Secured		
Recourse obligations (incl. Ex-Im & EDC)	76	1,818.0
Senior secured notes	16	586.4
Non-recourse obligations	2	48.7
Total secured	94	2,453.1
Debt issuance costs		(79.2)
Net loans and borrowings		8,045.9

The Group holds 236 aircraft with a total net book value of USD 7,466.1 million which were unencumbered at December 31, 2022 and 94 aircraft which were used as collateral on our secured facilities. Further information of the loan facilities can be found in the financial statements, Note 18.

Our unsecured credit facilities at December 31, 2022 of USD 2.4 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

Available liquidity was USD 2,659.9 million as at December 31, 2022 compared to USD 2,910.3 million as at December 31, 2021. Our total equity increased to USD 2,935.7 million as at December 31, 2022 from USD 2,934.2 million as at December 31, 2021. Our Net Debt to Equity ratio was 2.64:1 times as at December 31, 2022 compared to 2.54:1 times as at December 31, 2021.

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

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