



Dubai Aerospace Enterprise (DAE) Ltd

Results for the three months ended

March 31, 2024



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 and committed fleet of approximately 500 Airbus, ATR, and Boeing aircraft with a fleet value of USD 18.0 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 EDT / 14:00 BST / 17:00 GST / 21:00 SGT on Wednesday, May 01, 2024, to review our results for the three months ended March 31, 2024.

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 9455, (UK) +44 203 059 5875, (USA) +1 718 705 8795, (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 three months ended March 31, 2024 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, 2024" are for the three months ended March 31, 2024 and to "March 31, 2023" are for the three months ended March 31, 2023.

FINANCIAL HIGHLIGHTS

- Total revenue was USD 343.6 million for the three months ended March 31, 2024 compared to USD 315.2 million for the three months ended March 31, 2023, an increase of USD 28.4 million, or 9.0%.
- Profit for the period ended March 31, 2024 was USD 67.8 million compared to USD 69.2 million for the three months ended March 31, 2023.
- Operating profit was USD 155.7 million for the three months ended March 31, 2024, an increase of USD 1.1 million or 0.7% compared to USD 154.6 million in the corresponding period of 2023 which is mainly attributable to higher revenues partially offset by decrease in gain on aircraft disposal and increase in overall expenses during the period.
- For the three months ended March 31, 2024 net cash generated from operating activities was USD 324.1 million, an increase of USD 40.3 million, or 14.2%, from USD 283.8 million for the three months ended March 31, 2023 which is primarily due to higher revenues and receivable collections during the period.
- Total assets were USD 12,077.7 million at March 31, 2024 compared to USD 12,262.5 million at December 31, 2023. This decrease was mainly due to aircraft sold and depreciation charge during the period.
- Available liquidity was USD 4,963.9 million at March 31, 2024 compared to USD 4,062.2 million at December 31, 2023. The Liquidity coverage ratio was 249.0% at March 31, 2024 compared to 290.0% at December 31, 2023.
- Net Debt-to-Equity ratio was 2.47:1 times at March 31, 2024 compared to 2.53:1 times at December 31, 2023.

OPERATIONAL HIGHLIGHTS

- Total number of aircraft in the fleet at March 31, 2024 was 489 (December 31, 2023: 493) which consisted of 314 owned (December 31, 2023: 318), 109 managed (December 31, 2023: 106) and 66 committed aircraft (December 31, 2023: 69).
- During the three months ended March 31, 2024, we purchased one owned aircraft (March 31, 2023: two) and four managed aircraft (March 31, 2023: three) and sold five owned aircraft (March 31, 2023: seven) and one managed aircraft (March 31, 2023: nil)
- The weighted average age of our owned fleet was 7.8 years at March 31, 2024 compared to 7.5 years at December 31, 2023. The weighted average remaining lease term of our owned fleet at March 31, 2024 was 5.8 years compared with 6.0 years at December 31, 2023.
- The ratio of unsecured debt to total debt was 74.1% at March 31, 2024 compared to 73.3% at December 31, 2023.

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, 2024.

<u>Results of operations (in millions of USD)</u>	Three months ended Mar 31	
	2024	2023
Consolidated statement of profit or loss and comprehensive income		
Total revenue	343.6	315.2
Gain on disposal of aircraft	19.4	26.0
Expenses		
Depreciation and amortization	(144.7)	(143.8)
General and administrative expenses	(27.4)	(22.6)
Cost of providing engineering maintenance services	(28.5)	(23.0)
Reversal of loss allowance	2.3	5.8
Aircraft maintenance	(9.0)	(3.0)
Operating profit	155.7	154.6
Finance income	13.5	19.5
Finance expense	(99.5)	(100.6)
Net finance costs	(86.0)	(81.1)
Profit before income tax	69.7	73.5
Income tax expense	(1.9)	(4.3)
Profit for the period	67.8	69.2

Consolidated statement of financial position (Extract)	As at	
	Mar 31 2024	Dec 31 2023
Total cash and cash resources	462.7	404.8
Aircraft held for lease	10,743.7	10,951.7
Total assets	12,077.7	12,262.5
Total loans and borrowings	7,449.3	7,592.1
Total equity	2,863.5	2,883.9
Total liabilities and equity	12,077.7	12,262.5

Adjusted EBITDA calculation ⁽¹⁾	Three months ended Mar 31	
	2024	2023
Profit for the period	67.8	69.2
Add back		
Net finance costs	86.0	81.1
Income tax expense	1.9	4.3
Reversal of loss allowance	(2.3)	(5.8)
Depreciation and amortization	144.7	143.8
Adjusted EBITDA	298.1	292.6

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

Financial metrics

	Three months ended Mar 31	
	2024	2023
Pre-tax margin (<i>per cent</i>) ⁽²⁾	20.3	23.3
Pre-tax return on equity (<i>per cent</i>) ⁽³⁾	9.7	9.9
	As at	
	Mar 31	Dec 31
	2024	2023
Net debt to equity (<i>times</i>) ⁽⁴⁾	2.47	2.53
Total available liquidity (<i>USD billions</i>) ⁽⁵⁾	5.0	4.1
Unsecured debt/total debt (<i>per cent</i>) ⁽⁶⁾	74.1	73.3
Liquidity coverage ratio (<i>per cent</i>) ⁽⁷⁾	249.0	290.0

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

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

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

⁽⁴⁾ Calculated as net debt (being total loans and borrowings, net of debt issuance costs less cash and cash equivalents) divided by total equity.

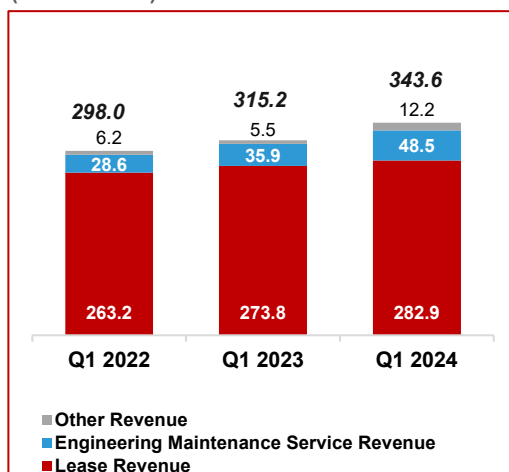
⁽⁵⁾ Calculated as the sum of available credit facilities and cash and cash equivalents.

⁽⁶⁾ Calculated as unsecured loans and borrowings divided by total loans and borrowings.

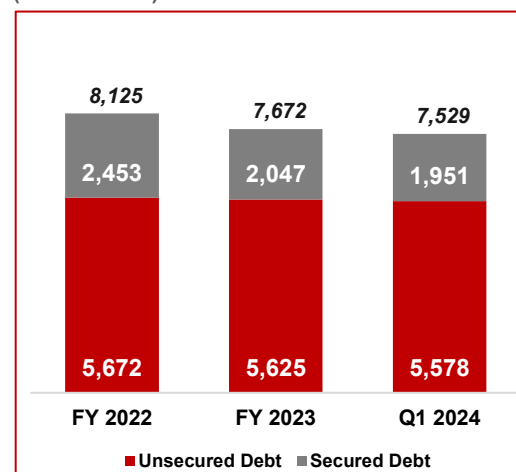
⁽⁷⁾ Calculated as total available liquidity divided by recourse debt payments in the next 12 months.

FINANCIAL AND OPERATIONAL HIGHLIGHTS AT A GLANCE

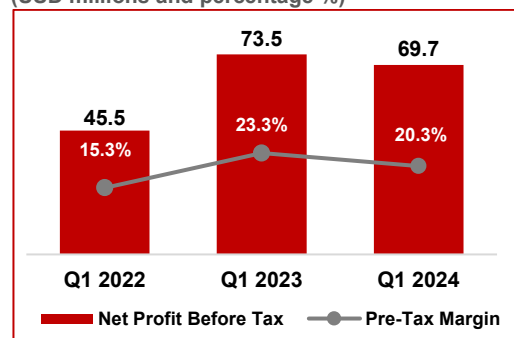
Total Revenue
(USD millions)



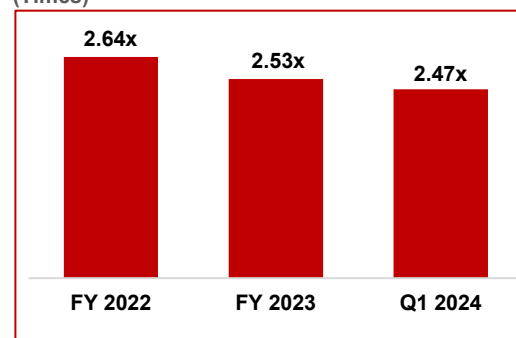
Total Debt
(USD millions)



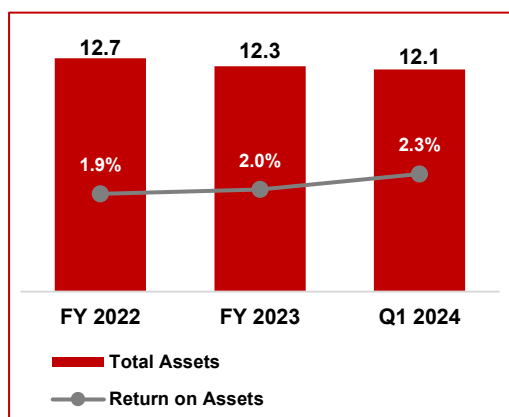
Net Profit Before Tax and Pre-Tax Margin ⁽⁸⁾
(USD millions and percentage %)



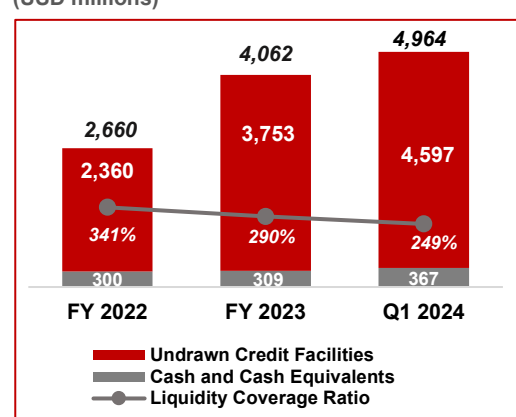
Net-Debt-to-Equity
(Times)



Total Assets and Return on Assets ⁽⁸⁾⁽⁹⁾
(USD billions and percentage %)



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

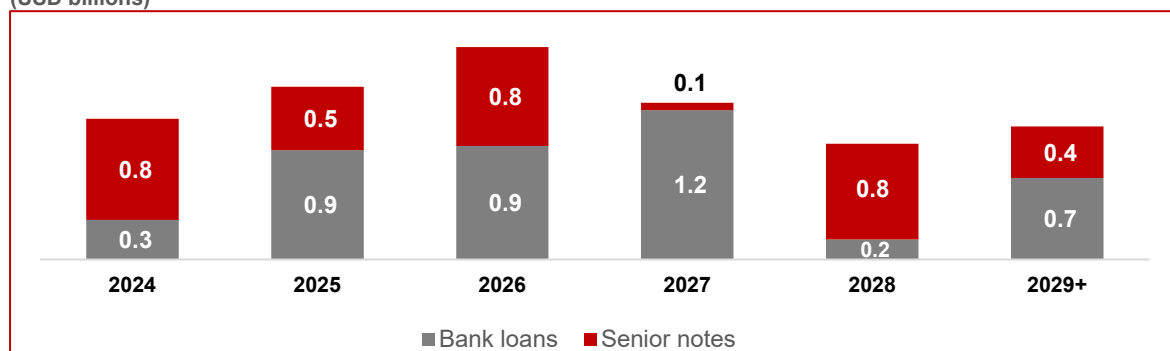


⁽⁸⁾ Profit before income tax is adjusted to exclude an exceptional item of USD (576.5) million in Q1 2022 and FY 2022, respectively, and USD 118.3 million in FY 2023.

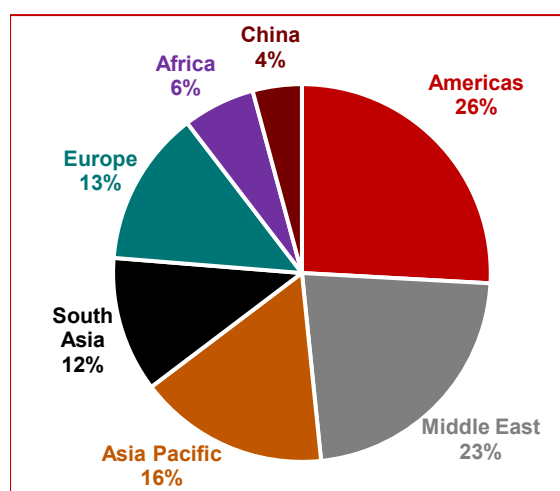
⁽⁹⁾ Calculated as profit before income tax (annualized in the case of interim periods) divided by average total assets.

FINANCIAL AND OPERATIONAL HIGHLIGHTS AT A GLANCE (CONTINUED)

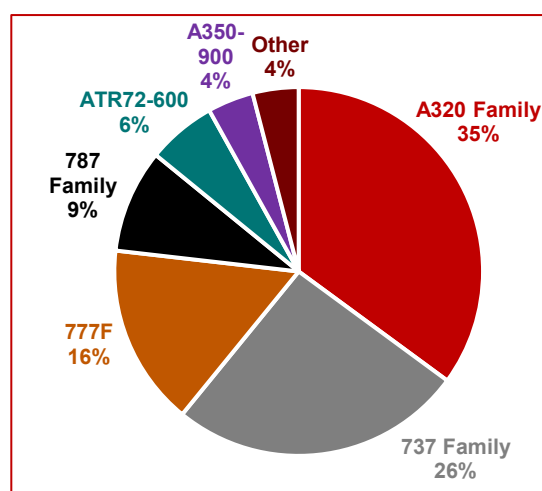
Debt Maturity Profile (USD billions)



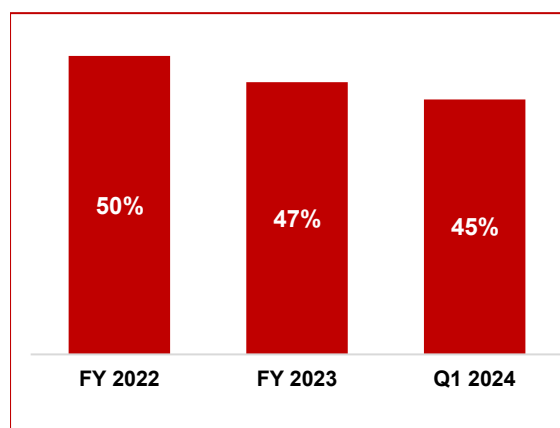
DAE Capital Diversification of Fleet by Region as of March 31, 2024 ⁽¹⁰⁾



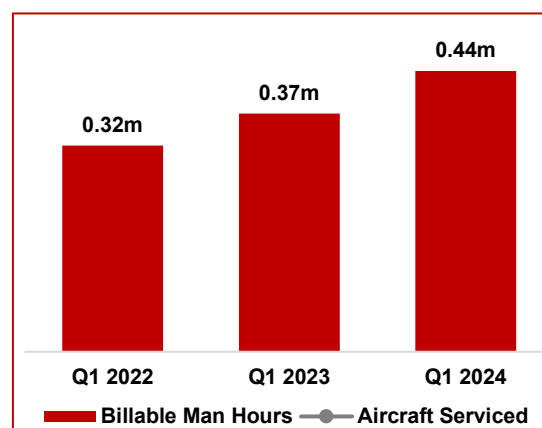
DAE Capital Aircraft by Type as of March 31, 2024 ⁽¹⁰⁾



DAE Capital Proportion of Next Generation, Fuel Efficient Aircraft ⁽¹⁰⁾⁽¹¹⁾



DAE Engineering Billable Man Hours and Number of Aircraft Serviced



⁽¹⁰⁾ Based on Ascend Half Life Current Market Value (HLCMV) as of the stated reference date and refers to owned fleet only and excludes aircraft in Russia.

⁽¹¹⁾ 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 global aviation services company headquartered in Dubai serving customers in over 65 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 indirectly by Investment Corporation of Dubai ("ICD"), the principal investment arm of the Government of Dubai.

DAE Capital

Our Leasing Division is one of the largest aircraft lessors in the world. At March 31, 2024, we had a total owned, managed and committed fleet of 489 aircraft which was made up of 314 owned aircraft (including 11 aircraft classified as finance lease and loan receivables), 109 managed aircraft and commitments to acquire 66 new aircraft (63 aircraft for our owned fleet and three aircraft for our managed fleet). Our owned and managed aircraft are on lease to 121 lessees in 61 countries.

As of March 31, 2024 the aggregate carrying value of our owned fleet, including aircraft held-for-sale and finance lease and loan receivables, was USD 11,079.8 million. Future contracted lease rental income from our owned fleet amounted to USD 6,336.6 million. As of March 31, 2024, 97.8% 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 29.3% of our portfolio based on the fleet's carrying value as of March 31, 2024. Emirates Airline, a related party, is our largest customer representing 10.0% of our fleet based on its net book value. In addition, the estimated value of our managed fleet was USD 3.6 billion.

Analysis by aircraft type for our owned and managed portfolio

Aircraft Type	Owned Portfolio	Managed Portfolio	Committed Portfolio*	Total
A320 CEO family	90	43	-	133
A320 NEO family	29	10	1	40
A330-family	16	5	-	21
A330 NEO family	1	2	-	3
A350-900	4	-	-	4
Total Airbus	140	60	1	201
B737 NG family	60	36	2	98
B737 MAX family	22	11	62	95
B787 family	11	-	1	12
B777	3	-	-	3
B777F	13	-	-	13
Total Boeing	109	47	65	221
ATR 72-600	65	2	-	67
Total	314	109	66	489
Narrow body	201	100	65	366
Wide body – Passenger	35	7	1	43
Wide body – Freighter	13	-	-	13
Turboprop	65	2	-	67
Total	314	109	66	489

*Committed portfolio includes 63 aircraft for the owned fleet and three aircraft for the managed fleet.

Fleet metrics	As at	
	Mar 31, 2024	Dec 31, 2023
Owned fleet (number of aircraft) ⁽¹⁾	314	318
Managed fleet (number of aircraft)	109	106
Weighted average age (years) ⁽²⁾	7.8	7.5
Weighted average remaining lease term (years) ⁽²⁾	5.8	6.0
<u>(in millions of USD)</u>		
Net book value of aircraft held for lease	10,743.7	10,951.7
Carrying value of finance lease and loan receivables	336.1	341.7
Aggregate net book value	11,079.8	11,293.4

(1) Owned fleet includes 12 aircraft in Russia not in our control.

(2) Owned fleet only (excluding 12 aircraft in Russia), weighted averages calculated based on the Cirium/Ascend half-life current market value

DAE Engineering

Our 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. We have an 80% ownership stake in Joramco. Joramco's facility of over 100,000 square meters in size is strategically located in Amman, Jordan. We believe that the strategic location, combined with a skilled and experienced workforce of approximately 1,000 people giving it a man-hour capability of approximately one and a half 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.

In 2023, Joramco was appointed as the Middle East's first Boeing 737-800BCF conversion line in partnership with Boeing, and commenced the expansion of Joramco's facilities in Amman, Jordan, which is expected to reach 22 maintenance lines in the second half of 2024.

Environment, Social and Governance Framework

DAE is committed to maintaining an effective Environmental, Social and Governance ("ESG") Framework. DAE's ESG Policy, Stakeholder Engagement Policy, and other relevant documents have been published to deepen our engagement with Stakeholders on ESG issues and hold ourselves accountable on our ESG journey and are available on DAE's ESG website.

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 ESG website in April 2023 and fully incorporates all 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.

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 provides annual updates on its progress against these targets in its ESG Report.

DAE holds an ESG Risk Rating of 12.5 from Morningstar Sustainalytics, who consider DAE's enterprise value to be of 'Low Risk' of material financial impacts driven by ESG factors. This is the lowest rating (lower the better) among rated aircraft lessors. In January 2024, Morningstar

Sustainalytics awarded DAE with its ESG Industry Top-Rated and ESG Regional Top-Rated accreditations, indicating that in 2023, DAE's ESG Risk Rating from Morningstar Sustainalytics was among the 50 lowest ratings issued by Sustainalytics in both DAE's industry (Trading & Distribution) and region (Middle East & Africa). This is the third year in which DAE has received these accreditations from Morningstar Sustainalytics.

DAE also makes voluntary ESG disclosures through CDP, a global non-profit that runs the world's environmental disclosure system for companies, cities, states, and regions, which awarded DAE a 'C' score for its 2023 response, and S&P's Corporate Sustainability Assessment (CSA), in order to support our stakeholders' access to DAE's ESG disclosures and to improve transparency.

The latest ESG Report, Risk Rating Summary, Policy Documents, and further information is available on DAE's ESG website, which can be accessed at <https://dubaiaerospace.com/esg/>.

DAE Capital has a young fleet with an average age of 7.8 years. As of December 31, 2023, approximately 45% 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, and in August 2023 further embedded this commitment into our long term growth strategy through the acquisition of 64 Boeing 737 MAX Family aircraft delivery slots, from 2023 to 2026. The Boeing 737 MAX Family of aircraft are among the most fuel efficient aircraft in the world, reducing fuel use and emissions by up to 20%. On average each airplane will save up to 8 million pounds of CO₂ annually compared to airplanes it replaces. 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 24 nationalities. In addition, at March 31, 2024, our DAE Capital business had a ratio of 62% employees and 38% 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/>.

Three months ended March 31, 2024 compared to three months ended March 31, 2023

Total revenue

Total revenue comprises of (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, 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, 2024 and March 31, 2023.

<u>Total Revenue (in millions of USD)</u>	Three months ended Mar 31	
	2024	2023
Lease revenue	283.7	280.4
Maintenance revenue	5.2	2.6
Amortization of lease incentives and other lease costs	(11.1)	(11.1)
Net lease revenue	277.8	271.9
Engineering maintenance services revenue	48.5	35.9
Finance lease and loan receivables income	5.1	1.9
Total lease, engineering maintenance service revenue and finance lease and loan receivables income	331.4	309.7
Other income	12.2	5.5
Total revenue	343.6	315.2

Total revenue was USD 343.6 million for the three months ended March 31, 2024 compared to USD 315.2 million for the three months ended March 31, 2023, an increase of USD 28.4 million, or 9.0%, due to the reasons outlined below.

Net lease revenue increased by USD 5.9 million, or 2.2%, to USD 277.8 million for the three months ended March 31, 2024, from USD 271.9 million for the three months ended March 31, 2023. This increase was primarily driven by incremental revenue from aircraft acquired in the last nine months, lease placements of aircraft previously on ground and maintenance releases during the period.

Engineering maintenance service revenue increased by USD 12.6 million, or 35.1%, to USD 48.5 million for the three months ended March 31, 2024 compared to USD 35.9 million for the three months ended March 31, 2023. This increase in revenue was attributable to higher billed labor hours on heavy maintenance checks, new MRO market shares captured and overall operational efficiencies.

Finance lease and loan receivables income increased by USD 3.2 million to USD 5.1 million for the three months ended March 31, 2024 compared to USD 1.9 million for the three months ended March 31, 2023.

Gain on disposal of aircraft

Gain on disposal of aircraft was USD 19.4 million for the three months ended March 31, 2024 compared to USD 26.0 million for the three months ended March 31, 2023. During the three months ended March 31, 2024, we sold five owned aircraft compared to the sale/consignment of seven owned aircraft during the three months ended March 31, 2023.

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) general and administrative expenses, (iii) reversal of loss allowance, (iv) cost of providing the engineering maintenance services provided by Joramco and (v) aircraft maintenance.

The table below shows a breakdown of our expenses for the three months ended March 31, 2024 and March 31, 2023.

<u>Total Expenses (in millions of USD)</u>	Three months ended Mar 31	
	2024	2023
Depreciation and amortization	144.7	143.8
General and administrative expenses	27.4	22.6
Cost of providing engineering maintenance services	28.5	23.0
Reversal of loss allowance	(2.3)	(5.8)
Aircraft maintenance	9.0	3.0
Total expenses	207.3	186.6

Total expenses for the three months ended March 31, 2024 increased by USD 20.7 million to USD 207.3 million compared to USD 186.6 million for three months ended March 31, 2023.

Depreciation and amortization expense increased by USD 0.9 million, or 0.6%, for the three months ended March 31, 2024 to USD 144.7 million compared to USD 143.8 million in the prior period.

General and administrative expenses increased by USD 4.8 million, or 21.2%, for the three months ended March 31, 2024 to USD 27.4 million from USD 22.6 million in the prior period. This increase was primarily due to increase in staff costs, legal and other professional fees.

Cost of providing engineering maintenance services increased by USD 5.5 million, or 23.9%, for the three months ended March 31, 2024 to USD 28.5 million from USD 23.0 million in the prior period. This increase reflects the corresponding increase in engineering maintenance services revenue over the same period.

Reversal of loss allowance was USD 2.3 million for the three months ended March 31, 2024 compared to USD 5.8 million in the prior period. Further information can be found in the financial statements Note 15.

Aircraft maintenance increased by USD 6.0 million to USD 9.0 million for the three months ended March 31, 2024 from USD 3.0 million for the three months ended March 31, 2023. This increase was due to higher costs incurred on aircraft transitions and heavy maintenance events compared to the prior period.

Operating profit

Operating profit was USD 155.7 million for the three months ended March 31, 2024, an increase of USD 1.1 million or 0.7% compared to USD 154.6 million in the corresponding period of 2023 which is mainly attributable to higher revenues partially offset by decrease in gain on aircraft disposal and increase in overall expenses during the period.

Net finance costs

Net finance costs increased by USD 4.9 million, or 6.0%, to USD 86.0 million for the three months ended March 31, 2024 from USD 81.1 million for the three months ended March 31, 2023 due primarily to decrease in finance income during the period.

Finance income decreased by USD 6.0 million, or 30.8%, to USD 13.5 million for the three months ended March 31, 2024 from USD 19.5 million for the three months ended March 31, 2023. This was mainly due to the gains on financial instruments recognized on the repurchase of senior unsecured notes in the prior period.

Finance expense decreased by USD 1.1 million, or 1.1%, to USD 99.5 million for the three months ended March 31, 2024 from USD 100.6 million for the three months ended March 31, 2023 due to lower average loan balance during the current year and a decrease in the average cost of debt to 4.3% for the three months ended March 31, 2024 from 4.5% for the three months ended March 31, 2023.

Average cost of debt is calculated for the three months period ended March 31, 2024 as finance costs, net of interest income (annualized in case of interim periods) less any gains on financial instrument divided by average debt principal. Average cost of debt is calculated for the three months period ended March 31, 2023 as finance costs (annualized in case of interim periods) divided by average debt principal, net of fair value adjustments.

Income tax expense

During the three months ended March 31, 2024, we recorded a tax expense of USD 1.9 million compared to USD 4.3 million for the three months ended March 31, 2023. The income tax expense arising was primarily driven by the tax arising on the Group's Irish activities, at 12.5% in 2023 and, with the implementation of Pillar Two rules in Ireland, at 15% in 2024. The income tax expense for the period ended March 31, 2024 was lower as a result of lower profits from the Irish activities as compared to prior period.

Profit for the period

Profit for the three months ended March 31, 2024 decreased by USD 1.4 million to USD 67.8 million from USD 69.2 million for the three months ended March 31, 2023 which was due primarily to increase in net finance cost partially offset by higher revenue and the reduction in income tax expense during the period.

Consolidated Cash Flows

The following table presents our consolidated cash flows for the three months ended March 31, 2024 and the three months ended March 31, 2023. Cash and cash equivalents shown below refer to unrestricted cash.

Consolidated cash flow (Extract) (in millions of USD)	Three months ended Mar 31	
	2024	2023
Net cash generated from operating activities	324.1	283.8
Net cash generated from investing activities	75.2	94.9
Net cash used in financing activities	(341.0)	(194.8)
Net increase in cash and cash equivalents	58.3	183.9
Cash and cash equivalents at the beginning of the period	308.7	299.9
Cash and cash equivalents at the end of the period	367.0	483.8

For the three months ended March 31, 2024 net cash generated from operating activities was USD 324.1 million, an increase of USD 40.3 million, or 14.2%, from USD 283.8 million for the three months ended March 31, 2023 which is primarily due to higher revenues and receivable collections during the period.

For the three months ended March 31, 2024 net cash generated from investing activities was USD 75.2 million compared to USD 94.9 million for the three months ended March 31, 2023. The movement was mainly due to lower cash proceeds from sale of aircraft as compared to prior period.

Net cash used in financing activities for the three months ended March 31, 2024 was USD 341.0 million compared to USD 194.8 million for the three months ended March 31, 2023. The movement was mainly due to the share repurchase during the three months ended March 31, 2024.

Our cash and cash equivalents as at March 31, 2024 was USD 367.0 million, an increase of USD 58.3 million from USD 308.7 million as at December 31, 2023.

Our total cash and cash resources, which includes restricted cash, was USD 462.7 million as at March 31, 2024 which represents an increase of USD 57.9 million compared to USD 404.8 million as at December 31, 2023.

Loans and Borrowings, Liquidity and Capital Resources

Loans and borrowings

Our total loans and borrowings (net of debt issuance costs) decreased to USD 7,449.3 million as at March 31, 2024 from USD 7,592.1 million at December 31, 2023. The decrease was due to debt and notes repayments of USD 113.4 million and USD 135.2 million, respectively which was partially offset by loan drawdown of USD 126.6 million during the three months ended March 31, 2024.

At March 31, 2024 our level of unsecured debt was 74.1% compared to 73.3% at December 31, 2023. The average cost of debt as at March 31, 2024 was 4.3% which increased from 4.1% at December 31, 2023 and the weighted average debt maturity as at March 31, 2024 was 4.5 years compared to 4.7 years at December 31, 2023.

Loans and Borrowings (in millions of USD)

	Aircraft Collateral	Mar 31 2024
Unsecured		
Senior unsecured notes		2,726.4
Senior unsecured facilities		2,851.4
Total unsecured		5,577.8
Secured		
Recourse obligations (incl. Ex-Im & EDC)	64	1,307.2
Senior secured notes	22	601.9
Non-recourse obligations	2	42.2
Total secured	88	1,951.3
Debt issuance costs		(79.8)
Net loans and borrowings		7,449.3

We own 226 aircraft with a total net book value of USD 7,279.7 million which were unencumbered at March 31, 2024 and 88 aircraft which were used as collateral on our secured facilities. Further information of the loan facilities can be found in the financial statements, Note 12.

Our unsecured credit facilities at March 31, 2024 of USD 4.6 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 4,963.9 million as at March 31, 2024 compared to USD 4,062.2 million as at December 31, 2023. Our total equity decreased to USD 2,863.5 million as at March 31, 2024 from USD 2,883.9 million as at December 31, 2023. Our Net Debt to Equity ratio was 2.47:1 times as at March 31, 2024 compared to 2.53:1 times as at December 31, 2023.

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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Dubai Aerospace Enterprise (DAE) Ltd

**Unaudited condensed consolidated interim financial
statements for the three month period ended
March 31, 2024**

Dubai Aerospace Enterprise (DAE) Ltd

Unaudited condensed consolidated interim financial statements for the three month period ended March 31, 2024

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Review report on condensed consolidated interim financial statements to the shareholder 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 March 31, 2024 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 Limited
May 1, 2024

/s/ Murad Nsour

Murad Nsour
Audit Principal, Reference Number I010187
Dubai, United Arab Emirates

Dubai Aerospace Enterprise (DAE) Ltd

Condensed consolidated statement of profit or loss and other comprehensive income

	Note	3 month period ended March 31	
		2024 USD'000	2023 USD'000
Revenue	5	331,362	309,778
Other income		12,205	5,449
Total		<u>343,567</u>	<u>315,227</u>
Gain on disposal of aircraft		19,423	25,956
Expenses			
Depreciation and amortization		(144,691)	(143,832)
General and administrative expenses		(27,360)	(22,569)
Cost of providing engineering maintenance services		(28,519)	(22,965)
Reversal of loss allowance	15	2,260	5,850
Aircraft maintenance		(9,001)	(3,000)
Operating profit		<u>155,679</u>	<u>154,667</u>
Finance income	6	13,511	19,451
Finance expense	6	(99,452)	(100,573)
Net finance cost		<u>(85,941)</u>	<u>(81,122)</u>
Profit before income tax		<u>69,738</u>	<u>73,545</u>
Income tax expense	7	(1,935)	(4,340)
Profit for the period		<u>67,803</u>	<u>69,205</u>
Other comprehensive income			
<i>Items that may be reclassified to condensed consolidated statement of profit or loss:</i>			
Unrealized gain / (loss) on interest rate hedges		11,328	(4,640)
Income tax relating to components of other comprehensive income		476	521
Total comprehensive income for the period		<u>79,607</u>	<u>65,086</u>
Profit for the period attributable to:			
Equity holders of Dubai Aerospace Enterprise (DAE) Ltd		65,535	67,915
Non-controlling interests		2,268	1,290
		<u>67,803</u>	<u>69,205</u>
Total comprehensive income for the period attributable to:			
Equity holders of Dubai Aerospace Enterprise (DAE) Ltd		77,339	63,796
Non-controlling interests		2,268	1,290
		<u>79,607</u>	<u>65,086</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 financial position

		Unaudited	Audited
		Mar 31, 2024	Dec 31, 2023
	Note	USD'000	USD'000
ASSETS			
Non-current assets			
Aircraft held for lease	8	10,743,754	10,951,740
Property, plant and equipment		92,415	94,656
Intangible assets		3,400	3,544
Goodwill		44,668	44,668
Finance lease and loan receivables	14	314,556	320,532
Other non-current assets		133,927	156,508
Financial assets at fair value and amortized cost		91,019	91,647
		<u>11,423,739</u>	<u>11,663,295</u>
Current assets			
Cash and cash equivalents	10	367,034	308,713
Restricted cash	10	95,681	96,114
Inventories		26,124	26,879
Trade and other receivables	9	26,091	37,891
Prepayments		10,081	7,477
Finance lease and loan receivables	14	21,528	21,153
Derivative financial assets		42,763	31,861
Other current assets		64,687	69,110
		<u>653,989</u>	<u>599,198</u>
Total assets		<u>12,077,728</u>	<u>12,262,493</u>
EQUITY AND LIABILITIES			
EQUITY			
Authorized and issued share capital	11	2,011,069	2,011,069
Additional paid-in-capital		634,585	634,585
Treasury shares		(1,892,059)	(1,792,059)
Other reserves		39,974	28,170
Retained earnings		2,051,156	1,985,621
		<u>2,844,725</u>	<u>2,867,386</u>
Non-controlling interests		18,811	16,543
Net equity		<u>2,863,536</u>	<u>2,883,929</u>
LIABILITIES			
Non-current liabilities			
Loans and borrowings	12	5,492,390	6,204,167
Maintenance reserves and security deposits	13	987,131	1,019,957
Deferred tax liabilities		285,373	284,402
Lease liabilities		27,888	28,444
Deferred revenue		1,616	2,872
		<u>6,794,398</u>	<u>7,539,842</u>
Current liabilities			
Loans and borrowings	12	1,956,901	1,387,976
Maintenance reserves and security deposits	13	291,056	268,067
Deferred revenue		90,712	86,832
Trade and other payables		75,894	91,291
Lease liabilities		3,974	3,787
Current tax liabilities		1,257	769
		<u>2,419,794</u>	<u>1,838,722</u>
Total liabilities		<u>9,214,192</u>	<u>9,378,564</u>
Total liabilities and equity		<u>12,077,728</u>	<u>12,262,493</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 March 31	
	2024	2023
	USD'000	USD'000
Cash flows from operating activities		
Profit for the period	67,803	69,205
Adjustments for:		
Depreciation and amortization	144,691	143,832
Gain on disposal of aircraft	(19,423)	(25,956)
Net finance cost	77,878	72,925
Amortization of debt issuance cost	8,063	8,197
Income tax	1,935	4,340
Changes in operating assets and liabilities		
Movement in trade and other receivables	11,800	(20)
Movement in finance lease and loan receivables	5,601	8,760
Movement in maintenance reserves and security deposits	(12,478)	(4,806)
Movement in accrued revenue	2,354	10,892
Movement in other assets and liabilities	35,856	(3,523)
Net cash generated from operating activities	<u>324,080</u>	<u>283,846</u>
Cash flows from investing activities		
Acquisition of aircraft held for lease	(60,886)	(100,692)
Proceeds from sale of aircraft	136,146	195,577
Net cash generated from investing activities	<u>75,260</u>	<u>94,885</u>
Cash flow from financing activities		
Movement in restricted cash	433	39,482
Proceeds from borrowings	126,624	500,000
Repayment of borrowings	(248,541)	(410,585)
Debt repurchased	-	(194,551)
Net financing costs	(111,196)	(122,384)
Payment of debt issuance costs	(8,339)	(6,837)
Repurchase of share capital	(100,000)	-
Net cash used in financing activities	<u>(341,019)</u>	<u>(194,875)</u>
Net increase in cash and cash equivalents	58,321	183,856
Cash and cash equivalents at the beginning of the period	308,713	299,920
Cash and cash equivalents at the end of the period	<u>367,034</u>	<u>483,776</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 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
At December 31, 2023	2,011,069	634,585	(1,792,059)	28,170	1,985,621	2,867,386	16,543	2,883,929
Profit for the period	-	-	-	-	65,535	65,535	2,268	67,803
Other comprehensive income	-	-	-	11,804	-	11,804	-	11,804
Total comprehensive income for the period	-	-	-	11,804	65,535	77,339	2,268	79,607
Purchase of own shares	-	-	(100,000)	-	-	(100,000)	-	(100,000)
At March 31, 2024	2,011,069	634,585	(1,892,059)	39,974	2,051,156	2,844,725	18,811	2,863,536

<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
At December 31, 2022	2,011,069	634,585	(1,392,059)	30,512	1,639,493	2,923,600	12,092	2,935,692
Profit for the period	-	-	-	-	67,915	67,915	1,290	69,205
Other comprehensive income	-	-	-	(4,119)	-	(4,119)	-	(4,119)
Total comprehensive income for the period	-	-	-	(4,119)	67,915	63,796	1,290	65,086
At March 31, 2023	2,011,069	634,585	(1,392,059)	26,393	1,707,408	2,987,396	13,382	3,000,778

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 April 19, 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’s immediate parent is DAE Aviation Group Ltd, a DIFC incorporated entity, (“DAG”). DAG is owned by Investment Corporation of Dubai (“ICD”) and Dubai Integrated Economic Zones Authority (“DIEZ”). ICD indirectly owns 100% of the Company and is therefore the ultimate controlling party of the Group. ICD is owned by the Government of Dubai.

The Group 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 operational highlights for the Group’s owned fleet for the three month period ended March 31, 2024 (the “period”) are summarized below:

- The Group owned 314 aircraft at March 31, 2024 (December 31, 2023: 318 aircraft).
- Purchases – the Group purchased one aircraft during the period (March 31, 2023: two aircraft).
- Sales – the Group disposed of five aircraft during the period (March 31, 2023: seven aircraft).

The Group also manages 109 aircraft on behalf of third parties at March 31, 2024 (December 31, 2023: 106 aircraft). During the period, four managed aircraft were acquired (March 31, 2023: three managed aircraft) and one managed aircraft was sold (March 31, 2023: nil managed aircraft).

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

The condensed consolidated interim financial statements were approved on May 1, 2024 and signed by:

/s/ Firoz Tarapore

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 December 31, 2023, which have been prepared in accordance with IFRS Accounting Standards 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 March 31, 2024, 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. At March 31, 2024 the Group's undrawn credit facilities amounted to USD 4,596.9 million.

3. Accounting policies

The accounting policies adopted are consistent with those of the consolidated financial statements for the year ended December 31, 2023. A number of new and amended standards became applicable for the current period ended March 31, 2024. 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 December 31, 2023.

Dubai Aerospace Enterprise (DAE) Ltd

Notes to the unaudited condensed consolidated interim financial statements

5. Revenue

	Mar 31 2024	Mar 31 2023
	USD'000	USD'000
Lease rental income	277,802	271,944
Engineering maintenance services revenue	48,475	35,908
Finance lease and loan receivables income	5,085	1,926
	<u>331,362</u>	<u>309,778</u>

Lease rental income includes the release of maintenance reserves totaling USD 5.2 million (March 31, 2023: USD 2.7 million).

Lease rental income also includes a net charge associated with the amortization of lease incentive assets of USD 7.8 million (March 31, 2023: USD 9.1 million) and other lease costs of USD 3.4 million for the period (March 31, 2023: USD 2.1 million).

Engineering maintenance services revenue of USD 48.5 million (March 31, 2023: USD 35.9 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 35.6% of the lease rental income for the three month period ended March 31, 2024 (March 31, 2023: 37.6%). Customers based in the United Arab Emirates, the Kingdom of Bahrain and India accounted for 15.4%, 8.3% and 5.8% of lease rental income respectively in the period ended March 31, 2024 (2023: 16.2%, 8.4% and 5.9%).

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:

	Mar 31 2024	Mar 31 2024	Mar 31 2023	Mar 31 2023
	USD'000	%	USD'000	%
Middle East	81,368	29	82,576	30
Americas	61,914	22	58,949	22
Asia Pacific	46,006	17	44,968	16
South Asia	28,758	10	31,620	12
Europe	28,030	10	20,161	7
Africa	19,159	7	18,427	7
China	12,567	5	15,243	6
Total lease rental income	<u>277,802</u>	<u>100</u>	<u>271,944</u>	<u>100</u>

Dubai Aerospace Enterprise (DAE) Ltd

Notes to the unaudited condensed consolidated interim financial statements

6. Finance income and expense

	Mar 31 2024	Mar 31 2023
	USD'000	USD'000
Interest on bank accounts and short-term investments	3,373	4,012
Interest from investments	1,128	709
Net foreign exchange gain	386	429
Gains on financial instruments	-	10,497
Other finance income	8,624	3,804
Total finance income	<u>13,511</u>	<u>19,451</u>
Interest on borrowings	(90,242)	(91,227)
Amortization of debt issuance costs	(8,063)	(8,197)
Lease interest expense	(516)	(493)
Other charges	(631)	(656)
Total finance expense	<u>(99,452)</u>	<u>(100,573)</u>
Net finance cost	<u>(85,941)</u>	<u>(81,122)</u>

Gains on financial instruments relate to gains on the repurchase of senior unsecured notes.

7. Income tax expense

	Mar 31 2024	Mar 31 2023
	USD'000	USD'000
Current tax expense		
Current period	<u>489</u>	<u>49</u>
Deferred tax expense		
Origination and reversal of temporary differences	<u>1,446</u>	<u>4,291</u>
Total income tax expense	<u>1,935</u>	<u>4,340</u>

Reconciliation of effective tax rate

Profit before income tax	69,738	73,545
Tax on profit at the United Arab Emirates statutory rate	-	-
Reconciling items		
Net profit taxable in Ireland at 12.5%	467	3,320
Pillar Two income taxes	117	-
Net profit taxable at other rates	335	30
Non-deductible interest expense	95	49
Impact of tax losses not recognized	846	864
Other permanent differences	75	77
Total income tax expense	<u>1,935</u>	<u>4,340</u>

The income tax expense for the three month period ended March 31, 2024 was primarily driven by the tax impact of the Group's Irish activities at 12.5%. The income tax expense also includes USD 0.1 million (2023: not applicable) related to Pillar Two income taxes.

Dubai Aerospace Enterprise (DAE) Ltd

Notes to the unaudited condensed consolidated interim financial statements

7. Income tax expense (continued)

The three months ended March 31, 2024, is the first interim reporting period in which UAE current taxes are payable on the Group's UAE activities which are conducted within Free Zones in the UAE. The Group expects the income of its UAE operations should be regarded as Qualifying Income on which 0% tax rate applies.

In addition, the three months ended March 31, 2024, is also the first interim reporting period in which Pillar Two legislation was effective in jurisdictions the Group operates in. The Group is in the process of assessing its exposure to the Pillar Two legislation for 2024 and subsequent years. This assessment indicates that Ireland is the only material in-scope jurisdiction for 2024 with an effective tax rate below 15%.

8. Aircraft held for lease

	Aircraft and engines USD'000	Aircraft purchase deposits USD'000	Maintenance right asset USD'000	Lease premium/ (discount) USD'000	Total USD'000
Cost					
At December 31, 2022	12,701,870	11,099	323,490	115,294	13,151,753
Additions	574,447	-	46,171	34,967	655,585
Transfers	58,068	(11,099)	(46,969)	-	-
Derecognition	-	-	(10,391)	(10,429)	(20,820)
Disposals	(612,706)	-	(22,324)	-	(635,030)
At December 31, 2023	12,721,679	-	289,977	139,832	13,151,488
Additions	60,886	-	-	-	60,886
Transfers	10,926	-	(10,926)	-	-
Disposals	(183,720)	-	-	-	(183,720)
At March 31, 2024	12,609,771	-	279,051	139,832	13,028,654
Depreciation					
At December 31, 2022	1,775,000	-	84,157	(8,240)	1,850,917
Charge for the year	540,975	-	16,043	12,715	569,733
Derecognition	-	-	(4,121)	-	(4,121)
Disposals	(207,924)	-	(8,428)	(429)	(216,781)
At December 31, 2023	2,108,051	-	87,651	4,046	2,199,748
Charge for the period	136,866	-	3,704	3,896	144,466
Disposals	(59,314)	-	-	-	(59,314)
At March 31, 2024	2,185,603	-	91,355	7,942	2,284,900
Net book value					
At December 31, 2023	10,613,628	-	202,326	135,786	10,951,740
At March 31, 2024	10,424,168	-	187,696	131,890	10,743,754

As of March 31, 2024, the Group owned 314 aircraft (December 31, 2023: 318 aircraft including 303 aircraft held for lease on an operating lease basis (December 31, 2023: 307 aircraft) and 11 aircraft recognized as finance lease and loan receivables (December 31, 2023: 11 aircraft). During the period, the Group sold five aircraft (March 31, 2023: seven aircraft) and purchased one aircraft (March 31, 2023: two aircraft).

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 12.

As at March 31, 2024, management performed an assessment as to whether any new impairment triggers were applicable to the Group's aircraft since December 31, 2023. No new impairment triggers were identified for the Group's aircraft held for lease at March 31, 2024.

Dubai Aerospace Enterprise (DAE) Ltd

Notes to the unaudited condensed consolidated interim financial statements

9. Trade and other receivables

	Mar 31 2024 USD'000	Dec 31 2023 USD'000
Trade receivables	32,059	34,494
Less: loss allowance	<u>(8,993)</u>	<u>(8,401)</u>
Trade receivables, net	23,066	26,093
Other receivables	<u>3,025</u>	<u>11,798</u>
	<u><u>26,091</u></u>	<u><u>37,891</u></u>

Details of the Group's exposure to credit risk and movement in the loss allowance are disclosed in note 15.

10. Cash and cash resources

	Mar 31 2024 USD'000	Dec 31 2023 USD'000
Cash and cash equivalents	367,034	308,713
Restricted cash	<u>95,681</u>	<u>96,114</u>
	<u><u>462,715</u></u>	<u><u>404,827</u></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

11. Capital and reserves

	Mar 31 2024	Dec 31 2023
	USD'000	USD'000
Authorized, issued and paid-up capital	2,011,069	2,011,069
Additional paid-in capital	634,585	634,585
Treasury shares	(1,892,059)	(1,792,059)
Other reserves	39,974	28,170
Retained earnings	2,051,156	1,985,621
Attributable to equity holders of the Company	<u>2,844,725</u>	<u>2,867,386</u>
Non-controlling interests	18,811	16,543
Total equity	<u>2,863,536</u>	<u>2,883,929</u>

The authorized and issued share capital of the Company at March 31, 2024 comprised of 2,011,069 ordinary shares of USD 1,000 par value each (December 31, 2023: 2,011,069 ordinary shares of USD 1,000 par value each).

The movement in retained earnings relates to the profit generated by the Group during the period.

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

During the period ended March 31, 2024, the Group repurchased ordinary shares for USD 100.0 million. These shares are reported as treasury shares within equity in the consolidated statement of financial position.

12. Loans and borrowings

Loans and borrowings, net of issuance costs, consists of the following:

	Mar 31 2024	Dec 31 2023
	USD'000	USD'000
Principal	7,590,988	7,718,748
Accrued and unpaid interest	17,944	37,752
Fair value adjustments	(79,833)	(84,826)
Total loans and borrowings	<u>7,529,099</u>	<u>7,671,674</u>
Debt issuance costs	(79,808)	(79,531)
Net loans and borrowings	<u>7,449,291</u>	<u>7,592,143</u>
Non-current liabilities		
Bank loans	3,499,597	3,741,181
Unsecured notes	1,472,277	1,935,238
Secured notes	570,547	578,231
Debt issuance costs	(50,031)	(50,483)
Non-current loans and borrowings	<u>5,492,390</u>	<u>6,204,167</u>
Current liabilities		
Unsecured notes	1,254,188	946,479
Bank loans	701,121	439,400
Secured notes	31,369	31,145
Debt issuance costs	(29,777)	(29,048)
Current loans and borrowings	<u>1,956,901</u>	<u>1,387,976</u>

Dubai Aerospace Enterprise (DAE) Ltd

Notes to the unaudited condensed consolidated interim financial statements

12. Loans and borrowings (continued)

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

	Mar 31 2024	Dec 31 2023
	USD'000	USD'000
At the beginning of the period/year	7,671,674	8,125,059
Loan drawdowns	126,624	1,431,065
Loan repayments	(113,384)	(1,573,633)
Unsecured notes repayments	(135,157)	(299,222)
Movement in accrued interest	(19,807)	(11,573)
Movement in fair value hedge reserve	(245)	(982)
Revaluation of loans	(606)	960
At the end of the period/year	7,529,099	7,671,674

Details of outstanding loans and borrowings are as follows:

	Mar 31 2024	Dec 31 2023
	USD'000	USD'000
Unsecured facilities (including term loans)	2,851,365	2,743,171
Senior unsecured notes	2,726,465	2,881,717
Recourse obligations (including Ex-Im & EDC)	1,307,173	1,393,877
Secured notes	601,916	609,376
Non-recourse obligations	42,180	43,533
Total loans and borrowings	7,529,099	7,671,674

13. Maintenance reserves and security deposits

	Mar 31 2024	Dec 31 2023
	USD'000	USD'000
Non-current		
Maintenance reserves	838,409	865,414
Security deposits	148,722	154,543
Total	987,131	1,019,957
Current		
Maintenance reserves	264,258	247,744
Security deposits	26,798	20,323
Total	291,056	268,067

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Notes to the unaudited condensed consolidated interim financial statements

13. Maintenance reserves and security deposits (continued)

	Mar 31 2024	Dec 31 2023
	USD'000	USD'000
Maintenance reserves		
At the beginning of the period/year	1,113,158	1,105,331
Additions	68,778	299,048
Reimbursed	(35,350)	(221,319)
Released	(43,919)	(69,902)
At the end of the period/year	<u>1,102,667</u>	<u>1,113,158</u>
Security deposits		
At the beginning of the period/year	174,866	161,791
Additions	13,955	41,894
Repaid/offset	(13,301)	(28,819)
At the end of the period/year	<u>175,520</u>	<u>174,866</u>

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 428.4 million as of March 31, 2024 (December 31, 2023: USD 424.0 million).

14. Leases

Operating leases

Future minimum annual rentals to be received under the leases are as follows:

	Mar 31 2024	Dec 31 2023
	USD'000	USD'000
Within one year	1,130,988	1,149,613
After one year but not more than five years	3,209,531	3,201,723
More than five years	1,996,069	2,080,456
Total	<u>6,336,588</u>	<u>6,431,792</u>

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 13.

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Notes to the unaudited condensed consolidated interim financial statements

14. Leases (continued)

Finance lease and loan receivables

	Mar 31 2024 USD'000	Dec 31 2023 USD'000
Non-current		
Finance lease	41,395	44,698
Loan receivables	273,161	275,834
Total finance lease and loan receivables	<u>314,556</u>	<u>320,532</u>
Current		
Finance lease	11,050	10,818
Loan receivables	10,478	10,335
Total finance leases and loan receivables	<u>21,528</u>	<u>21,153</u>

Finance lease

As at March 31, 2024, the Group owned six aircraft under finance lease agreements (December 31, 2023: six aircraft). The Group's finance lease receivables are secured by the Group's title to the leased assets.

Loan receivables

As at March 31, 2024, the Group holds five aircraft classified as loan receivables (December 31, 2023: five aircraft).

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

	Mar 31 2024 USD'000	Dec 31 2023 USD'000
Gross receivables	380,729	391,416
Unearned finance lease and loan receivables	(66,173)	(70,884)
Total non-current finance lease and loan receivables	<u>314,556</u>	<u>320,532</u>
Gross receivables	40,950	40,950
Unearned finance lease and loan receivables	(19,422)	(19,797)
Total current finance lease and loan receivables	<u>21,528</u>	<u>21,153</u>

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Notes to the unaudited condensed consolidated interim financial statements

14. Leases (continued)

Finance lease and loan receivables (continued)

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

	<u>Mar 31, 2024</u>		<u>Dec 31, 2023</u>	
	<u>Minimum Payments</u>	<u>Present value of payments</u>	<u>Minimum payments</u>	<u>Present value of payments</u>
	USD'000	USD'000	USD'000	USD'000
Within one year	40,950	21,528	40,950	21,153
After one year but not more than five years	151,133	89,827	155,121	92,230
More than five years	<u>229,596</u>	<u>224,729</u>	<u>236,295</u>	<u>228,302</u>
Total	421,679	336,084	432,366	341,685
Less: unearned finance income	<u>(85,595)</u>	-	<u>(90,681)</u>	-
	<u>336,084</u>	<u>336,084</u>	<u>341,685</u>	<u>341,685</u>

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

15. 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, December 31, 2023. Therefore, the condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2023.

Credit risk

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.

At March 31, 2024 the Group has 15 customers with deferral agreements in place (December 31, 2023: 16). The total amount accrued was USD 82.1 million at March 31, 2024 (December 31, 2023: USD 87.3 million) and a loss allowance of USD 24.0 million (December 31, 2023: USD 26.9 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.

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Notes to the unaudited condensed consolidated interim financial statements

15. Risks and uncertainties (continued)

Credit risk (continued)

Details of outstanding balances are as follows:

	Mar 31 2024 USD'000	Dec 31 2023 USD'000
Trade receivables	32,059	34,494
Loss allowance	(8,993)	(8,401)
Trade receivables, net	<u>23,066</u>	<u>26,093</u>
Accrued revenue (within other assets)		
Current – due within 1 year	22,775	23,089
Non-current – due after 1 year	59,326	64,218
Loss allowance	(24,031)	(26,883)
Accrued revenue, net	<u>58,070</u>	<u>60,424</u>

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.

The Group recognized a charge related to loss allowance on trade receivables of USD 0.6 million (March 31, 2023: reversal of USD 1.2 million) and a reversal of loss allowance on accrued revenue of USD 2.9 million (March 31, 2023: reversal of USD 4.7 million). The reversal of the loss allowance for the period is calculated in line with methodology outlined in our financial statements for the year ended December 31, 2023. During the period the following movement in the loss allowance was recognized:

	Mar 31 2024 USD'000	Dec 31 2023 USD'000
At the beginning of the period/year	35,284	73,032
Reversal of loss allowance	(2,260)	(24,175)
Utilization of loss allowance	-	(13,573)
At the end of the period/year	<u>33,024</u>	<u>35,284</u>

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).

Dubai Aerospace Enterprise (DAE) Ltd

Notes to the unaudited condensed consolidated interim financial statements

15. Risks and uncertainties (continued)

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 December 31, 2023.

16. 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 43.1 million (March 31, 2023: USD 43.1 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 7.8 million (March 31, 2023: USD 0.9 million).
- Finance expense for the period in respect of loans from related companies under common control amounts to USD 31.2 million (March 31, 2023: USD 26.8 million).
- During the period, the Group sold aircraft to a related party, net of associated liabilities for an aggregate amount of USD 36.8 million.

Aircraft sale agreement

In 2023, the Company (as the "Purchaser") entered into an aircraft sale agreement with its affiliate (as the "Seller") whereby the Seller shall transfer to the Purchaser its rights under an external contract between the Seller and an aircraft manufacturer for the purchase and delivery of a portfolio of 64 aircraft. The Purchaser shall pay the Seller the purchase price at the time of delivery of each aircraft. Two aircraft were delivered as at March 31, 2024 and the purchase price were paid to the Seller in full. The remaining 62 aircraft are scheduled to be delivered between 2024 and 2026.

Compensation of key management personnel for the period:

	Mar 31 2024	Mar 31 2023
	USD'000	USD'000
Salaries and other benefits	<u>5,410</u>	<u>4,839</u>

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Notes to the unaudited condensed consolidated interim financial statements

17. Capital commitments

At March 31, 2024 the Group had committed to purchase 63 aircraft which are mainly under the aircraft sale agreement with a related party as disclosed in note 16. The aircraft are scheduled to deliver between 2024 and 2026. The total capital commitment based on the current market value of the underlying assets is approximately USD 3.6 billion.

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.

18. Segment reporting

The Group's Chief Operating Decision Maker 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.

	Aircraft leasing USD'000	Engineering maintenance USD'000	Group USD'000
<u>Mar 31, 2024</u>			
Total segment revenue and other income	295,092	48,475	343,567
Segment profit for the period	56,465	11,338	67,803
<u>Mar 31, 2023</u>			
Total segment revenue and other income	279,319	35,908	315,227
Segment profit for the period	62,754	6,451	69,205
<u>Segment assets</u>			
Mar 31, 2024	11,925,667	152,061	12,077,728
Dec 31, 2023	12,126,160	136,333	12,262,493

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.

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19. Subsequent events

There were no significant events subsequent to March 31, 2024.



Dubai Aerospace Enterprise

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