



Dubai Aerospace Enterprise (DAE) Ltd

Results for the six months ended

June 30, 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, July 31, 2024, to review our results for the six months ended June 30, 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 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 six months ended June 30, 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 "June 30, 2024" are for the six months ended June 30, 2024 and to "June 30, 2023" are for the six months ended June 30, 2023.

FINANCIAL HIGHLIGHTS

- Total revenue was USD 679.2 million for the six months ended June 30, 2024 compared to USD 670.1 million for the six months ended June 30, 2023, an increase of USD 9.1 million, or 1.4%.
- Profit for the period ended June 30, 2024 was USD 148.8 million compared to USD 141.1 million for the six months ended June 30, 2023, an increase of USD 7.7 million or 5.5%.
- Operating profit was USD 334.2 million for the six months ended June 30, 2024, an increase of USD 14.4 million or 4.5% compared to USD 319.8 million in the corresponding period of 2023 which is mainly attributable to higher revenues and gain on aircraft disposal partially offset by increase in cost of providing engineering maintenance services during the period.
- Total assets were USD 12,855.5 million at June 30, 2024 compared to USD 12,262.5 million at December 31, 2023. This increase was mainly due to cash from operations and from loan drawdowns during the period.
- Available liquidity was USD 4,922.9 million at June 30, 2024 compared to USD 4,062.2 million at December 31, 2023. The Liquidity coverage ratio was 241.0% at June 30, 2024 compared to 290.0% at December 31, 2023.
- Net Debt-to-Equity ratio was 2.58:1 times at June 30, 2024 compared to 2.53:1 times at December 31, 2023.

OPERATIONAL HIGHLIGHTS

- Total number of aircraft in the fleet at June 30, 2024 was 489 (December 31, 2023: 493) which consisted of 312 owned (December 31, 2023: 318), 111 managed (December 31, 2023: 106) and 66 committed aircraft (December 31, 2023: 69).
- During the six months ended June 30, 2024, we purchased four owned aircraft (June 30, 2023: two) and six managed aircraft (June 30, 2023: five) and sold ten owned aircraft (June 30, 2023: ten) and one managed aircraft (June 30, 2023: six)
- The weighted average age of our owned fleet for passenger and freighter aircraft were 7.4 years and 10.0 years, respectively at June 30, 2024 compared to 7.2 years and 9.1 years, respectively at December 31, 2023. The weighted average remaining lease term of our owned passenger and freighter fleet at June 30, 2024 were 6.4 years and 7.4 years, respectively compared with 6.4 years and 6.1 years respectively, at December 31, 2023.
- The ratio of unsecured debt to total debt was 77.6% at June 30, 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 six months ended June 30, 2024.

<u>Results of operations (in millions of USD)</u>	Six months ended Jun 30	
	2024	2023
Consolidated statement of profit or loss and comprehensive income		
Total revenue	679.2	670.1
Gain on disposal of aircraft	59.9	36.0
Expenses		
Depreciation and amortization	(286.5)	(285.4)
General and administrative expenses	(53.2)	(48.9)
Cost of providing engineering maintenance services	(55.1)	(44.5)
Reversal of loss allowance	3.7	9.0
Aircraft maintenance	(13.8)	(16.5)
Operating profit	334.2	319.8
Finance income	27.6	33.4
Finance expense	(207.5)	(202.8)
Net finance costs	(179.9)	(169.4)
Profit before income tax	154.3	150.4
Income tax expense	(5.5)	(9.3)
Profit for the period	148.8	141.1

Consolidated statement of financial position (Extract)	As at	
	Jun 30 2024	Dec 31 2023
Total cash and cash resources	1,351.2	404.8
Aircraft held for lease	10,525.7	10,951.7
Aircraft held-for-sale	102.3	-
Total assets	12,855.5	12,262.5
Total loans and borrowings	8,328.4	7,592.1
Total equity	2,741.0	2,883.9
Total liabilities and equity	12,855.5	12,262.5

Adjusted EBITDA calculation ⁽¹⁾	Six months ended Jun 30	
	2024	2023
Profit for the period	148.8	141.1
Add back		
Net finance costs	179.9	169.4
Income tax expense	5.5	9.3
Reversal of loss allowance	(3.7)	(9.0)
Depreciation and amortization	286.5	285.4
Adjusted EBITDA	617.0	596.2

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

Financial metrics

	Six months ended Jun 30	
	2024	2023
Pre-tax margin (<i>per cent</i>) ⁽²⁾	22.7	22.4
Pre-tax return on equity (<i>per cent</i>) ⁽³⁾	11.0	10.3
	As at	
	Jun 30	Dec 31
	2024	2023
Net debt to equity (<i>times</i>) ⁽⁴⁾	2.58	2.53
Total available liquidity (<i>USD billions</i>) ⁽⁵⁾	4.9	4.1
Unsecured debt/total debt (<i>per cent</i>) ⁽⁶⁾	77.6	73.3
Liquidity coverage ratio (<i>per cent</i>) ⁽⁷⁾	241.0	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.

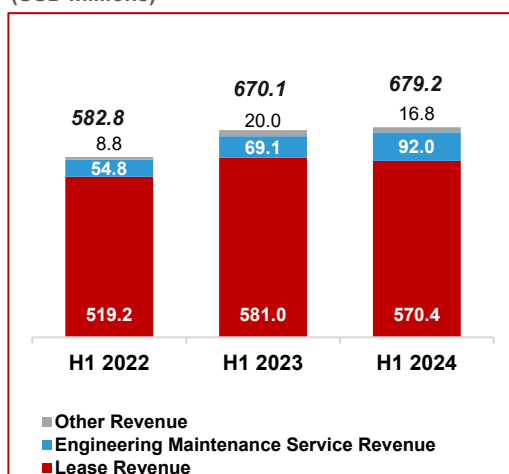
⁽⁵⁾ Calculated as the sum of available credit facilities and cash and cash equivalents.

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

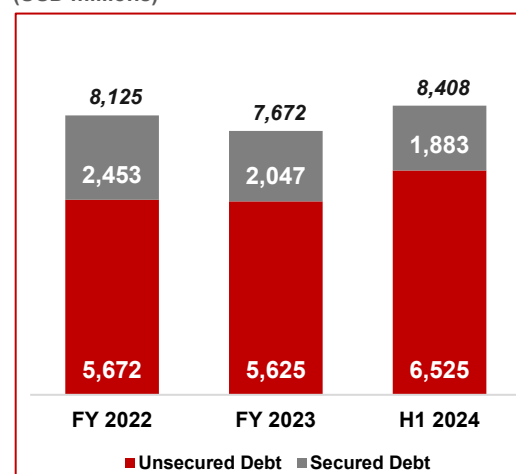
⁽⁷⁾ Calculated as total available liquidity divided by recourse debt payments in the next 12 months.

FINANCIAL AND OPERATIONAL HIGHLIGHTS AT A GLANCE

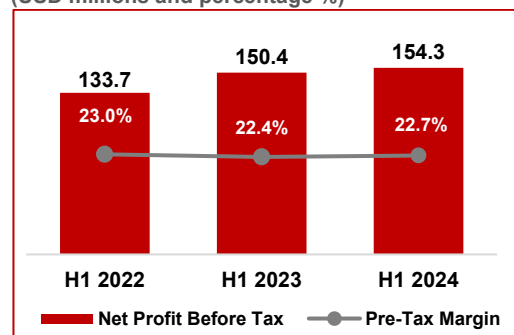
Total Revenue
(USD millions)



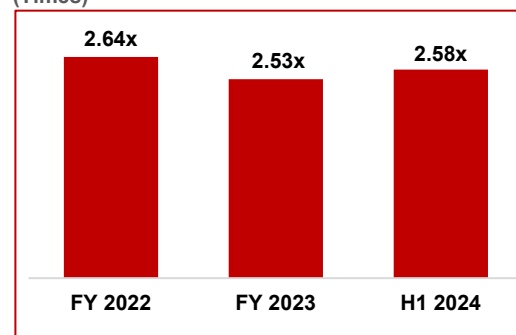
Total Debt
(USD millions)



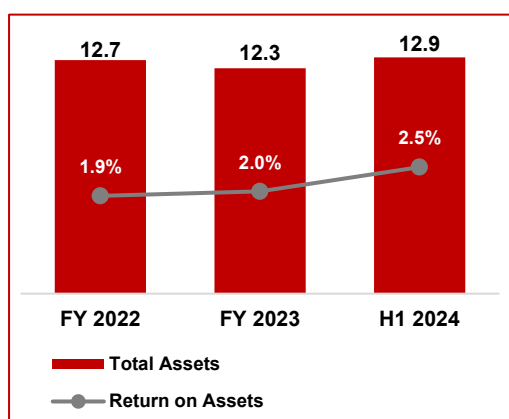
Net Profit Before Tax and Pre-Tax Margin⁽⁸⁾
(USD millions and percentage %)



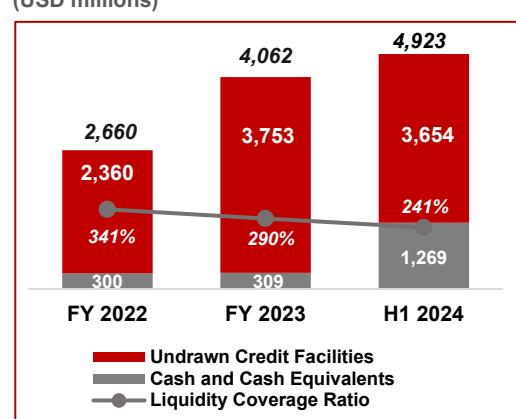
Net-Debt-to-Equity
(Times)



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



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

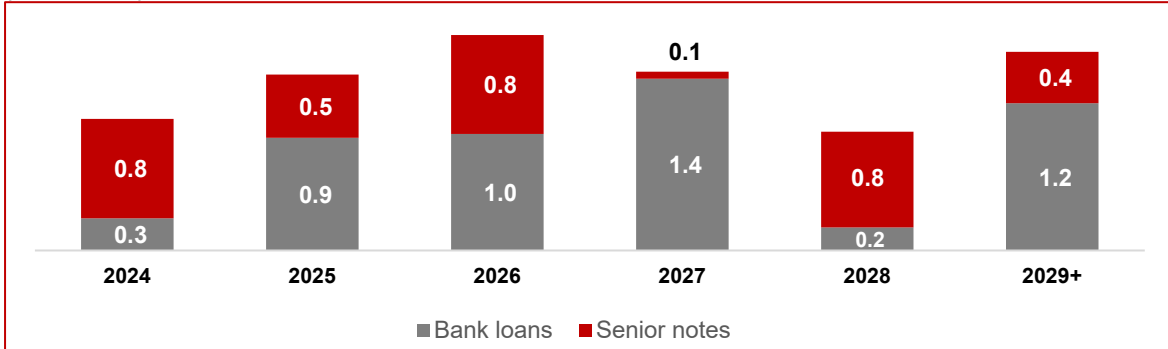


⁽⁸⁾ Profit before income tax is adjusted to exclude an exceptional item of USD (576.5) million in H1 2022 and FY 2022, respectively, and USD 118.3 million in FY 2023.

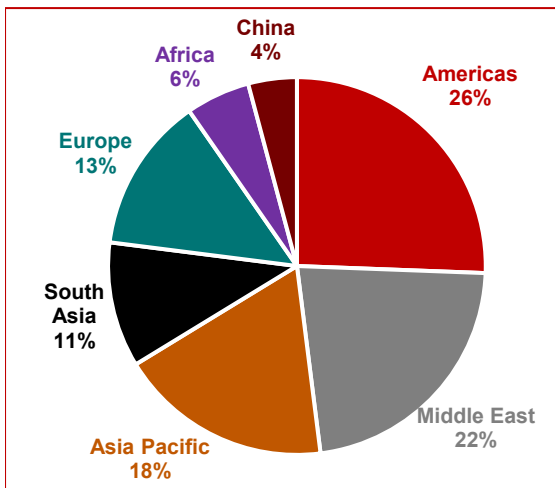
⁽⁹⁾ Calculated as profit before income tax (annualized in the case of interim periods) divided by average total assets.

FINANCIAL AND OPERATIONAL HIGHLIGHTS AT A GLANCE (CONTINUED)

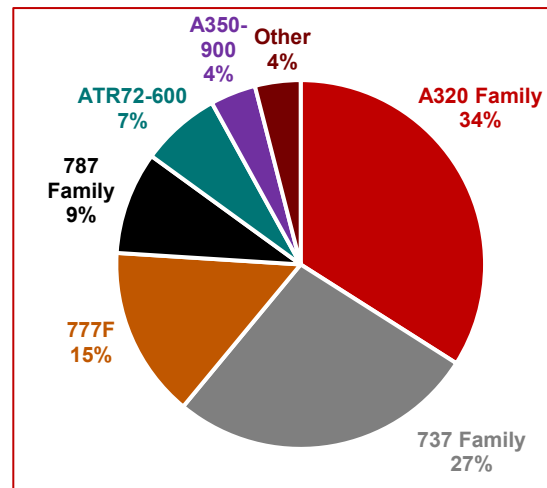
Debt Maturity Profile (USD billions)



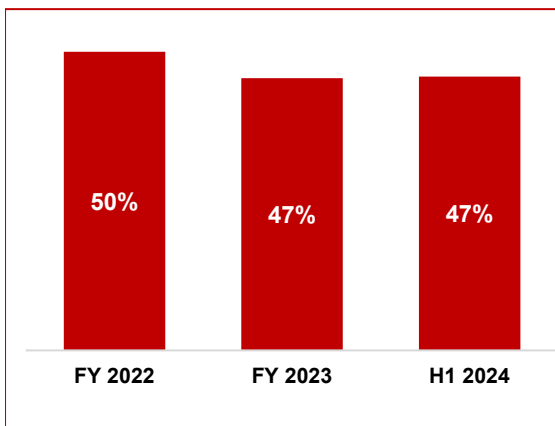
DAE Capital Diversification of Fleet by Region as of June 30, 2024 ⁽¹⁰⁾



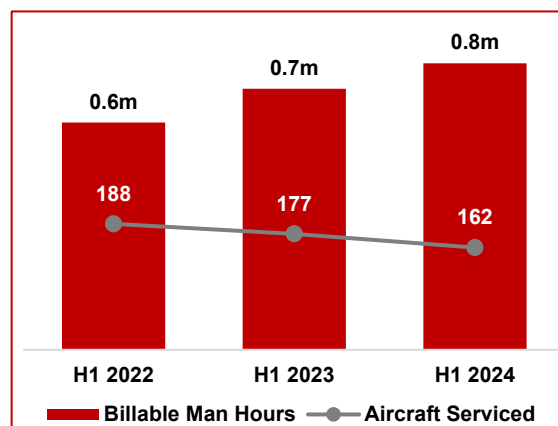
DAE Capital Aircraft by Type as of June 30, 2024 ⁽¹⁰⁾



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% indirectly owned 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 June 30, 2024, we had a total owned, managed and committed fleet of 489 aircraft which was made up of 312 owned aircraft (including 11 aircraft classified as finance lease and loan receivables and six classified as aircraft held-for-sale), 111 managed aircraft and commitments to acquire 66 aircraft for our owned fleet. Our owned and managed aircraft are on lease to 126 lessees in 61 countries.

As of June 30, 2024 the aggregate carrying value of our owned fleet, including aircraft held-for-sale and finance lease and loan receivables, was USD 10,959.0 million. Future contracted lease rental income from our owned fleet amounted to USD 6,201.8 million. As of June 30, 2024, 97.6% 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 June 30, 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 3.9 billion.

Analysis by aircraft type for our owned and managed portfolio

Aircraft Type	Owned Portfolio	Managed Portfolio	Committed Portfolio*	Total
A320 CEO family	88	43	-	131
A320 NEO family	29	11	4	44
A330-family	15	5	-	20
A330 NEO family	1	2	-	3
A350-900	4	-	1	5
Total Airbus	137	61	5	203
B737 NG family	58	37	1	96
B737 MAX family	25	11	59	95
B787 family	11	-	1	12
B777	3	-	-	3
B777F	13	-	-	13
Total Boeing	110	48	61	219
ATR 72-600	65	2	-	67
Total	312	111	66	489
Narrow body	200	102	64	366
Wide body – Passenger	34	7	2	43
Wide body – Freighter	13	-	-	13
Turboprop	65	2	-	67
Total	312	111	66	489

*Committed portfolio includes 66 aircraft for the owned fleet only.

Fleet metrics	As at	
	Jun 30, 2024	Dec 31, 2023
Owned fleet (<i>number of aircraft</i>) ⁽¹⁾	312	318
Managed fleet (<i>number of aircraft</i>)	111	106
Weighted average freighter aircraft age (<i>years</i>) ⁽²⁾	10.0	9.1
Weighted average passenger aircraft age (<i>years</i>) ⁽²⁾	7.4	7.2
Weighted average remaining freighter aircraft lease term (<i>years</i>) ⁽²⁾	7.4	6.1
Weighted average remaining passenger aircraft lease term (<i>years</i>) ⁽²⁾	6.4	6.4
(in millions of USD)		
Net book value of aircraft held for lease	10,525.7	10,951.7
Net book value of aircraft held-for-sale	102.3	-
Carrying value of finance lease and loan receivables	331.0	341.7
Aggregate net book value	10,959.0	11,293.4

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

(2) Owned fleet only (excluding 12 aircraft in Russia and 6 aircraft classified as Held-for-Sale), 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 of more than 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 12.3 from Morningstar Sustainalytics, who consider DAE's enterprise value to be of 'Low Risk' of material financial impacts driven by ESG factors. This is one

of the lowest ratings (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 the average age of its passenger fleet being 7.4 years as of June 30, 2024. At that same date, approximately 47% 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 26 nationalities. In addition, at June 30, 2024, our DAE Capital business had a ratio of 63% male employees and 37% 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

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/>.

Six months ended June 30, 2024 compared to six months ended June 30, 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 six months ended June 30, 2024 and June 30, 2023.

<u>Total Revenue (in millions of USD)</u>	Six months ended Jun 30	
	2024	2023
Lease revenue	570.4	568.4
Maintenance revenue	12.9	32.6
Amortization of lease incentives and other lease costs	(23.0)	(27.4)
Net lease revenue	560.3	573.6
Engineering maintenance services revenue	92.0	69.1
Finance lease and loan receivables income	10.1	7.4
Total lease, engineering maintenance service revenue and finance lease and loan receivables income	662.4	650.1
Other income	16.8	20.0
Total revenue	679.2	670.1

Total revenue was USD 679.2 million for the six months ended June 30, 2024 compared to USD 670.1 million for the six months ended June 30, 2023, an increase of USD 9.1 million, or 1.4%, due to the reasons outlined below.

Net lease revenue decreased by USD 13.3 million, or 2.3%, to USD 560.3 million for the six months ended June 30, 2024, from USD 573.6 million for the six months ended June 30, 2023. This decrease was primarily driven by lower maintenance revenue.

Engineering maintenance service revenue increased by USD 22.9 million, or 33.1%, to USD 92.0 million for the six months ended June 30, 2024 compared to USD 69.1 million for the six months ended June 30, 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 2.7 million to USD 10.1 million for the six months ended June 30, 2024 compared to USD 7.4 million for the six months ended June 30, 2023.

Gain on disposal of aircraft

Gain on disposal of aircraft was USD 59.9 million for the six months ended June 30, 2024 compared to USD 36.0 million for the six months ended June 30, 2023. During the six months ended June 30, 2024, we sold ten owned aircraft compared to the sale of ten owned aircraft during the six months ended June 30, 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 six months ended June 30, 2024 and June 30, 2023.

<u>Total Expenses (in millions of USD)</u>	Six months ended Jun 30	
	2024	2023
Depreciation and amortization	286.5	285.4
General and administrative expenses	53.2	48.9
Cost of providing engineering maintenance services	55.1	44.5
Reversal of loss allowance	(3.7)	(9.0)
Aircraft maintenance	13.8	16.5
Total expenses	404.9	386.3

Total expenses for the six months ended June 30, 2024 increased by USD 18.6 million to USD 404.9 million compared to USD 386.3 million for six months ended June 30, 2023.

Depreciation and amortization expense increased by USD 1.1 million, or 0.4%, for the six months ended June 30, 2024 to USD 286.5 million compared to USD 285.4 million in the prior period.

General and administrative expenses increased by USD 4.3 million, or 8.8%, for the six months ended June 30, 2024 to USD 53.2 million from USD 48.9 million in the prior period. This increase was primarily due to increase in staff costs, legal and other professional fees, and other expenses.

Cost of providing engineering maintenance services increased by USD 10.6 million, or 23.8%, for the six months ended June 30, 2024 to USD 55.1 million from USD 44.5 million in the prior period. This increase reflects the higher labor and material costs which corresponds to the increase in engineering maintenance services revenue over the same period.

Reversal of loss allowance was USD 3.7 million for the six months ended June 30, 2024 compared to USD 9.0 million in the prior period. Further information can be found in the financial statements Note 16.

Aircraft maintenance decreased by USD 2.7 million to USD 13.8 million for the six months ended June 30, 2024 from USD 16.5 million for the six months ended June 30, 2023. This decrease was due to lower aircraft transition costs incurred as compared to the prior period.

Operating profit

Operating profit was USD 334.2 million for the six months ended June 30, 2024, an increase of USD 14.4 million or 4.5% compared to USD 319.8 million in the corresponding period of 2023 which is mainly attributable to higher revenues and gain on aircraft disposal partially offset by increase in cost of providing engineering maintenance services during the period.

Net finance costs

Net finance costs increased by USD 10.5 million, or 6.2%, to USD 179.9 million for the six months ended June 30, 2024 from USD 169.4 million for the six months ended June 30, 2023 due primarily to decrease in finance income and increase in finance expense driven by loan drawdowns during the period.

Finance income decreased by USD 5.8 million, or 17.4%, to USD 27.6 million for the six months ended June 30, 2024 from USD 33.4 million for the six months ended June 30, 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 increased by USD 4.7 million, or 2.3%, to USD 207.5 million for the six months ended June 30, 2024 from USD 202.8 million for the six months ended June 30, 2023 due to higher average loan balance during the current period despite the decrease in the average cost of debt to 4.3% for the six months ended June 30, 2024 from 4.6% for the six months ended June 30, 2023.

Average cost of debt is calculated for the six months period ended June 30, 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 six months period ended June 30, 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 six months ended June 30, 2024, we recorded a tax expense of USD 5.5 million compared to USD 9.3 million for the six months ended June 30, 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 June 30, 2024 was lower as a result of lower profits from the Irish activities as compared to the prior period.

Profit for the period

Profit for the six months ended June 30, 2024 increased by USD 7.7 million to USD 148.8 million from USD 141.1 million for the six months ended June 30, 2023 which was due primarily to higher operating profit partly offset by increased net finance costs during the period.

Consolidated Cash Flows

The following table presents our consolidated cash flows for the six months ended June 30, 2024 and the six months ended June 30, 2023. Cash and cash equivalents shown below refer to unrestricted cash.

Consolidated cash flow (Extract) (in millions of USD)	Six months ended Jun 30	
	2024	2023
Net cash generated from operating activities	612.4	643.4
Net cash generated from investing activities	80.5	195.4
Net cash generated from/(used in) financing activities	267.8	(779.0)
Net increase in cash and cash equivalents	960.7	59.8
Cash and cash equivalents at the beginning of the period	308.7	299.9
Cash and cash equivalents at the end of the period	1,269.4	359.7

For the six months ended June 30, 2024 net cash generated from operating activities was USD 612.4 million, a decrease of USD 31.0 million, or 4.8%, from USD 643.4 million for the six months ended June 30, 2023 which is primarily due to lower net receipts from rental and maintenance and from rent deferral repayments as compared to prior period.

For the six months ended June 30, 2024 net cash generated from investing activities was USD 80.5 million compared to USD 195.4 million for the six months ended June 30, 2023. The movement was mainly due to higher cash expenditure on acquisition of aircraft as compared to prior period.

Net cash generated from financing activities for the six months ended June 30, 2024 was USD 267.8 million compared to net cash used of USD 779.0 million for the six months ended June 30, 2023. The movement was mainly due to the higher loan drawdown during the six months ended June 30, 2024.

Our cash and cash equivalents as at June 30, 2024 was USD 1,269.4 million, an increase of USD 960.7 million from USD 308.7 million as at December 31, 2023.

Our total cash and cash resources, which includes restricted cash, was USD 1,351.2 million as at June 30, 2024 which represents an increase of USD 946.4 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) increased to USD 8,328.4 million as at June 30, 2024 from USD 7,592.1 million at December 31, 2023. The increase was due to loan drawdown of USD 1,069.9 million which was partially offset by debt and notes repayments of USD 199.7 million and USD 135.2 million, respectively during the six months ended June 30, 2024.

At June 30, 2024 our level of unsecured debt was 77.6% compared to 73.3% at December 31, 2023. The average cost of debt as at June 30, 2024 was 4.3% which increased from 4.1 % at December 31, 2023 and the weighted average debt maturity as at June 30, 2024 was 4.4 years compared to 4.7 years at December 31, 2023.

Loans and Borrowings (in millions of USD)

	Aircraft Collateral	Jun 30 2024
Unsecured		
Senior unsecured notes		2,745.5
Senior unsecured facilities		3,779.6
Total unsecured		6,525.1
Secured		
Recourse obligations (incl. Ex-Im & EDC)	62	1,288.1
Senior secured notes	22	594.3
Total secured	84	1,882.4
Debt issuance costs		(79.1)
Net loans and borrowings		8,328.4

We own 228 aircraft with a total net book value of USD 7,270.9 million which were unencumbered at June 30, 2024 and 84 aircraft which were used as collateral on our secured facilities. Further information of the loan facilities can be found in the financial statements, Note 13.

Our unsecured credit facilities at June 30, 2024 of USD 3.7 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 4,922.9 million as at June 30, 2024 compared to USD 4,062.2 million as at December 31, 2023. Our total equity decreased to USD 2,741.0 million as at June 30, 2024 from USD 2,883.9 million as at December 31, 2023. Our Net Debt to Equity ratio was 2.58:1 times as at June 30, 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 six month period ended
June 30, 2024**

Dubai Aerospace Enterprise (DAE) Ltd

Unaudited condensed consolidated interim financial statements for the six month period ended June 30, 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 June 30, 2024 and the related condensed consolidated interim statements of profit or loss and other comprehensive income for the three-month and six-month periods then ended, and condensed consolidated statements of changes in equity and cash flows for the six 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
July 31, 2024

/s/ Murad Nsour

Murad Nsour
Audit Principal, Reference Number 1010187
Dubai, United Arab Emirates

Dubai Aerospace Enterprise (DAE) Ltd

Condensed consolidated statement of profit or loss and other comprehensive income

	Note	Unaudited 3 month period ended June 30		Unaudited 6 month period ended June 30	
		2024 USD'000	2023 USD'000	2024 USD'000	2023 USD'000
Revenue	5	331,070	340,287	662,432	650,065
Other income		4,581	14,597	16,786	20,046
Total		335,651	354,884	679,218	670,111
Gain on disposal of aircraft		40,499	10,089	59,922	36,045
Expenses					
Depreciation and amortization		(141,845)	(141,571)	(286,536)	(285,403)
General and administrative expenses		(25,815)	(26,370)	(53,175)	(48,939)
Cost of providing engineering maintenance services		(26,619)	(21,572)	(55,138)	(44,537)
Reversal of loss allowance	16	1,452	3,175	3,712	9,025
Aircraft maintenance		(4,780)	(13,464)	(13,781)	(16,464)
Operating profit		178,543	165,171	334,222	319,838
Finance income	6	14,077	13,952	27,588	33,403
Finance expense	6	(107,998)	(102,226)	(207,450)	(202,799)
Net finance cost		(93,921)	(88,274)	(179,862)	(169,396)
Profit before income tax		84,622	76,897	154,360	150,442
Income tax expense	7	(3,602)	(5,043)	(5,537)	(9,383)
Profit for the period		81,020	71,854	148,823	141,059
Other comprehensive income					
<i>Items that may be reclassified to condensed consolidated statement of profit or loss:</i>					
Unrealized (loss) / gain on interest rate hedges		(2,456)	29,023	8,872	24,383
Income tax relating to components of other comprehensive income		(1,061)	(638)	(585)	(117)
Total comprehensive income for the period		77,503	100,239	157,110	165,325
Profit for the period attributable to:					
Equity holders of Dubai Aerospace Enterprise (DAE) Ltd		79,197	71,134	144,732	139,049
Non-controlling interests		1,823	720	4,091	2,010
		81,020	71,854	148,823	141,059
Total comprehensive income for the period attributable to:					
Equity holders of Dubai Aerospace Enterprise (DAE) Ltd		75,680	99,519	153,019	163,315
Non-controlling interests		1,823	720	4,091	2,010
		77,503	100,239	157,110	165,325

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
		June 30, 2024	Dec 31, 2023
	Note	USD'000	USD'000
ASSETS			
Non-current assets			
Aircraft held for lease	8	10,525,662	10,951,740
Property, plant and equipment		90,125	94,656
Intangible assets		3,278	3,544
Goodwill		44,668	44,668
Finance lease and loan receivables	15	309,149	320,532
Other non-current assets		144,243	156,508
Financial assets at fair value and amortized cost		92,330	91,647
		<u>11,209,455</u>	<u>11,663,295</u>
Current assets			
Cash and cash equivalents	10	1,269,412	308,713
Restricted cash	10	81,798	96,114
Inventories		24,267	26,879
Trade and other receivables	9	31,585	37,891
Prepayments		9,830	7,477
Finance lease and loan receivables	15	21,910	21,153
Derivative financial assets		40,033	31,861
Other current assets		64,938	69,110
Assets held-for-sale	11	102,257	-
		<u>1,646,030</u>	<u>599,198</u>
Total assets		<u>12,855,485</u>	<u>12,262,493</u>
EQUITY AND LIABILITIES			
EQUITY			
Authorized and issued share capital	12	2,011,069	2,011,069
Additional paid-in-capital		634,585	634,585
Treasury shares		(2,092,059)	(1,792,059)
Other reserves		36,457	28,170
Retained earnings		2,130,353	1,985,621
		<u>2,720,405</u>	<u>2,867,386</u>
Non-controlling interests		20,634	16,543
Net equity		<u>2,741,039</u>	<u>2,883,929</u>
LIABILITIES			
Non-current liabilities			
Loans and borrowings	13	6,300,719	6,204,167
Maintenance reserves and security deposits	14	1,024,127	1,019,957
Deferred tax liabilities		289,384	284,402
Lease liabilities		26,864	28,444
Deferred revenue		774	2,872
		<u>7,641,868</u>	<u>7,539,842</u>
Current liabilities			
Loans and borrowings	13	2,027,672	1,387,976
Maintenance reserves and security deposits	14	241,615	268,067
Deferred revenue		93,028	86,832
Trade and other payables		90,141	91,291
Liabilities held-for-sale	11	14,738	-
Lease liabilities		4,008	3,787
Current tax liabilities		1,376	769
		<u>2,472,578</u>	<u>1,838,722</u>
Total liabilities		<u>10,114,446</u>	<u>9,378,564</u>
Total liabilities and equity		<u>12,855,485</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	
	6 month period ended June 30	
	2024	2023
	USD'000	USD'000
Cash flows from operating activities		
Profit for the period	148,823	141,059
Adjustments for:		
Depreciation and amortization	286,536	285,403
Gain on disposal of aircraft	(59,922)	(36,045)
Net finance cost	163,359	152,834
Amortization of debt issuance cost	16,503	16,562
Income tax	5,537	9,383
Changes in operating assets and liabilities		
Movement in trade and other receivables	6,306	8,304
Movement in finance lease and loan receivables	10,626	13,322
Movement in maintenance reserves and security deposits	350	19,567
Movement in accrued revenue	7,592	25,882
Movement in other assets and liabilities	26,686	7,136
Net cash generated from operating activities	<u>612,396</u>	<u>643,407</u>
Cash flows from investing activities		
Acquisition of aircraft held for lease	(220,622)	(106,418)
Proceeds from sale of aircraft	301,101	301,785
Net cash generated from investing activities	<u>80,479</u>	<u>195,367</u>
Cash flow from financing activities		
Movement in restricted cash	14,316	51,980
Proceeds from borrowings	1,069,860	500,000
Repayment of borrowings	(334,843)	(732,739)
Repurchase of share capital	(300,000)	(200,000)
Debt repurchased	-	(194,551)
Net financing costs	(165,389)	(196,032)
Payment of debt issuance costs	(16,120)	(7,687)
Net cash generated from / (used in) financing activities	<u>267,824</u>	<u>(779,029)</u>
Net increase in cash and cash equivalents	960,699	59,745
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>1,269,412</u>	<u>359,665</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	Net 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	-	-	-	-	144,732	144,732	4,091	148,823
Other comprehensive income	-	-	-	8,287	-	8,287	-	8,287
Total comprehensive income for the period	-	-	-	8,287	144,732	153,019	4,091	157,110
Purchase of own shares	-	-	(300,000)	-	-	(300,000)	-	(300,000)
At June 30, 2024	2,011,069	634,585	(2,092,059)	36,457	2,130,353	2,720,405	20,634	2,741,039

<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	Net 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	-	-	-	-	139,049	139,049	2,010	141,059
Other comprehensive income	-	-	-	24,266	-	24,266	-	24,266
Total comprehensive income for the period	-	-	-	24,266	139,049	163,315	2,010	165,325
Purchase of own shares	-	-	(200,000)	-	-	(200,000)	-	(200,000)
At June 30, 2023	2,011,069	634,585	(1,592,059)	54,778	1,778,542	2,886,915	14,102	2,901,017

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 six month period ended June 30, 2024 (the “period”) are summarized below:

- The Group owned 312 aircraft at June 30, 2024 (December 31, 2023: 318 aircraft).
- Purchases – the Group purchased four aircraft during the period (June 30, 2023: two aircraft).
- Sales – the Group disposed of ten aircraft during the period (June 30, 2023: ten aircraft).

The Group also manages 111 aircraft on behalf of third parties at June 30, 2024 (December 31, 2023: 106 aircraft). During the period, six managed aircraft were acquired (June 30, 2023: five managed aircraft) and one managed aircraft was sold (June 30, 2023: six managed aircraft).

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

The condensed consolidated interim financial statements were approved on July 31, 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 June 30, 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 June 30, 2024 the Group's undrawn credit facilities amounted to USD 3.7 billion.

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 June 30, 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

	Jun 30 2024 USD'000	Jun 30 2023 USD'000
Lease rental income	560,293	573,583
Engineering maintenance services revenue	92,068	69,104
Finance lease and loan receivables income	10,071	7,378
	<u>662,432</u>	<u>650,065</u>

Lease rental income includes the release of maintenance reserves totaling USD 12.9 million (June 30, 2023: USD 32.6 million).

Lease rental income also includes a net charge associated with the amortization of lease incentive assets of USD 16.1 million (June 30, 2023: USD 23.2 million) and other lease costs of USD 6.9 million for the period (June 30, 2023: USD 4.3 million).

Engineering maintenance services revenue of USD 92.1 million (June 30, 2023: USD 69.1 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 35.2% of the lease rental income for the six month period ended June 30, 2024 (June 30, 2023: 34.8%). Customers based in the United Arab Emirates, the Kingdom of Bahrain and India accounted for 15.3%, 8.2% and 5.7% of lease rental income respectively in the period ended June 30, 2024 (2023: 15.4%, 8.0% and 5.6%).

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:

	June 30 2024 USD'000	June 30 2024 %	June 30 2023 USD'000	June 30 2023 %
Middle East	161,900	29	176,483	31
Americas	119,351	21	115,641	21
Asia Pacific	100,804	18	96,874	17
Europe	58,317	10	48,741	8
South Asia	57,237	10	59,522	10
Africa	37,259	7	36,453	6
China	25,425	5	39,869	7
Total lease rental income	<u>560,293</u>	<u>100</u>	<u>573,583</u>	<u>100</u>

Dubai Aerospace Enterprise (DAE) Ltd

Notes to the unaudited condensed consolidated interim financial statements

6. Finance income and expense

	Jun 30 2024	Jun 30 2023
	USD'000	USD'000
Gains on financial instruments	-	15,017
Interest on bank accounts and short-term investments	15,244	10,205
Interest from investments	2,565	1,593
Net foreign exchange gain	458	582
Other finance income	9,321	6,006
Total finance income	<u>27,588</u>	<u>33,403</u>
Interest on borrowings	(189,165)	(184,000)
Amortization of debt issuance costs	(16,503)	(16,562)
Lease interest expense	(1,007)	(991)
Other charges	(775)	(1,246)
Total finance expense	<u>(207,450)</u>	<u>(202,799)</u>
Net finance cost	<u>(179,862)</u>	<u>(169,396)</u>

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

7. Income tax expense

	Jun 30 2024	Jun 30 2023
	USD'000	USD'000
Current tax expense		
Current period	<u>1,141</u>	<u>100</u>
Deferred tax expense		
Origination and reversal of temporary differences	<u>4,396</u>	<u>9,283</u>
Total income tax expense	<u>5,537</u>	<u>9,383</u>

Reconciliation of effective tax rate

Profit before income tax	154,360	150,442
Tax on profit at the United Arab Emirates statutory rate	-	-
Reconciling items		
Net profit taxable in Ireland at 12.5%	1,444	7,393
Pillar Two income taxes	860	-
Net profit taxable at other rates	404	60
Non-deductible interest expense	-	290
Impact of tax losses not recognized	2,004	1,492
Other permanent differences	825	148
Total income tax expense	<u>5,537</u>	<u>9,383</u>

The income tax expense for the six month period ended June 30, 2024 was primarily driven by the tax impact of the Group's Irish activities at 12.5%. The income tax expense also includes USD 0.9 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 financial year ending December 31, 2024, is the first financial year 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 to be regarded as Qualifying Income on which 0% tax rate applies.

In addition, the financial year ending December 31, 2024 is also the first financial year 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	220,622	-	-	-	220,622
Transfers	21,000	-	(21,000)	-	-
Disposals	(430,429)	-	-	-	(430,429)
Transfer to assets held for sale	(232,614)	-	(2,931)	-	(235,545)
At June 30, 2024	12,300,258	-	266,046	139,832	12,706,136
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	271,104	-	7,201	7,792	286,097
Disposals	(175,425)	-	-	-	(175,425)
Transfer to assets held for sale	(128,585)	-	(1,361)	-	(129,946)
At June 30, 2024	2,075,145	-	93,491	11,838	2,180,474
Net book value					
At December 31, 2023	10,613,628	-	202,326	135,786	10,951,740
At June 30, 2024	10,225,113	-	172,555	127,994	10,525,662

As of June 30, 2024, the Group owned 312 aircraft including six aircraft held-for-sale (December 31, 2023: 318 aircraft). The Group had 301 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 ten aircraft (June 30, 2023: ten aircraft) and purchased four aircraft (June 30, 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 13.

As at June 30, 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 June 30, 2024.

Dubai Aerospace Enterprise (DAE) Ltd

Notes to the unaudited condensed consolidated interim financial statements

9. Trade and other receivables

	Jun 30 2024	Dec 31 2023
	USD'000	USD'000
Trade receivables	35,461	34,494
Less: loss allowance	<u>(9,826)</u>	<u>(8,401)</u>
Trade receivables, net	25,635	26,093
Other receivables	<u>5,950</u>	<u>11,798</u>
	<u><u>31,585</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 16.

10. Cash and cash resources

	Jun 30 2024	Dec 31 2023
	USD'000	USD'000
Cash and cash equivalents	1,269,412	308,713
Restricted cash	<u>81,798</u>	<u>96,114</u>
	<u><u>1,351,210</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.

11. Held-for-sale

At June 30, 2024, the Group had agreements for the sale of six aircraft which met the requirement to be classified as held-for-sale (June 30, 2024: Nil). These are measured at the lower of carrying value and fair value less costs to sell.

	Jun 30 2024	Dec 31 2023
	USD'000	USD'000
Assets classified as held-for-sale		
Aircraft held for lease	<u>102,257</u>	-
	<u><u>102,257</u></u>	<u><u>-</u></u>
Liabilities classified as held-for-sale		
Maintenance reserves and security deposits	<u>14,738</u>	-
	<u><u>14,738</u></u>	<u><u>-</u></u>

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Notes to the unaudited condensed consolidated interim financial statements

12. Capital and reserves

	Jun 30 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	(2,092,059)	(1,792,059)
Other reserves	36,457	28,170
Retained earnings	2,130,353	1,985,621
Attributable to equity holders of the Company	<u>2,720,405</u>	<u>2,867,386</u>
Non-controlling interests	20,634	16,543
Total equity	<u>2,741,039</u>	<u>2,883,929</u>

The authorized and issued share capital of the Company at June 30, 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 June 30, 2024, the Group repurchased ordinary shares for USD 300.0 million. These shares are reported as treasury shares within equity in the consolidated statement of financial position.

13. Loans and borrowings

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

	Jun 30 2024	Dec 31 2023
	USD'000	USD'000
Principal	8,442,339	7,718,748
Accrued and unpaid interest	40,128	37,752
Fair value adjustments	(74,928)	(84,826)
Total loans and borrowings	<u>8,407,539</u>	<u>7,671,674</u>
Debt issuance costs	(79,148)	(79,531)
Net loans and borrowings	<u>8,328,391</u>	<u>7,592,143</u>
Non-current liabilities		
Bank loans	4,315,107	3,741,181
Unsecured notes	1,472,277	1,935,238
Secured notes	562,751	578,231
Debt issuance costs	(49,416)	(50,483)
Non-current loans and borrowings	<u>6,300,719</u>	<u>6,204,167</u>
Current liabilities		
Unsecured notes	1,273,292	946,479
Bank loans	752,538	439,400
Secured notes	31,575	31,145
Debt issuance costs	(29,733)	(29,048)
Current loans and borrowings	<u>2,027,672</u>	<u>1,387,976</u>

Dubai Aerospace Enterprise (DAE) Ltd

Notes to the unaudited condensed consolidated interim financial statements

13. Loans and borrowings (continued)

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

	Jun 30 2024	Dec 31 2023
	USD'000	USD'000
At the beginning of the period/year	7,671,674	8,125,059
Loan drawdowns	1,069,860	1,431,065
Loan repayments	(199,686)	(1,573,633)
Unsecured notes repayments	(135,157)	(299,222)
Movement in accrued interest	2,376	(11,573)
Movement in fair value hedge reserve	(490)	(982)
Revaluation of loans	(1,038)	960
At the end of the period/year	8,407,539	7,671,674

Details of outstanding loans and borrowings are as follows:

	Jun 30 2024	Dec 31 2023
	USD'000	USD'000
Unsecured facilities (including term loans)	3,779,578	2,743,171
Senior unsecured notes	2,745,569	2,881,717
Recourse obligations (including Ex-Im & EDC)	1,288,066	1,393,877
Secured notes	594,326	609,376
Non-recourse obligations	-	43,533
Total loans and borrowings	8,407,539	7,671,674

14. Maintenance reserves and security deposits

	Jun 30 2024	Dec 31 2023
	USD'000	USD'000
Non-current		
Maintenance reserves	877,260	865,414
Security deposits	146,867	154,543
Total	1,024,127	1,019,957
Current		
Maintenance reserves	216,267	247,744
Security deposits	25,348	20,323
Total	241,615	268,067

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Notes to the unaudited condensed consolidated interim financial statements

14. Maintenance reserves and security deposits (continued)

	Jun 30 2024 USD'000	Dec 31 2023 USD'000
Maintenance reserves		
At the beginning of the period/year	1,113,158	1,105,331
Additions	170,086	299,048
Reimbursed	(93,448)	(221,319)
Released	(82,751)	(69,902)
Reclassified to liabilities held-for-sale	(13,518)	-
At the end of the period/year	<u>1,093,527</u>	<u>1,113,158</u>
Security deposits		
At the beginning of the period/year	174,866	161,791
Additions	21,361	41,894
Repaid/offset	(22,792)	(28,819)
Reclassified to liabilities held-for-sale	(1,220)	-
At the end of the period/year	<u>172,215</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 430.9 million as of June 30, 2024 (December 31, 2023: USD 424.0 million).

15. Leases

Operating leases

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

	Jun 30 2024 USD'000	Dec 31 2023 USD'000
Within one year	1,108,189	1,149,613
After one year but not more than five years	3,198,389	3,201,723
More than five years	1,895,251	2,080,456
Total	<u>6,201,829</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 14.

Dubai Aerospace Enterprise (DAE) Ltd

Notes to the unaudited condensed consolidated interim financial statements

15. Leases (continued)

Finance lease and loan receivables

	Jun 30 2024 USD'000	Dec 31 2023 USD'000
Non-current		
Finance lease	38,698	44,698
Loan receivables	270,451	275,834
Total finance lease and loan receivables	<u>309,149</u>	<u>320,532</u>
Current		
Finance lease	11,288	10,818
Loan receivables	10,622	10,335
Total finance leases and loan receivables	<u>21,910</u>	<u>21,153</u>

Finance lease

As at June 30, 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 June 30, 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:

	Jun 30 2024 USD'000	Dec 31 2023 USD'000
Gross receivables	370,716	391,416
Unearned finance lease and loan receivables	(61,567)	(70,884)
Total non-current finance lease and loan receivables	<u>309,149</u>	<u>320,532</u>
Gross receivables	40,950	40,950
Unearned finance lease and loan receivables	(19,040)	(19,797)
Total current finance lease and loan receivables	<u>21,910</u>	<u>21,153</u>

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Notes to the unaudited condensed consolidated interim financial statements

15. 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>Jun 30, 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	21,910	40,950	21,153
After one year but not more than five years	235,575	175,788	155,121	92,230
More than five years	<u>135,141</u>	<u>133,361</u>	<u>236,295</u>	<u>228,302</u>
Total	411,666	331,059	432,366	341,685
Less: unearned finance income	<u>(80,607)</u>	<u>-</u>	<u>(90,681)</u>	<u>-</u>
	<u>331,059</u>	<u>331,059</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.

16. Risks and uncertainties

In preparing these condensed consolidated interim financial statements, the risk and uncertainties borne by the Group were the same as those disclosed in the consolidated financial statements as at, and for the year ended, 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 June 30, 2024 the Group has 15 customers with deferral agreements in place (December 31, 2023: 16). The total amount accrued was USD 74.6 million at June 30, 2024 (December 31, 2023: USD 87.3 million) and a loss allowance of USD 21.7 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.

Dubai Aerospace Enterprise (DAE) Ltd

Notes to the unaudited condensed consolidated interim financial statements

16. Risks and uncertainties (continued)

Credit risk (continued)

Details of outstanding balances are as follows:

	Jun 30 2024 USD'000	Dec 31 2023 USD'000
Trade receivables	35,461	34,494
Loss allowance	(9,826)	(8,401)
Trade receivables, net	<u>25,635</u>	<u>26,093</u>
Accrued revenue (within other assets)		
Current – due within 1 year	19,930	23,089
Non-current – due after 1 year	54,648	64,218
Loss allowance	(21,746)	(26,883)
Accrued revenue, net	<u>52,832</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 1.4 million (June 30, 2023: reversal of loss allowance of USD 0.6 million) and a reversal of loss allowance on accrued revenue of USD 5.1 million (June 30, 2023: reversal of loss allowance of USD 8.4 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:

	Jun 30 2024 USD'000	Dec 31 2023 USD'000
At the beginning of the period/year	35,284	73,032
Reversal of loss allowance	(3,712)	(24,175)
Utilization of loss allowance	-	(13,573)
At the end of the period/year	<u>31,572</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

16. 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.

17. Related party transactions

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

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

- During the period, the Group received an amount of USD 86.2 million (June 30, 2023: USD 86.2 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 18.0 million (June 30, 2023: USD 5.1 million).
- Finance expense for the period in respect of loans from related companies under common control amounts to USD 60.5 million (June 30, 2023: USD 57.8 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. Five aircraft were delivered as at June 30, 2024 and the purchase price of USD 0.3 billion was paid to the Seller in full. The remaining 59 aircraft are scheduled to be delivered between 2024 and 2026.

Compensation of key management personnel for the period:

	Jun 30 2024 USD'000	Jun 30 2023 USD'000
Salaries and other benefits	<u>6,756</u>	<u>6,171</u>

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Notes to the unaudited condensed consolidated interim financial statements

18. Capital commitments

At June 30, 2024, the Group had committed to purchase 66 aircraft which are mainly under the aircraft sale agreement with a related party as disclosed in note 17. 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 3.9 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.

19. 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>Jun 30, 2024</u>			
Total segment revenue and other income	587,150	92,068	679,218
Segment profit for the period	<u>128,368</u>	<u>20,455</u>	<u>148,823</u>
<u>Jun 30, 2023</u>			
Total segment revenue and other income	601,007	69,104	670,111
Segment profit for the period	<u>131,007</u>	<u>10,052</u>	<u>141,059</u>
<u>Segment assets</u>			
Jun 30, 2024	<u>12,693,966</u>	<u>161,519</u>	<u>12,855,485</u>
Dec 31, 2023	<u>12,126,160</u>	<u>136,333</u>	<u>12,262,493</u>

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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20. Subsequent events

There were no significant events subsequent to June 30, 2024.



Dubai Aerospace Enterprise

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